

Julius Bär

VISION



THE HUMAN TOUCH
IN SOCIETY
AND BUSINESS

Julius Bär



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THE HUMAN TOUCH



Private banking is an industry that revolves around relationships. As the world becomes increasingly reliant on technology, these personal interactions are becoming even more important. Julius Baer has always had a client-centric business model, but we know that to remain at the forefront of wealth management culture, we need to constantly adapt and improve our services.

When it comes to the question of how we can further improve the client relationships at the heart of our business, we believe that the answer lies in the human touch. It is no longer enough to simply provide solutions for the immediate financial needs of our clients; we need to take the time to understand their lives, values, and ambitions. By building meaningful, long-term relationships with our clients and investing heavily in these personal interactions, we are able to take a holistic approach and provide a service that is tailored to each client's unique needs and objectives.

This issue of 'Vision' delves deeper into the concept of the human touch: where it comes from, the role it plays in our society, and its professional applications. We profile the leaders of several successful businesses, including President and CEO of Gucci Marco Bizzarri, to see how taking a human approach has helped their businesses to thrive, examine how the world's leading luxury hotel groups approach the client-experience, look at the development of touch technology, and discuss the importance of personal interaction in the private banking industry with Julius Baer's senior management.

I hope that this issue of 'Vision' provides you with some valuable insights and I wish you an enjoyable read.

Yours sincerely,

A stylized, handwritten signature in black ink, consisting of several fluid, overlapping loops and strokes.

Bernhard Hodler
Chief Executive Officer

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THE NUMBER OF MEMBERS OF STAFF DAME STEPHANIE SHIRLEY

MADE MILLIONAIRES AFTER THE
IPO OF HER COMPANY



50 %

AT ANY ONE TIME 50-60 % OF VITSOE'S BUSINESS
COMES FROM EXISTING CUSTOMERS

NEARLY 75 % OF INVESTORS

TRUST A HUMAN ADVISOR TO MAKE
AN INVESTMENT DECISION ON THEIR
BEHALF, COMPARED TO ONLY 12 %
THAT WOULD TRUST A ROBO-ADVISOR





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THE NUMBER OF OFFICES

JULIUS BAER HAS IN SWITZERLAND

150

THE 'DUNBAR NUMBER'

OR THE MAXIMUM NUMBER OF
PEOPLE WITH WHOM WE CAN MAINTAIN
MEANINGFUL RELATIONSHIPS



THE HUMAN TOUCH

It's so simple – a pat on the shoulder, a hug, a smile, or a friendly tone of voice – yet the impact is powerful. The human touch is essential for building meaningful relationships, trust, and understanding, not only in our personal lives but also in a professional context. Why is it, though, that personal interaction plays such an important role in our society, and how can businesses use the human touch to stand out in an increasingly impersonal world?

AUTHOR: Janet Anderson

“It’s not just the health benefits we could be missing. Touch also promotes understanding and performance.”

Tiffany Field

Don’t touch! It’s the instruction in every museum. Yet who isn’t tempted to put their hand on the ancient vase – to feel its surfaces, test its weight, and perhaps experience a connection to the people and times it came from?

Touch is one of the key ways we understand the world. It is the first of our senses to develop and is fundamental to our emotional and social development. From our mother’s first touch onwards, tactile connection to those around us is essential to our survival. Our neurobiology is designed that way. “Humans have a special kind of sensory neuron that exists to respond specifically to gentle touch,” says Professor Alan Fiske, a psychological anthropologist at UCLA. Human touch has the effect of saying, “I love you, I’m going to take care of you, trust me.” Fiske says that “snuggling and skin-to-skin contact with a parent or family member send a basic signal to the infant that they are safe”. These early experiences of touch and affection play a vital role in the development of a physically and emotionally healthy person.

Put simply, without human contact we do not thrive, and this continues to be the case as we grow into adulthood. According to Tiffany Field, Director of the Touch Research Institute at the University of Miami’s Miller School of Medicine, touch can have beneficial effects on our health throughout our lives. It helps our immune systems to function and promotes recovery from illness. “There is a chain of biochemical and bioelectrical events that happen when we move skin so that the pressure receptors are stimulated,” she says. “This leads

to a calming of the nervous system, the heart rate slows, blood pressure reduces, and brain waves change as the body relaxes.” As the body relaxes, the level of stress hormones such as cortisol decreases. “If you can lower cortisol, you can save immune cells, particularly the ones that are the front line of the immune system, that ward off bacterial, viral, and cancer cells,” she explains. But as many societies become more distant as a result of changing lifestyles and digitalisation, Field is concerned by the lack of physical interaction and touch today. “It’s not just the health benefits we could be missing. Touch also promotes understanding and performance,” she says.

PHYSICAL BONDS BECOME SOCIAL BONDS

But how much is this to do with the physical act of touching, and how much is it the effect of supportive social interaction? Undoubtedly, the physical and social are intertwined. “In many cultures, if I want to propose a minimum friendly relationship with someone, I hold out a hand to shake,” says Fiske. “It means, let’s be on cordial terms.” Alongside promoting well-being, touch also builds trust and understanding, helping to cut through differences and create a sense of equivalence.

So, how does touch work to create social bonds in today’s complex communities? Robin Dunbar, Professor of Evolutionary Psychology at Oxford University, studies the mechanisms that underpin social bonding in primates and humans with the aim of understanding how humans have adapted these same mechanisms to create much

“Laughter is very visceral and very contagious – you can’t avoid joining in, even when you’re not sure why you’re laughing.”

Robin Dunbar

larger societies. “Primates create communities through grooming. The problem with physical grooming is that you can only touch one person at a time, so it imposes a massive limit on the number in your social network,” he says. Humans have therefore found other ways without physical contact to trigger the same result. The most important of these, according to Dunbar, is laughter. “Laughter is very visceral and very contagious – you can’t avoid joining in, even when you’re not sure why you’re laughing,” he says. Singing, dancing, eating together, and storytelling have a similar effect.

All these mechanisms help humans extend their social groups. However, there is an upper limit, Dunbar’s research has revealed. The ‘Dunbar Number’, as it is known, is the maximum number of people with whom we can maintain meaningful relationships involving trust and obligations. It is proven over and over again to be around 150 – the size of a typical community in a hunter-gatherer society, or an 18th-century village. Even today, when we can use digital communication to stay in contact with hundreds of people globally – thanks to social media we can easily have hundreds, if not thousands of ‘friends’ – Dunbar has shown that we simply cannot increase the number of people we truly bond with.

Of all the forms of communication open to us today for maintaining our genuine social bonds, Dunbar has found that people still find face-to-face contact the most satisfactory. “The reason for this is the speed of interaction,” he says. “You can pick up cues, see the smile breaking on someone’s face before you finish a joke.”

The human touch, whether it is physical, face-to-face contact – a handshake or a friendly smile – or another gesture that has been adapted by culture or technology, is still essentially all about emotion. It provokes a good feeling by making us feel understood and safe. As Fiske points out, one thing social media is used for most is sharing heart-warming experiences, because sharing these emotions is a way of connecting and bonding with people.

THE HUMAN TOUCH IN BUSINESS

In the world of business, ever more of our transactions are becoming automated – the human interface replaced by machines and algorithms. However, the role of human touch is no less important today. We have reached an inflection point where the efficiency and convenience that digital technology affords us, on its own, is not enough.

In 2016, market and research company Ipsos MORI asked customers across 23 countries about their experience of customer service. The results point clearly to a digital overdose: 72 per cent said they thought customer service was getting too automated and impersonal, 82 per cent agreed that there was too much contradictory information and that it was hard to know who or what to trust, while 60 per cent said they were prepared to pay more for a better customer experience. Very telling is the answer the respondents gave to the question: “What is the most important way for a company to resolve a problem?” The top answer was: “Being treated with respect.”

Can an automated system give a person the feeling that they are being treated with respect? It would appear not, as we still seem to want quality interactions with real people in the real world. Most of us prefer dealing with human beings when we have a customer service issue or when we need advice.

Nor, in this age of online shopping, has the physical in-store experience lost its relevance – according to a 2015 study by management consultants Accenture, 46 per cent of US customers said they were more willing to be sold new or upgraded products when receiving face-to-face service, compared to online. And against the backdrop of the information overload that most of us experience on a daily, if not hourly, basis, word of mouth still has a greater impact on our purchasing decisions than advertising.

Added to this is the increasing customer demand for personalised treatment. Customers not only want to feel valued and understood, they also want service or product providers to demonstrate that they know their particular preferences, needs, and habits – like a close friend would. Once, not so long ago, it looked like this desire for personalisation could be met by collecting and collating vast amounts of data about customers. Now, it is emerging that more is needed. Customers also want to feel that they are dealing with a person, not a system; that there is someone on their side.

A look at the travel sector reveals a lot about why human interaction still counts. At the high end, travel companies offer wealthier clients an entirely personal service, including concierge and support during

and after trips, and top hotels know that good service is the holy grail of their business. As US customer service consultant Micah Solomon says in his book ‘The Heart of Hospitality: Great Hotel and Restaurant Leaders Share Their Secrets’, “Superior hotels have long accomplished this with service personally delivered by exquisitely trained humans who remember guest names, who are alert to mood changes in guests, who strive to serve not only what a guest directly asks for, but what the guest may not even know that they’re looking for.”

DEPLOYING THE HUMAN TOUCH IN A DIGITAL WORLD

“Working out how much touch it is sensible to price in depends on your business model,” says Ben Page, Chief Executive of Ipsos MORI. “In the trade-off between real personalisation and digital, there is no single recipe.”

A good example of how the human touch can enhance the digital experience is demonstrated by the leading airlines. Using information delivered directly to hand-held devices, airline staff are able to provide a personalised service to their passengers. This might mean meeting a passenger as they arrive at the airport, greeting them by name, and accompanying them to their flight, or ensuring that they are comfortable on board and offering them a choice of refreshment and entertainment that suits their preferences. The digital side provides the data, but how it is received depends on the nature of the human delivery. It is the empathy and charm of the person carrying out the task that makes the difference.

Picking up non-verbal cues such as body language and facial expression, judging the other person's attentiveness – this can only happen in face-to-face communication between people. It also takes a human touch to know when to step back. Some people prefer to be left alone and to deal with the business through digital channels. Recognising this is vital for all service businesses, and firms must let customers select their own path and ensure that both are available.

In its 2017 report 'Engineering a human touch into a digital future', professional services firm KPMG highlighted some best practices from companies that are successfully blending high tech and high touch. "They see the world through the same lens as their employees and customers, prizing emotional intelligence as a competitively distinguishing capability," the report's authors said. Even in a world where the pace of technological change is breathtaking, such quintessentially human qualities as empathy and integrity remain vital to success.

When it comes to the banking sector, and particularly private banking, finding the right mix of automated and human contact is a top priority. A 2016 study by Menaka S. Thillaiampalam, published in 2016 by LinkedIn and Greenwich Associates, exploring how wealth managers can successfully engage their high net worth millennials and Generation X along their customer journey, found that these customers wanted the right balance of high tech and high touch. While banking clients, particularly those who are digital natives, may be increasingly happy to do much of their day-to-day banking business online, when it comes to financial advice and complex wealth management or investment matters, they still prefer human advice

and interaction. Even the disruptive fintech start-ups with their sophisticated robo-advisors are now starting to employ human bankers – further evidence that wealth management will continue to be an industry that revolves around human relationships.

"People like interacting with people," says Chris Boos, founder and CEO of Arago and leading artificial intelligence expert. "Machines will always be more efficient but they are not creative, passionate, or pioneering. That's why a machine would not have suggested an early investment in Apple or Facebook, for example. It takes a human to identify these kinds of opportunities." But more than that, Boos believes that as machines take on more of the number-crunching tasks, there will be a resurgence in personalised service offerings, not just at the top end but for an ever wider client base. "We will see a return of the old-style banker – someone who knows something of the world and is prepared to spend time talking with you about it," he says.

In the end, the ultimate combination leverages the best technology with the intelligence and experience of a real person. Artificial intelligence will contribute to huge improvements in the way we live, but artificial emotion, artificial trust, and artificial understanding are a hard sell. As long as that's the case, the human touch will continue to be the main driving force in our lives. "I am optimistic that we will see a rebound of humanism," states Boos.

"Machines will always be more efficient but they are not creative, passionate, or pioneering. That's why a machine would not have suggested an early investment in Apple or Facebook, for example."

