

FOX PUBLIC WEBCAST | January 22, 2025

# Mastering Complexity Helping Families Succeed Along Their Evolutionary Journey



# The FOX Community

For over 35 years, FOX has delivered the resources, connections, and knowledge that allows families to manage their enterprises and grow their wealth across generations.

## ABOUT FOX

**1989** Founded in Chicago

**19** Subject matters experts

**Family owned** for more than 35 years

**~40** Full-time employees

## ABOUT FOX MEMBERS<sup>1</sup>

**1,100** Wealth owners from ~320 families

**2,900** FO staff from 320 offices

**80+** Advisor organizations

**20+** Countries represented

## ABOUT UHNW FAMILIES<sup>2</sup>

**78%** Have a single family office

**2/3** Having direct investing portfolio

**89%** Are philanthropic families

**65%** Are led by Gen 1 or 2



<sup>1</sup> Family Office Exchange data as of July 2023

<sup>2</sup> Results from FOX's 2023 Family Office Benchmarking Survey and 2023 Global Investment Survey

# Complexity: An Outcome of Family Evolutions

Family Size,  
Generations  
Involved,  
Engagement Level,  
Governance  
Maturity, ...

Ownership  
Structures,  
Operating  
Businesses,  
Philanthropies,  
Grants, Trusts, ...



Investable Assets,  
Money Managers,  
Investment Funds,  
Direct Investing,  
Portfolio Allocation,  
Partnerships, ...

FO Size and Age,  
Scope of Services,  
Budget, External  
Advisors, Entities,  
Properties, Planes,  
Jurisdictions, ...

# The Sources of Complexity



**1. Family Demographics and Generational Dynamics**



**2. Wealth Transitions and Ownership Structures**



**3. Individual Pursuits and Service Needs**



**4. Investment Strategies and Financial Operations**



**5. External Trends and Global Challenges**

# The 43 Factors of Family Enterprise Complexity

## Family Factors

8

## Investment Factors

8

## Ownership Factors

11

## Operational Factors

16

# Strategic Framework to Understand & Handle Complexity

	Catering to the <b>NEAR-TERM</b> Tactical Needs to the Family	Essential to the Family's Vision and <b>LONG-TERM</b> Strategy
<b>EXTERNALLY</b> Driven and Unavoidable	<p><b>COMPLIANCE TASKS</b></p> <p>Activities that are mandatory but do not have a meaningful positive impact on achieving the family's long-term success, e.g.:</p> <p>Strategy: <b>OUTSOURCE</b></p>	<p><b>STRATEGIC SERVICES</b></p> <p>Activities driven by factors beyond the family's control and yet critical and directly connected to achieving the family's long-term success, e.g.:</p> <p>Strategy: <b>MASTER</b></p>
<b>INTERNALLY</b> Driven and Controllable	<p><b>DISCRETIONARY SERVICES</b></p> <p>Activities that are created by the family yet do not have a meaningful impact on achieving their long-term success, e.g.:</p> <p>Strategy: <b>MINIMIZE</b></p>	<p><b>SPECIAL PROJECTS</b></p> <p>Activities driven by controllable factors that have a direct and meaningful contribution to enhancing value for the enterprise, e.g.:</p> <p>Strategy: <b>MANAGE</b></p>

