

# Family Office Navigator

September 25, 2024

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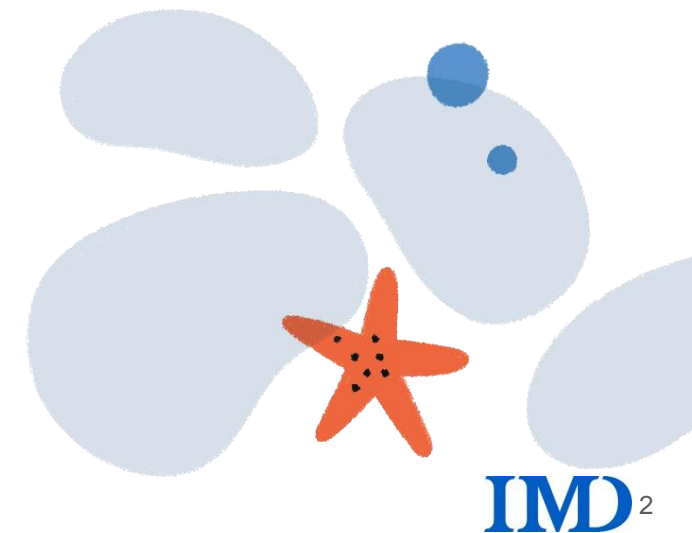
**IMD** / Real learning  
Real impact



# Objectives for the Session

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- ✓ Explore emerging trends and demystify the family office
- ✓ Introduce the Family Office Navigator (FON)
- ✓ Case session: Cadrif (Régis Burrus)
- ✓ Work sessions in two parallel groups

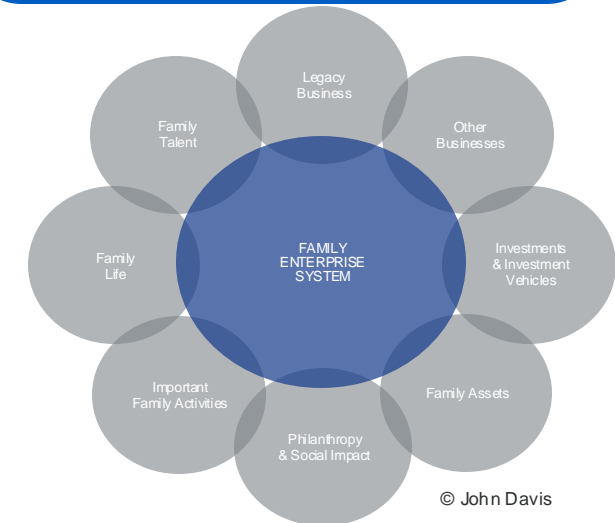
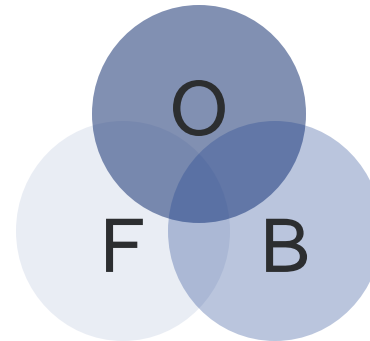
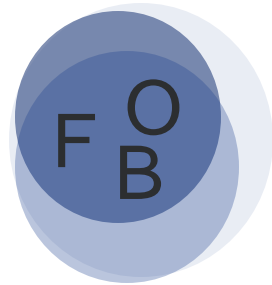


# Family enterprise systems evolve over time

Founder / controlling owner stage

Evolving family business stage

Large / dynastic family stage



- Little differentiation between F, B, and O
- Centralized position of controlling owner
- Small family
- Leadership & governance dictated by founder / owner

- Need for improved governance
- Less dependency on one person, but increased complexity
- Increased risk of conflicts (between siblings, cousins, branches, ...)

