

An aerial photograph of a river winding around a large, rounded rock formation in a canyon. The river is a vibrant blue-green color, contrasting with the reddish-brown and tan rock walls. The canyon walls are steep and layered, showing signs of erosion. The sky is a mix of blue and grey, suggesting an overcast day. The overall scene is dramatic and scenic.

**Deloitte.**  
Private

**The Family Office Insights Series - Global Edition**

The Top 10 Family Office Trends

2024



# Interactive navigation

This report has been designed to deliver an interactive experience, which is available when opened in Adobe Acrobat and the report is downloaded to your personal computer.

If you do not have Adobe Acrobat, you can download it for free. Please note that without using Adobe Acrobat or downloading the report to your computer, some or all of the interactive features may not be available, limiting your access to the depth of family office data available.

[Click here to download Adobe Acrobat](#)

The laptop screen displays a report page titled "Figure 16: Family offices' reasons for not engaging in sustainable investing". The page features a large image of solar panels in a desert landscape on the left. The main content area on the right contains eight donut charts, each representing a reason for not engaging in sustainable investing, with its corresponding percentage and description. The charts are arranged in two columns. Above the charts are four filter buttons: "Global", "Region", "AUM", and "Generation". Below the charts is a table of contents with ten numbered items. At the bottom right of the page are three navigation icons: a left arrow, a home icon, and a right arrow. Green lines and boxes highlight these interactive elements, with labels pointing to them from the right side of the image.

Figure 16: Family offices' reasons for not engaging in sustainable investing

Click on each button to view the data

Reason	Percentage
Prefer to "do good" through philanthropy	60%
Insufficient pool of appealing investments	34%
Concerns over market immaturity	31%
Belief sustainable investments could produce lower returns	28%
Not interested/family not supportive	24%
Greenwashing concerns	22%
Do not know enough about it	19%
Do not have access to sustainable investments	7%

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# Foreword

Welcome to the inaugural edition of Deloitte Private's **Family Office Insights Series - Global Edition**. This is the first of many perspectives we will publish in 2024, including four reports covering the top 10 family office trends, a map of the global family office landscape, cybersecurity, and digital transformation.

This first edition will highlight this year's key trends in the areas of family office investing, risk management, hiring, sustainability, succession planning, digital transformation, and more.

To understand these emerging trends, 354 single family offices were surveyed from around the world between September and December 2023 (figure 1). These offices oversee an average assets under management (AUM) of US\$2.0 billion, while the associated families have an average wealth of US\$3.8 billion. Collectively, this totals an estimated US\$708 billion in AUM and US\$1.3 trillion in family wealth (figure 2). We also conducted in-depth interviews with 40 senior family office executives, with some representing the most prominent families in the world.

These interviews offer invaluable peer-led insights that can help family offices navigate the playing field and plan for long-term success.

To make the findings as useful as possible, this report is interactive, with the option to scroll through the findings by region, size (AUM above and below US\$1 billion), and generation of family wealth (generations 1-3 and 4+, representing the legacy families who have broken "the third-generation curse").<sup>ii</sup> This will enable family offices to compare themselves more directly to their peers and to understand how the longest surviving and wealthiest families operate.<sup>iii</sup>

We hope these insights prove useful in shaping the future of your family office, and we would like to offer a heartfelt thank you to all participants who generously shared their time and perspectives.

Figure 1: Participating family offices' regional headquarters locations

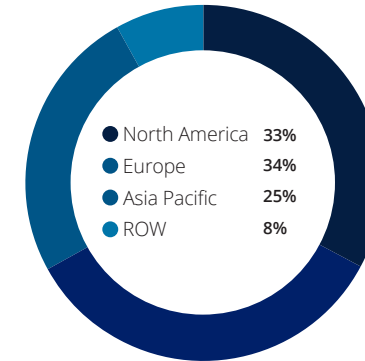


Figure 2: Respondents' family office AUM and family wealth

*Click on each button to view the data*

# Key takeaways

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Despite economic and geopolitical uncertainty, family offices remain optimistic about their ability to navigate rocky terrain, as 70% expect to see their AUM rise in 2024, while 79% expect the family's total wealth to increase. Balancing risk and opportunity, family offices plan to maintain a long-term investment outlook, but remain nimble by diversifying their portfolios and capitalizing on opportunistic deals.

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Family offices rank recession fears, geopolitics, and inflation as this year's top three market risks. In tandem, managing investment risk is the top strategic priority for family offices this year, with 61% seeking new investment opportunities, 53% looking to diversify their portfolios, and 33% employing inflation mitigation tactics.

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Private equity has surpassed public equity as the number one asset class family offices invest in. In 2023, private equity accounted for 30% of the average family office portfolio, up from 22% in 2021, while public equities accounted for 25%, down from 34% in 2021. This year, nearly 30% of family offices plan to invest more into private equity.

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46% of family offices currently invest sustainably. Adoption in Europe has risen from 45% in 2021 to 57% today, while it has dropped in North America from 34% to 26%. Despite this decline, sustainability's average portfolio share is expected to rise from 17% to 29% globally over the next five years—a significant 71% increase.

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Four in 10 family offices are looking to hire additional staff this year, with 28% opting toward professional (non-family) talent, a sign of rising professionalization. Just 35% of family office heads are currently non-family professionals; however, this figure is expected to jump to 49% post succession. The top sectors family offices are recruiting from are financial services (with 64% making it a core target for finding talent), accounting firms (44%), and consulting firms (25%).



# Key takeaways

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With the average family office managing US\$2 billion in AUM while employing merely 15 members of staff, a third (34%) of family offices are looking to rely more on third-party service providers this year to scale up their initiatives and gain added expertise.

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Nearly half (43%) of family offices are developing or rolling out a technology strategy this year. This comes as nearly one in five (17%) identify inadequate investment in technology as a core family office risk, while nearly three-quarters (72%) admit they are either underinvested (34%) or only moderately invested (38%) in the operational technology needed to run a modern business.

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A notable 43% of family offices have experienced a cyberattack over the last 12-24 months, with 25% experiencing three or more attacks. However, nearly a third (31%) of offices do not have a cybersecurity strategy in place, and 43% say they have a strategy, but it could be better. With more than one in five family offices (22%) heralding cyberattacks as a core risk this year, now is the time for pre-emptive action, with 15% making cybersecurity a top priority this year.

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With four in 10 families (41%) undergoing generational succession within the next 10 years, succession planning has become a key priority for 2024—particularly as 41% of families are currently without a plan.

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Nearly one-third of respondents say that the next generation is unprepared for family office succession (30%) or unqualified to take over (28%). As a result, 31% say Next Gens' core priority for 2024 is to receive mentoring/training, while 22% say it is to plan for succession.



# 1 Growth projected despite uncertain times





# 1 Growth projected despite uncertain times

Despite ongoing economic uncertainty, 70% of family offices expect to see their AUM rise in 2024, while 79% expect the family's total wealth to increase.

In spite of the turbulent investing environment during and on the heels of the COVID-19 pandemic—not to mention the glum predictions for 2023 after a disappointing year for financial markets in 2022—many family offices have seen their AUM and families' wealth continue to rise. And they expect their knack for growing capital in adverse conditions to continue this year (figure 3).

In the face of ongoing uncertainty caused by sluggish economic growth, recession fears, and heightened geopolitical tensions, family offices remain committed to positioning themselves for

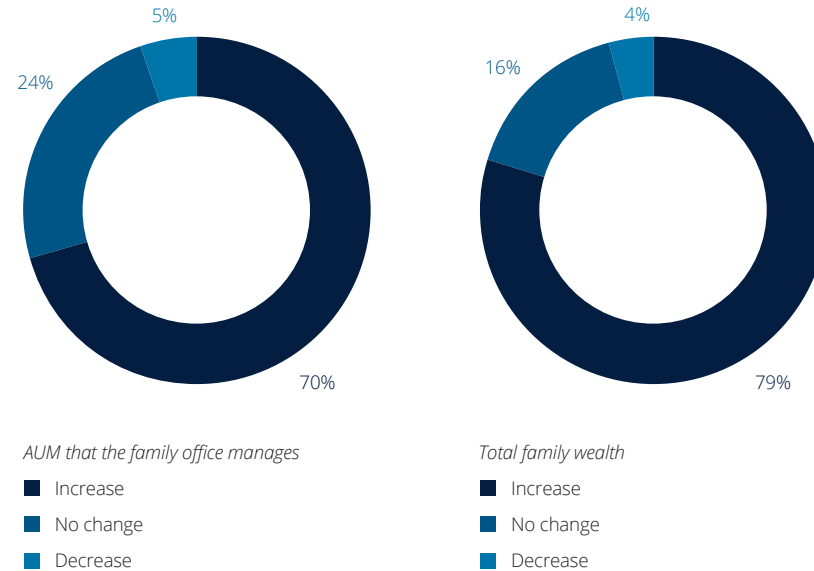
success. And, if the International Monetary Fund's 2024 prediction that the global economy will have a "soft landing" is correct given moderating inflation and steadying economic growth,<sup>iv</sup> family offices are well positioned to withstand the economic currents. With many accustomed to navigating fluctuating economic cycles, family offices aim to hold onto their long-term, yet nimble approach to investing which—given their patient capital and cash reserves—puts them in a unique position to ride the economic waves while seizing opportunistic deals along the way.

*"We look at investments on a very long-term basis. We do not think about or obsess over short-term volatility. We stay focused on the quality of assets and longevity."*

Emma Callister  
Chief operating officer, Mary Oppenheimer Daughters  
Single family office, United Kingdom, Isle of Man, Africa

Figure 3: Expected changes in wealth and family office AUM in 2024

*Click on each button to view the data*





## 2 Eyes on risk management





## 2 Eyes on risk management

Family offices rank recession fears, geopolitics, and inflation as this year's top three market risks. In tandem, managing investment risk is family offices' top strategic priority, with 61% seeking new investment opportunities, 53% looking to diversify their portfolios, and 33% employing inflation mitigation tactics.

### Recession, geopolitics, and inflation concerns rank as the top market risks in 2024

As uncertainty surrounding the economy looms, most family offices (70%) view a potential global recession as one of their top three market risks in 2024 (figure 4). Given the war in Ukraine and the Israel-Hamas war, close on its heels is geopolitics, cited by 62% of respondents, with Europeans far

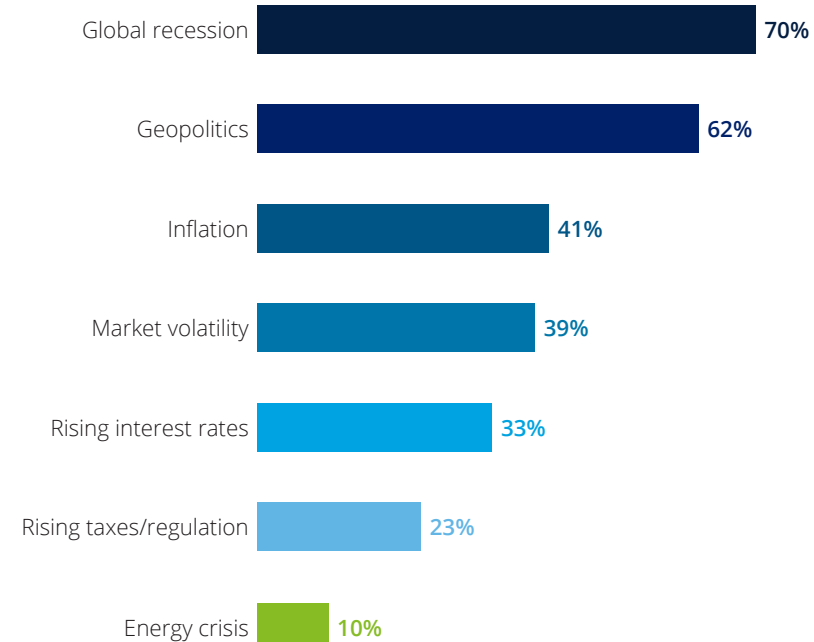
more concerned about geopolitical risk than other regions. Inflation concerns round out the top three at 41%. However, comparing these findings to data from a previous Deloitte family office report shows that these concerns are calming around the world as inflation was ranked the number one market risk in 2021 at 71%.<sup>v</sup>

"I think the economic outlook in 2024 is rather-to-very concerning depending on which area you invest in. With the combination of a potential recession, lingering inflation, and high interest rates, especially in our core business of construction, we are expecting a very difficult 2024. For us, the focus is on cash and liquidity management, together with improving our organization. We have low levels of external debt so we can be cautious and patient as we build toward 2025 and 2026."

Investment manager  
Single family office, Belgium

Figure 4: The top perceived market risks in 2024

*Click on each button to view the data*



# 2

## Top market risks fuel overall risk concerns

With these market risks in mind, it is no surprise that almost three-quarters of respondents (71%) rank investment risk as one of their top three concerns in 2024 (figure 5). This is followed by geopolitical risk (41%) and regulatory and tax challenges (31%).

## Investment risk management ranks as top strategic priority

In response to family offices' concerns over the economic and political climate, tackling investment risk is their number one strategic priority for 2024 (figure 6). This is an area where they are well-versed. Family offices are known for enduring market downturns and uncertain environments with their long-term outlook and patient capital,

all while monitoring and managing their asset allocation and portfolio diversification in line with their tolerance for risk.

“The two key market risks are a possible recession and ongoing inflation. Pretty much everyone is worried about this. There are geopolitical risks as well. They are not impacting us directly now, but if the wars continue to escalate, I think that would make us even more cautious in our investment approach, and we might do things like increase our allocations to fixed income.”

President  
Single family office, United States



Figure 5: The top perceived risks to the family office in 2024

*Click on each button to view the data*

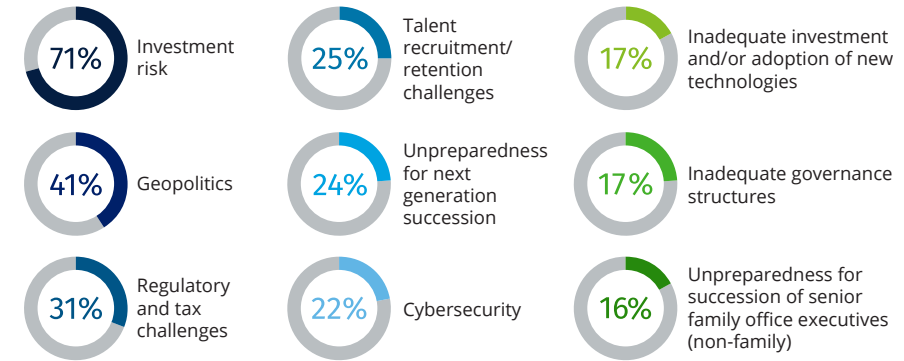
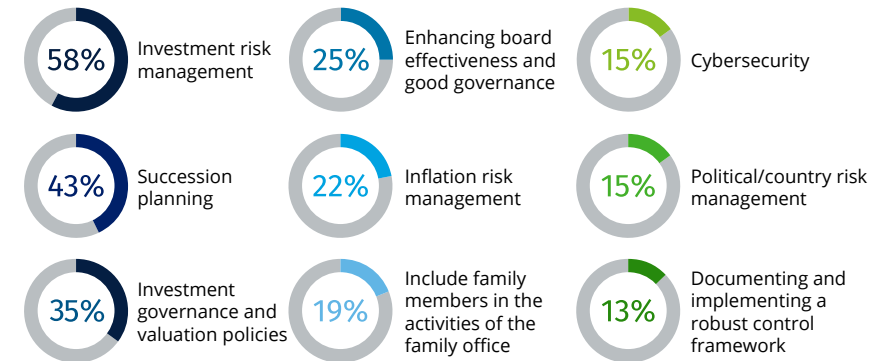


Figure 6: Family offices' top strategic priorities in 2024

*Click on each button to view the data*





# 2

## A focus on seizing new investment opportunities and portfolio diversification

In terms of how family offices are managing their investment portfolios in 2024, 61% are looking for new investment opportunities, with some focusing on opportunistic deals, such as distressed assets, while 53% are planning to further diversify their portfolio—a natural path to risk mitigation (figure 7). And while growth-oriented investments

“Given the uncertainty in the market, we are taking a close look at our investment priorities in 2024 in light of the different time horizons of our investments. For example, we think long-term on private equity, especially direct investment; shorter-term on the stock market; and mid-to long-term on real estate. And, while inflation and interest rates should be cooling down, there is underestimated risk in the public, private, and real estate markets due to heightened geopolitical risks.”

