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THE GLOBAL FAMILY OFFICE REPORT

**The Evolving Identities of Family Offices:
A Family-First Lens**

IMD
Real learning
Real impact



FOREWORD

Family offices are no longer quiet back-office structures. They are now considered to be strategic engines at the heart of family wealth and legacy. That is why the IMD Global Family Business Center and the Family Business Network (FBN) have together launched this global research project: to understand how family offices evolve, adapt, and re-define themselves as the families behind them grow, generations shift, and the world around them accelerates.

With a combined 73 years of experience working alongside enterprising families, we bring deep expertise to this study. Our goal is clear: to equip families with insights that help them strengthen their wealth management practices in an environment shaped by rapid financial innovation, new technologies, and profound social change. Our report also highlights how family offices contribute to the global economy through the allocation of significant resources, innovation, entrepreneurship, and technology.

Unlike many institutional reports on family offices, this study combines the **academic rigor of IMD** with the **lived experiences and stories of FBN families worldwide** – blending data with the wisdom of a global community.

We chose to view the family office through a **family-first lens**. Behind every office lies a family with its own purpose, aspirations, and values. The families we engaged with are not passive investors; they are **learning families**, open to growth, renewal, and exchange and their willingness to learn is reflected in the data.

More than half of the family offices surveyed already integrate education (56%) and professional development (52%) into their services. A growing number (38%) go further, by providing physical and psychological support. These findings show that families increasingly view their office not only as a financial hub, but as a **platform to develop people, purpose, and resilience**.

This report reveals a powerful truth: managing wealth today is about much more than financial capital. Families are investing in **human, social, intellectual, and reputational capital** with the same care they devote to financial assets. In doing so, the family office becomes more than a guardian of wealth – it is a unifier, a builder of legacy, and a catalyst for families to thrive, generation after generation.



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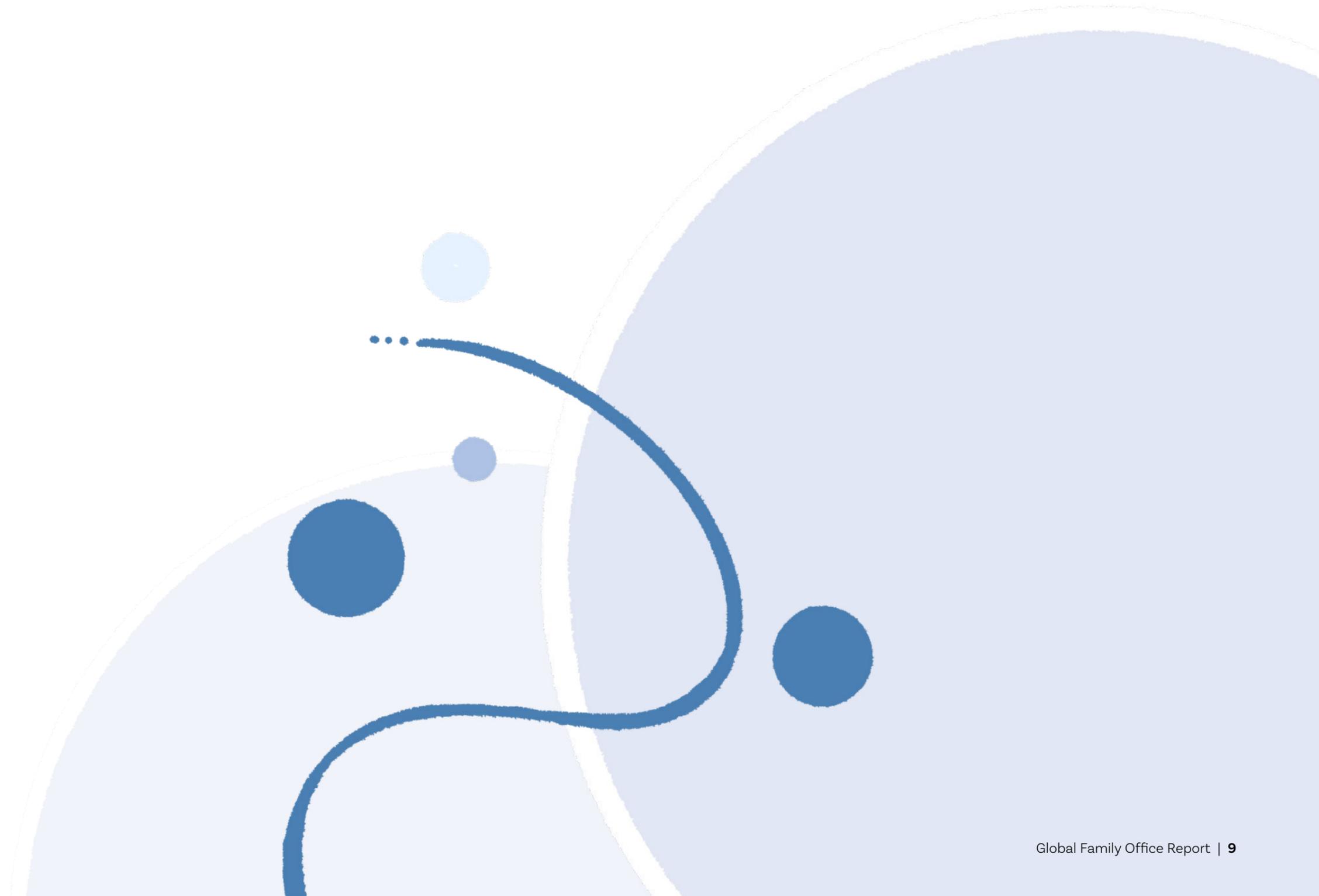
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INTRODUCTION

Over the past two decades, family offices have transitioned from discreet, close-knit entities to powerful platforms at the heart of the modern family enterprise ecosystem.

As more families seek to professionalize their wealth management, preserve their legacy, and navigate an increasingly complex world, the family office has moved further into the spotlight. Yet for many families, the concept remains clouded by ambiguity and dominated by technical jargon and advisor-centric narratives.

Following the success of the *Family Office Navigator*, a hands-on book designed to help families create and manage high-performing family offices, we recognized the need to go one step further. In partnership with the Family Business network (FBN), IMD launched a global research initiative aimed at shedding light on the realities, challenges, and emerging patterns shaping the family office landscape today and our findings are presented to you in this report. Building on the foundation of the Navigator, we combine rigorous qualitative and quantitative research with insights from leading global experts, owning families, and seasoned family officers.

The aim of this report is fourfold: to demystify the role and impact of family offices in a global economy, identify common and emerging patterns in the way that they operate, learn from real-world examples, and provide families and their advisors with practical guidance to establish and professionalize their family office activities. We offer a family-first lens into current trends and innovations and address timely questions around governance, investment strategies, generational transitions, migration of wealth, and the shifting expectations of families themselves.

While the family office field is rapidly expanding, the knowledge available to families is lacking. Access to genuine insights and firsthand stories is scarce, given the discreet nature of family offices. We hope this report will serve as a trusted resource, helping families make informed decisions and shape a family office that is fit for purpose, grounded in unique values, and prepared for the future.

FUNDAMENTALS OF THE FAMILY OFFICE

Before we go into the discussion of the findings of our global family office study, we would like to provide some context and framing, by introducing core concepts and definitions around family offices, family enterprise ecosystems and total family wealth.

The family office

For the purpose of this report, we define a family office as follows:

“A family office is a constantly evolving organization dedicated to one or more wealthy families with the mandate of managing their human, social, and financial capital, as well as other affairs in the family enterprise ecosystem, with the objective of continuing the family heritage for generations to come.”

Today’s family offices are no longer modest, back-office operations. They are sophisticated organizations with formal governance, robust infrastructure, and complex investment strategies. While public awareness of family offices has only recently begun to grow, the model itself is anything but new. Family offices have existed in various forms for centuries, evolving alongside the needs and ambitions of wealthy families. What has pushed them into the spotlight in recent years is a convergence of macroeconomic, geopolitical, and generational forces, each prompting a transformation in how these offices are structured, what they manage, and how they define success.

Family enterprise ecosystem and total family wealth

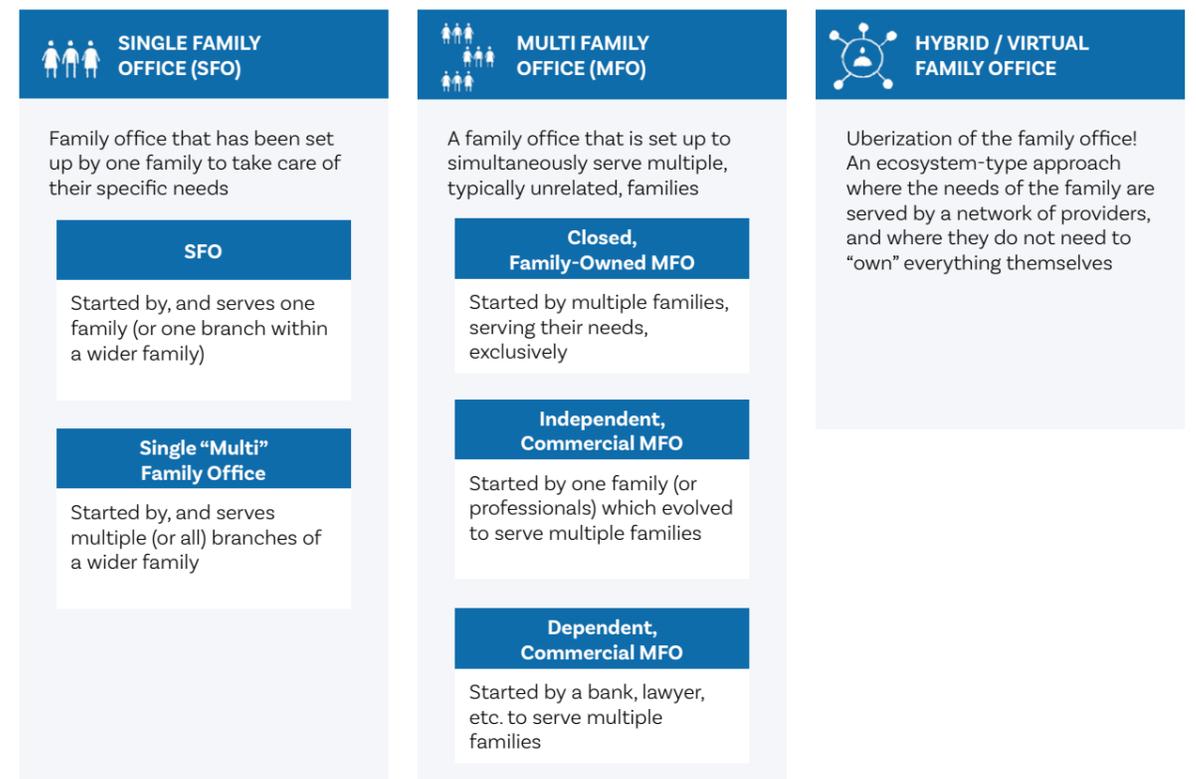
As the role of family offices continues to expand and evolve, it becomes increasingly important to ground our understanding in clear, foundational concepts. Two such concepts guide the lens through which we analyze the purpose and potential of family offices: the Family Enterprise Ecosystem and Total Family Wealth. These frameworks shape how we view success in a family office context, not merely in terms of financial returns, but through holistic, intergenerational stewardship.

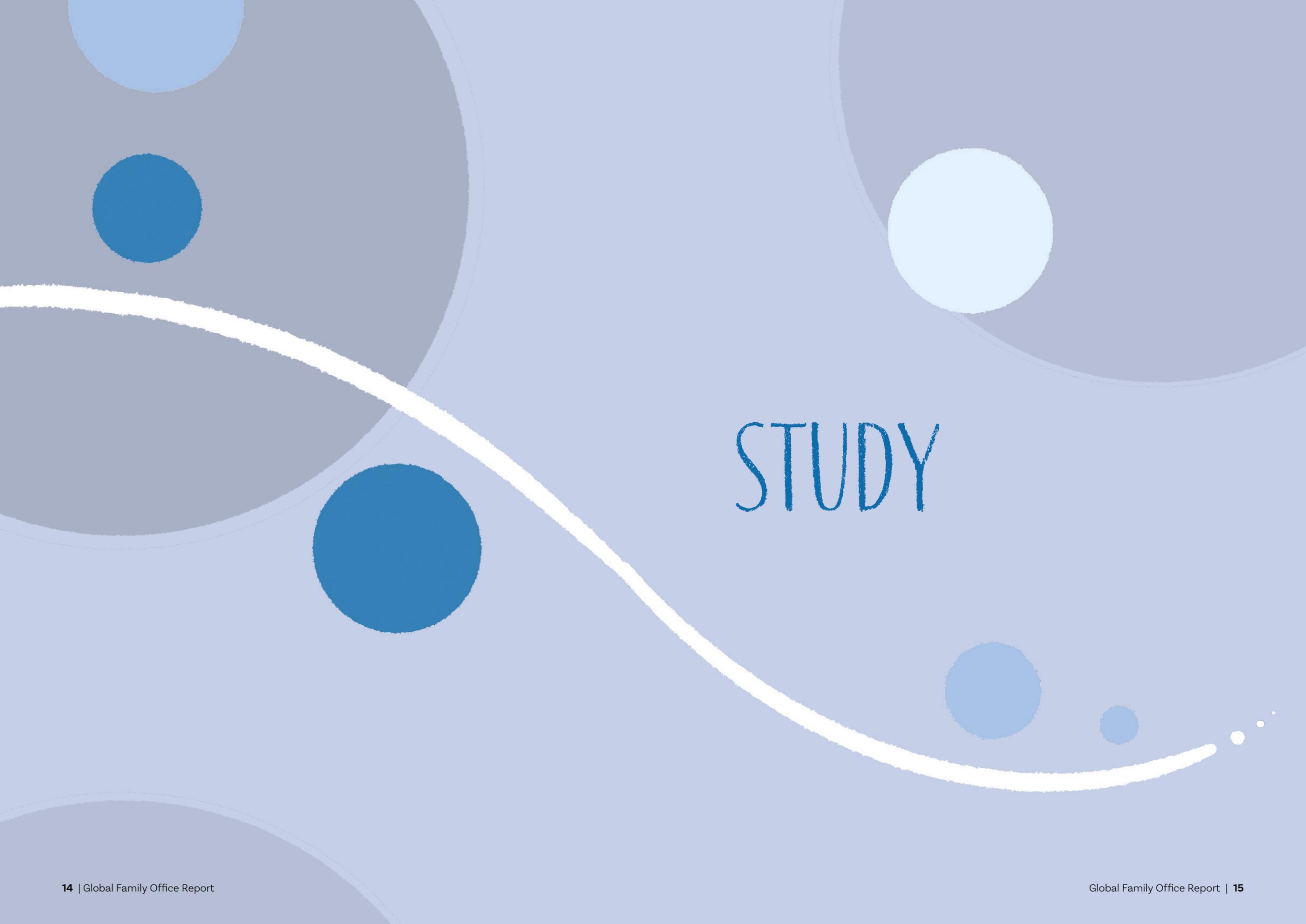
“A Family Enterprise Ecosystem is a dynamic and evolving system that includes all aspects related to your family, the businesses and other assets that your family owns, the way in which you govern the family, ownership, businesses & wealth, as well as your role in society and impact on the environment.”

Much like a coral reef, a family enterprise ecosystem is complex and interdependent. It includes family members, businesses, assets, philanthropic efforts, and service providers - all of which are influenced by external forces such as political, economic, and regulatory conditions. No two ecosystems are alike, which makes the design and function of each family office inherently unique. The family office serves as the central coordinating platform, helping the ecosystem remain healthy, resilient, and aligned, managing and preserving total family wealth across generations.

“Total family wealth encompasses human, social, financial, reputational, intellectual, and other forms of capital such as spiritual and emotional capital, representing the overall wealth of a family enterprise ecosystem beyond its financial means.”

Types of family office



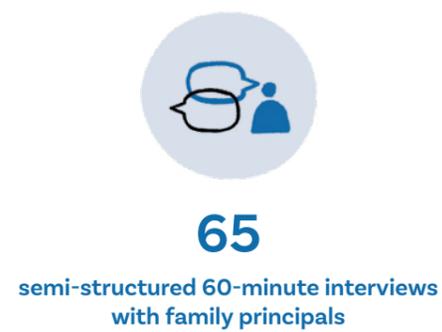
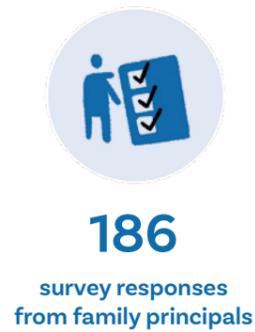
The background is a light blue color with several overlapping circles in various shades of blue and grey. A thick, white, wavy line curves across the page from the left side towards the bottom right. The word "STUDY" is written in a blue, hand-drawn, uppercase font in the center-right area.

STUDY

THE GLOBAL FAMILY OFFICE STUDY

ABOUT THIS STUDY

The research was organized around a consistent thematic structure, allowing us to examine each topic area both at scale and in detail. While the survey offered a broad snapshot across geographies and sectors, the interviews enabled us to probe more deeply into individual experiences and perspectives.



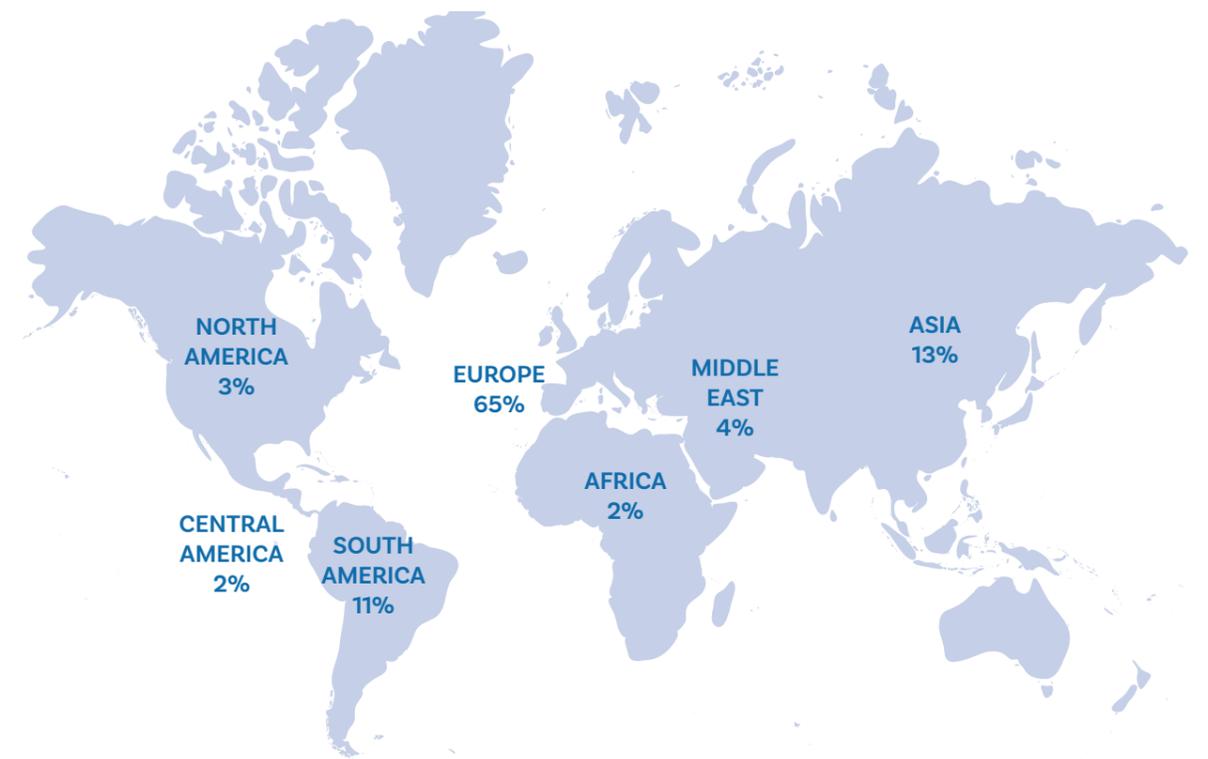
We will first present some insights into the study participants and their family offices, highlight some of the key takeaways from the study before presenting the quantitative results from the survey, followed by the qualitative results from the interviews.

ABOUT THE STUDY PARTICIPANTS AND THEIR FAMILY OFFICES

Location

The study had strong European representation (65%) but included responses from six continents - Asia (13%), South America (11%), North America (3%), Central America (2%), Africa (2%), and the Middle East (4%) - illustrating the global reach of family offices. Location choices often reflect a blend of emotional, practical, and strategic factors. Over 40% cited proximity to family as the main reason, emphasizing the importance of trust and accessibility. Others highlighted access to investment opportunities and favorable legal or tax environments, signaling growing professionalization. Overall, family offices are evolving from private, relationship-based entities into strategically positioned institutions balancing legacy with performance and resilience.

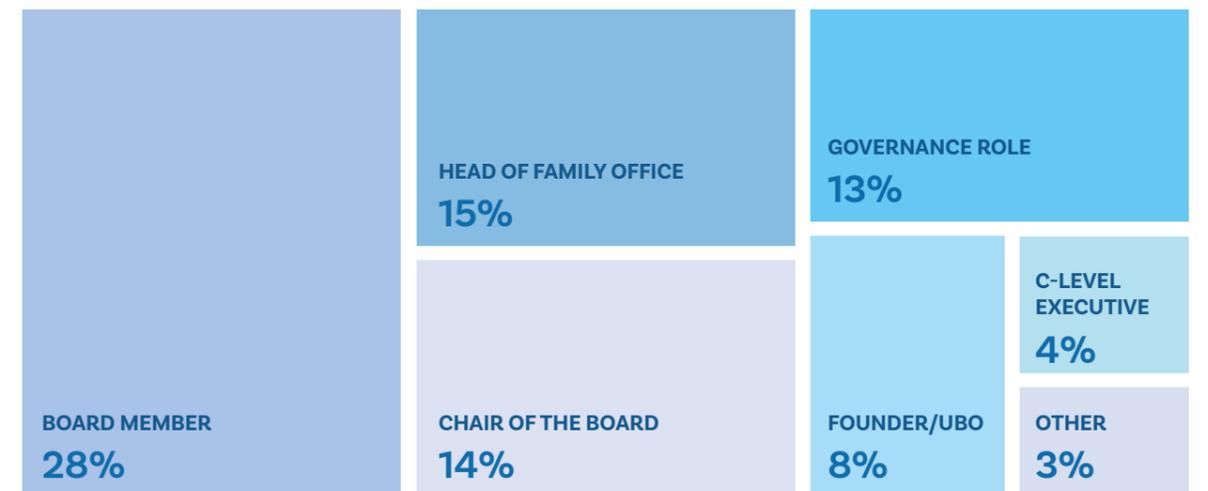
Disclaimer: We acknowledge the disproportionate representation from Europe and therefore advise readers to interpret the results with this geographic focus in mind.



Location of respondents' family offices

Roles of the survey respondents

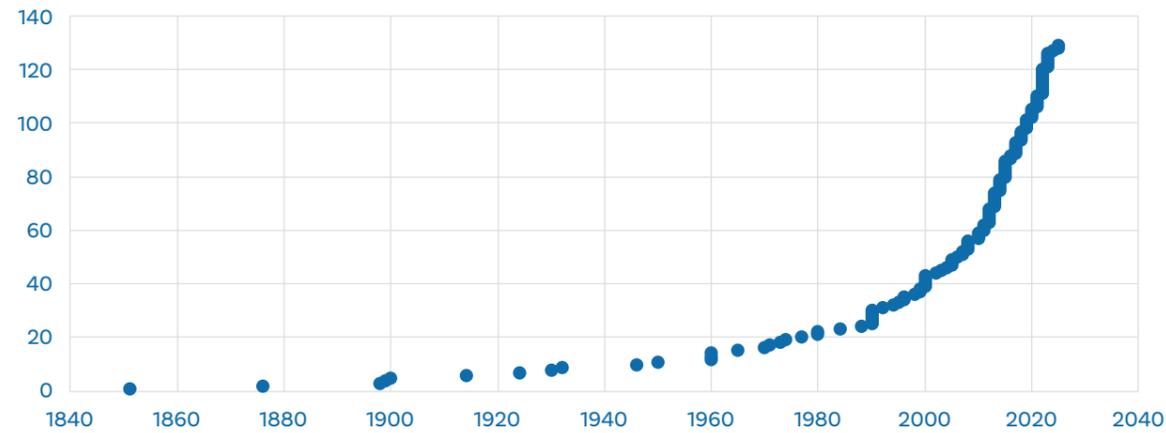
Participants held a wide range of roles within their family offices, reflecting the complexity and diversity of family enterprises. We grouped these roles into three categories: within the family office, within the family business, and across the broader family enterprise ecosystem. Many served in governance or executive positions - such as board members, chairs, CEOs, Managing Directors, or CIOs - while others were founders or key decision-makers. Some also held distinctive roles like family council chairs, impact officers, or representatives in externally managed offices. Notably, many individuals occupied multiple roles - often five or more - highlighting the overlapping and dynamic nature of modern family enterprise leadership.



Roles and responsibilities of the respondents

Time of foundation of the family office

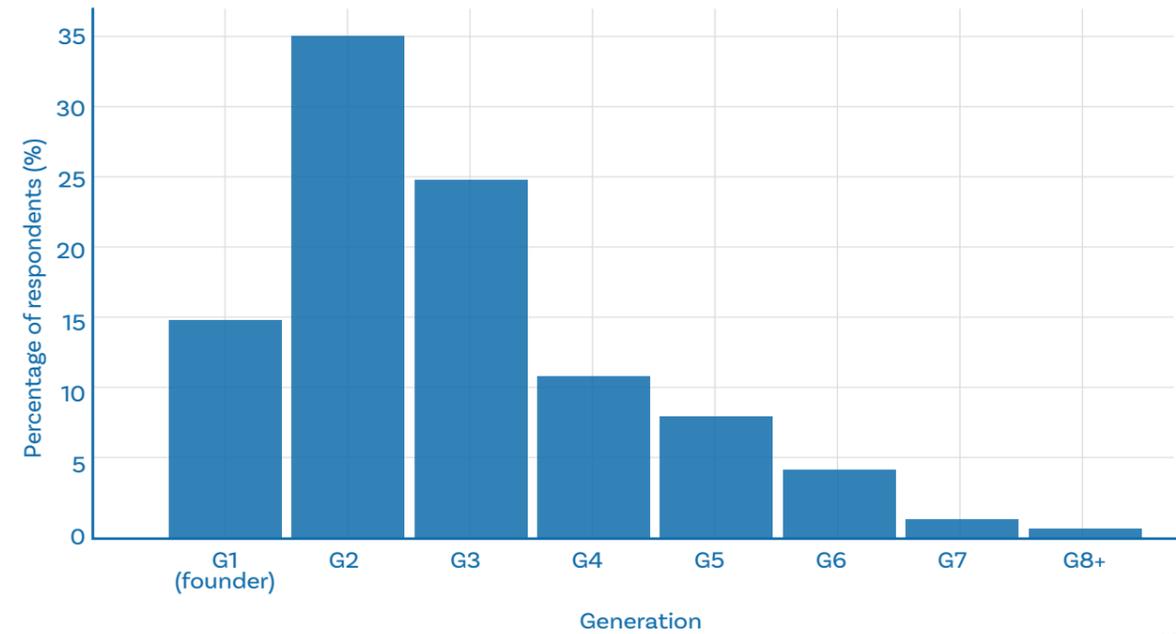
Our data shows that the last 25 years have seen a strong uptick in the creation of family offices. The number of family offices surveyed that were founded between 2000 and 2025 is more than double the number founded between the earliest year until 2000.



