

A generational mind-set to servicing family wealth

Planning for the future requires a sense of the past. Now, more than ever, it also needs expert knowledge of the constantly-changing regulations. This is the approach that Shanker Iyer takes in spearheading Iyer Practice Advisers.

There has always been a tension between tradition and innovation. The challenge for advisory firms today is understanding how to deliver a service that can respond to what clients want and what regulators demand.

In the past few years, increasing attention has been paid to what tax really is, and how it should be paid and where.

But tax should not be the sole or even primary factor driving family wealth structures. Advisers should first understand the specific circumstances of the family, and how to effectively cater for both the current and future generations. Only once this is determined, can the structure (and the tax, regulatory and fiduciary aspects) be effectively planned.

Shanker Iyer is in a unique position to appreciate the past and invest in the future. He is the Founder and Chairman of Iyer Practice Advisers, a specialist advisory firm, and has been grooming

his two sons, Sunil and Sanjay, to see things in a similar way.

EVOLVING PROPOSITION

Shanker initially qualified as a Chartered Accountant in London and was a partner of a leading accounting firm in the UK for more than 10 years before he came to Singapore.

The accountancy background is important because it provides the fundamental tools for any business model.

“I came to Singapore in the 1980s with my UK firm,” says Shanker, “and I went back to the UK in 1992. But then the UK economy wasn’t very good at that time and so we came back to Singapore and I set up my own practice in 1993.”

Initially he ran a traditional accounting practice. “We are chartered accountants by qualification and that’s been my experience, so it continued to be the case for the initial period.”



SHANKER IYER
Iyer Practice Advisers

But accounting and audit were not the ways into the future. “The audit business in Singapore was expected to decline because of the impending law abolishing



SUNIL IYER

Iyer Practice Advisers

audit for many companies in the future, and so we decided to exit that business.”

There was personal and professional logic in deciding to move into advisory.

“We felt professionally that we preferred to do advisory work,” he explains. “Audit was becoming over regulated and stopped us providing many other services to clients which other-wise we wanted to.”

That was the game changer. “We divested our audit business at that time and we switched our focus to the advisory business,” says Shanker. “We suddenly became a very different firm in town.”

Today, Iyer Practice Advisers is quite unlike any other accounting practice, and also quite unlike any traditional trust company which typically does not give advice (particularly with regards to tax).

“The trust companies tend to do fiduciary work and most of the accounting firms are largely audit focused,” he adds.

FINDING A NICHE

That evolution has given Iyer Practice Advisers the unusual position that it now holds with fruitful relationships across financial services, including in the wealth management industry.

“We became something in the middle,” explains Shanker.

“Accounting firms don’t seem to regard us a competitor, and, in fact, a number of them consult us on specialist tax matters which are quite complex and beyond their normal experience.”

The same business model applies to trust companies. “They play a more volume game and we are more advisory; that’s the way we focus the firm.”

That focus is emphatically towards clients. Many of Iyer Practice Advisers’ clients are in the private client space. They may come through corporate structures but, behind these companies, even public listed companies, there are usually families, entrepreneurs and high net worth individuals who want a more personalised service.

“They are very demanding in the quality of work and depth of knowledge that they require from us,” says Sunil Iyer, director, who oversees private client services and regulatory compliance.

NEW LANDSCAPE

Knowledge and understanding of trends are becoming ever-more important in advisory work. With the changing landscape, good advice is imperative to ensure clients keep up.

The three most impactful developments in the tax world where advisers must be up-to-date on their knowledge and analysis are: Base Erosion and Profit Shifting (BEPS – an OECD project), a new view of defining where sales and profits and tax liabilities are declared; FATCA and the Common Reporting Standard (CRS), the use of automatic exchange of tax information(AEOI).

Sanjay Iyer, who leads the firm’s tax practice, takes a common sense view of all these matters.

He thinks BEPS will affect business, but less with regards to private clients. He is also sanguine about FATCA. “It primarily affects those involved with the US.” CRS, meanwhile, is different and will be much more widespread, he explains, because it affects everybody. Whether all countries that have signed up to CRS will implement it at the same time will be interesting to see.

KEEPING IT SIMPLE

In general, Iyer Practice Advisers prefers to stick to basics.

Businessmen can make multi-million dollar decisions very quickly, but when it comes to their personal lives (family succession planning, wealth planning) they often take a long time to decide because they must think of all the things that can go wrong – and which often do.

“It can sound like a cliché, but I strongly feel there is no one formula that works for everybody,” says Shanker.

“Each family is different, the way they do things is different, and the solutions are different, so we try case-by-case to work with them and give our inputs to their decisions. The final decision is

always reflective of the client's personal preference."

Inevitably, he and his family have a big influence on the culture of Iyer Practice Advisers. "I guess being a family business we don't have the type of turnover at the senior level that other firms might have," he says.

A four-generation family of chartered accountants does have a certain flavour.

"There are firms who have much more resources than we would ever have, so

There is still more to do and to contemplate. For example, one recent development at the firm was its relationship with WTS, the fifth largest German tax consulting firm after the big four, with an international network. The upshot was dealing with some high-level tax issues of German multi-nationals that are doing business in Asia, in turn helping Shanker and his team to grow the firm because it had to bring in expertise that was in need.

"The relationship was a start but it also gave a further impetus to the culture



SANJAY IYER

Iyer Practice Advisers

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we have to know our place in the market and not try and compete head-on with the big players - it doesn't make sense. So we have a niche play and we are very happy in it."

NO STANDING STILL

Iyer Practice Advisers now has offices in Singapore, where it has close to 70 staff, and in Hong Kong, with around 15 employees. But Shanker is still looking for growth.

"Areas where we currently are seeing most demand and find the most interesting now are international tax and regulatory compliance services."

and growth of the business," he explains. "It actually forced us to build up our team (for instance in transfer pricing) much sooner than we ever would have done. So we are happy about that."

At the same time, Shanker is a strong believer in tradition as well as in relationships.

He has been President of the British Chamber of Commerce and the European Chamber of Commerce in Singapore as well as Chairman of Singapore the International Chamber of Commerce. He is currently Chairman of the Singapore branch of the International

Fiscal Association, and Chairman of the Tax Policy Committee of the Singapore International Chamber of Commerce.

This doesn't equate to cronyism. "I do not mean that they do favours to us, but the fact is we know how the system works and we know the people personally," he explains.

"We think people get a certain comfort when they come to us because we are not new in town and experimenting. We are established here."

Concludes Shanker: "We want to be focused on our strategy. So we don't see much change. The type of work could change, it might become more complex, but I think the better we get the better we can advise our clients."

Iyer Practice Advisers has clearly evolved into an advisory firm in response to client needs and changing times. ■