



## **BANQUE PICTET & CIE SA: A Family-Run Firm with a Unique Co-Evolution**

by

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### **July 2019 Issue: Nicolas Pictet is Senior Partner of Partners' Committee**

Founded in Geneva in 1805, Banque Pictet & CIE SA is today one of Europe's leading family-run wealth and asset managers, with more than CHF 512 billion in assets under management or custody at end of the first half of 2018. Pictet, along with two other banks in Switzerland, are members of the Hénokiens, an association of family-owned firms that are more than 200 years old.

Pictet is owned and managed by six partners-- Nicolas Pictet is its senior partner—who abide by principles of ownership and succession that have remained unchanged since its foundation. These principles encourage a spirit of collegial management and entrepreneurship, a long-term vision and commitment by the partners as well as a prudent risk management policy.

Founded by Jacob-Michel-François de Candolle and Jacques-Henry Mallet in Geneva in 1805, Pictet was originally known as Candolle, Mallet & Cie. Shortly before his death, Jacob-Michel-François de Candolle, having no son to succeed him, invited his wife's nephew, Edouard Pictet (1813-1878) to join the bank and he became the first in a long line of Pictet partners in 1841. The bank's name first changed to Turretini, Pictet & Cie, before the Pictet name became fully associated with it.

Other partners' names appeared throughout the bank's history from the same circle of families that originated from the Calvinist milieu of Geneva. It was during the 20th century that non-family members began to be appointed partners. Currently, Pictet employs more than 4,500 people and is expected to take on 500 more people by the end of 2019. According to Nicolas Pictet, senior partner, Pictet wants to be a force for good for its growing portfolio of global clients and is not focused on short-term profitability.

Pictet Group comprises three business units – asset management, wealth management and asset services – and is constituted as a corporate partnership, which owns the operating entities of the Group. The principle operating entities are the Swiss bank, Banque Pictet & Cie SA; Pictet & Cie (Europe) SA; Bank Pictet & Cie (Asia) Ltd and the asset management subsidiaries that in 2015 became grouped under Pictet Asset Management Holding SA, a holding company belonging to the Pictet Group.

Pictet has survived for more than two centuries by consistently focusing on its core business and resisting the temptation to make short-term gains from investment banking. Pictet's adaptability springs from its entrepreneurial foundations, which enable the Group to retain a pioneering spirit and stay agile in a competitive market. The Group also builds upon a range of technical skills and expertise.

Putting the needs of their clients at the centre, the partners spend a significant amount of their time with them. What makes this model so successful is the manner in which it combines experience with energy, continuity with innovation, and a family environment with external influences.

Since the beginning of the new millennium, Pictet has attracted new clients on a global scale, while banking regulations continue to change. The Group's Swiss bank Pictet & Cie, which had been run as a partnership since its origins, became a limited company Banque Pictet & Cie SA as of 1 January 2014. A partnership limited by shares was founded, bringing together all Pictet Group. Changes to the legal form were made to facilitate the founding of foreign companies. "The company outgrew its legal form," said former senior partner Jacques de Saussure.

In overcoming this external roadblock, Pictet reinvented itself as a major international player. Changing from a partnership of individuals to a corporation has had an impact in several dimensions that are relevant to other family businesses. The company is now required to make information public, and the unlimited personal liability of each individual partner no longer applies.

Although these changes may be new, they are part of the changes sweeping the entire Swiss and European banking sector. Moreover, the new regulations have been embraced by Pictet's management which strive to give greater transparency in the Group's accounts to the growing number of international institutional clients.

Ivan Pictet, a former senior partner, said Pictet is an extraordinary example of a family-run firm that embodies the principle of co-evolution of family and business, combining family and business structures in a unique way. In 2006, Pictet offered a select circle of top managers the opportunity to participate with a small share in the business, in line with the huge growth of the Group's activities worldwide. Today, including the current and recently retired partners, there are 44 equity owners.

In July 2016, Nicolas Pictet, an eighth-generation Pictet partner, took over as senior partner within the Partners' Committee. His function is more like that of a referee than a chairman of the board. He acts as a spokesman to the outside world and as an arbiter within the Partners' Committee.

Among the partners, the principle of equality applies, as each partner has one vote and they make decisions jointly. The composition of the Partners' Committee, whose membership fluctuates between six and eight partners, reflects the multi-generational dynamic found in all nuclear business families:

- Next generation partners, aged between 35 and 45, are newly appointed every five to 10 years (currently Marc Pictet and one non-family partner);
- Current generation partners, aged 45 to 55 (currently three non-family partners);
- Senior generation partners, aged 55 to 65, (currently Nicolas Pictet).

New partners must be nominated by existing partners (the function cannot directly be passed on to their children). Nicolas Pictet's immediate ancestors were not partners; he joined the bank in 1984 from a London law firm, becoming a partner seven years later. Succession to the Partners' Committee is not just a matter of "buying into" the company. As partners are likely to work together for at least 20 years, the decision-making process in choosing a successor to the Partners' Committee is taken very seriously.

The Pictet family has privileged access to the company as suitably qualified family members have always had the option of joining the firm. In order to avoid clannishness or family disputes, the Pictet family follows the unwritten rule that a father and son or two siblings cannot be partners at the same time. To reduce the likelihood of emotional complications, any new partners from the Pictet family must be chosen by non-family partners.

Over the past 211 years there have been only 41 partners, each with an average tenure of about 21 years. Because the terms of the partners overlap, their knowledge, experience and values are absorbed and passed on without interruption. Successive generations therefore act as custodians as much as owners of the Pictet Group.

Part seven of this 11-part series will feature a profile about a long-lasting family firm.

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