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# FAMILY OFFICE EVOLUTION

*Four Strategies for Multi-Generational  
Wealth Preservation*

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Four Strategies for Multi-Generational Wealth Preservation

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Ultra-high-net-worth families have long looked to family offices to help them steward multi-generational wealth. Today, an estimated ~8,000 single family offices control \$5.5 trillion (USD) worldwide.

Although their initial mandate may have been to **preserve and protect wealth across generations**, today's family offices are poised to **become power players** in the global finance landscape, **fund innovation**, and **advance philanthropic causes**, especially through impact investing initiatives meaningful to next-gen family members.

Even still, the "third generation curse" still looms large for ultra-wealthy families: Only 10% see their wealth last beyond the third generation, according to a study from the Williams Group. And with one of the largest wealth transfers in history waiting in the wings — \$18.3 trillion by 2030 alone — the stakes are even higher.

As single family offices eye their role in this next evolution—while staying true to their mission of preserving wealth for generations to come—*what do they need to get right?*

Family office leaders need to focus on four key areas, according to TIGER 21 Family Office Chairs Chris Cecil and Ronald Diamond.



### CHRIS CECIL

Founder and President of Biltmore Family Office, LLC  
and TIGER 21 Family Office Chair



### RONALD DIAMOND

Founder and Chairman of Diamond Wealth  
and TIGER 21 Family Office Chair



## BUILDING A FAMILY OFFICE AROUND YOUR FAMILY'S MISSION & GOALS

*"A family office has a clear mission and a stated set of goals,"*

*- Chris Cecil*

There's plenty of room for improvement in the current family office model, Diamond believes.

"The vast majority of family offices are fragmented, inefficient, and siloed," he said. "If only 25% of family offices make it to the second generation, 10% make it to the third generation, and 5% make it to the fourth generation, the model is clearly broken."

To beat these statistics, Cecil suggests returning to one fundamental question: ***What exactly is a family office?***

"A family office has a clear mission and a stated set of goals," he shared. "And one of them has to be that the family wants this wealth to last for a minimum of four generations."

This kind of mission comes with unique challenges, Cecil noted. "You don't know what those future generations are going to look like. You don't know how deep or how wide they will become. You don't know where the successes are going to be, and you don't know where the risks are."

**"You're solving for a wide unknown," he concluded. "But that's the mindset you need to start from in order to build a family office that will support four generations—and beyond."**

Not every family office today is thinking along these lines, Cecil shared.

"This perspective is very different from an ultra-high-net-worth individual thinking, 'I've achieved a certain level of wealth, so I'm a family office.' It's also different from many Wall Street definitions, which primarily focuses on the family office as a product, a service, or as a client segment. In reality, a family office's needs are far different, more complex, and on a much longer timeline than the UHNW individual."

It's only from this mission-driven foundation, Cecil explains, that a family office has a chance of escaping the third-generation curse.

"From that point," Cecil said, "your focus shifts."

Instead of focusing solely on the avoidance of estate taxes and investing new liquidity, he noted:

- A family office can be built to consider the **varying types of risks and liabilities** beyond transfer taxes and investment returns that the family may be exposed to.
- It can focus on areas like **maintaining the family name and establishing a legacy** that intersects with the family's philanthropic activities.

Even more important are the establishment of proper governance, accountability protocols, and conflict management for the family.

And regarding how family offices invest, Cecil shared that they need to concern themselves with how to **re-prime the pump of the family wealth** to last to the fifth and sixth generation. Investment horizons extend to 10, 20, 30 years, and longer.

**If not, the family wealth will succumb to generational math where the numbers of beneficiaries outgrow the amount of wealth.**

Their return expectations may not be as high as the multiples achieved with the wealth's origination, but they do need to take meaningful risk. He sees too many family offices succumb to over-diversification, a term Cecil calls "di-worsification."

When family offices operate from the foundation of their family mission, their whole paradigm changes, bringing them closer to their goal of stewarding wealth through four generations—and beyond.



## ESTABLISHING GOVERNANCE STRUCTURES FOR ACCOUNTABILITY AND ASSESSMENTS

It's the boring stuff," admitted Diamond, "but family offices need to get the governance right. Governance is the foundation of the house. When there's no governance in place, that's when family offices implode."

**This is especially the case with family offices established after a liquidity event.** Entrepreneurs and business owners used to managing illiquid situations may find themselves, for the first time, with a significant amount of liquid capital to manage.

"The first instinct is to invest," said Diamond.