Chris Boos



THE GUCCI RENAISSANCE: IN CONVERSATION WITH MARCO BIZZARRI

During a brief stopover between trips to London, Rome, and Cupertino's Singularity University, Gucci's President and CEO Marco Bizzarri takes a few moments at Gucci's headquarters in Milan to discuss the brand's remarkable turnaround. Before he took over in January 2015, Gucci's performance was faltering. Closures and redundancies at external laboratories were being discussed and the brand was a long way from its heyday of the 70s and 80s. Today, though, Gucci is by far the fastest-growing luxury brand in the world. So, how did Bizzarri, the 55-year-old luxury industry innovator, reverse the fortunes of one of the world's most recognisable luxury houses?

INTERVIEW: Emily Rookwood

Left: Marco Bizzarri (left) with Alessandro Michele

When you took over as CEO of Gucci in 2015, the company was in need of reinvigoration. What were your main priorities at that stage and how did you begin Gucci's transformation?

When I took over in January 2015, my main priority was to move the focus of the company back to its true centre – creativity and emotion. At that point, everyone in the industry was copying everyone else and nobody was trying to do something dramatically different. Fashion has always been about emotion, creativity, and setting trends – I wanted to bring Gucci back to those values, to focus again on building an offer-driven rather than consumer-driven brand and recreate what fashion was about in the 70s and 80s.

I needed to find someone who was able to translate this idea into reality. Alessandro Michele had been working for Gucci for some 12 years and was designing Gucci's bags at the time of our first meeting. He was the opposite of an egotistical creative director; he not only understood where I wanted Gucci to be in terms of business positioning but, first and foremost, he was – and is – an amazing person. When you want to create an atmosphere of emotion and creativity in a company, the human touch is very important. You need good people with good values around you, imaginative people who have their feet on

the ground, who respect other people and their diverse competencies. What I wanted to create at Gucci was a change in culture and creative approach, to once again make Gucci the company that young talents want to work for. In such a small industry everyone talks to each other, so this change could not just be a marketing statement. We needed to really change the way that people interacted with each other and put people, emotion, and creativity back at the centre of the company. That to me was the most important thing.

Now that the brand has firmly re-established itself as one of, if not the, leading luxury houses of the moment, have those priorities changed?

The strategy and our priorities haven't changed. When you talk about culture, when you talk about people, it is an ongoing process. You cannot say, 'I have changed the culture, it is finished' – the culture is always moving and developing as you hire new people or people leave. Every single day things are different, so you need to work hard to maintain it and make sure people understand that this change in culture is permanent. The more we create this feeling of energy and respect, give people the opportunity to decide, and also the room to make mistakes without punishing them, the greater the opportunity for us to create significant growth.

“When you want to create an atmosphere of emotion and creativity in a company, the human touch is very important. You need good people with good values around you.”

Marco Bizzarri

The industry today shows average growth of between 2 and 4 per cent, but that doesn't reflect the true picture: you have companies that are flying and others that are collapsing. The world and consumers are changing rapidly, so companies must always be on the search for newness, for disruption, while remaining flexible enough to withstand external shocks. You cannot manage a company by just keeping the status quo, you need to raise the bar every single time. If we ensure that everyone in the company understands what we want to do and how we want to change, we can create a machine that is very difficult to stop.

Italy is the epicentre of European handcraft, and Gucci has a long tradition of craftsmanship. How important are these qualities to today's luxury consumers and Gucci customers in particular?

It is paramount. Creativity without artisans is useless, and craftsmanship without creativity is boring – you must bring the two together to make a difference. The work that Alessandro is doing together with our artisans is remarkable, and that creates the beautiful products that we have. Our artisans' knowledge comes from years of experience; it is a skill that has been passed from generation to generation and is very much linked to the local area. This is unique to Italy; you cannot replicate the culture that you have in these specific districts of Italy, like Florence for us at Gucci.

“The world and consumers are changing rapidly, so companies must always be on the search for newness, for disruption, while remaining flexible enough to withstand external shocks.”

Marco Bizzarri

So when we speak about localisation of production it is not easy to do. Even if you want to do it – bear in mind that Gucci is doing 100 per cent of everything in Italy – the capability of other artisans, even if they are very good, can never match the level of understanding of the Gucci product that our people have. In recent years our products have become much more complicated and difficult to produce. Despite that, our artisans have adapted very quickly and in a flexible way to bring those products to market, highlighting how impressive their capabilities are. Our artisans and their craftsmanship are key, and that is why we have invested heavily in the area of Florence. We are opening a 37,000 square metre development centre for both shoes and leather goods at the beginning of 2018. It will be the first place in the world where these two products take shape together, and we feel this will boost innovation and create a great competitive advantage for us in the future.





We are hiring in great numbers and creating a lot of jobs in the area, something that we are very proud of. We want to once again give value to handwork; these increasingly rare skills deserve the same level of respect as university degrees and corporate careers. We want to encourage the next generation of artisans and give them the opportunity to be creative and respected.

There is great potential to create jobs for coming generations in our industry, as although the industry is evolving quickly and technology will clearly play an important role, the job of the artisan will never disappear. The expertise of our people is essential. Technology cannot replicate or substitute it. If we are serious about putting creativity and emotion at the centre of Gucci's strategy, we need to preserve and support the skills of our artisans, and this is why we are also creating a teaching space for students and artisans to maintain this capability.

Could you walk us through the client experience in Gucci's stores around the world and explain how you personalise each individual shopping journey?

The client experience is the mirror of what we do on a corporate level. If we want to have a corporate culture of respect, energy, and happiness, we need to have exactly the same kind of attitude and behaviour in our shops, otherwise the message that is delivered to the client is not the message that we want to deliver. Our sales staff understand what we want to do and know that passion, empathy, and respect – and also wearing a genuine smile – is not something that we will compromise on. We have implemented a complete change of approach, as we wanted to create a different atmosphere in our stores; if you think of the experience you have overall in luxury

boutiques, you feel a distance. When you enter, the product is probably not approachable and the way in which the sales assistants interact with you will be very professional but also distant and cold. We wanted to change that. When people come to Gucci, they should feel at home. They should have the experience of being in a shop where they want to buy everything, they can touch everything, and the people working there welcome them into our house.

To do that, you need to have the right people, people who want to do the job and are genuinely passionate about it, who have the curiosity and desire to understand the customer in front of them. This is something that we try to make happen everywhere in the world. We then need to tailor our approach to the needs of the individual customer in each location; some people – often tourists – know what they want to buy and want little assistance; others want to be pampered, they want to have the full experience. We need to understand each individual customer and adapt accordingly, but we never compromise on the approach of warmth, inclusion, and proximity. We have done this because we wanted to make a different kind of company, a company that deals in luxury but in a modern, inclusive way.

Given that approximately 50 per cent of your clients are millennials, how important is it to combine digital advances with the human touch to optimise the client experience?

I think it is key. The changes that we've implemented at Gucci have found success in such a short time partly as a result of the digital space. The way that we are using social media has been quite disruptive in the industry; we want to engage people, particularly the younger generation, and encourage them to propose ideas for Gucci through

initiatives such as #GucciGram. The digital and technological aspect is a huge and important part of our business, but we must remember that technology needs to maintain the role of the commodity, it is an accelerator of the process, but it cannot be the differentiating factor for us. The differentiating factor for us will always be our people. We need to make sure that we make the effort to maintain our people at the level we want. Yes, we need to be at the leading edge of innovation – our e-commerce site is one of the best in the industry – which is why we are investing heavily in this area, but again we don't want to substitute the core of our business, which is the human touch and our people.

GucciGhost is an interesting example of taking a very human approach to business. Could you talk us through the story of how Gucci came to collaborate with street artist Trevor Andrew?

Alessandro Michele saw the work of Trevor Andrew and was very impressed – but he was using our logo. We had two options: to sue him or start working with him and open our logo up to the street culture. We chose to work with him. It is a new and dynamic way to

look at our logo and it is creating a lot of engagement with a new generation. The collaboration between Alessandro and Trevor was amazing and it really opened up our aesthetic and took it in a new direction, bringing new people to Gucci. In my opinion, this is another great way to take a modern approach to luxury.

How did Gucci achieve such remarkable growth in a difficult market, and how much of a role did the human touch play in that growth?

We did the right thing in terms of product – without a great product we wouldn't have any growth – but more importantly, we changed the way that people approached luxury, both within Gucci and externally. Ensuring ongoing, sustainable growth comes from the company culture, not from the product. The thing that we have which is unique is the way in which we approach the industry and the kind of engagement we have, maintaining these values in terms of passion, respect, diversity, energy, and happiness. That needs to be the differentiating factor, but it is not as easy as it seems – changing a company's culture is the most difficult thing, much more difficult than changing the aesthetic.

“If we want to have a corporate culture of respect, energy, and happiness, we need to have exactly the same kind of attitude and behaviour in our shops.”

Marco Bizzarri





What can other businesses, particularly the private banking industry, learn from Gucci and the luxury industry when it comes to applying the human touch in business?

For me, competency is a given for industries such as private banking. What makes the difference is an advisor's understanding of my needs as an individual, the human touch, and empathy. The way in which people talk to you and the way in which they anticipate your needs are what ultimately make the difference and create loyalty – this is the same whether you are in private banking or luxury retailing.

Looking to the future, will craftsmanship and personal service continue to play a central role in the luxury industry?

People and their skills will always be the main differentiating factor in our industry. If we, as luxury fashion brands, start fighting for the best technology, we are going to lose out to fast fashion, which will bite us and kill us. They are always faster to adapt. But where we excel is the fact that we get the best people, we train them better than anyone else, and we retain them. Our industry is an industry of emotions – and interaction, be it on a corporate level or client level, is key. Looking to the future, it will be the people and companies who understand client needs and interact on a human level with their customers that succeed.

“Where we excel is the fact that we get the best people, we train them better than anyone else, and we retain them.”

Marco Bizzarri

DAME STEPHANIE SHIRLEY: A LIFE WORTH SAVING

As a pioneering information technology (IT) entrepreneur and one of the United Kingdom's leading philanthropists, Dame Stephanie Shirley has spent a lifetime proving that success – even in the field of IT – does not need to come at the expense of humanity.

AUTHOR: Rhymer Rigby

It is impossible to meet or speak to Dame Stephanie Shirley and not come away feeling slightly overawed. Aged 84, she packs far more into a day than most people half – or even a quarter – her age do. What's more, her current role as a leading philanthropist is just her most recent. She has held a succession of high-profile positions (entrepreneur, female pioneer, businesswoman), any one of which would have satisfied a less energetic woman – and she has infused all of them with a deep caring and humanity.

Shirley was born Vera Buchthal in Dortmund, Germany in 1933; her father was Jewish and her mother was a Viennese Gentile. When she was five, her world was turned upside down and she was forced to flee her homeland as a Kindertransport refugee. She came to Britain, where she was raised by foster parents in the Midlands.

From early on, it was clear that she was very bright and had an aptitude for maths. But back in the 1950s, university places for women,

especially in the sciences, were severely limited and so she went to work in mathematics for the Post Office Research Station. As might be expected, she quickly hit a glass ceiling. To get on, she had to get out – and, as virtually all organisations were similarly blind to the talents of women, this meant setting up on her own.

CHALLENGING STEREOTYPES

In 1962, Shirley founded a software company called Freelance Programmers. It's hard to overstate just how far ahead of its time this was. Not only did the company allow women to work from home, it was also a social enterprise long before the phrase existed. "It really started as a crusade for women," Shirley explains. "Freelance Programmers was not designed to make money. I wanted to have the same opportunities – for me and other women like me – as men had in the commercial world."



“You had skilled women who were trained, competent, and worked in teams, but somehow, because they couldn’t work on site, their remuneration was measured on the time spent, their presence, rather than the work that they had done or the targets they had achieved.”

Freelance Programmers, which would take up the next 30 years of her life, was therefore a lifeline for talented, educated women like her. “Back then, it was absolutely black and white. You were not allowed to work on a ship, work on the stock exchange, drive a bus, or fly an aeroplane.” Astonishingly, she could not even open a company bank account without her husband’s permission.

Her nickname ‘Steve’ is a result of this mid-20th-century sexism. She found that if she used it instead of Stephanie on correspondence, she got more replies from prospective clients, as “they didn’t realise that he was a she until I was already through the door”.

Shirley was not just a pioneer among women, though. She was ahead of the rest of business and society in many other ways too – and was an early exponent of management practices that would only become mainstream decades later. She championed flexible working that fitted around people’s lives and she ran her company along stakeholder lines. Her business was networked and had an intranet long before most people knew what the word meant. And, famously, after the company floated on the London Stock Exchange in the 1990s, she gave a sizeable chunk of the proceeds to her staff, “at no cost to anyone but me”, creating around 70 millionaires.