General manager  
Single family office, Belgium

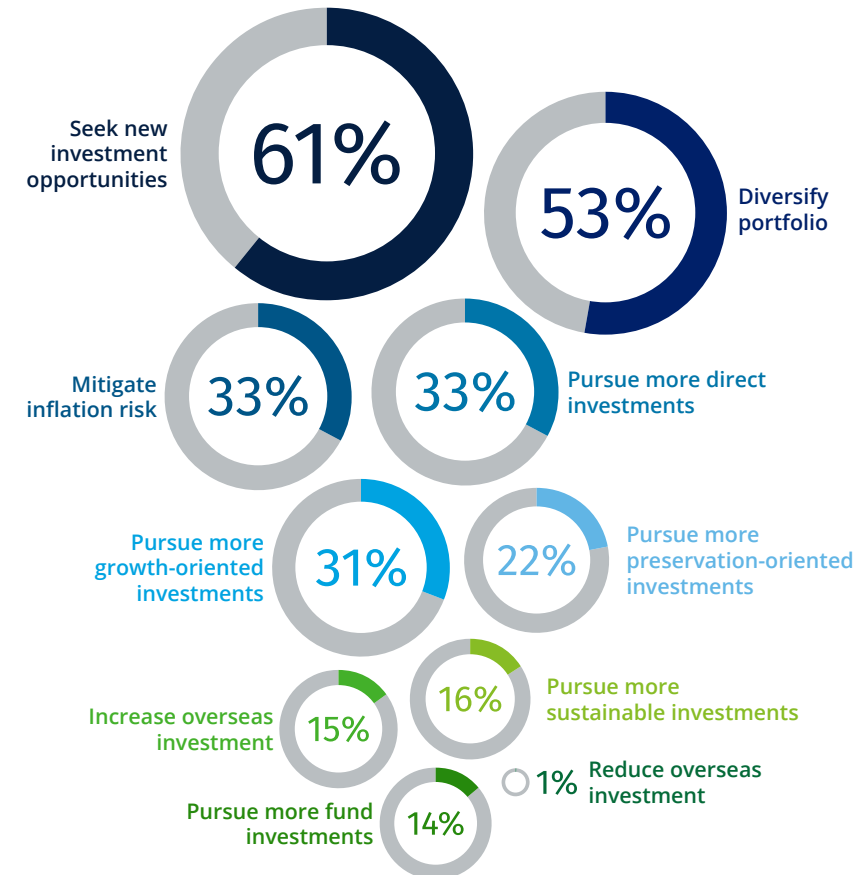
remain a higher priority than preservation-oriented investments in 2024, at 31% versus 22%, respectively, market conditions have caused a shift in that balance. In 2021, 39% of family offices were pursuing growth investments and just 16% were pursuing wealth preservation instruments, reflecting a rising lean toward growth initiatives.<sup>vi</sup>

“We definitely want to de-risk and spread our wings across different regions, while keeping our international structures predominately in Singapore. After considering all our options, our first step toward going global is to invest in real estate in United Arab Emirates. It is a safer jurisdiction in the sense that it is approachable, with very little time difference and a culture similar to ours.”

Head of family office  
Single family office, India

Figure 7: Family offices' top three investment priorities for 2024

*Click on each button to view the data*





### 3 Private equity climbs to the top





### 3 Private equity climbs to the top

Private equity has surpassed public equity as the number one asset class family offices invest in. In 2023, private equity (including direct, funds, and private debt/direct lending) accounted for 30% of the average family office portfolio, up from 22% in 2021, while public equities accounted for 25%, down from 34% in 2021.<sup>vii</sup>

#### Investments shift from public to private equity

Despite a softening in private equity deal flow during 2023 amid persistent inflation, rising interest rates, divergent valuation expectations, and geopolitical upheaval<sup>viii</sup>, family offices maintained a notable 30% of their investments in private equity in Q3/Q4 2023 (up from 22% in 2021), versus 25% in public markets (down from 34% in 2021) (figure 8).

This marks a broader shift among family offices toward private equity<sup>ix</sup> and reflects a move toward private markets overall: in the United States alone, the number of companies backed by private equity more than doubled between 2006 and 2020, while the number of public companies shrank.<sup>x</sup>

“While some families have moved toward a more conservative investment strategy, we are maintaining our private equity investments. We are investing for the long run. The whole point is that you get to invest in a business every year to build it out. It is a relationship business and we have spent years building up our relationships. We do not shop around or suddenly change our mind. Rain or shine, we want to be a good investor and a good partner.”

Matt Norman  
Chief investment officer, Kenjiro Private Office  
Single family office, United Kingdom & Japan

Because direct private equity investments have the potential to deliver higher returns than public equities over the long-term,<sup>xi</sup> they are a particularly good fit for family offices, which have patient capital and a long-term, multi-generational outlook. Family offices are also typically more versatile than mainstream private equity investors, providing a distinct competitive advantage. They can often hold assets for longer durations, take flexible views on return targets, and deploy capital in different ways, whether it be into majority shareholdings, minority stakes, or debt instruments.



“Our biggest priority for 2024 is to navigate the investment landscape, which is very uncertain. It sounds easy to simply maximize one’s return and mitigate risk, but our investments are multi-dimensional, as we also try to minimize taxes and ensure the appropriate level of liquidity we need. If we do not go into a recession, I think it is a great time to invest directly into private markets as I think the vintages will be better.”

Chief investment officer  
Single family office, United States

# 3

## **There is an overall shift toward direct investment, but larger family offices still prefer private equity funds**

Overall, family offices prefer direct private equity investments, which account for 17% of the average family office portfolio, over private equity funds, which account for 10% (figure 8). However, family offices with AUM over US\$1 billion allocate more of their portfolios to private equity funds (17%) than to direct investments (14%). Interestingly, they are more than twice as likely to invest in private equity funds than those with less than US\$1 billion in AUM (17% versus 7%). This may stem from the fact that many large offices continue to maintain a small staff size even as their AUM grows, leaving them with few hands to source, perform due diligence for, and manage direct investment opportunities. It is also likely that larger family offices have greater access to limited partnership investment opportunities within funds than smaller offices.

“While we have significant AUM, we do not pursue direct private equity investments because of the small size of our staff. We prefer private equity funds and partnership solutions.”

Chief executive officer  
Single family office, Belgium



That said, family offices as a whole are moving more toward direct private equity investment. In 2023, direct investment accounted for 17% of family offices’ average portfolio, up from 13% in 2021, while investment in private equity funds increased marginally from 9% to 10%.

The shift namely stemmed from a rise in direct deal activity among family offices in North America and Asia Pacific. The average proportion family offices dedicated to direct deals rose from 12% to 17% among those in North America, and from 9% to 12% among those in Asia Pacific between 2021 and 2023.

This reinforces family offices’ assertion that financial services is the number one sector they are currently recruiting from, as it is becoming increasingly common for family offices to seek talent from private equity houses as a means to build up their in-house private equity deal capabilities.

“We invested in private equity funds in the past, but now we focus more on direct investments, which represent 94% of our private equity portfolio. The family’s background is in industrial manufacturing, so we invest there in the private sector, but we also look to diversify.”

Manuel Quinzani  
Risk manager, Siusi SpA  
Single family office, Italy



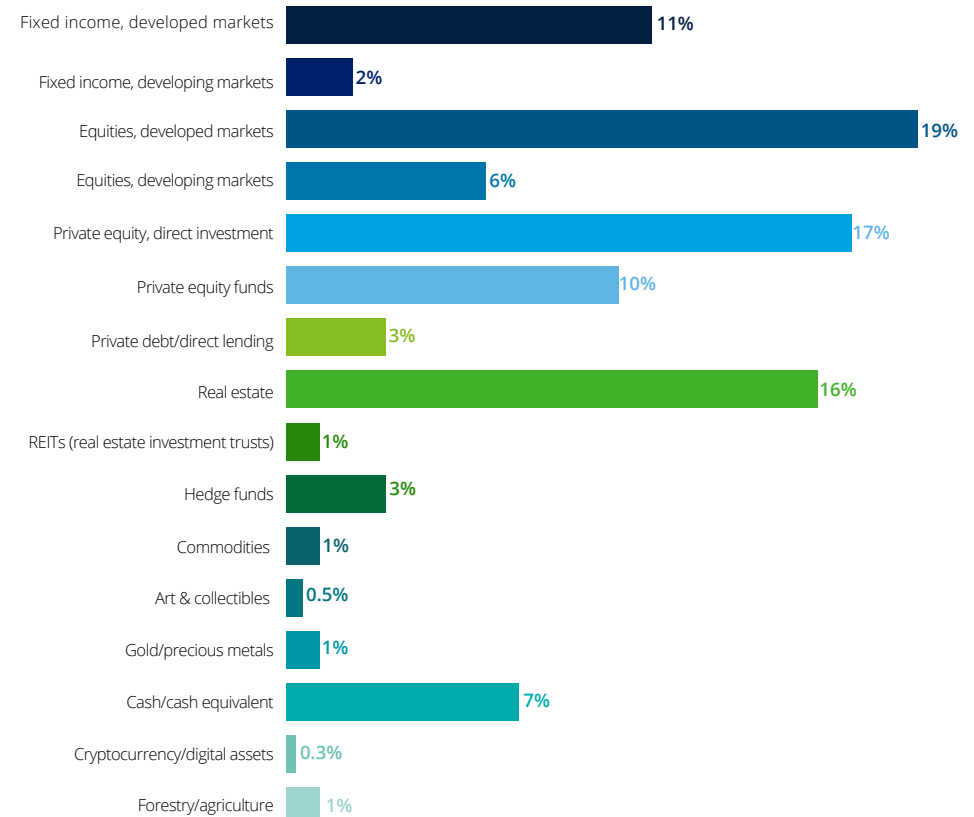




# 3

Figure 8: Family offices' investment portfolio by asset class (Q3/Q4 2023)

*Click on each button to view the data*





# 3

## Family offices plan to boost private equity investment and reduce cash in 2024

Continuing their general shift toward private markets, family offices aim to increase their private equity investments more than any other asset class in 2024. With 29% of family offices targeting an increase in private equity funds, 27% in direct private investments, and 25% in private debt/direct lending (figure 9), this upward shift is consistent across private equity vehicles.

“Almost half of our portfolio is in private equity, and we plan to invest more in 2024. We will avoid private equity pockets that are very well funded and pursue spaces with a scarcity of capital. We think mid-market private equity investments in Europe, particularly in the UK, present interesting prospects. We also think this is a great time to capitalize on opportunistic deals because of the number of mispriced assets in the market—we are a well-established family office with a long history of deploying our capital opportunistically.”

Paulo Bilezikjian  
Chief investment officer, Analytica Capital  
Single family office, Luxembourg

At the same time, 29% of family offices are targeting a lower cash holding, cautiously moving away from a watch-and-wait approach of the past few years to pursue promising investments and opportunistic deals, particularly in private equity and developed market public equities, where 28% plan to increase their investment this year. With diversification in mind—a key tool used to mitigate investment risk—there is also rising interest in fixed income, particularly for developed markets (with 22% planning to allocate more this year) as compared to 13% for developing markets.

“I have a more contrarian view of private equity now that it has become mainstream, especially with pension funds piling in heavy percentages of their investments into private equity. I think there is no margin left because of the walls of money searching for deals and driving prices up. I am also not a fan of the illiquidity and lack of control associated with most private equity investments.”

Head of family office  
Single family office, United Kingdom

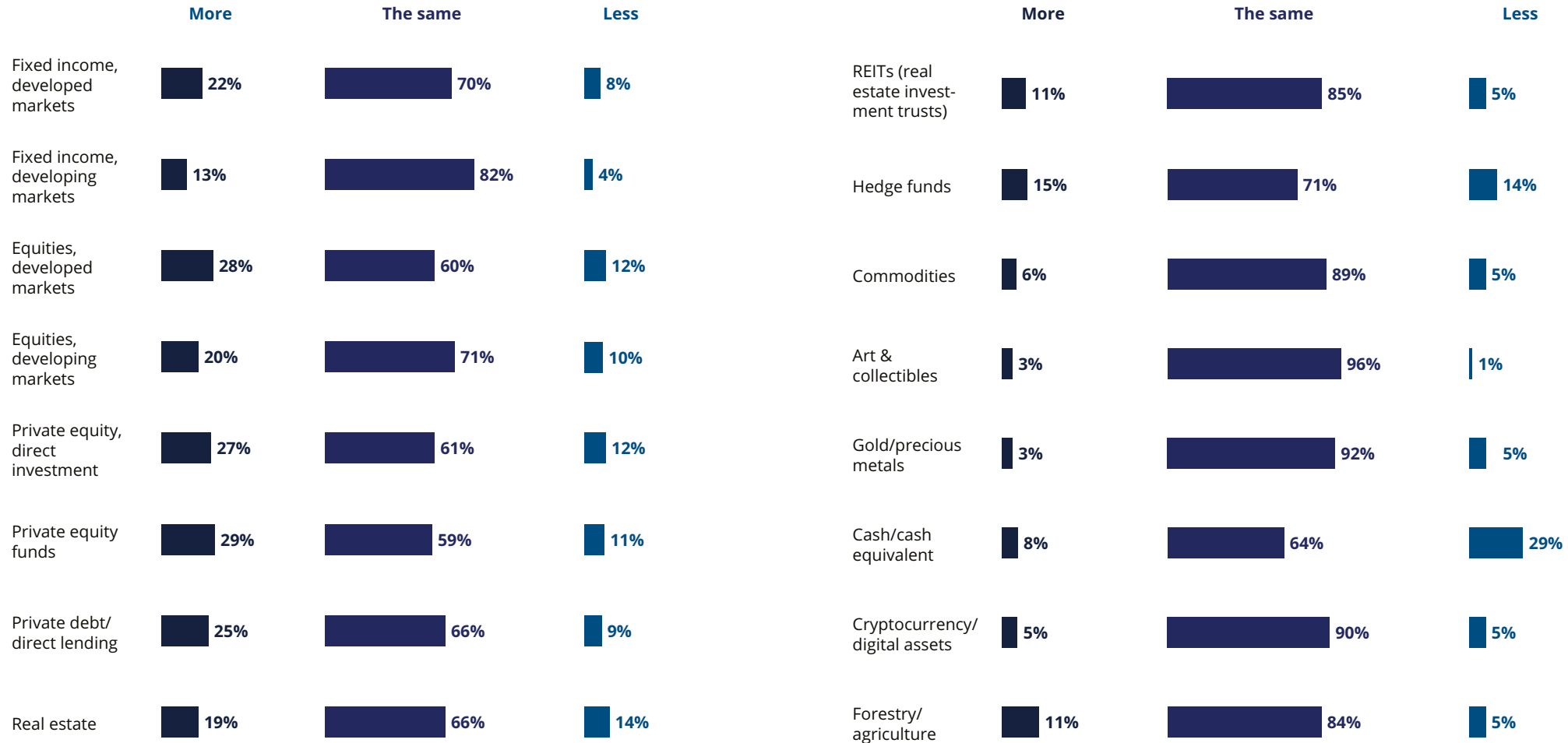




# 3

Figure 9: Family offices' intentions to allocate more, the same, or less to these asset classes in 2024

*Click on each button to view the data*





# 3

## North America and Asia Pacific gain the most traction as investment destinations

Family offices are placing their bets on North America and Asia Pacific—two destinations they hope will produce strong returns. 43% of family offices' average portfolio is currently dedicated to North America and 20% to Asia Pacific-based investments, with roughly one in five planning to increase their exposure in each of these regions this year (figures 10, 11).

Additionally, over one in 10 family offices plan to increase their holdings in Africa (14%) and the Middle East (12%), highlighting the rapidly growing popularity of Dubai as a family office hub. The region gaining the least traction this year is Europe; it attracts 30% of the average family office portfolio, but its growth is expected to remain flat. This comes as Europe faces slow economic growth, persistent inflation, demographic pressures, and an energy crisis stemming from the war in Ukraine.<sup>xii</sup>

“When we looked around, we did not feel Europe was the best place to set up a family office branch given its challenges long-term with declining populations and wealth going in the wrong direction. Conversely, in Asia, populations are growing, and wealth is going in the right direction.”

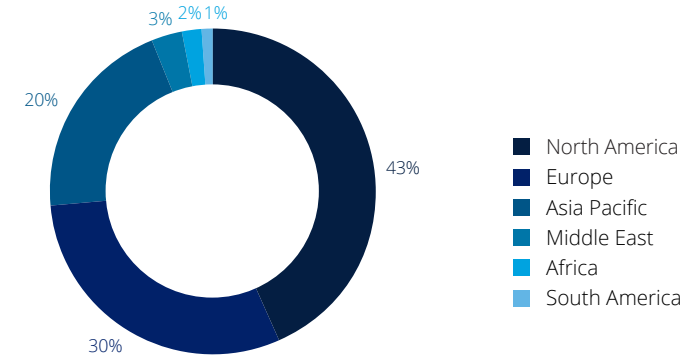
Chief executive officer  
Single family office, United States & Asia

“Our top investment priority is to increase global allocations to hedge against a slowing Chinese economy. We are mainly looking at North America for investment opportunities, while watching out for investment potential offered by emerging stock markets in Asia Pacific.”

Head of family office  
Single family office, Mainland China

Figure 10: Family offices' investment portfolio by geographic region (Q3/Q4 2023)

*Click on each button to view the data*



“The family office set up a branch in Dubai a few years ago. There were three primary factors behind this move. First, corporate income tax is highly attractive, and low taxation is key. Second, it is a comparatively secure location, and knowing that one’s children are secure is a major requirement for families. Third is the quality of life: schools and entertainment opportunities are abundant, and, while the cost of living has increased over the years, it is still very competitive compared to other major cities. The combination of these three components makes a big difference.”