Founding year of the family office

Generation

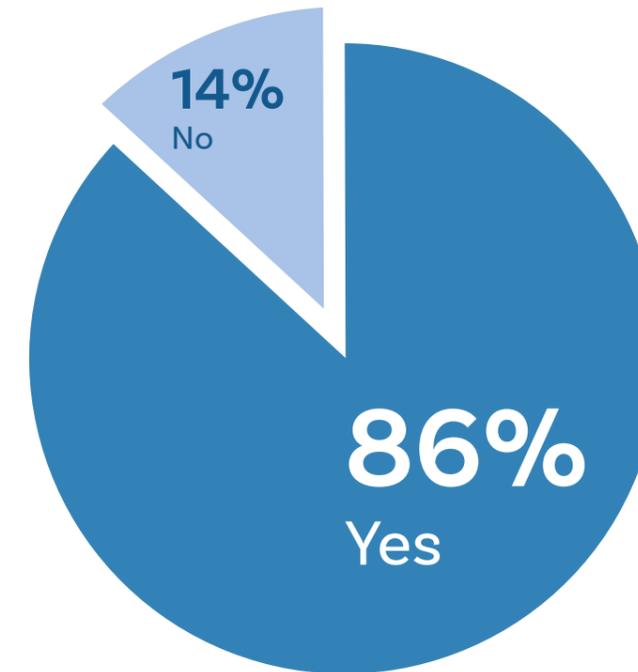
The figure illustrates the generational distribution of respondents, led by second-generation (G2) members, who comprise over a third of the sample, followed by third-generation (G3) participants and a notable group of founders (G1). Later generations were also represented – the oldest being the 11th generation – and one family counted over 1,000 members served by its office, with an average of 29 family clients per office. This generational diversity reflects a wide range of perspectives, from legacy founders to next-generation stewards.



Generation of the respondents within their family system

Family business ownership

Most respondents belonged to families that still operate a legacy business owned or controlled by the family. The firms come from a wide variety of industries, spread over the primary, secondary and tertiary sectors.



Families still controlling their legacy businesses



GLOBAL SURVEY

KEY TAKEAWAYS FROM THE GLOBAL FAMILY OFFICE STUDY

1 THE HEART AND CORE OF THE FAMILY OFFICE SITS WITH THE FAMILY

Despite hiring an average of nine employees, the family offices represented in our survey are largely spearheaded by family, run with a concentrated ownership structure, and manage the majority of family services in-house. 53% of the family members surveyed hold a key leadership position in their family office, with listed titles including Managing Director, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, and Chief Investment Officer.

A large number of family offices also offer education (55%), professional development (44%), physical and psychological support (41%), family engagement (80%), family communication (83%), and lifestyle and concierge (67%) as in-house services to family members, while they are more likely to outsource functions such as tax, legal, trust, IT, and compliance services (57%). This suggests that while external professionals are needed to help family offices remain sustainable, the heart and core of the family office should sit within the hands of the family, in the interest of family legacy and wealth preservation.

The families that took part in our survey seemingly agree. As family offices grow in size, they begin to bring more services in-house. While 36% of family offices below the \$501M threshold outsource investment analytics, just one quarter of family offices over the \$1BN mark have this service managed externally. Similarly, family offices with over \$1BN in AUM are far less likely to outsource education (19%), physical and psychological support (25%), and family cohesion (6%). Equally, they tend to manage investment analytics (75%), tax, legal, trust, IT, and compliance (81%), and strategic asset allocation (94%) - entirely in-house.

As family offices increase in size and wealth, they become more sophisticated in terms of the educational programs and functions they offer family members. They also remain devoted to outsourced educational programs to sit alongside internal curricula, emphasizing the importance of continual and professional development.

2 GOVERNANCE AS A VEHICLE FOR CLARITY AND COMPLIANCE

Also rising with assets under management is the robust nature of a family office's governance structure, with families over the \$1BN mark more likely to have an investment policy statement (50%) versus those beneath the \$501M threshold (38%).

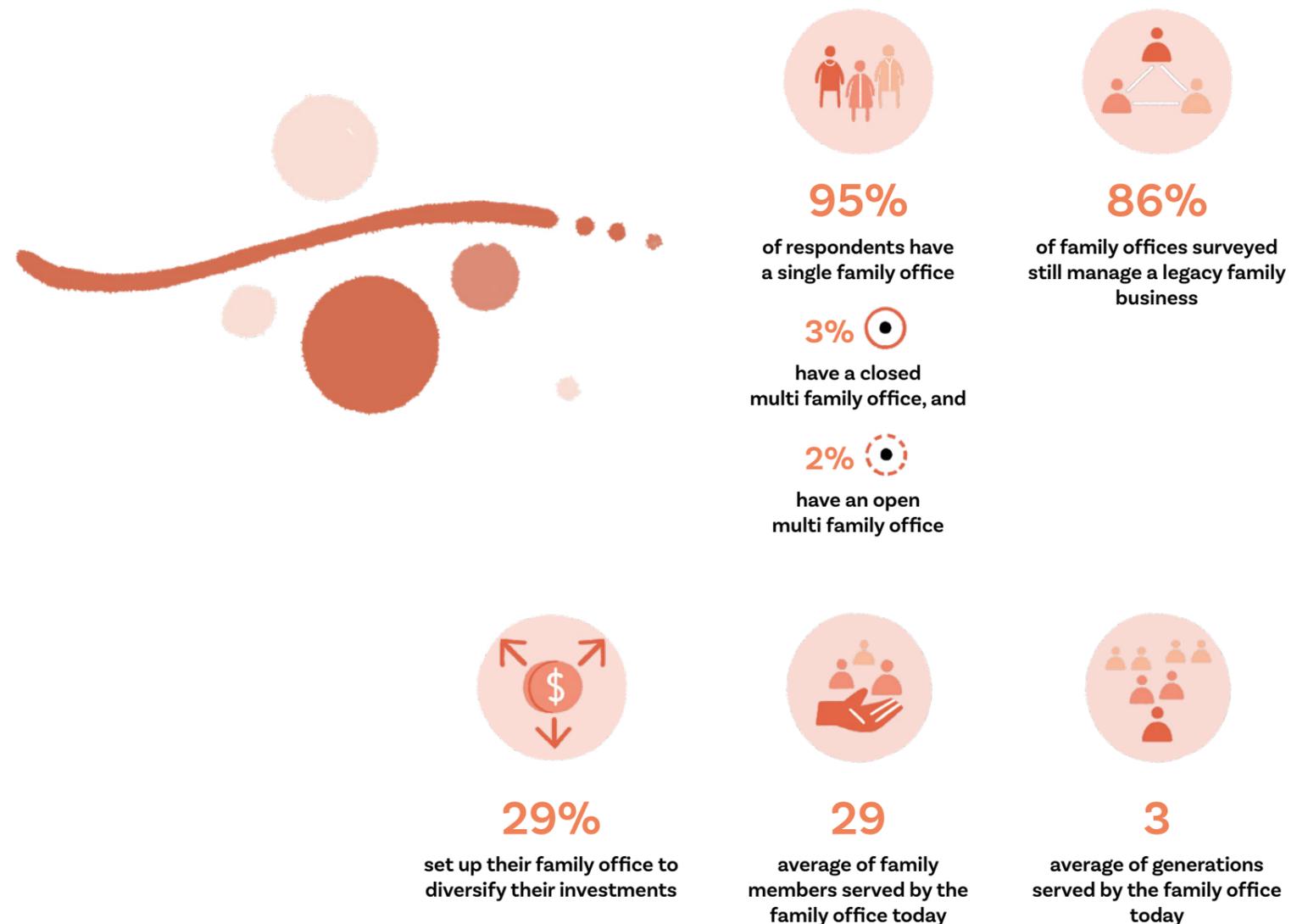
Overall, however, it is interesting to note that despite 86% of the family offices represented in our survey still being tied to a legacy family business, they are incredibly robust as stand-alone structures, with 74% stating their family business and family office are managed independently from one another. 53% also boast an investment committee, of which 57% contain external members and 22% are run exclusively by family members.

The family offices represented in our survey paint an optimistic picture of their governance

structures, with 68% of respondents agreeing that their family office governance is effective and provides necessary guidance and oversight. A further 58% felt they had clarity on how it is embedded into the overall governance of the family enterprise ecosystem. The same family offices regularly provide investment reporting, with 54% of survey respondents offering this quarterly and 19% presenting an annual report.

While only 10% cited governance as the primary purpose behind establishing their family office, the formalization of governance was listed as one of the major changes expected by family offices in the future, in the hope of creating a solid structure and strategy, further clarity, and compliance.

Lastly, family office oversight is a cross-generational affair. Looking at the three main axes of control - control of operations, control of governance and control of ownership - shared control amongst generations is the norm rather than the exception..



3 FAMILY OFFICES ARE ON A MISSION TO DIVERSIFY, PRESERVE WEALTH, EDUCATE THE NEXT GENERATION, AND PROFESSIONALIZE

According to the family members surveyed, diversification (29%), wealth preservation (23%), next generation education (10%), and greater governance and compliance (10%) were the primary drivers behind the establishment of their family offices.

We then asked whether the purpose of their family office had evolved since creation, and respondents were almost evenly split between an unchanging purpose and a renewed set of ambitions. 49% said their family office purpose had remained the same while 51% noted an evolutionary change. Of which, diversification (19%), next generation engagement and education (6%), and governance (5%) were the most common additions to their area of focus.

This supports the hypothesis of this report, that the world is shifting at a rapid pace, and family offices need to evolve in order to stay competitive in the changing parameters. Family offices are decentralizing risk, investing in new areas (not necessarily alternative in class but new for the family), and placing a huge focus on educating and engaging the next generation to ensure the family legacy is preserved for generations to come.

Through our work with families and from our qualitative interviews with family members, we have seen a marked increase and sophistication of in-house programs, including everything from mentorship and next-generation courses to site visits within the community and internships within the family business. The most sophisticated ecosystems are also boosting entrepreneurship through strategy workshops, accelerator programs for individual family businesses, and tailored communication strategies - speaking to a variety of ages, and recognizing that in multigenerational families, families can often grow faster than the business.

4 HOW MUCH IS JUST NOISE?

Family offices have been pushed further and further into the spotlight, for reasons both good and bad. There is now a global fascination with these highly intricate, intimate, and idiosyncratic structures, and the narrative that surrounds them is not always to be believed.

For instance, popular belief suggests that family offices are investing in private equity and other alternative asset classes en masse, signaling a marked increase in risk appetite. While true for some, the majority continue to invest in areas with set precedents and returns. But that isn't to say family offices themselves are not contributing to the intent-action gap between predicted allocations and current portfolios.

65% of family members surveyed said they anticipated allocations to private equity to increase in the next two to three years alongside increases to venture capital (54%) and EFTs (50%). Despite this, current allocations are both relatively low, sitting at 13%, 3%, and 2% respectively, igniting a more fundamental question of how much family office portfolios are changing and how much is just noise.

The same question can be applied to impact investing. While family offices spearheaded by the next generation are often perceived to be leading a mission to make a social impact, 'impact' as a concept was very rarely cited as a purpose, lesson, or predicted change.

In fact, just four respondents made mention of it. One family stated that their 2025 mission was to implement an 'Impact first strategy with a greater focus on systemic impact with a poly capital approach' and another said they 'foresee a greater emphasis on sustainability and impact investing in the near future'. Similarly, one respondent listed their title as a Chief Impact Officer - suggesting that within their family ecosystem, it carries a large weight, and of the 51% of respondents who told us their purpose had evolved since creation, just one participant told

us it had shifted to incorporate impact investing. While philanthropy continues to play a part in family offices' long-term ambitions, impact investing was not on the agenda, at least not for the majority of family offices that we surveyed.

5 GEN 2 IS LARGE AND IN CHARGE

According to our data, the second generation is largely in charge of ownership and voting (44%), governance (39%), and family office operations (30%). They represented the largest cohort of respondents in our survey at 35%, but they are not the biggest branch of family offices today.

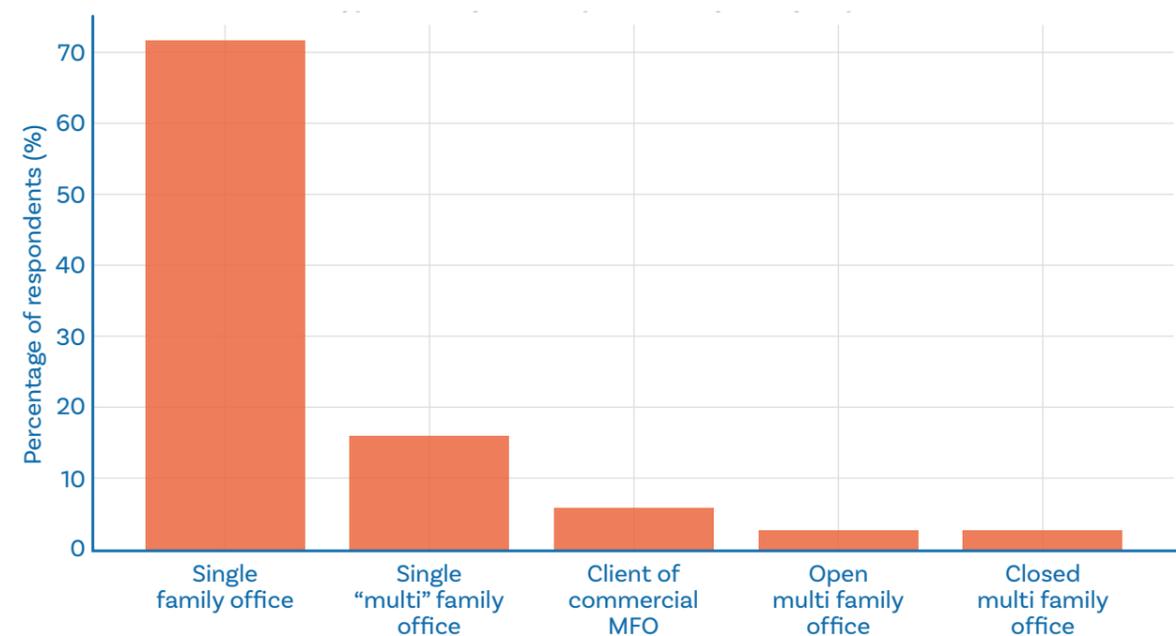
In fact, of the 5,871 family members represented in our survey, 1,126 form part of G3, followed by 1,062 members in G4, and 633 in G5, compared to just 546 in G2. The largest-spanning family in our survey was in its 11th generation.

WHAT THE NUMBERS SAY: A SNAPSHOT OF FAMILY OFFICES TODAY

FAMILY OFFICE STRUCTURE

While each family office is unique, reflecting the specific circumstances and needs of a family, there are structural forms of family office that have gained significance over the years. The vast majority of survey respondents (over 70%) reported operating a single family office, underscoring a strong preference for dedicated structures serving the needs of one family. Another 16% indicated they had a Single ‘Multi’ family office, typically designed to serve several branches of the same extended family. Smaller segments of respondents reported being clients of Commercial Multi-family offices (6%) or part of Open (3%) or Closed (3%) family-owned multi-family offices. This distribution highlights not only the dominance of single family offices in the current landscape but also the presence of more collaborative and hybrid models that reflect the growing complexity of family structures and needs.

Types of family office

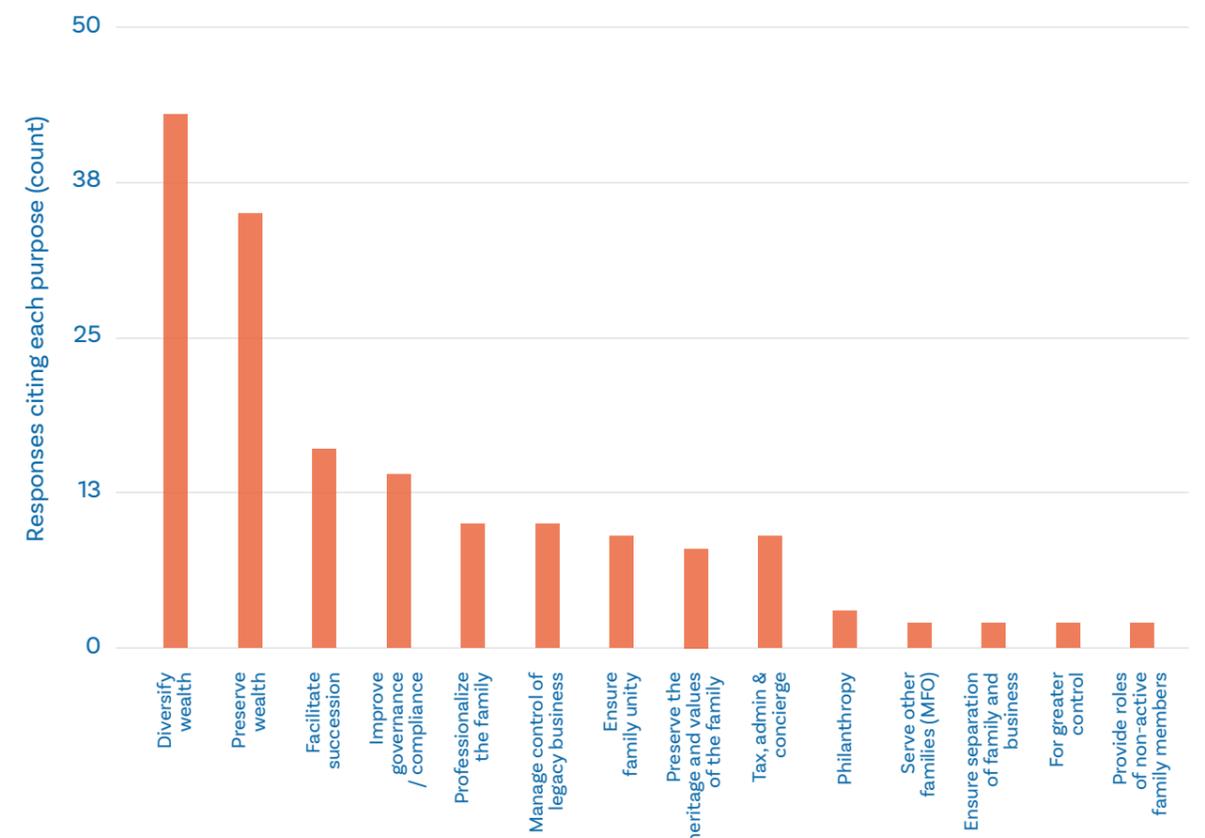


THE EVOLVING PURPOSE OF FAMILY OFFICES

At the time of their foundation, family offices were most commonly established with the dual purpose of managing and protecting financial capital. The majority of respondents cited diversifying wealth and preserving wealth as their primary motivations, highlighting the central role that family offices play in ensuring financial resilience, spreading risk, and safeguarding assets across generations. Succession planning also ranked highly, indicating that families often turn to a formalized structure to support intergenerational transitions and secure long-term stewardship of the family’s legacy.

Beyond these financial drivers, many family offices were also created with a broader governance or relational mandate. A significant number were designed to professionalize the family’s activities, improve compliance, or manage the family’s legacy business from a more independent, arm’s-length perspective. Meanwhile, others focused on fostering family unity, preserving shared values, or offering concierge and administrative services, demonstrating that family offices are increasingly seen as multifunctional platforms that support not only wealth, but also cohesion, identity, and continuity. This diversity of founding purposes reflects the evolving and multidimensional role that family offices now play within the broader family enterprise ecosystem.

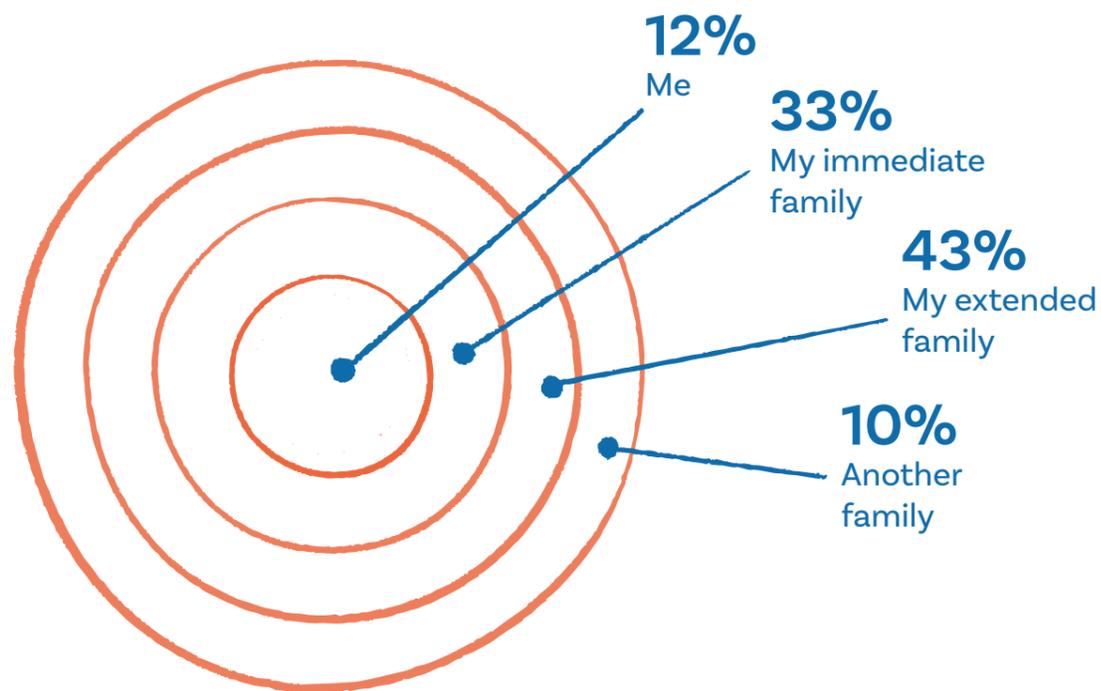
Purpose of the family office at time of foundation



FAMILY OFFICE CLIENTS

This chart illustrates who is served by the family office, represented as concentric circles radiating outward from the individual founder or principal. At the core, 100% of respondents indicated that the family office serves “me” (the individual managing or overseeing the office). Expanding outward, 93% include their immediate family members, reflecting the traditional focus of family offices. Beyond that, 61% serve the broader family network, and 38% extend services to in-laws or other non-linear relatives. The outermost circle, at 14%, represents those family offices that serve beneficiaries outside the core family structure, such as foundations or external causes. This visualization underscores the layered and expanding scope of responsibility that many family offices have embraced, moving from an individual-centric model to one that supports a wider familial and philanthropic ecosystem.

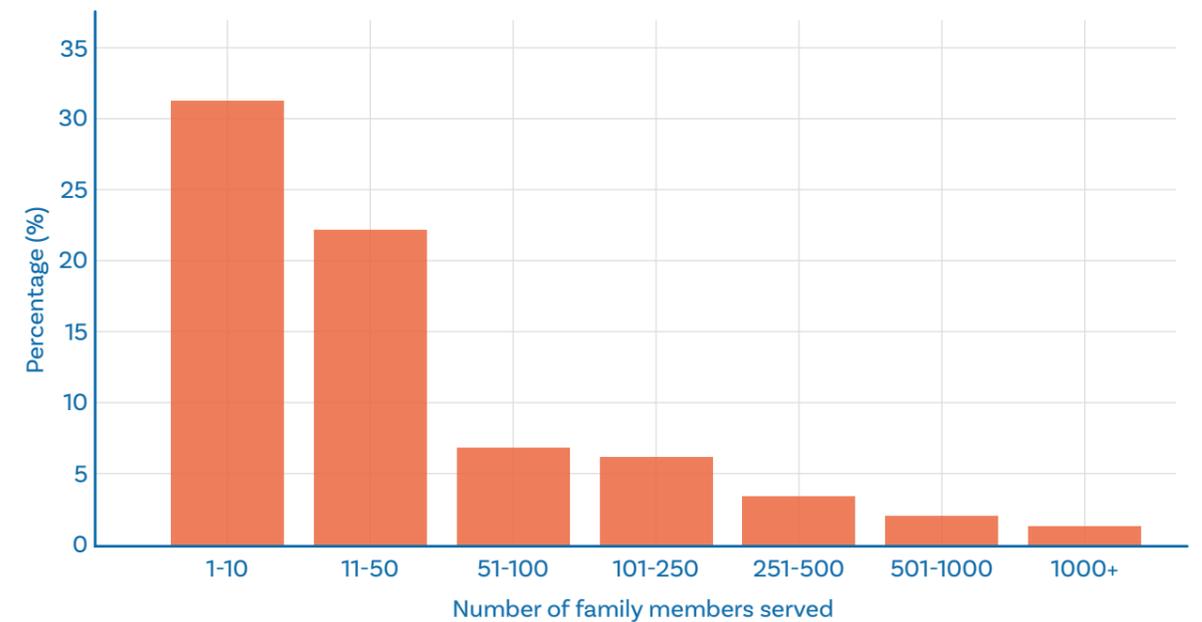
Breadth of the family office client base



THE FAMILY NETWORKS SERVED BY FAMILY OFFICES

The following chart reveals that most family offices serve a relatively small family network, with 1-10 family members accounting for about one-third of respondents, and another 22% serving 11-50 members. In contrast, major operations serving over 1,000 family members are rare (around 1-2%), illustrating the concentrated scope of many family offices.