GIVING AS A WAY OF LIFE

There were several reasons she did this: “Firstly, it is part of my philanthropy to give back to the staff and share with the staff. This was triggered by the recession we went through in the 70s when the company very nearly went out of business. I relied on these freelancers to keep up a facade of high-level activity when we were hanging on by

“The legacy that we leave in life is not what we leave in our wills but how we lead our lives. If you’re hanging on to money that you don’t need, why are you hanging on to it?”

Dame Stephanie Shirley

our fingernails.” She also took the view that her staff were the company, again an idea that would become common only years later. Finally, there was her childhood. “I was an unaccompanied child refugee in 1939 and so many people helped me... I felt I had no choice but to start giving back, and that is what I’ve done.”

The IPO made her very rich – at one point she was worth USD 200 million and was the 11th richest woman in the UK. It also set the stage for her next act, which was to give far, far more back and become a full-time philanthropist.

Putting something back is rooted in who she is and the need she feels to help society. She has spoken on numerous occasions about the survivor guilt she feels and the depression she has struggled with as a result. For these reasons, she has no use for ostentatious wealth (she lives modestly and only employs staff in order to allow herself to work) and finds the idea of money that is sitting around idle abhorrent: “The legacy that we leave in life is not what we leave in our wills but how we lead our lives. If you’re hanging on to money that you don’t need, why are you hanging on to it? If there is no need, it is just greed... If I don’t commit in the world, I feel like I’m just taking up space... I feel I do need to justify the fact that I was saved.”

In practical terms, her work as a philanthropist now has many similarities to her time in business. “The timescales are much the same – with most of the philanthropy that I’ve done, the payoff comes after years, not months, because I’m aiming to do strategic things.” You also need to learn how to channel your energy, time, and money effectively. “When people start giving, I always say give locally so you can actually see what is happening. Give to something that you know about, and give small to see how you get on. After a year or so you will surely know if you need to give more of this or if you want to do it differently.”

THE PHILANTHROPIC JOURNEY

It is a constant learning process. “People talk about the philanthropic journey and I find that I am still on that journey.” Here, she says it helps that she was the recipient of charity so early in her life: “I’m always trying to give without being patronising – as a former refugee I know how patronising people can be when they give. I always try to give with generosity and with an open hand. I try to enjoy it and make sure that the exchange, whether it is money or time or skills, goes both ways. It is a social investment.”

Her focus is now on autism care and research. Her involvement in the area stems from personal experience – her only child, a son, was severely autistic and died in 1998 after a seizure brought on by the condition. “I spend a lot of time keeping up to date with what is happening [in autism research], meeting and discussing new potential projects. To be honest, as my own time runs out, I tend to focus on projects with shortened timescales. I am no longer able to start these large projects, because I may not be around.”

Her current project is a three-year think tank for autism. “It’s called the National Autism Project and its aim is to pull together information on how to make things happen. We try to identify the research that is not only effective but also cost-effective.” She is also trying to pull together a very fragmented sector. “In Britain there are something like 600 different autism not-for-profits – some are large charities, some are after-school groups – and they’re all doing their own thing and all helping in their own way. We are really trying to bring together ideas on what the best thing to do is in the national interest, and that I find quite exciting.”

Can she ever imagine stopping? No. She will never retire and intends to keep going as long as she can. She jokes that her own work-life balance is not something she would advise others to emulate, though – even now, in her ninth decade, she works six-hour days and catches up on the weekends.

Hers is a drive that “borders on the obsessive” and her determination to make her life “a life worth saving” has led to countless others benefiting from the careers, opportunities, precedents, and support systems that she has created. But while she may feel driven to do it, her giving is a passion, too, and she loves what she does: “I could not imagine a better lifestyle for me, and that is what everybody has to find – the thing that really fits them.”

“When people start giving, I always say give locally, so you can actually see what is happening. Give to something you know about, and give small to see how you get on.”

Dame Stephanie Shirley

THE VITSOE ETHOS: LIVING BETTER, WITH LESS, THAT LASTS LONGER

Functional furniture company Vitsoe has what to many business analysts would seem to be a counterintuitive business model. Instead of constantly clamouring to attract new customers and push its products, it focuses on building long-term relationships with its existing customers and actively encourages them to buy less. But by creating a sustainable business driven by customer loyalty and trust, Vitsoe has established itself as one of the most interesting and innovative companies around.

AUTHOR: Emily Rookwood

Right: Dieter Rams



“I will know that we are really making it work for our long-term relationship with our customers at Vitsoe when we no longer have to advertise.”

Mark Adams



DRIVEN FOR THE LONG TERM

At any one time, between 50 and 60 per cent of Vitsoe's orders are from existing customers. That's a remarkably high figure for any company, and especially one that specialises in a very limited range of products – it only offers its 606 Universal Shelving System, 620 Chair Programme, and 621 Table. It also reveals one of the most important drivers of Vitsoe's success: loyalty.

"Customer loyalty is absolutely fundamental to our business," explains Mark Adams, Managing Director of Vitsoe. "Some of our customers will be coming back for literally the fifth, 10th, 15th time. Those customers in turn introduce us to their friends and families who become loyal too. It is that customer engine that drives us and that is why the human touch, the way in which we build those human relationships, is paramount, and it is why we put so much effort into all of our customer touch points."

In a consumer environment in which many companies are focusing on short-term relationships to optimise profit, or building products that will become obsolete and incompatible with future releases in a matter of a few years, finding a company that does quite the opposite is rare. Vitsoe offers a complimentary and commitment-free planning service and its staff are actively encouraged to undersell. All Vitsoe's products are entirely forwards and backwards compatible to ensure that every system, regardless of when it was purchased, can be extended at a later date and repaired.

It is thoughtful details that make the big difference here; Vitsoe offers the connecting pins that hold its shelves in place, each costing about 25p, free of charge to anyone who has the system regardless of whether they bought it from Vitsoe, from eBay (where, astonishingly, Vitsoe's products often sell for above their retail value), or inherited it from friends or family. How, then, does Vitsoe justify the time, labour, and cost it invests in these extra touches?

"Because everything, everything, everything about our business is driven for the long term," explains Adams, who has worked with three generations of customers during his time at the company. "So if we are going to form a relationship with you, your children, and your grandchildren, how much should we invest now in building that relationship with you? Certainly more than 25 free pins, way more."

"There are times when I've sat around a table debating the cost of this policy, but when you consider the cost of one advert in a reputable publication it would be twice as much as the cost of those pins. In business it is acceptable to spend millions on advertising, yet we quibble about those tiny little transactional costs. I will know that we are really making it work for the long-term relationship with our customers at Vitsoe when we no longer have to advertise, when all the work is being done by us looking after our customers, who in turn bring in new customers. So the amount of time, effort, and money that we should invest in building those long-term relationships almost has no ceiling because they are just so valuable to us."

It is an investment that seems to pay off. In one of Vitsoe's newest markets, South Korea, Adams estimates that 99 per cent of the company's sales are driven by customers sharing images and stories with their friends and contacts. "We naturally call those customers 'ambassadors'," says Adams.

Indeed, that ambassadorial role goes much further – Vitsoe's marketing images are all shots of real customers in their own homes. "As I got more involved with the company, so many customers would say, 'If I can help in any way, or if you want to photograph my home, then just let me know.' One day I just thought, 'We could do this,' and when I rang those customers to ask if we could photograph their homes – and these were all busy, relatively important people – they all said yes. Without exception."



Mark Adams

INVESTING IN RELATIONSHIPS

Taking that offer to help one step further, Vitsoe's vast new headquarters in Royal Leamington Spa in the UK – 135m long, 25m wide, and 6m high – is 100 per cent funded by customers. The company created a Vitsoe bond and offered a six per cent annual return to existing customers: "A lot of our customers have been very happy with their investment in this climate, but ultimately they are not investing in us because they want to make a considerable amount of money, they are doing it because they want to support us."

Indeed, Adams's own involvement with Vitsoe came about as a result of the personal relationship he developed with the company and its founder, Niels Vitsoe, back in 1985. Following a discussion about the Dieter Rams-designed 606 Universal Shelving System with a local shop owner, Adams left his fledgling career in recruitment to work in that furniture store in the West End of London. "I'd only been there about three months when it became clear that the shop was in financial trouble, so I jumped on an aeroplane and went over to Germany to meet Niels Vitsoe," says Adams, who established Vitsoe Ltd to distribute the company's products in the UK following that meeting. "I was 24 and he was 73, the same age as my grandfather, but it was during that first visit that we struck up a rapport. He was a Dane with an anglophilic streak, I was a Brit; we were both outsiders and we just struck up a natural relationship. The nine or 10 years I had with him up until his death were very much characterised by me spending one-on-one time with him, not only in the shop in Frankfurt during the day but particularly in the evenings, when he and I would have supper together. That was where the business really got under the skin for me."

As Niels Vitsoe's health declined, the business ran into trouble, and in 1993 Adams learnt that it was going into liquidation. He decided to take the plunge and bought a 51 per cent stake in the business. He later discovered that many career businessmen had assessed and rejected the opportunity to buy the company, but for Adams it was about more than just making a living. "Absolutely first and foremost what we do at Vitsoe is not about money," he explains. "Jim Collins put it beautifully in 'Good to Great' that oxygen, food, and water are not the meaning of life, but without them there is no life. He was drawing the parallel to profit; profit shouldn't be the meaning of life but it is necessary in order to create life, and that is absolutely how we view it at Vitsoe." For any business to survive, though, there needs to be a motivation to move forward. For Adams the driver was "how to give a better quality of life to everybody touched by the company", including its customers, suppliers, and of course employees.

A BETTER QUALITY OF LIFE

It might seem like a lofty aim for a furniture company, however, when you look at the way Vitsoe conducts its business, common sense and thoughtful, sustainable practices dominate on every level. "We are doing what we believe is right for us, right for our customers, and frankly right for the creaking planet around us. When Niels Vitsoe and Dieter Rams started the company in the 1950s, they didn't set out to save the planet, they were just deploying common sense – making good-quality products that last a long time, can be repaired, and will

not be subject to passing fashions. Of course, this is what the green movement is now asking businesses to do, but we've been doing that for half a century already," says Adams. "I just don't witness that common sense element in many other businesses, where the focus is working with customers just to gain profit rather than making a broader contribution to society. For me, the value in the Vitsoe community is that we are all genuinely in it together supporting each other – the customers, the suppliers, and society at large."

"For me, the value in the Vitsoe community is that we are all genuinely in it together supporting each other – the customers, the suppliers, and society at large."

Mark Adams

Adams, who gives an annual lecture at Cambridge University that centres on the importance of trust, is wary of the increased distance that companies seem to have been placing between themselves and their customers in recent years. “We have become used to businesses that shy away from human contact, that distance themselves from customers with apps and automated transaction processes. We are noticing, particularly in the North American market with millennial customers, that they are reluctant to have human contact with us. What we need to do is build that trust with them, just as we are doing with all our customers, suppliers, employees, and society at large. I hope that gradually we – not we Vitsoe, but we society – will be able to reverse that trend, because we are now having less human contact. It is the headphones in, looking at screens mentality – and that is very sad,” he says.

So how can businesses counteract these recent changes? “I would never be so complacent as to think that we should be hectoring to other businesses,” says Adams, “but for me it all boils down to building long-term relationships and then doing everything to look after those relationships. On a personal level as a consumer and customer, the businesses that genuinely want to have a relationship with me, who know who I am, and value me as a person, are the businesses that I value.”

It is a very human approach to business, and one that makes a significant amount of economic sense for many service industries. As Adams, who describes Vitsoe as a service company that just happens to make products, points out, “I would venture to suggest that forming, nurturing, and maintaining long-term relationships is actually much cheaper than constantly trying to devise new ways to bring in new customers.”



“We have become used to businesses that shy away from human contact, that distance themselves from customers with apps and automated transaction processes.”

Mark Adams



ONLINE GOES OFFLINE: THE BUSINESS OF HIGH TOUCH

Not that long ago, businesses were clamouring to get online. Physical stores were being replaced with digital marketplaces, and human interaction replaced with interactive interfaces. Now, though, after years of high tech, high touch is staging a comeback.

AUTHOR: Rhymer Rigby

In late 2015, Amazon opened its first physical bookstore in Seattle. As many noted at the time, this felt rather ironic as the web giant has done more than another entity on earth to close physical bookstores. However, it should not have come as an enormous surprise. In 2012, Jeff Bezos said, “We want to do something that is uniquely Amazon. If we can find that idea – and we haven’t found it yet – but if we can find that idea, we would love to open physical stores.”