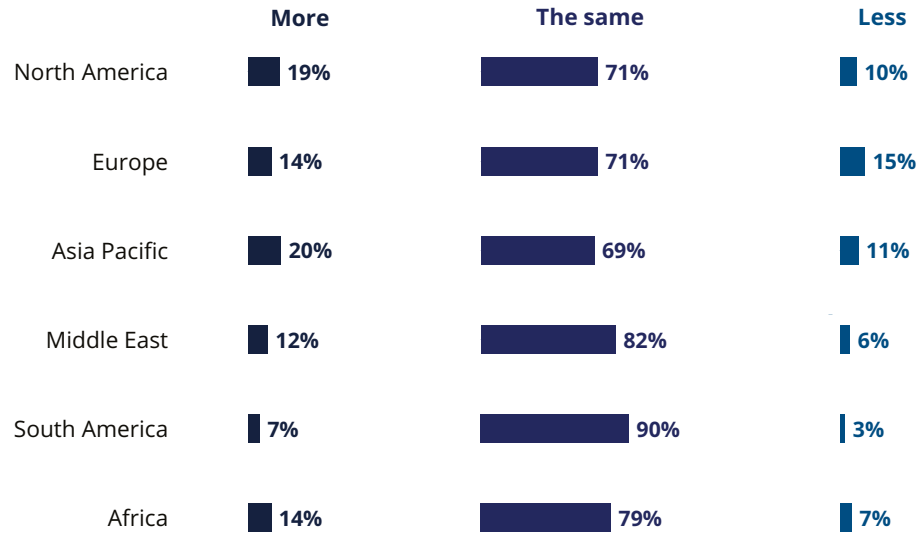
Olivier Utz  
Chief executive officer  
Single family office, Switzerland



# 3

Figure 11: Planned changes in regional asset allocation, 2024

*Click on each button to view the data*





## 4 Europe's focus on sustainable investing heats up, while North America's cools





## 4 Europe's focus on sustainable investing heats up, while North America's cools

46% of family offices globally currently engage in sustainable investing, up from 42% in 2021.<sup>xiii</sup> While Europe leads the charge with 57% of family offices currently engaged in sustainable investing, up from 45% in 2021, activity across North America has fallen with 26% currently engaged, down from 34% in 2021. Despite this decline, family offices' average portfolio share dedicated to sustainability is expected to rise from 17% to 29% globally over the next five years—a significant 71% increase.

### Nearly half of family offices engage in sustainable investing

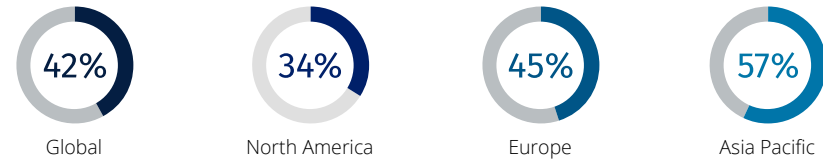
The number of family offices engaged in sustainable investing<sup>xiv</sup> increased by four percentage points over the past two years, from 42% in 2021 to 46% in 2023 (figure 12). But regional approaches have shifted dramatically, with the number of North American family offices investing sustainably dropping from 34% in 2021 to 26% today, while the number of European family offices engaged in sustainability advanced from 45% to 57% over this period.

"There are two things going on right now. First, there is a lot of greenwashing out there. People say they are sustainable, but when you dig down, they are not. Second, there is a group of people in the United States who do not want sustainable investment mandates put in place. But there is still a market for it despite their pushback. Europe is much further ahead in terms of sustainable investing than the United States is."

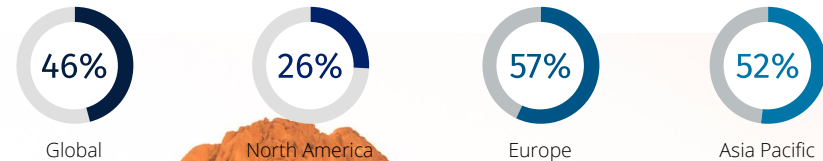
Chief executive officer  
Single family office, United States

Figure 12: Proportion of family offices engaged in sustainable investing

2021



2023

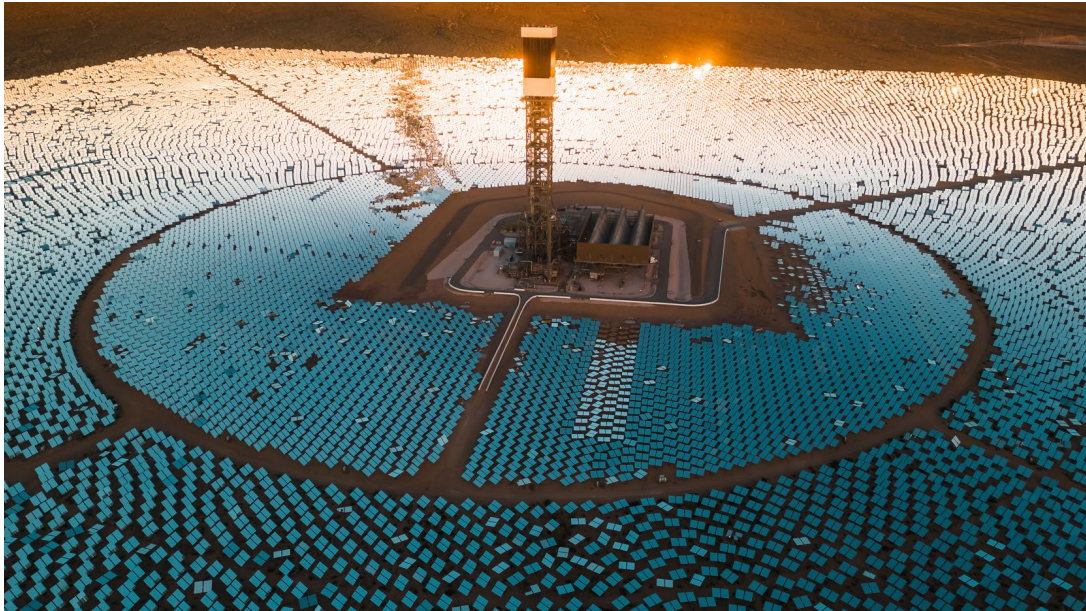


# 4

## Sustainable investment's portfolio share is expected to increase by 71% within five years

In the average portfolio of sustainable investors, 17% of assets were dedicated to sustainability in 2023 (figure 13). This proportion is expected to grow to 20% in 2024 and 29% in five years, which is

a considerable 71% jump. In line with the findings above, the targeted increase is much lower in North America, at 39%, than other regions which expect increases ranging between 76% and 104%.



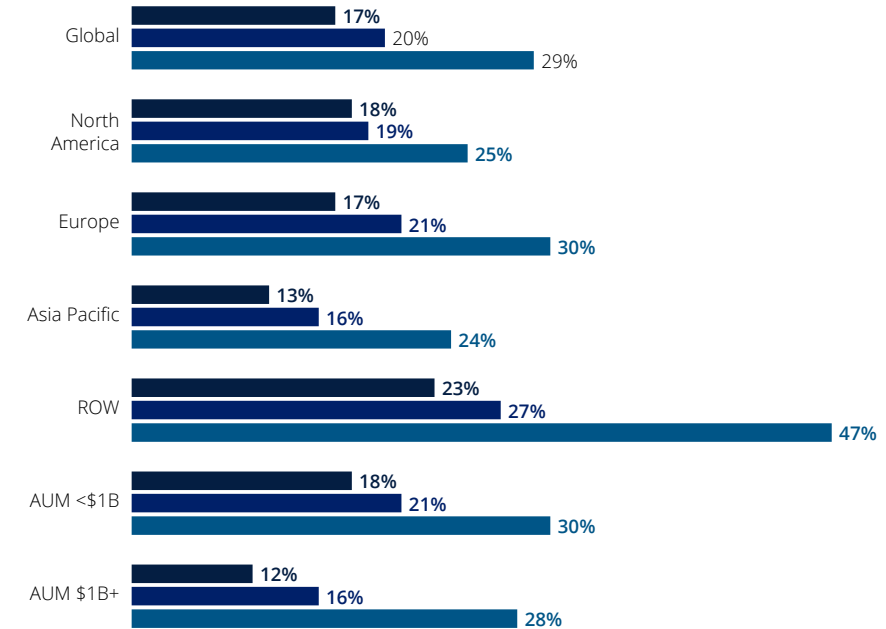
“Sustainability is a top priority for the family. The family foundation is going 100% sustainable and some of the trusts are moving that way, alongside our management and investment companies.

About a third of our investment portfolio is already dedicated to sustainable investments, but I envision this rising to about two-thirds within the next five years.”

Chief executive officer  
Single family office, United States

Figure 13: Proportion of family offices' investment portfolio allocated to sustainable investments in CY 2023, CY 2024, and in 5 years' time

*Click on each button to view the data*





# 4

## Clean energy is the family office favorite

Climate-related initiatives are consistently a core theme for family offices, driving their interest in sustainable investing. When asked which of the United Nations' Sustainable Development Goals (SDGs) family offices target, roughly two-thirds (64%) reported that affordable, clean energy is one

"Sustainable investing is in the family's genes, so we are committed to investing sustainably now and in the future. Our next-generation family members are especially enthusiastic about it. We invest in sun, wind, hydrogen, fish farms, etc. It is simply a part of the family's DNA."

General manager  
Single family office, Belgium

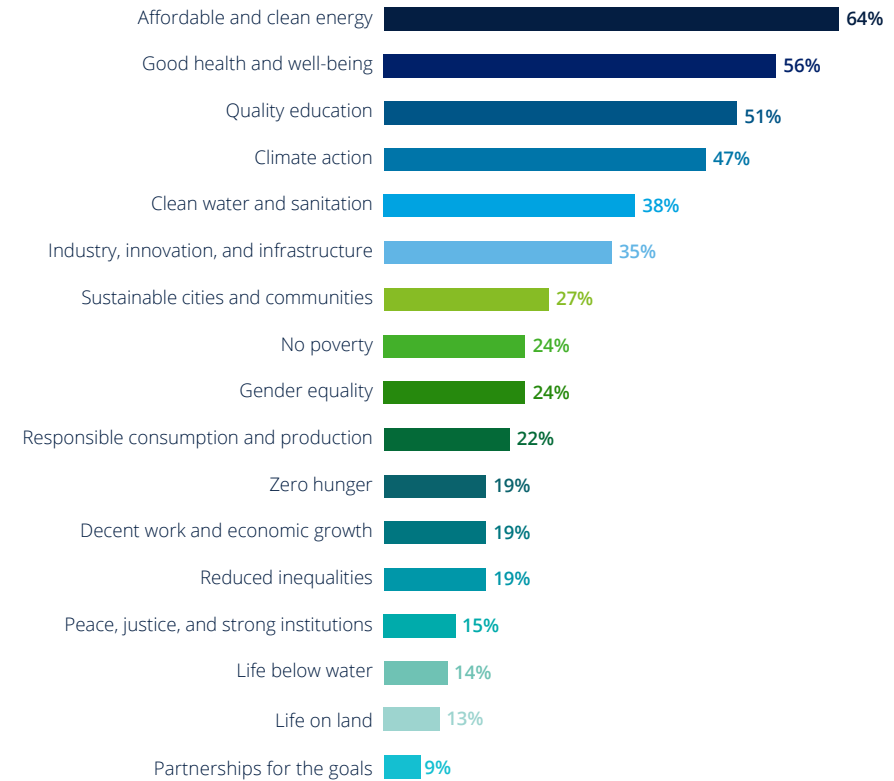
of their sustainable investment priorities, while 47% reported climate action, and 27% sustainable cities/communities (figure 14). Interestingly, European offices are more likely to invest in clean energy than any other region (76% versus 48% for Asia Pacific and 63% for North America).

"Given the upcoming election in the United States, we are monitoring how sustainability policies are being developed and supported, which will impact direct investments we have made in climate-related businesses."

Director  
Single family office, Singapore

Figure 14: The sustainable areas family offices invest in based on the United Nations' Sustainable Development Goals

*Click on each button to view the data*



# 4

## Half of family offices believe sustainable investments provide stronger returns with lower risk...

While 60% of family offices noted their desire to improve the world around us as a reason for investing sustainably, half of them (50%) also see better returns/lower risk as a motivation for adopting a sustainable investment strategy (figure 15). Interestingly, family offices in North America are the least likely of any region to think sustainable investments will deliver positive returns (33% of respondents versus 51% in Europe and 56% in Asia Pacific). This may stem from the topic becoming increasingly politicized in the United States.

*“We have been investing sustainably for many years, so we have some helpful tips for others. Most importantly, family offices should understand that there is a lot of misinformation out there that one must accept lower returns to invest sustainably. I am always shocked at how often I hear that, even from really smart family office executives, as it is simply not true. In fact, we believe that sustainable investments will be a core driver of returns in the future.”*

Keith Rook  
President, Weiler Arnow Mgt Co  
Single family office, United States

## ...however concerns about returns remain for some

The number one reason family offices cite for not engaging in sustainable investing is that they prefer “to do good” through philanthropy (60% of respondents) (figure 16). This belief is stronger in North America, at 74% of respondents, but it is shared by 55% of family offices in Europe and 37% in Asia Pacific.

The second most cited reason North American family offices gave for not investing sustainably is a belief that these investments produce lower returns than traditional investments, with 43% holding this belief. In contrast, only roughly 15% of family offices from the other regions think the same—which aligns to research that shows sustainable investment returns are often in line with traditional investments.<sup>xv</sup>

Figure 15: Family offices’ top motivations for engaging in sustainable investing

*Click on each button to view the data*

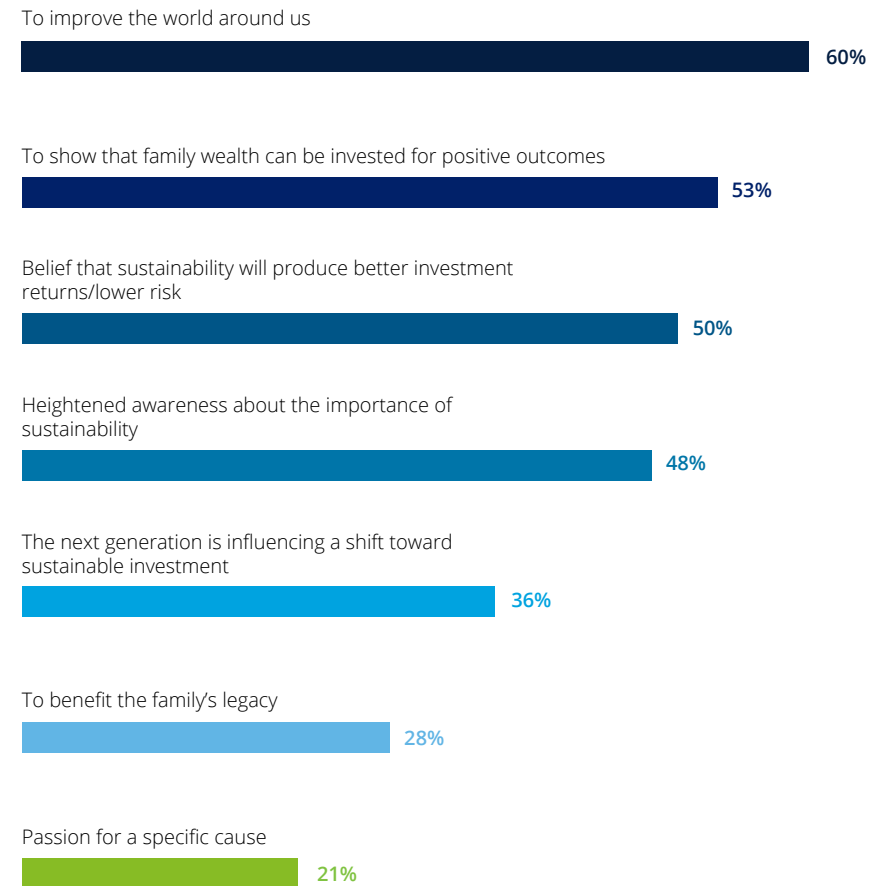
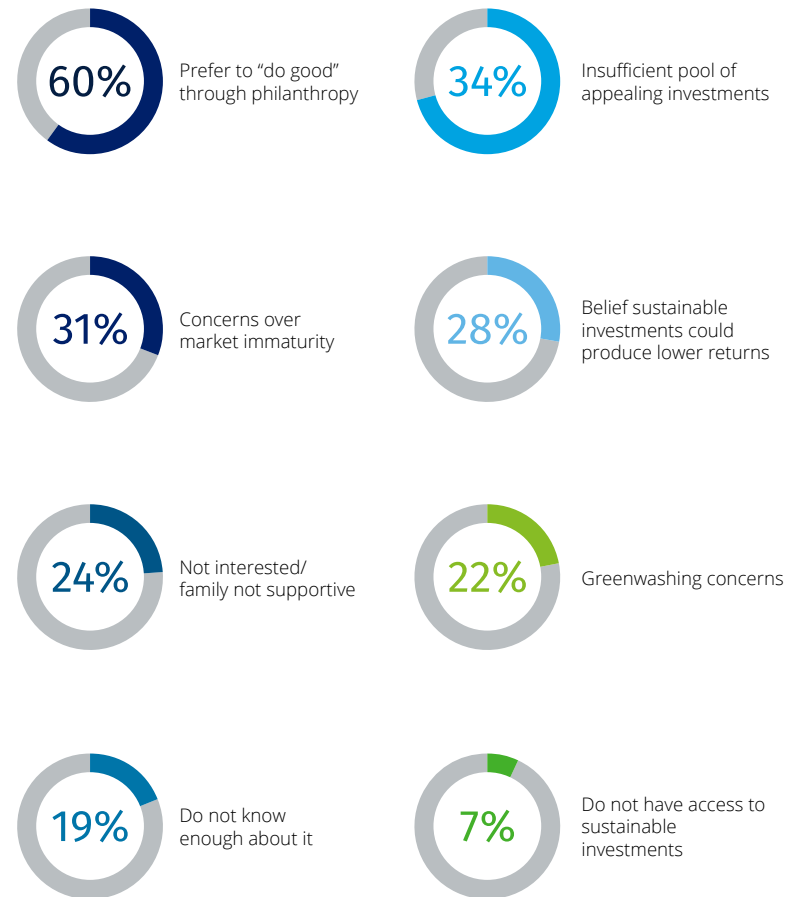






Figure 16: Family offices' reasons for not engaging in sustainable investing

*Click on each button to view the data*







## **One generation and done:** When one of the world's richest people plans to give away his fortune to better the planet

We conducted an interview with the chief executive officer of the family office for one of the wealthiest and most high-profile people in the world. His mission is to look after the principal and to utilize his wealth to combat some of the most pressing social and environmental issues of our day, including climate change and disease. With a philosophy that resembles the Giving Pledge (a promise by the world's wealthiest individuals to dedicate the majority of their wealth to charitable causes),<sup>xvi</sup> and a budget that has rivaled that of the United States government's spend on a key area of health research, this fascinating interview takes readers into the world of a family office driven to make a difference.

