TEN DYNAMIC FORCES FOR CHANGE

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Sara Hamilton Founder and CEO

Family Office Exchange JANUARY 28, 2021

7 FOX subject-matter experts

- Sara Hamilton
- Miguel López de Silanes
- Glen W. Johnson
- **Gaby Griffin**
- Mindy Kalinowski Earley
- **Kent Lawson**
- Jonathan Tunner

- > We will organize our look at these *Dynamic Forces of Change* from three key dimensions:
- > EXTERNAL DRIVING FORCES
 > CHANGING FAMILY VIEWS
 > FAMILY OFFICE EVOLUTION

EXTERNAL DRIVING FORCES

Rising Political Unrest and Economic Uncertainty



Miguel López de Silanes Market Leader, Europe and Latin America



Rising Political Unrest and Economic Uncertainty

> The new normality – a continuous state of uncertainty, unrest and disruption.

Families doing the following things:

- Strengthen the various enterprise family systems
- 2. Active risk management
- 3. Crisis management mindset
- More strategic → close partnerships with trusted advisors

EXTERNAL DRIVING FORCES

Crisis Revealing More Opportunities



Miguel López de Silanes Market Leader, Europe and Latin America





Crisis Revealing More Opportunities

"If you're not changed when you come out of this, we've missed an opportunity"

Kevin Johnson President and CEO of Starbucks > Uncertainty creates new opportunities, focusing more on making strategic and longterm changes.

1. Family business level

2. Investment level

3. Family Enterprise level



EXTERNAL DRIVING FORCES

Converging Technologies Accelerate the Transformation



Glen W. Johnson Chief Operating Officer



Converging Technologies Accelerate the Transformation

Converging technologies are changing every industry.

> Operating effectively in a virtual world.

Family readiness for change and need for change management.

CHANGING FAMILY VIEWS

Shifting Views in the Family Enterprise



Gaby Griffin Market Leader, Business Owners and Family Office Executives





Shifting Views in the Family Enterprise

> How the family adapts to change is a critical issue

> Speed, Uncertainty, Optimization and Enhanced Governance

> Thoughtful planning around structures and policies – continue to evolve

CHANGING FAMILY VIEWS

Sustainable Direct Investment Ecosystem



Jonathan Tunner Director, Private Investment Opportunities



Sustainable Direct Investment Ecosystem

- > The more traditional roads to returns are under pressure. Families are seeking direct investing opportunities, but the landscape continues to be complex and hazy.
- > The competitive landscape has become more competitive.
- Family office investment teams are feeling the strain beyond just sourcing and competing.

CHANGING FAMILY VIEWS

Heightened Commitment to Family Learning



Mindy Kalinowski Earley Chief Learning Officer



Heightened Commitment to Family Learning

Focused efforts on engaging the rising gen

> Intentional training of future leaders

FOX Family Learning Guide COMING Q2



Heightened Commitment to Family Learning

TOP FIVE RISING GEN CHALLENGES

- > Defining future roles in family
- Communication building between generations
- > Family dynamics
- > Leadership development
- > Investment strategies

CHANGING FAMILY VIEWS

Evolving Views on Social Responsibility and Philanthropy



Gaby Griffin Market Leader, Business Owners and Family Office Executives





Evolving Views on Social Responsibility and Philanthropy

- > Largely driven by the next generation
- Investments and philanthropic endeavors better align with personal values
- > Conversations across generations about philanthropic goals, diverse views on social responsibilities and purpose of the wealth
- > Continued evolution of the Modern Family Office movement

FAMILY OFFICE EVOLUTION

Growing Complexity Shapes Services and Cost

Sara Hamilton Founder and CEO





Growing Complexity Shapes Services and Cost

> The challenge is in the "Sum of the Parts," and the parts are continuing to grow.

> Understanding complexity allows you to unravel the mystery of cost.

> Complexity determines the service delivery model and the cost allocation methodology.

FAMILY OFFICE EVOLUTION

Escalating Cybersecurity and Data Privacy Breaches



Glen W. Johnson Chief Operating Officer





Escalating Cybersecurity and Data Privacy Breaches

> Rising instances of cyber security attacks, especially in light of explosion of offices transitioning to remote work.

Broader exposure for government agencies around the world.

> Legislation to protect data privacy underway in US (CCPA in CA is GDPR-type legislation).

FAMILY OFFICE EVOLUTION

Integrations in Technology Increase Value



Kent Lawson Director, Technology Integration Services



Integrations in Technology Increase Value

> Witnessing the emergence of integrated "Family Office as a Service." – capabilities that empower the family office to deliver more personalized and strategic advice.

- Merged or aggregated experience technology firms join and intersect to improve overall experience.
- > Virtual world, anywhere operations technologies move completely to dispersed cloud as new norm.



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CHANGING FAMILY VIEWS

Shifting Views in the Family Enterprise

Sustainable Direct Investment Ecosystem

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Evolving Views on Social Responsibility and Philanthropy



FAMILY OFFICE EVOLUTION

Growing Complexity Shapes Services and Cost

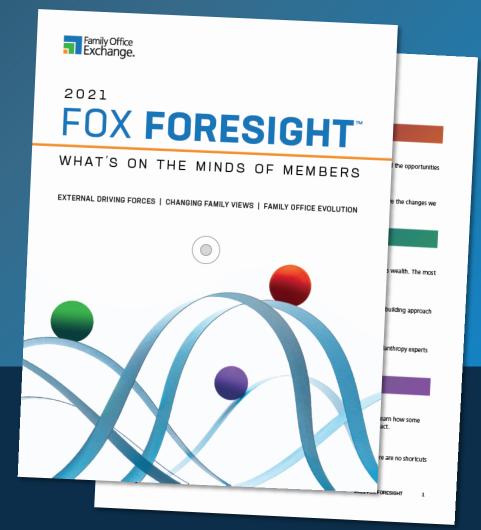
Escalating Cybersecurity and Data Privacy Breaches

Integrations in Technology Increase Value



Expanded insights on the Dynamic Forces for Change that we identified today will be available to FOX members in February in our 2021 Edition of <u>FOX Foresight</u>.

To learn more about the complexity profile, <u>contact us at research@familyoffice.com.</u>



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