A FOCUS ON INTERGENERATIONAL LEADERSHIP IN FAMILY OFFICES
The next generation make a beautiful big picture, formed of their parent’s values, their diverse skill-set and then their own ambitions which differ from the generation before them and includes the likes of impact investing and philanthropy. They are bigger-picture people, they think globally, they care about connectivity, networking and utilising a global network of acquaintances.

Olga Vysokova

INTRODUCTION
by Agreus Founders Tayyab Mohamed and Paul Westall

With the coronavirus pandemic accelerating digital transformation in every home and Family Office, we, as a global population, are relying on our youngest generation more than ever before.

From the millennials leading the push towards Impact Investing to the software engineers behind Zoom, today’s leaders would arguably be lost without the next generation and the same can be said about our Gen-Z and Millennial children, helping to implement all of the above.

But, technology aside, what else can we learn from our next-gen leaders and, what do we need to teach them today, to succeed tomorrow?

In this white paper, we explore the strengths, weaknesses, and differences of the next generation of leaders, the impact they are already having on Family Offices from the Board and why together with existing leaders, they can make powerful change.

With extracts from Principals and Family Office leaders from three generations, America’s Chief Mentor to next-gens and a millennial leader herself – this white paper offers insights, and guidance on how to prime your next-gen leaders, how to retain a family outside of the office and, how to learn from tomorrow’s leaders, today.

We also highlight the importance of recruiting external talent to fill next generation positions and explore how it is becoming an increasingly popular talent solution with families for a variety of different reasons.

We speak to a Founder in New York whose sons are incredibly creative but have no interest in the financial nature of the Family Office, a Principal of a European Philanthropic Foundation whose family no longer speak following a dispute over succession and a next-gen leader who has chosen to quietly lead from the Board while pursuing her own passions. All three leaders are opting to externally recruit their next generation of leaders for three very different reasons and speak to us about the learning process involved with each.

One third of the global population are under the age of 40, classified as Millennials or Generation Z. They control less than 10% of total wealth yet sit on the Boards of one in three Family Offices.

“What they lack in wisdom and life experience, our next generation make up for in pragmatism.”
OLD VS NEW WORLDS

Louis Gerstner who is famous for many things, the most famous being that he turned around IBM, said that his predecessors were also capable of turning around IBM except they forgot a key component which is culture and if one does not understand culture, its people and what culture means, you cannot turn around a company.

Every Family has its own culture and if one does not take the time to understand the culture of its family office, it won’t survive.

Culture transcends borders. I am first generation American, my parents fled Europe, my mother left Vienna in 1933 and my father fled his home town in Poland in 1939. I was raised in a small New England town but even though I was raised American, a proud Yankee in a very small town, I was raised in a very continental European manner. It was instilled in me that you do not go to anyone’s house for dinner without a box of chocolates or taking some flowers and one writes hand-written thank you notes.

It was instilled in me that three of the many things that saved my parents life consisted of how they treated people, their family name and their communication. That is still part of the old and the new world today.

How we communicate with people. Technology is awesome. Teams, Zoom, WhatsApp, I use them all – someone asked to send me a fax the other day and I said I don’t use a fax machine anymore, email or text me. But, nonetheless, with all this great technology; and I used to travel 200-220 days a year, the human component is still important and its part of the old world.

It is very important that the next generation; and I tell this to my team members who range in age 23 to 73, have human conversations. I tell the young ones not to send emails all the time, pick up the phone and call. Adapt yes, but the culture of a Family Office needs to be sustained and it is sustained through practice and demonstrative actions.

For example, for my birthday, my life partner and our boys bought me a beautiful pen and said when you write a thank you note, you will think of us. The pen is literally inches from where I am now sitting in front of my keyboard. You need both the old world and the new world to survive and how you treat people is a large part of that.

LEARNING FROM MY PARENTS

My father was a great father and a great boss but I struggled with him as both. I had a great relationship with both my parents outside of the office, I had a better
relationship with my mother and the world knows that. My father predeceased my mother and looked and acted like Josef Stalin, maybe that’s one of the reasons he survived the war. I could not work with him and he could not work with me. His means of communication with me were so different and now that we have two boys in their 20s, I see sometimes that I am like him and I try to correct it, not always but sometimes.

There were lessons that he taught me and as I sit here talking, looking over Central Park, I’m thinking of him.

When other kids were taken to a football match or basketball game when they were young, it wasn’t part of his Raison d’être. He took me to charity fundraisers, to meetings with him and while in the beginning I liked it as it was unusual, when my friends came back into school on a Monday and spoke about what they did, I could not relate. It made me an outlier and that became a challenge for me.

Like many immigrant children I wanted to assimilate, be part of the gang, the crowd, however you want to define it. I didn’t understand what he and my mother were doing, exposing me to these meetings, charities and political events. Today I get it, but he didn’t know how to communicate. I went to a Family Office event about a year and a half ago in Canada and people were talking about where they took their kids, hockey matches etc, a year and a half ago in Canada and people were talking about where they took their kids, hockey matches etc, and when it came to me, I said I take my boys to hospitals, activities where I saw giving in action and that was part of my Raison d’être.

One day I was visiting her, and we were talking about charity. We realised we were giving money to the same charities without communicating. That was the moment we decided to create the Family Office and the Mission Statement which was the genesis of many things in my life. It was a privilege to establish it with my mother and I would have loved to do it with my father, as tough as he was in many ways, he was a force of nature and extremely giving. I know he instilled that in me, and he gave quietly. That’s why the second line of our Family Foundation says that 98.5% of what we give, we give anonymously. As my parents taught me, we have a responsibility to give to others if we can afford it and by working with her on that, we formalised the Family Office.

When it comes to what I taught my parents, it was difficult with my father because I moved to London then Vienna and made Europe my home where I stayed from the mid-80s to the mid-90s. I came back to the States, went to graduate school and it was at this time that he started to fall ill with progressive medical issues. The teaching and communication was not there.