### **What is your family office's mission?**

Our family office is very large because of the company the principal created. We do a good job investing his money, but we are not looking to triple his personal portfolio. We are here to look after the principal, manage what he has, and, frankly, to give his money away to good causes. The plan is to give away nearly all his money and then shut the family office down. One generation and done.

### **Where does this motivation come from?**

It comes from the principal for sure. It is his mission; we just carry it out.

### **As you are dealing with such a vast fortune, what will that look like in practice?**

In practice, you cannot resolve his estate very quickly. It will take at least five years. We have a private trust company that will continue to run because there are assets that it oversees. Then the foundation will spin-off and become its own entity.





### What is your approach to investing in good causes?

We run the principal's core investment portfolio, which is set up for his retirement and is based on minimal-risk, long-term investments. Then, we take on long and arduous journeys and have two areas of focus—one is on climate change, and the other is on neurodegenerative diseases, where we invest the foundation endowment and funds.

Then, in our 501(c)(4) (social welfare organization), we invest directly in funds in which we are the only limited partner, or there might be one other limited partner, but it is with a fund we have created to focus specifically on climate change and science investing. At present, these two portfolios are not the same scale as the principal's core philanthropy, but they are not far off, and over time they may become larger.

For instance, in one area of degenerative health, we are the largest funder of research in the world. We are on par with the United States government, so we have capacity we can bring to bear to accelerate scientific discovery and, ultimately, new treatments.

### How do wealth holders effectively tackle such large-scale problems as climate change and degenerative disease?

When we look at a problem, we examine what forms of capital are best to address it in order to bridge an existing gap. Oftentimes, it is more than one. It might not just be philanthropy, maybe it is an investment that has a compromised return, maybe it is also policy change so we turn to our 501(c)(4). The benefit we have is that we run coordinated teams that work hand-in-glove across each of these areas to leverage the principal's assets for maximum effect.

In doing so, we make pure market rate sustainable and climate-related investments. We also make what we refer to as “pull forward the future investments,” which means investments you know will accelerate change if you are willing to not have a market rate return. If accelerating change means investing money without a return or with a minimal return, we are willing to do that.

### What are the most promising areas of investment you have seen to mitigate climate change?

We looked at the world to ascertain what areas are the biggest emitters of greenhouse gases but also the most underfunded philanthropically and investment-wise. Here, we identified four targets that we now focus on—shipping, offshore wind, grid modernization, and heavy trucking. For instance, why are diesel trucks sitting in ports all day polluting the atmosphere when they can be converted into electric vehicles?

### Do you have tips for other family offices when it comes to measuring the impact of their investments from an environmental or social change perspective?

For every philanthropic investment we make, we have objectives and key results (OKRs) that we expect the grantee to sign up for and report back on, and those are driven around greenhouse gas emissions reduction or the enablement of future greenhouse gas emissions reduction.

We are going to get up every day and continue to do good work. I have the best job in the world. I really do. I work for someone who gives me great latitude to spend his money for the good.



5 Family offices are hiring and looking to further professionalize





## 5 Family offices are hiring and looking to further professionalize

Four in 10 family offices are looking to hire additional staff this year, with 29% shifting toward more professional (non-family) talent, a sign of rising professionalization. At present, merely 35% of family office heads are non-family professionals; however, this number is expected to jump to 49% post succession. The number one sector that family offices are recruiting from is financial services, with 64% making it a core target for finding talent, followed by accounting firms (44%), consulting firms (25%), and other family offices (22%).

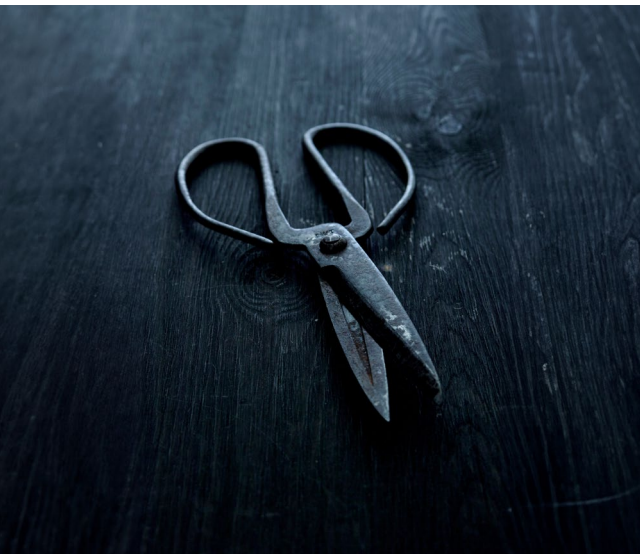
### Family offices are expanding their in-house staff

As family offices' AUM grows and their services to families expand, 40% aim to bring on additional staff in 2024 (figure 17). Those in North America are most prepared to hire at 45%, up from 33% in 2021, while those in Europe, who are experiencing more sluggish economic growth, are least inclined at 34%, up from 27% in 2021.<sup>xvii</sup>

Family offices with AUM over US\$1 billion are more actively hiring than their smaller counterparts at 55% versus 33% for those with AUM below US\$1 billion. This points to the need for larger and more specialized teams to support the portfolios and wider interests of larger offices.

“The family office has evolved. The asset base has grown, and the family’s focus has expanded, along with their personal needs. When I joined more than 10 years ago, we did not have a meaningful investment team in-house, and now we have a full-fledged investment team running our portfolio.”

Chief financial officer  
Single family office, United States



# 5

## Family offices look to further professionalize their talent

As family offices mature, they increasingly look to grow their teams with non-family members who have specialized knowledge in finance, investments, tax planning, legal services, and other disciplines. At present, 29% of family offices globally are aiming to shift toward more professional (non-family) staff (figure 17).

This proportion is notably higher in Asia Pacific (43%) and the rest of the world (ROW, 58%) than in North America (17%) and Europe (26%). This is likely because the family office arena is less mature in Asia Pacific and the ROW; thus, the need for further professionalization is greater. Likewise, this proportion is higher for family offices with AUM under US\$1

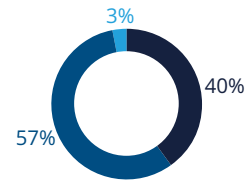
billion (31%) than it is for those with AUM over US\$1 billion (24%), as these larger, sometimes more institutional offices have likely already shifted toward outside professionals.

It is also important to note that most family offices are small—with an average of 15 staff—and so it is common for a handful of long-standing, trusted professionals to wear multiple hats and have varied responsibilities. And while the overall trend is toward bringing more non-family professionals on board, many find that a hybrid model works best, where family and non-family professionals work together to create a well-rounded team capable of addressing the unique goals of each family.

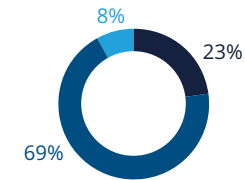
Figure 17: Planned changes to the family office in 2024

*Click on each button to view the data*

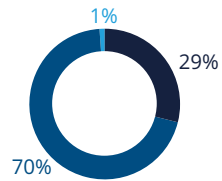
Number of family office staff



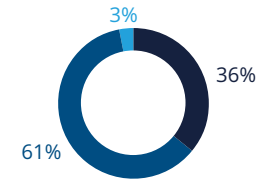
Bringing services in-house



Shift toward professional, non-family employees



A change in the number of services the family office provides, or to how many family members receive its services



■ Increase  
■ No change  
■ Decrease





# 5

## Families increasingly look to step down from leading the family office

At present, a sizeable two-thirds (65%) of family office heads globally are family members, while just one-third (35%) are non-family professionals (figure 18). In line with the findings above, families are planning to further professionalize their leadership by replacing family members with outside professionals once the current generation steps down.

Roughly half (49%) of respondents report that a non-family professional is expected to take over leadership of the family office post succession, a 33% increase. These numbers, however, vary

considerably by region. For instance, in North America, 51% of family office heads are already outside professionals, a number expected to rise to 73% post succession; while in Asia Pacific just 22% are outside professionals, with an expectation to hit 31% post succession. This maturity trend is echoed among larger family offices and legacy families, who already have higher proportions of non-family members as leaders. For instance, 60% of those with AUM over US\$1 billion versus 44% of those with AUM under US\$1 billion, along with 71% of Gens 4+ versus 47% of Gens 1-3, plan to have an outside professional lead the family office post succession.

“Younger families often staff their family offices primarily on the basis of trust. They bring in someone they have worked with in the past, say, the former chief financial officer of their company that was sold. In these cases, returns are not as strong as they could be due to the lack of insight and relevant experience of these professionals in investment roles.”

Paulo Bilezikjian  
Chief investment officer,  
Analytica Capital  
Single family office, Luxembourg

“Our board is comprised solely of family members. For years I have been trying to get outside professionals onto the board and investment committee to instill best practice. I have not gotten anywhere, and I do not think I will until the patriarch passes away. At that point, I will try again. I believe that is the single biggest change we can make to upgrade our structure.”

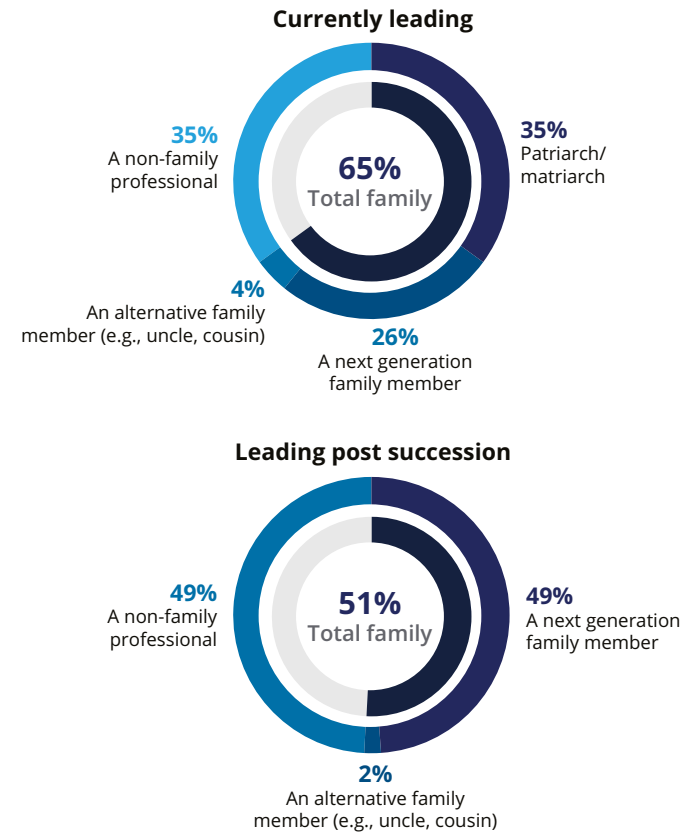
Chief executive officer  
Single family office, United States

“Over time, family offices will become more institutionalized and hire more professionalized staff. Everything we do is run in an institutional way. We come from institutional backgrounds having worked in big banks, and we try to replicate what has worked for others.”

Chief executive officer  
Single family office, United States

Figure 18: Who is currently leading the family office, and who is likely to lead it post succession?

*Click on each button to view the data*



# 5

## Family offices most commonly hire from financial services firms, followed by accounting firms

While family offices vary a great deal in size, structure, and approach, they share a fundamental purpose: to manage the wealth, assets, and affairs of high-net-worth families. To do this, they must hire a mix of professionals with the skill sets needed across investing, tax planning, trust and estate planning, insurance, legal services, etc., or opt to outsource these services.

While many hire from a mix of skill sets, when family offices were asked where they “primarily” recruit their staff, the majority said financial services firms (e.g., banks, asset managers, hedge funds, etc.) (64%), followed by accounting firms (44%), consulting firms (25%), other family offices (22%), law firms (17%), and the family’s operating business (17%) (figure 19).

“We like to hire professionals who come from other family offices, but that is difficult to find. It is a very small community and employees do not tend to move around that much. Other than that, we look for people primarily from financial institutions like private banks.”

Keith Rook  
President, Weiler Arnow Mgt Co  
Single family office, United States

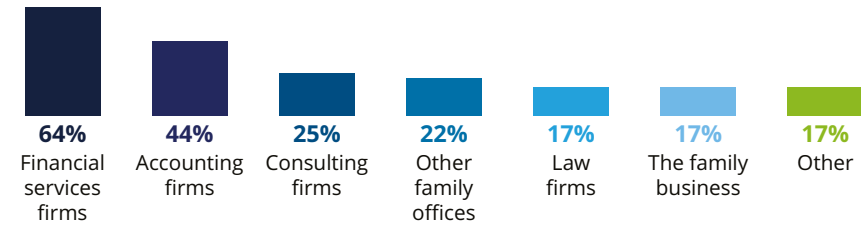
North American family offices, however, favor financial services and accounting backgrounds more equally than their regional counterparts: 59% of North American offices lean toward recruiting staff from financial services firms and 57% from accounting firms, while financial services firms are the overwhelming favorite source for family office staff in Europe and Asia Pacific. They are also a favorite among larger family offices with US\$1billion+ in AUM. However, like North America, legacy families, which often consist of many members and multiple branches, typically have extensive tax commitments; thus, they also prefer an even split between recruiting from financial services and accounting firms.

“Typically, we look for someone with five-plus years of public accounting experience, as we need people who can handle the accounting and financial reporting. Given that the operating business is in real estate, we also like candidates with real estate experience.”

Brett Treadwell  
Chief financial officer, RIDA Development Corporation  
Single family office, United States

Figure 19: The types of companies family offices most often recruit their professional staff

*Click on each button to view the data*



“I prefer to only hire people who I have known that have worked with one of our service providers. For instance, if they come from the bank we know, that is fine. Having the right people and the right fit is extremely important. We run a small team, so we keep it tight. Everyone needs to get along well as we run an intense business.”

Chief investment officer  
Single family office, United States





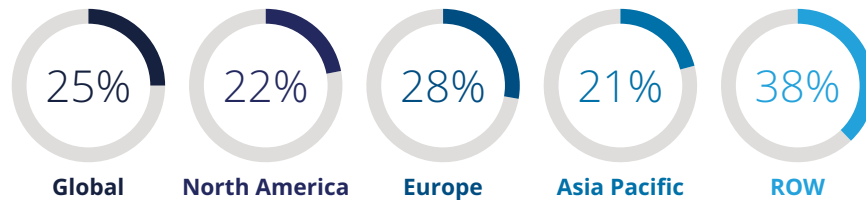
### Recruitment and retention identified as a core risk for 2024

As family offices look to increase their staff levels while retaining their existing employees, some face an array of challenges which have caused a quarter of respondents (25%) to place talent recruitment/retention as one of their top three risks this year (figure 20). Young financial talent, in particular, can gravitate toward investment banks, hedge funds, and other larger, well-known players in the industry given the financial rewards and room for career progression. In contrast, family offices are typically smaller outfits with less name recognition, fewer clear opportunities for advancement, and a tendency to favor the career advancement of family members over outside professionals. Leading family offices are addressing recruitment and retention challenges by highlighting their unique cultures, sizeable asset bases, and focus on purposeful endeavors—along with the breadth of responsibilities and leadership exposure that come with being part of a smaller team.

