

Julius Bär

VISION



SHAPING THE FUTURE
WHY WE ARE DRIVEN TO LEAVE
OUR MARK ON SOCIETY

DR. NGOZI OKONJO-IWEALA
INVESTING IN WOMEN IS VITAL
FOR THE WORLD ECONOMY

VISIONARY THINKERS
JB STRAUBEL, DR. LIU THAI KER
AND HANS ROSLING

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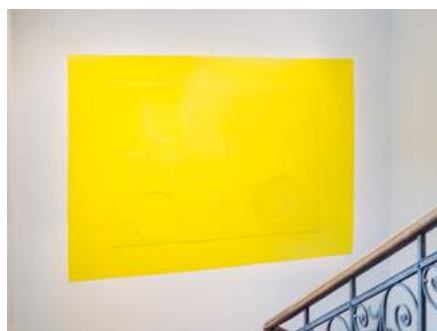


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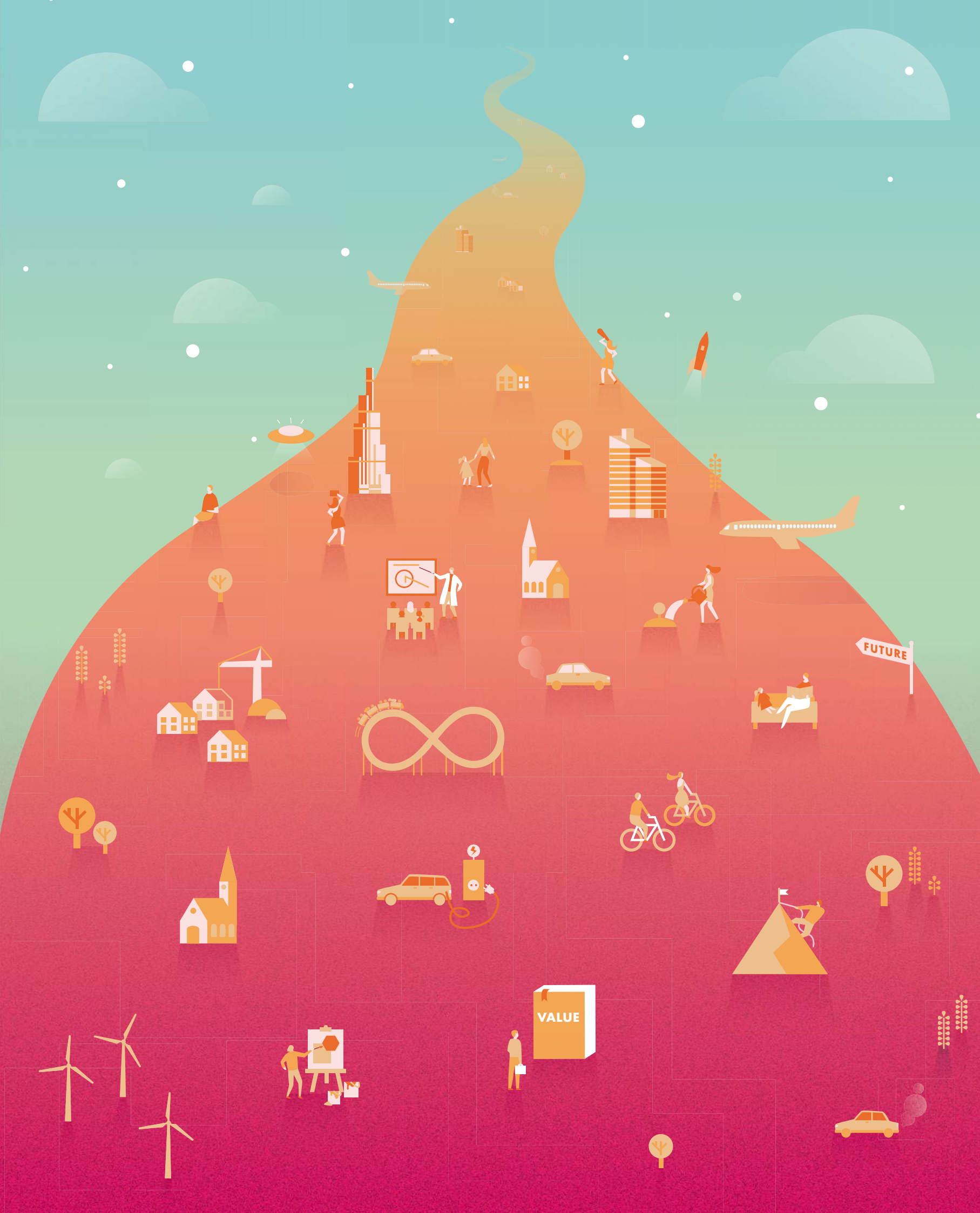
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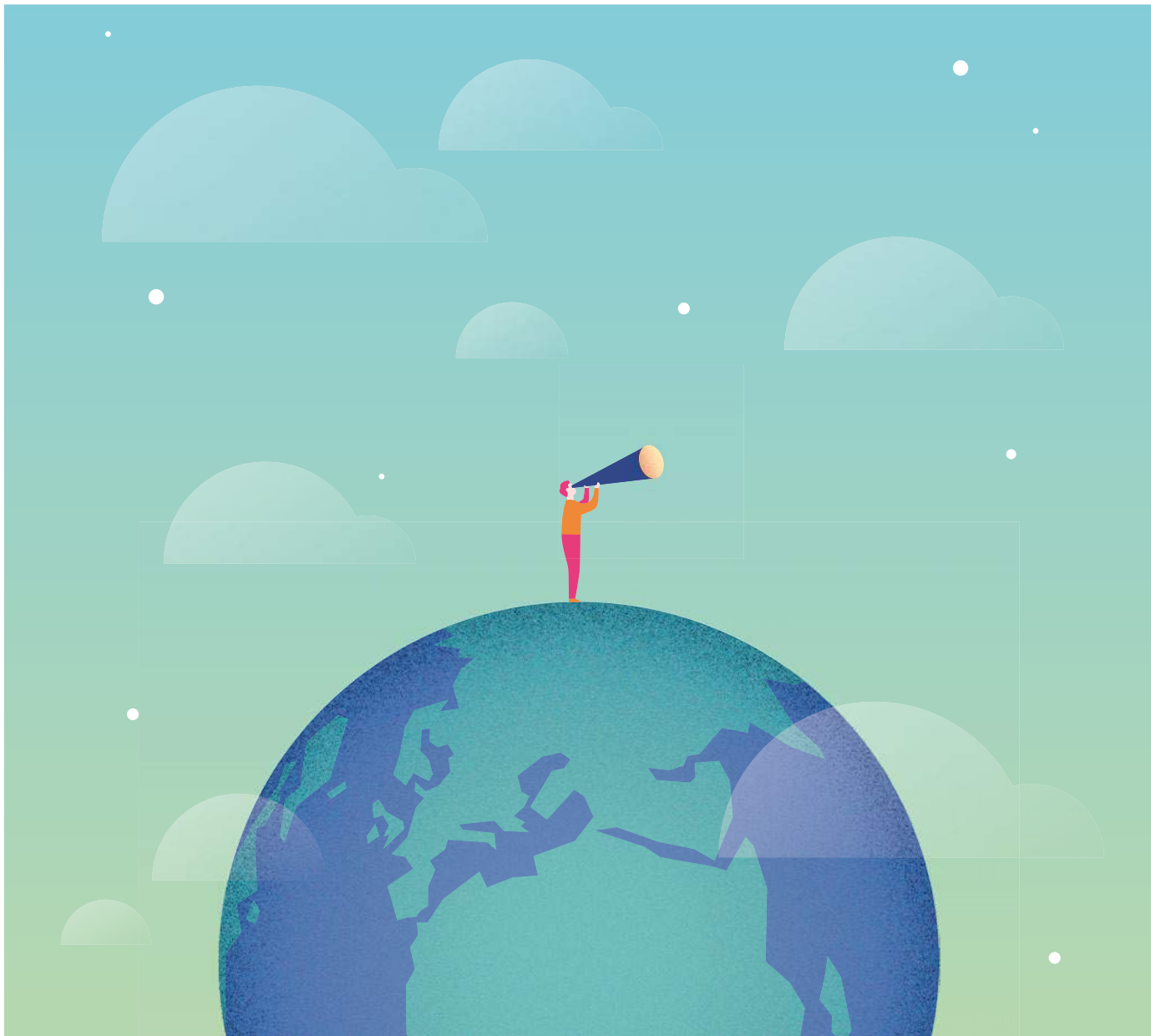
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FUTURE THINKING: ACTING TODAY WITH TOMORROW IN MIND