My mother who was seven years his senior and passed away almost 15 years after his death, she and I started the Family Office. My father was still alive but very ill and I came with philanthropy because I remembered as a kid, she and my father taking me to different events and activities where I saw giving in action and that was part of my Raison d’être.

One day I was visiting her, and we were talking about charity. We realised we were giving money to the same charities without communicating. That was the moment we decided to create the Family Office and the Mission Statement which was the genesis of many things in my life. It was a privilege to establish it with my mother and I would have loved to do it with my father, as tough as he was in many ways, he was a force of nature and extremely giving. I know he instilled that in me, and he gave quietly. That’s why the second line of our Family Foundation says that 98.5% of what we give, we give anonymously. As my parents taught me, we have a responsibility to give to others if we can afford it and by working with her on that, we formalised the Family Office.

We found people to align with us and we bonded. I involved her in interviewing managers, accountants, attorneys etc. It was a laborious task, beyond my own capabilities at times and I relied on her. We made the best decisions together at the end, were they perfect? No, but it really helped us solidify the purpose of our Family Office which was about passing on our values.

THE NEXT GENERATION OF HIRTHS

I’m learning from my sons today how to better use my computers.

The computer for me is like the car. I know the power of the computer I have today is probably a high-end Mercedes or low-end Maserati. It offers a lot, but I don’t need it all. I’m not using all that it offers me, and I know how they can teach me better.

Because of COVID-19, I am also learning how to be a better flier, using my systems, becoming more adroit with excel and taking lessons between my youngest son and someone on my team, about how to better use Zoom and Skype for communications. On that side, it is working very well.

When it comes to teaching the boys, I have asked them to start with something that is important and that teaches them skills, such as philanthropy. If I give them a certain amount of money, I ask them how they would allocate it, it doesn’t have to be to my causes, but it requires analytical research – how are these foundations using this money? Where are they applying it? What is their ranking? If I give them a dollar, how many cents are going to overhead and all of these skills can be applied to investing in companies, managing the family budget and so on.

I know I am not always the best teacher which is why I am also making available to them the people I use who are validated and trusted.

I say are we transactional or transformative and I’d like to be transformative which isn’t always to give money. Every year I write two holiday cards, one goes out in September and one Thanksgiving. Every year I choose a charity and this year I have chosen the same charity due to COVID-19. It is the only hospital in the United States of America that has set-up a Mental Health centre to deal with the problems people are suffering with due to COVID. The Mount Sinai Centre for Stress, Resilience, and Personal Growth. Not only did I write about it, but that letter went out to thousands of families and individuals in 110 countries that I personally know, and I am going to the hospital after COVID to see how I can personally help. I have no psychological, medical, or administrative degree but I can figure out ways that I can maybe help them beyond the monetary and I’ll see if the boys want to come with me.

LEARNING FROM CLIENTS

The day I stop learning I am 6ft under or mentally gone.

I met a man at a conference a while ago, he is in his late 20s, not born in the US but lives here now. He and his friends have a wonderful little investment group in New York City and we met again at another event and ended up spending the evening together.

A few months ago, he was ill, and he went to the hospital. Now, in the United States we have a piece of legislation called HIPAA and it is basically the health privacy act which means at 18, when you are considered by the insurance, medical and legal arm of the state as an adult, it cannot share with the parents, the husband, the wife, or the children any information about your health as you could be estranged. I said to him, did you sign this piece of paper? He said no.

Where he is teaching me he looks at businesses and how they are impactful both technologically and digitally. I literally chastised him and said why didn’t you get this document signed it is free to download and he said because no one had ever told him. I said well I am telling you because I give a damn and he turned around and said, well you are the first person that has.

I said now, your girlfriend or parents god forbid anything happens to you, they can find you and help you.

He is one example of many others that I have learned a great deal from, and another is one of my business partners. I currently have two. One is in her 40s and runs her own Family Office and focuses a lot on health and medtech and the other is 29 and a wonder-kid from MIT. He specialises in impact investing and new technology. They both show me new opportunities every day, one of which I’m backing right now and I am incredibly grateful for both of them.

SPEAKING THE SAME LANGUAGE

Global wealth is still controlled by the majority of people north of 50 years of age and if the younger generation want to change that, I recommend a Rex Harrison movie called Dr Doolittle.
In the movie there is a song, if I can talk to the animals, learn their language, what a great achievement that would be chatting with a cheetah or a chimpanzee. We are all animals; I happen to be a male American animal. Our way of communication transcends age, gender and location. If we can understand how to communicate with that animal regardless of age, we are achieving a goal.

One of the important things for the Family Office space is to Principals to realise that if they are secure in their own skin, they might not be the best messengers for the next generation, and it is incumbent upon them to put their egos aside and find the right messengers. There is nothing wrong with consiglieres, intermediaries to reach the next generation because otherwise you can flush it down the toilet.

**CARE**

I would use the acronym, Care to describe my leadership style today:

- Communication
- Accountability
- Raison d’être
- Emotionally sound.

Because it is all about caring. As a child a lot of people came into our home, predominantly men. Entrepreneurs looking for investment. It was the ’70s in a small town, broadly made up of men setting up their own businesses. There were very few women. They were all either people whom my parents knew or had been referred to my parents by trusted people and I saw my parents meet them in the living room, dining room or kitchen and if they liked what they heard my father and sometimes both of my parents, would look the person in the eye, shake their hand and hand them cash, a cheque and a scribbled of paper. A couple of months later a formal contract would be signed and that was that.

Those things made me realise, I’m not an anomaly at all, rather I am part of a relay race. I was presented with a baton that is weighted with strong ethics, values and accountability. My parents are holocaust survivors, who persevered and protected their good names. While I lived in Europe people met me, spoke with me and aided me because they remembered my grandparents and/or parents. It boils down to the value of a good name, from generation to generation.