“We have not struggled to find talent for two reasons. First, we are willing to pay people what they need. Second, people want to join us because they want to invest in our mission of doing good for the world.”

Chief executive officer  
Single family office, United States & Asia

Figure 20: Proportion of family offices that identify talent recruitment/retention challenges are a core risk to the family office in 2024



“Hiring can be a challenge, but once people understand that we have an institutional-sized asset base and that they are part of a larger team, they see the attraction. Joining a family office is not the same as joining a private equity fund where you might start out as an analyst and move up to vice president, as there is a consistent upward trajectory if you are a rising star. We have not offered similarly clear growth paths to leadership roles so far, which is why we positively present the size of our asset base and strength of our team to attract talent.”

Chief executive officer  
Single family office, United States

“A lot of my key senior people have been around for 10 to 20 years, so we have not had to deal with a lot of turnover at the top level. We have more turnover in the junior roles. These folks are harder to retain because we are a small office—15 people—so there is no corporate ladder to climb, as our leadership structure is static. After a few years, younger employees can get frustrated because there is no upward mobility, so they leave.”

Chief executive officer  
Single family office, United States

## 6 Outsourcing to scale up



## 6 Outsourcing to scale up

With the average family office respondent managing US\$2 billion in AUM while employing merely 15 members of staff, more than a third (34%) of family offices are looking to rely more on third-party service providers this year to scale up their initiatives and gain added expertise.

### Need for specialized services and added support drives increased outsourcing activity

Family offices typically deliver services through a mix of in-house employees and outsourced resources, allowing them to scale up by turning to an external team during high-volume periods or when they need specialized expertise. A growing number of family offices are looking to increase their reliance on third-party outsourcing services, with 34% expecting an increase in 2024 (figure 21), up from

25% in 2021.<sup>xviii</sup> This rise is consistent with family offices' positive view of outsourcing overall: A 2023 study found that 71% of family office professionals believe outsourcing helps them improve service levels, and that 63% use third parties for support on illiquid assets like private equity, while 60% turn to outsourced resources to support family members' personal financial management.<sup>xix</sup>

Figure 21: Planned changes to the family office in 2024: Reliance on outsourcing services to third parties

*Click on each button to view the data*



**34%** Increase  
**59%** No change  
**7%** Decrease





## Build, buy, partner:

# One of the world's largest family offices reveals what is in their secret sauce for successfully scaling up

We sat down with a director at a large family office behind a sixth-generation business/family dating back to the mid-1800s. In our conversation, the director talked about how the family office's build, buy, partner model allows the team to flexibly adapt and scale up to meet the needs of a large-scale family.

**The family office, with its staff of almost 70, manages one of the largest personal investment portfolios in the world, while also supporting an extensive family tree with 77 different branches. How do you do it?**

We rely on a smart build, buy, partner model. Family offices are notorious for thinking they must build everything themselves for reasons of control or privacy. They need to understand that there are ways to maintain that integrity without having to do everything in-house.

For example, we have a tax team of five, and every year we do the family's tax returns, which number over 600. For various reasons, we often do not get all the data we need until just two weeks prior to the final deadline. So, we must figure out how to manage the workload on a very compressed timescale.

To maintain client satisfaction during these peak times given the limited size of our team, we communicate frequently to manage our clients' expectations. We also try to work intelligently and efficiently, and to be very thoughtful about staffing. Why would we staff 12 to 15 tax people full time when we only need them during these compressed periods? It makes more sense to work with an outsourced partner to pitch in and be our extra arms and legs when needed.

And while we will always have a tax team, we pull the lever on our outsourcing partnership as needs arise. For example, last year two people went on maternity leave, so I had to pull the lever hard—and I was able to keep that lever pulled as my team found more valuable planning work we could do for the client. I would not have been able to do that



had we not demonstrated that we could deliver as needed given budget, time, and resource constraints. That is an important strength.

#### **Do you use this hybrid model in other areas of the family office?**

We use it to expand our expertise on the operational technology front and on the investment side. For example, we do a mix of direct investing and co-investing in outside funds. We leverage outside experts to help given that there's only so much due diligence a small team can do.

We are very thoughtful about our build it, buy it, partner model, but I think we lean toward the partner category most often. While we are a big family office, we are not a big organization, and so to buy it or build it is oftentimes not the most cost effective or efficient way to operate.

#### **How has the family responded to the hybrid model?**

The older generation feared the possibility of losing control of their data, so we had to reassure them. We also had to explain why this approach made sense, not only from a cost perspective—as it is much easier to partner than to hire and train new staff—but also due to the added expertise. In our small tax

practice, we cannot have experts who know everything about international, state, and local matters, quirky trust matters, software matters, you name it. Instead, I can call an outside firm that has all this knowledge; it is incredible.

It was a bit easier with the younger generation, but they, too, initially did not see why we should not simply hire more staff. It was important to address the generational differences in terms of communication styles and needs, and so we took a two-pronged approach. We focused on the privacy and confidentiality concerns of the senior generation and outlined the cost and efficiency benefits for the younger generation.

The biggest thing is education, and it is an ongoing process. It is a tug and tow approach whereby we must inform the family about the adjustments needed to improve the family office, but we must also adapt ourselves to retain the important components the family has become accustomed to. Our build, buy, partner philosophy must be smart. We must be able to adjust as needed—as the environment changes, we must change with it.

#### **Do you have any tips for other family offices?**

Sometimes there is a disconnect between what the family office staff think they should be doing and delivering, and what the family believes they should be doing and delivering. So, it is important to make that expectations gap as small as possible.

Lastly, I think the most important thing is for a family office to be incredibly adaptive. For instance, if it is hard to find talent where you live, you can consider virtual working possibilities so you can pull in the best people from around the world. This is particularly important for family offices. We are a big family office, yet we are only 70 people. A big family office is still a small business, so you must be creative when it comes to things like talent and resources.





# 7 Jumping on the tech train





## 7 Jumping on the tech train

Nearly half (43%) of family offices are developing or rolling out a technology strategy this year. Roughly one in five (17%) identify inadequate investment in technology as a core family office risk, while nearly three-quarters report they are either underinvested (34%) or only moderately invested (38%) in the operational technology needed to run a modern business.

### Family offices look to emerging technology to modernize their operations

Not traditionally known for their technology-savvy operations, merely 28% of family offices globally say that technology is well integrated into their business (figure 22). Given family offices' relatively small size, many have not implemented sophisticated technology solutions like larger institutions have, and some say they do not need them. However, as the family office space evolves, executives recognize the need to onboard new technologies, with 43% either rolling out a technology strategy this year or are in the process of developing one.

With this intention in mind, most family offices (72%) freely admit that their investment in the technology needed to run a modern business is either insufficient/non-existent (34%) or only moderately sufficient (38%) (figure 23). Similarly, nearly one in five cite inadequate technology investment and adoption as a core risk to their family office this year (figure 24).

Technology solutions are now available across a wide range of areas for the front, middle, and back office covering investing, tax and wealth reporting, client management, data management, finance, security protocols, and more. Integrating technology upgrades can not only improve staff efficiency by reducing the use of old-school spreadsheets and manual data entry, but they can also allow for better data-driven decision-making which can put family offices on a clearer path for scaling up.

While many family offices initially embrace technology to streamline processes, reduce costs, and improve decision-making, a growing number recognize the broader benefits of enhanced security, heightened risk management capabilities, and the possibilities to optimize investment opportunities. In short, the strategic adoption of technology can help a family office successfully manage a family's complex affairs in a robust, streamlined, and even cost-conscious manner.





# 7

Family offices with more than US\$1 billion in AUM are further ahead in embracing technology than their smaller counterparts: 44% of larger family offices say that their technology strategy is well integrated into their operations, compared to only 19% of smaller family offices (with less than US\$1

“When it comes to technology, we are not cutting edge. We are looking at technology solutions all the time in terms of documents and organizational management. They are not cheap, so I am always trying to wrestle with the costs relative to the efficiency gains. And because we are leanly staffed, we are constantly busy given the complexity of our

billion AUM). Given that larger family offices often have more complex investment portfolios, they tend to invest more in technology to support the size and scale of their operations and investments.

organization, so anytime I mention some kind of technology conversion, everyone thinks, ‘Oh no, here we go again.’”

President  
Single family office, United States



Figure 22: Family offices’ strategy for integrating emerging technology into their operations

*Click on each button to view the data*





# 7

Figure 23: Whether family offices believe they have sufficiently invested in operational technology to run a modern business

*Click on each button to view the data*

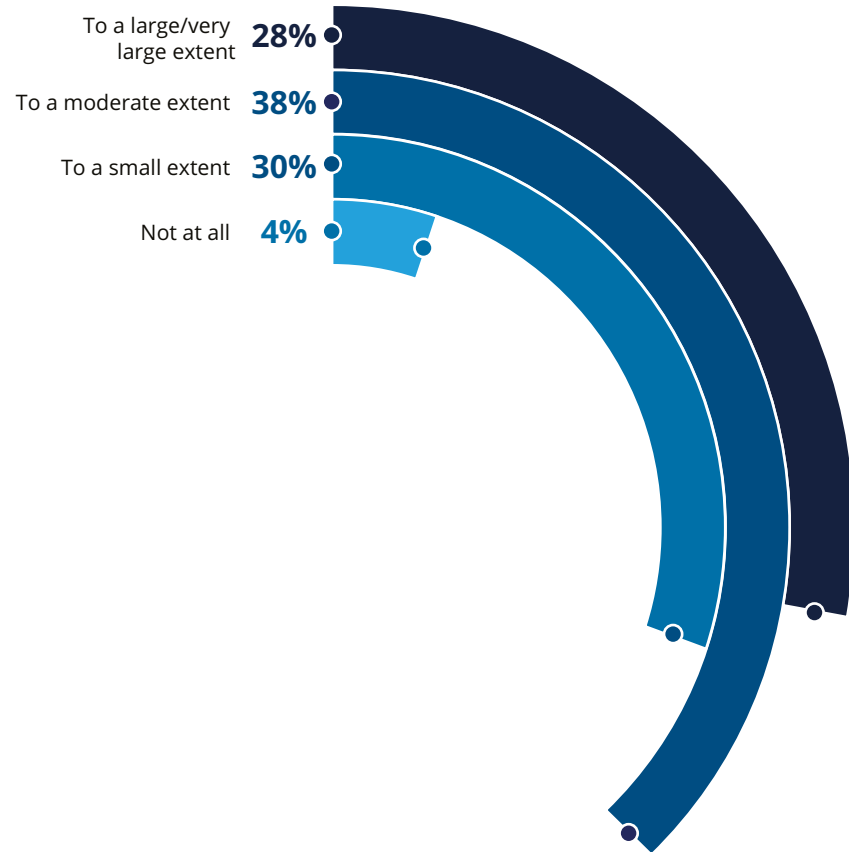
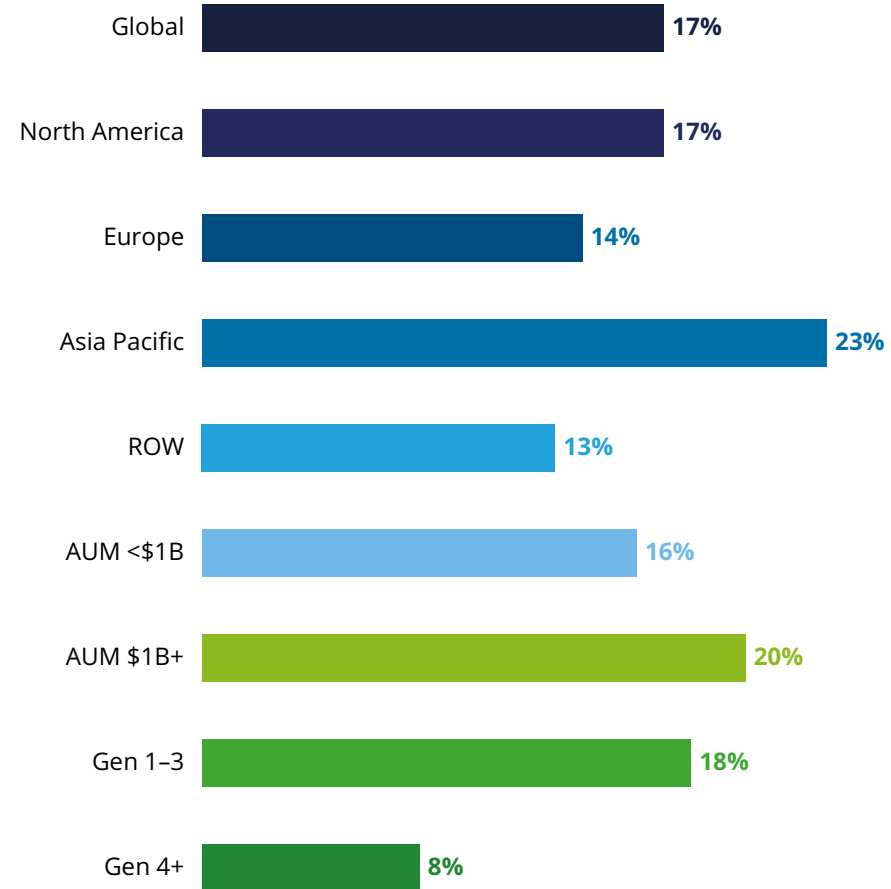


Figure 24: Proportion of respondents that rank inadequate investment and/or adoption of new technologies as a core risk to their family office in 2024



# 7

## **A common frustration: Inadequate technology to support operational, tax, and wealth reporting**

When asked in interviews what challenges family offices face when it comes to their operational technology needs, it is interesting to highlight that the inadequate speed and functionality of their

“If you are a family office with a meaningful-sized portfolio, my advice would be to get a proper reporting system in place as soon as possible because it is incredibly arduous to manually enter the data or to import it from another platform. If you are using traditional spreadsheets or another homegrown system and there is any longevity to your family office, that is probably not going to suit you in the long term. It is better to implement something sooner rather than later.”

Chief financial officer  
Single family office, United States & Asia

financial reporting systems (operational, tax, and wealth reporting) was the most frequently cited challenge. This suggests that the market needs to evolve further to accommodate family offices' unique and often complex needs.

“There is so little in the market when it comes to effective financial reporting systems. Finding a good reporting system is like finding the holy grail! It would make me so happy to have a system which would allow me to easily drill down into our different assets and investments. Without a good reporting system, you do not know what the heck you are doing. That is why I hired an external advisor. We are working through a plan now to optimize the process flows across our organization and to implement a solution with a ‘single source of truth’ for our operational, tax, and performance reporting.”

Chief executive officer  
Single family office, Belgium





## 8 Tackling cyberthreats





## 8 Tackling cyberthreats

A notable 43% of family offices have experienced a cyberattack over the last 12-24 months, with 25% experiencing three or more attacks. However, nearly a third (31%) of offices do not have a cybersecurity strategy in place, and 43% say they have a strategy, but it could be better. With more than one in five family offices (22%) heralding cyberattacks as a core risk this year, now is the time for pre-emptive action.

### Nearly half of family offices have experienced a cyberattack in the last 12-24 months

A notable 43% of family offices report that they have experienced a cyberattack within the last 12-24 months, with 25% noting that they have been attacked three or more times (figure 25). This is a considerable jump from the 30% which reported being attacked in 2021<sup>\*\*</sup> and reflects the increasing numbers of cyberattacks overall.

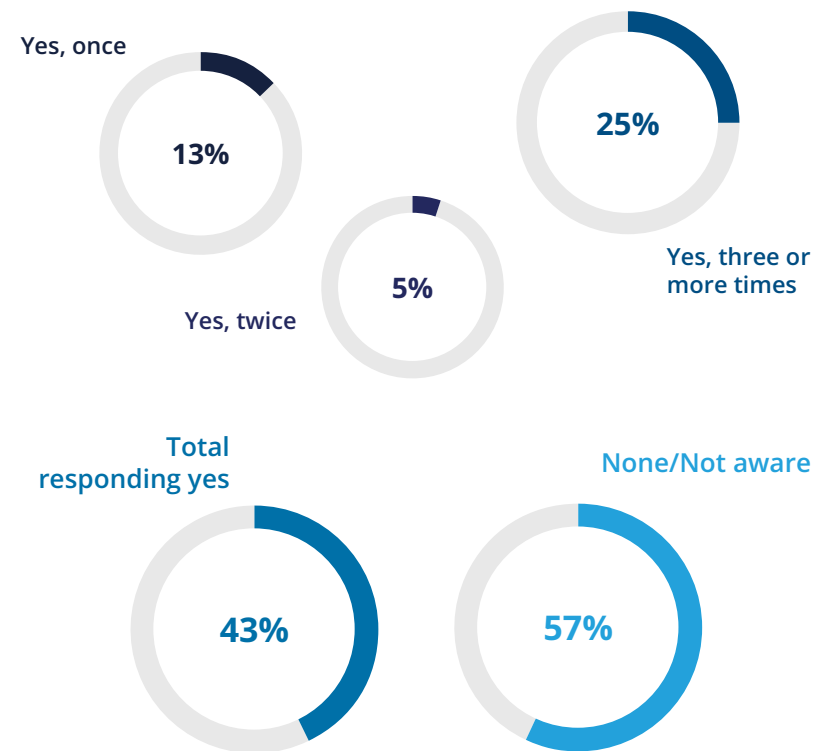
Family offices in North America are far more likely to report being attacked than in other regions (57% versus 41% in Europe and 24% in Asia Pacific). (North America is likely the most-targeted region for cybercriminals because of the complex digital landscapes in United States and Canada, as well as their relative wealth and influence.) Offices with

AUM over US\$1 billion are also notably more likely to report being attacked than those with AUM under US\$1 billion at 61% versus 37%, respectively. They are also more likely to report frequent attacks, with nearly half (46%) noting that they have experienced three or more attacks, compared to just 15% for smaller family offices.