Now, of course, Amazon has gone beyond bookstores and it looks like its range of Amazon Go grocery stores (which build on the Whole Foods acquisition) is set to roll out worldwide. Amazon is not the only web giant dipping its foot into physical waters, though. In 2015, Google opened a store in the Currys PC World store on London’s Tottenham Court Road. The search giant had long held small concession stands in the chain, but this was a real store within a store. A Google spokesman said, “We think it’s a genuinely unique try-before-you-buy experience.”

Other online-only businesses such as Etsy and eBay have also been experimenting with, if not full stores, then at least pop-ups. Even those selling online services in functional areas such as finance and insurance seem to be interested in a more human, physical approach. So, what is happening?

BRICKS AND CLICKS

There’s nothing new about combining online and physical stores. The phrase ‘bricks and clicks’ was already in widespread use during the dotcom boom, nearly 20 years ago. Moreover, many physical businesses (notably large grocery chains and Walmart) have become very successful online retailers in their own right.

What is different, however, is that, until now, the journey from offline to online was a one-way street. There has long been an underlying



“As consumers we’re used to life where everything is 100 per cent personalised. But try contacting one of these companies and you have a deeply impersonal experience.”

Robert Bean

assumption that virtual is the future and physical stores are the past. We have become used to hand-wringing articles about the death of the high street and arty pictures of ‘dead malls’ online. But now the companies of the future seem interested in the past – and perhaps offline is the new online. Certainly there are some good reasons for the big e-tailers to do this. Part of it is that a screen or a phone cannot offer a fully human experience.

IN SEARCH OF A MORE PERSONAL EXPERIENCE

“As consumers we’re used to life where everything is 100 per cent personalised,” says branding consultant Robert Bean. “But then you try contacting one of these companies and you have a deeply impersonal experience.”

Being able to see and touch things and deal with staff in real life, he says, makes for a much more real, tangible relationship with the business. “There’s an argument that these businesses are trying to become more personal and give themselves a human face.”

Indeed, people may scoff at the perceived pretentiousness of Apple stores with their genius bars. But there is no doubt that these stores form an important facet of the Apple brand and are part of what makes Apple stand apart from, say, Dell or HP. “Retailers need to differentiate themselves and it’s easier to demonstrate real differences with a physical store,” says Bean.

There is also the issue of tangibility. Many of these companies have moved far beyond their original remits and this has forced them to reconsider their approach. Books and CDs were Amazon’s earliest offerings and these are not products that you need to see and touch before you buy. But the fresh food market is one where the tactile store experience is very important to many people.

Similarly, Google started by offering a “free” service that you could not touch. But it now makes phones, tablets, and laptops – and people like to pick these up and ask questions of assistants before they buy.

HIGH TOUCH: A GROWING TREND

These companies moving offline is also indicative of a larger trend affecting businesses worldwide: the demand for higher-touch options. Indeed, many have suggested that this could even mean that some jobs are not as threatened by automation as had previously been assumed. A recent survey by the Pew Research Center identified a number of jobs that were unlikely to be lost to robots; these included roles such as hair stylists, doctors, nurses, and physical therapists.

In an interview with CNBC, Lee Rainie, Pew’s Director of Internet and Technology Research, said that anything “that involves dealing directly with the public and taking care of them, either their needs in health or other places” is likely to survive the rise of the robots. In fact, he suggested that some of these areas may even add jobs.

It's not just the obvious places, either – investment service Nutmeg has long been known for its robo-advisors, but it has recently started using human advisors. This move is supported by a recent survey by the investment firm Minerva which showed that almost three quarters of investors would trust a human independent financial advisor to make a decision on their behalf. By contrast, only 12 per cent would trust a “robo-advisor”.

PEOPLE LIKE PEOPLE

Although high touch is most visible at the customer-business interface, the very simple idea it embodies – that people like human contact and relationships – is one that has applicability far beyond customer-facing retail. The content management company eZ Systems recently tried a high-touch marketing campaign that was a great success. The reason – B2B sales are ultimately about humans and an ounce of high touch is worth a pound of automated marketing.

High touch also has a place in management. It is one of the reasons people often love working for SMEs. Small businesses often have high-touch cultures by default. You have a problem, you go to your manager. Perhaps you even go to the CEO, who sits only a few feet away from you. As a result the top bosses have a real feel for what is happening on the shop floor and the concerns of their staff. Once companies become larger, this natural high-touch environment often disappears (and is replaced by high-tech systems) and millions of dollars are spent trying to recapture its value.

Numerous studies bear this out. One such study was undertaken by the very high-tech company Cisco in 2013. It noted that various high-tech forms of communication had radically altered the workplace in the preceding decade. However, the findings showed that all collaboration was based on human interaction and relationships. The report said, “Taking the time to build relationships that eventually lead to trust is critical – as well as fostering these relationships as they grow. As one of our participants stated: ‘We need to get back to the intimacy.’”

Of course, none of this is to say that high tech does not have a role. The vast amount of data that companies now collect allows them to know their customers as never before and to tailor their offerings accordingly. It also lets them know their employees. The point is simply that, valuable though all these insights are, they need to be combined with the human touch to really have an impact. Whether on the shop floor or office floor, data and technology should be used to augment and improve people, not to replace them entirely.

“Taking the time to build relationships that eventually lead to trust is critical – as well as fostering these relationships as they grow.”

Cisco study

FIVE-STAR SERVICE

In the customer-oriented world of luxury hospitality, catering to the guest's every whim is nothing new. While brands remain the guarantee for high-quality service, travellers today expect everything but a standardised experience: it should be individualised, yet consistent.

AUTHOR: John Armitage

In the competitive world of high-end travel, one of the most client-centric industries around, the definition of luxury appears to be changing. It no longer represents an obsession with the conspicuous consumption of expensive things, but rather a desire for exclusive, personal experiences.

No two travellers want the same experience, which means there can be no uniformity in the travel options presented to them. The effect this shift has had on the industry is palpable, and the need to offer an unparalleled guest experience has never been greater. "Our top clients are now involved in every aspect of planning a truly personalised journey, with experiences tailored to their interests, their feelings, and their desires," says Kay Franklin, Managing Director of Shellseekers, which provides solely tailor-made journeys for private clients. "For the truly discerning traveller, the days of showy extravagance are over."

Expert opinion indicates that the future of luxury – and this applies not only to travel but to the full spectrum of premium goods and services providers, including the private banking sector – is personalisation. Everything must be tailored to the individual. While data and technology can provide invaluable intelligence and innovative solutions, technological advances alone are not enough. This level of service relies heavily on personal interaction and the human touch.

So, how are the world's leading luxury hospitality providers approaching this challenge? In the following profiles, Dorchester Collection, Maybourne Hotel Group, and Aman each share their insights into how they offer an unparalleled client experience, the importance of human interaction in the service industry, and whether there are any lessons that other businesses can learn from their example.

DORCHESTER COLLECTION

Founded in 2006 to manage a portfolio of 10 luxury hotels in Europe and the USA, Dorchester Collection owns and manages properties including The Dorchester in London, Hotel Plaza Athénée in Paris, and The Beverly Hills Hotel in Los Angeles. Dorchester Collection is regularly recognised as having among the best levels of customer insight and strategy, and has recently appointed former VP of Sales and Marketing Helen Smith to the newly created role of Chief Customer Experience Officer. We spoke to Smith about Dorchester Collection's dedication to the guest experience, and incorporating the future of hospitality technology into their personalised approach.

In a highly competitive market, how does Dorchester Collection differentiate its hotels from the competition?

As a company, we believe we can truly differentiate ourselves by focusing on building trusted relationships with our guests, showing our generosity, and enabling our guests to understand and connect with the unique personality and culture of each hotel.

Dorchester Collection is also undergoing a significant transformation programme, and our focus, efforts, and investments are geared around the guest journey. It all starts from our initial interaction with guests, prior to their arrival, to understand the context or purpose of their stay as well as their requirements, such as whether they are there for a celebration, an anniversary, business, or pleasure. We use our creativity to design perfect moments for our guests, making us true 'craftsmen' in the world of hospitality.

How are client expectations evolving?

Our guests are global travellers and are extremely sophisticated. Luxury expectations have evolved and it is important we adapt to guests' understanding of ultra-luxury. They want to be able to trust us, feel special, and, above all, desire style, convenience, and bespoke and unique experiences.

Are there different approaches in different locations when it comes to the client experience?

As we are a relationship-focused company and create bespoke, crafted hospitality, we take into account the individual nature and needs of each guest and adjust accordingly. Each Dorchester Collection hotel is designed to represent the location it is in, so there are different cultural approaches across the portfolio, but what unites us is the desire to truly understand each guest and anticipate their individual needs.

Of equal importance, Dorchester Collection highlights its iconic hotels – their unique character and heritage – alongside the brand. In

doing so, we have chosen to forgo standardisation, as well as the typical organisational structures upon which the rest of the hospitality industry has so long depended.

For example, while service at Dorchester Collection hotels is uniformly excellent – as testified by their high Forbes Travel Guide ratings, it varies in character from hotel to hotel. The guest experience in London is different from the experience in Rome, and both are different from the experience in Beverly Hills. Accordingly, there are no Dorchester Collection policies for how to serve a guest in one of our restaurants, which, collectively, have nine Michelin stars, or how to provide the first, memorable welcome. Each hotel does it in a way that reflects the culture of its city, and preserves its special character.

What role does technology play today?

We see technology as a true enabler, to scale and facilitate the understanding and recognition of our guests across each of our hotels. We believe in approaching digital from the point of view of what enhances the experience of our guests and enables our people to deliver superb service.

Dorchester Collection has partnered with RicheyTX, a San Francisco-based technology company that has developed Metis, an artificial intelligence (AI) platform that breaks free of the traditional and standardised tools and metrics used to measure performance in the hospitality industry. These tools have not evolved substantially in decades and can lead to commoditisation. Metis, by contrast, enables Dorchester Collection to distil the 'wisdom of crowds' by tapping directly into digital customer feedback. No other hotel company employs AI in such a unique way to provide a competitive advantage.

From a business perspective, how does investing in the client experience impact your success?

Investing in our guest experience is crucial for our future. We believe that if you design your business and investment decisions around your customers, with a deep understanding of their needs and why they choose a Dorchester Collection hotel, you will be on the right path.

What lessons can other businesses learn from the client-centric approach of the luxury hotel industry?

Customers really value having trusted, human relationships in business. They are willing to pay a premium price when you recognise them for the value they bring and serve their bespoke needs. Empowering your people to anticipate customers' needs is a true differentiator in today's world of mass customisation and commoditisation of many services and industries.



Le Meurice, Dorchester Collection

MAYBOURNE HOTEL GROUP

Owning three of London's most glamorous hotels – Claridge's, The Connaught, and The Berkeley – Maybourne Hotel Group aims to offer guests intuitive, elegant service. The Group works to reflect the individual nature of its properties, whilst reflecting the eclectic character of the city of London. The Berkeley first opened its doors as a hotel in 1897 and quickly became a favourite of debutantes and high society. It also garnered a reputation for being at the forefront of guest-centric technological advances. We spoke to General Manager Knut Wylde about how they set out to meet the needs of modern luxury travellers.

Claridge's, The Connaught, and The Berkeley pride themselves on impeccable service. How do you ensure the highest possible level of service for your guests?

For us, the most important thing is that the utmost levels of service are ingrained within the culture of our hotels. Each of our hotels has its own personality but, despite their individuality, the highest levels of service must be maintained across all three. It is also vital to tailor that high level of service to each guest. Great service is relevant

service, and that means relevant to each individual guest's needs – someone travelling on business has quite different needs from someone travelling with their family or for a romantic weekend away.

None of this can be achieved without a careful recruitment process to ensure that the right people join our team. For me personally the focus should be on attitude rather than skill; skills can be learned but personalities are inbuilt. It is of the highest importance that our team reflect the personalities of the hotels they work in and above all are team players. Hospitality is a vocation; you have to want to give this level of service in order to achieve it.

It is the people who bring a hotel to life, the team who transform a good hotel into a great hotel. One of the key requirements today is to create engagement and so you need to have the right calibre of colleagues to create that level of guest engagement.



The Berkeley, Maybourne Hotel Group

How are you adapting service at The Berkeley to meet the changing demands of your guests?

One of my drivers at the moment at The Berkeley is to ensure that whatever we do for our guests is relevant to the purpose of their stay. We want to create thoughtful experiences, which lead to great memories and a desire to return. It's not about grandiose gestures, it's about small gestures that have a personal touch. These show the guest that we care and that we are paying attention. It is about creating a culture within our team that anticipates the needs of the guests, things that they perhaps were not aware that they would have required in the first place – and having that element of surprise.