**SUCCESSION PLANNING**

I believe that in all of us we have chambers and until we are put in that situation those chambers are locked. Those situations will either open those chambers or not. If someone is asked will they steal, will they kill? Most people would say no under normal circumstances but when put in an abnormal situation I think we would be surprised by some people’s actions. We are very resilient creatures and when put in certain situations, some people will shine.

We are still working on it with our boys. They are both so talented and in their own ways, one is an artist, and one is still at university figuring out what he wants to do. As a result, they will not take over the business but on the Foundation side, if they are interested in it fine but if not, in 2021 I will be gradually bring in some outsiders to help, the impact we want to have and if the boys feel they want to participate later on they can, if they don’t it’s their decision and the Foundation will live on. There will always be people who will oversee the Foundation and I will ensure if and when our boys want to fill them.

I and my life partner have decided on the causes we want to help, the impact we want to have and if the boys feel they want to participate later on they can, if they don’t it’s their decision and the Foundation will live on. There will always be people who will oversee the Foundation and I will ensure if and when our boys want to participate, they can.

I will not as many people do, control from the grave because I think that is wrong. We as parents and teachers, do the best we can with what we have at the time. We will make mistakes along the way, mess up and do a variety of things. All we can do is the best and hope that our strengths are consciously and subconsciously absorbed by the next generation. They have to blaze their own trail.

Steven Hirth
Ian Buchanan is the Chief Investment Officer at Misland Capital, a Family Office that he has worked for, for almost four decades. Starting as an Accountant in 1981 and working his way up to Director where he remains today, Ian has worked with five Heads of the Family Office which span across three generations.

Here he discusses how a Post-War cabinet reshaped his career, the incredible opportunities which can only be found within the four walls of a Family Office and how the youngest principals, being born during his tenure, think of him as family.

FROM ACCOUNTANT TO CIO

I qualified with Ernst & Young in Scotland back in 1980 and wanted to go abroad for a couple of years to experience life a little more. A job came up with a Family Office looking for an accountant in Bermuda in 1981 and so I applied and got it. I went out to Bermuda and worked with them for two years as an Accountant and well, didn’t end up coming back to the UK until we moved our offices to London 10 years ago.

The main business for the family when I joined was the coal business and the Head of the Family was Sir Harold Mitchell who had been the Vice Chairman of the Conservative Party here in the UK during the second-world war. Immediately after the war there was an election whereby Winston Churchill and the Conservatives lost and Labour came to power. Sir Harold lost his seat as an MP and as Labour then went on to nationalise the coal industry, he lost his business too. He left the UK and based himself in Bermuda and built up coal, oil and gas assets in North America, Canada and subsequently the US.

The whole family were based in Bermuda but the operations and coal business were in Alberta and at that time, any surplus cash generated by the business was reinvested into that area.

Sir Harold’s family and how the youngest principals, being born during his tenure, think of him as family.

Sir Harold died in 1983 and his only daughter took over who at the time was in her early thirties. She decided that rather than invest this additional cash surplus back into the coal business, we should take the additional income and reinvest it elsewhere. Essentially, diversify to ensure all risk was not held within one asset.

We started to build out a reasonable investment portfolio and then decided we would need an Investment Manager to oversee it.

We had acquired mainly farming properties in developing countries, so we had a sugar-cane operation in Brazil, coffee and corn in Honduras, cattle in Guatemala, tourism in Jamaica, an Island in Fiji and a farm in Portugal. With no farming experience I was put on to managing all of these properties and spent much of my time on planes travelling between them. It was a huge learning curve to try to manage businesses in developing countries, often with high inflation rates, deprecating currencies and extensive economic and political problems.

In 1987, six years after joining as an Accountant and about six months before the October Crash, I took over the investments and I’ve been managing them ever since.

When I started managing the investments, I would have done everything from the treasury and research to the trading, settling, and accounting but three decades on and that’s moved on to now incorporate 10 investment managers in London, six staff in our back-office in Dublin and in another three people in our Head Office in Bermuda. All non-family members.

DIVERSIFYING THE PORTFOLIO

We have diversified into many different asset classes since the third generation took on the responsibility of the office and one of the things they had missed and wanted to get back to was having an operating business that they could focus on. This is why we got into hotels.

They purchased a hotel in Bermuda which they knew very well as they had lived in Bermuda their entire lives and recently another in St Lucia. They want to be involved in the business and they treat these hotels as operating businesses. The hotels make up about 10% of our assets but take up a lot of their time while offering a project that they can get their teeth into.

Family Offices tend to be very different in the assets they have and how they manage those assets. Many Family offices have traditionally had an underlying operating business which allows leaders to get involved in managing the operating business to diversify into other areas.

GROWING UP IN A FAMILY OFFICE

Family Offices are very different, as I say, they are unlike the corporate world. What tends to happen is that while there are lots of talented people out there that a family could hire tomorrow, the individuals need to fit in with the family and the family needs to like them. If you put yourself in the shoes of a wealthy individual, you want someone who is good at their job, but also a person that you like and trust.

There are some unusual traits of the Family Office which may make it a difficult transition from a corporate environment but once a Family Office gets the right person, they want to keep them and the family will go out of their way to make that job secure, interesting and financially attractive.

The biggest risk we face is staff turnover. What the Family has done for me, what I continue to do with my own Investment Team and what every leader should do with their next generation; family, or non-family, is to try and make the role interesting. I was largely thrown into things I had no experience of and often had to learn on my feet, especially when I was running the properties in developing countries. That was a huge learning experience for me. I was an Accountant from Glasgow and they sent me to Guatemala to manage a farm, I had no idea what I was doing but they expected me to learn.

When I started running investments, I don’t think I’d ever properly read the FT prior to that. The point is, the Family is very comfortable, when they have found someone, they think is good, putting them into environments where they have no experience. If you have common sense and you are smart you can largely do most things. If you are talented, families are willing to push you forward to represent them because they trust you to handle the project on their behalf.