# Practical Strategies to Manage and Master Complexity

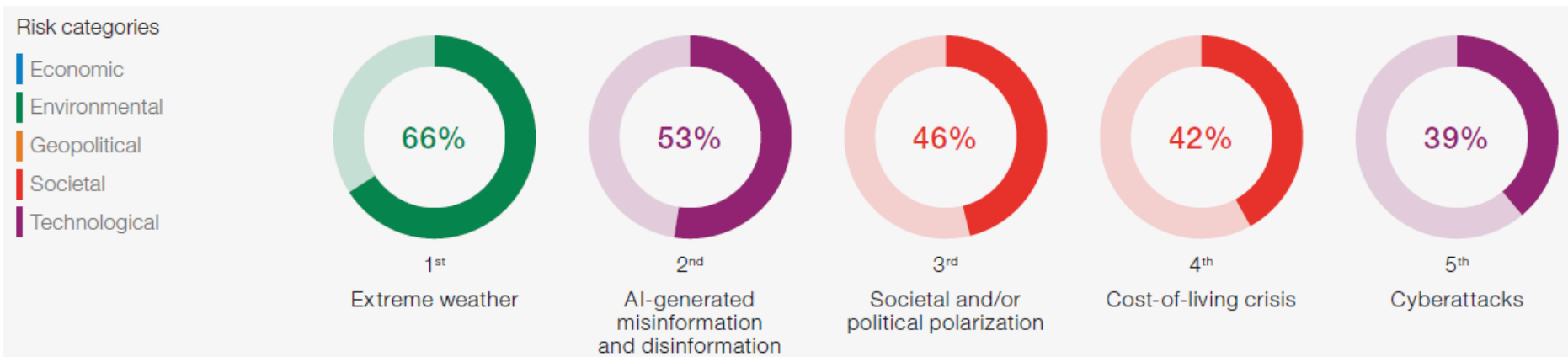
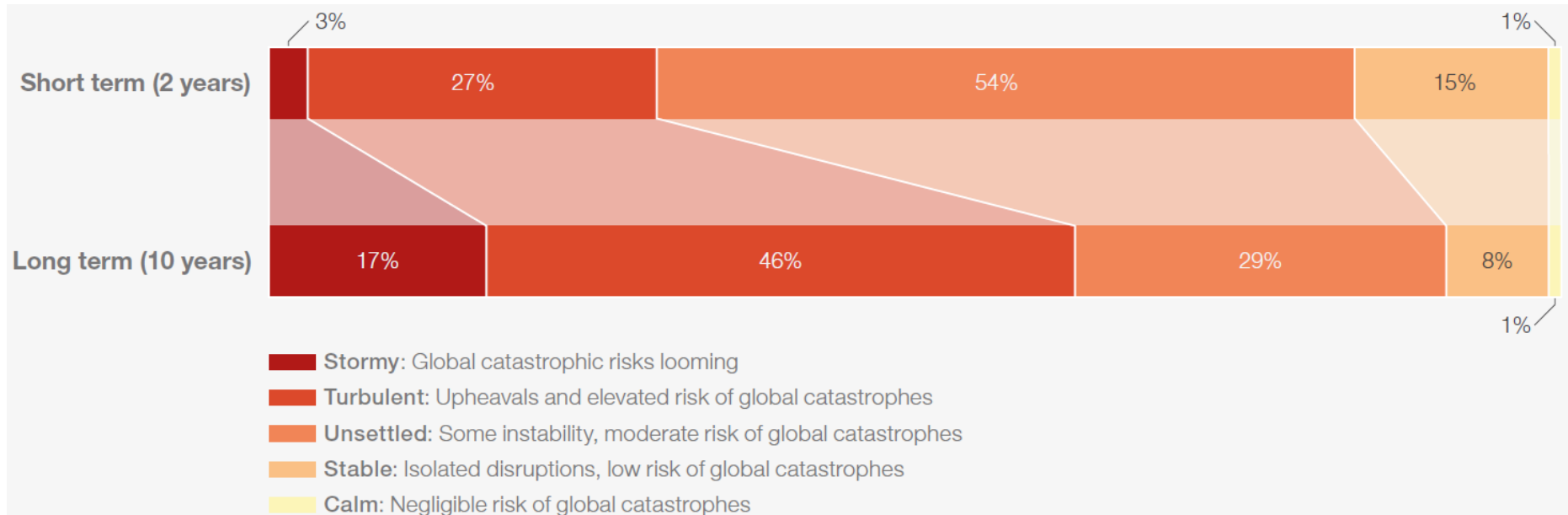
1. Conduct a Complexity Audit
2. Formalize Opportunities and Risk Analysis
3. Build Resilient Governance Structures
4. Develop a Culture of Continuous Learning
5. Formalize Family Office Services
6. Embrace Strategic Outsourcing
7. Implement Cutting-Edge Technologies
8. Federate with Like-Minded Families

02

# Opportunity and Risk Management



# A risky world...



# Response from Families

1. Development of a **culture of resilience**, with a risk and opportunity management system that allows the Enterprise to correctly identify, monitor, and mitigate the risks.
2. Strengthening of the **Family Enterprise mindset/model**
3. Mitigation strategies, such as **Hedging**

# Risk and Opportunity Management System

1. Assess Owner Attitudes and Appetite for Change and Risk-taking
2. Identify What's Potentially at Risk for the Family
3. Identify the Financial Impact of Key Opportunities and Risks
4. Integrate an Opportunity & Risk Committee into the Governance Structure
5. Prioritize Alternatives and Allocate Capital Accordingly
6. Design a Reporting Process to Monitor Strategies at the Board Level

# Opportunity Management

*“You cannot overtake 15 cars in sunny weather... but you can when it’s raining”*

Ayrton Senna



# Opportunity and Risk Case Studies

- **European Family Enterprise:** Scenario planning
- **Strategic redefinition:** launch of a new brand
- **LatAm Family:** Liquidity Management
- **Invest in people:** *“Now is a time to invest, truly and authentically, in our people, in our corporate responsibility, and in our communities”* – H. Schultz, former CEO, Starbucks