Average number of family members served by the family offices

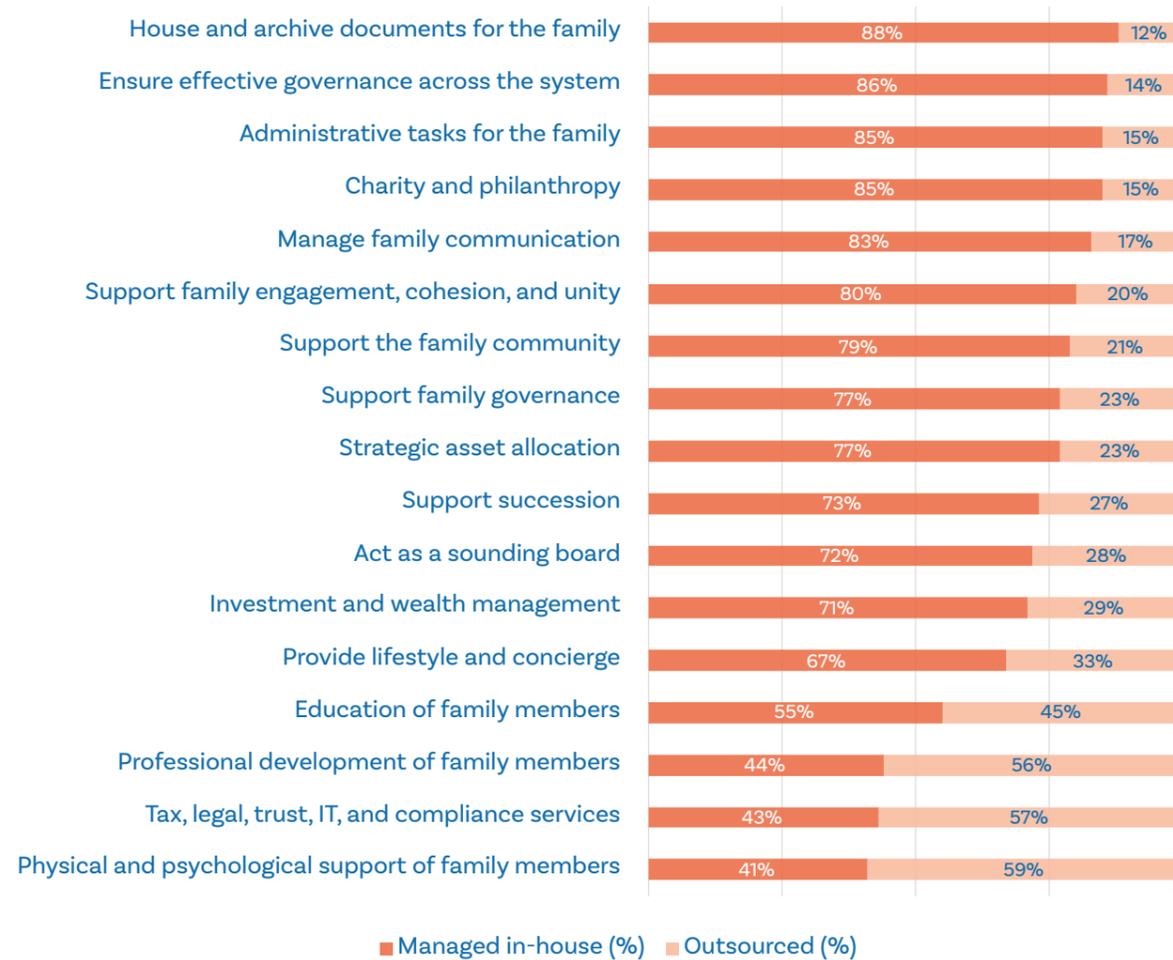


IN-HOUSE VERSUS OUTSOURCED SERVICES

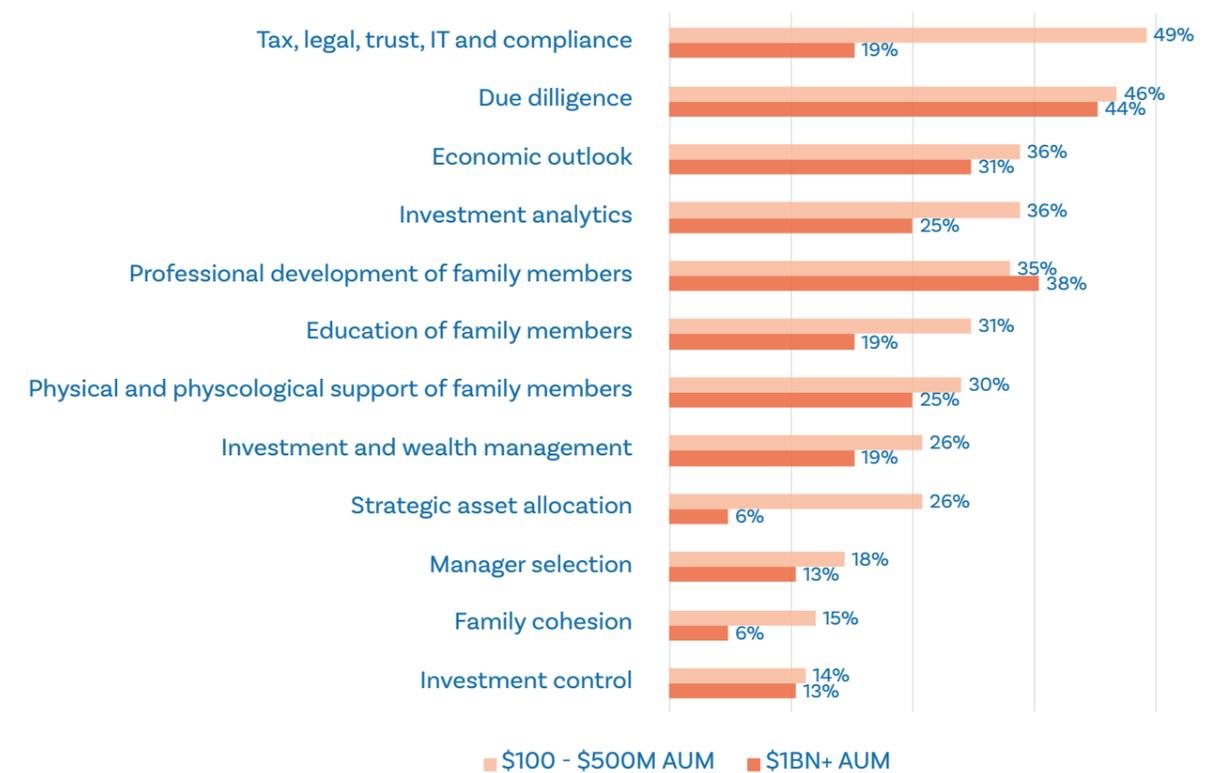
The following chart highlights a clear trend in family office operations: core functions tied to family legacy, governance, and values such as documentation, governance oversight, administrative support, philanthropy, and family communication are overwhelmingly managed in-house. This suggests a strong preference for retaining strategic control over functions that directly influence identity, continuity, and cohesion. Conversely, services requiring specialized or regulated expertise such as tax, legal, compliance, and psychological support are more commonly outsourced.

Compared with broader industry data, this pattern is consistent: most family offices opt to keep culturally sensitive or strategic roles internal, while relying on external professionals for technical or auxiliary services. What stands out in this chart, however, is the relatively high in-sourcing of philanthropy (85%), signaling that for many families, giving is not just a financial function but a deeply personal and strategic choice aligned with legacy and purpose.

Family office services (managed in-house vs. outsourced)



Outsourced Family Office Services by size of the family office



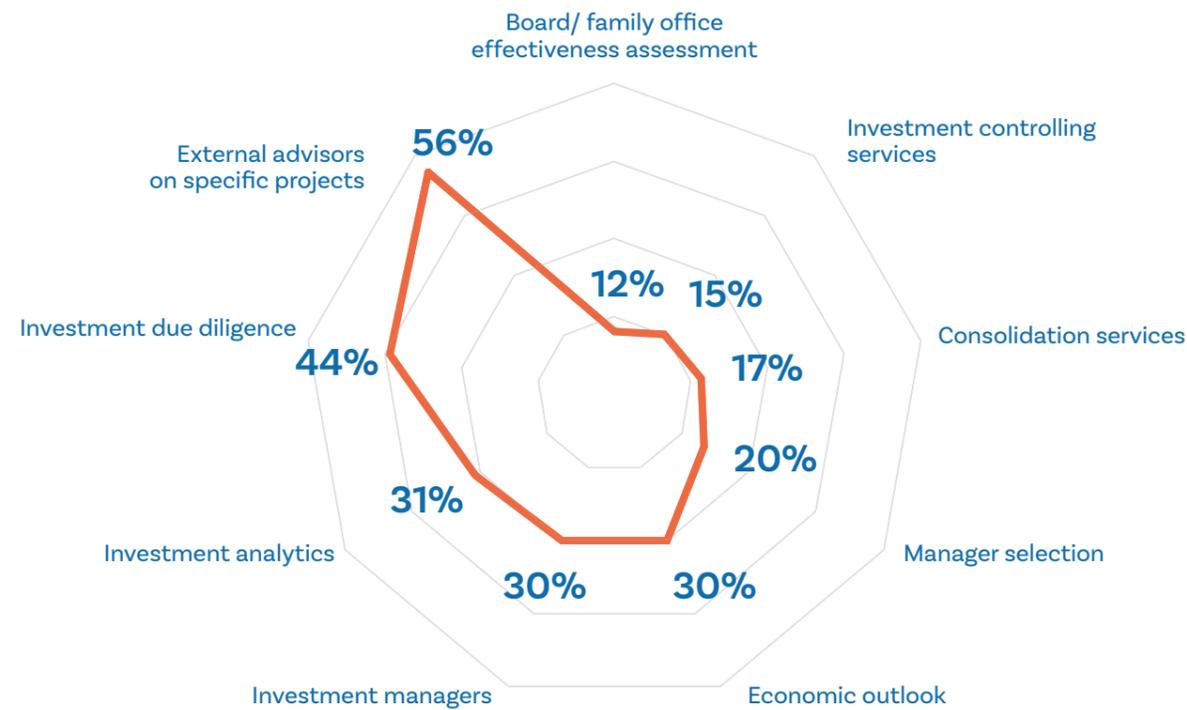
AREAS IN WHICH FAMILY OFFICES WORK WITH EXTERNAL SERVICE PROVIDERS TO COMPLEMENT THE FAMILY OFFICE ACTIVITIES

The following chart illustrates the degree to which family offices engage external service providers across key functional areas. Notably, 40% of respondents use external advisors for specific projects, and 31% outsource investment due diligence, underscoring a common trend among family offices to seek targeted expertise in areas requiring deep technical knowledge or independent assessment. Meanwhile, core portfolio functions like investment analytics (20%), manager selection (15%), and investment controlling (11%) are outsourced far less frequently, suggesting a preference to retain these capabilities in-house where possible. Interestingly, only 9% bring in external support for board or family office effectiveness reviews, highlighting a governance blind spot. This suggests that while family offices are willing to leverage outside expertise in areas of complexity or specialization, there remains a significant underutilization of external support in governance and oversight – potentially exposing them to strategic and operational risks.

WHEN SCALE DRIVES OUTSOURCING CHOICES

There were marked differences in the services that family offices outsourced, according to their AUM. Those at the low end of the AUM range had a strong tendency to outsource more services, with significant differences in key financial functions: they were four times as likely to outsource strategic asset allocation and twice as likely to outsource investment and wealth management. They were also three times as likely to outsource tax, legal, trust, and compliance-related services. In fact, the only category where they were slightly less keen to outsource than their higher-AUM counterparts was the professional development of family members.

Areas in which family offices work with external service providers

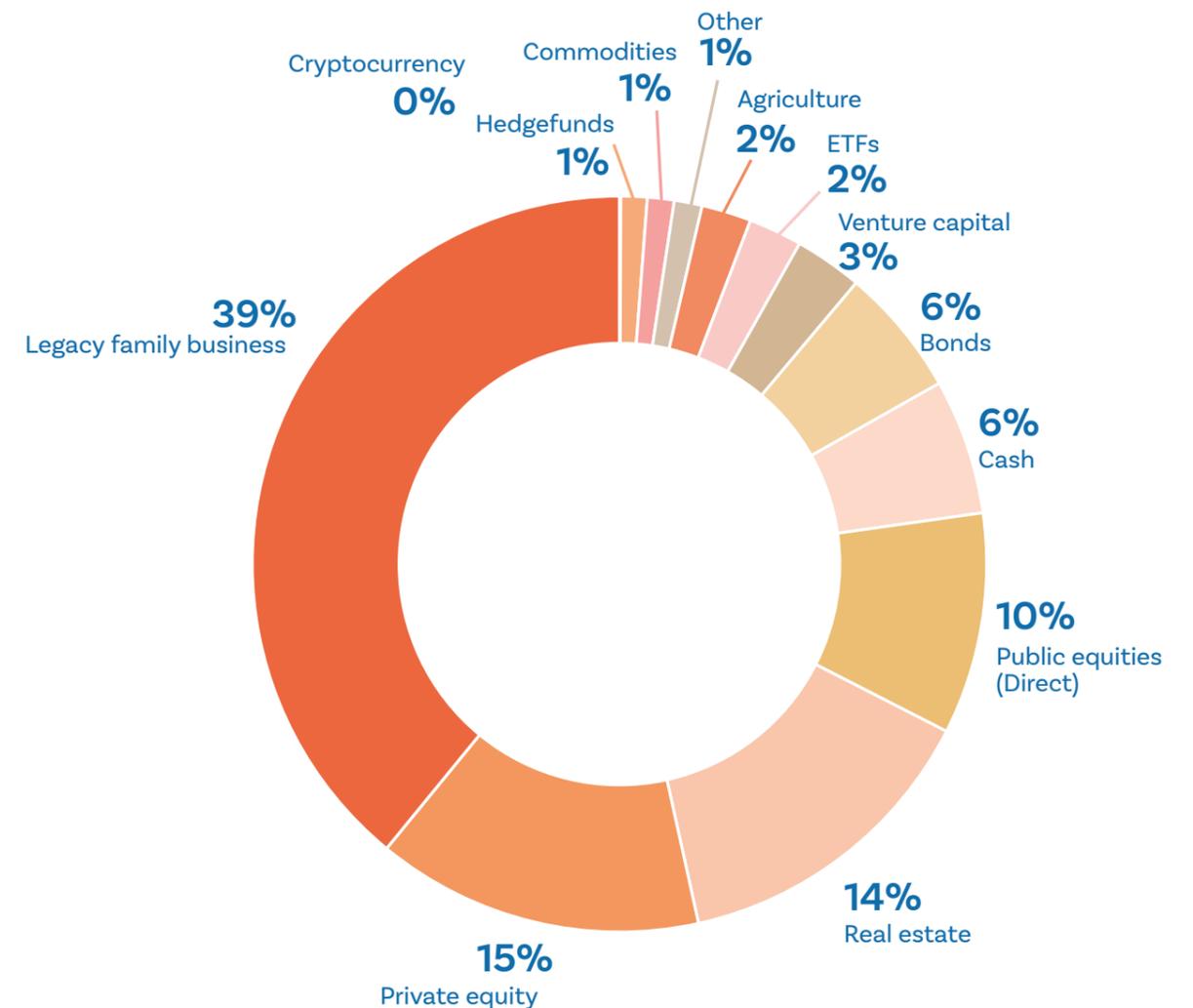


ASSET ALLOCATION

The following chart illustrates how family offices allocate capital across various asset classes. 39% of the respondent's total AUM is concentrated in the legacy family business, underscoring the enduring centrality of entrepreneurial roots in family wealth. Among investable assets, Private Equity (15%) and Real Estate (14%) dominate, reflecting a preference for long-term, illiquid investments that offer control and potential for capital appreciation. Public Equities (10%) and Cash (6%) follow, balancing growth with liquidity. Smaller allocations to Bonds (6%), Venture Capital (3%), and alternatives like Agriculture, ETFs, Commodities, and Hedge Funds indicate diversification efforts, though these remain secondary. Notably, Cryptocurrency accounts for 0%, suggesting continued caution or lack of adoption among family offices in this asset class - against popular belief.

Asset allocation of the family offices, by asset class

The data further illustrates a significant shift in how family offices are planning to reallocate their portfolios over the next 2-3 years. Private equity, venture capital, and ETFs top the list of asset classes targeted for increased investment, with 65%, 54%, and 50% of respondents, respectively, planning to increase allocations. Conversely, traditional holdings such as legacy family businesses and bonds are the most likely to see capital reductions, with 26% and 25% planning to decrease exposure. Notably, commodities and hedge funds are expected to remain stable for most family offices, with 70% and 66% foreseeing no change in allocation. This transition reflects a broader trend away from traditional or illiquid legacy assets toward more dynamic, growth-oriented investments - underscoring a generational evolution in investment philosophy and a heightened focus on diversification and return optimization.



Percentage of AUM attributed to asset class

GOVERNANCE AND STRATEGY

We measured three axes of control of the family office: control of operations, control of governance (including voting and general assemblies), and control of ownership. For each, we asked which generation was in charge. Respondents could give multiple answers if several generations shared authority over some dimensions.

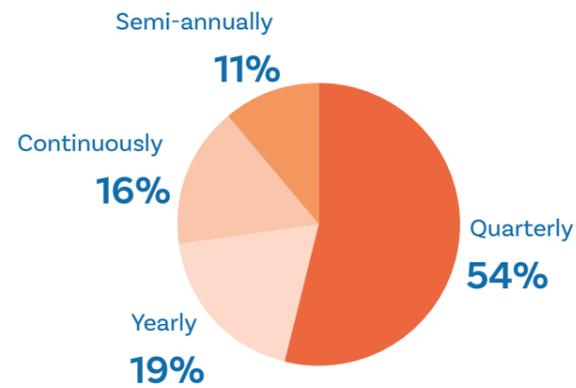
When we look at the families' generational constellations, we notice that control over the family office lags behind family demographics. In other words, older family members tend to keep control over the family office, especially when it comes to ownership. Overall, our data showed that cross-generational, shared control of the family office was the norm, not the exception.

INVESTMENT REPORTS

Most family offices (54%) produce investment reports on a quarterly basis, underscoring a strong emphasis on regular transparency and performance monitoring. Meanwhile, 19% opt

for annual reporting, which may reflect simpler investment structures or more traditional approaches. 16% of respondents report continuously, likely leveraging real-time dashboards or digital platforms. A smaller portion (11%) choose semi-annual updates, striking a balance between periodic oversight and operational efficiency. Overall, the trend points to a growing preference for timely and consistent reporting to maintain trust and informed decision-making within the family or client group.

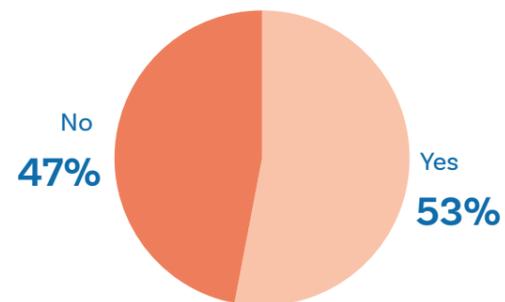
Frequency of investment reporting to the family / clients



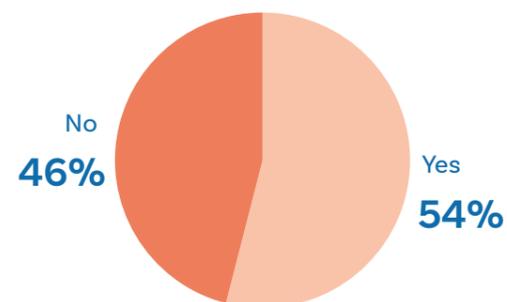
IPS AND INVESTMENT COMMITTEES

When it comes to investment governance, the data reveals that families are in a phase of professionalization. Among the surveyed family offices, 53% have an Investment Policy Statement (IPS) and 54% have an Investment Committee. As the family office ecosystem emerges from its formative and secretive phase, enterprising families are increasingly adopting formal structures to guide and oversee investment decisions. These results also suggest that many family offices see the value in aligning investments with long-term family goals and values.

Prevalence of investment policy statements (IPS) in family offices



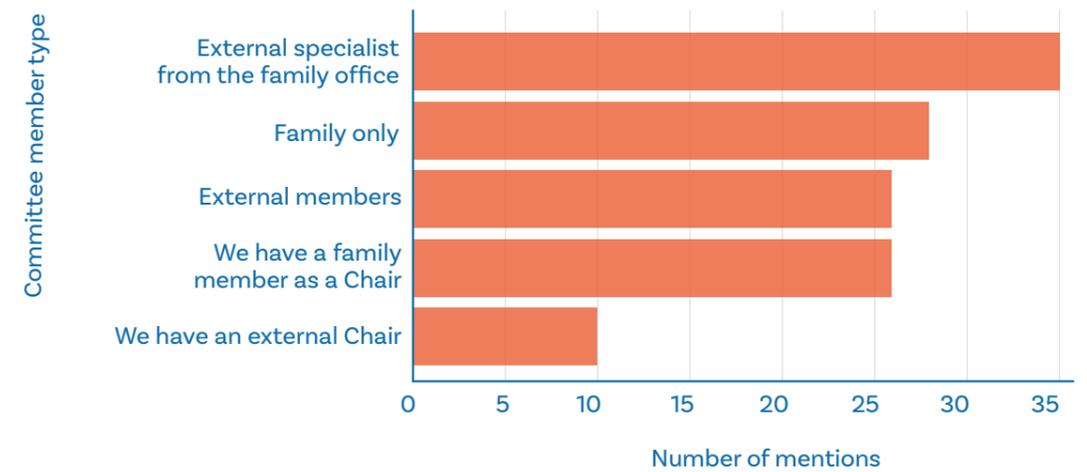
Prevalence of an investment committee in family offices



OVERSIGHT OF INVESTMENT DECISIONS

This chart shows that family offices tend to favor internal control in investment decision-making, with the majority of investment committees composed of either internal specialists or family members exclusively. External members are included in fewer cases, and external chairs remain rare. This suggests a strong desire for oversight to remain within the family circle or closely aligned professionals. Most family offices prefer to keep investment authority in-house, particularly as families seek to align investment strategies with personal values, legacy goals, and long-term vision. However, top-performing family offices increasingly bring in external experts to add technical know-how and objectivity, particularly in areas like private equity, alternatives, and ESG investing. The relatively limited presence of external chairs may reflect a hesitation to relinquish control, even as the complexity of investments grows.

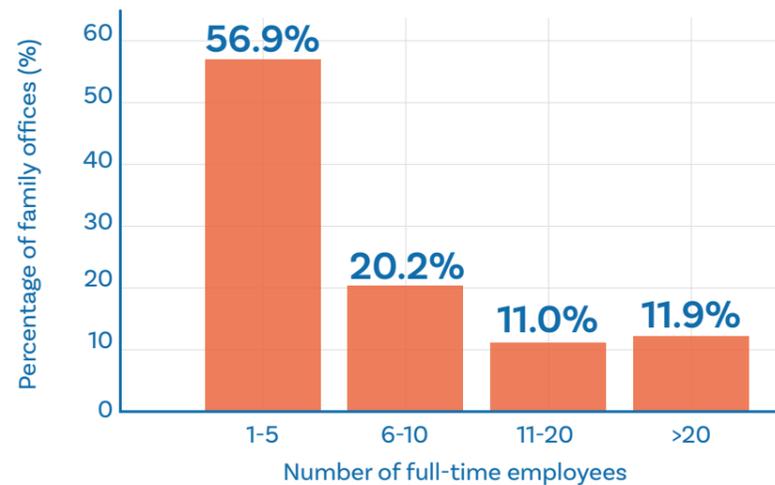
Composition of investment committees in family offices



FAMILY OFFICE TALENT MANAGEMENT

The data reveals that a majority of family offices surveyed (56.9%) operate with only 1 to 5 full-time employees, and just 10.3% have more than 20, indicating a strong preference for lean internal structures. This aligns with findings from other reports, which show that while the average family office has 8-12 staff members, smaller teams are common - especially when external service providers oversee investment, legal, or administrative functions. The high proportion of smaller teams in this dataset suggests a significant reliance on outsourcing and a less institutionalized setup, potentially reflecting either emerging family offices or those in earlier generational stages. Compared to global benchmarks, this underlines a broader trend of minimalist in-house staffing, even among wealthy families.

Number of full time employees (FTEs) by family office



The lean staffing structure of most family offices, as shown by the high proportion (56.9%) having only 1 to 5 full-time employees, directly correlates with a higher involvement of family members in operational and investment roles. When internal resources are limited, family members often step into active positions – ranging from day-to-day management to investment decision-making and governance roles such as participating on investment committees or family councils. This is consistent with data from other studies which highlight that many smaller or early-stage family offices rely heavily on family leadership, particularly in G1 or G2-led structures. The combination of small teams and active family control may offer more agility and alignment with family values but can also lead to challenges in professionalization, risk management, and succession planning if not complemented by strong governance frameworks.

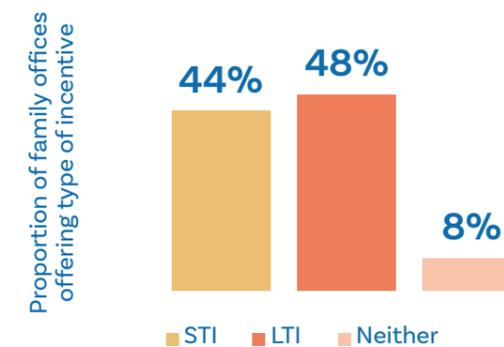
INCENTIVE PLANS

Based on the data, a significant number of family offices implement both Short-Term Incentive (STI) and Long-Term Incentive (LTI) plans to attract and retain executive talent. STI schemes – such as annual performance-based bonuses – are widely adopted, often tied to personal and portfolio-level KPIs. LTI plans, though somewhat less prevalent, are used strategically, often in the form of carried interest, co-investment rights, or equity/shadow share arrangements to foster long-term alignment. However, a considerable number of respondents indicated either no structured incentive system or only fixed compensation, signaling that incentive governance remains underdeveloped in many family offices. Compared to broader market data which shows that 70%+ of family offices globally offer

performance incentives to senior staff, this dataset reflects a mix of modern practices and more traditional, informal structures. Notably, the bespoke nature of many family offices leads to tailor-made, flexible incentive designs that reflect each family's culture, values, and investment philosophy. Examples of LTIs include:

 Equity	 % of sales in family businesses	 % shares in family business	 % shares in family office and daughter companies
 Co-investment opportunities, some specifically for PE, others across all investments	 Management fee	 Carried interest (by far the most popular choice of LTIP)	 Deferred and non-deferred loans

Incentive plans for family office executives



LEARNING AND OUTLOOK

Survey results suggest that family offices demonstrate strong engagement and alignment with family vision, with most respondents agreeing that governance structures and clarity of purpose are well established. Operational effectiveness also appears solid, as many offices report well-designed structures and successful delivery against defined goals. However, areas such as performance measurement and the definition of KPIs show weaker agreement, indicating a potential gap in systematic evaluation and accountability. Strengthening these quantitative performance frameworks could enhance transparency and help sustain the professionalism that many family offices are already achieving in governance and engagement.

Reflection on the overall degree of sophistication of the family offices across a range of dimensions



LESSONS LEARNED BY FAMILY OFFICES

The lessons that emerged from the quantitative component of this family office study reveal a rich tapestry of experience, emphasizing that while each office is unique, several recurring themes stand out.



