

Sustainability is balance

Ariane de Rothschild has an undeniable passion



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When children ask their parents for an expensive toy, the answer worldwide is often: “Do I look like a Rothschild to you?” With the exception maybe of the Rockefellers, no other family has become such a synonym for wealth in our collective memory. Yet the Rothschilds are not merely a

family; they are an institution that has been at the forefront of banking and philanthropy since the mid-18th century.

This rich and long family history can be quite intimidating, yet it stands in stark contrast to the casual and accessible attitude with which the Baroness de Rothschild received *Swiss Style* in

a recent informal conversation in the French Alps. In jeans and a black blazer, Ariane de Rothschild seems relaxed. She smiles radiantly and puts one at ease instantly. As she talks to us about the undercurrents guiding economic activities in today’s world, Ariane’s passion is undeniable. *continued on page 52 »»»*

She is keen to discuss the lessons she learned from the Rothschild's family history as well as the strengths of the Edmond de Rothschild Group. "Business models have been shattered," she says. "To rebuild the models, we are looking into what made our family successful in the past."

The advantage of diversity

Ariane de Rothschild is highly involved in the activities of the Edmond de Rothschild Group, run by her husband, Baron Benjamin de Rothschild, son of the late Edmond de Rothschild. She serves as vice-chairman of the family holding company. She is also in charge of several foundations as well as numerous other endeavours. In addition, Ariane de Rothschild is a trained banker who is well acquainted with the world of finance. She is a member of the Board of the private banks *Compagnie Financière Edmond de Rothschild* in France and *Banque Privée Edmond de Rothschild* in Switzerland. "One of our biggest strengths is our diversity," the Baroness explains. "Our activities range from making Brie cheese to advising governments on financial issues."

This diversity has helped the family stay rooted during the crisis. "People stopped valuing money and everyone started talking in billions of dollars, without realizing how much a billion is actually worth. My father-in-law, Edmond de Rothschild, used to say: 'After a certain number of zeros, people don't know what it represents anymore. They cannot conceive how much it actually is.' We have other businesses beyond banking. When you run a farm or a foundation, one million dollars is a lot of money. This diversity has helped us stay rooted and is an important aspect of who we are."

The true meaning of managing risk

In finding solutions for tomorrow, Ariane de Rothschild places emphasis on learning from the past. "Why did we come to this crisis? This is an important question. If we can answer this, we will also have better answers for tomorrow," she opines.

Leading up to the current crisis, the basic assumption of risk-return had not been respected. "One of the biggest problems was the rate of return expected by investors. You had thousands of people playing the market and they expected unreasonably high returns regardless of market conditions," she adds. Capital growth became people's sole concern. "Instead of thinking in terms of capital preservation, everyone was exclusively concerned with aggressively increasing their earnings. We talk to our client in terms of risk management, instead of concentrating solely on returns," the Baroness explains. One of the most dangerous factors leading up to the crisis was the 'too-big-to-fail' notion. This, to me, is unacceptable and kills the benefits of capitalism, such as entrepreneurship," says Ariane de Rothschild.

As apparently infallible giants collapsed, some are asking whether capitalism is still a viable system. Not Ariane de Rothschild. "Capitalism creates ownership and as such, you are responsible."

Although Ariane de Rothschild did not lose her faith in capitalism, she does not believe that it's business as usual. "In my opinion, most business models are shattered. The stock market might be picking up, but I question this take-off. Like many people, my husband and I are worried about how long it will last and whether this recovery is sustainable. To build for the future, we are not only looking to new economic models but also to what made our family successful, businesswise."

Concordia, Integritas, Industria

A study of the Rothschild history highlights the strengths of the family. "We are a family business, and, as such, we have a long timeline. We are not interested in next year's profits; moreover, we think in terms of what we will be able to give to our children. This does not mean that we completely disregard the short term," she elaborates. "We are also responsible to our employees; yet, above all, the thirty-to-forty-year plan is what really matters. Not many companies think that far."

The motto of the family – "Concordia, Integritas, Industria" – is the guiding light of the Rothschilds. "When looking into what made our family successful, we kept coming back to this sentence. It is the essence of what we stand for," Ariane de Rothschild proudly states. "Although it is two hundred and fifty years old, it is nonetheless modern".

At a first glance, this sentence might seem quite straightforward, yet this is not the case. A very powerful message is linked to the specific connotation of each word. " 'Concordia' is not merely unity. It is unity within difference. The question is: 'How do you preserve local differences, but create global unity?'"

In the late 18th century, Mayer Amshel Rothschild involved his five sons in the family business as partners. One son stayed in Frankfurt, while his brothers set up establishments in London, Paris, Vienna and Naples. Thus, since the beginning, "Concordia" has always had a special connotation that places emphasis on unity within difference.

"Because of the crisis, we have seen a surge in the concept of ethics," the Baroness states. "Beforehand, only few people mentioned ethics and now it is on everybody's mind. Yet ethics is all a matter of balance and this is how we conceive 'Integritas'," she explains. »»»



Baroness Benjamin de Rothschild

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You have to be ethical towards human beings, the earth you live on, and ethical towards other cultures. However, one cannot be dogmatic about this. When you live in different countries, you realize the importance of adapting and finding a balance.”

Industria, the third element of the motto, also goes beyond the standard definition. “Industria is not only work, but work and creativity. You have to reinvent yourself to stay on top of the game,” she says. “Our tradition is anchored in innovation and this has been the case for over two centuries and several generations.”

Duty from within

Some would say being a banker and being a philanthropist is a contradiction. Yet Ariane de Rothschild would beg to differ. “We are fortunate to have inherited a unique philanthropic tradition which rests on an absolute commitment to solidarity, social responsibility and the advancement of knowledge. It is our turn and our duty to preserve this legacy.”

According to the Baroness, duty has almost become an old-fashioned word over the last 20 years. It is almost perceived as being an obligation from without. “However, I believe the opposite to be true and

I educate my children to be duty bound. You cannot have privileges without giving anything back. Duty goes beyond merely writing cheques; it is about being involved and helping to find new solutions. We like to compare our return on equity in our banking activities to the return on involvement in our philanthropic endeavours. The people we invest in, the projects we support, best represent our belief in the human potential, our commitment to the value of sharing and our search of excellence.” <<<<