The Rich and the Restless

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The Australian Financial Review | 21 Jul 2007 | Perspective

They're relaxed if they make money and they're relaxed if they don't. Meet the new breed of entrepreneurs for whom wealth is much more than a fat bank balance.

'Wealth is a by-product of doing a good job. The satisfaction doesn't come from having wealth but from coming up with an idea, seeing it grow and become a success," says Graeme Wood, founder of Wotif and the 158th wealthiest person in Australia.

Wood is speaking from his hide-out in the Tasmanian wilderness, but his words echo the sentiments expressed by America's reformist president Franklin Roosevelt when he said: "Happiness lies not in the mere possession of money; it lies in the joy of achievement, in the thrill of creative effort."

Almost a century separates those two comments, and yet the sentiments of the newly wealthy Australian businessman and the born-rich American president are in synch with the tradition of noblesse oblige and the emerging culture of 21st century wealth.

In Australia's greatest period of wealth creation, the rich are restless. They know how to make money but they're not married to making more. They like doing deals but they prefer giving back. They're easy to list but they're not easy to spot on the street, unless you recognise the subtle status on their wrists.

There is a blase attitude among the rich and restless that's summed up by wealth adviser Mark Spiers when he says: "They are more relaxed about making money and they're just as relaxed about not making money, and they shift easily between those two."

It's not that wealth isn't treated seriously, it's just viewed differently. What's valued is not so much how much you've got, or what you've bought with it, but what you're doing with it.

The hoarding attitude that underpinned the post-war business successes has been replaced by a creative ethos: can you attach your wealth to a good idea and make something big with it - can you make a difference with it?

As private equity player Phil Latham says: "I still love making money but I feel as if I can enjoy making money because I'm also doing the other stuff that makes me feel useful to the world."

So, too, the flashy wealth of the 1980s has disappeared. New wealth doesn't wear a diamond-studded Rolex or drive a Rolls Royce or live in estates that are homes only to staff. The new aesthetic is ascetic - or at least subtle. Says private equity adviser Les Fallick: "Once, having five vehicles in your garage meant you'd made it. Now it means you're a vandal."

That's not to say there is no status consciousness among the affably affluent. They wear watches that are recognised only around the right tables. They buy performance cars but often only to drive them around racetracks. They travel in private jets but it's a jet service not their own jet. They have nice homes but you wouldn't know where. They have domestic help but on-call services have replaced live-in staff.

The first glimpses of the new rich emerged with the private equity boom. This bought a breed of 30- to 50-year-old finance mavens into wealth but no one knew their faces. They didn't show up on the social circuit and they were circumspect about their sudden success.

As the $32-million-dollar Chris Cuffe said recently: "I don't think you suddenly get money in your pocket and see things differently." Or, as Phil Latham puts it: "A lot of people in private equity are natural, down-to-earth people and when they come into wealth, it doesn't affect their values."

More evidence of a worldwide shift in the values of the emerging elite came in the July report on the world's 9.5 million wealthy individuals by Merrill Lynch and Capgemini.

Wealth, the authors of the report said, is being made faster than ever, but it's being diverted to a broad range of interests, from socially responsible investing, global diversification and an increased focus on philanthropy and investments of passion. "Philanthropy is central. The newly rich especially are keen on this," the authors wrote.

And a few weeks ago The Wall Street Journal's wealth columnist, Robert Frank, forged an anagram for the 21st century yuppie when he described the 30- and 40-year old millionaires and billionaires as YAWNs - young and wealthy but normal. "Rather than spending their money on yachts, boats and jets, YAWNs live modestly and spend most of their money on philanthropy," he wrote.

At first glance, this movement looks like generational change. Les Fallick, chief of Principle Advisory, who has observed a few boom periods, says: "The young generation has an influence here. Those aged 32 to 50 are far more in touch with themselves, with their bodies, with their children and with the environment, so they're bound to have a more grounded attitude to wealth.

"It also has something to do with wealth being more widely dispersed and not so clearly associated with hard work or outstanding ability, and a lot of people will admit they got lucky, whether it was a private equity deal they did or a sharemarket listing."

But the movement is not confined to the young. More broadly, it's associated with a new generation of business: the successful companies that were incubated in the IT boom, the young industry of private equity and emerging businesses in resources and global services.

The new money has been made fast. It has been blessed with lucky breaks, it has arrived in a period of economic nirvana and much has been made from the almost ethereal movement of money and services rather than sales of more traditional assets like real estate or widget machines.