Most respondents highlighted the importance of **clear purpose and governance**, urging others to define the “why” behind the family office early on, as it shapes all future decisions.



A significant number stressed the value of **communication, transparency, and alignment** – not only within the family but also between the family and professional management – to avoid misunderstandings and maintain cohesion.



Many noted that **professionalization** (including hiring external advisors, creating formal structures, and separating ownership from management) is key to long-term success.



Additionally, **flexibility and patience** are essential; the process of building a family office takes time and evolves as family needs and generations change.



Investing in the **next generation** – through early involvement, education, and creating space for them to contribute – was repeatedly cited as a crucial long-term strategy. Failures often stem from lack of clarity, rushed structures, and insufficient preparation for market shocks or family dynamics.



As echoed in other studies, the most resilient family offices combine long-term vision with adaptability, prioritizing not only wealth preservation but also **family unity and purpose**.



INTERVIEWS WITH FAMILY OFFICE LEADERS

A FAMILY-FIRST PERSPECTIVE ON THE EVOLVING AGENDA OF FAMILY OFFICES

Our interviews with 65 family office principals offered a window into the evolving priorities of family offices around the globe. Here, we explore some of the more profound evolutions that are driving changes in the family office landscape. Based on the qualitative segment of the study, we use a “family-first” lens to examine how enterprising families adapt their family office structure and purpose to their changing needs.

THE 9 FAMILY OFFICE IDENTITIES

As families around the world increasingly establish or restructure their family offices, it has become evident that each is shaped by a unique combination of family dynamics, asset profiles, values, legacy aspirations, and strategic priorities. Yet, within this diversity, a number of recurring **family office identities** help us understand the primary functions and orientations a family office might take.

In the *Family Office Navigator* book, we outlined nine identities that populate the global family office landscape. These identities are not static categories; rather, they serve as evolving forms that a family office may grow into, out of, or combine, depending on the family’s needs over time. They also inform how governance is structured, what talent is required, and how services are delivered.

In our global family office study, we deepened our investigation into family office identities – interviewing a wide spectrum of family offices, ranging from nascent to very established operations – to better understand **how these identities evolve over time**. What we found is that family offices serve more functions than first meets the eye.

Within the framework of the nine core family office identities, we have observed the emergence of additional functions that, while often informal or implicit, are increasingly significant. These may not be documented in governance structures or mandates, yet they hold substantial influence in practice. For example, some family offices serve as strategic connectors within the broader family enterprise ecosystem, facilitating coordination and alignment across generations, entities, and geographies. Others act as stabilizing forces during

periods of political or economic uncertainty, providing continuity and security for the family.

In the following section we will elaborate on the nine core identities and the various ways they have evolved into new functional identities, enriched with quotes from our family office interviews.



1. EMBEDDED FAMILY OFFICE

- **Purpose:** Integrated into the family business; handles personal, financial and legal matters without a separate legal entity.
- **Typical Characteristics:** Operated by trusted business staff from within the core operating business, oftentimes with a highly informal structure. This works for fully private family businesses, but not if the business is listed. This is oftentimes the starting point for family offices, as it represents a highly effective way to deal with the shareholders’ affairs, especially vis-à-vis the core business (e.g., taxes or legal).
- **Core Services:**
 - Legal and tax coordination
 - Liaison with business operations
 - Occasionally also including personal financial management
 - Back-office and secretarial services for the family members
 - Certain concierge services (e.g., cars, drivers, planes on the company accounts)
- **Governance:** Often managed directly by the principal, who is oftentimes also the CEO and/or chair of the operating business, with close coordination with the senior executives.

1.1 The family office as a “strategy council”

When family members have high-level operational roles in the family firm, the family office can serve as a strategy council. This was the function served, for example, by the family office of a family-owned conglomerate headed by a brother and sister. In addition to overseeing the family’s investment portfolio and serving as a depository for business contracts and for the family constitution, their family office functioned as a command post: it was the place where they discussed acquisitions, investments and business plans, with a strong advisory council surrounding them from within the operating business. The siblings were both CEOs and, in some instances, served as co-CEOs of several companies in the group. The sister recalled:

“We decided to formally put together our “internal” family office from within the operating business, to help us structure our various business and investment activities, while supporting our family with various administrative, legal and financial activities that were complicated in the context of our succession when our father retired.”

Their father founded the family business – originally a plastics company, that then grew into a diversified business group operating in Central and Eastern Europe – right after the country transitioned from a Communist state to a market economy. Though he was no longer active in the business, the siblings valued their father’s strategic acumen and sought his counsel:

“The idea came when our father was not officially involved anymore, but we still wanted to have him as a participant in the decisions, because that’s the way it functioned during the previous 30 years. We decided to have the three of us make decisions together on topics related to production, human resources, financial and managerial issues, as well as acquiring assets and splitting those assets between members of the family. Discussing a strategy and convincing each other that it’s the right solution “double proves” the decision because if you’re able to convince two other people, the probability of success is much higher.”

The brother, sister, and father drew up a constitution that defined the purpose, scope, and remit of the family office. The constitution was not legally binding, but it served as a guide for making significant decisions together. For example, deals above a certain threshold had to be validated by all three family shareholders.

2. ADMINISTRATIVE & COMPLIANCE FAMILY OFFICE

- **Purpose:** Provides centralized back-office administration and regulatory compliance for the family.
- **Typical Characteristics:** Lean and cost-efficient; supports financial and legal organization and documentation for the family, either in-house or in an outsourced fashion. Sometimes we see that these services are offered to all family members free of charge, paid for centrally by the business or family holding, with the realization that it's important that all family members and shareholders keep their "house in order" to avoid any negative spillover effects to the wider family in case of financial or legal problems.
- **Core Services:**
 - Bill payment, tax compliance, trust administration
 - Insurance and legal affairs for family members
 - Document management
- **Governance:** Typically centralized; can be in-house or alternatively virtual or cloud based.



2.1 The family office as a "family treasury"

Family offices can fulfill an important function as the coordinators of large family shareholder groups and as a depository for their shares. This was the case for a European family business founded during the Industrial Revolution that had over 700 family members. The company had been publicly listed for over a century. Over the course of time, the laws regulating share ownership changed significantly, leading the family to adapt its governance. The head of the family office outlined the history of the shareholding as follows:

"It started as a pool of shares, because the family traditionally held all the shares in one depot. The major task, over the course of decades, was to keep track of how many shares each person in the family had, because they were all put together in one depot until the 1920s. Then, because of regulations, it was no longer possible, so we had to split it up into individual depots."

In the 1950s, the family created a family office for bookkeeping and the pooling of shares. Initially, the family office was run by a (non-family) former company secretary. Its offices were located in the company headquarters. Later, for compliance reasons, the family office was completely separated from the company.

Today, the family office still serves as a treasury – a place where funds are overseen and managed – but its purpose has broadened to include developing the social, financial, and human capital of family members. Funded by the family foundation, it designs and runs an ambitious array of educational programs and family activities.



3. INVESTMENT FAMILY OFFICE

- **Purpose:** Primarily focused on preserving and growing financial wealth via active investment management.
- **Typical Characteristics:** High financial sophistication with a strong core financial team and highly sophisticated investment governance, with well-structured investment policy statements (IPS) and a reputable investment committee, ensuring that the investment strategy is being executed and the desired financial returns generated. Oftentimes, in larger family offices, we will find them organized around their key asset classes and employ specialized teams for each of these strategic asset classes (e.g., PE, real estate, venture, etc.).
- **Core Services:**
 - Asset allocation and reporting
 - Investment policy statement (IPS) creation
 - Risk management and financial analytics
- **Governance:** There are many different forms of investment family offices, some of which will take the form of the family holding company, with their legacy business being one of the verticals, with other diversified investments forming other verticals. Robust investment governance forms the backbone of these investment family offices, oftentimes including external independent experts.

3.1 The family office as an "investment buffet"

In some countries, laws on financial investment advice can sharply constrain the role that family offices can play in serving their clients. This is the case in some Nordic countries. To offer their clients attractive investment options while respecting regulatory requirements, family offices can adopt a different approach: offering a set of pre-screened opportunities which individual family members can then invest in according to their preferences. This circumvents the onus of purchasing a financial brokering license, which is very costly, and allows the family office to conserve a lean set-up.

The "investment buffet" approach was illustrated by a Scandinavian family office. One of the shareholders explained that their family office, as an entity, did not make investments. Instead, it identified talented investment managers, as well as private equity funds and VC funds that were performing well, and recommended them to family members:

"The family office offers a buffet of pre-screened investments that align with ESG and performance goals. Then, if I have money from the last private equity fund, the family office might suggest that I invest in a certain way according to a strategy that we agreed upon, but the decision is mine, and the investment is not made until I have approved it. I know a lot of family offices pool the money and then make the investment decisions, but that's not the case for us."

He outlined the advantages of the system:

"If I am about to buy a new summer house and don't want to make an investment in this real estate fund right now, I can skip it. Or if I want to invest extra in real estate, I can tell the family office I want a bigger stake. There's a lot of flexibility, and we have cost percentages that are very low compared to what you would get in a normal setup or a bank."

3.2 The family office as an "investment platform"

Pooling the assets of family investors is one of the *raison d'être* of family offices. To capture even more value from pooling assets, some families extend the pooling logic to the entirety of their family enterprise. This was the case for a fourth-generation, European family business

whose governance structures spanned the gamut of business, ownership, and family. Their family office functioned as a pooling platform for all entities in the constellation – the company, the foundation, and the family shareholders – allowing them to obtain rebates and bonuses based on the complete capital allocation and commitment from all three entities.

In practice, one of the three entities might take the lead on an investment, but then the investment opportunity is shared amongst all three. Or in some cases, one of the entities might opt out – if, for example, it had no capacity for private equity investments at that time. A shareholder in the family office, which was founded in 1988, explained:

“We get synergies from the pooling. Behind the scenes, we then split the rebates according to the amount of money invested. The fund manager knows that they will get X million dollars from the firm, Y million from the family and Z million from the foundation, but you, as an individual investor, don’t have to worry about it. We negotiate as one entity, and we have our rebates, carried interest, and all that, calculated on that basis.”

3.3 The family office as an “investment depot”

Over the course of time, enterprising families often branch out into diverse industries. As they expand into new areas, they try their hand at different types of businesses and may jump on investments opportunistically. The result is a motley collection of assets – valuable, but eclectic in nature.

There may come a point, however, when it no longer makes sense to house all the diverse assets within the family firm. This was the case for a family-owned firm in the Philippines when it listed on the stock exchange. A third-generation family shareholder recounted the process for preparing the company to be listed:

“The investment bankers went through the assets in the company and said: “These are the things that make sense to put in the listed company’s books and these are the things that don’t make sense to put in the books.” The things to exclude were, for example, agricultural assets or privately held real estate.”

The excluded assets were transferred to the family-owned holding company. This was the initial impetus for creating a family office. By serving as a “depot”, the family office kept valuable assets within the family while preserving the coherence of the legacy business. The family office then managed those assets proactively. For example, the family’s agricultural assets were developed into operational businesses.



4. FOUNDER’S FAMILY OFFICE

- **Purpose:** Primarily serves the personal and financial needs of the wealth creator.
- **Typical Characteristics:** We see this type of family offices emerge if an entrepreneur (G1) has created wealth and is seeking mechanisms to manage this wealth (and other bespoke affairs) for them. There is little complexity in the family, with centralized control and hands-on decision-making by the founder, with the primary focus on managing liquidity from a recent exit.
- **Most common core services:**
 - Investment strategy and direct investments (oftentimes in a highly entrepreneurial fashion)
 - Tax, legal, and trust structuring
 - Personal finance and lifestyle services
- **Governance:** Founder-centric; may include a small investment committee.

4.1 The family office as an “ecosystem builder”

Setting up a family office outside of the world’s financial hubs or family office clusters can be challenging. New locations often lack favorable framework conditions. The talent pools for service providers and experts also tend to be shallow. Yet they also have their advantages. We spoke to a family office principal in Poland who envisioned himself as a pioneer in building up a new financial ecosystem for family offices. Despite the difficulties, he saw the opportunities that came with operating in an underserved market:

“With 70 million euros in total assets, I get better access to people than I would in more established family office ecosystems such as Switzerland, where you have third- and fourth-generation families, great wealth, and it’s very difficult to tap into the market. It’s also much more difficult to get access to great deals in those established markets. In Central and Eastern Europe, you can be a partner in a fund with comparatively small ticket sizes, without having one billion in assets.”

He admitted that setting up the family office in a location without a mature ecosystem was not always straightforward:

“Setting up the legal and governance structures is a learning process. For early starters like us, it has to be that way. The family office we have set up feels very much like a startup in a new economy, with many opportunities.”

His approach to maximizing opportunities while minimizing obstacles was to create a community of enterprising families to build a favorable environment for newly established family offices. He spearheaded an informal group, made up of a dozen family offices in Poland:

“We’re all kind of pioneering a new family office space because there’s no ecosystem. Where the wealth comes from: it’s a different history. We’re all first generation. There’s no multi-generational wealth in Poland. It’s a high-growth market with low-cost in terms of acquiring talent. There’s a lot of talent and it’s a healthy economy. I think it’s a fantastic space to invest.”

4.2 The family office as a “filter”

After a liquidity event, wealth owners are often bombarded with investment offers from all around them. A professionalized family office can shield founders and their kin from unsolicited offers. A participant in the study explained how their Spain-based family office filtered out the noise of competing investment opportunities for the founder:

“As a wealth owner that is very well known in our market and now internationally, especially after the IPO, you can imagine all of the financial institutions, fund managers, and entrepreneurs that came knocking on my door. Many of them wanted to talk to us. They say: I know him, I met him two years ago, I would like to get back in touch. So the family office is there with a racquet to keep away these people because the family has understood that they are not in this phase anymore. They need to be protected from all this noise.”

He added that, by acting as a filter, the family office also separated the wheat from the chaff, investment-wise:

“We now have a clear filter for proposals. We have set very specific conditions for anyone stepping into our office, which include solvency, quality of their teams, size, IT tools to connect to our systems, and standards such as no first-time funds. We cannot waste time with lots of small projects which do not fit our set-up because we will remain scalable only if we respect our current scheme.”

5. FAMILY BUSINESS FAMILY OFFICE



- **Purpose:** Manages liquidity from the operating business and supports the relationships between the family, shareholders and the business.
- **Typical Characteristics:** Originates within the business and becomes independent over time (e.g., because the embedded family office can no longer stay embedded as the result of an IPO). It is of essence, especially when the family is no longer in a core managerial role of the legacy business, that the relationship between the family and the business is nurtured and groomed, to ensure that the core values and principles of the family continue to lead the way for the board, management and employees of the business, while making sure that shareholders are kept informed and emotionally connected to the family business.
- **Core Services:**
 - Devising the ownership strategy
 - Ensuring professional governance and leadership of the legacy business
 - Managing communication between the family, shareholders as well as key players within the business
 - Business restructuring and aligning major transactions with the overall vision of the family
 - Estate, gift, and fiduciary planning
 - Financial separation from operating company
- **Governance:** Moves from founder-led to multi-stakeholder governance, ensuring that all the necessary governance players within the family enterprise system are frequently coordinating to ensure alignment and avoid conflicts.

5.1 The family office as an “owner’s office”

Owners’ offices are strategically positioned to offer the family and shareholders an elevated perspective on their surroundings and act as a family refuge. Multi-generational family firms with sophisticated governance and ownership structures can benefit from having such an entity.

One family firm, which was founded in 1901 and now has five generations active in the business, created an “owner’s office” that sits at the pinnacle of its ownership structure. The “owner’s office” provides a lofty base for family oversight. The chair of its investment committee (who is also chair of most holding companies in the group and a fourth-generation family member) explained how the family sees its role:

“We’ve always been of the view that our task as members of the family is to be stewards of wealth that was generated by prior generations, not of a specific activity, because if we

were still match manufacturers – which was, at one time, the biggest business – we would not be a very happy family today. We are, by nature, not married to a specific business.”

He outlined how the family designed its “owner’s office”:

“We have four parallel holding companies, which are held in slightly different proportions from company to company by family members. And then on the side, we also have some real estate companies that have between two and three branches of the family involved. This separation has proven to be quite a good way of working for us as a family, but there are lots of things that we still have in common, so we wanted to put all the owner-related questions into one place, so that governance can be consistent, understandable, and coherent. All the data, for instance, on individual family members can be collected in one place. All the compliance data, all the governance issues are centralized, and we can create things like a ‘business integrity and sustainability statement’ that is valid for everything we own together. And of course, we wanted to create a place where we can agree on investment strategies for those holdings that may generate some extra cash, so that this extra cash can be managed in a meaningful manner based on one’s attitude towards capital preservation and growth in the capital markets, since two of the holdings have professional asset management activity as well.”

5.2 The family office as a “war chest”

Privately-owned family businesses can use their family office as a war chest – essentially, a reserve of funds set aside to use for strategic opportunities, challenges, or emergencies. In medieval warfare, rulers and armies had chests of gold and valuables to finance military campaigns. In business today, a war chest can be used to fend off hostile takeovers, survive tough economic times, or invest in new ventures. The third-generation CEO of a storied family business shared his perspective:

“Since we have a private company with limited funds, my view is that the family office is basically there as a war chest. If we have some major investments and the funds within the company itself are not enough, or if we run into real problems, there’s funding that can be provided during such a period. It can be a safety net in difficult times or economic crises.”

5.3 The family office as a “safe haven”

When they are established in countries with stable governments and favorable framework conditions, family offices can serve as a safe haven from political and financial upheaval. Wars, regime change, and the nationalization of private businesses into state assets, for instance, have led to the loss of many enterprising families’ fortunes. As a result, these families have become more prudent in housing their assets.

Basing the family office in a place with predictable and advantageous financial regulations also allows enterprising families to protect the ownership of the legacy business when they relocate, as pointed out by the principal of a family office whose family history spans continents:

“We’re an Asian business with European roots. The second generation were Danish citizens. As their business grew, their wealth grew, and they started to plan their retirement. They had the philosophy: “When I retire, I’m going back home to Denmark.” To plan for that, they felt they should have a family office in Switzerland and Liechtenstein to ensure that the bulk of the company assets were protected, and when they went back home, they would be asset-light. They would, of course, be taxed on their personal wealth, but the company would not be drawn into that.”

6. PHILANTHROPIC FAMILY OFFICE

- **Purpose:** Directs family capital and talent toward social and environmental impact.
- **Typical Characteristics:** Driven by legacy, values, and multi-generational involvement. While we would oftentimes see philanthropic activities of the family forming one part of the family offices' activities, we also see a few family offices that primarily look after the family's philanthropic endeavors. While they might be structured as foundations, they can also take other forms, depending on the country and regulatory environment. Some families are philanthropically very active and, depending on their focus of giving, might be confronted with a large amount of incoming requests, which need to be managed and dealt with on an administrative basis.
- **Core Services:**
 - Foundation and grantmaking management
 - Family mission and governance structuring
 - Aligning philanthropy with impact investing and ESG strategies in the core business
- **Governance:** This can take various forms but often would include a core team with a strong philanthropic background and experience, with councils and committees that act as coordinators between the family and the recipients of donations, as well as between the business's sustainability division, the investment team and the philanthropic organizations to ensure alignment with the greater family purpose.



6.1 The family office as a “non-profit/for profit hybrid”

To achieve maximum social and environmental impact, philanthropy-focused family offices are increasingly experimenting with different models. One family office principal we spoke to decided to devote her wealth to transforming the world's food system:

“The food system is the second biggest cause of climate change, the biggest cause of health issues, and a huge cause of inequality. Transforming the broken food system is the theme of our family office. It's our motivation to become experts in regenerative agriculture, sustainable aquaculture, and low-carbon protein, so our direct investments focus on those three areas.”

Through a disciplined and pragmatic investment approach based on the “Theory of Change” framework, her family office sourced the most impactful companies and helped them grow. Yet she realized that shifting the food system on a fundamental level required a more holistic approach. With this in mind, she created a new, philanthropic arm to the family office that had foundation status. The not-for-profit activities focused on supporting groundbreaking science, raising awareness, and inspiring people to return to a more symbiotic relationship with nature and food. She saw the hybrid model as the best way forward:

“There is a need for all the different kinds of approaches: the impact investing, the early-stage investing, different asset classes – but you also need the philanthropic parts.”



7. FAMILY COHESION OFFICE

- **Purpose:** Fosters family unity and builds social and human capital within the family.
- **Typical Characteristics:** This type of family office often focuses on the non-financial aspects of the family enterprise ecosystem, with a special emphasis on family unity, communication, family engagement and education. We see these forms of family offices emerge as the family evolves into a large family (50 or 100+ family members), requiring an increasing amount of attention to keep the system together. Traditionally, these activities would be taken care of by the family council, but as of a certain size, the family council (which is oftentimes a voluntary role of family members) either must professionalize themselves, or hire administrative and project-management support to deal with the increasing complexity of the family.
- **Core Services:**
 - Governance facilitation
 - Next-gen education and family retreats
 - Succession planning and value articulation
 - Managing family communication (platforms, newsletters, etc.)
- **Governance:** Inclusive structures to support dialogue and unity. This can oftentimes be seen as an extended operational arm of the family council.

7.1 The family office as a “learning lab”

A family office can serve as a learning lab when the heirs of a family firm must rescue a struggling business. This was the story of a South American family firm that operated in the pulp and paper industry. A neglected asset of their tissue business required knowledge of good forestry practices that no one in the family possessed. Out of necessity, the family acquired that expertise through a process of trial and error. The chair of the family office board explained:

“When I came into the company, my father was dwindling, growing old, and slowly losing his capacities. He had bought land that was covered with pine trees, and no one was even looking at them or thinking about the future. The trees were falling because of old age. It was wood that was not very good in quality, so we had to be resourceful and think about what we could do with it. We set up a sawmill. Afterwards, we bought more land, developed it, and now it's another business. The asset is there; you must take care of it. And if you know nothing about forestry, you must learn.”

One of the most important roles of their family office was to promote learning, as she saw it:

“Many family offices are just places where you put money, make sure the money doesn't run out, and get a lot of services. But the businesses that we've developed under the family office have grown in value; they have offered the possibility of having a third generation go into them, feel part of them, and feel proud. The third generation has grown in knowledge. It was like a learning lab: 'I'm going to leave this to you, but you have to grow and develop this business.' I think that's my father's inheritance, more than anything else.”

7.2 The family office as an “umbrella”

Family firms that span many generations see growing wealth disparities between their shareholders. Some branches are affluent, others are not. This can lead families to lose their controlling stake in the business, because less well-off members need to sell their shares to maintain their living standards.

Some members may also become dependent on dividends, which are managed through

the family office, to make ends meet, leading to tensions regarding dividend policies: richer shareholders are usually more willing to re-invest in the business, whereas fortuneless ones tend to push for the distribution of profits.

In countries with gender-based inheritance laws, such as countries following Sharia, other types of wealth disparities between shareholders can emerge: some families may see their distaff descendants reduced to diminished circumstances because daughters do not inherit company shares as sons do.

For all these reasons, some farsighted family offices create a financial “umbrella” to protect their beneficiaries from the rain. Their goal is usually to bestow a baseline income on lineal descendants and/or shareholders, as well as ensure they have access to healthcare and education as well as a financial safety net. For example, one Middle Eastern family office created a “future generation fund”:

“We have created a structured investment vehicle earmarked for younger members. All blood descendants are equal beneficiaries, unlike the inheritance of the family business (a listed entity) that is passed down according to percentages defined by Sharia. The family has put in roughly USD 9 million to start the fund, which has since doubled in value. When it reaches USD 50 million, the family office will begin distributing dividends to the young beneficiaries. Setting this minimum threshold also gives the fund enough runway to attain a sufficient size to function properly and put in place more long-term investments.”

8. VIRTUAL OR OUTSOURCED FAMILY OFFICE

- **Purpose:** Provides flexible, cost-effective management of services through a network of external providers.
- **Typical Characteristics:** Low overhead; minimal internal staffing. This works well for small family systems or for specific services that are only needed occasionally or infrequently, where a “cost on demand” model makes more sense as compared to having a core team inhouse.
- **Core Services:**
 - Outsourced financial and non-financial services
 - Concierge and lifestyle through third parties
- **Governance:** Light touch, often led by a single family representative.



8.1 The family office as a “simplifier”

For some families, having a virtual or outsourced family office can be a way to unburden themselves from the tasks and responsibilities associated with managing wealth. A fifth-generation member of a family business, based in Canada, shared his point of view:

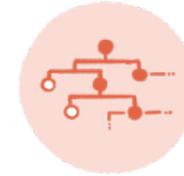
“The point is: not everybody wants to run a family office. Not everybody wants to do the admin or the boring stuff of looking through tax structures, estate plans, or see where you’re at in terms of building a business. My own insight is: it is overwhelming and there’s a lot of responsibility, at times. Some just want to live their own life and do their own thing.”

When his branch of the wider family sold their shares in the family firm, they decided to hire a third-party administrator to manage the proceeds of the liquidity event. This approach gave everyone more freedom to pursue their own careers and aspirations. It alleviated the burden of managing wealth. Outsourcing the family office was also a way to give the family time to develop financial acumen:

“While my mother was in ownership, she felt she didn’t have the education to take this on, nor did she have the experience. After the liquidity event, she wanted to make sure we were much better prepared than she was.”

By hiring a third-party provider, the family bought itself time and breathing space to gain the financial literacy necessary to take on a more active role. Several years later, they created their own single family office. By then, they felt comfortable having a hands-on role in running and overseeing their own structure, and saw it as a learning experience:

“The interesting thing about family offices is: it’s about the individuals as much as it is about the family. The individuals are on their own learning trajectory, and then the family, as a whole, is on its own learning trajectory. So there’s kind of a symbiotic give and take – a natural process.”



9. MULTI-GENERATIONAL FAMILY OFFICE

- **Purpose:** Supports long-term stewardship of the total family wealth across branches and generations.
- **Typical Characteristics:** Sophisticated governance and broad service scope, oftentimes focusing on very large, dynastic family systems, handling a vast spectrum of services across the Total Family Wealth dimensions.
- **Core Services:**
 - Full-range service spectrum on human and social capital, helping family members individually flourish and remain informed, united and harmonious across generations
 - Full-range services with respect to the family’s individual and collective assets and investments
 - Estate planning, philanthropy, governance support
 - Lifestyle and concierge services
- **Governance:** Fully professionalized family office with a proper board, management team, family council, and advisory bodies for the different subsets of activities.

9.1 The family office as a “neural network”

When family enterprises reach a certain size and level of complexity, they require more robust systems to govern themselves. For a family-owned business founded over 150 years ago in the maritime industry, the tipping point came when the shareholder group grew to over 100 individuals, spread out over several branches. The family realized that they needed to find a way to align their views as shareholders. They also recognized that there was a growing distance between the family and the company that would need to be bridged. Over time, the family office came to serve those functions by forming a super-structure that connected all the parts of the system.

