

Vontobel

Tenacity and foresight



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Tenacity and foresight

Direct relatives of the great Hans Vontobel, Maja Baumann and Björn Wettergren have represented the family on the Board of the traditional private bank for four years. How does a medium-sized Swiss family business remain successful in the global financial market?

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Until quite an advanced age, Hans Vontobel remained a significant pillar of strength in the bank that bears his name. He owned almost a quarter of the company's shares, and at well over 90 years of age, he still served as Honorary Chairman of the Board of Directors. Shortly before the legendary Zurich banker passed away at the beginning of 2016 – just a month after his 99th birthday – he initiated arrangements to ensure family continuity in the bank, proposing to the annual shareholders meeting that his granddaughter Maja Baumann and grandnephew Björn Wettergren be elected to the Board of Directors.

Four years have passed since then, so it is time to take stock. How is the Vontobel family business doing? How is it performing as a medium-sized Swiss financial institution in the global market? How has the generational transition succeeded? And in the newly structured company, where can we still recognize the unmistakable Vontobel gene?

We meet the two family Board members at the bank's headquarters, not far from Zurich's Paradeplatz. The pane of glass separating us from our two conversation partners – a Coronavirus measure – fits unobtrusively into the building's modern glass design. Baumann and Wettergren rarely give interviews. Unlike their well-known grandfather and great uncle, they are not primarily bankers, even if both of them did work for Vontobel for several years. Maja Baumann is a successful attorney specializing in corporate law at a Zurich law firm, and Björn Wettergren's focus is on financing technology start-ups in Switzerland and abroad.

Impressive growth in value

The numbers speak for themselves: Before the family duo joined the Board of Directors, Vontobel was valued at CHF 2.6 billion on the stock exchange. Currently that figure is around CHF 4 billion. The impressive increase in value comes at a time when many Swiss financial institutions are struggling. And the company's operating results also look good: Since 2016, it has generated over CHF 200 million in profits every year – just as it did in the golden days of Hans Vontobel shortly before the financial crisis. Despite the Corona-triggered economic crisis, the bank's half-year results, released on Tuesday, are satisfying: a pre-tax profit of 156.1 million francs – a six percent increase compared to the previous year (on an adjusted basis). What is it that makes the firm different and better than the competition?

The investment company, says Björn Wettergren, is “very focused”. The bank knows exactly which areas it is good in, he says, and that is where it concentrates its efforts. For some time now, the most profitable area at Vontobel has been asset management, in other words the part of the company looking after institutional clients in connection with developing investment products. “It is just as important to decide what you are not going to do.” A big advantage, he believes, is that as a family business you can think – and also invest – for the long term. “The technology investments that we made ten years ago turned out now, in the Corona era, to be worth their weight in gold,” Wettergren says. Where other companies are constrained by short-term considerations, Vontobel “can make quick, courageous and difficult decisions.” His cousin Maja Baumann adds: “Vontobel has in any case reached the critical size to attract talent from all over the world.” In the areas of product development and portfolio management, for example, several outstanding newcomers have joined the bank recently, she points out.

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Hans Vontobel
 (1916 – 2016)

Half of the Vontobel shares are held by a pool consisting of the charitable Vontobel Foundation (20 percent) and two family holding companies (together 25 percent). After Hans Vontobel's death, the structure was adjusted to the extent that the shares held privately by the family patriarch were transferred to a second holding company controlled by his heirs. Since then, the family members' ownership of Vontobel has primarily been effected by means of these non-personal vessels. “We now have a clean structure and providing external equilibrium, there are also non-family members involved,” explains Baumann. “This structure also makes it easier to depersonalize possible lines of conflict,” adds Wettergren.

According to Baumann, her grandfather laid the foundation for the long-term succession plan when the bank went public in 1986. The dynamic of the capital markets, pressure to increase transparency, and long-term family thinking all exerted a certain discipline on the institution, she says: a combination of factors that has proven to be very effective in the years since then. What's more, she adds, Hans Vontobel always devoted a great deal of attention to building and maintaining trust within the family. "Such soft factors pay off," Baumann insists. "In my practice as a lawyer, it's not uncommon for me to find successful patrons neglecting this aspect." When it comes to succession, you cannot simply create the necessary trust out of nowhere, she says: by then it is often too late.

"Like an archaeological project"

Underpinning the family's mutual exchange of ideas are regular, firmly scheduled meetings of the family members. In the Vontobel family, there is a great deal of agreement that the long-term corporate interest has top priority. "This is even set out in our family charter," says Björn Wettergren, and because the family members agree on this important principle, there is enough room, he says, to settle differences of opinion harmoniously. "However, if someone now had the impression that the company should be maximizing profits in the short term, things would get difficult."

Wettergren and Baumann are therefore not bound by directives, but are free to contribute to the Board of Directors in line with their own priorities and experiences: Wettergren more in the area of technology and digitization, Baumann in the legal arena: "I really enjoy Legal and Compliance – which is something people outside the legal profession can't often understand," she says with a wink. What's more, the two do not have any special rights as representatives of the family on the Board of Directors, which largely comprises outside directors and is chaired by Herbert Scheidt.

The two see maintaining the corporate culture as one of the most important tasks of the Board of Directors at Vontobel. Following the death of Hans Vontobel, the Board established a long-term project to try and work out what differentiates the company, what makes it special. "The project team noted that most employees have a relatively precise idea of what our company stands for," explains Maja Baumann. However, this was never properly formulated. "So it became a matter of revealing the company's essence, like an archaeological project," she says. The outcome of the project was that three concepts were identified as key elements of the culture – Ownership, Tenacity and Foresight. "Ownership" means that employees take responsibility for their work. "It's important that every employee has room for maneuver when it comes to designing how they do their work," Wettergren says. Only this way can they enjoy their work, he insists: "Employees are not robots, after all."

The term "Tenacity" relates to Hans Vontobel's old credo, which he called "quand-même": When you recognize that something is right, push it through and make it happen, even against resistance; focus on what you are good at. And "Foresight" captures the company's long-term perspective. As Baumann puts it, "We don't run after every trendy fashion, but drive those things forward where we can offer true added value."

These values are very important, she says, both in terms of client loyalty as well as when acquiring new employees. "Long-term thinking aligns with understanding the needs of the Zeitgeist," she emphasizes. And when it comes to the issue of sustainability, Vontobel has long paid attention to challenges in this area – "even back when it was still called 'eco'".

Talent supply

In this respect, the two Board members regard the chances for a successful continuation of the family saga as intact. "People said over and over that Vontobel was too small – but you can see that it is working fine." Of course, this also depends on how Switzerland continues to develop as a financial center. According to Maja Baumann and Björn Wettergren, the country still offers a number of advantages as a business location, such as the extensive experience of the Swiss financial sector, a rich supply of talent coming out of the universities, the institutional stability of the country, and the quality of life here, which enables it to attract top executives from around the world. "But we do have to be careful not to allow over-regulation to erode our leading position," says Maja Baumann.

The two Vontobel heirs are certain that even three decades hence, the name Vontobel will continue to stand for a successful, majority family-owned Swiss financial institution. How strong is the company's familial anchor? Could a sale ever be necessary one day? "That's not an issue at all," says Björn Wettergren. "The anchor is firmly attached to the ground – and overgrown with moss."

"It's about revealing the company's essence."

Maja Baumann, Björn Wettergren

