



New research, currently being carried out by Spanish and US institutions is looking into what makes a successful family office. Three key principles are emerging as being essential for creating opportunity and wealth down the generations.

The presence of a clear family project for the long term. Aspirations and discussion are key to building a strong mission and plan for the family in the long term; one that takes into account the desires of the family as a whole.

The development of a strong entrepreneurial culture over the generations is a powerful driver for the family to generate an opportunity-driven culture that in turn leads to the establishment of a Family Office. An entrepreneurial culture contributes to a systematic approach to evaluate and pursue new opportunities.

The presence of clear family agreements and an effective corporate governance system significantly influences the capability of a family to establish an Office. An effective and balanced governance structure means a system of active governance bodies with objectives, processes and structures in line with both the business and the family's stage of development. Multigenerational family firms show a strong ability to adapt their boards' mission, structures and member profiles depending on the firm and ownership requirements over time. As the venture grows and increases in complexity, decisions require active and effective family and corporate governance systems.

Analysis of interviews with 52 members from 32 different families with a net worth in excess of \$20m has also shown that the environment and track record of the family can help to build a successful office. Firms facing rapidly changing or competitive environments are in a strong position as they usually implement entrepreneurial strategies to overcome challenges. Those families with a track record and experience in designing a portfolio strategy are also well-placed as they are often used to building family consensus when projects are subject to a collective decision.

The research is finding that by developing and implementing a Family Office, families will:

- sustain and grow their wealth over generations
- diversify risks
- benefit from greater flexibility
- take advantage of opportunities in fast-changing economic environments
- sustain the entrepreneurial spirit among generations
- consolidate the family's unity over time
- gain social acknowledgment for the family