The family’s initial purpose for setting up a family office was to “speak as one voice towards the company, defend the interests of the individual shareholders and their involvement in the company.” The purpose then expanded to fostering family unity, encouraging family involvement in the business and launching a social impact project.

To achieve these diverse goals, the family set up three entities over the course of 30 years. The first was a holding company, considered to be the foundation stone of the family office. The second was a family association, designed to bring together family shareholders and non-shareholders (all family members over the age of 18 and their spouses were invited to join). The third was a foundation devoted to philanthropic causes.

The family considered the sum of these three entities to be their family office. Each entity was independent – it had its own administration, fiscal and legal structures, employees and board – yet the three, together, were highly inter-connected and functioned as a whole to provide value to the family. They performed a similar function to a neural network. In human biology, a neural network is a network of neurons connected by synapses that allows the brain to process information, store memories and control the body. Like a neural network, the three entities

ensured communication, stored data, connected different areas and facilitated the control of a “body” – in this case, the family firm. They also resembled a neural network in that one of their key functions was learning. Together, they orchestrated an array of programs and initiatives to educate family members, with the goal of developing responsible shareholders and cultivating knowledge of the family business.

9.2 The family office as an “onboarding club”

Some family offices put learning at the heart of their purpose. This can include financial literacy, corporate governance, as well as internships and field trips to the family firm’s production sites. Providing educational programs and professional development services to the next generation is of particular interest to enterprising families who wish their children to excel in three key areas: business governance, ownership governance and family governance. Yet creating fun and relevant programs that NextGens actually want to attend is not easy. One way to engage NextGens is to have them learn together, as a cohort. A family firm from the Nordics organized a special working group for its youngest members via its family office, with the aspiration of forming the next generation of responsible owners. The working group, whose members were in their late teens and early twenties, functioned as a sort of onboarding club to be stewards of the family firm.

Over the course of six years, the fifth-generation working group convened roughly six times a year. The family office hired a facilitator to organize their discussions. The chair of the NextGen working group described the process they followed:

“We started thinking about what it means to become an owner and what’s important for an owner to be able to do. What does a good owner look like? We created a scorecard. What was really valuable was the discussions around how to develop and structure the scorecard. We came up with dimensions that we consider very important for family business ownership.”

The scorecard listed a mix of formal competences and soft skills. It included categories such as gaining work experience, volunteering, growing their professional network, becoming a competent and professional board member, serving on the boards of family companies, obtaining degrees and certifications, and attending family events. The main thrust of the scorecard was to orient the G5’s learning toward ownership governance, since family members had stepped back 20 years ago from holding operational roles in the family companies:

“Ownership, in our way of working, is quite different from being operationally involved. Our primary way of influencing and steering the company is by being a board member, rather than taking care of day-to-day tasks. In support of that, we decided to think about what is a competent and reflective board member.”

Some dimensions also reflected the mindset and values of the G5 group, as laid out by one of its youngest members:

“One dimension is personal independence. We decided that if we really want to be good stewards of the company, we can’t be dependent solely on it. We need to have our own lives as well, have a profession, have an independent income and a sense of community that isn’t strictly tied to the family business.”

She explained the value of the scorecard and belonging to the G5 working group:

“It’s gamifying personal development. I think part of the motivation is that this is the template that we came up with as a group, and we all agreed that these tasks are important. Every year within the G5 group, we talk about which items we want to achieve in the coming year, so there’s external accountability. It also helps to keep this more present in your mind. So if I get an invitation, for example, for a family business event, I’m more inclined to consider it because I know I get some points for it.”

CONCLUSION: THE VALUE OF EMERGING IDENTITIES

The evolving identities of family offices reflect the unique character of the family behind them and their response to a dynamic external environment. They introduce new dimensions to the family office’s value proposition – ranging from pragmatic functions, such as centralized risk management, to more symbolic roles, such as guardianship of family legacy and cohesion. Over time, these additional functions can become as critical as the office’s primary objectives, particularly as families grow in complexity.

By recognizing and articulating these emerging identities, families can gain a deeper understanding of the full scope of value their family office provides. This, in turn, enables more strategic planning and governance design – ensuring the family office remains relevant, resilient, and responsive to both current and future needs.

THE EVOLUTION OF FAMILY OFFICES

Every family office is on a journey — one that is rarely linear, often fluid, and deeply reflective of the unique circumstances, values, and priorities of the family it serves.

Whether it begins informally through a company CFO managing personal affairs or is formally launched after a liquidity event, the family office rarely starts as a fully formed entity. More often, it evolves organically, first addressing immediate financial or administrative needs, and then gradually expanding in scope and professionalism as complexity grows. Over time, what may have been a holding company or tax vehicle can transform into a central platform for managing not just wealth, but relationships, identity, education, and legacy.

This evolution is both practical and strategic. Families learn by doing — adjusting, finetuning, or even pivoting the office’s focus in response to experience and changing needs. At key inflection points, such as generational transitions or major business events, the office must be re-evaluated with intention. Its structure, team, and purpose may need to shift dramatically to remain aligned with the family’s future direction. A structured review process, ideally every few years, helps ensure the office remains relevant, resilient, and ready to support both current and future generations. Ultimately, the family office should be treated not as a fixed solution, but as an evolving institution — part learning environment, part strategic hub — built to adapt in tandem with the family’s ongoing journey.

PATTERNS OF CHANGE

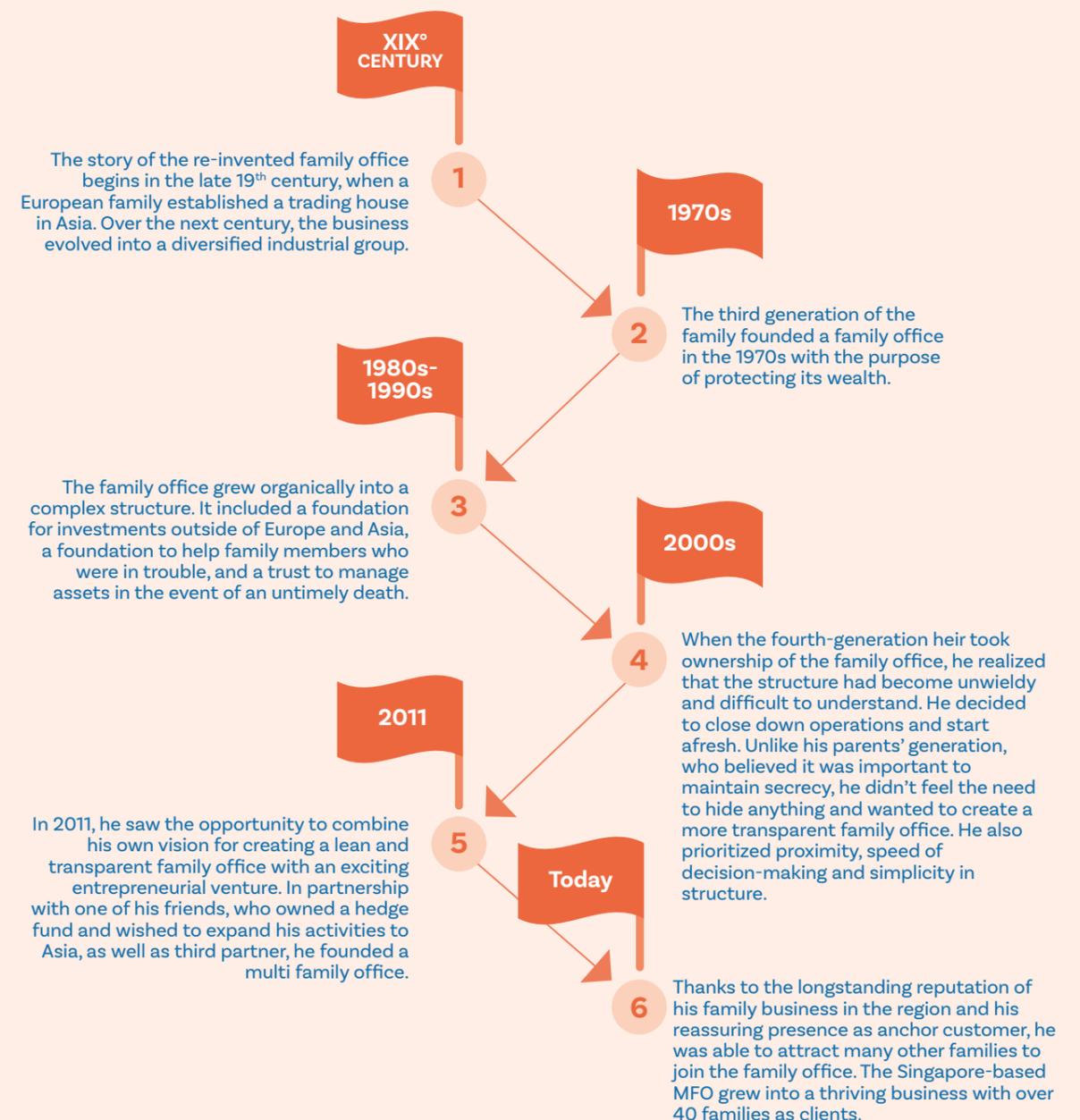
As we look at the histories of family offices from around the world and observe how they evolve, we see patterns emerge. These patterns can be summed up in three principles:

1. Like living organisms, family offices tend to go through different stages of development. Their form and function change as they mature from an early, embryonic stage to a more mature form. Yet unlike a biological **life cycle**, there is no entirely predictable sequence of development. Some family offices become more sophisticated and complex over time while others pare down and simplify. Some evolve quickly, while others remain in the same stage for extended periods. Some move through different or supplementary phases, like growing from a single to multi-family office, others not.
2. At certain inflection points, brought about by internal or external forces, family offices may effect a **“pivot.”** In the world of start-ups, a pivot is a strategic shift in direction. Pivots are a way to adjust course and pursue new objectives. For instance, the family office may pivot to a new investment model when the next generation of owners decide to embrace impact investing.
3. Family offices have **identities** that reflect their purpose and structure. Over the course of generations, the identity of a family office usually shifts and evolves. Also, many family offices hold multiple identities simultaneously. A family office may, for example, have a strong investment focus while also promoting family cohesion and serving as the locus of family governance.

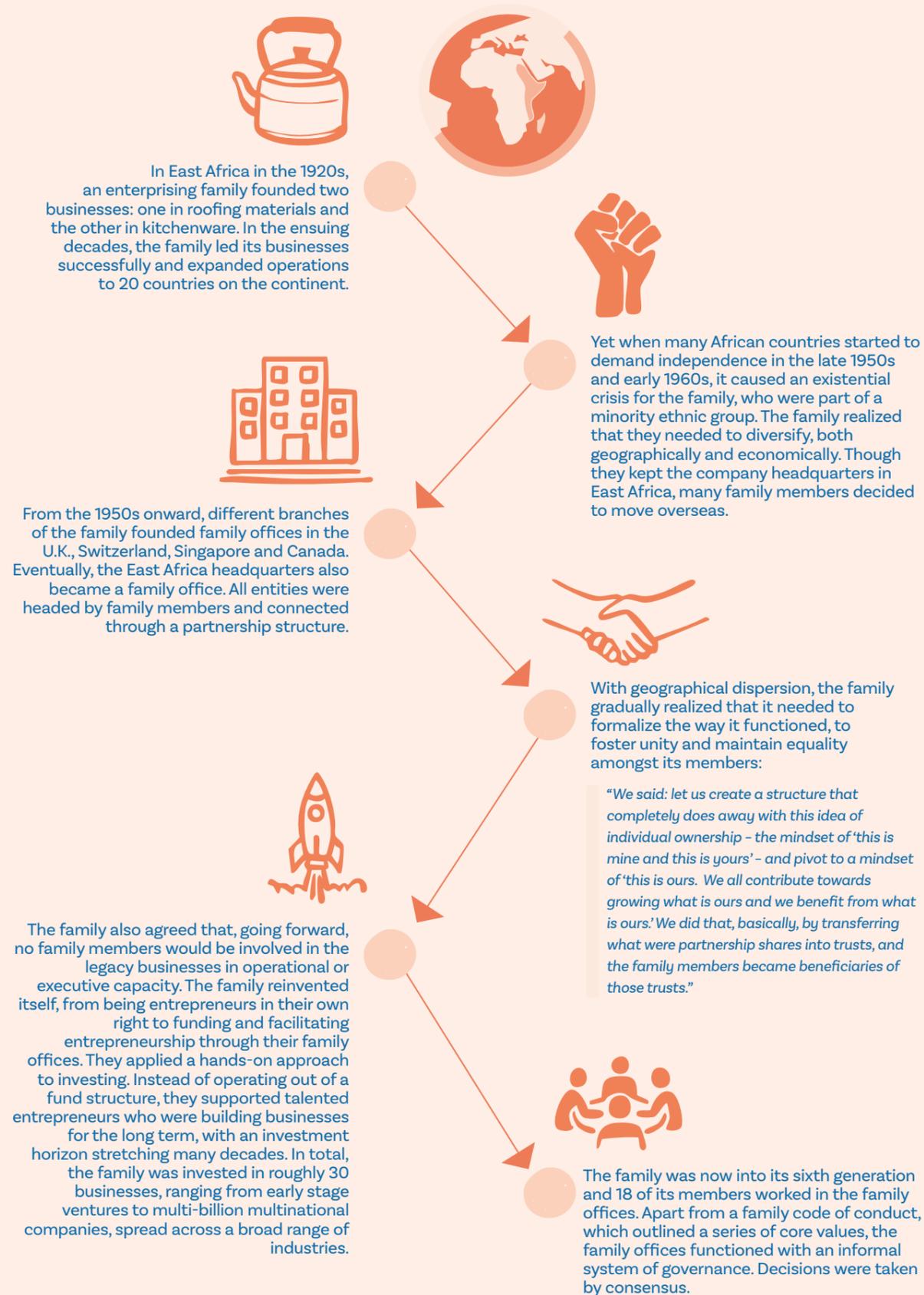
FAMILY OFFICE EVOLUTION IN ACTION

The following three cases illustrate the evolving nature of family offices. The first example shows that each family office goes through its own unique life cycle — which can include death and rebirth in another form. The second example describes a pivot in the ownership philosophy and ownership governance of a family office. The third case shows the evolving identity of a family office and how this identity is reflected in structural changes. Together, they paint a picture of the three principles of change we distilled from the study data.

The re-invented family office



The investment-partnership family office



The nested family office



A FLEXIBLE SUCCESSION MODEL

In a more uncertain and unbalanced world, families recognize that continuity requires flexibility. Succession is no longer a single event but a phased process, with leadership often shared across branches, non-family executives, and rising-generation members.

Yet despite recognizing the need for a flexible succession model, a great many families seem loath to truly hand over control of their family offices to their younger members. As one study respondent confided: “Succession should have happened quicker. As a family, that has been our biggest weakness. I believe it mainly stems from one individual who used to run the business and likes the control aspect. We should have started our succession processes much, much earlier, and as a result, we’ve almost missed a generation.”

Our data shows that, even while they gradually cede control over operations and governance of the family office, senior family members tend to retain control of ownership.

With the benefit of experience, families learn that successions demand robust governance, clear processes, and the courage to reimagine structures when fragmentation looms.

RE-IMAGINING THE FAMILY OFFICE

The modern family office is more visible, scrutinized, institutionalized, and complex than its earlier incarnations. It is also more future-focused, collaborative, and flexible – today, family office principals recognize that its survival relies on its ability to adapt to the demands of a new generation and workforce. Our study’s data suggests that the family office is capable of creating the necessary coherence and alignment needed in families to manage the tensions between family and business, senior-gen and next-gen, purpose and profitability, privacy and the need for more transparency. As one participant told us: “We need to reshape the office to better suit newer generations, make everything more transparent, and bring more under one roof – yet agreeing on the next level is the challenge.”

POSITIONING FAMILY OFFICES FOR THE FUTURE

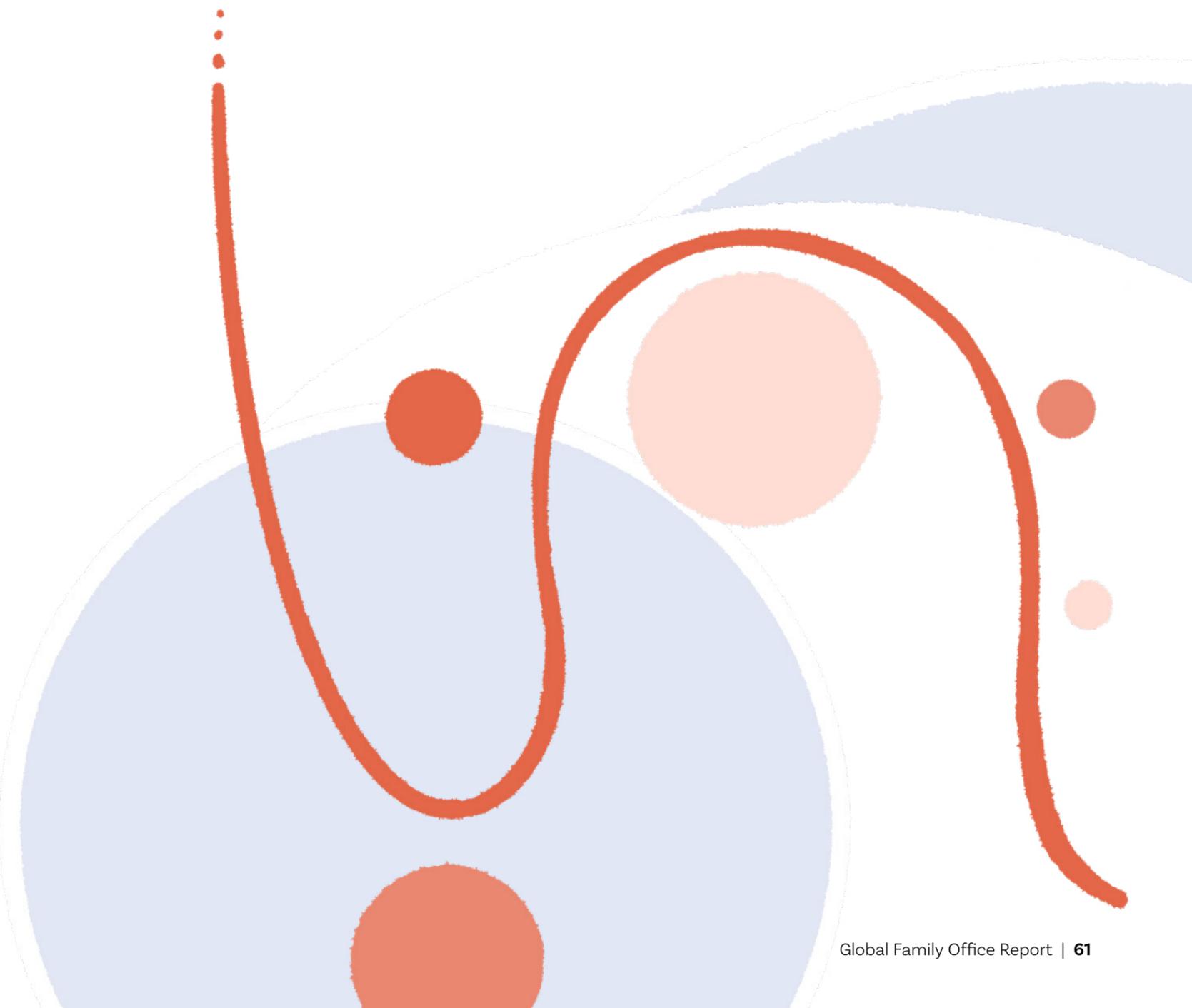
To conclude this section of the report, our data shows that many family offices are undergoing a significant strategic transformation driven by generational change, evolving family needs, and increasing external complexity. These transformations are pushing family offices to evolve into new forms, adopt new identities and pivot to pursue new objectives. As families look ahead, many are reevaluating the core purpose, governance, and operating models of their family offices to ensure long-term relevance and continuity. One of the most prominent shifts is the preparation for generational transition. Many family offices are putting in place formal succession plans, engaging the next generation more deliberately, and clarifying ownership and governance roles across branches. Alongside this, there is a noticeable sharpening of purpose and vision. Families are aligning their offices more closely with shared values, long-term legacy goals, and aspirations that go beyond wealth preservation – often including impact, education, and family cohesion.

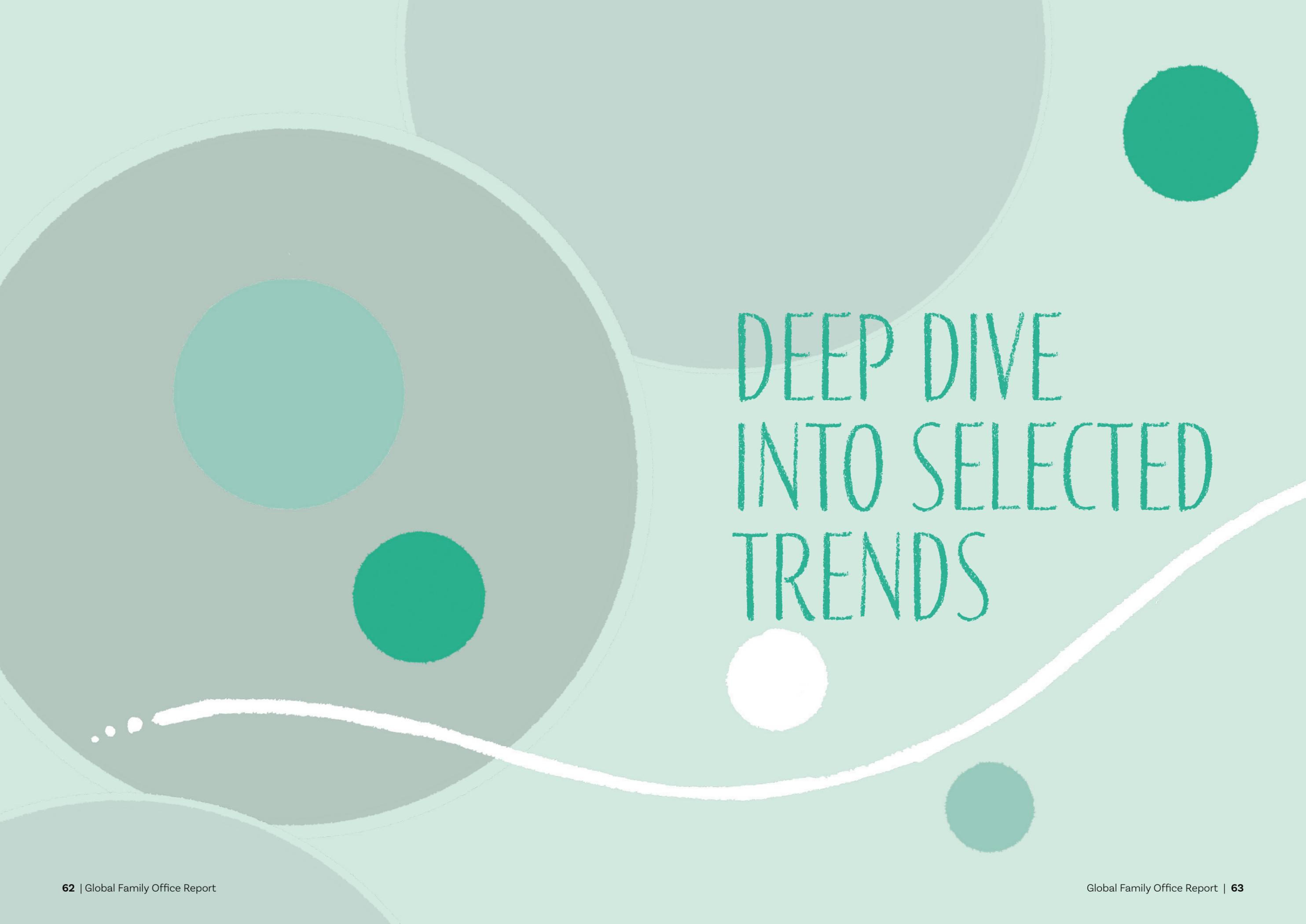
Governance is another critical area of change. Offices are professionalizing structures by formalizing decision-making bodies, appointing external board members, and building more institutionalized systems for oversight and reporting. These changes aim to accommodate growing family complexity and rising expectations of transparency and accountability.

Investment strategies are evolving, too. Many family offices are shifting toward longer investment horizons, diversifying portfolios, and increasing exposure to impact, ESG, and climate-aligned investments. Some are rebalancing in favor of growth assets or outsourcing key investment functions to improve agility and access to expertise.

Internally, offices are adapting to scale by reassessing the services they offer, consolidating functions, or considering hybrid models to better reflect the diversity of needs across family members. At the same time, there is a heightened emphasis on attracting and retaining top talent, supported by increasing digital transformation across operations.

Across all these changes, one theme remains constant: family offices are positioning themselves not only as stewards of financial capital, but also as platforms to support education, legacy, values, and cohesion for future generations. As the landscape continues to evolve, strategic clarity, flexibility, and professional rigor will be key pillars of success.





DEEP DIVE INTO SELECTED TRENDS

NAVIGATING THE NEW LANDSCAPE

Both IMD and FBN regularly collaborate with a wide network of experts in the field of family offices to explore the patterns and problems impacting family enterprises and use these to tailor our pedagogical curricula and calendar of events for owning families.

Together, we have identified several trends prompting family offices to change shape today and use this next section to present insights and best practices on how to navigate new waters. We start with outlining 13 emerging trends that are shaping the new landscape of family offices and go on to feature guest authors who dissect these trends further.

13 EMERGING TRENDS

The family office landscape is undergoing a period of rapid and unprecedented change. What was once a discreet, behind-the-scenes function focused narrowly on wealth preservation has evolved into a sophisticated and multi-dimensional enterprise, shaped by generational transitions, market complexity, and the rising ambition of global families. From governance and investment strategy to technology and purpose, family offices are being redefined at their core. As families navigate increased scrutiny, shifting societal expectations, and mounting operational demands, their offices are transforming to meet not just financial needs, but also broader strategic and relational goals.

The following emerging trends highlight how family offices are adapting and, in many cases, leading the next era of private wealth stewardship.

We have grouped these 13 trends into five themes representing the broad shifts underway in the family office landscape.



GENERATIONAL SHIFTS AND FAMILY PURPOSE

1. Massive intergenerational wealth transfer

A historic wave of wealth transfer from first and second generations to younger successors is triggering a re-evaluation of how family offices are structured and governed. As assets pass hands, families are increasingly embedding values, defining legacy, and planning proactively for long-term continuity.

2. Rise of the next generation

Next-generation family members are playing a more active role, not only in investment and governance but also in shaping the broader purpose of the family office. Their priorities ranging from innovation to sustainability – are steering offices toward new strategies and leadership structures.

3. Purpose-led and cohesive family strategy

There is a growing emphasis on purpose beyond profits. Families are formalizing shared visions, constitutions, and narratives to align the office around cohesive goals ensuring that strategic decisions reflect collective identity and long-term intent.