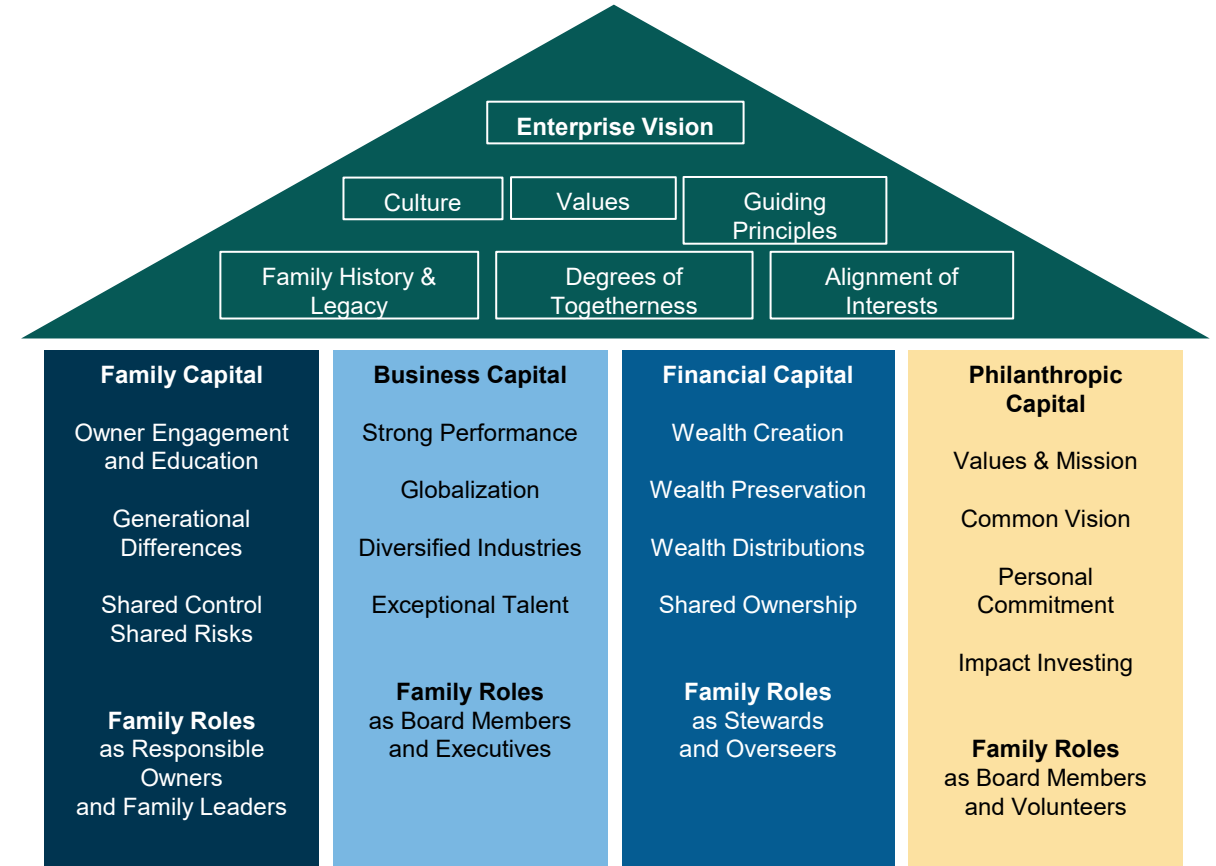
- **M&A:** A European Enterprise Family made the largest acquisition of its 75+ history during COVID.
- **Invest in Philanthropy and Impact:** *“You can’t save your way out of recession – you have to invest your way out. We look at our CSR activities in pretty much the same way. You can’t just do them in good times and then just forget about them in bad times and hope to get the same results”* – Craig Barrett, former Chairman & CEO, Intel

# Response from Family Enterprises

## 2) Strengthening of the Family Enterprise mindset:

- Reassess the family values & culture
- Adapt the vision
- Strengthen the Governance
- Invest in a strategic Family Enterprise Office
- Professionalize the leadership
- Incorporate impact

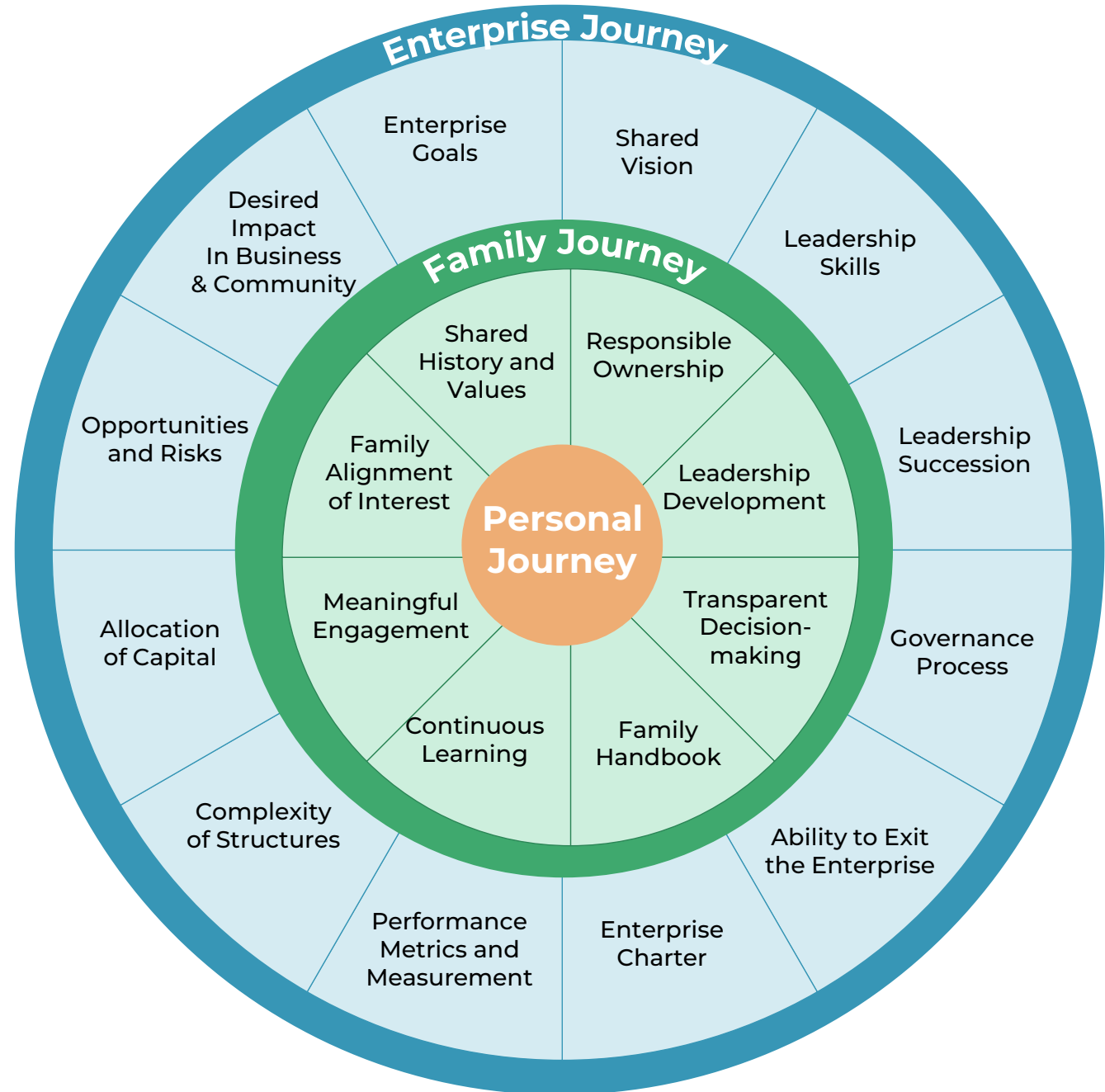
3) Mitigation Strategies; they include insurance, diversification, globalization, decreasing investment risks, redundancy plans, alternative residences, etc



