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& Simple

# Quarterly family office signals

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## Where is the family office market heading?

Simple conducts regular interviews with family office experts to gain fresh insights on the question.

The interviewees consist of a mix of service providers, banks, consultants, and advisors targeting Single Family Offices and/or Multi-Family Offices in Asia, Europe, and the US.



## Professionalization of ownership and management

The main focus areas for Family offices centre around the following: financial performance, legal jurisdictions, tax efficiency, succession, technology, cybersecurity, attracting and retaining talent and day-to-day planning. Many FOs are showing institutional-like [professional] behaviour and governance will be a defining parameter in the future. Structured internal processes and decision-making will form the operational foundation for success.

### Simple take aways

There is much awareness around professionalisation – but many find it challenging to get started and identify which tools to use. Understanding entry points and having ready-to-use resources will make it easier.



## Effect measurement is the key to success

The growing population of UHNWI's has increased the supply of Family Office advisors. They are getting chased by a forest of service providers, but they often receive lousy advice and nobody helps them from a holistic approach. Few can provide, show and communicate the tangible value they offer.

During COVID-19, many families have re-evaluated their values and what success means to them, e.g., living close to family or favourable taxation.

### Simple take aways

It has become easier to consolidate data at platforms and measure financial and non-financial factors. Best practices and benchmarking continue to be on the rise.



## Alternative investments on the rise

Catalyzed by the economic environment, many FOs have an increased appetite for alternative investments: VC in start-ups synergizing with core competencies for strategic advantage, sustainability, ESG, impact, crypto, cannabis, etc. The trend is further enhanced as more progressive generations find themselves in a position of power and investment executions.

### Simple take aways

Few have the capabilities to make alternative investments. It is essential to understand your capabilities and ambitions and have a common vision across generations to find the right providers to support you.



## Purpose driven

A lot of first-gen wealth is coming to an end. Next-gen involvement has increased during COVID-19 as families have spent more time becoming more aware of their relationships. Next-gen owners are more focused on a purpose that is close to them and social and environmental aspects. Purpose-driven investment further accelerated during COVID-19, and families have become more aware of the legacy they want to leave through investing, philanthropy, caring for the community, and organizational structure. There has been a shift towards social and emotional wealth vs. purely financial. The change in focus is more pronounced in the western part of the world.

### Simple take aways

Purpose and impact have expanded to include a broader internal and external focus on values, diversity, investments, and organizational structure.



## Efficiency through outsourcing and insourcing

Single-Family Offices often consist of 2-3 people that handle various activities - asset management is just one of the tasks, and it is challenging to address all the asset classes. No office can house the best talent for everything in the industry – it is too expensive and difficult to retain. The dynamics between insourcing and outsourcing are fluid conditioned by evolving needs – and it is rarely related to costs but more often related to finding the best expert. For this reason, the demand for project management skills in FOs is increasing. Additionally, a new type of FO, the so-called “Startup Family Office,” is emerging in the market. The startup FO is heavily supported by technology and characterized by a startup mindset.

### Simple take aways

Network, connecting with peers, sharing information on how things are done, and benchmark best practices related to governance and decision-making are all sought to optimize the outsourcing and insourcing setup.



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