Australia now has a population of 160,600 so-called high net worth individuals (more than $1.2 million to invest) according to the latest Capgemini survey of the world's wealth.

This is up from 146,000 last year and they have an average (investable) wealth of $3.5 million. How they got there has been comprehensibly covered in the financial media, but what they do when they get there is less obvious. Unlike the boom of the 1980s, you won't find the answers in Porsche sales rooms.

As the chief executive of Magnitude Private Wealth in the BT Group, Mark Spiers's job is to tap into the desires and goals of the wealthy.

"You wouldn't recognise them walking down the street," he says.

"Those symbols we used to attach to them no longer separate the high net worth individual from the affluent or even the ultra high net worth from the affluent.

"Money is being made much earlier, so we're seeing many more people in their 30s than we did 10 years ago. And more of them have generated the wealth themselves. Among those people, there's obviously a generational bias towards environmental and socially responsible investment.

"Wealth," he adds, "was often something of an accident. For example, the surfer who made a better surfboard and built a business from it and finds himself wealthy. But then instead of continuing in the business, he cashes out at $5 million and decides to help street kids.

"Career changes are easily made by this generation. They follow their heart, mind and soul rather than follow the money, but that's often because they didn't set out to make $10 million by the time they were 40. They got there because they were good at something."

The idea that money isn't a motivating factor might be heresy for older generations, for whom business was a means for making money. But among the new elites, money is often a means for making business.

Graeme Wood at 60 is an older player in the new technology industry. He had started up a few companies before his online accommodation booking company, Wotif, broke into the big time and bought him wealth of $250 million.

He has a few flash yachts, one of which is mostly used for philanthropic purposes. He drives a three-year-old Ford XL ute, which he describes as "the poverty pack". And he hasn't worn a watch since the band on his old one broke.

"A lot of people can't work me out because I could buy pretty much whatever I want but I don't. It doesn't give me any pleasure. I did have ambitions once when I was younger and I lusted after a

Mercedes. "I did buy a second hand one and drove it around for a while and it didn't make me feel any different, so ever since then I haven't been interested."

Wood stays away from big business ("I don't like to be bogged down by meetings") and he avoids conventional business clubs because "everyone looks the same, smells the same and acts the same" - but more importantly, he says, because "if you want to come up with new ideas, you have to think differently; and those places just bore you shitless".

"If you are a creative person and you've started businesses and one or more of those has been successful, well, once you've got that entrepreneurial bug it's hard to shake off. I really love new ideas that change the world and hopefully make it a better place."

Some of that creativity takes Wood into backing innovative ventures. Some takes him into philanthropy, particularly his program of sponsoring elite young sailors and getting them to mentor disadvantaged potential sailors. And some takes him into battle with the Tasmanian government.

Wood's fight against the proposed mill for the Tamar Valley (largely through providing finance for legal challenges) resonates with some findings in the book Richistan, written by The Wall Street Journal's Frank.

Richistanis, he writes, don't stop work just because they've made millions but continue to innovate in business, in philanthropy and in politics - and increasingly they are (US) Democrat supporters, who are more likely to lobby for tax increases than tax cuts.

Wood isn't convinced that the values of wealthy Australians have changed. "If you look at the behaviour of Sydney people who have money, conspicuous consumption is pretty high on the agenda," he says. But he does note a different tone among the young.

"I speak at various entrepreneurship seminars and I'm encouraged by the way attitudes are changing among younger people. There is more morality about what they're doing. They see it in sharper terms than my generation."

RMB Capital's Phil Latham, who is in his late 40s, is typical of the private equity culture as he balances making big deals with setting up innovative philanthropy efforts, such as his Yalari scholarships program for Aboriginal youth.

"I know a lot of people in their 30s and 40s who are substantially wealthy, and most of them think the idea of passing it on is old-fashioned. Even when they're in their 30s, they're using a significant proportion of their income to give back.

"When I first started thinking about this, I met people who'd say I'm too busy now but when I've finished making money or building the business, I'll help others. But it occurred to me the time to do this is now, in your early 40s, when you have the energy, the health and the business contacts."

Latham cites the examples of Bill Gates and Warren Buffett in raising awareness and raising the bar for philanthropic activities, but he also points out that there is now a conversation around the subject - and that conversation exerts a subtle pressure.

"In the past, people might have felt self-righteous about talking about what they were doing and it certainly wasn't discussed at dinner parties. But today it's expected," he says.

"It crops up easily. What are you doing? Where are you directing your money? And there's no hiding it.