4. Evolving family dynamics

Increasing complexity in family composition – such as multibranch ownership, cross-border living, and generational layering – is pushing offices to create more flexible, inclusive governance structures that uphold unity while respecting diversity.



SUSTAINABLE AND RESPONSIBLE INVESTING

5. Acceleration of ESG and impact investing

Driven by both values and future-focused strategies, family offices are allocating more capital to ESG-aligned and impact-driven investments. These approaches now form a core part of the portfolio for many families aiming to generate both financial and societal returns.

6. Recalibration towards liquidity and risk

In light of geopolitical uncertainty and volatile markets, many family offices are shifting toward more liquid, risk-managed portfolios. Diversification across asset classes and geographies is a key priority to protect long-term capital and ensure resilience.



PROFESSIONALIZATION AND TALENT

7. Professionalization of operations and governance

Family offices are rapidly institutionalizing. There

is a move toward structured boards, risk management frameworks, clear KPIs, and formalized investment committees – often led by seasoned non-family professionals.

8. Heightened competition for talent

The complexity of today's family offices requires specialized expertise across finance, law, technology, and family governance. Attracting and retaining top-tier talent – especially professionals who can navigate both technical and interpersonal dynamics – is becoming increasingly challenging.

9. Hybrid and evolving operating models

New forms of family office structures are emerging. From virtual and outsourced models to shared or multi-family platforms, families are seeking flexible, cost-effective, and scalable solutions that reflect the diversity of needs and asset bases.



DIGITALIZATION, TRANSPARENCY AND REGULATION

10. Digital transformation and data-driven strategy

Technology is becoming a critical enabler – from consolidated reporting systems and real-time dashboards to AI-powered investment tools and secure digital infrastructure. Family offices are leveraging tech to improve transparency, agility, and decision-making.

11. Increased transparency and public visibility

As family offices grow in scale and impact, they are becoming more visible – and more scrutinized. Transparency expectations are rising, both from within the family and from regulators and society. Many offices are responding by enhancing reporting, governance, and communication practices.

12. Rising regulatory demands

Cross-border compliance, tax transparency, anti-money laundering, and sustainability disclosure requirements are placing growing regulatory pressure on family offices. The need for proactive legal and structural reviews has never been greater, especially for offices operating globally.



GLOBALIZATION AND ECOSYSTEM BUILDING

13. Rise of global family office ecosystems

Governments and financial hubs around the world are increasingly positioning themselves as destinations for family office activity. New ecosystems are emerging – offering regulatory incentives, talent pools, co-investment platforms, and peer communities. Families are weighing location choices not only on tax and privacy grounds, but also on the strength of these new global networks.

AN EXPERT VIEW ON EMERGING TRENDS

From investment appetites and the digital landscape to talent management, regulatory frameworks, and the emergence of hybrid family offices, in this section you will find soundbites, anecdotes, and tangible next steps from our community of family office thought leaders to take back into your family enterprise ecosystem and stay competitive and sustainable.

Each of the eight articles presented here offers a **deep dive** into one of the 13 major trends shaping the ever-evolving family office landscape. The guest contributions focus on digital transformation and data-driven strategy, rising regulatory demands, hybrid and evolving operating models, and the acceleration of ESG and impact investing.



DEEP DIVE INTO DIGITAL TRANSFORMATION AND DATA-DRIVEN STRATEGY

Digitalizing family offices through 5 building blocks

FRANÇOIS BOTHA

The world of family offices is evolving rapidly, driven by shifts in wealth ownership, investment strategies, and societal values. Amidst this transformation, digitalization stands out as a critical enabler for family offices to remain competitive and relevant. However, despite the clear advantages, digital adoption in the family office sector often lags behind other industries. When thinking about the topic of digitalization, there are two concepts that I find helpful.

- A holistic approach that integrates people, processes, and technology is essential.
- Looking at a family office from the perspective of various key building blocks where, each of the blocks could also act as a lens to view an organization through – Digital Excellence (the focus of this piece), Sustainability & Impact, Transparency & Communication, Organizational Resilience, and Network & Community

When approached this way, we work with a comprehensive framework for future-proofing family offices.

→ Digital transformation in family offices

Family offices, traditionally known for their personalized and discreet services, are beginning to recognize the imperative of digital transformation. Although the sector has been slow to adopt new technologies, in recent years, there has been a growing interest in bespoke solutions tailored to the unique needs of each family. These technologies promise to enhance efficiency, security, and client engagement, making them indispensable in the modern financial landscape.

Challenges and Opportunities: The primary challenges to digital adoption in family offices include resistance to change, **concerns over cybersecurity**, and the perceived complexity of integrating new systems with existing processes. However, these obstacles come with significant opportunities. Bespoke technologies can streamline operations, provide deeper insights through data analytics, and offer enhanced security features tailored to the needs of the wealth owner.

1: Digital excellence

Digital excellence goes beyond the ability to conduct business via video calls. It means adopting advanced technologies and optimizing internal processes to create a seamless, efficient, and secure digital environment.

Trends and Best Practices: Key trends in digital excellence include the use of artificial intelligence (AI) for predictive analytics in investment strategies, blockchain for secure transactions, and cloud-based solutions for data management. Best practices involve regular cybersecurity audits, investing in scalable technologies, and fostering a culture of continuous learning and innovation within the organization.

Holistic Approach: Achieving digital excellence requires a holistic approach that integrates people, processes, and technology. This means investing in staff training to use new technologies effectively, redesigning processes to leverage digital tools, and selecting technologies that align with the family office's strategic goals.

2: Sustainability & impact

Modern wealth owners, led by the next generation, are increasingly focused on achieving positive social and environmental outcomes alongside financial returns. This shift towards sustainability and impact investing reflects broader societal values and demands.

Digital Tools for Impact Measurement: Digital tools play a crucial role in measuring and managing the impact of investments. Platforms that track environmental, social, and governance (ESG) metrics can provide real-time data and insights, helping family offices align their portfolios with their values.

For example, some family offices are using digital dashboards to monitor the sustainability performance of their investments, ensuring they meet specific impact criteria. These tools not only enhance transparency but also facilitate better decision-making and reporting.

3: Transparency & communication

The demand for transparency and accountability has never been higher. Wealth owners and stakeholders expect clear, honest communication about the performance and impact of their investments. Similarly, society demands more accountability from wealth owners.

Best practices in this area include implementing robust data governance policies, using storytelling to communicate complex information, and maintaining open lines of communication with all stakeholders. Transparency builds trust and can significantly enhance a family office's reputation.

Digital Communication Tools: Digital tools can enhance transparency and communication in family offices. Secure client portals, real-time reporting software, and collaborative platforms enable family offices to provide stakeholders with timely and accurate information.

4: Organizational resilience

In an era marked by rapid change and uncertainty, organizational resilience is paramount. This involves creating a flexible and adaptive organization capable of responding to unforeseen challenges. Organizational resilience is not just about technology; it also involves aligning people and processes. This means fostering a culture of agility, ensuring that staff are trained to adapt to new situations, and continuously reviewing and improving processes to meet changing needs.

Digital Tools for Resilience: Digital tools such as project management software, scenario planning tools, and risk management systems can enhance an organization's ability to anticipate and respond to disruptions. These tools enable family offices to operate more efficiently and make informed decisions quickly.

5: People, network & community

Great power lies in people and connections. Networks and communities are invaluable assets for family offices. They provide access to new opportunities, knowledge, and resources and are essential for collaborative investment strategies.

To leverage networks effectively, family offices should adopt best practices such as participating in industry groups, using digital tools to maintain and grow their network, and actively seeking out new connections to bring fresh perspectives and insights into their operations.

Digital Platforms for Networking: Digital platforms facilitate networking and knowledge sharing among family offices. These platforms can range from secure communication channels to forums for sharing best practices and co-investment opportunities.

→ Integration of the five building blocks

By taking a holistic view of these five building blocks – Digital Excellence, Sustainability and Impact, Transparency and Communication, Organizational Resilience, and Network and Community – your family office can create a robust framework for the future.

Consider a family office that has embraced all five building blocks. This office operates with an agile and resilient structure, uses cutting-edge digital tools to enhance efficiency and security, prioritizes transparency in all communications, engages actively with a broad network, and aligns its investments with its sustainability goals. Such an office is well-equipped to thrive in an ever-changing landscape.

Family offices should begin their digital transformation journey by assessing their current capabilities, identifying gaps, and developing a comprehensive strategy that incorporates the five building blocks discussed. By doing so, they can ensure they are not only prepared for the future but are actively shaping it.

Digital transformation is not just a trend but a necessity for family offices aiming to stay relevant and competitive. By embracing a holistic approach that integrates people, processes, and technology, family offices can achieve digital excellence and build a strong foundation for the future.

The future of family offices lies in their ability to adapt to new technologies and changing societal values. Those who do will be well-positioned to lead and innovate in the wealth space.



Self-regulation of the family office industry

DR. KURT MOOSMANN

In recent years, single family offices have increasingly become the focus of governments and regulatory authorities. Influenced in part by the growth in private markets, digital transformation, tax and geopolitical developments, and further advanced by the next generation's wish to explore new technologies and respective investment opportunities, the ever-changing family ecosystem forces the family office to also regularly adapt to a changing environment. Wealthy families and ultra-high-net-worth individuals around the world need to understand how the world is moving towards greater transparency and how critical it has become for them to legally and properly take advantage of approaches that will help protect wealth for themselves and across generations.

→ Secrecy to transparency

In less than a decade, governments have given in to rising populist cries for greater transparency, and by doing so, have created obstacles for wealthy people to protect their own privacy. Consequently, many tax authorities around the world are formalizing review programs for high-net-worth individuals which naturally extend to their SFOs. This is because SFOs are primarily regarded as extensions of private individuals, designed to manage personal wealth, thus forcing the SFOs to comply with increasing Ultimate Beneficial Owner (UBO) regulations.

Last year the European Parliament approved the 6th Anti-Money Laundering Directive, subsequently adopted by the Council on 30 May 2024, upon which journalists and non-governmental organizations are considered "persons with legitimate interest" and thus, will be granted unrestricted access to beneficial ownership information.

It has come as far that privacy and transparency appear to be two competing public objectives, even though privacy, in Europe at least, is considered a fundamental right protected by the European Convention of Human Rights and the EU Charter of fundamental rights, transparency is not so.

In early 2024 the US Corporate Transparency Act (CTA) took effect, by which most US entities formed or registered to do business in the United States were required to disclose detailed information regarding their owners, officers, and controlling persons to the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN). The new regulation was considered a thorough response to domestic and international concerns that entities in the United States are often anonymously created to obscure the conduct of criminal enterprises. Given the breath of the reporting obligations, it had also raised concerns regarding privacy rights and the security of the vast amounts of personal information being collected. Since the new US Administration took office, this rule was revised, solely obliging foreign entities that conduct business in the United States to report BOI. More recent developments and court cases suggest that the regime might shift further, but irrespective of the interim changes, the deregulation might very well be reversed in few years' time.

Whether SFOs ought to be subject to greater scrutiny and regulation has become a regular topic of debate. Although SFOs have largely remained exempt from regulatory oversight, the rigorous intervention of authorities in numerous countries can certainly be seen as a harbinger of impending stricter regulation. Among others, Singapore has stepped up the inspection of inbound Chinese wealth, including rejecting applications to set up family offices, following a recent money laundering scandal. In Switzerland a SFO has principally no obligation to be regulated, but may trigger the application of different sets of rules and regulations depending on the services that the individual SFO provides.

The call for inquiries into SFO activities also stems from their notable taste for investments in private markets, real estate, SPACs, and club-deals. The infamous collapse of Archegos Capital Management, a hedge fund structured under the veil of a family office, prompted U.S. policymakers to consider legislative action to increase regulatory oversight. A decision that may easily have implications on how other countries might want to "control" SFOs going forward.

→ Self-regulation as a counterintuitive protection measure

A majority of single family offices, when surveyed by the Swiss Single Family Office Association (SFOA) was supportive towards the idea of Swiss SFOs becoming self-regulated to protect, govern and promote the domestic SFO industry. But why would the industry proponents favor a self-regulatory environment, if in the past they have been so keen on remaining anonymous and protective of their own affairs?

Principally, private ownership must be safeguarded from any intrusion by third parties, whether initiated by the State, other individuals, or organizations respectively. Any corresponding encroachment on property rights and the associated partial dilution of privacy must be proportionate, targeted, and preferably based on voluntary disclosure. This balancing of interests in favor of an orderly regulatory framework would, therefore, only be worth considering if self-regulation entailed predominant advantages to the SFO.

Both the SFO and the country in which the former is located ought to be interested in establishing standards which provide the best possible framework for SFOs to undertake their activities. The stated money laundering cases in Singapore or Archegos, respectively, have backfired on the entire SFO industry, thus it ought to be an intrinsic interest of each individual SFO player, that its marketplace is safeguarded from such toxic events. The more often such wrongdoings appear, domestic or foreign, the tighter the corset that the governments will impose on SFOs. So, how can an industry be protected from such consequential damage?

The most appropriate way for protecting and promoting the family office industry is by ensuring that all participants play according to proven standards that have been adopted and accepted by SFOs themselves. Established governance guidelines and best practices, for instance, not only provide a "gold standard" for all family offices but also guide newly established SFOs in establishing the right framework when setting up their own organization. The sharing of knowledge and expertise among peers will eventually assist families in avoiding mistakes and overspending on an inadequate structure.

To further protect the SFO industry, family officers or family members actively involved in the SFO must have had a sound education qualifying them for dealing with the family office related complexities. Moreover, employees of SFOs ought to undergo periodical training and enjoy continued professional development to keep abreast of the latest developments in their fields. In this context, the continued exchange of knowledge and expertise among SFOs has become even more vital as "professionalization" is an emerging trend with family offices. Then, the need for more robust internal controls and adequate governance policies can be positively correlated with size, and therefore with the complexity of a family office.

By adopting industry standards, the families not only ensure that they have followed the best possible path for building a sustainable operation for managing their wealth, but they will also qualify as credible and trustworthy organizations, thus making them a preferred and vetted business partner. If a wealthy family or high-net-worth individual is already using capital to create an institutionalized framework for managing their wealth, they should be interested in creating an accredited and professionally managed institution, and having it reviewed by a knowledgeable authority, rather than a government agency that is generally unable to grasp the concept of family wealth structures.

Moreover, the idea of having a central body that regulates, amends and develops industry standards can also be beneficial in navigating complex regulatory environments, domestic or international, without being encumbered by lengthy internal research. This agility can be a significant advantage in a rapidly evolving financial landscape. As stated earlier, the increasing

level of transparency brought about by FATCA, CRS and more recently by the beneficial ownership registers have already put the spotlight on any entity that holds financial assets with financial institutions. Hence, the hunt for transparency has led to a fundamental paradigm shift, that will make it virtually impossible for any SFO to remain anonymous. SFOs that tend to have nomadic behavior, in search of privacy, appear incognizant of global developments. Then, it is only a matter of time until the SFO industry will face even greater scrutiny.

Consequently, the most appropriate framework for the family office landscape would involve an institutionalized approach in which the SFO industry itself, rather than the government, defines broadly accepted minimum standards by which SFOs should operate in the future. It is for that very reason that the Swiss Single Family Office Association (SFOA) is currently finalizing a first comprehensive Code of Conduct for Swiss SFOs (SFOA CoC). Then a SFO that aspires to operate at a professional level must do more than ensure administrative efficiency. It must align operations with the long-term interests and shared principles of the family it serves. The purpose of the SFOA CoC is to assist principal families and SFOs in developing such an alignment by offering a common reference framework that emphasizes self-regulation, discretion, and continuity.

In today's world, in which SFOs have become subject to increased scrutiny by governments, and the public request for greater transparency has especially deprived the privacy status of wealthy individuals and their SFOs, it makes little sense to wait until governmental authorities with little flair for private wealth matters start violating property rights further. Rather, there is a need to go on the offensive and set a minimum regulatory standard designed by SFOs for SFOs, with the intention of creating a guide for existing organizations while protecting and promoting the industry. A self-regulated industry will become more credible and attractive for new wealth owners in the long run, because they will be looking for the best possible conditions for their personal endeavors.

So, while it may seem counterintuitive to rely on self-regulation for privately owned wealth structures, it could in fact be an effective measure to protect and promote the SFO industry in the future.



DEEP DIVE INTO HYBRID AND EVOLVING OPERATING MODELS

The emergence of the hybrid family office and why a family office is not an “office”

MARTIN LIECHTI AND MARIUS HOLZER

→ The family office boom

In the past decades, we have witnessed a mushrooming of family offices. With the exponential growth of private wealth driven by economic expansion and digitalization, the family office has experienced an unprecedented boom. Advisors have specialized in helping families set up these structures and recruit teams of professionals to manage the complexity of modern wealth ownership. Yet before embarking on such a journey, families should pause to reflect and ask themselves fundamental questions:

- Do our needs differ enough from other wealthy families to justify building our own office?
- Is the family prepared to supervise external professionals and to ensure services truly exceed what multi-family offices already offer?
- Which tasks should we centralize, and can we outsource them instead of building internally?
- Are the costs justified by our level of wealth and complexity?
- Should the family office also serve as an employer for family members, especially as many family businesses exclude relatives from operational roles?
- As family offices drift from their founding vision, how can families ensure alignment with Next Generation values and objectives?
- By the 4th and 5th generation, when distance from the founding business is greatest, can the family office serve as the glue that keeps the family united?

→ Family office: there is no office, only service

A common misconception is that families must build a large, stand-alone office from scratch. The more important question is: what services do we really need?

Increasingly, families are opting for hybrid family offices, lean structures that retain a light internal team while outsourcing specialized functions. This model is cost-effective, faster to implement, and the fastest-growing trend in the industry. Services such as Outsourced Chief Investment Officers (OCIO), foundation management, Investment Controlling, or Consolidated Reporting can be purchased externally, giving families access to top-tier capabilities without the cost and complexity of a fully staffed in-house team.

→ Investment governance: families in the captain's seat

Families want more control, transparency, and the ability to leave their mark on investment decisions. Regardless of whether a family office exists, investment governance is essential. Building an investment committee, ideally with external advisors, allows the family to analyze, guide, and shape investment decisions in line with its unique set of objectives, values and guiding principles.

Wealth has its own energy. It can empower, but it can also overwhelm. Families must sit in the captain's seat (the left seat of the plane) to steer through today's turbulences with external professionals serving as copilots. When guided by clear mandates, defined reporting lines, and a disciplined review process, governance becomes a genuine safeguard for sustaining family legacy across generations.

→ Other services: outsource or insource?

Every wealthy family faces complexity in tax, legal, and accounting matters. In most cases, the best solution is to engage top external professionals rather than build in-house expertise. External advisors, who see multiple family situations, often bring broader perspective and more accurate advice.

The same principle applies to concierge services. Instead of internalizing them, families can simply become clients of global concierge providers.

In certain cases, such as when the family holds a significant and unique art collection, insourcing may be justified. But generally, external providers deliver superior solutions at lower cost.

→ Family in the family office

Should family members work in the family office? There is no universal rule. In small families, this can work well. In larger systems, however, it often creates opacity, politicization, and conflict.

We have seen cases where a family officer becomes aligned with one branch of the family, undermining trust. To avoid this, governance mechanisms and independent leadership, in form of an external CEO or professional family officer, are often essential.

→ Costs: frugal but strategic

Cost is a recurring concern. Our consistent advice is to be frugal but strategic. Invest in people (internal and external) and processes that protect wealth and family cohesion across generations.

It is striking that families rarely question the expenses of private planes and pilots yet frequently scrutinize family office budgets. Over time, underinvestment in professional support can lead to substantial financial shortfalls, and when compounded across generations, the effects can be monumental.

→ Alignment with family values

Several families have come to feel that their family office no longer reflects their purpose or values. A family oriented toward sustainability and simplicity, for example, may be dismayed to find its office projecting images of luxury cars and conspicuous consumption.

Such misalignment cannot be fixed with words alone. The solution is to realign the people and providers so that the office embodies the family's authentic values. Done well, the family office becomes a mirror of identity, projecting continuity rather than contradiction.

→ The family office as a force for unity

A recent survey by J.P. Morgan highlighted that family offices are increasingly tasked with fostering family unity. As generations pass, and as ties to the original family business weaken, it becomes difficult to transmit the entrepreneurial spirit that once bound the family together.

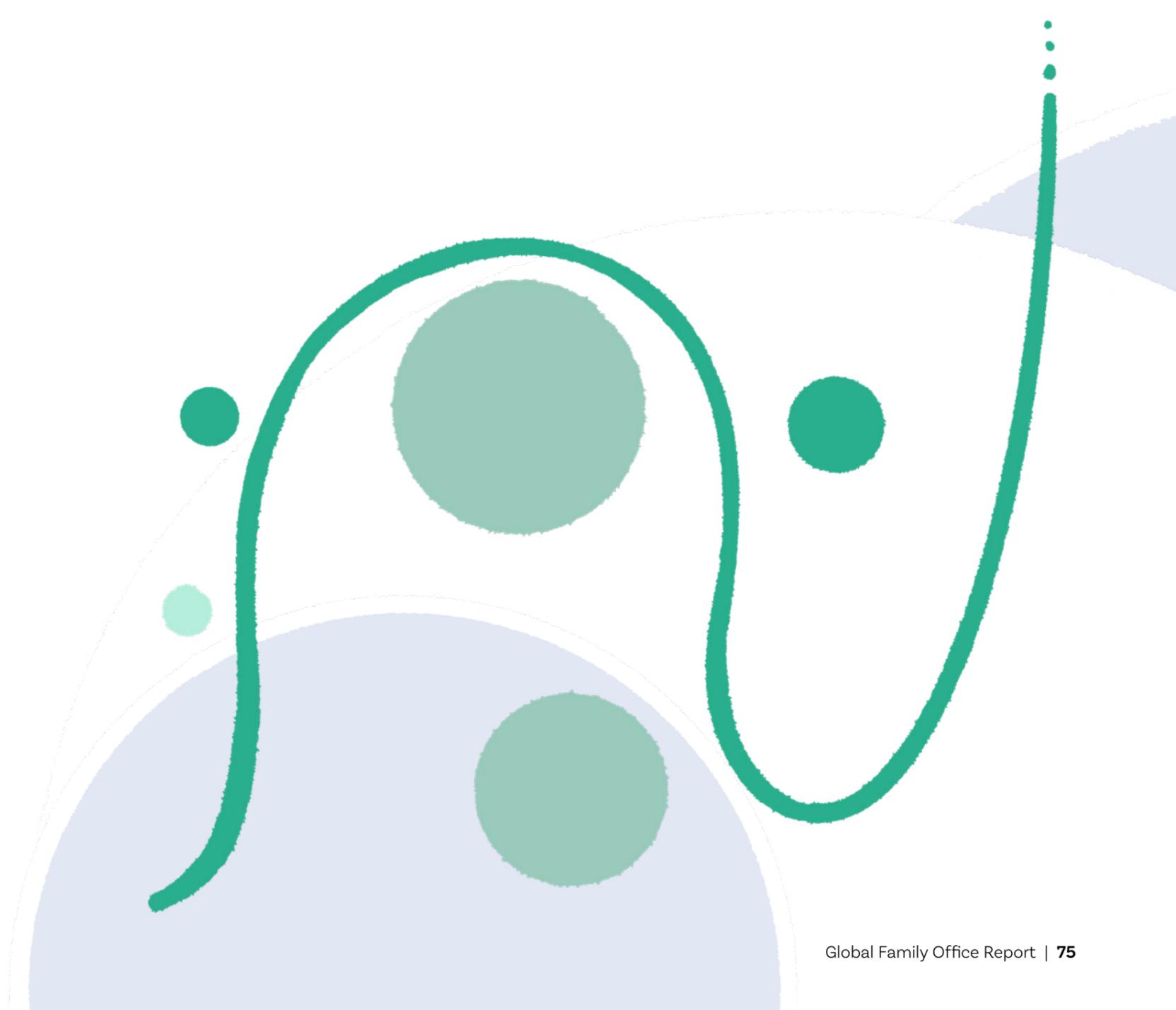
In this context, the family office can provide a new source of cohesion. When designed with intent, the family office becomes such a platform. Beyond financial oversight, it can:

- Provide a forum for joint decision-making
- Support next-generation education and talent development
- Curate philanthropic and impact activities aligned with family values
- Preserve and celebrate family traditions
- In this way, the family office evolves from a financial institution into a cultural anchor, ensuring the wealth and values remain intertwined.

→ Conclusion

There are many reasons why families establish family offices. Yet among all possible functions, perhaps the most important is to serve as a platform for family unity.

When structured thoughtfully, aligned with values, and supported by professional governance, the family office becomes far more than an administrative hub. It becomes the place where wealth, purpose, and human capital converge, enabling families not only to manage assets, but also to cultivate the bonds that will sustain them for generations.



DEEP DIVE INTO THE ACCELERATION OF ESG AND IMPACT INVESTING



Legacy building: how business families shape the world through strategic advantages

ANDREW BRYSON, JENAAN LILANI BHARGAVA AND RISTO VÄYRYNEN

Business families are often fixated on the concept of legacy. The first generations work hard to establish a legacy that can be passed onto future generations, while later generations want to ensure they are good stewards of the legacy they inherited. In our work we see how this fixation drives decision making in many business families. And as we say, they think in generations, not in quarters. This view shapes how they tackle challenges and consider new opportunities. Crises may come and go but the family should take the long-term view and find a way to continue to thrive across generations.

Of course, this worldview not only shapes how they run their businesses, but also how they approach philanthropy and, increasingly, how they invest. In other words, many business families are uniquely positioned to leverage aspects of their operational businesses, family offices, and family foundations to drive positive change and make an impact. Beyond these assets, every business family also brings their own set of financial, social, intellectual and reputational capital that can be utilized to expand both the scale and scope of their activities. Where things get interesting is when families break through and start finding ways to strategically align these assets and capitals with a view towards building a lasting legacy across generations. What started out as a desire to future-proof their business has evolved into rethinking the role of their family offices, their foundations, and even how to foster more collaborations between families.

→ Rethinking resilience and relevance in family enterprises

Traditionally, the concept of futureproofing meant focusing on financial growth and protecting businesses from risk. However, in today's world of rapid change, it requires building long-term value that extends beyond the bottom line through transforming business operations and fostering a culture of innovation.

For business families, this shift aligns naturally with their focus on legacy building – anchoring decisions in purpose, not just profit. This is especially true in business families that link the growth of their business with the growth of the family, treating the business as a living expression of family values. This alignment isn't just philosophical, it's strategic. According to a 2023 PwC report, nearly three-quarters (73%) of family businesses that achieved double-digit growth in the previous financial year had a clear set of family values and a defined purpose guiding the business.