Humans are driven to leave an enduring mark on society – to create something that will potentially shape the future, to leave something for generations to come. What motivates us to do this if there is seemingly no immediate incentive? Survival instinct. Thinking with tomorrow in mind today is essential for sustainability in business, the environment, and society.

Author: Janet Anderson





Swedish chemist, engineer, and industrialist Alfred Nobel surprised his family by leaving the majority of his substantial wealth to establish a series of international prizes in his final will and testament. The prizes were to be awarded annually to those who, in Nobel's own words, "during the preceding year, shall have conferred the greatest benefit to mankind". With this action in 1895, Nobel created an enduring legacy that was to have a profound impact on future generations. The Nobel prizes have become one of the most highly regarded international awards, recognising great achievements of individuals around the world in the arts, sciences, and politics, and thereby inspiring millions.

What inspired Nobel to do this? Several years previously, Alfred's brother Ludvig had died in France. A French newspaper published an obituary that erroneously reported that Alfred himself had died. Alfred happened to read that obituary. The headline read 'Le marchand de la mort est mort' (The merchant of death is dead) and described Alfred Nobel

as a man who became rich by "finding ways to kill more people faster than ever before". It was true that Nobel had made most of his fortune through the invention of dynamite and other explosives, and yet he was also known as a pacifist and hoped that his inventions could help bring an end to war. Some have speculated that his shock at seeing himself described this way was the reason he set up what has since become the world's most prestigious prize for services to humanity. We cannot know for sure – he never told anyone his reasons – but it leaves us with a profound and unsettling thought: How can our actions today shape the future?

The desire to leave a lasting mark on society is as ancient as human endeavour itself. It is the desire to survive beyond the present, and continue to have an impact in the future, beyond even our own deaths. However, the need to shape the future does not have to be as grandiose as that. Within our own lifetimes we are driven by the desire to pass something on to others – to build something lasting during our

careers that can be taken up by the next generation when we retire or move on, something distinctive and enduring.

Kimberly Wade-Benzoni has spent much of her academic career exploring how one generation acts towards another, looking at the psychology behind our desire to leave our mark and explaining the key motivating factors. As an associate professor in management and organisations, and Center of Leadership and Ethics scholar at the Fuqua School of Business at Duke University in the US, she has studied the psychological dynamics of what she describes as “intergenerational decisions” and uses her insights into these behaviours to recommend how businesses and organisations can encourage long-term thinking and sustainability.

“Some of the most important issues that we face in society today, including environmental sustainability and global warming, involve intergenerational dilemmas, which require us to make trade-offs between our own interests in the present and the interests of other people in the future,” Wade-Benzoni says. “The interests of present and future generations are not always aligned. The present generation can, through its use of resources, leave costly burdens to later generations.”

ACTING WITH ACCOUNTABILITY

Sustainability and long-term thinking are essential for business survival, too. When we look at the companies that have survived and thrived over the long run, and consider the pressures of today’s global competition, it is clear that senior managers and business leaders need to plan for the long term – for the generations to come. Glenn Llopis is a business thought leader who works as a consultant for Fortune 500 companies to enable leadership and business evolution. His parents moved from Cuba to the US to start a new life in the wake of Castro’s revolution. The experience of growing up in an immigrant context has sharply defined Llopis’ thinking about business and sustainability. “When a government takes everything and you have to start over, you have to think what matters most to you. Business is a constant journey of reinvention, you can do this more easily with a strong foundation, shared values and beliefs,” he says.

In Llopis’ experience, thinking about the future has to be present at the beginning of your endeavours, not just at the end – and it is essentially about acting with a deep sense of responsibility and accountability. “People think their legacy is created at the end,” he says. “But it’s the foundation for success at the beginning. It’s the culture and the shared beliefs. It’s the impact we have on the next generation. It makes the journey longer than the individual.”