That said, attacks come in a variety of forms—such as phishing emails, malware, hacking, identity threats, and social engineering—and it is common for victims to be unaware that they have been hit, unless the attack results in known damage, such as harm to the family's or family office's reputation, finances, revenue, and/or operations.

Figure 25: Whether the family office has experienced a cyberattack within the last 12-24 months

*Click on each button to view the data*





# 8

## Addressing cyberthreats is a top priority for the year

Despite the frequent attacks family offices face, nearly one-third (31%) do not have a cybersecurity strategy in place. 43% have a strategy, but recognize that it could be better, while only one-fourth (26%) report having a robust strategy that has never failed them (figure 26).

The absence of a strong cybersecurity strategy represents a core risk to family offices, particularly as 22% claim that cyberattacks constitute one of the top risks they face this year. Those in North America are far more sensitive to this risk than those in other regions, with 30% perceiving it as core risk, compared to just 19% in Europe and 18% in Asia Pacific (figure 27).

With a desire to combat this threat, nearly one in five family offices globally (15%) and one in four in North America (25%) say addressing their cybersecurity needs is a top priority this year (figure 28). Family offices with AUM over US\$1 billion are also more prepared than their smaller counterparts to tackle this issue at present (22% versus 13%, respectively), perhaps because a far higher proportion claim to have suffered an attack (62% versus 38%, respectively).

This data reinforces the finding that 17% of family offices globally are currently building out and executing their cybersecurity strategy—a top priority for the year. As they step up their efforts, it will be important for family offices to view cybersecurity as a critical component of their overall business strategy, technological ambitions, and risk management capabilities.

“You will always have someone try to attack you. It is just a matter of how well you respond when it happens, and the controls you have in place that are fending off attacks before you even know they are there.”

Brett Treadwell  
Chief financial officer, RIDA Development Corporation  
Single family office, United States

“Cybersecurity is a big risk. The core problem is that a lot of people do not react to cyberthreats until they have been attacked. A lot of family offices have now been hit and it has made them very reactive. Typically, cybercriminals go after the low-hanging fruit, so the less you do, the more likely you will be a target. The more difficult you make it for hackers, the easier it will be to avoid potential problems. Some people do not want to spend money on cybersecurity because you pay all this money and the best thing that can happen is nothing at all. But, if you do not spend the money and something does happen, you can experience a huge loss. It is like buying insurance; it is a negatively skewed investment, but it is one investment you should not avoid.”

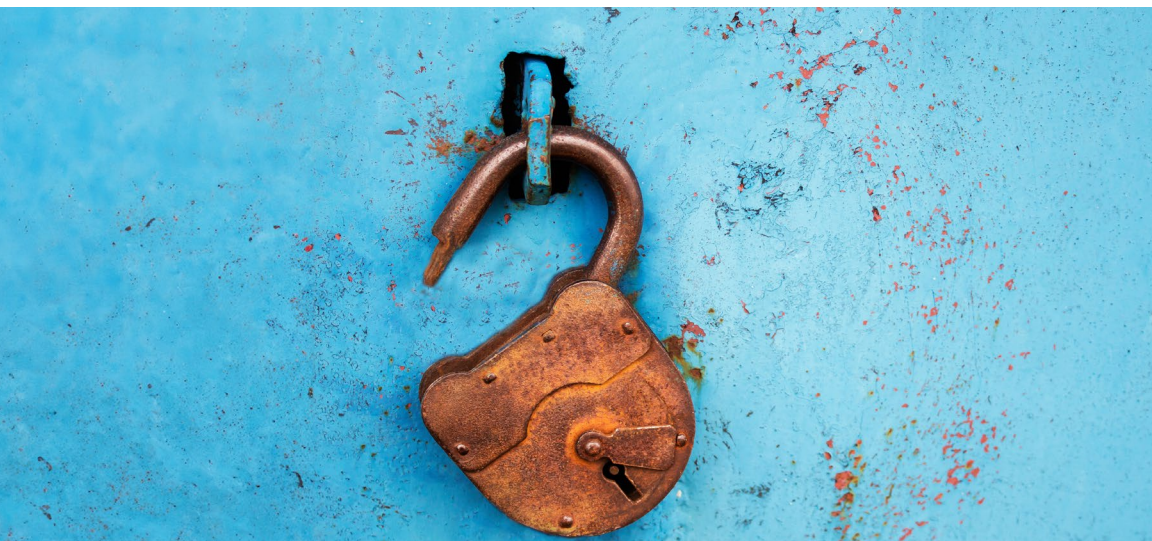
Chief executive officer/chief investment officer  
Single family office, United States

“I want to test our cybersecurity by organizing a planned attack on our systems to determine the vulnerabilities and put the needed safeguards in place to prevent an actual security breach. This is the only way we can find out if we are actually safe.”

Chief executive officer  
Single family office, Belgium

“There was a breach; someone got into our client email system. When it was found, all the measures on earth were thrown at it. We used to operate on a server, and a staff member found a draft email from a hacker in a client’s account. We shut the system down and we are now serverless, so they cannot do that again. Thankfully, the hacker was stopped before any direct damage was caused. But it created a scare, and that resulted in reputational risk to the family office.”

Director  
Single family office, United States



# 8

Figure 26: Whether the family office has a cybersecurity strategy in place

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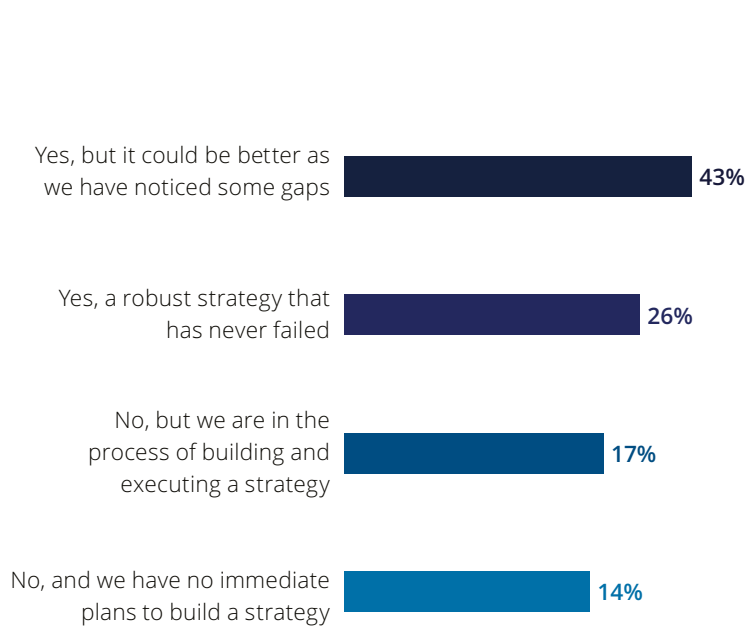


Figure 27: Proportion of family offices that rank cybersecurity as a top perceived risk in 2024

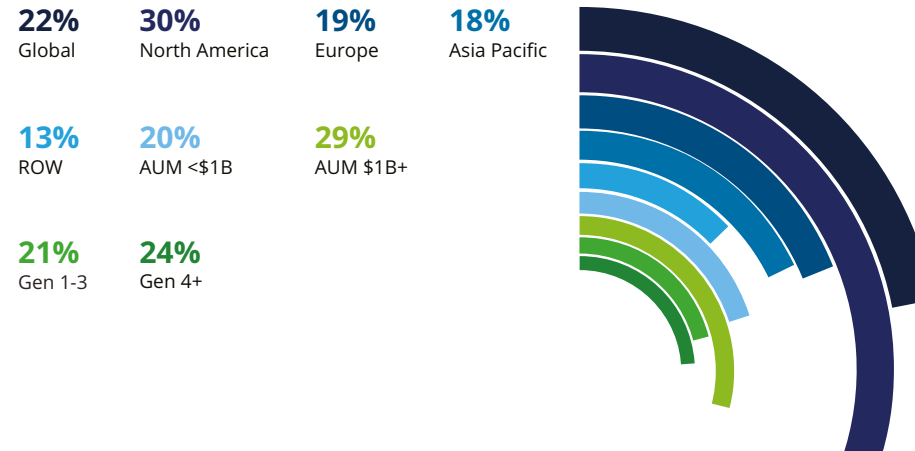
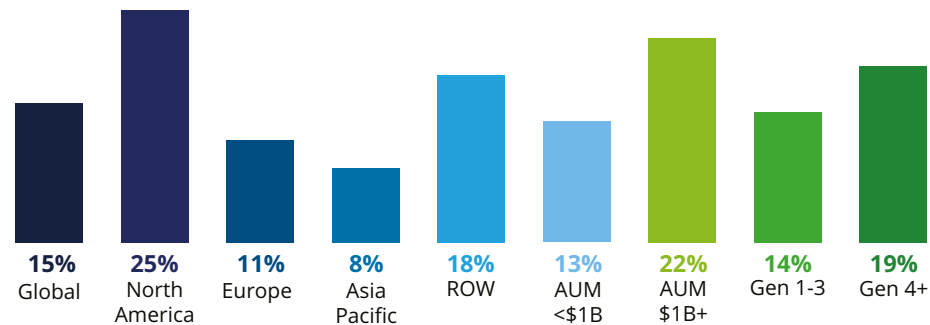


Figure 28: Proportion of family offices that rank cybersecurity as a top strategic priority in 2024





# 9 Charting a path to succession





## 9 Charting a path to succession

With four in 10 families (41%) undergoing generational succession within the next 10 years, succession planning has become a top priority this year—particularly as 41% of families are currently without a plan. Meanwhile, 50% of family offices also lack succession plans for their leadership team. As a result, nearly one-quarter of respondents globally (24%) rank their/the family’s unpreparedness for succession as a top risk to their family office, while 43% have made succession planning a top strategic priority for 2024.

### Two in five families will undergo generational succession within the next 10 years

The most forward-thinking families have both long-term and short-term (contingency) succession plans in place. However, regardless of whether succession is occurring for a first- or a fifth-generation family, it remains a complex undertaking that requires careful planning, training, and an open exchange of ideas—all while navigating the potential conflicts that may arise during a time of transition. Here, family offices can play a crucial role by helping to develop plans, training the next generation, fostering communication, and managing the complexities of family dynamics.

We are presently in a major generational transition, with 41% of families expecting to undergo succession within the next 10 years, representing a transfer of trillions of dollars of wealth between generations (figure 29). Despite this, 41% of families do not currently have a succession plan in place (figure 30). Among this cohort, newer wealth

holders (Gens 1-3) are twice as likely as legacy families (Gens 4+) to lack a plan (43% versus 22%, respectively). As these legacy families have broken the “third-generation curse”, it could pay dividends for newer wealth holders to mimic their older peers and tackle succession planning head-on, rather than to learn about succession roadblocks the hard way.

It is also important to recognize that succession planning is not just about the family; it is also about preparing for the next generation of family office leadership. Here, the findings reveal an even greater lag than familial succession, as a notable 50% of family offices currently lack a succession plan for their leadership team. Echoing the results above, family offices serving newer wealth holders (51%), and those with AUM under US\$1 billion (54%), are more likely to be without a plan than legacy families (45%) and family offices with AUM over US\$1 billion (43%).



“If you want to create a family office, you must think that whatever you create must be bigger than any one person. It must survive anything that happens. We have redundancies for everything. If someone leaves the family office, we know who is going to replace them. Everyone is cross-trained. We use multiple service providers. We have back-ups of everything and cybersecurity measures in place. We do these things to ensure that the office will exist beyond any of us. Many family offices run things fairly loosely. They are not prepared for future events. If you think institutionally, you think about ways to ensure that your family office will outlast you.”

Chief executive officer/chief investment officer  
Single family office, United States



# 9

Figure 29: When did/will the family leadership undergo its most current generational transition

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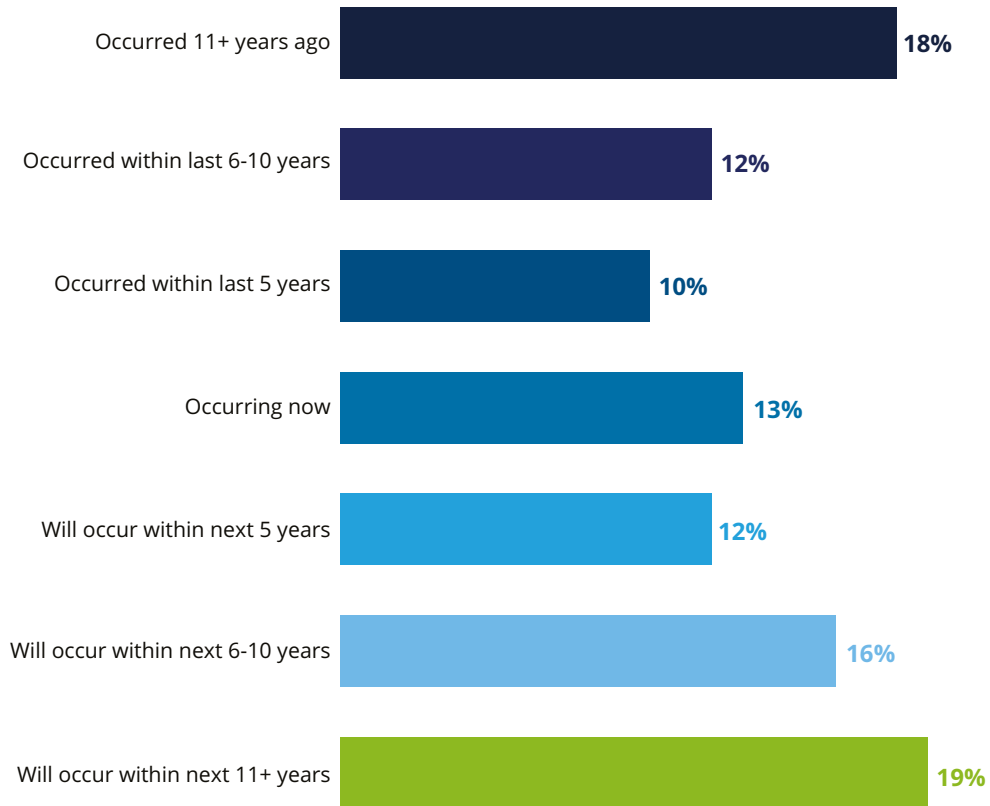
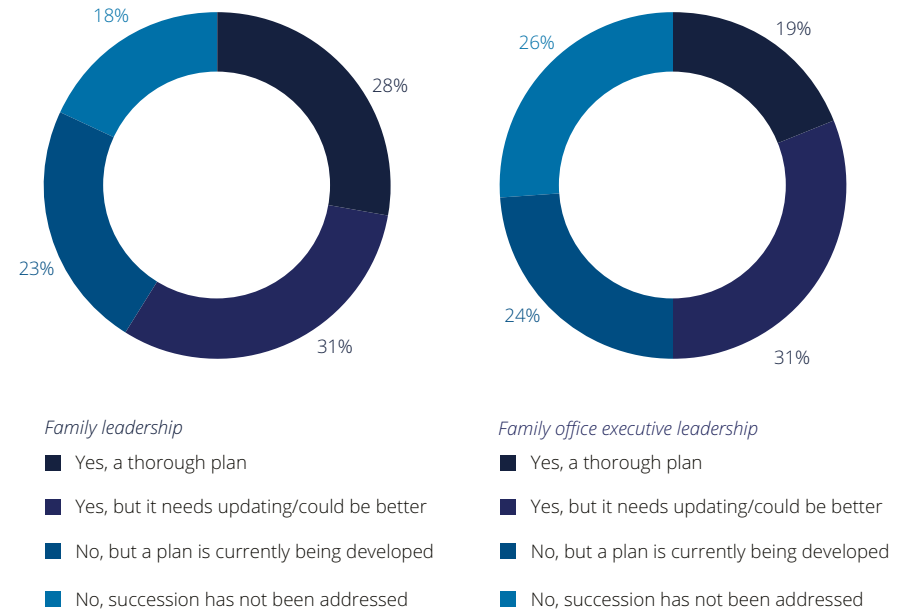


Figure 30: Whether the family and the family office executive leadership have a succession plan in place

*Click on each button to view the data*



# 9

## Concerns over unpreparedness for succession are driving planning initiatives

With succession challenges looming, one-quarter of respondents (24%) rank their/the family's unpreparedness for next generation succession as a top risk to their family office this year, with North American offices far more concerned about succession (at 40%) than their counterparts in

Europe (12%) and Asia Pacific (21%) (figure 31). As a result, a notable 43% of offices globally, along with 59% in North America, have made succession planning a top strategic priority for 2024. Measuring this against all priorities, succession planning ranks second only to investment risk management (figures 32 and 6).