- Large, complex family structure
- Diversified portfolio of activities
- Maximum complexity

Increased need for good governance



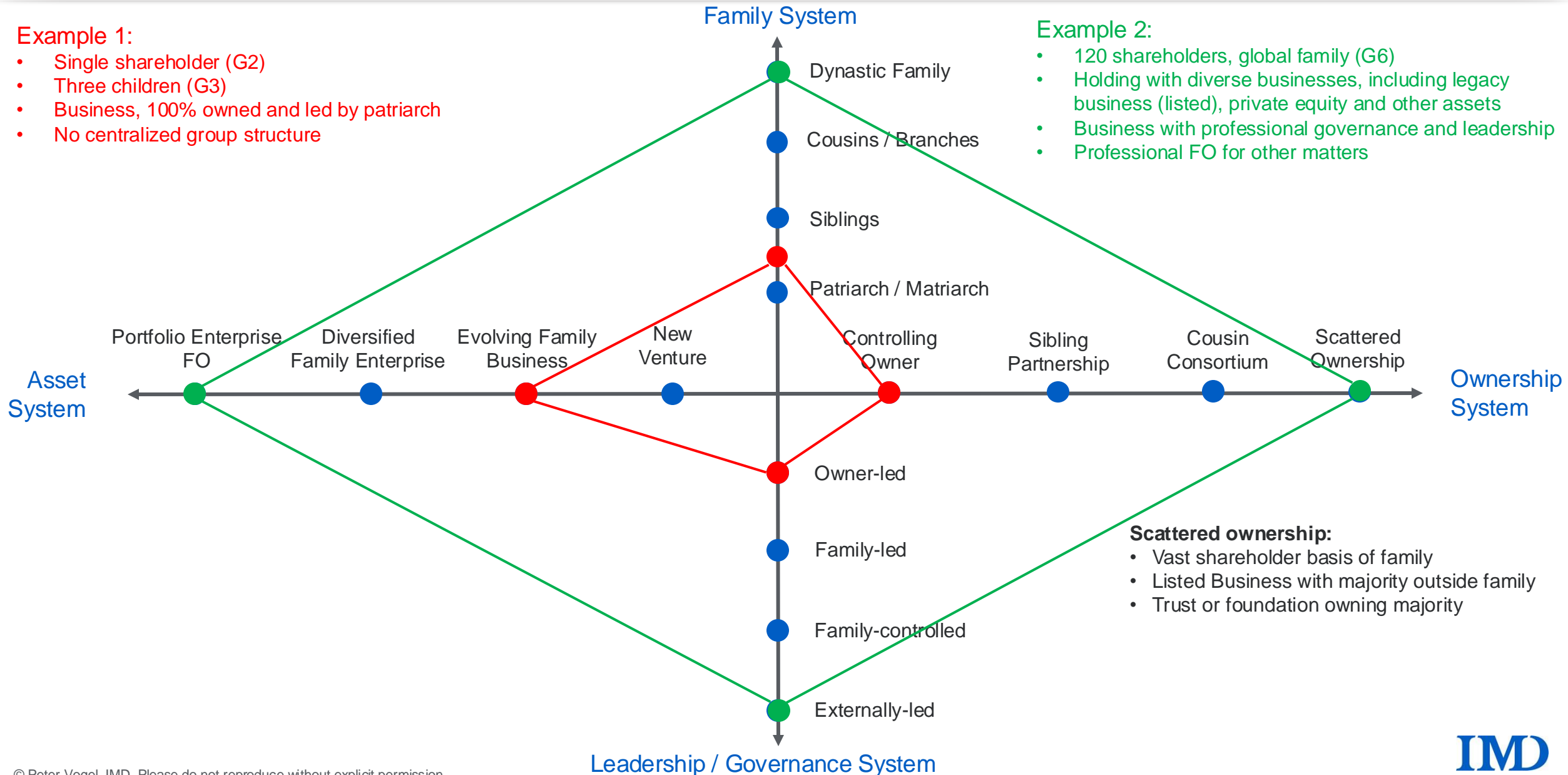
# Subsystems evolve and complexity increases over time