This is well illustrated in the example of Sinter Metal, a family-owned metal engineering group in Türkiye, where a second-generation leader invested in developing a green hydrogen technology that now powers the entire factory. What began as a values-based environmental choice has quickly become a strategic advantage: the technology is now patented, sought after, and a clear avenue for business diversification.

Another compelling example is Andrea Illy, Chairman of Illycaffè and Co-Chair of the Regenerative Society Foundation, who has long recognized the importance of regenerative agriculture in order to ensure resilient supply chains. Beyond his work in the business, he now also invests much of his personal time and resources in the topic of regeneration

– leading transformational initiatives to restore ecosystems and rural livelihoods which ultimately safeguards the future of our planet, not just the future of coffee.

In a world of fragile supply chains and climate uncertainty, these families are taking action; recognizing that we simply cannot afford to separate business sustainability from planetary health.

The Lego family, the Ford and Mars families all echo this message in their actions; when values, business decisions and investment priorities align, family businesses are not only preserving wealth—they're reinforcing relevance for generations to come.

→ Redefining the role of the family office

Some families are going even further, using their family offices not just to protect their businesses, but to shape the future of the world itself. Unlike institutional investors, family offices are free to take a long-term, systems-level approach to investment. Their stance is, "If we don't lead the way in long-term thinking, who will?"

In these cases, growth is measured not just by financial return, but by the positive impact created across generations. So, what will it take for more families to take this dual approach of securing family wealth and safeguarding the planet? And what lies beyond this?

→ Faster and stronger: the unfair advantage of business families

In our work we have seen how families are uniquely positioned to create change when they have a clearly defined strategy and are willing to dedicate a range of resources to making an impact. This is what we call the "Unfair Advantage" of business families, which is the unique, multi-capital toolkit they possess – patient capital, generational know-how, trusted networks, and reputational strength – assets that, when combined, create opportunities and agility unmatched in the market. In other words, the unfair advantage is more than just a collection of resources. It's the ability to rapidly mobilize expertise, capital, and networks for business transformation, societal good, and even systems change. Unlike institutional investors, families can act with conviction and speed, aligning their business and investment strategies with their values, often decades ahead of the mainstream

→ From solo efforts to collective impact

Historically, many families have focused on future-proofing their own enterprises, investing in R&D, transforming operations, and embedding sustainability. We see this in examples like a coffee company making regenerative agriculture core to its business, or a manufacturer developing in-house hydrogen tech to eliminate fossil fuels in record time.

What's new is how families are now leveraging their in-house expertise to create new collaborations in the hopes of facilitating change at scale. As previously mentioned, Andrea Illy has gone from working on regenerative agriculture within his family business to being a founder of the Regenerative Society Foundation (RSF). RSF works with a number of leading Italian business families and other organizations to create a new regenerative socio-economic model, which is circular, nurtures natural capital, and pursues everybody's well-being. To do this, they're pooling not just capital, but expertise and their trusted networks. These types of collaborations are not charity or a marketing exercise; they are a highly effective way to accelerate impact and scale solutions that work. When families collaborate, they don't just add value - they multiply it.

→ Why this matters

The world's challenges are too complex for any one business or family to solve alone. By joining forces, families can de-risk innovation, open new markets, and drive transformation at scale. The trust and shared understanding between business families, often built over generations, make these partnerships especially effective.

We call this the “The Triple Impact Factor.” When families leverage their Unfair Advantage: combining capital, expertise, and trusted networks, they unlock value on three levels:

- Business transformation: Families future-proof their own enterprises, embedding resilience, sustainability, and innovation at the core.
- Systemic change: By scaling and sharing their solutions, they help shift entire industries and drive broader societal progress.
- Profit generation: Crucially, this approach doesn’t mean sacrificing returns. Families that align purpose with strategy often discover new growth opportunities and strengthen their competitive edge.

→ A win-win-win model

As more business families move beyond the traditional roles they have played in running their enterprises and/or being philanthropists to being important players in the investment community, they are starting to rethink how this collective knowledge can be used to create strategic advantages. Through combining insights gained through their businesses, investments, philanthropy or even advocacy, they have shown the ability to develop innovative strategies and new pathways to create change. But this is only the first step on the journey. When they move beyond just working within their own family and start co-creating solutions in collaboration with other families, enabling systems change at scale becomes a real possibility.

Ultimately, when business families collaborate it isn’t just a win-win, it’s a win-win-win. Families secure their legacy, shape the systems they operate in, and continue to thrive financially. That’s the unfair advantage in action.



DEEP DIVE INTO PURPOSE-LED AND COHESIVE FAMILY STRATEGY

Modern trends for effective family philanthropy through family offices

MALGORZATA SMULOWITZ and LUCIANA LUCENA DE LIMA

Family offices have traditionally played a supporting role in family philanthropy. Although philanthropy is not always a top priority, many family offices are involved in charitable giving. For 2024, the family office List estimates that 20% of family offices from their comprehensive global sample actively engage in philanthropy, with the majority (62%) being multi family offices. Furthermore, UBS, in its 2024 Global Family Office Report, highlights that nearly one-third (32%) of family offices worldwide are increasingly prioritizing philanthropy or seeking to deepen their understanding of it. This trend is particularly evident in the Asia-Pacific region, where 41% of family offices believe that innovative financial strategies, such as blended finance or outcomes-based finance, will blur the lines between traditional investments and philanthropy.

Family offices are not only about wealth management but also about creating a family legacy. Despite regional and generational differences, family ownership provides the family office with a unique opportunity beyond just managing investments. Unlike traditional financial institutions, family offices can adopt a more cohesive and innovative approach, focusing on long-term strategies. Ultimately, a family office can act as the glue holding the family together and ensure long-term wealth preservation by providing comprehensive services tailored to the family’s needs.

Today, many families worldwide seek sustainable actions and partnerships to achieve their desired impact. As a result, many family offices have become more sophisticated, engaging in various investments like venture funds, ESG investments, and impact strategies. For many family philanthropists, a family office offers administrative support as well as more control over their donations. However, a number of new and innovative ways emerge in which family offices can foster family philanthropy across generations.

In this article, we explore recent trends at the intersection of family philanthropy and family offices, providing actionable recommendations for both novel and seasoned family philanthropists.

→ The rise of Asian family offices in embracing philanthropy

As more ultra-wealthy individuals emerge in Asia, so too does the growing demand among families to pass down wealth and values, leading to a rise in Asian family offices. Many Asian governments create dedicated agencies to support family offices and their stakeholders, helping them to better understand regulations and develop strategies, including philanthropic. Governments encourage collaboration among family offices, stakeholders, and social enterprises to promote philanthropy. Asian countries like Singapore and Hong Kong provide attractive opportunities and incentives for family offices focused on philanthropy. Government officials encourage family offices to seek out not only returns on investments but a different ROI – the “Rate of Impact.”

→ Building family legacy through family philanthropy

A key part of philanthropy for family offices is building a legacy and planning for the next generations. By managing charitable activities, family offices can promote harmony by involving family members of all ages and positions. They can join the family philanthropy board

or lead charitable foundations. Passing down family values and maintaining a legacy means preserving traditions, personal histories, and beliefs. This strengthens the bond between family and business, fostering emotional connection.

→ **Becoming more professional and accountable**

There is growing evidence that family philanthropists and impact investors are becoming more professional. Families are increasingly engaging in strategic philanthropy. This approach involves having a clearly defined focus for their charitable efforts, actively participating in the giving process, and investing not just money but also time and skills. They expect accountability and transparency from the organizations they support and conduct thorough due diligence to ensure their contributions have a meaningful impact. Family offices often operate in complex legislative environments, relying on advisors to help them navigate philanthropic regulations. To ensure reliability for their grantees even during downturns, family offices create dedicated funds to support the family's philanthropic work. With transparency and responsibility in mind, they set up boards and policies to oversee the family's philanthropic activities. They also use tools such as surveys and advanced analytics to better understand the impact of their efforts.

→ **Blending philanthropy and values-aligned investing**

There is a growing recognition of the collaborative potential between philanthropy and impact investing in addressing societal issues. Enterprising families are realizing how philanthropy and impact investing can work hand in hand to enhance investment security and initiate social projects. Family offices are increasingly investing in thematic areas addressing systemic societal challenges. This approach aligns with the concept of blending philanthropy with finance, where philanthropic capital contributes to risk mitigation and facilitates increased investment in impactful initiatives. A growing number of family offices have started turning their family constitutions or charters into actionable investment plans focused on sustainability, positive societal impact, responsible investing, and ESG metrics. Their goal is to make investments that benefit both humanity and the environment. As a result, family offices tend to maintain ESG-neutral assets and strategies, such as treasuries or broad equity indices, to meet their overall return targets. Furthermore, many of them have decided to expand their investment scope globally across various asset classes like equities, credit, real estate, and infrastructure, with a significant focus on ESG-centric investments and impact investing. Finally, some families decide that all returns from their various investments will support their charitable purposes.

→ **The evolution of investment priorities**

The COVID-19 pandemic highlighted the importance of how companies treat their workers, influencing consumer and investor behavior. This shift has led investors to consider the broader impact of their investments, realizing that shareholder value is tied to stakeholder value. As a result, family offices increasingly incorporate these considerations into their stock selection and long-term investing strategies. It also resulted in better coordination between how family foundation endowments and family offices manage their assets and fulfil their missions. For some foundations, it has resulted in applying new strategies, such as taking equity stakes or making loans, allowing them to work with both non-profits and for-profits.

→ **From being a funder to becoming an investor**

The next generations increasingly understand that fulfilling fiduciary responsibility means aligning with the foundation's mission, rather than simply safeguarding an endowment. They recognize that market investments are not the only way to ensure the financial health of their family foundations. Increasingly, they choose to invest in ventures directly. For example, providing mortgages to assist grantees in purchasing buildings can offer security and income for a foundation while advancing its mission. Additionally, many foundations are now more willing to take more calculated risks through investing in entrepreneurs dedicated to solving societal issues like poverty, employment, energy, and health. They invest with the hope of

profitability, aiming to return the principal with interest, or with some growth if they invest in equity. Furthermore, they offer support such as legal assistance and introductions to other funders to ensure the success of their investees. Ultimately, their commitment extends beyond financial contributions; they stand by their investees as they navigate challenges.

→ **Due diligence, divesting risks, and impact reporting**

Family offices increasingly assess how a business's actions benefit society and work toward long-term goals that don't only involve financial returns. They set standards, devise templates, and continually build knowledge and expertise, aiming for some level of standardization and widely accepted frameworks to guide their investing for the greater good. Family offices produce an impact report every year that considers various nuances to understand how their impact influences industries or creates opportunities from an investment perspective. In that context, family philanthropy plays a critical role in taking on risks or accepting below-market rates of return to catalyze investment in impact projects.

→ **Leveraging giving structures to increase impact**

A growing number of founders are seeking alternative structures to independent foundations. This is driven by a forward-looking approach to ever-changing needs and visions. It emerges also as an alternative to correct course as donors experiment and learn with different giving approaches. Donors are looking for more flexible alternatives to the inflexible original purpose foundation. Another way to increase the impact of philanthropy is to invest philanthropic capital in impact objectives. By investing in public and private markets to bring financial returns, family offices can leverage the pull of funds for future philanthropic projects.

→ **Employee co-investing for greater good**

Family offices, in line with their licensing, can offer investments to parties beyond the trustees and can provide lower-level access to those with less wealth. Many family offices involve their employees in this process, particularly those focused on impact investing. This alignment of interests is valuable, as it gives non-family officers a sense of ownership and personal investment in the strategies they help identify.

→ **The rise of all sorts of platforms (matchmaking, networking)**

Many governments, large donors, and umbrella foundations are working together in order to develop different platforms that showcase charitable projects seeking funding. For example, matchmaking platforms feature causes in various areas such as public health, education, poverty alleviation, and community development, including projects that utilize AI and other technologies to allow for matchmaking between grantors and grantees. The goal is to empower family offices and asset owners to make informed decisions for maximum impact in their charitable contributions. In addition, networking platforms facilitate collaboration between philanthropists and socially minded investors, allowing them to exchange knowledge and to learn from each other. This helps them make investments that are both financially sound and beneficial to the public.

Finally, based on years of experience researching, advising, and teaching at the interface of family philanthropy and family business, we draw the following key insights and recommendations for family owners and family philanthropists who intend to integrate their philanthropic activities with their investing strategies more closely:

- Think and act on portfolio impact: Ensure transparency and accountability in fund allocation. If your grant-making is substantial, yet you are still holding investments in companies that harm society more than the good you're achieving, it becomes unsustainable. Your strategy should prioritize aligning grant-making with investments. Consider the total portfolio impact, aiming for intentional good through both grants and investments.
- Innovate: Working in a family office does not have to feel like working in a dull place. Social

and environmental change requires daring initiatives and innovations. Venture philanthropy places social causes above financial gains, while impact investing includes a wider array of causes, striving for both social impact and financial returns. Traditional philanthropy represents yet another approach. All of these methods enable the next generation of wealth stewards to fulfill a desire not only to give but to do so strategically, making meaningful contributions to the world.

- Educate your family office executives: A prevalent but overlooked challenge within family offices is the expertise gap in philanthropy. Many family office executives usually have a background in finance, law, or business as their focus has been more on wealth growth and preservation than on charitable giving. Consequently, they may lack the necessary knowledge to effectively guide family through the complexities of philanthropy or engage in meaningful discussions about philanthropic goals and legacies. Try to enhance the internal expertise of your family office through targeted training, hiring specialists in philanthropy, or retaining seasoned philanthropy advisors. This shift is crucial as philanthropy becomes more central in the overall management of family wealth, requiring a deeper integration of these skills into the family office's core competencies.

→ Conclusion

Effective collaboration between a family's giving vehicle and family office leverages their combined expertise, operational efficiency, innovative ideas, and financial resources, enabling them to execute philanthropic projects more quickly and on a larger scale than would be possible independently. Furthermore, the urgency to unlock additional sources of capital to address global challenges is evident. Philanthropic capital is often more flexible, risk-tolerant, and patient compared to other forms of finance. When combined with private and/or public capital, this type of funding can create a multiplier effect, achieving outcomes that no single source of funding could accomplish alone.



DEEP DIVE INTO THE RISE OF GLOBAL FAMILY OFFICE ECOSYSTEMS

Family office trends across the Americas

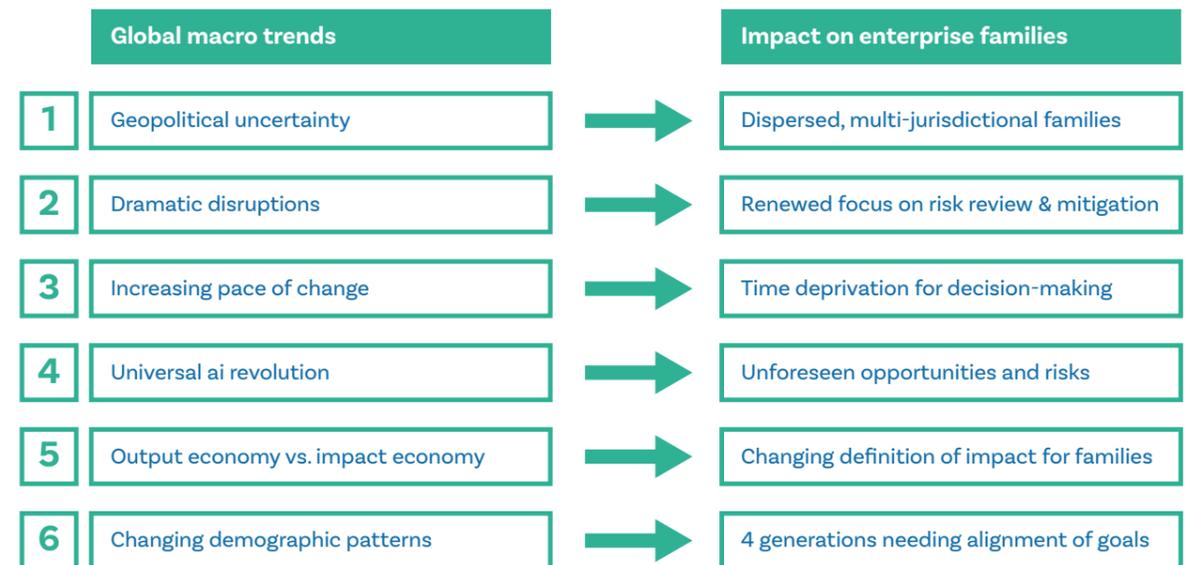
SARA S. HAMILTON AND MIGUEL LOPEZ DE SILANES

The state of the family office industry in the Americas can be summed up in 3 words: complexity, uncertainty and disruption. Families in the Americas are living through a period of tremendous instability and uncertainty in parallel to the rest of the world. And US and Latin American families with sophisticated private enterprises are placing renewed emphasis on the preservation of their family's enterprise and their assessment of new opportunities and risks in these volatile times.

This report is structured into three sections to provide first a look at external macro-economic forces that are impacting enterprise families, and the second section profiles the internal family forces that are impacting family offices. The final section provides a comparison between North American families and Latam families and raises seven key questions for all families to consider in this disruptive decade.

→ External forces affecting family enterprises and their family offices

Many macro-economic and geopolitical trends continue to impact business-owning families, and this section focuses our report on six macro trends that we believe have significant impact today. We will address how they will affect complex, multi-generational (and often multi-jurisdictional) enterprise families in the next few years.



1

What seems to be challenging family enterprises in the Americas the most today is the geopolitical uncertainty around the globe, intensified by our current US President. Dispersed families and decentralized decision-making are becoming more common for multi-jurisdictional families who see the need for more than one geographic center for operating their enterprises, but it is no longer an easy process to find the right jurisdictions where the rules and regimes are stable. These issues raise the cost and complexity for decentralized management of the family's affairs in multiple locations while trying to retain the desired levels of commitment to an overarching set of goals.

2

The dramatic disruptions caused by a variety of factors have put a renewed focus on risk assessment and mitigation strategies for most enterprise families. Taking time to develop a formal process for identifying and prioritizing the risks, and putting them on a heat map that the family can understand, is becoming more critical because of the decentralization and disruptions all are facing.

3

The third external force impacting families is the ever-increasing pace of change in our world, being managed by family leaders with less and less time to analyze more complex challenges. We anticipate families adopting three new strategies: decentralized decision-making into separate domains or geographies for the enterprise, bringing experienced external advisors onto the Leaders Council and into the board room, and expanding the role of the family office as Chief Risk Officer for the family.

4

We now know the universal AI revolution will impact every economy and industry at a faster pace than ever imagined. New analytic and operational capabilities can have a positive impact on family office operating efficiency and its ability to support the family and its enterprise. As we move from counting assets and verifying transactions to analyzing alternatives and forecasting outcomes for our clients, the value added by the family office will increase dramatically for families who choose to subscribe to customized AI databases to obtain better analytics and productivity enhancing systems.

5

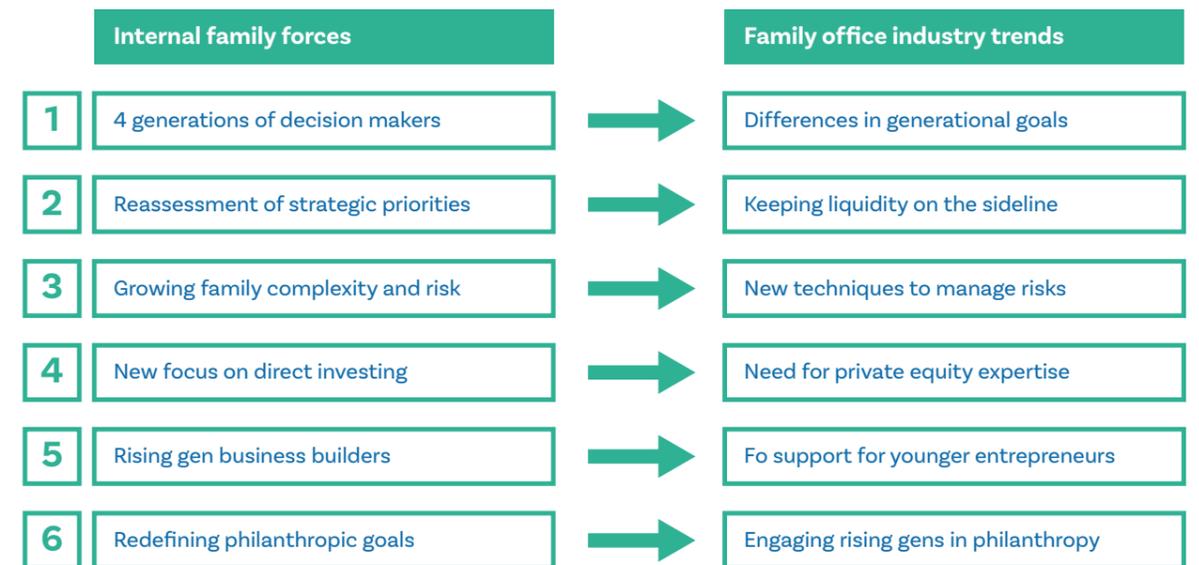
The Chief Investment Strategist at UBS says we are moving from an output economy to an impact economy, and as a result, sophisticated families will define their success in new ways and measure it with new tools. What each successful family chooses to do with their family capital, and how it has an impact, has become the existential question every multi-generational family faces. And how they will establish both the tangible and intangible goals for their capital allocations will determine the legacy for each generation of owners.

6

And finally, the external forces closest to home are the changing demographic patterns in the Americas, where older generations live longer and influence (or control) family decisions for longer periods of time. New styles of families, including stepfamilies and non-marriage partnerships, are also impacting the definition of family and family relationships. Working together to align values, future vision and enterprise goals requires a whole new paradigm for respecting and integrating different family profiles and generational preferences. And developing clear processes for transitioning leadership selection and succession becomes even more challenging.

→ Internal family forces affecting family offices

This section identifies six trends impacting families and their enterprises that will bring about important changes for family offices over the next decade.



1

Differences in Generational Goals will make it more difficult to reach a shared vision and find alignment around enterprise goals. In the 21st century, we see the first 4-generation family systems, with the oldest adults in their nineties still going to the office, and the youngest ones three generations later in their twenties, who have never worked in an office. Centralized versus decentralized decision-making becomes a critical structural issue, where generational differences draw families toward a decentralized structure to pursue branch or individual interests, but the current global uncertainties may make families feel there is greater strength in more centralized structures. Understanding each other's views and agreeing on the best strategies to sustain the enterprise may foster intense debate before agreement is reached, or if not, it may cause some families to exit their collective enterprise endeavors.

2

Reassessment of Strategic Priorities at the enterprise level will be a natural response in a disruptive global environment. We've already seen some families retract their support for broad diversification and revert to opportunities closer to home. They recognize that the allocation of assets and scarce resources will be more difficult in this next uncertain decade and keeping enough liquidity to wait out the disruptive cycle and be ready when future opportunities arise may become a greater priority.

3

The family office is focused today on managing complexity and risk as the family grows and the enterprise grows. The FOX Enterprise Complexity Profile creates a greater understanding for owners about the scope of their enterprise and their asset structures and documents the challenges inherent in tracking ownership and investments. The family office role as a risk manager has been growing over the past 20 years, and we see the need for new tools and techniques to identify and mitigate the most strategic risks. This trend leads families to want

wider access to information to improve their decision-making, seeking a broader external network of families and advisors to enhance their perspectives and alternatives.

4

A new type of family office is being designed to support private investments which have surged since 2010. Families will invest their capital privately, because that's what defines them and where they have a competitive advantage. Public markets will be a commodity with no leverage/margin/value add or long-term benefits, so private investors are choosing to deploy 20-40 percent of their liquid assets to direct investments, often after the sale of the original business. Business builders are inclined to stay involved in the industries they know by funding other business ventures where their prior experience adds value. But within a few short years, newly liquid wealth owners may find themselves invested in 10-20 other companies, requiring a team of 3-6 people to monitor and advise those companies, thus creating a very different culture in the family office.

5

Support for rising generation entrepreneurs has also changed the culture in many family offices in the Americas. Many families want to support budding entrepreneurs as a mechanism to keep the entrepreneurial spirit alive in the family. But mentoring and providing back-office operations for young, inexperienced business builders requires a different skillset than most family offices have on staff today. So, executives with private equity experience become coaches and mentors, which deepens their relationships with the rising gen entrepreneurs who learn good business practices more quickly with thoughtful coaching.

6

Families defining or refining their philanthropic goals will benefit from inviting the rising generations to share their views and give input on philanthropic priorities if they want to foster future engagement. Families in the US have moved a lot of their philanthropic dollars to Donor Advised Funds (DAFs), where they have more privacy and more flexibility in how and when they contribute their donations. In contrast, Latin families do not have tax incentives to allocate assets to philanthropy, but they have a dynastic mindset, with more focus on long-term outcomes. They are also more ingrained in every aspect of the communities they operate in, at both the employment and philanthropic levels. We anticipate that current disruptions will make families more impact-oriented and outcome-focused families, becoming advocates and influencers as well as impact-driven investors.

→ Future challenges for families across the Americas

We see very different challenges ahead for North American and Latin American families. This section highlights the different priorities for families based on cultural preferences. Our comments focus on some of the greatest differences we see as we look toward the next decade and raises some important questions to stimulate family discussions.

North american trends		Latin american trends	
1	Wealth at the center of the circle		Family at the center of the circle
2	Alignment of family purpose		Geographic dispersion for owners
3	Diversity of opportunities and risks		Strength of entrepreneurial spirit
4	Concentrated industry focus		Diversity across industries
5	Growing enterprise complexity		Growing family complexity
6	Role of family office as risk manager		Instincts to diversify risks
7	Outsourced service model		Team based services delivery

1 What's at the center of the family's circle?

In North America for the past 40 years, the business and/or the wealth of the family has been at the center of the 'family circle'. The business owners' philosophy for many years was this adage: "what's good for the business is good for the family," and the accumulation of wealth was not the primary motivator. But in the last 20 years, the shift in accumulated wealth has impacted all of US society, and the discussion for wealth creators became "How much is enough?" And now in the past five years, the central question has evolved to "What's best for the wellbeing of the family?" because of the animosity toward wealth owners due to the extreme wealth gap and growing anxiety levels among family members.

In Latin cultures, "what's best for the family" has always been the primary focus of family discussions. Large families, traditionally governed by male leaders from each branch, have begun to include their female cousins with business experience or stewardship skills that bring topics of inclusiveness, engagement and leadership development to the board room. This inclusion has enriched the boardroom discussions in many families.

2 Is there an alignment of purpose for the enterprise?

Most American families recognize the importance of their private family capital, but they see it from different perspectives in different cultures. US family members value their independence and often put personal goals ahead of family or family business goals. Reaching agreements across generations has become a much bigger challenge than in prior decades.

In contrast, Latin families grow up in a culture where shared family goals and group purchasing power are paramount. But today, Latin families have to deal with greater geographic diversity that has resulted from education abroad and country relocations due to the lack of financial and personal security at home. But in spite of this geographic diversity, these Latam families seem to be more aligned in their thinking, and being an enterprise family becomes their competitive advantage.