# 03

## Good Governance to Manage Complexity

# Two Dimensions to Governance



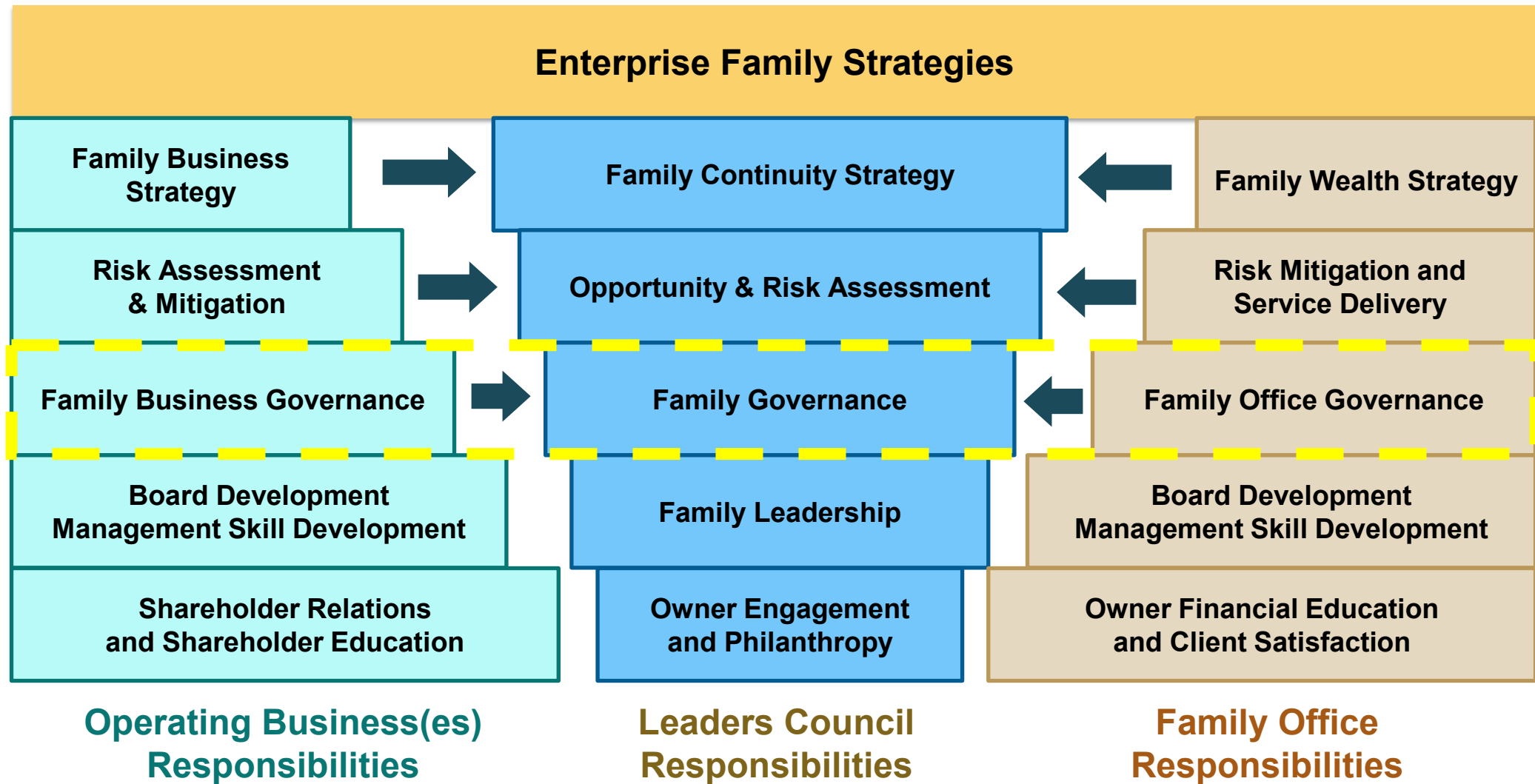
Source:  
**Build an Enterprise Family to Last:  
Proven Strategies to Thrive  
Across Generations**