## Example 1:

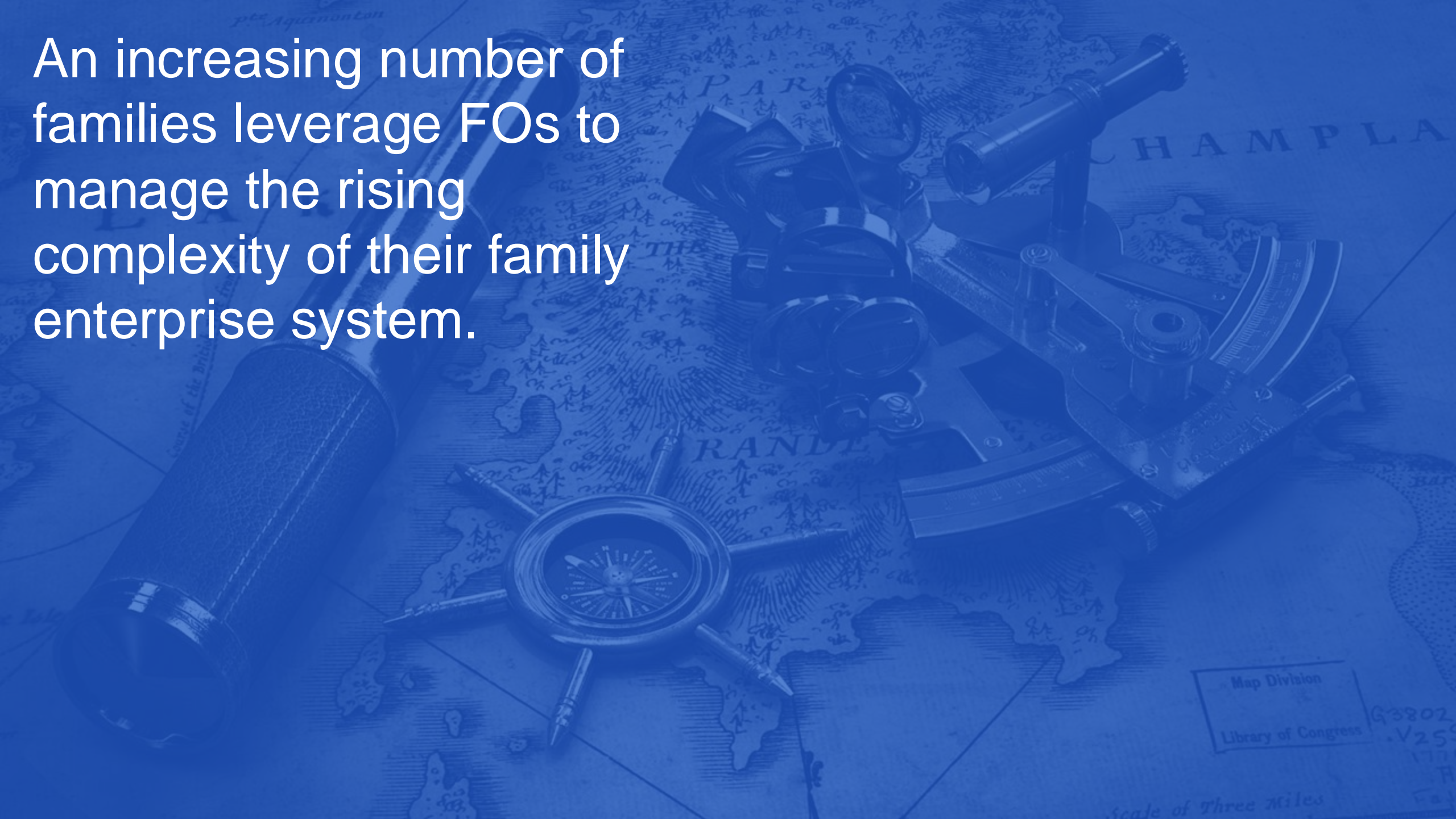
- Single shareholder (G2)
- Three children (G3)
- Business, 100% owned and led by patriarch
- No centralized group structure

## Example 2:

- 120 shareholders, global family (G6)
- Holding with diverse businesses, including legacy business (listed), private equity and other assets
- Business with professional governance and leadership
- Professional FO for other matters



An increasing number of families leverage FOs to manage the rising complexity of their family enterprise system.