GENERATIONAL LEADERSHIP AND TRUST

The leadership of each generation has changed. Sir Harold, I wouldn’t comment on too much as he largely stepped back from the business when I joined. His daughter set very high standards but unfortunately, she too died a few years after she took over and so her husband ran most things until he stepped back recently.

He also set very high standards but was also very generous and very good with people. He expected high standards of everybody and that is what he largely got.

He would let you know if you made a mistake or had done something to a standard less than he expected, but, equally was very kind and generous if you had done something well and more to the level he expected.

When he stepped back and his sons took over, they were...
These were mainly farming properties in developing countries, so we had a sugar-cane operation in Brazil, coffee and corn in Honduras, cattle in Guatemala, tourism in Jamaica, an island in Fiji and a farm in Portugal.

With no farming experience I was put on to managing all of these properties and spent much of my time on planes travelling between them. It was huge learning curve to try to manage businesses in developing countries, usually with high inflation rates, depreciating currencies and extensive economic and political problems.

Ian Buchanan
A FOCUS ON LEADERS, TODAY AND TOMORROW

63% of Family Office CEOs are non-family members in the UK

25-39 is the ideal age range to take over the Family Office, according to our network

37% said their next-gen leaders were uncomfortable discussing sensitive matters
Source: UBS 2019

What are the three worst qualities of a next-gen leader?

Impatient, both in learning and access to leadership
Lack life experience and wisdom
Too easily manipulated by mass and/or social media

54% do not trust their next-gen leader with the running of the Family Office

42% believe their next-gen leaders are not prepared for succession

33% of Patriarchs and Matriarchs said they were unwilling to relinquish control
Source: UBS 2019

What are the three best qualities of a next-gen leader?

Digitally Native
Driven by social impact
Likely to make decisions based on research, rather than gut feeling or emotion

58% have a succession plan in place

2 the majority of Family Offices have less than two generations working for them

31% said they were unqualified for succession
Source: UBS 2019

METHODOLOGY

We distributed a survey to our network of over 20,000 Family Office professionals. This is what they had to say.

63%
42%
37%
54%
33%
58%
2
31%

THE PHILANTHROPIST

Family Offices are created for several reasons. The first and most common is to manage and accumulate wealth, the second is providing a purpose and livelihood for generations to come. While both work incredibly well for some, for others, working with multiple generations has spelled the end of their family journey because as they say, you can’t take the Family out of Family Office.

We caught up with the Founder and Principal of a Family Office run philanthropy Foundation based in Europe who wanted to share his family story in a bid to help others. Naturally, given the sensitivity of the story, he has asked for his name and Family Office to be anonymised.

Our Family Office was established some 25 years ago when I became quite successful within Private Equity. I became particularly successful in one company and when I exited before the financial crisis in 2008 ended up with a pile of money and it became my business to manage it. I ran the business alone from my small office for more than two decades before bringing my children on-board and I can say it was a mistake. One that has contributed to tearing our family apart.

My children at the time were finishing university and starting out on their own careers which to me was very important. I would spend my days dealing with the Goldman Sachs of the world with no employees or family members to manage, just money. I wanted to instil in my children that they should remain ordinary people, even with money and they cannot let the assets get to their head.

We didn’t tell them about the money until they were much older, well into their 20’s. We kept them very much in the dark to avoid giving the impression that we had enough money waiting for them for when they grew up that no work needed to be done in between. We broke the news when we were satisfied, they had learned, started their own careers, and were successful, but it had anyhow at that time reached a point where it was almost untenable not to tell them. I would do the same thing again if I had the chance and while our family is no longer together, they do tell me that they will raise their own children in the same way. Nothing fancy, grounded, ordinary people with their feet in the soil so they can develop into ambitious and caring people.

We were very much involved in philanthropy from the beginning and the children picked this up, still involved in various ways. They share our values as a family and would say we all live very comfortably as opposed to living a luxurious lifestyle like many people with money. When we started to talk to our children about the future and told them about the values and composition of our assets, we had certain dreams and wanted to create something where the next generation and the generation after could get involved if they wanted to and if they were qualified to do so, without pressure to do it at all. We hoped this would be across the financial, commercial, and philanthropic side of the businesses. Creating possibilities, providing opportunities that may not be made as easily accessible elsewhere.

But that dream has been crushed.

We do not have a single Family Office because my children do not speak to each other. It didn’t work out and I don’t, thinking about the future, know how our family will go on but I just know that I do not want our Family Office to continue. Maybe on the charity side but under very strict conditions.

You think you are a close-knit family and then all of a sudden, the whole set-up is hit by something and you didn’t see it coming and when it’s coming you are very unprepared for it. Family dynamics can change quite a lot when your grown-up children get into serious long-term relationships. There were also issues boiling between them which I guess to a certain extent is quite common between siblings, but it was competition with added complications on top.

If I could do everything again, I would still keep my children in a natural environment and keep the money from them to a certain extent to protect their own values. They will naturally pick up that you have more money than your neighbour or your friends, but we gently introduced them to our wealth and would do the same thing again if we were given the chance.

It’s very difficult to say when the best time to do this is and it’s also very dependent on your children’s interests.
We thought we were so united, we had written plans, structures of how the Family Office was going to work and just thought this is as good as it’s always been, we are united but obviously not.

I think families thinking of setting up a Family Office should talk to others. We have done a lot of talking and are members of an organisation where there are lots of families like ours, lots of very wealthy families having very open and honest discussions. When you hear them you know you are not alone. Had we had heard it before I’m not sure we would have believed it, we thought we were a very structured, happy family that everyone had bought into so I’m not sure, but I definitely think to be open early and hear what obstacles; visible and hidden, lay on the road ahead would make a lot of sense.

The other piece of advice is not to rush it.

I firmly believe my children were committed when they came in. They had come to work for their father, on their own from a very organised external environment. I think that alone was a culture shock but to which during a fairly short time they added marriage and grandchildren. One of the above changes would have been enough to create commotion but all of them at the same time was enough to make them withdraw and lose their footings.