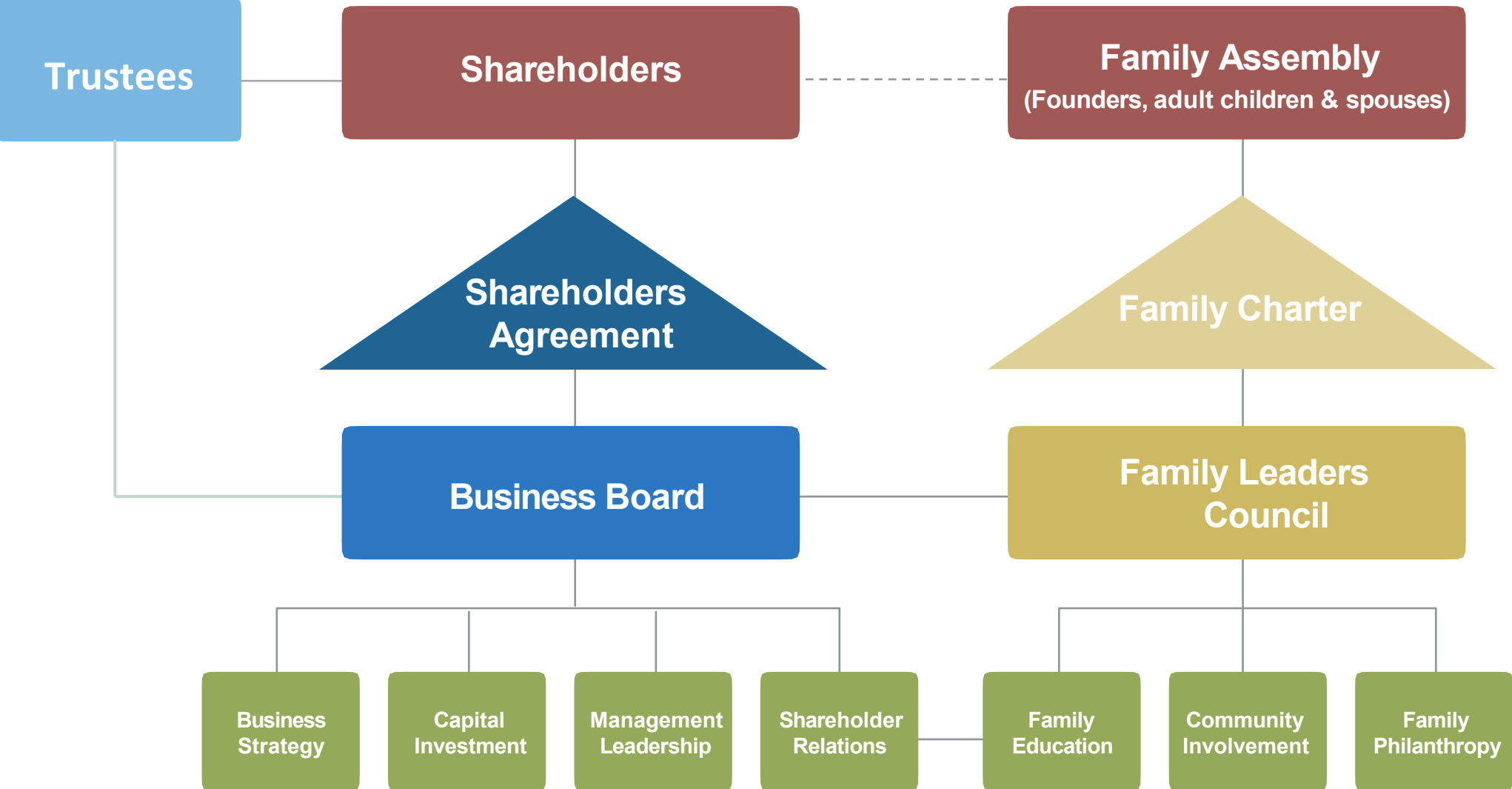
# Family Governance Helps Manage Complexity

- Purpose for each legal structure
- Strategic planning across enterprise entities \*
- Governance Structure – design or restructure \*
- Written policies and procedures that are followed
- Plans for leadership succession – typically a 15-year process
- Timing and implementation for leadership transition – a two-sided process
- Development of rising generation of leaders
- Engagement of more family members in roles

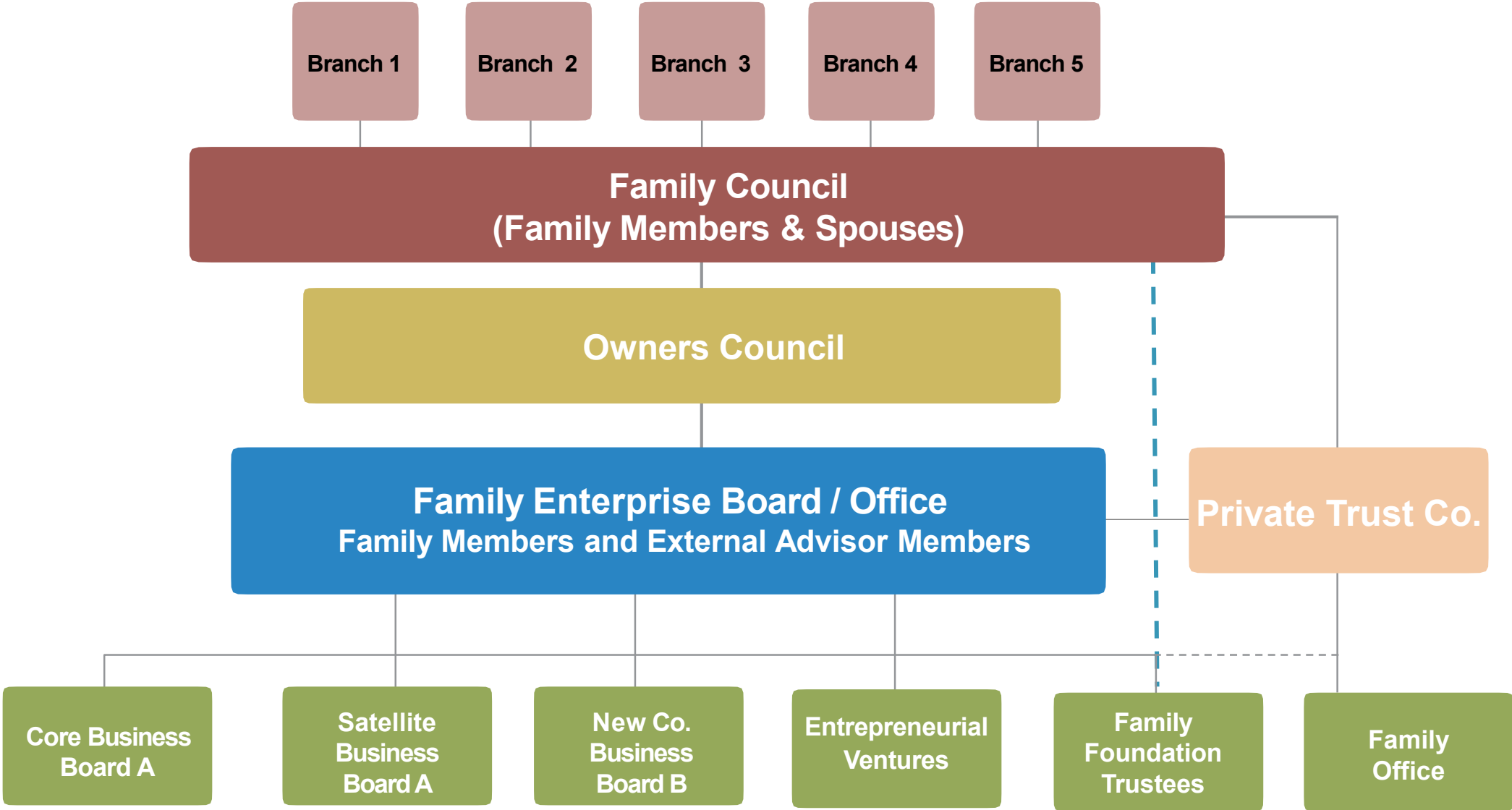
# Case Study: Strategies Must Be Integrated Across the Enterprise