Figure 31: Proportion of family offices that rank the unpreparedness for succession of the next generation and senior family office executives as a top risk in 2024

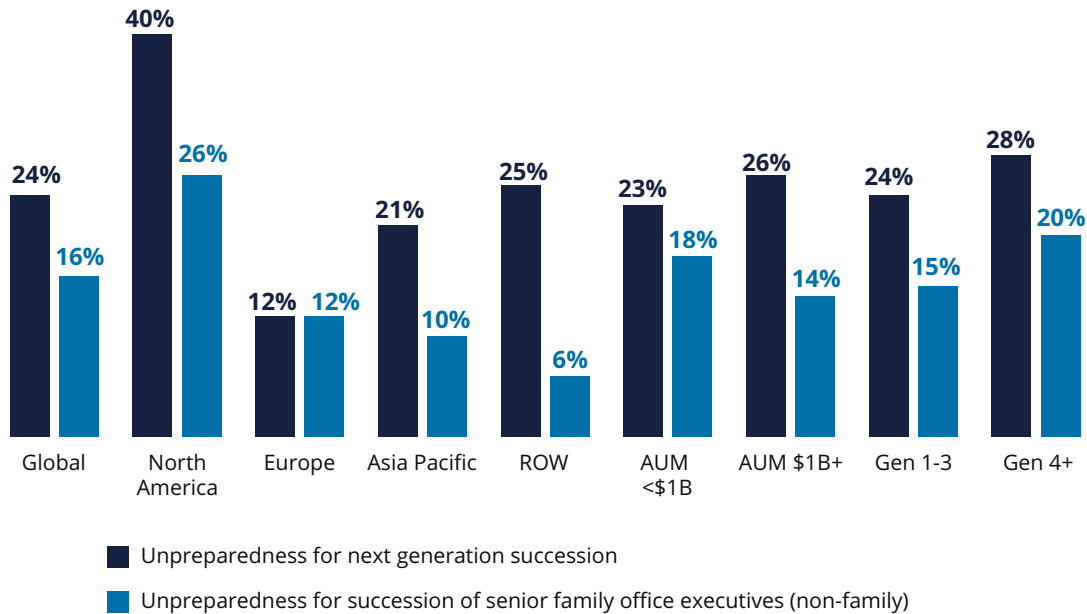
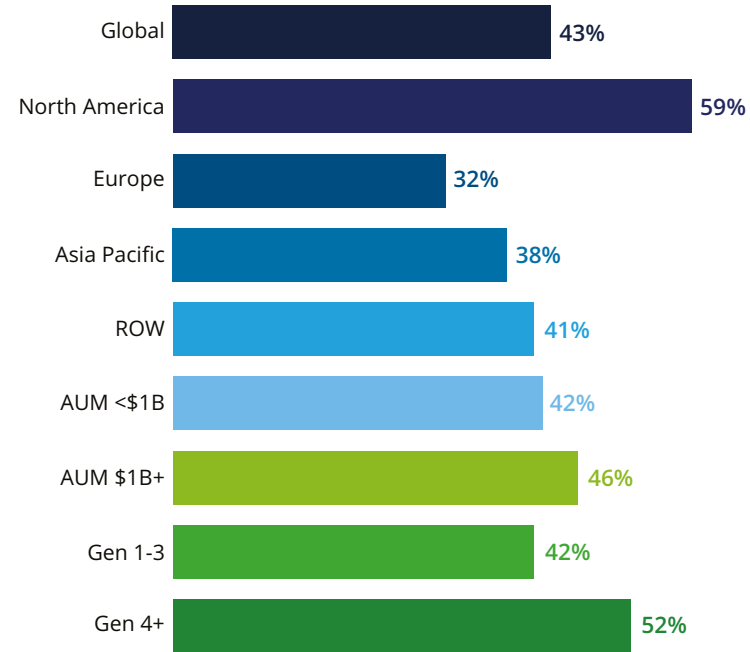


Figure 32: Proportion that rank succession planning as a top strategic priority in 2024







## On the brink of the third-generation curse: Important lessons from a first-generation family office executive

*“If you are going to be honest, the biggest risk to most family offices is the family.”*

A family office executive raises his concern over his principal’s lack of attention to creating a succession plan. Understanding how the loss of a first-generation wealth creator can throw a family office into chaos, this story offers insight into the possible repercussions of failing to plan for succession. It also illustrates how a wealth creator’s decision to shelter family members from the responsibilities of wealth stewardship can potentially backfire and lead to strategic dissonance and disarray, and how unchecked, exorbitant spending can threaten the financial empire one has built.

### **What is the biggest risk to family offices?**

If you are going to be honest, the biggest risk to most family offices is the family. Sure, there are things like tax, regulatory, and cybersecurity risks—the stuff we executives spend most of our time on. But if you get at the heart of it, the family is the biggest risk. For smaller family offices, it can be about which family member executives will need to report to and who will be making the high-level, strategic decisions. For larger family offices, it can be more about how to transition from one generation to another or how to prevent different family factions from branching off and dividing the assets into multiple family offices.

### **How is this risk playing out in your family office?**

The patriarch, who also acts as the head of the family office, is in his 70s and has had serious long-term health problems. Despite this, he has no succession plan in place. I have pleaded with him countless times to create a plan. Because he, the first-generation wealth creator, makes all the decisions, I shared my concerns with him about the leadership void that would occur should he depart. But his response is always that his heirs can decide later whether or not to keep the family office going.

I have explained that it is not a simple yes-or-no decision. Eighty percent of the functions

we do simply must be done. It is just a matter of how they will get done. The wealth could be managed through a multifamily office or a virtual family office, elements could be outsourced, and some could be cut. But the tax returns must be filed next year no matter what. We cannot just decide not to do that anymore. So, unfortunately, there is a lack of understanding.

#### **Why is the patriarch unwilling to address succession?**

Succession is a sensitive topic, and he does not want to deal with it because individuals in his orbit have taken on senior roles in the family office and, unfortunately, they lack competence. If the patriarch creates a succession plan that everyone knows about, and I were to be appointed the leader, it could alienate others. He does not want to do that, so he has not created a plan at all.

#### **How does his family fit into the equation?**

The patriarch's wife has no knowledge of the activities of the family office. She has not been brought up to speed, nor does she show a desire to be involved. They share three children who are now adults. One is laser-focused on growing the family wealth and cutting excessive spending. She has ambitions for the family's investment portfolio but lacks the experience needed to run the family office. The

other two beneficiaries work in unrelated fields and, like their mother, are not involved in the family office. They appear happy to enjoy the lifestyle benefits of the family's wealth. In turn, the family dynamic comes with inherent risk.

#### **What do you envision will happen to the family wealth and the family office in the future without a succession plan?**

I could see half the wealth being depleted by the third generation. Overspending is the biggest risk—the numerous houses they have bought that need to be managed, the household staff, the drivers, private jets, yachts, etc. They have become accustomed to a certain lifestyle. It would be hard to flip the switch. It is even harder when you have been sheltered from ever understanding what things even cost. Without that appreciation, it is difficult to make relevant value judgements. In turn, it would not surprise me if the family ends up going down the multifamily office route should they find the single family office too troublesome without the patriarch in charge.

#### **Given the patriarch's serious health condition, how do you think the family office would cope if he were to pass?**

I already know what would happen. It would be chaos. Everyone would sit there trying to figure out who could lead the family office and set a path forward, but they would not be able

to. If you head up a family office and are the largest shareholder of its investments, and you pass away without naming a successor, there is no majority vote to elect a new leader. Where I reside, you must first go through probate court, and this could paralyze the family office to act for a whole year.

Going through this would be so disruptive that I am sure half our staff would quit instantly, as they would have no idea what the future would entail. The uncertainty would be intolerable, and the patriarch refuses to acknowledge that, and it is frustrating and demotivating.

#### **What tips do you have for other family offices going through a similar experience?**

The absence of a succession plan can send the rats skittering off the decks. In turn, a well-thought-out plan is critical to the stability of a family office. Keep in mind that the first- to second-generation is the biggest transition because a family office often moves from a single decision-maker structure to a more process-driven organization.

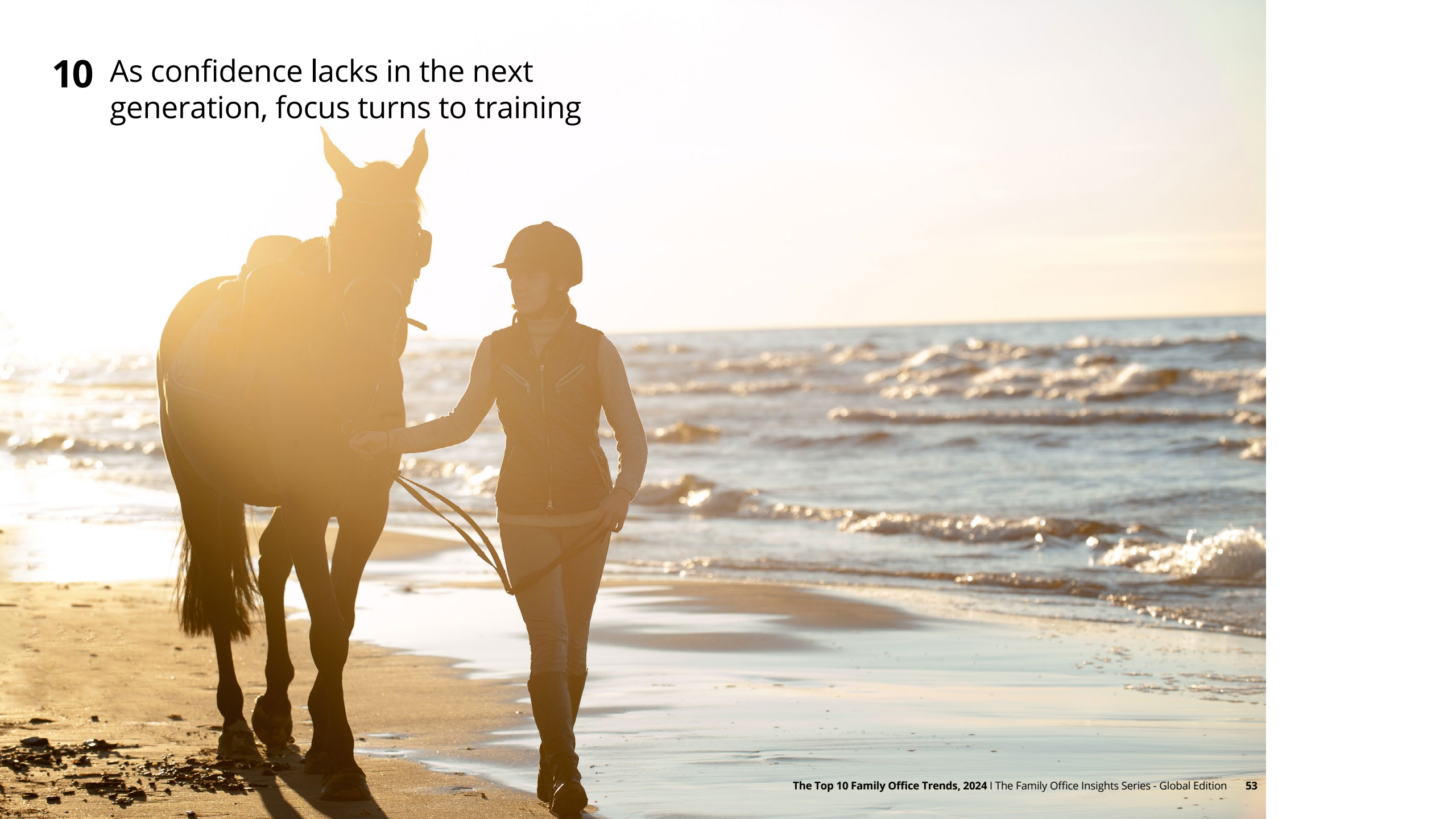
Properly preparing for succession is the best path. However, if you are absolutely unwilling to address succession because the topic is too uncomfortable or challenging, you can at least create a private plan. You can prepare documents, name successors, successor

managers, and successor trustees, seal your plan in an envelope, and give it to your lawyer with instructions to open it upon your death. At least this way, others will have a blueprint on how to proceed once you are gone.





**10** As confidence lacks in the next generation, focus turns to training



# 10 As confidence lacks in the next generation, focus turns to training

Next Gens currently sit on 46% of family office boards and 30% of family councils, while 26% of family offices have a Next Gen as CEO. That said, nearly one-third of respondents (30%) lack confidence that the next generation is prepared for family office succession, with a similar proportion (28%) noting that the next generation is unqualified to take over. As a result, 31% say Next Gens' core priority for 2024 is to receive mentoring/training, while 22% say it is to plan for succession.

### Confidence lacks in Next Gens' readiness for family office succession

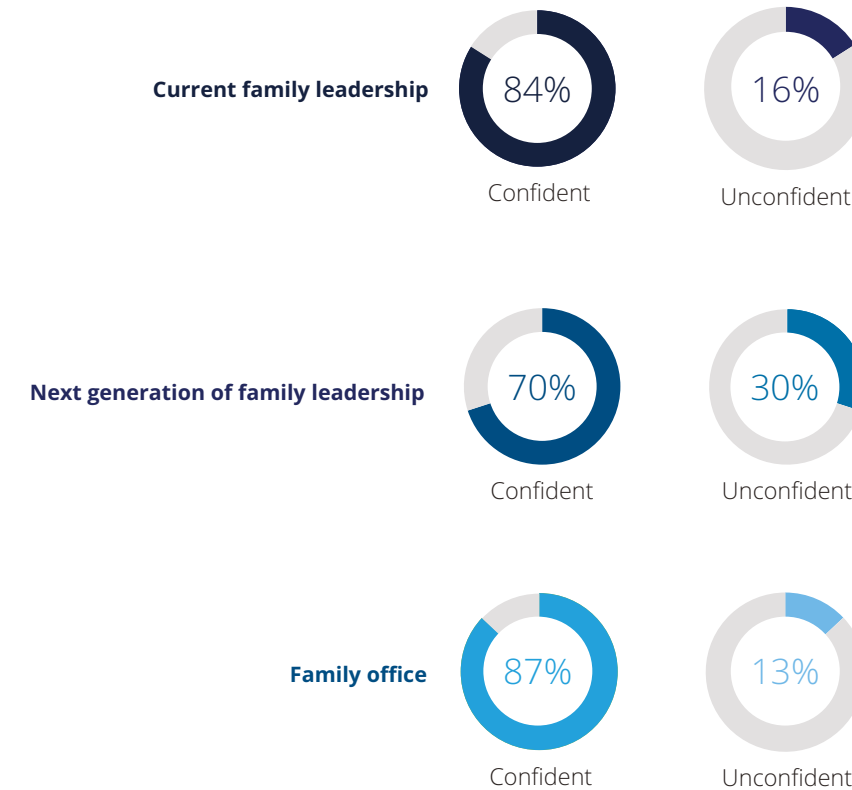
While respondents show a relatively high level of confidence in the current family leadership and the

leadership within the family office (84% and 87%, respectively), 30% say they lack confidence that the next generation is prepared for the succession of the family office (figure 33).



Figure 33: Confidence in whether the current family leadership, next generation of family leadership, and the family office are prepared for the succession of the family office

*Click on each button to view the data*





# 10

## Concerns about Next Gens pose as challenges

Three of the most-noted challenges that families and family offices face regarding succession center on concerns about the maturity, qualifications, and interest levels of next-generation members. These were cited as challenges for 43%, 28%, and 24% of respondents, respectively (figure 34).

Family dynamics also play a role in the trepidation that leaders may have over succession. The next generation may have different goals and values than the current generation, and it can sometimes be hard to reach a consensus on plans. This is especially true as the family grows larger and more diverse generation by generation. Here, factors such as the patriarch/matriarch being unwilling to relinquish control (noted by 22% of respondents),

“As the next generation starts to launch their own smaller family offices, manage their own wealth, and make their own investment decisions, there is an inherent risk that any investment failures they experience could reflect negatively on the main family office.”

Chief operating officer  
Single family office, Australia

a lack of clarity surrounding the direction or goals for succession (21%), and family disputes (13%) can come into play.

