FAMILY OFFICES AND RISK INVESTMENTS: A PAN-EUROPEAN EMPIRICAL ANALYSIS OF STRUCTURE AND GOVERNANCE ISSUES

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ABSTRACT

We present the results of a study of a subset of major European family offices managing at least €1.5 billion. Through extensive interviews with family members and family office managers, we compiled information to document the genesis of family offices how they were created, their governance and operating structures, and their investment allocation. We find that the primary driver for these three aspects is the involvement of the founder in the office and the goals that the founder seeks to accomplish. We propose a new taxonomy of models of family offices based upon principal involvement and posit that such involvement is related to larger social re-appraisals of work-life balance.

PRINCIPAL TOPIC AND PURPOSE

In March 2005, the European Venture Capital Association reported that 20% of European private equity and fund managers fund managers surveyed indicated that family funds were a significant investment commitments from family offices.1 Such disproportionate involvement by family offices is not only in line with evidence collected previously by Gueye, Leleux and Schwass,2 but also consistent with Birley, Leleux and Muzyka3 which suggested analysing key venture risk attributes and their perceptions by various categories of investors, notably venture capitalists, corporate managers and family businesses. Thus, our research comes from an overall understanding in which various investor groups differ in their mental definitions and perceptions of risk. Therefore, different groups can have quantitatively and qualitatively different evaluations of objectively similar investment opportunities. These differences may be driven by prior experiences, group dynamics, culture, psychological factors, individual interest, and/or governance issues.

The mission of our research is to extend such an analysis to the relatively unexplored confines of independent family offices in Europe. We sought to examine the extent to which factors as varied as history, governance, personal interests, and culture, as articulated by the office’s management, affect (a) the development and structure of a family office and (b) its definition and perception of investment risks, which in turn determine the investment allocation strategies of the family office.

Our working hypothesis is that a family office’s attitude to risk and investment allocation stems directly from the family members’ stance on the purpose of undertaking investments and the extent to which the family office and its activities are seen as part of the personal endeavours and pursuit of family members. We posit that such attitudes and perceptions are generally shaped by a number of factors such as experience and connection to the family business, culture and investment philosophies, multi-generational time horizons, broad networking abilities and an ability

1 EVCA Barometer, March 2005
to move quickly in changing investment environments and circumstances. We assume the interplay of these factors together lead to aggressive private equity allocations and sophisticated investment, syndication and control procedures. Our task is then to understand the mechanics by which these factors affect attitudes and prioritize them according to their level of influence.

**METHODOLOGY**

**Participant Selection and Data Collection**

The study was built upon a survey of 12 managing directors of family offices located across Europe, and carried out between October 2005 and April 2006. Inclusion criteria were two-fold. First, the subject must be an independent, established, and working family office, independent from the family business and or other entities, managing more than €1 billion in assets under direct management of the office, and primarily serves a family. Our working definition of family office is an entity dedicated to managing the financial affairs of members of a family with high net worth. Special attention was paid to ensuring that the family offices contacted varied in terms of the numbers of generations served.

The sponsors of the study, EVCA and IMD, identified a number of individuals meeting the criteria for inclusion in the study and contacted them asking for participation. As of April 2005, we have interviewed 12 Family Offices, with 5-10 others pending. Out of all the family offices contacted, only one family flatly refused to participate in the study. The family offices interviewed form part of a very limited universe that is extremely difficult to access and quantify from the point of view of social science research. Therefore, this study and the reported findings are best understood when seen as a description of clinical cases, with inferences drawn from qualitative rather than quantitative analysis.

The survey designed sought to collect data necessary to understand and document each family office’s (a) structure, genesis, and governance; (b) investment information gathering methods; (c) investment allocation process. Based on this information, we sought to explicate how structure, tradition, and governance affect views on risk and hence willingness to invest in certain asset classes over others. There were two key components to the survey—an interview and a paper questionnaire. The paper questionnaire collected basic demographic information on the family, the family office’s management and key figures of investment allocation. It was sent to participants prior to the interview and either collected in person during the interview or sent back to the researchers shortly thereafter.