# Key terminologies that define our work on FOs

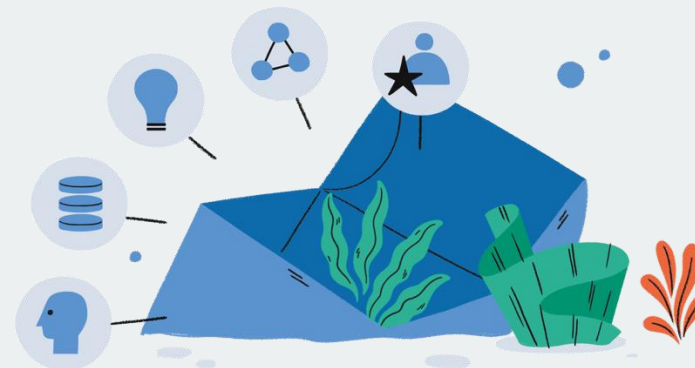
## Family Enterprise Ecosystem

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



## Total Family Wealth

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



## FO

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



# 4<sup>th</sup> WAVE OF FAMILY OFFICES

The world of family offices is rapidly transforming!



# Why do we see such a rise in family offices globally?



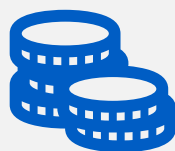
## Increasing numbers

- Overall increase in wealth (HNWI / UHNWI) worldwide
- Rise of a new class of mega wealth owners due to digital revolution
- Rise of wealthy families in Asia
- Increasing numbers of liquidity events for enterprising families



## Increasing complexity of family, ownership & business (FOB)

- Cross-border assets and families
- Exposure to different national and international regulations and systems (admin, tax, legal, etc.), demanding close monitoring and professional, customized management.



## Increasing complexity of investments

- The world around us is becoming increasingly complex
- Families wish to gain exposure to new / different investment opportunities, traditionally not served by banks (e.g., crypto, SPACs)



## Trendiness / glamour of having a family office

- There's a hype around family offices
- Many think that setting up a family office is the ultimate goal



## Awareness and transparency

- Increasing awareness and knowledge around the concept of FOs
- In the era of transparency, more and more FOs appear on the radar

# Emerging trends in the 4<sup>th</sup> wave of family offices

Massive transfer of wealth



Rise of a new Next Generation



Rise of ESG & impact-driven investments



War for talents



Rise of a cohesive, purpose-driven asset



Changing family dynamics & proactive



Increased transparency & public visibility of FO



Rise of new ecosystems



Professionalizing FO operations & governance



Rise of new & hybrid forms of FOs



Digital transformation of the



Increasing regulations



# Fundamental Family Office Archetypes



## SINGLE FAMILY OFFICE (SFO)

Family office that has been set up by one family to take care of their specific needs



SFO

Single  
"Multi" Family Office

Started by, and serves one Family (or one branch within a wider family)

Started by, and serves multiple (or all) branches of a wider family



## MULTI FAMILY OFFICE (MFO)

A family office that is set up to simultaneously serve multiple, typically unrelated, families



Closed,  
family-owned  
MFO

Independent,  
commercial  
MFO

Dependent,  
commercial  
MFO

Started by multiple families, serving their needs, exclusively

Started by one family (or professionals) which evolved to serve multiple families.

Started by a bank, lawyer, etc. to serve multiple families



## HYBRID / VIRTUAL FAMILY OFFICE

Uberization of the family office! An ecosystem-type approach where the needs of the family are served by a network of providers, and where they do not need to "own" everything themselves.

# Family Office Styles (highly simplified)

## Founder's Family Office

Dedicated to working with / serving the patriarch / matriarch, focusing on investments (wealth creation) as well as other specific needs (concierge activities such as assistant, paying bills, travel plans, etc.).

## Embedded Family Office

Trusted employees in the family business will handle personal and financial matters of the family, in addition to business matters. This can be a shareholder service group (in the business or the holding).

## Administrative & Compliance Family Office

Oversee investments, manage complexity in the family ecosystem and take care of administrative matters such as record-keeping, insurances, tax returns, risk management, lifestyle, etc.

## Philanthropic Family Office

To support the family in its philanthropic activities, with an emphasis on strengthening the family identity, legacy and impact and ultimately to ensure purposeful continuity across generations.

## Family Investment Family Office\*

Manages all aspects related to finances and asset allocation of the family, with the aim to preserve and grow wealth across generations (across a portfolio of businesses and investments).