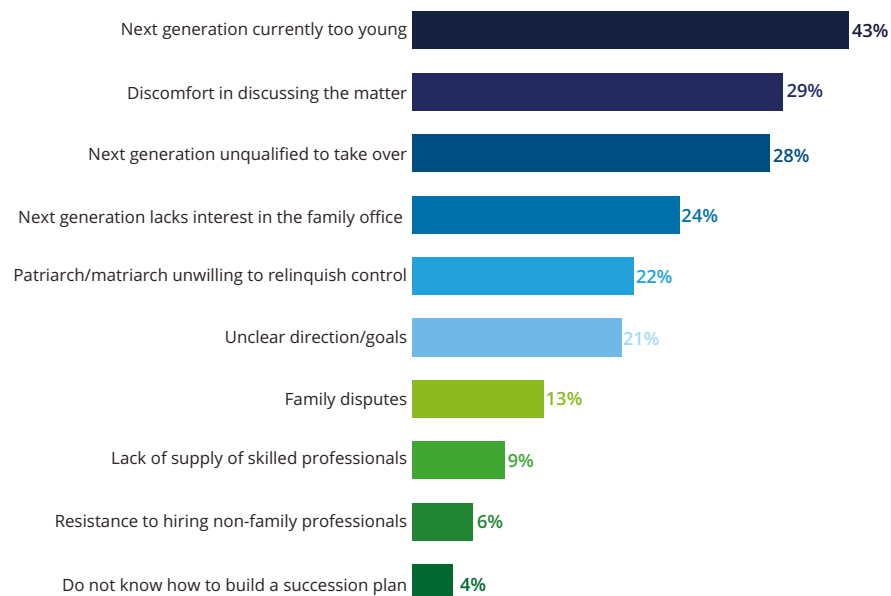
Family offices can help alleviate these tensions with dedicated training, communication, and culture-building programs for the family and the next generation. In addition to educating interested Next Gen members on overall wealth management strategies, such efforts may also help them to embrace their role in preserving and growing their family’s legacy. This may give the current generation the confidence it needs to know that their businesses, wealth, and legacies will be left in good hands.

“The generation that came after us is growing up in a very different world and one which is far more uncertain. It is difficult to judge which part of the world they will end up settling down in, and I do not think they will be interested in our family business or family office work. So how do we keep this family together? We cannot go back to filial piety because this cultural value diminished even among my generation. My answer for now is to teach future generations about our family history over the past century, and how our family went through triumphs and tragedies.”

Head of family office  
Single family office, Hong Kong SAR

Figure 34: Main challenges the family and family office face concerning succession planning

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# 10

## Receiving training and succession planning are two of Next Gens' core priorities for 2024...

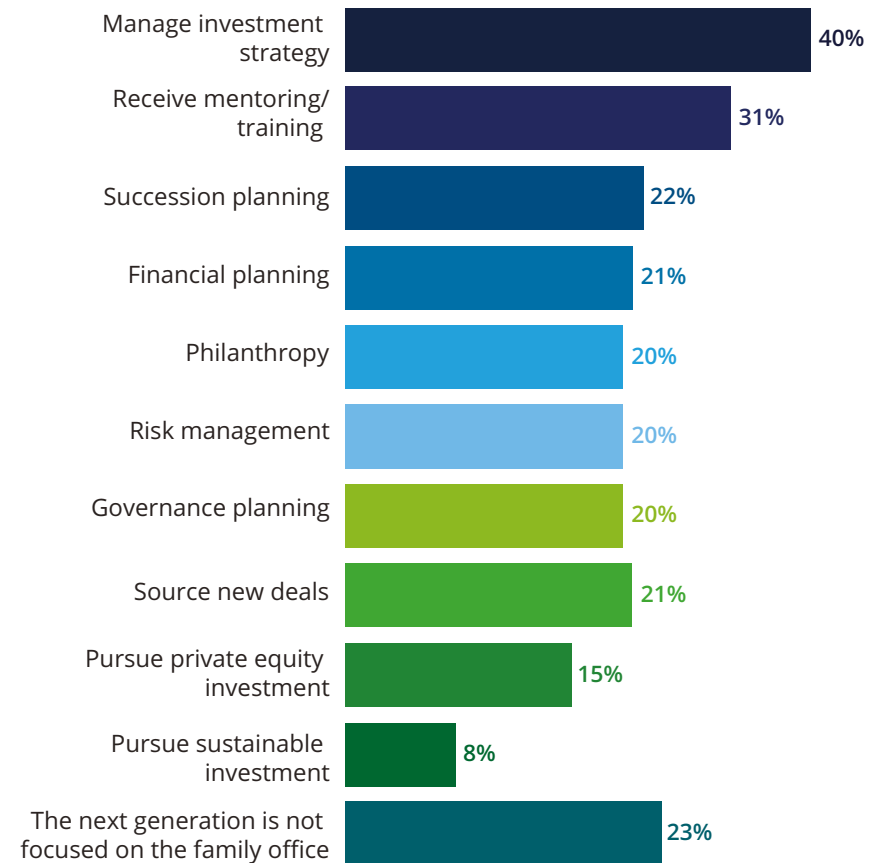
In light of respondents' concerns over Next Gens' readiness for succession, they noted that two of Next Gens' top priorities for 2024 are to receive mentoring/training (31%) and to focus on

succession planning (22%) (figure 35). Here, it is important to highlight that family offices would benefit from interweaving their succession plan into their wider governance strategy to ensure that it has effective long-term steering and oversight.



Figure 35: The next generation of family leadership's main family office-related priorities for 2024

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# 10

## ...which will come in handy, as they assume a variety of roles in the family office

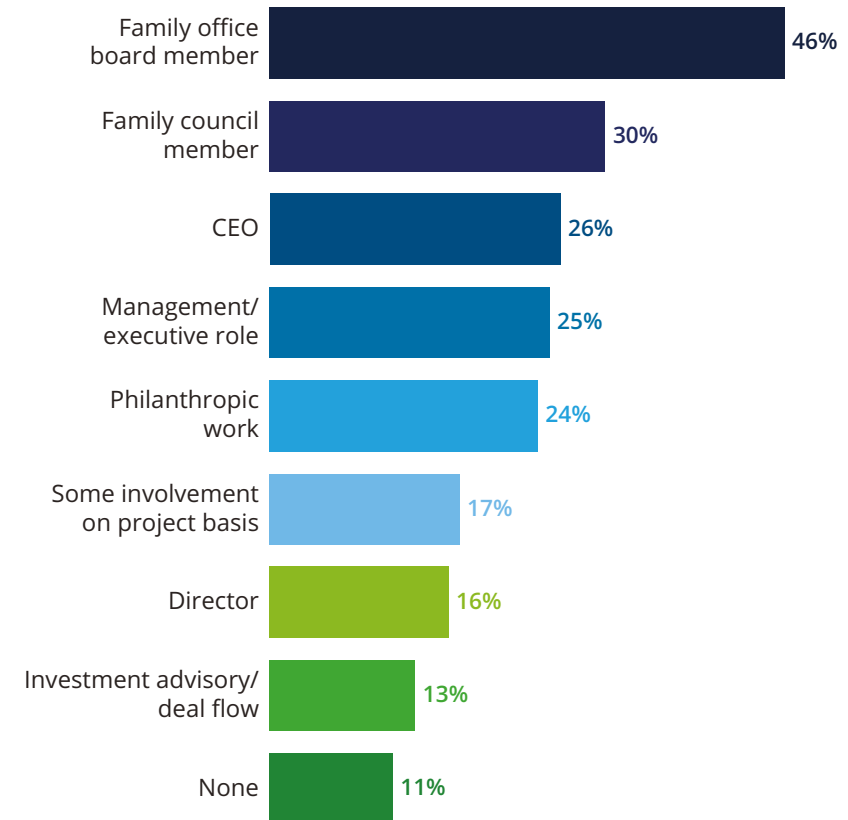
Additional training/mentoring will prove useful as Next Gens assume a variety of roles in the family office this year. One in four respondents say that a next-generation family member will serve as the family office CEO (26%) or hold a management/executive role within the family office (25%) in 2024, while nearly half (46%) say Next Gens will sit

on the board (figure 36). Unsurprisingly, smaller family offices (with less than US\$1 billion in AUM) are more likely to have a Next Gen as CEO than larger offices (US\$1 billion+ AUM), at 28% versus 19%, respectively, and as a board member, at 47% versus 42%, respectively. Larger family offices are more inclined to have a next-generation family member sit on the family council (37% versus 25%).



Figure 36: Role the next generation of family leadership will play in the family office in 2024

*Click on each button to view the data*







## Making it to the 9th generation: The key to engaging Next Gens and building a family legacy

The secretary general of a European family office talks about her role as the glue between the family and the family office, and her focus on building cohesion among the next generation. Serving a prominent ninth-generation family that has a business empire dating back more than 200 years, her tips are valuable for families hoping to build a legacy that will stand the test of time.

### How do you effectively engage a ninth-generation family in the affairs of the family office?

Uniting the family and family office is a central tenant of my role. First, it is important to gain their trust. Think of it like a circle. It is not about talk, it is about action. In its simplest form, you must plan interactions and events that family members are interested in and benefit from. If you are successful, they get more interested, and the cycle continues. Once trust is built between you and the family members, you can start engaging with them on a host of matters relevant to the family office, business, and foundation.

The family I work for is large, with more than 150 members across seven branches. I focus on getting them together as a family from an early age—cohesion and early coaching are key. When kids are between birth and

10 years old, we welcome them and their families to our annual gathering. This makes the children's transitions into a program we call Redwood much easier.

Redwood helps the different branches of the family get to know one another and engages them with the family's business, investment, and philanthropic affairs. It is for family members between the ages of 16 and 32. We meet two times a year. We hold educational events, travel to businesses abroad, and focus on the social side of things. The family is growing larger, so there are now roughly 40 people in the family who fall into this age group.

In the program, we offer a great deal of formal support and training for Next Gens. For instance, some engage with the family foundation, while others participate in the family businesses' boards or other



committees. We also offer educational stipends for Next Gens to undertake courses or degrees.

### **What is the secret to getting the next generation actively engaged?**

Focus on having more social events and fun. Last year, 100% of our focus was on the fun factor because that is what the next generation needed. They thought our program had been boring, and so their interest was not there. Merely three joined the program in recent years. Another family inspired us to change our strategy. They have a large residence where they get their family together annually. The teenagers watch the younger children while doing activities in a kids' camp. Meanwhile, the adults get to socialize and bond. Everyone looks forward to it each year. It is a great way to create family cohesion and drive the family's interest in wider business affairs.

This approach led us to change the way we operate. Now we focus more on enjoyable and engaging events, not only for the youngest kids, but also for next-generation adults. This change has really paid off, as they are now actively engaged in a variety of areas.

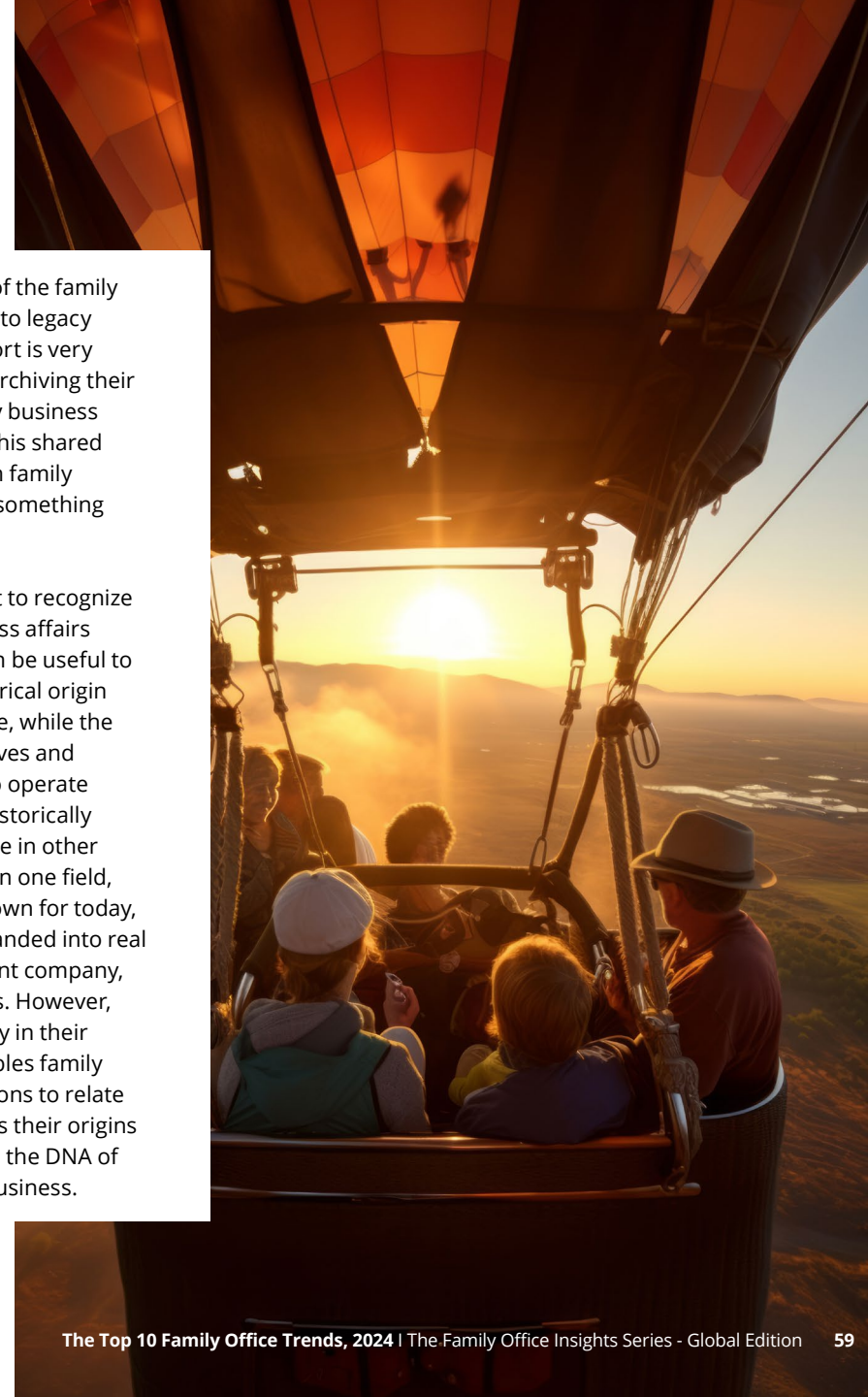
### **What words of advice do you have for other families hoping to build a multi-generational legacy?**

Families that have long legacies are different than those with fewer generations of wealth. What can happen is that initially the whole family is entrenched in the affairs of the operating business. It is their core conversation topic at dinner. Over time, this can weaken as family members become less involved in the business. Then, there can be one generation that does not involve their children or other family members, and the cycle of engagement is forever broken.

My advice is to continually engage family members in the affairs of the family business. Take them to visit the company. Memorialize the family's business history. Make them as engaged as possible. This does not mean that they need to work in the business, but it does mean that they need to engage in the business in a formal way, so they feel aligned and connected to it. For the family I support, not many still work in the family business, but they do sit on the board and in the family council.

Memorializing the history of the family and its business is also key to legacy building. The family I support is very invested in caring for and archiving their family history, as the family business stretches over 200 years. This shared history acts a glue between family members who feel part of something significant.

It is furthermore important to recognize that while a family's business affairs may evolve over time, it can be useful to retain a footing in the historical origin of the business. To illustrate, while the family I support has directives and shareholder agreements to operate in the markets they have historically worked in, they also operate in other markets. They started out in one field, which they are still well known for today, but their portfolio has expanded into real estate, a broader investment company, and many other businesses. However, they keep their core identity in their historical market. This enables family members from all generations to relate to where they came from as their origins are so deeply embedded in the DNA of the family and the family business.





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# Endnotes

- i Roy Williams and Vic Preisser, *Preparing Heirs: Five Steps to a Successful Transition of Family Wealth and Values* (Robert D. Reed Publishers, 2010).
- ii The sample size for generations 4+ is relatively small; therefore, the findings are only indicative of general trends.
- iii In charts, percentages might not always sum to 100% due to rounding errors.
- iv International Monetary Fund, [World Economic Outlook Update, January 2024: Moderating Inflation and Steady Growth Open Path to Soft Landing](#), January 30, 2024.
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- viii Steven A. Cohen, Karessa L. Cain, and John R. Sobolewski, Wachtell, Lipton, Rosen and Katz, [Private Equity in 2023—A Year \(Not\) to Remember](#), Harvard Law School Forum on Corporate Governance, 13 January 2024.
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- x Allison Schragger, To Fix Private Equity's Problems, Start with Pension Funds, *Bloomberg*, 8 May 2023.
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- xiv Sustainable investing involves the consideration of environmental, social and governance (ESG) factors in the investment process. The 2023 Deloitte Private *Global Family Office Insights Series Survey* recognizes three distinct sub-approaches, which can be used individually or in combination: 1) exclusion – excluding investments that are not aligned with an investor's values; 2) integration – incorporating ESG factors into traditional investment processes; and 3) impact investing – investing with the intention of generating measurable environmental or social impact. All three approaches are intended to provide a competitive financial return.
- xv Barclays Bank/Campden Wealth, *Investing for Global Impact: A Power for Good 2021*, 2022.
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