The interview portion sought to document the processes and choices made that led to the information that was being reported on the questionnaire. The interviews typically ranged from 90 minutes to 3 hours, depending upon the willingness of the participant and were conducted at the participants’ main offices, or in a limited number of cases, over the phone. The participants were the managing directors of the family offices, which in several cases were either family members or close relatives or relations. The questions posed to the interviewee related to the genesis of the family business and the establishment of the family office, overall views on risk, investment preferences, governance systems, family relations, and views on future investment trends. To identify key trends and report on the findings, the two investigators that conducted the interviews held a case conference in which they discussed and outlined the data obtained from each interview, and proceeded to draw qualitative inferences from across the cases.
KEY FINANCIAL FIGURES FOR THE SAMPLE

All interviewed family offices had at least €1.5 billion in total assets under management (not including the share, if any, of the family business) with one family office having €6 billion. Collectively, the participants of this study represent total €30 billion of assets directly under the management.4

KEY ORGANIZATIONAL FINDINGS

As organizations, family offices in our sample are quite small—the number of staff, including support and managerial staff was between 8 and 12 in all of the families interviewed. Compensation was generally described as “above market” for all staff members. Respondents stressed that there is little turnover among staff, and that, the relationships have been long term—all family offices reported having family business employees working in senior position in the family office.

The relationship between the manager of the family office and the family members is paramount in the investment decision-making process of the family office. The manager serves as a gatekeeper and information filter to the family members. While the majority of family office managers interviewed are not family members, they do report, in the words of one participant “total loyalty to the family.” The links between family members and family office staff members are quite strong: across a number of family offices interviewed, most staff members were either recruited directly from the original family business or were long-term business advisers to the family. In smaller family offices (those serving the founder and the second generation), there is less formalization of the relationship between the family and the manager and among family members themselves, and much of the decision making is consensual. In larger family offices, there tends to be greater formalization of the decision making process.

Three factors can lead to the establishment of a family office

Of the family offices interviewed, all bar one were established within the past fifteen years. Participants generally pointed to either one or a combination of the following factors as the catalyst for the establishment of the family office. The first factor could either be the death or retirement of the founder of the family business, with the inter-generational transfer of liquid wealth and/or the family business. The second factor could be the sale of at least a portion of the family business, leading to a sudden increase in overall liquidity. The third factor could be a strategic decision to create a formal distinction (as opposed to separation) of the family wealth from the family business through the establishment of a family office. Regardless of which combination of these factors contributed to the genesis of the family office, most reported that a fundamental driver for establishment of the family office was an interest on the part of either the original business founder

4 We must note that in our explanations we have been purposefully parsimonious with the amount of information that we provide on this report on the family offices that took part on the study. We find it necessary to sometimes err on the side of caution, rather than disclosing information that could even remotely be used to determine the identity of a respondent or the family referred to.
and/or the heirs to establish a management and governance structure that would avoid conflict. As one participant commented, “Tall fences make good neighbours …”

Once established, the size of clientele to be served dictates the shape of the family office and family involvement.

Interviewees’ responses generally pointed out that once the decision to establish a family office is made, other factors begin to dictate the choice and implementation of governance and operating systems for the family office, as well as the type of investment mandate given to family office managers and investment allocation. Overall, throughout our interviews, it became evident that the size of the clientele was the primary determinant of the office structure and operation, as well as eventual investment decisions [See next section]. To explicate what we mean by size of clientele, we must bear that to us size includes two factors—the number of family members, as well as what we term “generational spread”—the distance between the latest generation of family members served by the office and the founder’s generation. If two family offices serve equal numbers of family members, but in one they are all in the first generation, whereas in the second office members represented are from the first, second, and third, we consider the second to have a larger clientele, because it has a larger generational spread—there is a greater number of investment profiles to be served, requiring greater complexity in overall asset allocation in allocation.

The larger the number of family members, and/or the broader the generational status of the clientele, the more specific is the internal rules and requirements, and provisions for information flow. The broader the number of generations served, the more individualized attention has to be paid to each individual family members circumstances as they are all in different phases of their life-cycle and have thus different investment horizons, risk profiles, and liquidity concerns. In fact, one of the interviewees of a family office serving the third generation and above of a family mentioned that “we are a single family private bank.”

A further factor influencing governance and operations of the family office is the family members desired level of family involvement in the family office. Families must decide upon matters such as who is going to be involved in operational and strategic decisions, in the day to day administration, and how much discretion is given to the management of the family office. Which types of involvement opportunities are possible within a given family office is generally codified in the founding charter of the family office and represents a consensus position. Individual preferences can be diverging, but generally some sort of consensus position is found.

