

Funds and Family Office

COVID-19 Accelerator series

Our COVID-19 Accelerator series is designed to highlight the impact COVID-19 is having on families, their offices and their businesses with a focus on areas where COVID-19 will accelerate change.

In this our first article, we look at how coronavirus might accelerate transition in wealthy families.

COVID-19 and Family Transition

How will the COVID-19 crisis increase generational transition in wealthy families?

Coronavirus has caused disruption and uncertainty across the globe, potentially changing the way we live and work for a long time, if not forever.

COVID-19 and the subsequent responses by governments around the world has dramatically affected our freedoms, lifestyles and working practices. Many businesses have almost come to a standstill. But what does this mean for families in business? And how is the need to respond to the crisis shaping their generational transitions?

The situation requires it

The major business continuity challenges posed by COVID-19 are forcing many families out of their comfort zones. They are having to deal with operating businesses that have no customers. Business and personal environments are in a state of flux. Governance structures and protocols are, at best, under strain and at worst no longer fit for purpose in this COVID-19 world.

However, this is presenting opportunities for the next generation of family members to start stepping up and taking ownership of teams, divisions, councils, businesses and investments. Suddenly, those without a voice or a place at the table might find themselves getting involved at the centre of things.

Moreover, the crisis has forced families to face up to issues and deal with things that might have been left brewing in normal times. A crisis can bring clarity of thought and action, which might help align disparate family members around a common cause.

Taking on more roles – a chance to prove yourself

As family enterprises take stock of their changing environment, family members are being asked to get involved more now than ever - whether its dealing with an operating business or real estate portfolio. Next generation family members are being presented with opportunities to make more independent decisions as the crisis demands instant responses from key stakeholders in family businesses and their private offices. The old ways of communicating, where the patriarch or matriarch would sign off everything, are no longer viable as they are unable to cope with the demands placed on them.

I can be involved wherever I am located

Geography has historically been considered a barrier to successful transition in the family as, in a lot of cases, the next generation will have schooled and subsequently settled away from the main family hub, whether in a different region, country or continent. This distance can make it harder when considering transition: do I give up the social ecosystem my family and I have created and move back to the family origins?

Coronavirus has shown that there is no need to be physically present all of the time and geography is no longer the barrier we thought it was. The crisis is proving how hybrid working methods, often involving technological solutions, can work and deliver results for all family members.

Technology adoption – and its impact on transition

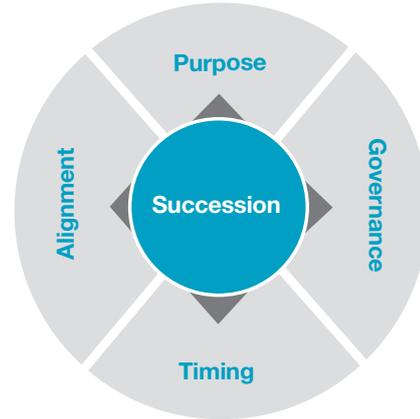
Any article about COVID-19 and its impact would be remiss without the mention of technology. We've discovered how easy it is to move most of our business and personal lives online. However, more importantly in relation to transition, the crisis has shown that younger generations are more able to adopt and utilise technology - they are more in tune with what is possible and how best to manage the new virtual world. This gives them greater say and control in the digital space and presents another opportunity to show their value and skills. It also creates new leadership roles that will be difficult for families to rescind once life starts to inch towards something that may resemble normality.

The new world

Families recognise that a crisis can be a good time to evaluate new opportunities. Due to the increased digitization of our lives, many new opportunities will be in the sectors that next generation family members are familiar with, understand well and have existing ecosystems and networks. This ability to source, access and qualify new opportunities for the family's capital will enhance the status of younger generations and potentially accelerate the transition in the family as the younger generations take on more prominent roles.

Factors Affecting Succession

Succession is influenced by four areas. Thinking about these now will help you on your path to a smoother transition and a robust succession plan.



What next?

If you, your family or your client family are experiencing any of these drivers and starting to think about how this could affect your family transition, please review our [succession white paper](#) which outlines factors to consider when thinking about your family succession or contact us to discuss how best to proceed with your own transition.



Contact us

Paul Pratt, Commercial Director

D: +44 (0)20 7516 2233 | M: +44 (0)7825 257457

E: ppratt@pkffundsfamily.com

PKF Littlejohn LLP, 15 Westferry Circus, Canary Wharf, London E14 4HD
Tel: +44 (0)20 7516 2200

www.pkffundsfamily.com

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