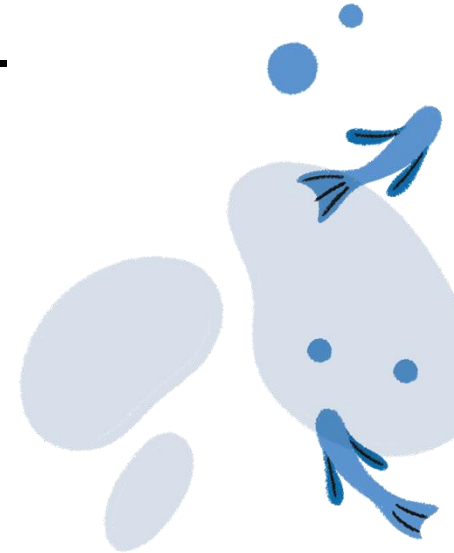
## Full-service Family Office

Manages all aspects of total family wealth, including human capital development, social capital management, financial and asset allocation matters, governance and regulatory matters, as well as ESG impact.

*\*The Family Investment Company is not a family office and vice versa. While the family office does play a role for some FICs by supporting individual shareholders and family 'glue', that role is not involved in FIC business and investment decisions.*

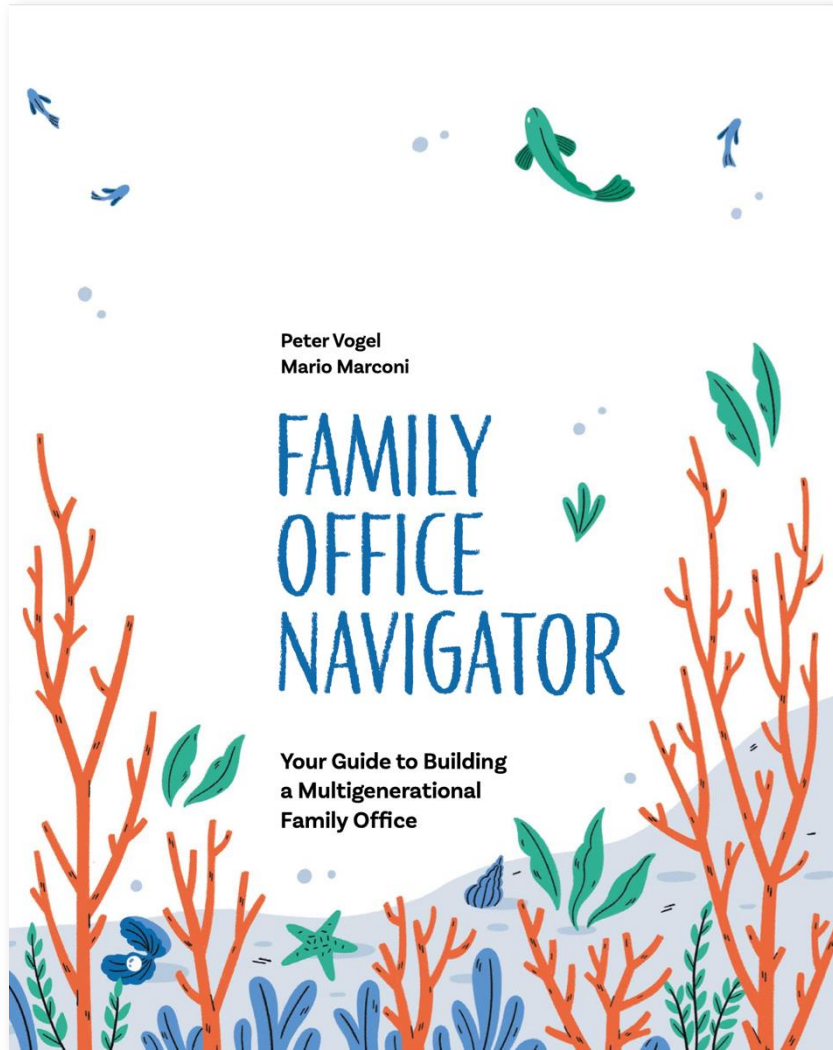
# Our motivation to create the Family Office Navigator

- ✓ Increasing demand and attention on family offices.
- ✓ Continued confusion around what a family office really is (or not).
- ✓ Families being lost and confused when navigating the jungle of family office service providers.
- ✓ Most books / tools focus on professionals or family members with experience and less on the broader family.