# Early-Stage Business Governance Structures



# Complex Enterprise Family Structures



# 04

## Family Learning and Education

# Programs to adapt to a changing world and anticipate what lies ahead

Educational tools and resources help stakeholders across the family office industry improve their effectiveness, make informed decision, and guide families.

Programs are catered to the unique needs and stages of your journey with formats to accommodate different learning styles and schedules.

- **Workshops**—multi-day, hands-on learning provides deeper understanding and actionable insights
- **E-learning**—self-directed, self-paced courses offer flexibility when in-person isn't practical
- **Events**—continual learning so participants hear from prominent industry authorities, FOX experts, and the broader family office community
- **Knowledge center**—curated, searchable library of webcasts, benchmarking studies, articles, podcasts, and presentations
- **Custom engagements**—tailored programs, drawing upon FOX's experience and benchmarking, are designed to meet your learning, coaching, planning and development needs

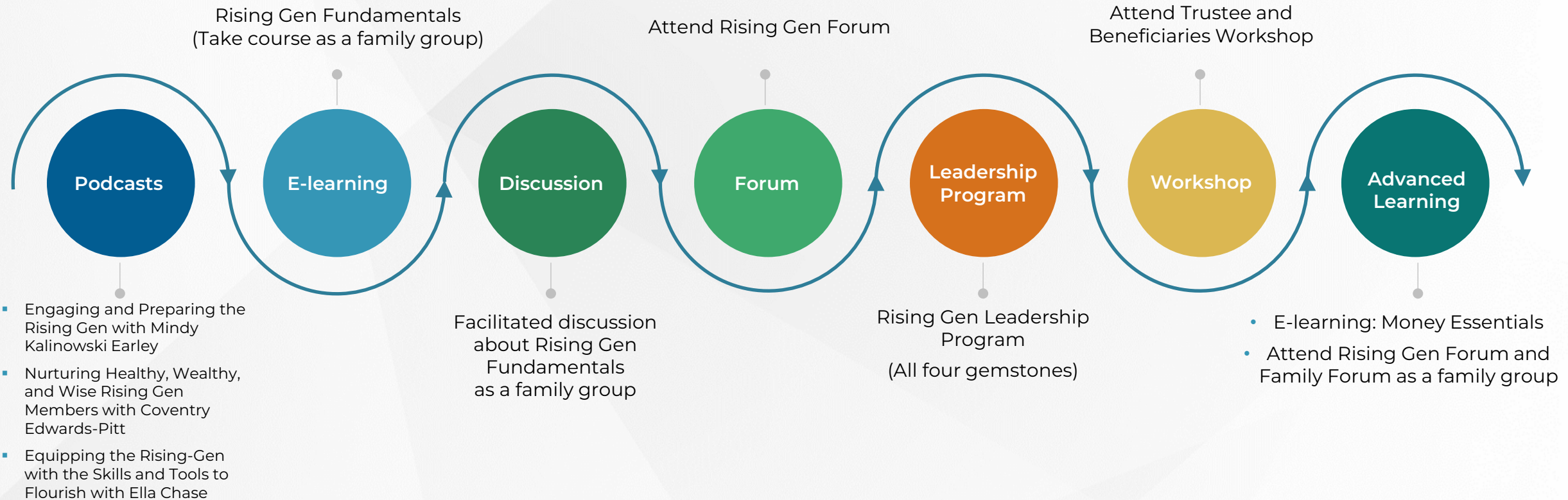
“This is the best three days of education I have ever received in my 50 years of learning.