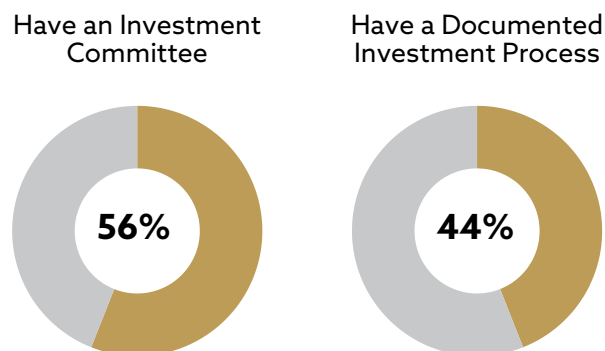
And that instinct is often reinforced by surrounding peers, colleagues, and service providers.

**"Once you sell your company, it's public knowledge. Everyone is trying to sell you something," Diamond shared.**

"A friend's got a great real estate deal or someone's husband has a great private

equity deal. Investing is not the first thing to do—but many ultra-wealthy families don't know that. There's no playbook for this scenario," Diamond said.

**Even when they are ready to invest, recent studies reveal a governance gap.** Figures from the UBS 2024 *Global Family Office Report* show that an average of just 56% of family offices globally have an investment committee and only 44% have a documented investment process. Additionally, just 44% have an overall governance framework in place.<sup>vi</sup>

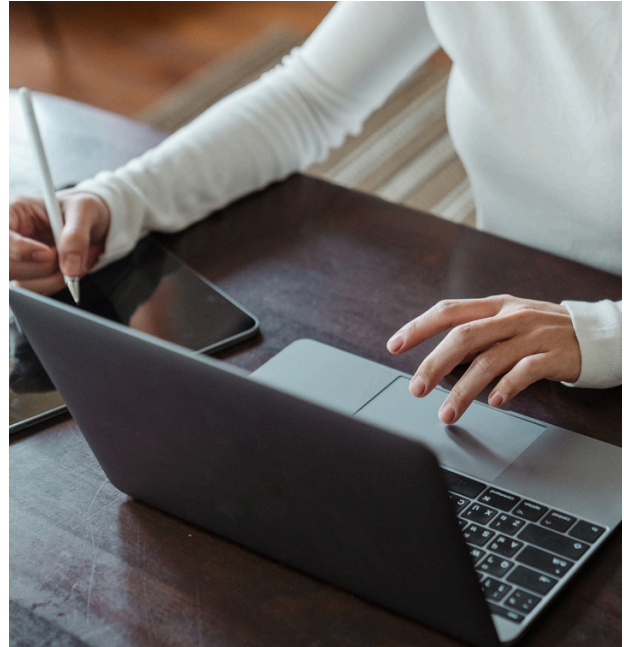


*A UBS study of global family offices revealed that an average of just 56% have an investment committee and only 44% have a documented investment process.*

It's a big question for family offices," Cecil notes. "How do you build an accountability and governance structure to review and assess the activities of your family office?"

**Entrepreneurs who have built and run their own successful businesses have a leg up in this arena, he shared.**

"They've already figured out issues of governance, accountability, and responsibility to maintain the health of the business that got them here in the first place. Running a family office is the same skill set, seen through a different lens."



## Outsourcing: A Key Decision Point for Family Offices

Within those governance structures, one of the crucial decisions facing family offices is what activities to handle in-house versus what to outsource.

"You've heard the phrase: 'If you've seen one family office, you've seen one family office'? Every family office is different because they define the activities they want to build and manage internally versus externally very differently," notes Cecil.

Family office principals need to consider this issue carefully and proceed step by step.

"Families need to have a heart-to-heart assessment about what they're really good at and what activities they actually want to do internally," he shared. "I suggest they start by focusing only on a few—and building structure and governance around them—before bringing more activities in-house."

## CREATING AND COMMUNICATING A FORMAL SUCCESSION PLAN

While the majority of the family offices surveyed in the *UBS 2024 Family Office Report* cited **supporting generational transfer of wealth** as the main purpose of the family office's assets and activities,<sup>9</sup> many still have a long way to go when it comes to succession planning.

"Succession planning is still in its infancy," noted Diamond. "And that's part of the reason only 5% of family offices make it to the fourth generation."



**The questions facing ultra-wealthy families around succession are large and complex.** Few have easy answers.

- "How do you raise kids who are ambitious and grateful—not entitled?" asked Diamond.
- "How do you protect and preserve the legacy of the family while creating incentives and motivations to often go in a new direction?" added Cecil. "How do you allow for next generations to use, but not abuse, the family legacy? And how will each generation take what they're given and write their own chapter?"

Issues of who will lead the family going forward loom large as well.

Diamond notes that he's seen it become "very litigious" between parents, children, siblings, and even cousins.