Our research revealed three forms of involvement in the family office. First is involvement as dictated by the rules of governance, which means that each family member has a certain number of voting rights in long term strategic decisions taken at board level. All of the surveyed families mention that they have some sort of document, with varying levels of sophistication, which articulate and allocate these rights. A second form is family member involvement as managers in the family office, which we see when family members take on specific roles in the family office, for which they are qualified and their employment is based on market principles. Day-to-day involvement also occurs as part of the efforts of certain families to educate future generations and inculcate business sense and family values. Lastly, there is the possibility of family member involvement in direct investments of the family, including the family business. Again, as with employment in the family office, managerial participation in direct equity investments can also be
part of an overall family member professional development programmes, or the full-time occupation of the family member involved.

Involvement is influenced by the strength of the links between family members and the family business

The fresher is the experience or involvement of the family members in the business, such as would be the case if they are still holding significant portions of it, participating in its corporate governance, and/or as part of the day-to-day management team, the more involved are family members in the family office. Several of the managers interviewed pointed out that connection to the family business gave family members what can be referred to as “business sense” and “awareness” of business matters, contributing to a greater likelihood that family members individually or collectively will want to start their own business. However, in situations where the business is a distant memory, there tended to be less interest from family members in involvement in the family and more demand for life-style management. In fact, one of the family office managers quipped “to my family, money is a burden …” Thus, the structure that such a family chose basically handed all decisions to the manager, as they want as little involvement as possible.

The family business influences the intensity of intra family relations by serving as a platform for family interactions

Respondents generally emphasized the important role the family business plays (or played) in strengthening the relations of family members and their cohesion as a family. Several referred to the family business as “the glue” that holds several branches and generation of the family together. In such cases, the family business is part of the family’s history and tradition and it’s difficult to see it objectively as an equity investment. Yet, managers stressed that it is in cases where there is a strong sentimental bond to the family business delineation becomes more important, for reasons as varied as protection from liability arising from the operating business, overexposure to industry segments or economic cycles, among others. If the family still maintains a significant portion of its overall wealth in the original family business, the establishment of the family office formalizes the distinction of family wealth independent of the family business (i.e. realized profits or income) and the family business as a family asset. This is not, however, a separation, but rather a clarification of the distribution of assets that must be made, from the point of view of family office managers, in order to prudently invest the family’s liquid wealth and create the governance and operating structures. This clarification becomes more important—and more “sentimental” as described by one manager—in the case of founder’s generation or her/his children as they have had first-hand involvement in the family business.

The family office can be a surrogate to the role previously played by the family business

Family member involvement can in itself be a goal embedded in the establishment of the family office. Generally, more entrepreneurial individuals prefer to be more involved either in the running of the office or in the investments undertaken, and in several of our cases, the family office becomes a new “family business” for family members to run. In cases when the original family business is no longer there to serve as the “glue,” there were two possible outcomes exhibited in our sample. In one scenario, family members went their separate way. They either split the funds of the family office or a small, like minded group of members buys out the stake in the family office
of the others, consolidating ownership over the family office. In such cases, the family offices and/or wealth is split across members of a single generation specifically because each member desire for independence and fulfilment of entrepreneurial drive outweighed the benefits of staying together.

In the alternative scenario, the establishment of a family office provides the framework necessary to unleash the family’s entrepreneurial spirit, providing renewed dynamism to intra-family relations and thus forge stronger bonds, particularly in cases where the original family business has reached a significant level of maturity. One of the family offices interviewed sold off a minority portion of their family business for €4 billion specifically because they felt that running the family business was becoming “burdensome and did not give us the managerial autonomy we cherished.” Thus, they undertake investments as a family for “fun” in order to realize their “entrepreneurial will as a family.” Thus they proceeded to devote their time to what they term the “family project”—a travel and leisure investment worth several hundred million euros. We also came across several other cases in which there was divestment from the original family business in order to pursue other opportunities that were deemed to be more “fun.”

KEY FINDINGS RELATED TO THE INVESTMENT DECISION PROCESS

The factors listed above as leading to the establishment of the family office determine the provenance of funds the family office manages, and are thus critical in the determination of the future investment allocation behaviour of the family office. Family offices which are the product of either factor one or two, or both as listed above, tend to manage have a larger overall proportion of liquid wealth than compared to families which still have a significant portion of their overall wealth in the family business.

