

# FOX FORESIGHT

2022  
Seeing Around Corners

**A**s we approach the two-year mark since COVID-19 first hit, and start to envision a “new normal,” Family Office Exchange (FOX) has identified three dominant themes that will drive disruption and opportunity for families of wealth, their family offices, and their professional advisors. We call them the “3Ts” – transitions, talent, and technology.

**Transitions** – both within the family leadership and among its staff and advisors – are a top concern for families of wealth today. “We are seeing the largest wave of generational transfers of ownership, control, and responsibilities since the 1980s,” says Sara Hamilton, FOX’s founder and board chair.

A significant number of family decisionmakers are either approaching or are delaying what most would consider “retirement age.” Yet, FOX research shows that less than a third of families have a formal family succession plan in place. At the same time, recipients of sudden wealth creation (from record-setting private equity and IPO activity) are not well-prepared for the transitions they and their families will face.

Transitions are also on the near-term horizon for many key family office executives – either due to retirement plans, possible departures, or new talent needs. Those will pose a significant challenge for family offices, as finding people who have the technical skills, experience, and family-service mindset is already a struggle. Developing, motivating, and retaining this scarce talent will be an even greater challenge for family offices, and thus make it a key office focus in the next decade.

To top it off, the external advisors and service providers families of wealth rely on are affected by the same generational transitions. The most experienced and recognized family accountants, wealth advisors, investment professionals, trustees, and attorneys are in their 60s or 70s and without a clear succession plan. It took these professionals decades to develop the skills, knowledge, and relationships required to serve multigenerational families of wealth, let alone earn their trust, and many have not yet groomed, or even identified, their own rising generation of high-potential advisors.

**Talent** – especially recruiting and retaining experienced family office professionals – is an area of intense concern and focus among families and their advisors. Experienced employees are reevaluating their priorities and retirement timelines. Younger professionals are much more focused on flexibility, career path, wellness, and purpose. Employers have to juggle these new expectations and the resulting scarcity of qualified talent.

The “war for talent” is raging with renewed intensity across the family office industry. “The Great Resignation” of 2021 did not spare the family office sector – in fact, the challenge is particularly acute in this space, given the specialized skills and experiences required to effectively serve families of wealth.

The COVID-19 pandemic forced previously suppressed topics, such as mental and physical well-being or flexibility and life balance, to the top of the priority list for many employees, often trumping more traditional employer benefits.

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– Sara Hamilton,  
FOX Founder

Family office employees, who have traditionally prioritized the needs and well-being of their family principals, are now being courted by employers for jobs that allow them to take better care of themselves and spend more time with their loved ones. As a result, families and family offices are facing a steep battle for the retention of their key staff.

On the other hand, the pandemic caused young and experienced professionals alike to reexamine their priorities and what they look for in an employer. Many in the labor force are placing a higher emphasis on finding purpose in their work, delivering a positive impact on society and the environment, and seeking out employers with strong diversity, equity, and inclusion practices. Working for a family with strong values and a vision for meaningful impact will be more appealing to many prospective employees.

**Technology** has been an enabler of great impact and productivity for families, but also a driver of complexity, inefficiency, and fragmentation. The family office sector is growing increasingly attractive to technology players, causing a proliferation of software applications, user interfaces, and data managers. Integrating and synchronizing these resources can be overwhelming for family enterprises, family offices, and advisory firms.

With new tools and solutions coming to market constantly, family office executives are in perpetual reactive mode – discovering, evaluating, selecting, and deploying new software throughout their operation. The result is a lack of central strategic architecture and a multitude of makeshift implementations that over time compound the inefficiencies plaguing family office systems and processes.

Privacy, identity theft, and cyberattacks are rapidly growing risks as more and more of families' lives and activities migrate to the digital realm. Fragmented family office systems, data sources, and user interfaces, as well as the lack of strategic IT planning and holistic architecture, are amplifying the cybersecurity risks families and their advisors face.

On top of these challenges, family office IT teams range from nonexistent to notoriously understaffed and under-resourced, especially given the level of wealth they must protect and manage. The reality many family offices face is a significant and growing reliance on external IT resources, consultants, and technology providers. Staying abreast of the fast-evolving landscape of software vendors and integrators, and adapting off-the-shelf products and services to the needs of the family and its many advisors will continue to be major challenges in the industry.

To learn more about FOX's comprehensive analysis of the 3Ts and how the most forward-thinking families and advisor firms are tackling them, please join us on **Wednesday, January 19**, from **10:00 am to 11:00 am CT**, for an interactive webcast with FOX members. Please register at [this link](#).

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