We want to empower families and help them drive the process and take the right decisions.

# The Family Office Navigator is more than a book...

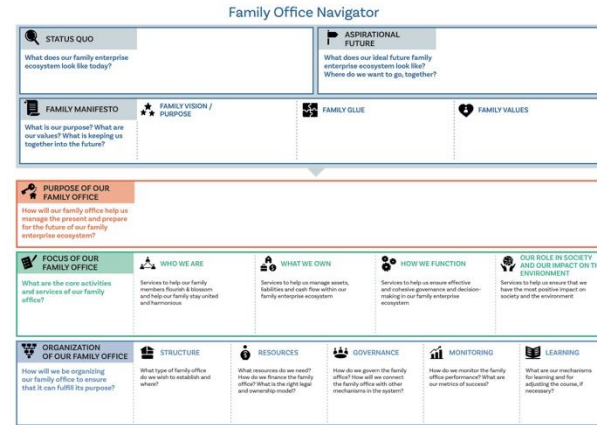


1 Navigator

6 Chapters

Insights from 50 case interviews with SFO principals

17 activities & 20 trade-offs



### Insights from the field

We conducted dozens of interviews with families that have an established family office, asking them what their biggest learnings and recommendations are. Here is a summary of some of their key insights:

Theme	Key Learning Insights from Families
<b>Purpose</b>	It is essential that you and your family develop a clear family purpose before you do anything with your family office. Otherwise you run the risk of navigating without a compass and we know how that might end if the weather turns bad. Leverage your wealth and privileged position to do something that you are passionate about and that makes a difference in the world. This is a unique opportunity and also a responsibility that we all share.
<b>Governance</b>	It is important that everybody in the family has a solid and shared understanding of what you wish to accomplish and where you wish to go. A major risk for families is that they do not spend enough time to create the necessary alignment within the family before engaging in specific investment activities. It is of disproportionate importance to take along the less financially savvy family members. In our case it was beneficial to keep the family and business activities and governance separated. However, it required an extra portion of coordination and alignment.

### Dealing with conflict in the family

Even the most efficient governance systems can fail to prevent conflict. The reality is that there is no perfectly conflict-free environment. It is no different in the context of family offices. Here are some common sources of family office conflict to watch out for:

- Investments:** Where do we invest? How much? What if our investments are not working out well?
- Control:** How do we control our investment decisions/performance over time?
- Funding the family office vs. benefitting from services:** Are we all contributing equally? Are we all benefitting equally? If not, what do we do?
- Role:** Can a specific family member have an important role in the business and family office, or might this trigger conflicts of interest or unfair treatment vis-à-vis other family members?
- Rivalry:** Do we have branch representation or merit-based representation in our family office?
- Multigenerational tensions:** Is the senior generation holding on to decision-making and control or can the next generation take responsibility?

# In a nutshell...

## If you don't yet have a FO

1. **Clear purpose:** Define your purpose to figure out whether a FO is the right structure or not.
2. **Every family office is unique!** If you've seen one family office, you've seen one family office. Find your unique positioning and decide on which services you need, which governance and infrastructure is most suited.
3. **Education:** Educate yourself about all aspects you need to know to make informed decisions.
4. **Partners:** Find the right / trustworthy partners in the process to get going

## If you already have a FO

1. **Strategy review:** What works, what doesn't? What do we need to change?
2. **Challenge the status quo:** Are we working towards achieving our goals?
3. **Asset portfolio:** Is our portfolio aligned with our purpose? What about NxG?
4. **Governance & organizational setup:** Are we doing things in the most effective and efficient way?
5. **Taking everyone from the family along:** Are there family members who are less involved but should be kept informed / educated on key issues?

# Live Case – Burrus Family



**Regis Burrus**

Chairman

Cadris SA

# Work sessions

## 1. ASPIRING TO SET UP A FAMILY OFFICE

Moderator: Marie-Christine von Pezold

Implication of the family office purpose on strategy

## 2. ESTABLISHED FAMILY OFFICES

Moderator: Peter Vogel

Health check of your family office  
Group discussion on various deep dive topics

**Note: this session is reserved for family members with established family offices!**