3 How will the family evaluate opportunities and risks in a complex future state?

Analyzing opportunities and risks will take on greater importance for all families in the Americas who have a risk-taking appetite to explore new opportunities. The earlier generations will have an easier time moving quickly to respond to new opportunities, because there are fewer decision-makers and more centralized structures to operate from.

Latin families have been more consistent in getting family members involved in new ventures as a valuable training ground for understanding business. Young entrepreneurs are being supported in many ways to find the best and the brightest innovators to help lift sluggish economies. The future will require a greater appetite for risk-taking and benefit from new enterprise structures that decentralize risk-taking and decision-making, so that the best opportunities can be captured and supported by the enterprise.

4 But how much diversification is the right amount?

On both continents, the opportunities to diversify across industries and asset classes has been abundant, but North American families have tended to invest heavily in a single industry sector. Going deep rather than broad is the American mindset, and it has paid off for families who learn all the characteristics of a single industry.

In Latam families, it has been common to invest in diverse industries and geographies to hedge the inherent risks that exist in any one industry or country. Political expropriation has been an inherent risk in many Latin countries for decades, so spreading the risks by taking in other family partners has been more common.

5 How much complexity can the family understand and manage?

Complexity levels have increased tremendously in the 21st century, due to global expansion in industries and broader asset diversification. Most successful families in the Americas have relied on their family offices to keep track of complex entities, structures, taxes and investments, which in the past centered on tracking ownership interests and performance of capital investments.

One major difference between North and South America has been the location of the family office and who is selected for leadership roles in the office. In North America, families prefer to use professional managers with a financial or legal background, and to locate the family office in the hometown of the founding family. For Latin families, the challenges are greater, because a family member is most often selected to run the family office and oversee the financial affairs for his/her cousins, and the location of the office is often in another city or country than where the founders live.

6 What role does risk management have among family office priorities?

Since the dawn of the 21st century, the complexity of managing family risks has been increasing for the family office. Latin families are clearly more intuitive and adept in recognizing and monitoring risks because of their history, but all families on both continents have trouble getting owners to focus on and understand the heat map mentality that visualizes various types and degrees of risk that may make the enterprise vulnerable.

In 2005, a FOX member report defined risk management as a central role for family office managers, since family members tended to focus on upside opportunities more than downside risks. Creating a formal Risk Committee that reports to the enterprise board and finding the right experienced family members and advisors for this Committee is one way to ensure the group can analyze options effectively and make recommendations to the board regularly to help guide the enterprise through these volatile times. Without a formal Committee, the board itself becomes the de facto risk committee, responsible for identifying and mitigating the key risks to the enterprise.

7 What services are delivered internally versus outsourced?

The increase in family office professionalism across the industry has allowed families to evolve their views on controlling the service delivery model in-house to strategically managing a larger range of external service providers. In the US today, the average family office oversees more than 30 external service providers, using a hub-and-spoke model for service delivery. Getting the best services for the least cost with the smallest dedicated staff has become the professional standard.

In Latam, there are pockets of service providers often in different countries who work diligently to align their service delivery models, and since their approach is centered on sustaining the family more than creating operating efficiencies, this causes them to outsource less. But different branches of a family in different geographies often need different types of services, so more diversity exists in the service model which translates into more staff needed to deliver the services. Integrating technology is a challenge for these families, since often they don't want all records centralized in one system.

In summary, regarding these seven trend shifts, we see significant changes ahead for family office managers and the enterprise families they support. These changes may lead to redefining family office roles, creating a more entrepreneurial office culture, and investing in greater operating efficiency. This will allow family offices to move from documenting the past to predicting the future, where they use forward-focused thinking and what-if scenario planning to make them more valuable as advisors and risk managers. And the skills of family office leaders of the next 40 years will likely need to be very different from the past, bringing innovative ideas and alternatives to support enterprise strategies.

DEEP DIVE INTO THE MASSIVE INTERGENERATIONAL WEALTH TRANSFER



Colliding forces in the world of family offices: growth and nextgen transference

MARK SOMERS

The family office landscape is undergoing a significant transformation, driven by both the rapid growth of family offices and the NextGen transfer of wealth. These forces are not only reshaping the dynamics within family offices but also creating new challenges, particularly in the realm of human capital.

Over the last two decades, the proliferation of family offices has been remarkable. Research from Deloitte suggests that there are an estimated 8,030 single family offices globally, up 31% from 6,130 in 2019. This number is projected to grow by 12% to 9,030 family offices in 2025 and by a further 33% by 2030. This remarkable growth is being fueled by rising global wealth, the desire for personalized wealth management, future-proofing, and the need for more sophisticated governance structures.

Simultaneously, we are undergoing a significant generational wealth transfer, with more than \$100TRN expected to pass from Baby Boomers to their heirs over the next two decades. This NextGen shift is prompting a re-evaluation of family office advisers and staff and begging a more fundamental question about the role of next-generation leaders in the family office.

→ NextGen hiring trends

The new generation of family members often has differing values, expectations, and approaches to wealth management to their predecessors. NextGen leaders seek advisers who understand issues such as impact investing, sustainability, and technological innovation. They can value diversity and inclusion and are often more inclined to recruit professionals who can navigate these areas. There has been a marked increase in listings for alternative investment analysts, ESG specialists, and chief information officers to help family offices adopt and streamline new technologies - making them more sustainable and competitive.

This generational shift is creating a “changing of the guard” in family offices, necessitating a fresh wave of skilled professionals who can align with the evolving priorities of the families they serve. However, the supply of qualified candidates has not kept pace, leading to a highly competitive market for top-tier talent. This scarcity is exacerbated by the unique nature of family office roles, which require a blend of technical expertise, trustworthiness, and adaptability to the unique needs of each family.

While traditionally, family offices have held trust as a primary criterion for hiring, the modern family office is more sophisticated than ever before and considers competency and cultural fit to be vital characteristics of any new hire. This means ensuring an alignment of values and long-term objectives, as well as being certain that any professional recruitment brings new futureproofing expertise while complementing the existing culture and structure of the family office.

→ Next generation readiness and the transference of wealth in family offices

While the next generation welcomes external help in the form of outsourced and hired expertise, the downstream transfer of wealth and power has prompted far more rudimentary conversations about succession planning in family offices and how the next generation’s lack of relevant experience, expertise, and exposure can impact their well-being and jeopardize family legacy.

The transfer of wealth from one generation to the next represents a pivotal challenge and opportunity for family offices globally. With estimates of over \$100 trillion passing from Baby Boomers to their successors the question of readiness – both institutional and individual – has never been more pressing. Despite this immense shift in capital and responsibility, many family offices remain underprepared. Recent data from UBS suggests that while a majority of family offices acknowledge the importance of preparing the next generation, a significant proportion lack a formal succession strategy or a structured plan for wealth transition. In fact, only 47% have a wealth succession plan and only 44% have a governance framework in place.

The complexity of intergenerational transfer is compounded by the prolonged tenure of today’s Principals, many of whom have led their family enterprises for several decades. Perhaps the most illustrative example of this is His Majesty King Charles, who succeeded at the age of 73, in contrast to Her Majesty Queen Elizabeth who came to the throne at 25. This extended leadership can result in the next generation being largely excluded from the operational and strategic management of the family office. Heirs are frequently encouraged to pursue independent careers or philanthropic interests, with minimal exposure to the financial, legal, or reputational dimensions of wealth management. Consequently, they may lack not only the necessary expertise to lead but perhaps also the desire to assume a formal leadership role. This isolation from core decision-making processes can raise concerns about both the continuity of governance and the long-term preservation of family legacy.

There is growing recognition that bridging this readiness gap requires more than simply introducing heirs to financial management. Families must invest meaningfully in pedagogical education, ensuring successors are equipped with strong foundations in financial literacy, tax awareness, technological acumen, and risk governance. Structured educational programs, encompassing both accredited qualifications and bespoke learning journeys, can expose next-generation family members to investment strategy, philanthropic operations, and governance practices in a controlled and supportive environment. Complementary mentoring structures, including the use of trusted advisors or external coaches, are also essential to developing the emotional intelligence and interpersonal skills required to navigate the uniquely personal and often isolated context of family leadership.

Family offices must also acknowledge and respond to the changing priorities and worldviews of the next generation. Research indicates that next-generation family members are increasingly engaged in areas such as digital assets, ESG investing, and global philanthropy. Their value systems often differ from those of the founding generation, necessitating governance frameworks that allow for evolution while maintaining core family principles. Mechanisms such as shadow boards, structured rotation through functional areas, and gradual assumption of decision-making authority, linked to performance-based milestones rather than age, can provide a measured and secure pathway to leadership.

In cases where no suitable family successor emerges, the appointment of a non-family executive may be appropriate. However, this decision must be accompanied by a rigorous assessment of the family’s long-term ambitions, cultural expectations, and existing talent gaps. Non-family leaders should be selected not only for their technical skills but also for their ability to integrate into the family’s value system and communicate effectively with both the principal generation and younger stakeholders. Importantly, the introduction of external leadership often prompts broader discussions about ownership structures, governance roles, and the realignment of incentive frameworks.

Finally, a successful generational transition must be underpinned by robust performance metrics that extend beyond traditional financial indicators. Key performance indicators (KPIs) may include educational achievements, participation in governance and philanthropic activities, adherence to family charters, and demonstrable contributions to the growth or stewardship of assets. The implementation of clear, transparent reporting tools allows families to monitor progress while granting future leaders a sense of accountability and autonomy.

In conclusion, the transference of wealth in family offices is not merely a matter of asset allocation but a profoundly human process of transferring values, governance, and

responsibility. The most resilient family offices will be those that invest early in next-generation development, foster inclusive dialogue, and build flexible structures capable of adapting to both generational change and evolving global contexts.

→ Recruiting family office leaders for the c-suite

Leaders are not just charged with a healthy balance sheet when taking on the role of family office chief executive officer. In this intricate ecosystem, they play a pivotal role between the family and their future, ensuring the family legacy, values, and philosophy sits behind every move and every decision also taking total family wealth into consideration.

These roles demand not only technical and financial expertise, but also a deep emotional intelligence and alignment with the family's unique values, legacy goals, and long-term vision. Unlike corporations where quarterly results dominate decision-making, family offices operate on multi-generational timelines. Legacy creation, not just financial performance, can be the ultimate benchmark for success.

One of the core challenges in recruiting is ensuring that investment decisions are made in alignment with the family's values. A candidate must be capable of assessing opportunities not only through the lens of risk and return, but also by evaluating tax implications, reputational risk, and social impact. Investments that may appear financially sound can be misaligned with the family's core philosophies, such as sustainability, ethical governance, or philanthropic goals and therefore must be excluded. Leaders must walk a fine line between financial stewardship and custodianship of the family's identity.

High emotional intelligence (EQ) is non-negotiable. Family offices often serve multiple family members or branches, each with potentially differing priorities, risk appetites, and interpretations of the family's legacy. A successful leader must be a trusted sparring partner, capable of challenging ideas and offering strategic alternatives, but also acutely aware that final decisions rest with the family. The ability to navigate complex interpersonal dynamics while maintaining professionalism, diplomacy, and discretion is essential.

Compensation philosophy also requires careful attention. In order to attract and retain top talent over the long term, alignment of interests is critical. This is best achieved through a mix of Short-Term Incentive (STI) and Long-Term Incentive (LTI) plans. Unlike corporate environments where title progression is a key motivator, family offices often operate with flat structures. Leaders must be comfortable with this and accept that role parameters may evolve over time without necessarily being accompanied by formal promotions.

Furthermore, the operational mindset needed is distinct from that required in most commercial enterprises. In contrast to managing for a five or ten-year exit horizon, family office leaders must take a generational stewardship approach, with a focus on enduring legacy. There is often a deeply embedded cultural norm that "failure isn't an option," reinforcing the need for careful, values-aligned risk management. In addition to overseeing the preservation and growth of family wealth, senior leaders often play an educational and mentoring role, supporting the development of the next generation and ensuring continuity of values, skills, and leadership.

With this in mind, senior leadership recruitment for family offices demands more than technical excellence; it calls for emotional acuity, philosophical alignment, strategic vision, and an unwavering commitment to the long-term prosperity and legacy of the family. It requires, in a word, stewardship.

→ Navigating human capital constraints

To successfully address these human capital constraints, family offices can adopt several strategies. These include:

Employer Value Proposition: family offices must clearly articulate their employer value proposition to potential candidates. This includes highlighting the unique aspects of working in

a family office, such as the opportunity to make a significant impact, the potential for long-term relationships, and the diverse range of responsibilities.

T-Shaped Careers: Encouraging T-shaped career development – where individuals have deep expertise in one area but also grow and expand their roles organically within the family office so that they possess broad skills across multiple disciplines – can be beneficial. This approach ensures that executives are well-rounded and adaptable to various roles within the family office, aligning with the ever-evolving nature of family office work.

Values: Understanding how values manifest themselves in terms of allocation of the family's time, treasure, and talents is crucial. This involves aligning the family office's activities with the family's core values and ensuring these values are reflected in all aspects of operations, not always an easy task hence the creation of our V4P™ process.

Purpose: Defining the true purpose of the family office is essential. This includes clarifying what the family office is for, what it aims to achieve, and the underlying motivations driving its activities.

Proposition: Clearly outlining what the family office does, for whom, by when, and who pays for it is necessary. This transparency helps in setting expectations and aligning the office's activities with its stated purpose.

People: Profiling the characteristics and attributes of the family office's team is vital. This includes understanding the specific skills, experience, and personal qualities required to succeed in the family office environment.

Pay: Developing strategies to Attract, Incentivize and Retain the best professionals is critical – family offices need 'AIR'! This involves offering competitive compensation packages, unique benefits and opportunities for personal and professional growth to encourage the behavior of C-Suite executives to align with the values and purpose of the Family and family office.

→ Remuneration for senior leaders in family offices

Compensation for senior leaders in family offices is undergoing continued evolution in response to tightening labor markets, shifting expectations around work flexibility, and the increasing complexity of managing intergenerational wealth. Unlike corporate environments, where compensation structures may be standardized and performance is often driven by shareholder value, family office remuneration must balance competitive market norms with alignment to family values, legacy goals, and long-term relationships.

The 2024 Compensation and Talent Planning Report from Botoff Consulting and Somers Partnership, involving 199 family offices from our network, reveals that compensation levels are increasing across all regions. Senior executives in family offices saw significant upward adjustments in salary and bonus structures, with projected salary increases of 5% or more reported by 41% of U.S. firms, 53% in Europe, and 60% in Asia Pacific. Notably, bonuses saw especially sharp increases in the Asia Pacific (80%) and Middle East (67%) regions, indicating growing competition for top-tier talent in global markets.

However, remuneration in family offices goes beyond just base salary and annual bonuses. Long-Term Incentive (LTI) plans are increasingly crucial to securing long-term alignment. These may take the form of co-investment opportunities, deferred compensation, or bespoke retention schemes designed to reinforce multi-year performance, good behaviors and loyalty. Given that family offices often lack formal promotion pathways due to their flat organizational structures, compensation packages must creatively address career progression, personal growth, and impact through financial and non-financial rewards.

A unique challenge lies in tailoring incentive plans that do not inadvertently create misalignment. For example, while STIs (Short-Term Incentives) may help drive immediate performance, they must be carefully balanced with LTIs to ensure that leaders prioritize



the generational and legacy-focused outcomes typical of family offices. Remuneration structures should also reflect the inherently fluid nature of senior roles in these organizations, where responsibilities can shift over time based on family needs, generational transitions, or philanthropic priorities.

Importantly, non-financial incentives are often just as valuable in the family office context. Leaders are increasingly seeking roles that offer meaning, impact, and the ability to influence the next generation. Many are drawn by the opportunity to act as mentors, educators, or trusted advisors to family members. In this context, compensation must reflect not just performance metrics, but also relational capital, discretion, and cultural fit.

Effective remuneration for family office senior leaders must be multidimensional, competitive, values-aligned, and structured to futureproof the family. As families become more global and their needs more complex, bespoke compensation strategies will be critical in attracting and retaining the high-caliber, emotionally intelligent leaders required to steward family wealth and legacy into the future

→ Navigating the future of family offices

The intersecting forces of family office growth and NextGen ReGen transference of wealth are reshaping the landscape of family offices. The resulting human capital constraints demand innovative strategies to attract, retain, and develop the best talent. By understanding the unique nature of each family office role and embracing diverse forms of capital and governance, family offices can navigate these challenges and thrive in an ever-evolving environment.



DEEP DIVE INTO INCREASED TRANSPARENCY AND PUBLIC VISIBILITY

A foot in both worlds: rethinking family office purpose in an age of transparency

SUSANA GALLARDO, ALEXANDER SCOTT, ALEXIS DU ROY DE BLICQUY

In a time of rising transparency, shifting generational dynamics, and urgent global challenges, private business-owning families – and the single family offices (SFOs) that serve them – are finding themselves at a crossroads. The paradox for business owners is stark: the need for privacy is more urgent than ever, yet remaining invisible invites suspicion. Transparency is no longer an option, it is a strategic imperative.

As co-chairs of the family office Community of FBN, we believe the time has come for a reframing: single family offices must be recognized not merely as service hubs, but as central instruments of family cohesion, societal stewardship, and multigenerational impact.

→ The new legitimacy: becoming purposeful and visible

Lately we have observed that many business owning families feel caught between two worlds: a private legacy and legitimacy of discretion, and an emerging public expectation for engagement and accountability. The risk of staying private is, ironically, becoming greater than the risk of stepping into partial visibility. Staying silent or invisible in today's environment can erode a family's public license to operate.

The Economist recently echoed this reality in a series of editorials and features on modern inheritors. In "Inheriting is becoming nearly as important as working" (February 2025), the publication argues that inherited wealth is rapidly becoming one of the defining factors of economic power in the 21st century, rivalling labor and innovation. Another piece, "How to get rich in 2025," underscores the increasing importance of managing reputational risk and public perception for entrepreneurial families. This macro-level visibility feeds directly into the way families must think about their family offices – not as isolated, private enclaves but as interfaces with society.

Instead, family offices must embrace the dual identity of custodian and convener: organizing capital, yes, but also convening family voices across generations, geographies, and perspectives. According to J.P. Morgan's 2024 Global family office Report, nearly 70% of SFOs cite family unity and preparing the rising generation as core priorities – but only 29% have structured processes in place. Herein lies the opportunity.

→ Family offices as vehicles for learning and belonging

Far from being back-office utilities, SFOs can act as spaces of identity formation, civic responsibility, and generational bridge-building. They can offer young family members low-stakes, high-trust environments to learn about wealth, values, investment, and leadership.

Ownership is not just inherited, it must be earned and practiced with purpose. The SFO is where this ethos can be embedded into governance structures, leadership models, ownership strategies and capital deployment strategies.

We have observed in the family business ecosystem and at FBN that family offices that succeed in this dimension tend to:

- Use the SFO as a platform for family education and co-learning;

- Promote custodianship over entitlement;
- Embed narratives of purpose and service into daily operations.
- Integrate financial and impact investing within one structure;
- This mirrors IMD's broader research finding: the most adaptive family offices use moments of transition not to retrench, but to open up.

→ **Impact, identity and the challenge of structure**

While family businesses often speak proudly of long-termism and stewardship – “doing the right thing” – there are many challenges to organize their private capital for systemic impact. The gap between intention and execution is wide.

This gap reflects structural issues: data suggests that many SFOs operate informally, with crucial decisions centralized in one or two “shadow governors.” This fragility risks becoming a liability.

To bridge this, we advocate for:

- Establishing clear, participatory governance structures within SFOs;
- Formalizing values and purpose statements that guide entrepreneurial, investment and philanthropic decisions;
- Creating spaces where non-executive family members can contribute in a meaningful way.

J.P. Morgan's report notes that 31% of SFOs see family governance as a critical issue. Yet the concern around family governance may often be identified by professionals within the office – in our experience, the solution lies not only within the office but with the family itself. Unless family members embrace governance as their core responsibility, the family office is exposed to existential risk as essential elements of the governance cannot be delegated. As the ancient proverb says: “Physician, heal thyself.”

→ **Rethinking risk: visibility as a strategic asset**

Too often, visibility is framed only as risk. The outdated assumption is that everything private must remain hidden from public view to protect the family. In reality, thoughtful transparency – designed to support and solidify the family office's purpose – can cement its legitimacy in both private and public spheres. It is a careful balancing act, but one that is critical to long-term resilience.

Purposeful public engagement – be it through philanthropy, thought leadership, or impact measurement – helps redefine wealth not as private entitlement, but public contribution. Private ownership can serve a useful social purpose beyond the family. Additionally, it also enables opportunity: to attract talent, co-investors, civic partners, and intergenerational buy-in.

→ **Looking forward: family offices as 21st century stewards**

The coming decade will test the resilience of family enterprises – not only economically, but morally and socially. SFOs that endure will be those that evolve: from wealth administrators to value architects; from private managers to public stewards.

To do so, they must:

- Adopt intentional structures that align family purpose with societal impact;
- Cultivate a culture of learning, openness, and intergenerational dialogue;
- Embrace a level of visibility that earns trust, without sacrificing safety.

In bridging legacy and innovation, SFOs are uniquely positioned to model a new kind of ownership: anchored in history, accountable to the future.

We believe this is not only possible, but necessary.

CONCLUSION

One of the questions we asked in this study was: What are the main changes you foresee in the coming years? From the evidence gathered, we confirm that family offices are no longer static guardians of wealth — they are evolving platforms where identity, purpose, and strategy continuously adapt. Families worldwide are aware that the next decade will be shaped by profound generational transitions, technological disruption, and shifting societal expectations.

The most recurring theme is indeed the next generation. Families are not only preparing heirs to “look under the hood,” but also to take active roles in governance, investment, entrepreneurship, and philanthropy. Classic forms of capacity-building such as education, mentoring, and exposure to decision-making remain essential, but they must now be complemented by new forms of engagement. Evolving family office structures — such as hybrid models, combining non-profit and for-profit elements, or learning-oriented configurations — are emerging as bridges that respect tradition while empowering innovation.

One defining trend we identified in this study is the professionalization and widening scope of family offices. Offices are moving beyond administration and investment oversight to become risk managers, impact investors, convenors of family cohesion, and even platforms for public stewardship. Digital transformation — particularly AI — is not optional; it will reshape operations, investment decisions, and even talent models. Offices that embrace these tools while maintaining human trust and discretion will lead the field. Furthermore, we find that families remain at the helm of family office operations and the heart of decision-making. While new technologies, specialist asset classes, and increased regulations call on more external talent than ever before, families remain in charge — both in leadership and governance positions across the family enterprise ecosystem. Socioemotional wealth also drives decision-making, leading to lower risk levels than their institutional counterparts.

Finally, the study highlights a new balance between privacy and visibility. Families increasingly see their capital as carrying a public responsibility. Philanthropy and sustainability are redefining wealth as contribution, not entitlement. In this sense, the family office is both a shield for the family and a bridge to society.

The path forward is therefore not linear but constantly evolving. To thrive, family offices must embrace learning as a permanent state, design adaptable structures, and remain anchored in values while open to reinvention. The family office is both a mirror of the family’s identity and a laboratory for its future. For enterprising families, the strength of the community lies in learning from each other to navigate this complexity.

In short: the family offices that will endure are those that combine resilience with reinvention — where stewardship and innovation, privacy and purpose, tradition and transformation, are held in dynamic balance across generations.

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Alexis du Roy de Blicquy is the CEO of The Family Business Network (FBN), the world’s leading network bringing together over 5,000 business owning families, 25,000 individual members in 33 chapters covering 65 countries. Prior to FBN, Alexis held senior positions, at Lhoist, Verinvest, Armonia and IFC (World Bank Group). For six years, he was Chairman of ToolBox, supporting NGOs by offering professional consultancy. He is member of the Board of Trusted Family, the leading governance platform for business families, the Advisory Council of Octave Institute (Singapore) and of various organizations. He has been recognized as one of the Top 10 Family Advisors worldwide by a leading magazine. A Belgian-Swiss citizen, Alexis holds a Master’s in Management Science (Solvay Business School), is an INSEAD IEP and IMD HPL Graduate. He is married, with two children and lives in the Lausanne area.

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Editor

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ABOUT IMD AND FBN

IMD

Real learning
Real impact

IMD AND THE GLOBAL FAMILY BUSINESS CENTER

IMD is an independent academic institution with campuses in Lausanne and Singapore. For more than 75 years, IMD has been a pioneering force in developing leaders who transform organizations and contribute to society. IMD's executive education and degree programs are consistently ranked among the world's best by the Financial Times, Bloomberg, Forbes and others. This consistency at the forefront of its industry is grounded in IMD's unique approach to creating "Real Learning. Real Impact." Led by an expert and diverse faculty, IMD strives to be the trusted learning partner of choice for ambitious individuals and organizations worldwide, challenging what is and inspiring what could be.

The Global Family Business Center has been a pioneer in the field of family enterprises and was the birthplace of family business education back in 1988. For 35 years we have been working with families, owners, board members and executives of family businesses, family offices and family foundations, helping them ensure family unity, business and investment success as well as a positive impact on society and the environment, for generations to come.

General website: www.imd.org

Global Family Business Center: www.imd.org/gfbc

FBN

FAMILY BUSINESS NETWORK (FBN)

The Family Business Network (FBN) is a global not-for-profit membership organization headquartered in Switzerland, comprising 33 member associations spanning 65 countries, 5,000 business families and 25,000 individual members, of which 8,000 are NxGs. For over 35 years, FBN has helped enterprising families grow, succeed, and prosper through the exchange of best practices and innovative ideas.

Being by families for families, FBN provides a unique environment where business families can learn from each other and share the passion for their family and enterprises, and ultimately enable them to productively align their dedication to both.

Our 6 global communities facilitate encounters and develop programming tailored to the diverse profiles and needs of our members: Next Generation, Now Generation, Entrepreneurs, Family Office, Large Families, Impact.

Further information: fbn-i.org



Family Office Navigator

In today's complex world, family offices play a pivotal role in safeguarding a family's heritage and unity while preserving and growing generational wealth. As the world around us evolves, so too must family offices adapt to meet the changing needs of their families. The Family Office Navigator offers enterprising families a comprehensive and practical guide to design a modern family office that considers the complexity of their family, wealth, and enterprise in turbulent times.

Upon completing the Family Office Navigator, you will have:

- Understood the critical role of family offices within your family enterprise ecosystem.
- Explored the underlying motivations and aspirations driving your family office journey.
- Crafted a well-defined purpose for your family office, covering both financial and non-financial objectives.
- Determined the key activities and services of your family office.
- Chosen the appropriate resources and structures, while establishing vigilant oversight and sound governance.
- Acquired the knowledge and confidence to launch a new family office or to redefine the course of your existing one.

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Together across generations