Will technology ever replace staff in the hospitality industry?

Absolutely not. Of course, digital services are key and we have to have exceptional tech at our fingertips, but too much can create more problems than it will do good. Our focus is enabling our guests to use their own devices in our rooms to the fullest, whether they want to listen to their own music or watch their own Netflix account on the television

without hassle. That is using technology well. When things are too complicated, they are a hindrance. If you can't turn off the light or close the curtains, you've gone too far!

Do you see any parallels between the hospitality industry and businesses such as private banking when it comes to the importance of the client experience and client-centricity?

Yes, but it goes both ways. There are many industries that have used five-star hotels as benchmark models in the way they transform their own business to create a five-star level of service. While there are a lot of industries that learn from hospitality, equally we look to other companies to learn from them. At this level it is important to widen our horizons and branch out so that we are constantly learning from a variety of industries dealing with a similar audience.



AMAN

Since it opened its first location, Amanpuri in Phuket, in 1988, it has been the express intention of Aman hotels and resorts to create environments that wholly remove guests from their everyday lives and immerse them in the luxury of the surrounding culture, history, and geography of each property. This uncompromising approach requires a level of human interaction others may balk at, but it is one that guests – self-monikered ‘Amanjunkies’ – adore. As Aman prepares to open its 31st property, Amanyangyun, on the outskirts of Shanghai, we asked Chief Operating Officer Roland Fasel how the Aman guest experience differs from their competitors’.

How do you create a premium client experience for your guests?

Aman is a collection of intimate hideaways. Each of our 31 hotels and resorts are united by a unique spirit and infused by the brand’s original principle – providing a home away from home. Luxury hospitality has always been about the human touch and personal interaction, and this remains a key focus for us, as it always has done. We have a high staff to guest ratio enabling us to offer unparalleled service, unmatched by any other high-end hospitality brand.

It is widely acknowledged that one of the ultimate luxury markers today is personalisation. How do you customise the experience of each guest?

All our guests are greeted by name on arrival – it is one of the things our guests remark on most. Our General Managers will always make a point to spend time with the guests during their stay, whether over a cocktail at sunset or a conversation at breakfast. A handwritten note from the GM to our guests will be delivered to the room on the first day of their stay, welcoming them to their Aman home. On departure, we give all guests a gift of luggage tags with their name and address as a personal touch. We also ensure a number of staff congregate around their car to wave them off and wish them a safe journey home as they drive away.

Are service and personal interaction becoming increasingly important in our digital world?

There are necessary steps we make to stay current, to adapt to changes and advancements in technology. We strive to mirror our personal customer service when interacting digitally. Whilst we prefer face-to-face interaction, we understand how time-pressed our guests can be and that frequently digital is their preferred choice of communication. These small pivots towards digital, accompanied with our bespoke personal service, are essential to continually elevating our already very high standard of service.

Do you have any favourite anecdotes that exemplify the extra lengths you go to meet the needs of your guests?

We had a gentleman preparing a romantic proposal for his girlfriend at Amanjiwo in Indonesia. He had wanted to take her to the ninth-century Buddhist temple of Borobudur, a Unesco heritage site, at sunrise to propose to her. He asked if we could make sure the spot he chose was deserted so that nobody else was there to witness this moment. Borobudur is visited daily by lots of travellers, therefore posing a unique challenge. Our staff visited the site for four days in a row to see which corner of the temple was the least trafficked and made a special request to a few of the local temple security guards to keep this part of Borobudur ‘off limits’ for this particular time and day. On the morning he proposed, the sun emerged from the horizon and his girlfriend accepted without another person in sight. We are able to make these special situations happen thanks to the dedication of our Aman family and our close relationships in the communities of each destination.

From a business perspective, how does investing in the client experience impact your success, and how central is the human touch to your business model?

With the right approach it has been possible to guard our brand’s core values of excelling in client service and nurturing meaningful interactions whilst also achieving business success. We have been able to find this sweet spot thanks to our unique combination of a deep knowledge of the hospitality industry, luxury service, and our Chairman Vladislav Doronin’s track record of achievement in business.

What lessons can other businesses learn from the client-centric approach of the luxury hotel industry?

Meaningful interactions and sincerity are key.

THE FAMILIAR FACE OF INTERFACES

Reading a newspaper, communicating with our friends and family, checking our accounts, paying our bills, and shopping for groceries – all these activities and many more are now performed through digital interfaces. As a result, the desire for a more natural, or human, way of interacting with our electronic devices is growing. How, then, are technology companies adding the human touch to something as unhuman as a phone, and what is the next step in the humanisation of technology?

AUTHOR: Corene Sullivan



Watching a video of Steve Jobs introducing the first iPhone in 2007 can today be an almost jarring experience: it seems incredible now but until ten years ago, there was no such thing as a mass-market mobile phone that combined multi-touch technology, easy-to-use internet, and GPS tracking. Since then, smartphones have found their way into billions of people's pockets and have fundamentally changed the way we interact with technology.

"Smartphones are the trigger point for bringing in new technologies," says Fabiano Vallesi, Next Generation analyst at Julius Baer. Indeed, only four years after the launch of the first iPhone, Apple introduced Siri, its voice-controlled personal assistant. In 2015, this was followed by haptic feedback, in the form of the little jolt users feel when they touch certain functions on their screens.

MIMICKING HUMAN INTELLIGENCE

Traditional interfaces have been undergoing a revolution ever since. "Relying on a keyboard, mouse, screen, and to some degree audio really reduces the power of humans for interaction," says Gillian Hayes, Kleist Professor of Informatics at the University of California, Irvine, and a Jacobs Foundation Research Fellow. Artificial intelligence, or AI, is one of the technologies making it possible to move away from these interfaces. For the uninitiated, AI is a technology that aims to mimic human intelligence by processing data and autonomously drawing conclusions, in some cases acting on information using algorithms. "There are three factors that have gotten us to where we are today in terms of AI: the abundance of data, the general availability of low-cost computing power for data mining, and open-source AI backed by the likes of Facebook and Google," says Vallesi. These factors help to improve the algorithms behind AI technology, which results in it becoming incrementally smarter and more applicable to new interfaces.

One area of AI application is chatbots, which are interfaces that interact with people, usually by means of messenger apps. This technology is already widely in use in areas such as customer service. For example, if a customer has a problem with a product, chatbots can interact with the customer to understand the problem and recommend a solution. "Chatbots are helpful because they shorten reaction times, lower costs, and improve service quality," says Vallesi.

Professor Hayes is applying this technology to work she is doing with an insurance-focused start-up. "Nearly 60 per cent of insurance fees currently go to brokerage fees, sales commissions, and so on," she says. She is working with chatbots to engage with people and provide them with a customised, education-oriented, decision-making process using more sophisticated algorithms that can provide a pricing advantage. The idea is to significantly decrease costs for the consumer and improve their customer experience, with the objective of increasing sales. "When more people buy insurance, the risk pool is bigger and prices go down," says Professor Hayes, referring to this concept as a virtuous circle that could radically disrupt the insurance market while improving many lives.

COMBINING ARTIFICIAL WITH HUMAN INTELLIGENCE

AI is also one of the driving forces behind voice recognition and control. Technology research firm Gartner predicts that 20 per cent of our smartphone interactions will be with a virtual personal assistant by 2019, and that by 2020, the majority of devices will be designed to function with minimal or zero touch. Between Siri, Amazon's Alexa, Microsoft's Cortana, and Google's Assistant, there is no shortage of virtual assistants, all trying to capture a share of the market. Why are we so attracted to these forms of technology? "I think part of what appeals to people in these contexts is familiarity, and part of it is the humanity of it," says Professor Hayes. "We can anthropomorphise Siri and Alexa in part because we talk to them like we would to a human."

“Technology doesn’t just pop up,
it’s developed, gets used, and
evolves into what it is, and in the
end it’s the consumer who decides.”

Fabiano Vallesi

But as many users can attest, the reality today is that voice-controlled interfaces, but also chatbots, don’t always offer a seamless experience. They can have difficulty understanding exactly what users want, resulting in a need to repeat or rephrase commands. Until such interaction becomes more reliable, some companies are turning to hybrid solutions that use both AI and human support. Clara Labs, for example, has developed Clara, a virtual assistant that helps to reduce people’s administrative loads by handling scheduling and setting up meetings. If Clara runs into difficulties, there is a human who will step in and address the issue.

HAPTIC FEEDBACK

Still much less widespread than conversational interaction with interfaces is interaction through the human sense of touch (not to be confused with touch-screen technology). Much of the haptic technology required for this is still in the developmental phase, but numerous important breakthroughs have already been made. Many of these are in the medical sector, for example in robot-assisted surgery.

In her lab, Professor Hayes is working on tangible interfaces for blind people that focus on interactions based on an augmented sense of touch. Instead of using a screen reader to describe a visual interface,

which makes technological interaction difficult for the blind, one of her projects in this area focuses on the development of a motorised virtual scroll bar. Among other things, this scroll bar gives different levels of resistance depending on the size of a document. “So, if it is a short document, [you feel] light resistance, and you can pull quickly down,” she explains. “Longer documents have more resistance so it feels like the scroll bar is bigger than it is.”

As the technology evolves, haptics will likely be applied for more commercial purposes as well. “Technology doesn’t just pop up, it is developed, gets used, and evolves into what it is, and in the end it’s the consumer who decides,” says Vallesi. One theory is that, with sufficient demand, haptics could in future allow mobile phones to deliver synthetic touch in a way that would allow online shoppers to feel the texture of an article of clothing or the weight of an object before making a purchase.

COMMUNICATING IN A COMMON LANGUAGE

One of the clearest common denominators of all these disruptive technologies and interfaces is that they are allowing people to communicate with their devices in a way that is more natural to them. And if they work properly, interfaces that have more human characteristics are also likely to inspire trust. So are these developments simply the logical outcome of technological advances, or are they the result of people wanting their technology to be more human? According to Vallesi, these go hand in hand and cannot be separated, although he sees more human elements in technology as the general trend for the future. “We invented computers and for a long time communicated with them in their language; now we’re communicating with them in our language,” he says.

SWITZERLAND IN FOCUS

Over the past ten years, Julius Baer has expanded its global footprint considerably. Yet despite this international growth, the Bank has never lost sight of its Swiss heritage. Head Switzerland Gian A. Rossi shares his thoughts on Julius Baer's home market, the importance of quality service, and understanding client needs.

INTERVIEW: Emily Rookwood

You have been with Julius Baer for more than ten years. During that time the Bank has experienced significant growth – how has that been achieved?

I joined Julius Baer at the beginning of this exciting growth period. In order to expand our global footprint and sharpen our client and market focus, we have made a number of strategic acquisitions, including the landmark acquisition of Merrill Lynch, and complemented that with a targeted hiring initiative for new relationship managers. Growth wasn't only on a global level, though, as we also expanded our regional operations to provide greater local coverage for our clients. In Switzerland, for example, we now have 14 offices, which is the largest pan-Swiss network of any pure private bank.

Most people assume that the growth came purely from those acquisitions, but if you look at the numbers, we increased our assets under management by almost the same amount by attracting new clients to our platform and growing our relationships with existing clients, and thanks to market performance. This speaks volumes to the service that we are able to offer.

How has Julius Baer evolved as a result of this expansion?

During my time at Julius Baer, assets under management have increased sixfold. Yet we have remained true to our focus as a pure-play private bank throughout the past decade and have now reached a size and global scale that truly matters in the industry. This

does not exist anywhere else in the world. This pure private banking approach with an extremely client-centric business model proved to be very successful and we have won a number of international awards, including 'World's Best Bank for Wealth Management' in the 2017 Euromoney awards.

Thanks to the expansion, Julius Baer has solidified its position as the international reference in private banking. How does this global presence benefit clients in Switzerland, Julius Baer's home market?

Clients are able to enjoy the advantages, transparency, and accountability that come from working with a global, listed financial institution, with an unrivalled reputation in the

capital market, while enjoying the personal interaction and dedication of a private bank. We have access to a global network of experts and can offer considerable research intelligence in our key markets, such as Asia, because we have advisors and researchers on the ground. This local market knowledge and global network are a huge plus for our clients.

Another benefit to our global presence is being able to connect our clients internationally. This is particularly beneficial for the large number of international residents in Switzerland, as we can advise them on relevant relocation or taxation queries and give them access to expertise both in Switzerland and in their home country.

In your role as Head Switzerland, how do you intend to maintain Julius Baer's position as the leading Swiss private banking group?