- FOX member

Programs designed to help chart a path to success



# Rising Gen Development & Engagement

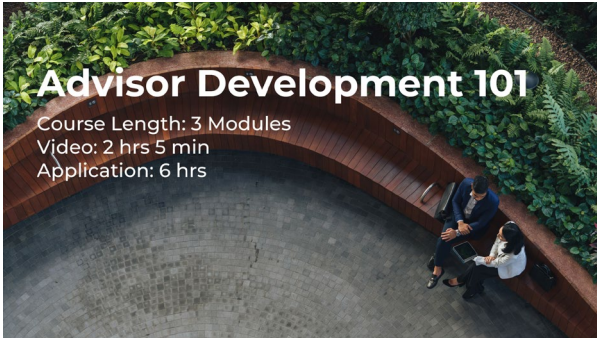


# Continuous Learning for Advisors





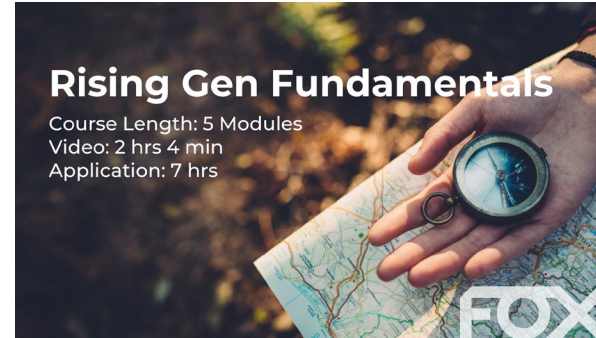
# FOX E-Learning



**Advisor Development 101**  
Course Length: 3 Modules  
Video: 2 hrs 5 min  
Application: 6 hrs



**Family Office Design**  
Course Length: 8 Modules  
Video: 2 hrs 42 min  
Application: 6 hrs



**Rising Gen Fundamentals**  
Course Length: 5 Modules  
Video: 2 hrs 4 min  
Application: 7 hrs

**NEW!**



**Family Governance:  
Building a Strong  
Foundation for Lasting  
Success**

**NEW!**



**Skill-Building for Conflict  
Resolution, Negotiation,  
and Listening**

**NEW!**



**MONEY ESSENTIALS:  
The Path to Financial Success**  
MONEY SANITY   
Virtual Learning Platform

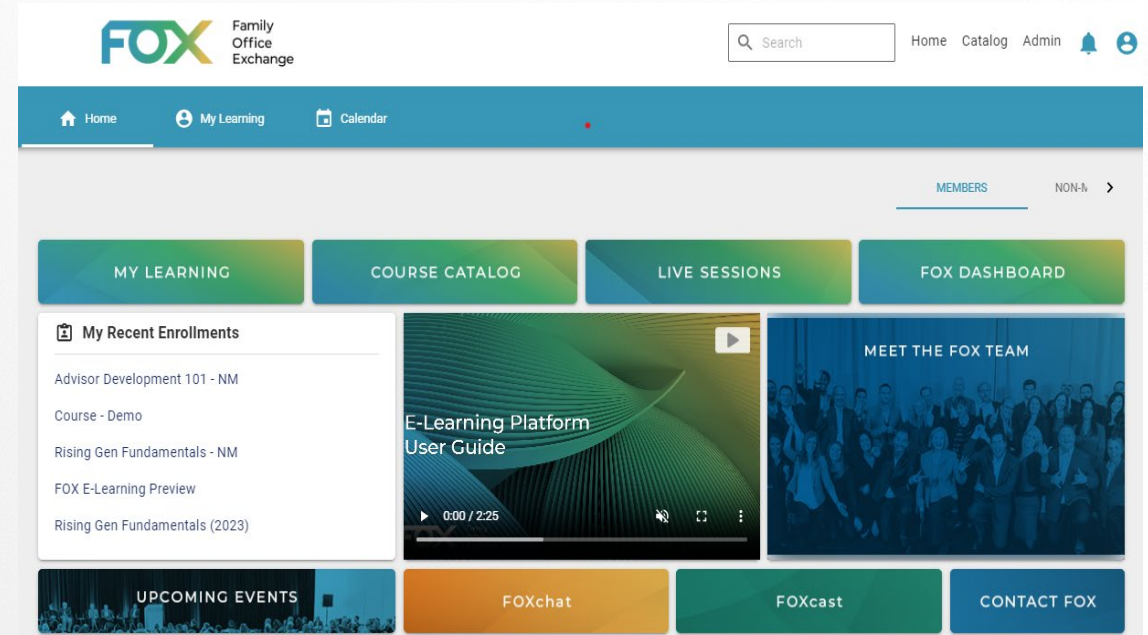
**COMING SOON**



**Family Office Staff Training:  
Essential Learning for  
Professionals**

# Member Case Studies

- Rising Gen Group Learning**—The Johnsons, with a new family office, had a goal to onboard and educate their rising gen. They purchased a bundle of courses for the family members to have a private, individual learning experience, before sending them to our Rising Gen Leadership Program.
- Onboarding New Family Office Staff**—A small family office is experiencing some significant growth and they are planning to use our Family Office Staff Training E-Learning course to onboard staff that are new to the space. For offices with similar goals, we can great a private platform and add on your current new staff hire videos to personalize the learning to your family and office culture.
- Advisor Firm Customized Workshop**—An Advisory firm recently acquired 100 new team members through a merger. They are utilizing a blended learning approach to integrate the new staff and prepare them for client-facing work. The firm has sent new staff members to the Advisory Development 101 E-Learning course, and some to our Family Advisor Training Program. They all come together for an in-person session during a summer team meeting, to continue their learning with a FOX consultant.
- White-labeled E-Learning platform** – Advisor firm is talking with us about creating a bespoke environment branded to their firm, where they can offer learning for their staff, and gift learning courses to their clients. This custom white labeled environment includes the ability to host their content as well as FOX courses. We have the platform ready to go!