Investment decisions and allocations are quite dependent upon where in its lifecycle the family office finds itself. When choosing investment opportunities, in the early stages of the family office, respondents identified two types of investments that they pursued. First are real estate investments, as they are seen as a good mechanism for capital preservation. Generally such investments tend to be on domestic markets, but several families reported larger, global commitments to real estate—either directly, through real estate investment funds, or ad-hoc investment clubs with other families. The second types of investments undertaken are those in the industry of the original family business or related industries. Regardless of the underlying business risk of such industries, they were seen as “less risky” than other competing alternatives—familiarity with those industries, in their view, compensated for the inherent business risk.

Several of the interviewed managers pointed out that how much of the family’s overall wealth is still tied to the family business is often the manager’s (but not necessarily the family’s) key deciding factor in terms of investment allocation. One manager commented that s/he takes “a helicopter view of the situation … I have to take into account the family business and the liquid family wealth together when deciding upon an asset allocation strategy, since the family business is really a direct equity investment.” S/he continued, echoing an observation made by other managers “the family only looks at the wealth side and doesn’t really see that the family business is part of the overall portfolio, since to them it’s always been there.” In a similar vein, another manager mentioned that “the family business has to be counted in what I call the ‘risk-budget’ of the family. What I mean by that is that a good asset allocation has so much going into stocks, so much into bonds, so much into private equity—there is a risk budget. I have to take into account
the risks inherent in private equity holdings, as well as the business risks of the family business when doing my overall allocation.” Managers generally commented that getting family members to see the family business through this different point of view was one of their top priorities.

Family offices’ private equity investments include direct investment in companies (including the family business(es)), fund of funds, and private equity funds, as well as co-investments. Single member family offices tend to be the most involved in private equity investments and thus are the family offices most knowledgeable about private equity and venture capital investments shared similar views on the market. First, they highlight the importance of getting into the top funds—and find that the market is over-crowded. In the words of one manager—“be there if you can align yourself with the Sequoias of the world ... if not, forget it. 75% of PE and VC money is wasted.” Further, these family offices dedicate 30 to 70 % of their total private equity allocation to buyout funds partially do to the funds themselves (they feel that such funds can absorb large amounts of capital and, buy-out funds—particularly European ones—have generated very good returns) and because of the difficulty of getting into the US venture capital market and the limited appeal of European venture capital funds.

The extent to which the family office undertakes direct equity investments flows from the level of involvement chosen in the creation of the family office. Overall, we found that such investments are inversely related to the size of the clientele—smaller offices are more likely to undertake them, and those serving the first generation in general are the most likely to engage in them. The larger the office, the more restricted is such participation. In our sample, family offices that serve the second generation and above do not, as a matter of principle, undertake direct private equity investments in which a family member (as opposed to the family office) will have managerial involvement. One of the managers said that his family office which serves the founding and second generation (he is also a family member) only undertakes passive private equity and no direct investments—if family members want to make such investments, they will have to do it on their own account, separate from the family.

DISCUSSION

Based upon these organization and investment allocation findings we can provide the following preliminary conclusions. Family offices serving a smaller number of family members tend to be the key decision maker in the management of the totality of family members’ assets, taking a more entrepreneurial and risk-taking approach to investment. Such offices tend to have a leaner decision-making processes, as family members tend to be increasingly financially literate, and more likely to be involved in decisions. In contrast, offices that serve a larger number of family members—or greater generational spread—tend to be more of an intermediary between family members and external providers, as asset management is more likely to have been outsourced—there is much less tolerance for risk and entrepreneurial spirit. Such offices tend to be more complex in their operation, as they have more complicated recording, voting, and reporting requirements. Family members tend to have less financial literacy (or interest) and prefer to delegate decisions to others. In turn, managers have to cater to a divergent community of investment profiles. Figure 1 summarizes our findings of investment allocation in our family office sample, stressing the link between risk, size of clientele and strategy.