From then, the Family Office perspective, our family and our Family Office was no longer their focus. Interestingly enough they all followed more or less the same path.

They were keen to leave where they worked at the time to get freedom and have the resources available to make real change, but within a year there were complications at so many levels. I don’t know how you match that, how you resolve that. They were committed wanted to be involved, the roles were well defined and thought they would be able to work together. We only managed to have a couple of Family Office business meetings before it all blew up.

My ambition was to retire after the children got involved but because of what has happened I’ve worked more than I ever have done and see no end to it.

In this process we found it necessary to sort out the financial dealings of the family by creating a separate structure for each child and their families. Having first put all family assets in their hands through the Family Office they have now been allocated only a fraction of the total with the clear message that this is all you will get, do what you want with it, it’s yours. We did it at a time we didn’t want to do it, we wanted to work with one asset base and one set of beneficiaries in our trust.

Now, we need to decide what to do with the rest of the money. We are trying to make money on money to create wealth for our philanthropy. We must organise our new “Family Office” and structure it so that it does not stand and fall with us and so there is no risk that it gets hijacked or the funds diverted on a future date. These are things we haven’t finalised completely but it’s what it will be. We don’t have any more family discussions because we have tried and tried and not got anywhere.

They screamed and shouted and said decisions were made on their behalf in violation of their wishes. But we felt we just had to act while there was still time to reduce the risk of making things worse should things out of our control occur.

I am prepared to share my story with others should others find it of interest or any use and as I said it is much more common than we may think.

You can’t take the Family out of the Family Office, the way I have lived and worked for 25 years. I am the business, it’s with me at every minute. It’s my life and when you get your children involved, what’s me and what’s business? It’s a package, they became very difficult with me as the boss and me and the father – the children couldn’t deal or separate the two and now of course, coming up to Christmas we cannot get together and it’s not because of COVID-19.

It’s a sad story but a common one. Talk, listen, and take your time, it could just save your family.
THE NEXT GEN

Olga Vysokova is a London-based social entrepreneur and financial services professional who having worked for her parents Family business for over a decade, co-founded the Global Next Gen Community. The not-for-profit brings together next-generation leaders of Family Offices from across the world to knowledge-share, connect with people alike, learn and ultimately, have fun. Something Olga describes as not easy in today’s Family Offices.

Olga manages the Global Next Gen Community while sitting on the advisory board of her Family Bank, PSSC Center-invest. She encourages next-gen leaders to find a purpose, build an individual leadership style and gain an outside experience to bring back into the Family Office. She also tells current leaders to listen to their next-generation, offer them the freedom to make mistakes and not to judge them when it happens.

PASSIONATE ABOUT THE NEXT GENERATION

The Global Next Gen Community was set up exactly one year ago by myself and Vahe Vartanian and was a logical spin off from what we were both working on individually. Vahe being heavily involved in the Family Office Community and my work with Women Who Inspire, my own organisation that works to promote and unite entrepreneurial women in London.

I realised that almost every business conversation amongst the women in my organisation would come back to the same principle of providing, and caring for their families. Despite all of the hurdles they faced on a daily basis as women in business, they were extremely concerned with giving their children and the next generation the best possible start to life. Finding the best educational institutions, business schools, universities, and work opportunities. Then I met Vahe, and I realised our networks shared an identical concern.

His Family Office network made of patriarchs and matriarchs were constantly thinking ahead to succession planning and making sure their children, also the future heads of their Family Office, were best prepared for leadership. They too were focused on finding the best educational institutions, business schools, universities, and work opportunities. That was when we created the Global Next Gen Community. An international ecosystem like no other which simply exists to knowledge-share and help next-gens find a purpose.

SPEAKING FROM EXPERIENCE

I was born in Russia and moved to London 17 years ago. I derive from a family of business owners who created their success at the first opportunity after the Soviet Union collapsed in 1992. I was lucky enough to earn my post-graduate degree in finance in London and after working for the Family Office for over a decade, decided to pursue my own passions. Namely, empowering professional women and next-gen leaders.

There are pros and cons to working for your Family’s Office but for the last four or five years I have been less involved and sit on the advisory board where I have the time to focus on my two not-for-profits. This the best combination for me and something I think all next-gens and existing leaders should think about.

The next generation of leaders have a vision for the future which is different to their parents and more strategic. It is a combination of skills with the older generation caring more about wealth-preservation and the future of the business whereas the younger leaders care about future trends and tools that their parents might not have heard of.

We talk about diversity of the board but it’s not just the diversity of person, but diversity of mindset and vision and I think it is the best combination to ensure the business will survive and live long after their patriarchs. A blended and intergenerational board is also the best way for parents to teach their next-generation leaders and slowly dissolve power.

Olga Vysokova
A FOCUS ON
THE NEXT-GENERATION

We distributed a survey to the Global Next Gen Community to find out their views on existing leaders and succession. These are the results.

84% of next-gen leaders sit on the board of their Family Office
73% care more about social impact than financial reward
90% believe they have the ability to transform their Family Office
67% believe they are ready to take over leadership of the Family Office

“Diversify the portfolio” is the most common answer given when next-generation leaders were asked what they would change in their Family Office

84%

Integrity
Adaptability
Innovation

are the top three skills that next-gen leaders admire in their predecessors

Impatience
Less dedicated
Lack guidance

are the worst qualities of next-gen leaders, according to next-gens themselves

In running the Family Office, one of the most difficult things for the parents is to do is to give away the power of decision making because they created it. Especially if we’re talking about the second generation. They have a full grasp of everything and cannot imagine their children taking over which puts a big pressure on the youngest generation who lack self-confidence as a result. They think they lack the capabilities to run the Family Office because they aren’t the same as their parents, but they shouldn’t be the same. They should appreciate their differences because they have the power to transform the business of a Family Office and adjust it to the fast changing environment and economy.

