

Family Offices: The Sober Guardians of Family Wealth

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Family businesses, and the wealth they create, are run by human beings, who can be impulsive. When the wealth is substantial, often an impartial third party is the best choice to manage this wealth and safeguard it over generations -- for the family, the business's longevity and the philanthropies they choose to support.

[Link to video](#)

Enter the family office -- an entity that has helped manage the assets of some of the world's most iconic family firms, including LVMH, the wealthiest company in the world, and the fortunes of the Rockefeller and Phipps families. Family offices are only starting to become more popular in the US, and few businesses fully understand what they can do and how they should work.

Spencer Burke, a teacher at the Olin School of Management at Washington University in St. Louis and head of the family business advisory practice at St. Louis Trust, says he's now seeing a "tsunami of family offices now, especially in Europe." In this interview, he talks about the benefits they bring to families as sober guardians of their assets, and how families can get the most from them. While family members in the business can be hotheaded and secretive, Burke says family offices should be "boring, predictable and totally transparent."

Families who choose to let a family office manage their wealth should also prepare future generations to inherit these assets and work with the family office productively. "The biggest mistake they make," says Burke, "is that they've got money but they're not investing in human capital and educating people."