Entrepreneurial spirit determines investment patterns of the family office
### FO Tolerance for risk related to who it serves

<table>
<thead>
<tr>
<th>Size</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
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</thead>
<tbody>
<tr>
<td>Large number of family member</td>
<td>1st, 2nd generation</td>
<td>Founder only</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Bonds, Stocks, Real Estate</th>
<th>&gt; 90% of assets</th>
<th>60%-80%, reduce with time</th>
<th>50%-75%, dependent on volume of wealth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limited &lt; 10%</td>
<td></td>
<td>15%-20%, increase with time</td>
<td>Up to 50 %, depends on link to family biz</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Allocation according to individual risk profile of family member</th>
<th>Increase PE as knowledge base increases</th>
<th>Invest because it’s fun, more likely to co-invest or invest directly</th>
</tr>
</thead>
</table>

**Figure 1**

By tabulating the information compiled through our interviews across the variables in Figure 1, we are able to demonstrate the linkage between the motivation to invest and engage in the family office, the role of the founder, and the size of the clientele, and thus tease out the importance of entrepreneurial spirit in the establishment and operation of a family office. The smaller the family office, the greater the entrepreneurial spirit, as evidenced by a willingness to undertake a larger share of riskier investments. In fact, the evidence collected support the view that the creation of a family office separate from that of other family members and controlled by a single family member is an expression of the founder’s wish to follow his/her entrepreneurial spirit and hands-on involvement. Managers of such family offices pointed out that the family office is a tool for its family founder to pursue his or her business interests as, in the words of one manager, “it’s the principal’s money and s/he can do what they want and answer to no one.” By contrast, larger offices tend have less room for such entrepreneurial individuals and are more of an administrative nature, which is why we saw several cases in which individuals decide to leave such arrangements and establish their own family office.

We can build upon the findings mentioned in the previous section to identify three key determinants—or signals—of the entrepreneurial drive of a family office, which in terms shapes the investment allocations across our sample. First is distance from the family business. If a significant portion of the family offices overall wealth is tied to the family business, then the share of private equity investment declines in favour of more traditional investments. In cases where there is no longer a connection to the family business, but it is what can be termed “recent memory” of the family members—they were personally involved in it at some point, we find that the family offices exhibits greater entrepreneurial culture and drive and more likely to undertake private equity investments. The second determinant, generational distance from the founder works similarly—the greater the distance the less entrepreneurial culture (focus in preserving current lifestyle rather than active involvement in financial management), while the closer the distance, the greater the entrepreneurial drive. The last determinant is the size of the clientele—the smaller the
clientele, the more “nimble” the office, and therefore more entrepreneurial in its investment choices. These three determinants lead us to propose a new taxonomy for family offices.

An alternative taxonomy of family offices

In her assessment of family office models, Lisa Gray argues the traditional model single family office is “dying out, victim of rising costs and the difficulty of retaining top-quality talent.” In turn, multi-family offices (MFO’s) represent “a viable alternative” for single-family offices (SFO’s). According to Grey, MFO’s are formed when an SFO opens its services to other families or when several families open a family office together for the benefit of those families.5

However, our fieldwork argues that such a view is an oversimplification at best and some of these statements simply do not correspond to our findings. First, none of the family offices interviewed representing a single family had any interest or desire to open themselves to other families and establish a multi-family office. In our study family offices serving a single family, rather than disappearing, are increasing in number, particularly as individuals served alongside other family relatives prefer to set up their own independent operation that is more attune to their needs, interests, and goals. While, broadly speaking, a family office is an office serving a family, and by analogy, a multi-family office serves many families, a shared genealogical lineage is a rather crude and uninformative delineator for categorizing family offices. Rather, our work so far points out that it would be much more informative to characterize the different types of family offices as an outcome of the different goals and expectations of the family members served—goals and expectations which are in turn shaped by individual attitudes toward risk and entrepreneurial drive. Thus, we propose the taxonomy described in Figure 2.

We propose a different way of looking at family offices

![Figure 2](image_url)

Our alternative taxonomy of family offices relies upon founder involvement as the key differentiating criterion among types of family offices. Such a taxonomy refines into further categories what is referred to as single or multiple family offices, based on one of our key

findings—the extent of involvement the original founder in the family office is more indicative of investment appetite, risk tolerance, and interest in financial matters than the amount of wealth managed or the number of families served by the office. In our taxonomy, knowing the desired level of involvement of the principal owner(s) and the goals the principals plan to accomplish through the family office determines the most appropriate choice from among the five models in our taxonomy.