LEARNING FROM MY FAMILY OFFICE EXPERIENCE

I learned a great deal in my 10 years with the Family. Working within a Family Office is the best business school you can ever imagine attending but it is also the toughest school, especially when working with your parents. It is quite challenging to put everything into one basket: Family, business, grandchildren, love and money. It is a very difficult situation to manage and some of the same problems that I faced, exist for next-gen leaders today.

There are old problems and new problems. Next-gens have always felt unappreciated in their work, not valued for who they are but more for whose children they are and also, undervalued because they are not as hungry.

On top of that, the new generation now needs a strong meaning of their purposefulness. This didn’t exist one or two generations before, but I think today it’s the biggest problem faced by next-gen leaders, this lack of purpose or meaning. It is very difficult to keep up with life when you do not have a purpose and most of the parents forget that they have to care and believe in the next generation, giving them the freedom to make their own mistakes as they were once allowed to.

The next generation has to be told that making mistakes is normal. They should be allowed to invest in the way they believe is right both emotionally, and financially. They can only learn from their own mistakes but most importantly, they should not be judged for making them. They believe if they make a mistake, the management of the Family Office will place a stigma upon them, one they will never lose and in the process, they lose self-confidence along with their purpose. It can be a tragedy but often results in the next-generation leaving the Family Office which is not a bad thing at all but actually the healthiest result.

Outside of the Family Office experience can be invaluable.

It gives next-gen leaders something to bring back into the Family Office, both in terms of knowledge and life experience. They can argue with their patriarch or CEO because they have developed a specialism, a voice and most importantly, a purpose.

POLITICS AND PARENTS

Some of next-gens are very soft which can also be a problem. If you have had a life laid out for you, you have never had to fight with your teeth or claws but, unfortunately, for some there also comes a point where you realise you may well have to fight within the Family Office. This is often the case when the Family is on the 5th or 6th generation because there are members of the family that have been there for more than 50 years and not so used to change. There can be a lot of politics in terms of inheritance, succession planning and power and you have to learn to fight it and show the eagerness and willingness to fight for it.

I am a huge fan of outside experience where the next generation can learn, grow and make mistakes without judgement.

The next-gens sometimes don’t have a choice. Not every parent is flexible, especially when we are talking about the second-generation. Parents have to be very creative, smart, and tolerant in how they explain succession to their children, how they offer inheritance as a gift and not a punishment. A lot of parents have to be educated on how to give this money along with a purpose. It can be a blessing and a curse; I have seen both examples and they can be equally as sad.

UNIQUE LEADERS

While the next generation have a lot to learn both independently and from their patriarchs, they bring an incredible amount of positive change to the Family Office landscape.

For starters, there has never been more diversity within this next generation. There are more girls eager to take over leadership which adds an entirely different dynamic and perspective to Family Offices. They are also very tech-orientated which means they can digitalise and modernise the services that their parents have created. Those who do not invest in technology today will not survive tomorrow and it is the next generation who are facilitating this.

The next generation make a beautiful big picture, formed
of their parent’s values, their diverse skill-set and then their own ambitions which differ from the generation before them and includes the likes of impact investing and philanthropy. They are bigger-picture people, they think globally, they care about connectivity, networking and utilising a global network of acquaintances.

They are great future leaders because they are freer, they do not have as many personal restrictions and if you set them a task, they think about fulfilling it and providing a solution, not looking for problems. Nothing scares them and that is what I love about them. They make anything seem possible and if they do not have the resources to do it themselves, they will find an expert to do it for them.

**IMPARTING WISDOM**

Next-generation leaders act as though they know everything and are comfortable with the current modern world but that isn’t enough to run a business nor is it enough to make profits within the business. What they need is the right guidance and to avoid the extremes.

Some parents shower their children with material things and others strip them from everything and once they graduate from the best school or university, throw them out on the street and tell them to make their own money.

They either make or break you and I disagree with both options and think there are more human ways of making our future leaders, one that involves giving them rules, responsibilities, and disciplines.

Parents need to set goals to ensure our next-gens have a target to work from but refrain from judging them if they do not reach the target. It is a learning experience and parents need to offer the freedom to experiment, to fail and to experience life as normal people. Of course, it is right to keep them a little bit hungry to stimulate achievement and growth but they do not need to be starved.

Most importantly, parents need to understand that their children do not always want to succeed them and that there is always a route of involvement that next-gens can take without having the daunting position of leadership imposed of them.

Parents always want to impart wisdom on their children, but they never have the time to listen or learn. My advice to every current leader of a Family Office looking to impart wisdom onto their children is to make time to listen and learn. And, for next-gens, your future and your success starts with self-confidence.
Unlike previous generations, Gen Zs were born and raised as tech-savvy digital citizens with virtually increasing interconnectedness and diversity in a shrinking world. Growing up, they were exposed to the pains of the post-9/11 period, the Great Recession, tragedies, broken political systems, fake news, and divisive echo chambers.

Jason Ma

THE MENTOR

Jason Ma is the Founder and CEO at ThreeEQ, a family-owned premier education and global business advisory firm where he is also known as the Chief Mentor of Next-Gen Leaders. Jason works with some of the world’s leading Family Offices to mentor and coach their Gen Z and Millennial children, as well as Family Office leaders, for their next-level success.

Jason talks about why wealth is just one factor impacting Families’ well-being and legacy, what generational differences can teach us about the Family Office environment, and why lifelong learning and continuous honing of pragmatic ‘3EQ’ (emotional, social, and leadership intelligence), mindset, and soft skills are critical success factors for Family Offices moving forward in our turbulent, ever-changing world.

A GLOBAL MACRO VIEW

The future of work is here, and change is not only constant but accelerating. This was the case even before the global pandemic arrived. Worldwide, the growing impact of technological advances; especially AI and machine learning, investment opportunities, digital transformation, globalization, intergenerational and demographic changes, the “gig economy”, and other ingredients have been boosting Family Offices’ productivity and profitability.