"Defining and managing the differences between the family office and the family are a key to success for each," Cecil added.



*Less than half of family offices surveyed by UBS have a wealth succession plan in place for family members.*

And yet, just 47% of respondents in the UBS 2024 Family Office Report have a wealth succession plan in place for family members.<sup>vi</sup>

Succession is about more than just wealth transfer, notes Diamond. "It's also about instilling leadership skills and a shared vision. By preparing the next generation, family offices can continue shaping industries and creating enduring legacies."

**"The family will be the family with all of their own complications and stresses, but the family office requires a managed succession and governance—not unlike any other successful operating business," Cecil concluded.**



## LOCATING AND LEVERAGING TRUE LEARNING RESOURCES

"With the explosive growth in the family office sector, there's more need than ever for education," notes Diamond.

Although J.D. Rockefeller has often been credited with establishing the first full-service single family office in 1882, the model has taken off in the last three decades. Of the 11,000 family offices analyzed in a recent PwC report, 75% were established after 1993 and ~50% were established after 2005.<sup>vii</sup>



*~50% of the 11,000 family offices in a recent PwC survey were established after 2005.*

**Despite the pressing need, family office leaders should proceed carefully when selecting educational resources.** As Diamond notes, many of the players in the family office landscape delivering conferences, seminars, and other educational resources are also service providers.

"It's important to learn in an environment where there's no agenda other than education," he said.

Otherwise, in Diamond's view, the conflict of interest makes it difficult to understand whether or not the advice being shared is truly objective.

Diamond is working with the University of Chicago Booth School of Business to establish an objective platform to educate family office leaders. Booth's Family Office Initiative aims to support the education, research, and networking needs of current and future family office leaders.

**"Where an academic institution is concerned, their only agenda is research and education," noted Diamond.**

The first offering from Booth's Family Office Initiative is an MBA course titled "The Family Office," which covers the complexities of family office structure, leadership, governance, and investment management. An invitation-only Family Office Initiative Summit will follow.

**Diamond and Cecil also lead Family Office Groups for TIGER 21.** These peer groups bring together vetted single-family office principals in a confidential, trusted peer learning environment, free from solicitation.

"We have created a confidential, collaborative setting where family office leaders can share best practices in a completely objective environment," Cecil noted. "The Members who join quickly realize there are a lot of people out there with similar challenges and opportunities, and they welcome the opportunity to learn from each other."

"The people you'll meet through TIGER 21 aren't trying to sell you anything," Diamond added. "They're only trying to educate."

"Ultimately," Cecil shared, "the goal is to bring the family office community together under one umbrella so they can solve the real-world problems they face together in a venue they cannot find elsewhere."



# What's Next for the Family Office Landscape?

As the family office concept continues to mature and evolve, the opportunities are clear. Family offices' investing power—combined with their longer investment horizons—are poised to shape the global finance industry going forward. With an eye toward family mission, governance, succession planning, and education, today's family offices stand a good chance of stepping into that role—and fulfilling their vision of passing wealth downstream for generations to come.

To learn more about TIGER 21's Family Office Groups, visit <https://tiger21.com/tiger-21-family-office-groups/>



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## About the Contributors



Chris Cecil is the Charlotte and Family Office Chair for TIGER 21. He is the Founder and President of Biltmore Family Office, LLC, a single-family office converted to a collaborative family office to help others form and manage their own family offices. He brings 35 years of experience to investment-oriented business owners, entrepreneurs, and their families focusing on such areas as family office formation, multi-generational planning, asset allocation, investment management, and the succession and governance of family offices. Previously, Chris was a Partner of GenSpring Family Offices, has served as a President for JP Morgan Private Bank, and Senior Managing Director at Brown Brothers Harriman & Co.

Chris graduated from the University of North Carolina and has received executive degrees from Harvard Business School and UVA Darden School of Business. He serves on numerous philanthropic and investment committee boards, as well as several family office governance boards nationwide.



Ronald Diamond is the Chicago and Family Office Chair for TIGER 21, the premier peer membership organization for ultra-high-net-worth entrepreneurs, investors, and executives. He is also the Founder and Chairman of Diamond Wealth, as well as the Founder, Host, and CEO of Family Office World Media, a leading platform for family offices to collaborate, innovate, and access valuable resources.

Ron serves on the Advisory Board and Steering Committee for the University of Chicago Booth School of Business Family Office Initiative and is a member of the Leadership Circle of the Aspen Institute.

A dedicated philanthropist and civic leader, he is recognized as a thought leader and LinkedIn Top Voice. Ron frequently shares insights on Family Office topics and is a sought-after speaker at conferences worldwide.

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