Figure 3 summarizes some of the characteristics of the first three types of family offices. In first place, we have those serving a single individual are termed single-member family office, to stress that they serve the needs of a single individual—generally the original entrepreneur. In other cases we saw the establishment of a single-member family office when wealth was transferred from the founder to the children—the heirs preferred to set up offices independent of each other and pursue their interests. In another case, one sibling bought out the shares in the family office and family business of the other siblings. Through these cases we documented that the continuation of a family office is not a given when there are generational transitions, but subject to the interests, goals, and involvement of the heirs.

### Extended view on single family offices

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<thead>
<tr>
<th></th>
<th>Formation</th>
<th>FO as investor</th>
<th>Investment Knowledge</th>
<th>Involvement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Single Member Family Office</strong></td>
<td>Original entrepreneur and/or FB owner</td>
<td>Investing is a &quot;hobby&quot; Not for &quot;weak stomachs&quot;</td>
<td>Rely on knowledge from family business</td>
<td>Involved principal investor</td>
</tr>
<tr>
<td><strong>Limited-Membership Single Family</strong></td>
<td>Transition from 1st to 2nd generation</td>
<td>Must develop protocols and governance before investing</td>
<td>Drive to build internal knowledge about investments</td>
<td>Rely on &quot;enlightened&quot; family member to lead the way</td>
</tr>
<tr>
<td><strong>Multi-Generation Single Family</strong></td>
<td>Pre-dates current generation, founder no longer around</td>
<td>Investments aggregated at FO level and then placed outside FO</td>
<td>FO manages an account for each family member according to their profile</td>
<td>Formalized roles, those wanting greater role go elsewhere</td>
</tr>
</tbody>
</table>

**Figure 3**

When generational transitions occurs, the family office principals face two choices—divide the assets and establish separate single-member family offices, or turn the family office into a limited-membership single family offices. These offices, though they are much more formal in their implementation, are born out of a genuine interest of the heir siblings and first-cousins (to whom membership in this type of family office is generally limited) to have the family office serve as the "glue" that the family business used to serve for the family. This generation had direct contact with the family business in their formative period and thus understands the role it played within the family.
In third place we have multi-generation family offices, which, in the words of one of the interviewees serving such a clientele was characterized his/her office “as a single family private bank, really.” However, there were several cases in our sample in which members served by such offices, “cashed-out” from the family office, and either established their own single-member family office, or pooled together with other members to establish a limited-membership single family office.

Based upon the comments from our interviewees, two other types of family offices complete our taxonomy—multi-family offices, as described by Gray, and a further distinction which we make—family office services offered by private banks, both of which are illustrated in Figure 2. These last two categories do not form part of our current study, but will be examined in greater detail during the course of our research.

CONCLUDING REMARKS

Three key developments motivate our interest in studying family offices, and particularly, their engagement in venture capital and private equity. First, we posit that over time, family offices will increase the proportion of their total allocation to private equity and venture capital. While their exposure to these asset classes is quite small when they are first created, as family offices gain knowledge and expertise, they generally increase the allocation to them. Second, we believe that the dramatic rise in recent years in the numbers of family offices established, which we document in this study, is only the start of a trend—in coming years, ever larger number of family businesses will be sold off because of a lack of successors, leading to more family offices being created. Third, we believe that family offices will rise in prominence and appeal as limited partners. The wealth managed by a family office is private, and, thus, subject to minimal regulation, which contrasts with the increasing regulation of banks, pension funds and other limited partners. However, in order to be able to capitalize upon these developments—both for the families involved and those seeking to provide investment opportunities—it is important that the family office models used correspond much more tightly to the interest and goals of family members, rather than relying on outmoded models.

Lastly, our research suggests a shift away from the traditional matriarch/patriarch conception of the family office, serving as a trustee appointed to assure the welfare of family members, to one which is more entrepreneurial and participatory. Respondents identified two reasons for such a shift. First, there is a shift in the concept of “retirement” on the part of founders of the family business—the patriarch or matriarch—and less interest (or social acceptance) of being part of the “idle rich.” The rising demographic phenomenon of active retirement is also evident in the family offices. Such retirement incorporates active participation in business life—investment opportunities conducted through the family office are fun, and part of personal goals. Growing the family business was what was necessary to gain the financial means and freedom to pursue individual or family dreams and goals. Second, the rising generations tend to be significantly much more business savvy—either through their early experience of the family business, or their educational and/or professional background. Involvement in investment decisions, is, in and of itself, a good. In the words of more than half of the respondents—family members are involved in investing “because it’s FUN!”