At the same time, mediocre emotional intelligence (EQ), social media, socio-political turbulence, educational system issues and fake news have been increasing stress and anxiety, intensifying competition in various contexts. While many Family Offices are more conservative in hiring new employees during these challenging times, the loss of key employees who perform well and in whose development the Family Office has invested can be costly. In particular, Millennials and Gen Z family members and employees are not only digitally savvy, intellectual, and demanding but also stressed and anxious in their own ways.

To navigate the world’s ever-changing, complex market and talent dynamics, Family Office leaders must rethink and enhance their leadership skills to unleash their workforce’s full potential while dealing with their stress and anxiety. Linear career conformity and a fixed mindset won’t work. The strong will survive, and the strongest will thrive.

NEXT-GEN LEADERSHIP IN TURBULENT TIMES

Leadership starts with a strong value system. What matters are values and principles, soft and hard skills, supply and demand, and then rewards. Service to others is core. Passion is a must. In my own family (playfully called the “MAfia”), I value unconditional love, humour, and high standards in what matters.

In business, I integrate my family values with the following principles:

- Integrity and authenticity
- Compassionate leadership and connection
- Strategic and pragmatic contributions
- Creative, open-minded, and deep thinking
- Lifelong learning and growth

Leaders show character, communicate well, demonstrate compassion, dislike overly political “yes people”, listen well, and obtain the best collaborative effort. A leader finds and works with the right people. Leadership today is about influence, not titles. A leader is passionate about the vision of an idea and knows how to get there.

Aware of a dearth of truly high-quality, next-generation leaders worldwide, I have dedicated my second career to transforming select young achievers, preparing them for admission to great universities, mentoring them to develop powerful mindsets and soft skills, and guiding them to enter and thrive in high-end careers and family businesses as impactful, compassionate leaders.

Privileged to be known as the Chief Mentor of Next-Gen
Leaders in Family Office and high-level circles, I find it important to instill in my students a visionary, outcome focused, and purposeful mindset, key soft skills, strategies (in global business, school, and personal success), and execution effectiveness with pragmatic, emotional, social, and leadership intelligence (EQI). My students range from high-achieving Gen Zs to Millennials to Gen X C-suite leaders. I often “partner” with Gen X, Boomers, and even elder matriarchs and patriarchs for their collective success.

The future of work at more advanced Family Offices and Businesses should embrace the digitally savvy and highly competitive, but somewhat inexperienced, Gen Z. With zero to minimal experience in an analogue world, Gen Z has expectations about communications and collaboration that will reshape our work and digital world on both the demand and supply sides.

**GEN Z: MINDSET AND NEEDS**

Unlike previous generations, Gen Zers were born and raised as tech-savvy digital citizens with increasing inter-connectedness and diversity in a shrinking world. Growing up, they were exposed to the pains of the post-9/11 period, the Great Recession, tragedies, broken political systems, fake news, and divisive echo chambers. Their smartphones, which provide instant updates, are like natural extensions of their bodies. These experiences have strengthened their resolve to recreate a better world. Today, they care more about solving real problems than about who uses which bathroom.

Driven and pragmatic, Gen Z achieves care more about meaningful, challenging work and making an impact while shaping their own significance and identity. Many have clearer career aspirations and paths than previous generations did and establish those aspirations and paths earlier than their predecessors. Gen Zers care about authenticity, genuine connection, and compassion, they value integrity and honesty in a Patriarch or leader and to the Family.

**HOW TO WORK WITH GEN Z IN YOUR TEAM**

I mentor leaders to effectively accomplish the following as part of a greater mission:

1. **Give Gen Z meaningful and purposeful work**—especially anything digital. Involve them in product and service innovations, digital marketing, and other creative work. However, easily automated, and routine work will bore them. Along with the rise of predictive AI, VR, AR, and the Internet of Things, tech-savvy Gen Z believes the future of digital work, play, and education will be increasingly connected, personalized, authentic, secure, and dynamic.

2. **Focus on genuine, authentic working relationships with Gen Z**. Be inspiring, positive, authentic, direct and tactically. I help them identify and execute short, medium, and long-term goals. Once again, Gen Zs want to constantly grow and develop while seeing their resumes look better and better. Sometimes they get over-anxious. I help them not only achieve the best outcomes but also hone their mindset and soft skills, which include resilience, tenacity, and resourcefulness, as well as problem-solving, critical thinking, creativity, communication, and people skills. Their basic needs include growth, accomplishments, significance/identity, connection, certainty, and some fun. Next-gen leaders, both Millennials and Gen Zs, want to know who they are, where they can go, and how to rise.

3. **Get Gen Z to reverse-mentor you**. If you lack digital skills, work with your Gen Z employees to create them. Establish a simple process or program in your department and for others across the company.

   Young people are digitally savvy but often lack wisdom in more complex contexts because they are not there yet in life and in terms of work experience and skills. From a Silicon Valley perspective, an analogy is machine learning (ML) and artificial intelligence (AI). Over time, to train a machine (i.e., mindset and skills), one must feed it lots of data (i.e., experiences). The machine is worthless if it does not feed on, analyse, and learn from quality data or implement useful applications (i.e., real skills applied purposefully)—no matter how powerful the algorithm is.

   Family Office principals and executives must apply their human resources more optimally. While mature leaders have the most wisdom and life experience in some areas, their digital skill set is nowhere near that of Gen Zs. Family Offices should utilize and learn from this.

   When Gen Zs reverse-mentor elders, both groups can learn and grow. No matter how bright they are, Gen Zs are still young and require feedback. They must feel appreciated and believe that they are being taught and developed. When the working relationship is effective, the entire team can do great things at the next level. So, Family Office leaders should ask their next-gen achievers to reverse-mentor them but be humble and don’t let ego get in the way.