In Switzerland we are currently focusing on three different areas. The first area is people. We have to invest in our people by providing excellent growth and education opportunities, while simultaneously strengthening our employee base by attracting new specialist talent to Julius Baer.

The second area is products and services. We are further sharpening our offering to cater to the specific needs of our Swiss domestic clients by providing a state-of-the-art client

experience and delivering the best available products and services. Our holistic approach to wealth management will also play an increasingly important role in the way we advise our clients.

The third and final area is further strengthening our brand within our home market by sharpening our value proposition for clients and fortifying our market positioning and visibility. We are therefore very proud to be part of a collective effort to bring electric car racing to Zurich in 2018. Formula E is a trailblazer for smarter and cleaner mobility. It plays to Switzerland's deep-rooted respect for the environment and its tradition as a centre for innovation and quality.

What makes Switzerland distinctive as a financial centre?

Switzerland is seen as a safe haven thanks to our financial and political stability; when geopolitical tensions increase, the Swiss franc strengthens – much like gold. People trust in the level of financial expertise on offer here, as they recognise the quality of our education system, universities, and vocational training.

In addition to offering stability, Switzerland also has a very high standard of living. People want to live – and bank – here because you have excellent infrastructure, great access to the rest of the world, and there is a tradition of respecting an individual's privacy.



Gian A. Rossi

This has absolutely nothing to do with banking secrecy; it is simply about discretion. These elements combined make Switzerland very distinctive as a financial market.

What are the main challenges and opportunities that you face in Switzerland?

First and foremost, the market here is very competitive. We therefore need to innovate constantly to stay ahead of our peers. We are all facing an increased administrative workload as a result of new regulatory requirements. We want to ensure that we comply with those regulations without compromising on the time that relationship managers have available to spend with their clients, as the client is always our top priority. By embracing innovation and digitalisation, we can meet this challenge head-on and use it as an opportunity to further enhance our client-centric approach.

“In an increasingly digital world, clients value the personal interaction they have with their advisors more than ever before. So, if anything, the human touch is becoming even more important.”

Gian A. Rossi

Switzerland is known for its high levels of quality and service. How are these qualities reflected in the Julius Baer client experience?

At Julius Baer we pride ourselves on our client-centric approach and offer a highly tailored service that focuses on each client's individual needs. We look at the full picture to provide solutions that work both today and in the future. This approach is a vital part of the Julius Baer client experience today, and it is enhanced by our knowledgeable and dedicated relationship managers, who provide continuity and stability for our clients.

We always try to go the extra mile for our clients, be it through our flat hierarchy, which gives clients access to senior management, or by providing additional services to make their lives easier wherever possible. We advise and help them in a manner similar to a family or multi-family office, and that is a quality and service experience that only our clients have.

How are client needs and expectations evolving, and what is Julius Baer doing to ensure they are met both today and in the future?

Clients have higher expectations and a greater range of needs today. They expect an increasingly tailored experience and to be treated as individuals, not simply according to their segment or risk profile.

We offer a holistic service to ensure that we look at the complete life cycle of each client to help them plan for the future. This means complementing our core business of wealth management with a comprehensive wealth planning offering to help clients to navigate the complexities of our globalised world.

To support the changing needs of our clients, we are investing in further improving our client communication channels, which includes creating strategic networking opportunities for clients to introduce them to interesting concepts, companies, and individuals outside

the Bank. Thanks to our Next Generation investment philosophy, we are also helping clients to sort through the vast quantities of data available today by identifying the information and future trends that are relevant to their portfolio and life situation, keeping them at the forefront of investment trends.

Julius Baer prides itself on its client-centric approach. With robo-advisors on the rise, how important is the human touch in private banking?

Private banking is a people's business and when it comes to financial matters, people trust people. You always want to get a feel for a situation by discussing it with others, and that is something that only human interaction can offer.

In an increasingly digital world, clients value the personal interaction they have with their advisors more than ever before. So, if anything, the human touch is becoming even more important.

Julius Bär

DEMOGRAPHIC SHIFT
WILL CHANGE LIFESTYLES.

ARE YOU PICTURING
THE POSSIBILITIES?

>> Discover our approach at [juliusbaer.com/visionary-thinking](https://www.juliusbaer.com/visionary-thinking)

Julius Baer is the leading Swiss private banking group and present in some 50 locations worldwide. From Dubai, Frankfurt, Geneva, Guernsey, Hong Kong, London, Lugano, Monaco, Montevideo, Moscow, Mumbai, Nassau, Singapore to Zurich (head office)

RESPONSIBLE INVESTMENT

Acting consciously and responsibly is imperative when it comes to investing money. But what does ‘responsible’ really mean, and do we all share the same perspective? In this issue’s expert column, Philipp Rickenbacher, Head Advisory Solutions, and Norbert Rücker, Head Macro and Commodities Research, explain the many dimensions of responsible investing at Julius Baer.

‘INVESTING RESPONSIBLY’ MEANS CAPTURING THE FULL RANGE OF RISKS TO COME UP WITH BETTER INVESTMENT DECISIONS

When talking about responsible investing, the first element to consider is investment analysis. Even such a sober topic evolves over time. In recent years, several high-profile corporate scandals negatively impacted investment portfolios and investors naturally asked themselves what they had missed and how they could avoid such losses in future. Delving into financial reports and vigorously crunching cash-flow and balance-sheet numbers has shown itself to be insufficient. Instead, a broader perspective is needed.

In today’s increasingly complex and fast-paced environment, a company’s actions, culture, and values significantly influence its

financial success. Creating value sustainably requires a focus not only on cash flows and profits, but also on responsible interaction with society at large. It is therefore vital to have an understanding of the corporate culture of a company, as this reveals the company’s ability to manage the challenges that come with changes in technology, consumer attitudes, and politics. At Julius Baer, we have expanded our analysis toolbox to take into account a company’s culture and values.

‘INVESTING RESPONSIBLY’ MEANS HAVING A SOUND AND TRANSPARENT INVESTMENT PROCESS THAT INTEGRATES THE ESG PERSPECTIVE

Second, there is the investment process and we believe that our approach is quite unique thanks to our dedicated Responsible

Investment Committee and consideration of environmental, social, and governance (ESG) factors across our entire investment universe. Broadening the scope of analysis requires additional information; ESG ratings, which are comparable to credit ratings, have become a broadly used tool that translates difficult-to-measure soft facts into comparable hard facts. Independent providers offer this service to companies, investment professionals, and other organisations, and the rating reflects the exposure to, and management of, ESG-related risks. It complements and significantly enhances the traditional toolset of financial metrics.

Our experience shows that this information helps us to better distinguish leaders from laggards. The pivotal element is our Responsible Investment Committee, which ensures that the relevant ESG information is

incorporated into our decision making. This dedicated committee engages our analysts and portfolio managers, and challenges their views and beliefs in order to limit investment risks. Controversial companies are discussed at length to assess, first, whether there are meaningful fundamental risks and, second, whether financial markets properly value these risks.

The committee does not decide what is investible and what is not; instead of exclusion our approach focuses on risk control and sound investment advice. Of course, only well-positioned companies should make up a long-term investment, but the investment horizon and ethical preferences are for the clients themselves to choose.

‘INVESTING RESPONSIBLY’ MEANS OFFERING HOLISTIC ADVICE WHICH IS TAILORED TO OUR CLIENTS’ BROADER NEEDS

Third, there are the investment solutions themselves. Clients differ in terms of risk tolerance and financial goals, but also in terms of investment preferences and ethical considerations. Understanding this diversity allows us to enrich our offering. Thematic investments, such as our Next Generation investment philosophy, cater to those that seek long-term growth. By thoroughly mapping and understanding today’s structural trends

we are able to identify tomorrow’s potential business leaders. Sustainable investments, meanwhile, put emphasis on a company’s culture and values; focusing on ESG leaders is one way to invest responsibly in both equities and bonds. Impact investments, on the other hand, provide more than a financial return, aiming to make the world an incrementally better place for future generations. Examples of this niche offering include the so-called green bonds or microfinance funds.

‘INVESTING RESPONSIBLY’ MEANS UNDERSTANDING AND RESPONDING TO CHANGING NEEDS

Last but not least, we must keep the bigger picture in mind. Responsible investment has entered the mainstream, not least thanks to the evolution towards a more risk-focused and more ethically conscious philosophy. Julius Baer signed the Principles for Responsible Investment, supported by the United Nations, in September 2014. Today, the charter represents more than 1,700 signatories from more than 50 countries, with an estimated USD 68 trillion in assets under management.

There is always a push and pull. Societal values shift slowly over time, from generation to generation, but there is no denying that sustainability considerations play a more important role in today’s world. In particular,



Philipp Rickenbacher

women and younger generations are more concerned about the environmental and social impact of their lifestyle. At Julius Baer, we pay attention to the increasing awareness and demands of our clients, and strive to cater to these growing needs. For us, responsible investment is a journey and not a destination and we will continue to develop our approach and offering. Wealth management is about long-term thinking, having a holistic perspective, and creating long-term value. In sum, private banking and ‘investing responsibly’ are a natural fit.

BANKING WITH A HUMAN TOUCH

Despite the rise of robo-advisors and fintech solutions, the wealth management industry remains, and will continue to remain, a people business. Yves Bonzon, Chief Investment Officer and Head Investment Management at Julius Baer, examines why the human touch plays a central role at every stage of the private banking value chain.

In a recent survey by a well-known asset manager, two-thirds of respondents indicated that they prefer to have human interaction when they make their banking decisions. There are several reasons for this, but in essence it comes down to what I have always believed is the inherent limitation of a systematic robot advisor solution – the inability to interact.

People like having someone who can provide accountability, guidance, and answers to the complex questions they might have. They also look for empathy. Society today places a greater emphasis on emotional intelligence

(EQ), and in situations where intelligence quotients (IQ) – or performance – are matched, EQ will be the differentiating factor. Clients will therefore often prefer to bank with the wealth manager that best understands their unique circumstances and advises them accordingly.

ART VERSUS SCIENCE

If you spend even a little time with experienced relationship managers, you quickly realise how knowledgeable they are when it comes to the lives of their clients. They know

that to advise someone well requires a deep understanding of their overall context, as managing money is part of a much broader set of circumstances encompassing the personal life of each and every individual.

This is particularly true when it comes to managing privately held wealth. Unlike with institutional clients, where there is a well-defined set of liabilities, the liability constraints for private wealth owners are often negligible. If you then put technical aspects such as expected return and capital market assumptions aside, the process is primarily driven by the client's preferences and objectives.

I have always said that managing money is at the frontier between art and science, and this is the moment when advisors have to leave the science behind and concentrate on the art. While a robo-advisor can manage a vast and sophisticated set of programmed variables, it will never be able to manage and correctly interpret the subtle complexities of human behaviour or understand client needs.

MANAGING HUMAN BEHAVIOUR WITH HUMAN ADVICE

Robo-advisors will also never master the art of preventing clients from damaging their net worth by making wrongly timed, emotional decisions. In many ways wealth managers are behavioural coaches; the most important service we can provide a client with is to mitigate, and ideally neutralise, their behavioural biases. The reality is that when the markets are really scary, many investors' rationality is overwhelmed by emotion. Having a trusted, experienced advisor with whom you can engage in dialogue and who can help you navigate these stormy times is incredibly valuable.

An advisor can also add real value when it comes to the complex and often counter-intuitive elements of investing by guiding clients towards a point of better understanding. A good example is portfolio evaluation. Here, advisors should help clients understand that the ups and downs of a portfolio are perfectly normal; if you kill volatility, you kill return. There's no such thing as a risk-free return anymore, and investors have to understand that

short-term negative performance is part of the price you pay for positive return over time.

This brings me to another aspect – the frequency of the portfolio review. There is a tendency to think that portfolios should be reviewed every week, or even every day, which is very detrimental to evaluating performance. As the CIO of Julius Baer, I look at a sample of portfolios every day to make sure that performance is consistent with the market and with how we are positioned. But when it comes to my own portfolio, I will usually only look at it once a quarter.

At a time when supercomputers trade stocks at high frequency, the only competitive edge individual investors can give themselves is to take a slightly longer-term horizon and try to be as immune as possible to the short-term noise. By reviewing their portfolios less frequently – ideally on a monthly or quarterly basis – clients are better positioned to take this medium-term perspective.