Boris F.J. Collardi, CEO of Julius Baer, shares this mindset: “I see myself as the guardian of the company’s resources and values, who prepares it to be handed over to the next person, whenever that might be. My objective can be described very simply: the day I hand over this company to my successor, he or she should be able to say this is a

“I see myself as the guardian of the company’s resources and values, who prepares it to be handed over to the next person, whenever that might be.”

Boris F.J. Collardi, CEO of Julius Baer

much better organisation than it was when I took over.” Wade-Benzoni and her colleagues have interviewed people of different ages and backgrounds from around the world to get a grasp on what exactly we mean when we talk about making a lasting impact on the future. They have brought all of these strands together to define it as, “an enduring meaning attached to one’s identity and manifested in the impact that one has on others beyond the temporal constraints of the lifespan. When an individual leaves a legacy, that individual has established an impact that lasts beyond his or her living existence on this planet. In this way, legacies are vehicles that extend one’s identity and one’s life’s work and meaning into the future to outlive the physical self.”

Crucially, actions that help to shape the future have to be distinctive. Equally important, although we may have the best intentions towards future generations, the actual impact of our actions today often does not reveal itself for many years. This is something that many business leaders have to take into account in running their organisations.

As the CEO of Julius Baer explains, “The most important thing about making any decision is finding the right time to implement it. Decisions made in the present are often for the long-term benefit of the company, and although you are making the right decision, it will only truly be proven right five years down the line, for example.” Collardi cites the Baer family’s decision in 2005 to relinquish its controlling interest in Julius Baer and transform it from a family-owned business into a public company listed on the Zurich stock exchange. “This move was an act of courage,” he explains. “It was the right thing to do at the right moment. However, many people back then questioned the family’s decision because at the time, there was no guarantee that Julius Baer would become this successful.”

LOOKING BEYOND THE PRESENT

“The future is inherently uncertain. We don’t know what will happen,” Wade-Benzoni says. Yet, she underscores that leaders should not use this uncertainty as an excuse not to plan for the future. She gives an example from the area of environmental thinking: “We might be tempted to assume that some technological development one day will solve our

environmental problems, and on that basis, make no change in our actions today.” If we don’t know what the future holds, why not just focus on the present? What is more, we are hard-wired to do this. “Psychologically, our default is to focus on the here and now and to act egocentrically,” she says. If this is the case, and there is no immediate incentive to give something to future generations, why do people strive to make a better world for the future? What are the counterbalancing forces?

To some extent we are encouraged by structures in society to think long term, beyond our own self-interest and our own lives. Tax systems in many countries encourage people to act for others and for future generations in terms of inheritance and charitable giving. But are there other ways that we can encourage people to think about the intergenerational impact of what they do, whether it be on future generations in society or on the next generation to take over a business?

“One way to do this is to get people thinking about what they inherited from prior generations,” Wade-Benzoni says. “This motivates them to ‘pay it forward’ and facilitates generosity towards future generations.” The concept of ‘intergenerational reciprocity’ has been central in her research agenda and is a phenomenon that remains robust across different contexts and populations.

“The motivation to leave a positive mark on the world is rooted in a fundamental desire to feel one’s life has meaning.”

Kimberly Wade-Benzoni, Fuqua School of Business Associate Professor in Management and Organisations, and Center of Leadership and Ethics Scholar at Duke University

Wade-Benzoni and her colleagues have run a series of experiments that aim to capture the psychology behind this kind of thinking and identify the key motivators and barriers to acting on behalf of future generations. Some of the features of intergenerational contexts that their experiments emulate are, first, the power imbalance – the present generation has unilateral power over decisions that will have consequences for the future, the future generation is not here and does not have a voice. A second important factor is that the decision makers will not benefit or suffer from the consequences themselves, and a third is that there is no chance of direct reciprocation. It’s entirely our decision what we do to shape the future, we won’t have to live with the consequences of our actions, but we won’t benefit from them either. Given these circumstances, what motivates us to do anything for the benefit of future others?