05

# Serving Complex Families

# Implication #1: How to Serve Families with a More Complex Investment Portfolio

Fueled by Private Equity, the Family's Investment Portfolio has been Reconstructed



- 9% Cash
- 19% Fixed income
- 23% U.S. equities
- 12% International equities
- 10% Real estate
- 10% Private equity
- 11% Hedge funds
- 4% Real assets
- 2% Other

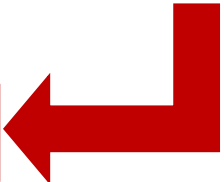


- 8% Cash
- 17% Fixed income
- 28% U.S. equities
- 14% International equities
- 9% Real estate
- 13% Private equity
- 7% Hedge funds
- 2% Real assets
- 2% Other



- 8% Cash
- 13% Fixed income
- 26% U.S. equities
- 10% International equities
- 14% Real estate
- 20% Private equity
- 5% Hedge funds
- 2% Real assets
- 2% Other

Doubling of allocation to PE in 10 years to 2<sup>nd</sup> largest asset allocation category



# Implication #2: Adapting to an Ever-Expanding Array of Family Needs and Expectations

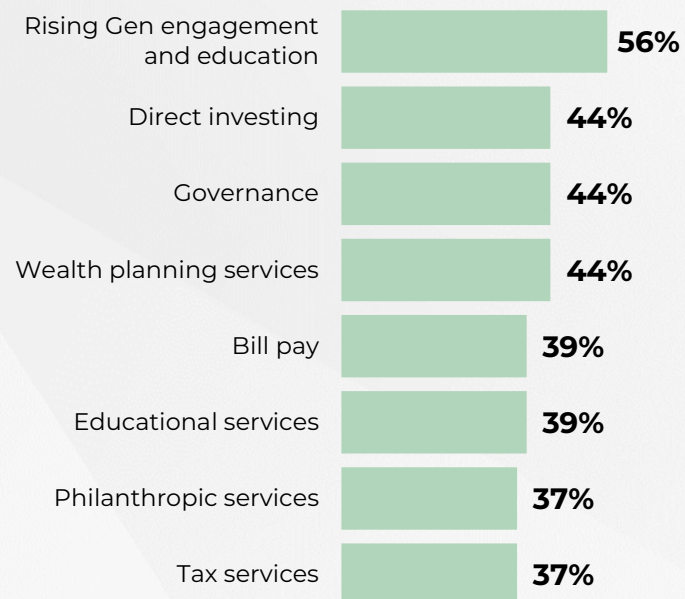
Increasing needs of complex families ...

**77%** expect support with inter-generational transfer needs

**78%** consider value-added services as essential\*

\*May include philanthropy, concierge services, passion investments, networking opportunities, etc.

... is aligned with increased demands providers are seeing



Source: 2024 Family Wealth Advisor Survey

However, concerns have arisen over service

**65%** concerned about lack of **personalized** service

Source: CapGemini

# Implication #3: Serving Families' Evolving Needs Around the Family's Wealth and Well-Being



Financial  
Capital



Human  
Capital



# Family capital carries unique challenges and opportunities

## How we help

Family Office Exchange (FOX) brings together families, family office leaders, and industry-leading advisors. We help:

- Ensure recommendations and actions are well informed
- Provide the necessary guidance during critical moments
- Further your preparedness for challenges ahead
- Unlock a vision for the future
- Cultivate meaningful relationships among like-minded peers

## Our framework

Solutions, centered around supporting families, include:

- **Industry benchmarking**—objective, independent benchmarking uncovers trends and allows for peer comparison
- **Educational programs**—online courses and multi-day workshops on topics such as family office design, rising gen, and advisor training
- **Thought leadership**—articles, studies, white papers, and webcasts keep you up to date
- **Peer connections**—relationships are cultivated through events, curated dialogues, and discussion boards

## FOX values

**Objectivity** Provide independent and unbiased knowledge, guidance, and advice

**Discretion** Safeguard member privacy and protect against unwelcome commercial targeting

**Connections** Cultivate meaningful connections among like-minded peers on similar life journeys

**Curation** Sift through the noise to deliver relevant and timely knowledge, data, and insights

**Learning** Foster a community of peer sharing, collective intelligence, and continuous learning

**Foresight** Foresee trends, anticipate future developments, and foster proactivity and preparedness

# Upcoming Events

Private Trust Company Workshop   Virtual	Jan. 28 – 30
Member Webcast: Empowerment Through Tradition - The Role of Leadership in Uncovering Hidden Family Wisdom	Feb. 5
Build an Enterprise Family Workshop   Miami, FL	Feb. 5 – 6
Technology Resource Partner Focus Group – Armanino   Virtual	Feb. 13
Winter Technology and Risk Management Days   Virtual	Feb. 18 – 21
Rising Gen Leadership Program: Topaz Edition   Nashville, TN	Mar. 21 – 22
Builders Capitalism Roundtable   Miami, FL	Apr. 30
Direct Investing Dinner   Miami, FL	Apr. 30
Private Family Capital Summit   Miami, FL	Apr. 30 – May 2
Frontier Technology Roundtable   Miami, FL	May 2
Family Advisor Training Program:   Chicago, IL and Virtual	May. 13 – 14

To learn more about our upcoming events, or to register,

visit [familyoffice.com/learning-programs](https://familyoffice.com/learning-programs)