HUMAN TOUCH IN THE PRIVATE BANKING VALUE CHAIN

For me, it is clear that the human touch and personal interaction are central to the wealth management business – and not just at the client relationship level. At Julius Baer, it is a vital component of our entire business model, including our investment approach. Of course, there are numerous highly technical aspects to our process, but when it comes to how our investment committee



Yves Bonzon

makes decisions, human input and intuition are key. No mathematical model, as sophisticated and comprehensive as it might be, will ever capture the complexity of the investment world; it is an interaction of structural issues, financial and political parameters, regulation, and also sentiment.

Understanding how this ever-changing combination of factors will affect the markets and adapting accordingly requires a number of uniquely human qualities. It is precisely these qualities – intuition, empathy, and adaptability – that set human wealth managers apart from the digital competition and ensure that private banking remains a people business.

THE JULIUS BAER FOUNDATION

The human touch is an integral part of philanthropy, and it is particularly relevant to the newest pillar of the Foundation, wealth inequality, as General Manager Christoph Schmocker explains.

INTERVIEW: Zoë Wälchli



Founded in 1965, the Julius Baer Foundation is the oldest grant foundation established by a Swiss bank. For more than 50 years it has devoted itself to contributing to society by supporting the arts, cultural endeavours, scientific advances, and carefully selected charitable causes with a particular focus on those supporting children and young people. In line with Julius Baer's innovative and entrepreneurial approach, the Board of Trustees decided in 2016 to further develop the Foundation.

Under the leadership of its Chairman Dr Thomas Meier and General Manager Christoph Schmocker, the Julius Baer Foundation has implemented a new strategy that concentrates on promoting growth, further sharpening its system of governance, and achieving more impact by focusing on three strategic core areas: vocational training, re-cycling PLUS, and the most recent addition – wealth inequality.

“We believe that encouraging voluntary exchange leads to long-term solutions that provide smaller communities with a variety of opportunities, allowing them to thrive independently.”

Christoph Schmocker

Mr Schmocker, why did the Foundation decide to include wealth inequality as one of its three core areas?

As a private bank, we feel that we have a responsibility to address the wealth imbalances that we see around the world, and we are in the fortunate position to be able to do so. The obvious course of action is to focus on poverty reduction and simply allocate money to those in need. However, this is a rather short-sighted approach and one that does not contribute to a lasting resolution of the problem.

A more effective strategy, and the one we have chosen to follow, is to encourage various social classes to meet and communicate with one another and develop shared projects that

tackle everyday issues. We believe that encouraging voluntary exchange leads to long-term solutions that provide smaller communities with a variety of opportunities, allowing them to thrive independently.

Since 2017 we have been supporting a project in Switzerland called ‘DIE BUCH-PATEN’ (The Book Godparents), which offers support to socially underprivileged children – many of them with an immigrant background – in QUIMS (quality in multi-cultural schools) kindergartens and primary schools. Here, specially trained individuals come in to read books with the children using a specific participatory methodology. By supporting this project, the Foundation helps to develop relationships between different

groups within society and enhances progress in literacy, increases self-confidence, and encourages integration through improved language skills.

How important is fostering interaction on a personal level between social classes in the fight against wealth inequality?

It is very important, as we are aware that this is a sensitive issue that demands a willingness to learn about other people's lives, and also mutual respect. We believe that governments are often not in a position to bring different social classes together to develop ideas. It is therefore hard for governments to reduce any scepticism that people may have from this distant position. Action must therefore be taken on a different level, and this is where the Foundation comes in. We begin with something that might at first seem unimportant – the meeting location. However, this location is the vital first step and it must make participants feel protected, respected, and human. Establishing a prejudice-free atmosphere among various social classes with an experienced facilitator is central to eliminating fear and encouraging discussion and problem-solving. Combined, these components engender an interest in others and also, hopefully, trust on a very personal level.

What is the Foundation's ultimate goal when it comes to wealth inequality?

To develop successful, efficient, and comprehensive ideas and strategies that can be easily replicated by communities worldwide. In an ideal world, governments would work together with different community groups to take a more pragmatic approach to eradicating wealth inequality, but that's not realistic. We therefore believe that finding a solution has to start with those affected, so we want to motivate and empower small groups of people to take things into their own hands and foster equality within their own communities. It takes longer, but it's the bottom-up approach, and it fosters a feeling of ownership among individuals or small groups, which I think is more promising.

When it comes to philanthropy, why is the human touch so important?

The human touch is a key element when it comes to philanthropy. For me, it's a motivational driver on a very emotional level. We are

affected by stories and reports from around the world, or even from within our own families, and can't help but feel an altruistic desire to make things better. But it is often hard to know where to start or make a practical and effective contribution. This is something I have seen numerous times during my 20 years of working on philanthropic projects. For me, though, this aspiration to do something is really the very essence of philanthropy. As Khalil Gibran said: "To understand the heart and mind of a person, look not at what she has already achieved but at what she aspires to." By discussing your ideas and aspirations in person with a philanthropy expert, you can open the door to an array of opportunities to channel this desire constructively and efficiently. As philanthropy advisors, this is one of the key services that we at the Foundation can offer to Julius Baer's clients and we hope that by encouraging dialogue, we can make an even more meaningful contribution to society not only in Switzerland but also around the world.

“We believe that finding a solution has to start with those affected, so we want to motivate and empower small groups of people to take things into their own hands and foster equality within their own communities.”

Christoph Schmocker

THE JULIUS BAER ART COLLECTION: NEW ACQUISITIONS

The Julius Baer Art Collection is constantly expanding. Each year, the Julius Baer Art Committee carefully selects new pieces with a view to inspire and engage staff and visitors in our locations around the world. In 2016, the committee made 24 acquisitions covering a broad range of media from video and photography to sculpture and painting.

AUTHOR: Barbara Staubli, Curator of the Julius Baer Art Collection



Zilla Leutenegger, *1968, 'Rodeo Z', 2016, video installation with 2 objects, brick wall 40 x 32 cm, zigzag chair 12 x 6.5 x 5 cm, video projection, sound, color, 2'32"

In line with Julius Baer's philanthropic vision, the committee purchases these artworks not as investments, but rather to support Swiss artists by acquiring promising early pieces, following their careers as they build their reputations and oeuvres, and adding additional works over time. This gives the collection a clear profile and creates a dynamic blend of both up-and-coming and firmly established artists. Today the collection, which features some of Switzerland's most important artists, encompasses more than 5,000 artworks.

Recent acquisitions include artworks by Francis Baudevin (*1964), Vittorio Brodmann (*1987), Zilla Leutenegger (*1968), Yves Netzhammer (*1970), and Kilian Rüthemann (*1979), to name but a few. The Art Committee also purchased San Keller's 'Until The Last Dance', and you can find an interview with the artist on page 70. Clients interested in a guided tour of the collection at Julius Baer's Head Office in Zurich may contact their relationship manager.

We are pleased to share a selection of the most recent acquisitions on the following pages.



Francis Baudevin, *1964, 'Film 4', 2015, acrylic on canvas, 65 x 65 cm

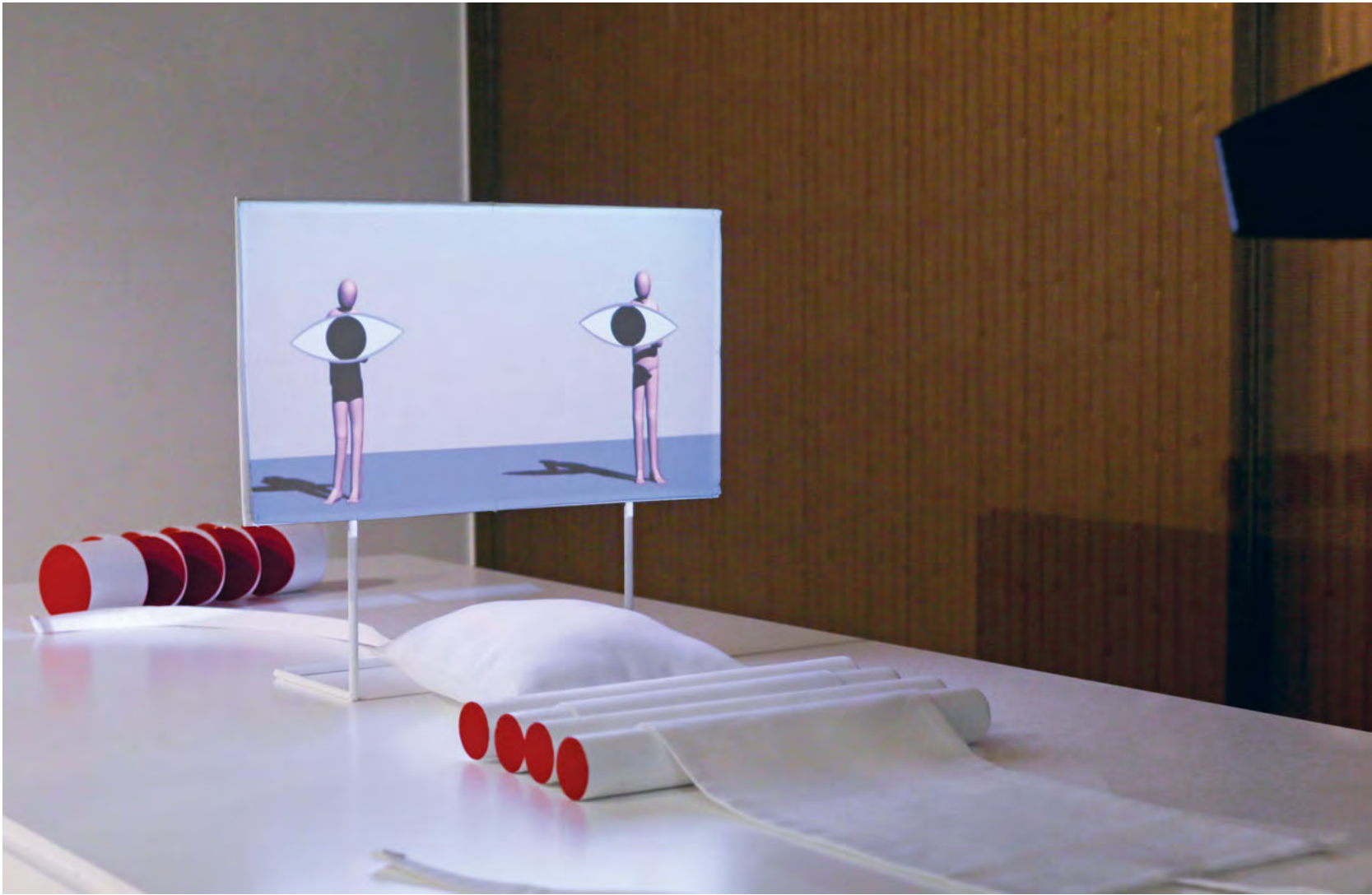






Claudia Comte, *1983, 'Turn slip, black & white 1/4', 2015, acrylic on canvas, diameter 100 cm

Left: Francisco Sierra, *1977, 'Malewitschs Quadrat fliegt mit dem Jetpack davon', 2012, oil on wood, 28.5 x 35 cm



Yves Netzhammer, *1970, 'Die Gegenwart sucht ihren Mund in der Spiegelung der Suppe', 2014–2015, video projection, wood, paint, metal, and textile on socle, vitrine, video tripod and small projection object, 125 x 32 cm

Right: Kilian Rüthemann, *1979, 'Team Gravity (Peel), (red), Team Gravity (Hang), (black 1)', 2016, silicone, pigments, 100 x 66 x 4 cm





Francisco Sierra, *1977, 'Amphisland', 2008, oil on wood, 42 x 56 cm

Right: Daniel Robert Hunziker, *1965, 'Kalk 15/V', 2015, powder – coated metal, 115 x 95 x 12 cm



SAN KELLER: EXAMINING SOCIETY THROUGH ART

Whether inviting his audience to dance, work, or simply think a little differently, renowned Swiss conceptual and performance artist San Keller takes a playful – and very human – approach to examining social behaviour in his work.

AUTHOR: Emily Rookwood





“I like to take a very simple, reduced instruction or conceptual framing and then create a free space within that where things can happen.”

San Keller

“It’s funny the things you remember,” says Swiss conceptual and performance artist San Keller as he explains the inspiration behind his work ‘Until The Last Dance’. “I had this studio on the Pfingstweidstrasse in Zurich when I was at school, and opposite there was a gas station. I often worked nights and although the gas station wasn’t open 24 hours yet, they had music round the clock. At night, when the traffic calmed, you had this gas station and this light and the sound. It fascinated me.”

Combining music, dance, and the image of a specific and unusual situation, ‘Until The Last Dance’ is an ongoing participatory action acquired by the Julius Baer Art Collection in 2016. Like many of Keller’s works, its basis is a simple framework – in this case a contract between the artist and the participant. “I like to take a very simple, reduced instruction or conceptual framing and then create a free space within that where things can happen,” he explains. Here, the contract stipulates that the participant must dance whenever a certain song is played – for the duration of the song, for the duration of the participant’s life.