**MORE ON PRINCIPLES AND LIFELONG LEARNING**

When mentoring and guiding Family Office executives and Families’ children for next-level success, I have them start with outcomes in mind. Then, I guide them in working on what to do next, step-by-step, strategically, and tactically. I help them identify and execute short, medium, and long-term goals. Once again, Gen Zs want to constantly grow and develop while seeing their resumes look better and better. Sometimes they get over-anxious. I help them not only achieve the best outcomes but also hone their mindset and soft skills, which include resilience, tenacity, and resourcefulness, as well as problem-solving, critical thinking, creativity, communication, and people skills. Their basic needs include growth, accomplishments, significance/identity, connection, certainty, and some fun. Next-gen leaders, both Millennials and Gen Zs, want to know who they are, where they can go, and how to rise.

In the turbulent world we live in, we must continuously learn, develop, and grow. Lifelong learning isn’t just a skill; it is a necessity.

Traditional Family Office practice is mostly about preserving and accumulating financial wealth. Many Family Offices opt for mechanical family values and governance in documents which are, in reality, a bit superficial. My framework for guiding Family Offices is more about working towards outcomes that align with the Families’ truly empowering values and principles and focusing on how they will be reflected in the communities and markets that the Family serves. You need genuine, heartfelt values, not just mechanical governance that you write and post on the wall.

If your next-gen teammates do not buy into the “governance”, your life as a Family Office executive will be harder because they will fight you (at least passive aggressively). If the matriarch and patriarch are passive or ineffective, and if the next-gen leader takes over, painful and prolonged fights (or worse) may result.

While many UHNW Families have made sound decisions that led to financial success, they aren’t as successful in every area of their lives. I like to look at Wealth and Health holistically by exploring their spiritual, emotional, intellectual, and physical well-being, which isn’t always on par with their financial status.

**A REALITY CHECK**

Many UHNW families make subpar in-decisions and costly mistakes because they are in one or more of the following states: Myopia, Denial, Pride, Fear, or Neglect.

Some families are short-sighted. Many parents and students are obsessed with the partially media-induced university/college admissions hype (I call it “college admissions myopia”). College/university isn’t their destination. Rather, it’s part of their journey and a steppingstone to greater career and personal success.

Some parents think they or their family members are experts because they are highly successful in their careers or businesses, because they attended elite universities decades ago, or because an older child was admitted to an elite school. In reality, this scenario reflects operating under pride or denial.

**STRATEGIC SOLUTION**

I have boiled it down to a motto: Start early, reduce stress, achieve greater success, and as a result, learn, work, and live more happily.

Families should learn from each other and work on themselves. I am a huge believer in delivering joy and extending longevity, so happiness and health play a big part in my belief system. Above all, I try to eliminate the misconception that you must do all of this alone.

Family Offices consist of private people but finding and using third-parties whom you can trust will be your single biggest secret weapon and lever on your journey to performing well at next levels. You must work with people who understand the Family Office environment and who have wisdom and a trusted skill set.
CONCLUSION

The thought-leaders that we have interviewed and presented in this white paper could not be more different.

From a Founder in New York who established a Family Office with his parents who had survived the Holocaust to a Russian-born next-generation leader passionate about empowering others. Our thought-leaders sit in different disciplines across multiple locations with distinct passions, beliefs, and skill-sets yet, they all agree on the same three principles.

Life-long learning, reverse-mentoring, and, an area where we can offer the most support, the importance of hiring your next generation.

Ian who having worked for a Family Office for more than four decades, is considered a family member. He has served five leaders from three generations, the current and youngest being born during his tenure. He is the perfect example of just how instrumental an external hire can be and just how valuable they are when aligned with the values, process, and purpose of the Family Office itself.

Steven will also follow in the footsteps of Ian in terms of externally hiring his next generation of leaders. With two incredibly talented sons that are simply not interested in the financial nature of the business and so, will recruit his next generation to make sure the Family Office lives on while ensuring the door is always open for his sons should they ever wish to participate in the running of the Family Office.

Olga represents Steven’s sons in a decade’s time as having served her Family Office for over a decade and growing up in-line for succession, she decided to pursue her own passions of educating and growing up in-line for succession, he decided to recruit an external Board of next-generation leaders, but it isn’t without hardship that he was forced to reach the decision.

And finally, Jason. The Chief Mentor speaks of the importance of bringing in outside help. In fact, he describes the idea of accepting help from non-family members as the single greatest step towards achieving excellence and describes intergenerational learning as a slow-cooking process which with trusted guidance, and the Head Chef helping you, is guaranteed to succeed.

Family Offices are created to both preserve and accumulate a family’s wealth but as we outline in this paper, wealth is simply one factor. In every interview that we have presented, it is clear that the family itself, while willing to learn and eager to succeed is simply not always suited to lead the Family Office and as Olga states, the next generation should have flexibility and ultimately, a choice.

They may well sit on the Board and advise on the likes of Impact Investing or perhaps diversifying a portfolio to reflect a digital world but as Steven states, he will not control from the grave.

The next generation should be given a choice to lead and that choice should only be given if they are both qualified for the role and aligned with the vision and values of the organisation. Learning from your next generation is vital but forcing them into succession is not.

“Hiring your next generation does not weaken a family or dilute its messaging but instead enables Family Offices to grow, to diversify and to strengthen their values while as a Family, enjoying its success and the mark it is making on the world.”

“Once you have seen one Family Office, you have seen one Family Office.”

Agreus Group is a full-service resources and recruitment consultancy dedicated to working exclusively with Family Offices throughout the World. We offer a bespoke and tailored service which unlike others isn’t focused on specialism or industry but rather, tailored to each Family Office. Afterall, every family is different so why should your Family Office work in any other way?

We specialise in placing entry-level through to executive-level professionals within Investments, Legal, Accountancy and Finance and Operational roles.

Our sole purpose is to find an elegant and effective solution to the people-problems faced by Family Offices Globally and since founding more than a decade ago, we have become an established presence in the United Kingdom, Europe, United States of America, Asia-Pacific and Middle East.