"It's not surprising, because when you look around the table, we've all made good money, we've all benefited from the boom, we know each other's success. The only question is: What are you doing with it now?"

One of the unexpected consequences of the greater transparency of executive incomes is an increased pressure to lift philanthropic efforts. When you can look up an annual report and see who's earning $33 million; when you look at the success fees of private equity deals (or even the non-completion fees); and when BRW does the sums every year for the Rich List, the question is not who's rich but what they're doing with it.

Les Fallick says the pressure of transparency brings a new level of responsibility. "Because it's there in the annual reports, it's more acceptable to acknowledge the wealth and to display it but you want to display it in ways that are more meritorious."

Michael Traill may have been a trailblazer when he left Macquarie Bank to start up Social Ventures Australia five years ago, but the money and the people (including Chris Cuffe) have followed his lead.

"We've raised $18 million," he says, "and 60 per cent of that has come from individuals and a lot of that has come out of financial services. That might reflect our contacts but it also reflects a more youthful profile of givers, who want to give money now and want to make an impact with that money."

Traill says this is a turnaround from the tradition where people would spend most of their life building wealth and the final years of life giving it back. It's also typical of the priorities of younger generations.

"People in their 20s and 30s are saying one of my top priorities is to work for a company with a social conscience that will allow me to work in the not-for-profit sector at least part of the time.

"They've also made that shift from chequebook charity to engaged philanthropy - which means they give significant amounts. They feel they're entitled to see results and they'll get involved personally."

He adds: "Most of these people don't want to waste their time fluffing around with stuff that isn't worthwhile or won't work."

If there's a subtext to the new culture, it's the expression of creativity. It's cool to think up billion-dollar deals, to provide angel finance for a young entrepreneur or to express yourself through a philanthropic effort.

In these circles, people will talk of the payroll giving system that private equity partner Tim Sims developed; the Climate Institute set up by Mark Wootton; the corn-to-plastic enterprise of Richard Pratt and Gordon Merchant; and the land conservation efforts of Flight Centre's Graeme Turner. They all admire Michael Traill for his venture but they are in awe of Bill Gates's effort on malaria -

not just because it's so generous but because he's likely to go down in history for his contribution to eradicating malaria rather than starting Microsoft.

The status hasn't disappeared (after all, the rich are nothing if not competitive) but the codes of expression have changed. For example, flash cars are considered a bit crass unless you are a collector or a racer.

As Phil Latham says: "It took me ages to feel okay about having a Porsche, but I drive it mostly because I like racing it at Oran Park." Another young financier kept a Ferrari in the Northern Territory so he could occasionally fly up to drive on the unlimited speed roads.

The possession of second or third homes is still common but often the secondary residences have some heritage appeal - such as Wood's Tasmanian rainforest - or they produce farm income or they are used by friends, family or even for work events. Function is as important as the possession.

Many shun the business clubs that once marked a person's entre{aac}e into society. They prefer to take friends and contacts to sports events in corporate boxes, or sponsor nights at cultural events, such as art critic John Kaldor's gang of philanthropists who went to the Venice Biennale last month.

Indulgences are less to do with stuff and more about services. On holidays, they favour high-end resorts, bespoke cultural tours, private adventures to remote locations and spending time with friends or contacts at private villas around the world.

And they don't run into Jetstar tourists very often.

Fallick: "They don't often rub up against the hoi polloi, except when they get off the first class flight and queue at immigration or go to the carousel to collect luggage. And I think they're working on that last one."

Whether it's getting an invitation to the Qantas chairman's lounge at the airport, taking friends skiing at Aspen in a jet provided by their Netjet leasing agreement, or catching a helicopter out to the reef from Port Douglas, managing time lies at the heart of these excesses.

Sarah Bosset of I've Got Time, one of the largest services for domestic help, says demand for domestic services is all about lifestyle management.

"Clients are getting younger and they're from a generation that is more used to household services so they're not shy about contacting us. They tend to want different sorts of services, for example instead of getting someone to do the ironing or cleaning or gardening, they want in-house chefs, or occasional cooks and concierge-type services.

"People are also looking for someone who will do more than one role, such as a nanny and a cook or a housekeeper and a nanny. Or they'll want a laundry cleaner one day and house cleaning the next."

The time sensitivity underlies much of the character of new wealth. Wealth is for the now. It's not something to be hoarded, passed onto future generations or locked into heirloom businesses.

As Mark Spiers says: "They're not flaunting it, they're living it."