“It is somehow, anyway part of their lives, so, I mean, why would they then need a contract?” he says, laughing. “That is the funny thing. The same question applies to why people get married. Why do you need official obligations when you can do things more informally? When we started the contracts in 2004, it was more a parody or caricature of a contract, we were playing with the form and idea of a contract.”

FINDING A NEW PERSPECTIVE

Keller uses his actions to examine social behaviour, often in a critical but humorous way, to encourage us to look at established conventions from a new perspective. Be it the contract in ‘Until The Last Dance’ or discussing what visitors really take away from a trip to a gallery in the work ‘Digestive Walks’, Keller wants us to think about why we as humans give value to certain things, and what that really means.

It was this space for questioning that drew Keller to art in the first place. “I was brought to art by not really seeing a sense or a value in life. I tried to find it during my adolescence with religion – I went to discussion groups and really questioned things, but I always failed to see the goal of life. I then came to art. Art offers a space to question things and give value. I am very open to this border between what is culture, what is rooted in a life situation, and what goes out and becomes art.”

While examining these fundamental life questions, Keller has journeyed through several different stages of artistic exploration. When he first appeared on the art scene in the mid 1990s, he was looking for a positive way to try new things and encourage others to do so too. At this point, his work was mainly self-initiated, such as sleeping on the floor of a Swiss TV newsroom during a live broadcast for the work ‘San Keller Sleeps At Your Workplace’. But as he became better known, he began to receive invitations from galleries and institutions.

Drawn into a new world of galleries and exhibitions, Keller naturally began to experiment with how his exploration of life’s questions could be framed within the context of these institutions, developing pieces such as ‘San Keller Carries You Up To Art’. He was able to explore not only why – or even why not – others might interact with his participatory actions, but also how he, as an artist, interacts with the world. “A large part of my

practice is questioning the image of the artist in society and examining how he relates to the structures and institutions that are offered to him,” he explains.

AN EXPLORATION OF THE SYSTEM

While working within an institutional framework gave Keller less room for artistic autonomy, it spurred him on to explore questions posed by the system. He started to explore the role of the artist within the system by involving his fellow artists. Works such as ‘At Work – Cuckoo’, where Keller was photographed by his fellow artists in their studios, marked the beginning of a more collaborative phase for him – moving from exploring institutional questions to exploring more cultural questions, as seen in ‘By Meter’ at the recent Klöntal Triennale, a work developed in the LEGS format, where several diverse performers each had a fixed space in which to perform (defined by dividing the overall space by the number of performers).

Keller developed a conceptual interest in the thoughts and methods of other artists, and that thought process is something he also explores through his second professional outlet – teaching. For the past ten years, Keller has been mentoring architecture students at Zurich’s prestigious technical university, ETH, under Karin Sander, Professor of Architecture and Art. In many ways it is the natural development of his curiosity in the artistic process and his collaboration and integration with institutions. “Teaching is now an important part of my practice,” he explains. “I don’t say that teaching is part of my artistic practice, but I bring a lot of my artistic

thinking and acting into the structure of an institution and into my relationships with architecture students.” Here, Keller has the opportunity to be an “outsider”, observing the creative process of a practice different from his own up close but with an enforced critical distance.

A NEW CHAPTER

Now, though, Keller is preparing to leave ETH and take on a new role at the Lucerne University of Applied Sciences and Arts, as Co-Head of Art and Mediation with fellow artist Sebastian Utzni. Here he will be sharing his knowledge with young artists at the very beginning of their practice.

As his teaching draws him further into institutions, his artistic exploration is taking on a more personal form and one that doesn’t require any external input. Keller’s experiments with drawing allow him to leave the conceptual point of view behind and simply create something for himself. It provides an “exciting new space” for him and an altogether different way to further develop the playful relationship he has with society.

Looking around the worn wooden structure of Badi Utoquai, one of Zurich’s lakeside lidos where Keller is taking a few moments to relax before an afternoon of teaching, he says: “This is the ground, the soil that I am working with – daily culture, the life that surrounds me.” His is a very human approach to art, and one that, with such fertile ground for further exploration, can only continue to develop and branch out in exciting new directions in the future.



“I am very open to this border between what is culture, what is rooted in a life situation, and what goes out and becomes art.”

San Keller



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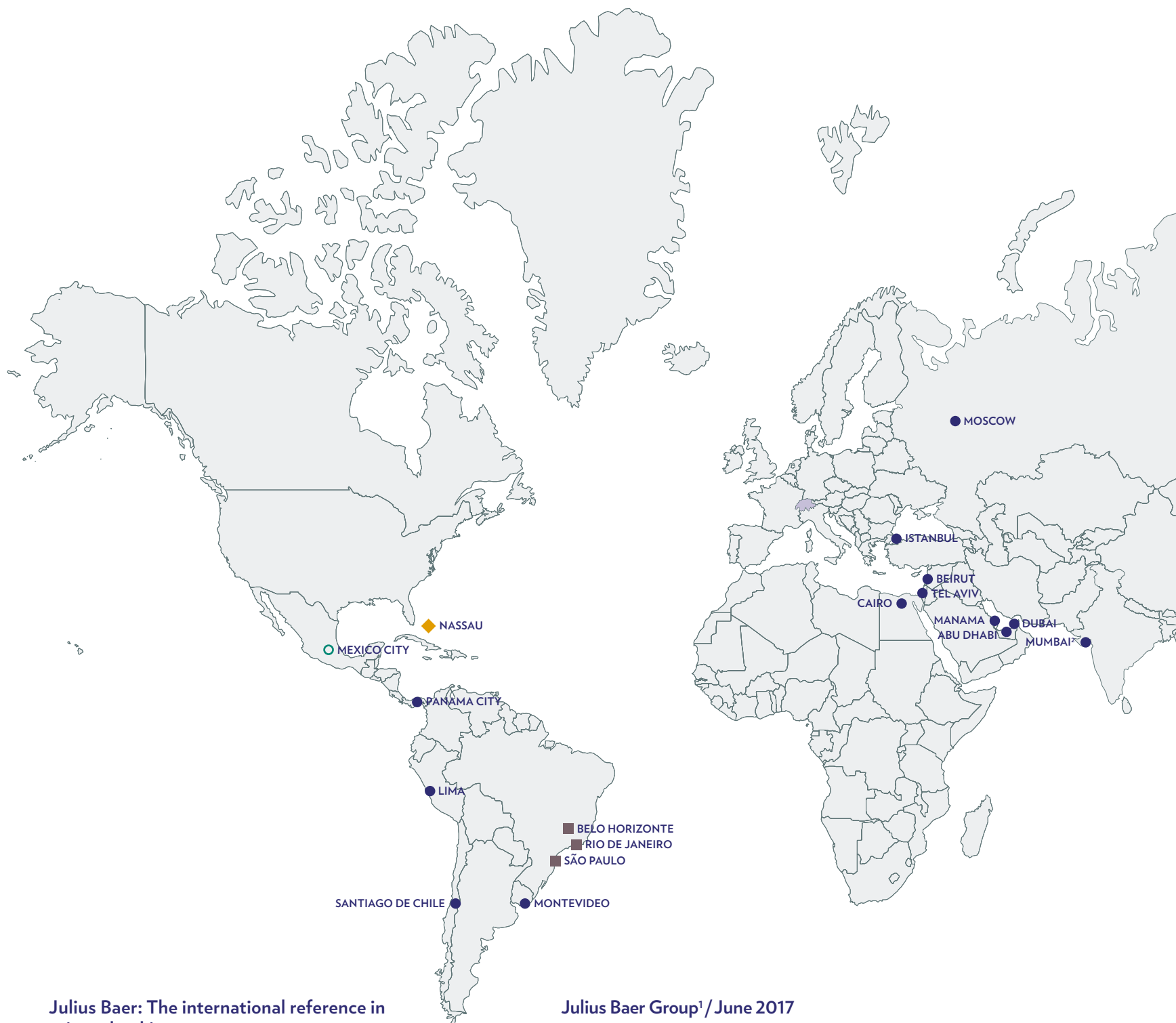
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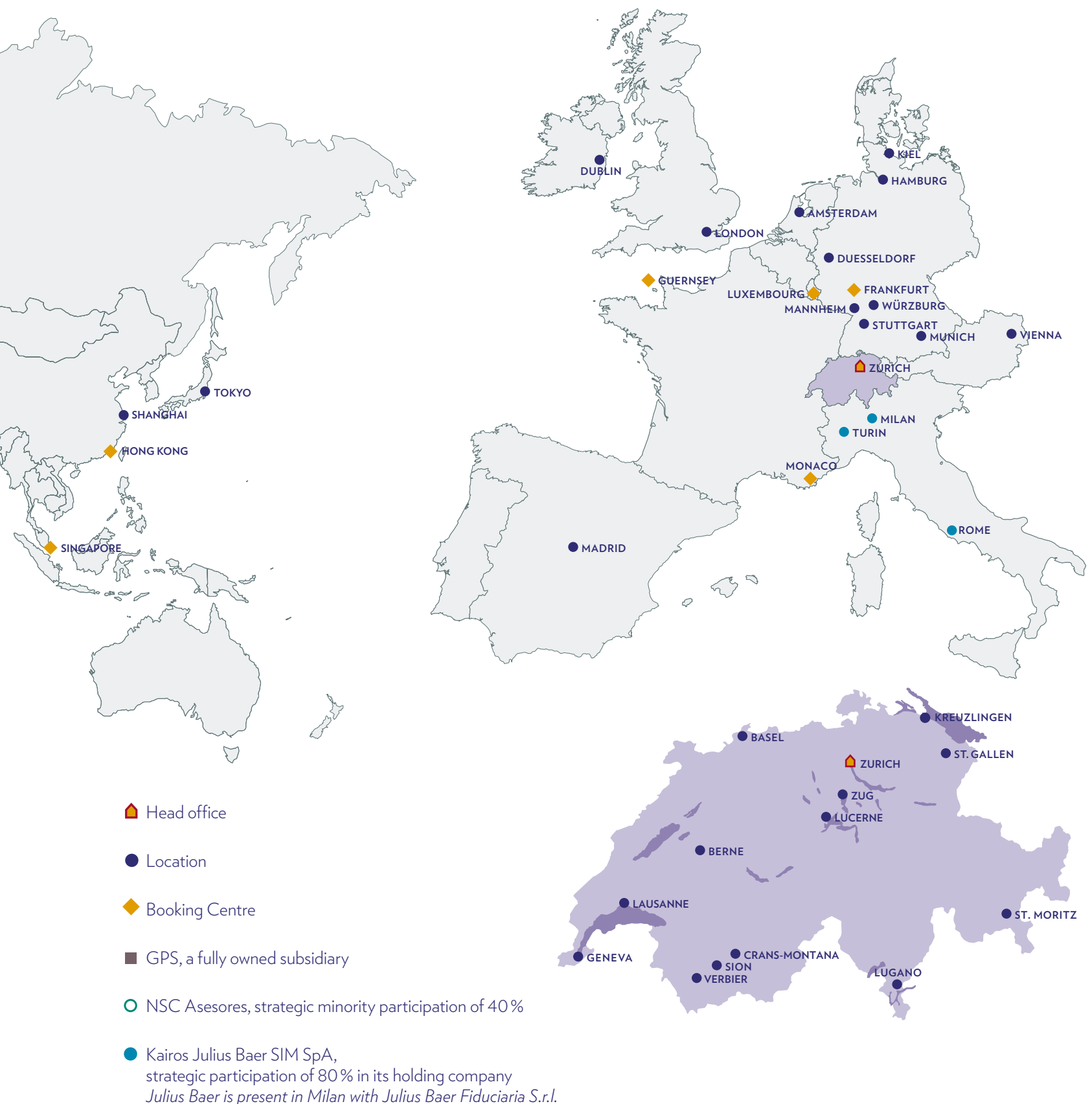
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JULIUS BAER AT A GLANCE



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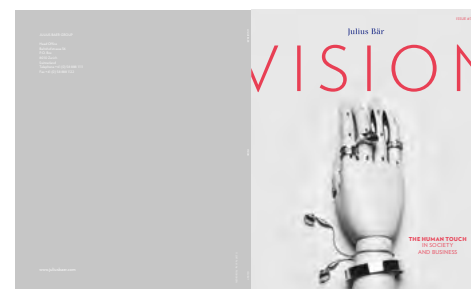
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