One notable finding from their experiments came as a surprise. They discovered that if people are given a scenario in which their actions today could wipe out the whole of a natural resource, leaving nothing for future generations, they will make decisions that prevent this from happening. In other words, if the outcome is potentially calamitous, the effect is to engender more socially responsible behaviour towards future generations. Why is this? One thing is clear: people are very motivated to avoid making choices they know will have negative consequences in the future, and they want to be remembered positively. We can imagine this was the case with Alfred Nobel. His fear of being remembered as a “merchant of death” likely had a powerful effect, leading him to ‘re-shape’ the values for which he would be remembered. There is another force at play here – a sense of power. We tend to presume that having power leads to more self-interested behaviour. However, Wade-Benzoni’s experiments have shown that when people have a sense of power, they are more generous in allocating their present resources to future generations. Knowing that you have the power to shape not only your own circumstances but also those of generations to come prompts a sense of social responsibility.

GIVING LIFE MEANING

Yet there is something more powerful than power – it is the consciousness of your own mortality. “Regardless of how much power you have, at some point the party will be over – people retire, people die,” Wade-Benzoni says. “To have power and influence after you are gone, you have to have a great impact. The motivation to leave a positive mark on the world is rooted in a fundamental desire to feel one’s life has meaning – to extend the self into the future. It feels meaningless if your impact ends with your life. A legacy is a symbolic extension of your own existence. The desire for some form of immortality is very fundamental to human existence.”

In another experiment, individuals were asked how they would like to be remembered by future generations before being asked whether they would like to allocate resources to the next generation. The effect was impressive. Even if this same group was exposed to examples of prior generations whose behaviour was based on bad intentions for the future, having been ‘primed’ with the idea of their own legacy, they chose to leave significantly more to the next generation than their counterparts who had not been asked to think about how they would like to be remembered.

Wade-Benzoni’s work gives us a clear idea of what motivates us to want to have a positive impact on the future. But how do we go about doing this? “It’s not just long-term thinking,” Llopis explains. “The difference is that future thinking is deeper and more purposeful. It involves engaging others, getting their interest, and driving a greater sense of collaboration. It’s about the impact we leave behind for the success of others.” This introduces another important element of



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Glenn Llopis, business thought leader and bestselling author

leadership behaviour that shapes the future: the art of leading in a way that inspires others and maximises their full potential. “It’s about working with generous purpose – considering others as much as ourselves,” Llopis says. In his opinion, if we all adopted more of what he calls an “immigrant perspective” – recalling the experiences of his father arriving in the US – we would be in a better position to create and pass on legacies to future generations. “Seizing opportunities to build relationships, advance commerce, and improve humanity is an inborn survival mechanism for immigrants,” he says. “Immigrants defined corporate social responsibility before it was a term. It’s about giving and sharing, and making those around you better. It begins with giving inside the family and later extends to a larger family all around. Immigrants’ propensity to give from their harvest ensures them a perpetual harvest.”

What does it mean to assume responsibility for a company that already has a long history and a rich heritage? According to Llopis, leading such a company involves

identifying the future by bringing in new talent and building the next generation of leaders early enough. It also involves making difficult decisions to manage that legacy. “As a leader, it is your responsibility to uphold the heritage and traditions of those that came before you,” he says. “But equally you must hold yourself accountable to build upon those traditions to further strengthen the culture, human capital, and brand of the organisation you serve. You have to build on the strong traditions and not get stuck in the past.”

Ensuring the long-term sustainability of a company involves embracing change and evolution – but not just any change. “It has to be authentic and personal,” Llopis says. “You cannot do this and operate under a template or just follow the next big trend. You have to be courageous and keep to core values.” The evidence of corporate survival suggests that this is what great brands are able to do – to change with changing circumstances while staying close to their core values. “If legacy is the establishment of traditions that can be passed on to future generations, the family business is a good model,” says Llopis, pointing to the high proportion of S&P 500 companies that are owned by family businesses. “They have an intimate approach to their business, they have taken time to understand it.”

How do you balance thinking about the future with the needs of daily business in a publicly listed company? Collardi admits it can be a challenge. “As a listed company you need to constantly demonstrate that you are doing better,” he says. “That is why you have a share price, investors, and shareholders. But if you can do both, which I think we are doing, you are not making short-term decisions for the benefit of short-term profit, you are making decisions for the long-term value and vision of the company.”

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