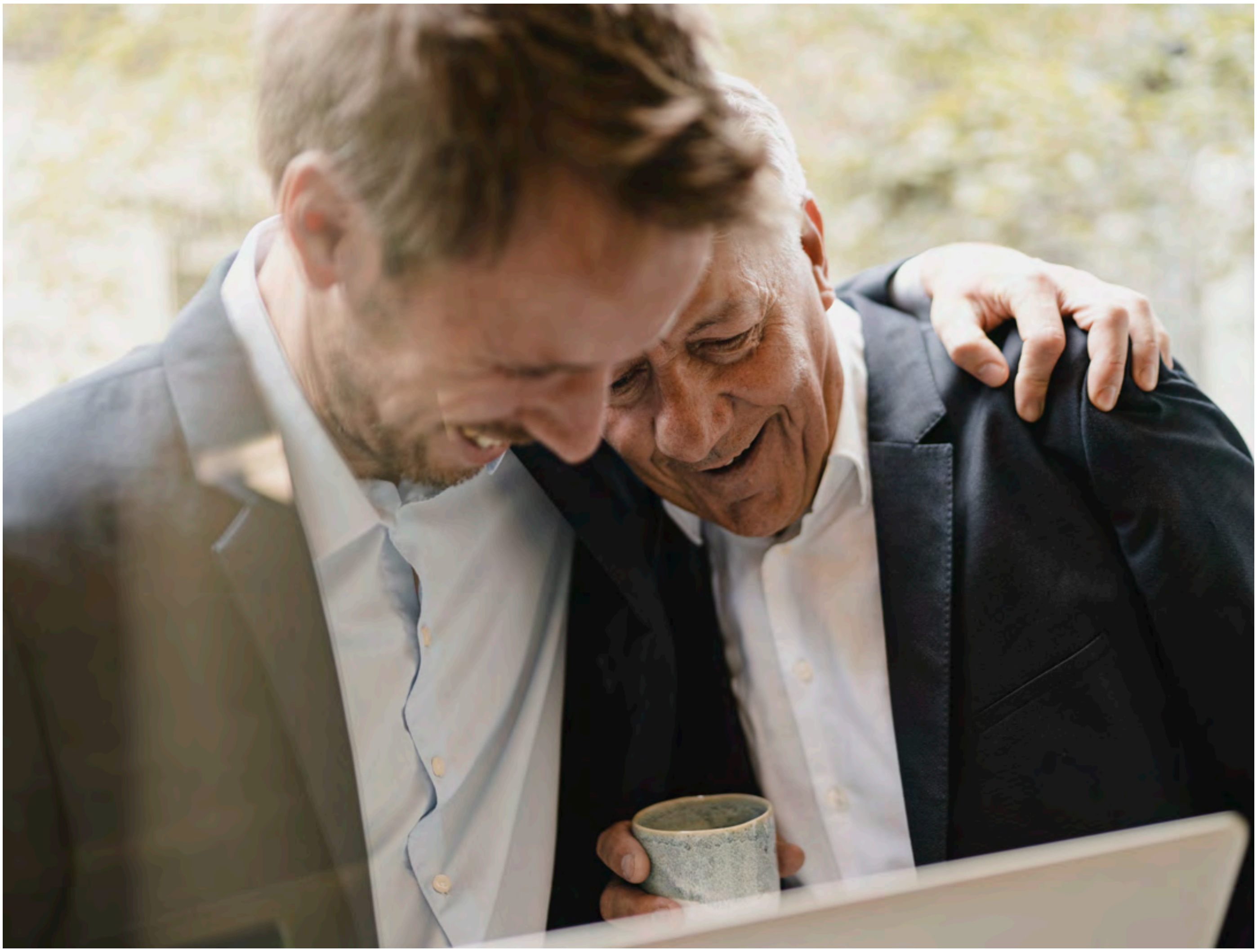
Private and professional needs of Entrepreneurs and Families

PART
03



BNP PARIBAS
WEALTH MANAGEMENT

In association with
AON

Contents

Welcome
to the 2021 Global Entrepreneur and Family Report by BNP Paribas Wealth Management

Vincent Lecomte

So what drives your interest in entrepreneurs and families?

Elite entrepreneurs and leading families are a powerful driver for economic growth, both through their personal investments and through their businesses. As a responsible wealth manager serving a sustainable economy, our objective has always been to improve our own understanding of how to support entrepreneurs and families, both personally and professionally. In Part 3 of this year's report, our seventh, we examine specifically the key challenges around family governance and the transmission of their wealth and their businesses.

What can we learn from successful entrepreneurs and leading families? How has the Covid-19 affected their family decisions?

We see three trends. First, the health crisis definitely modified the retirement plan of the world's entrepreneurs and family leaders. More than half changed their retirement plans in response to the crisis and 41% intend to delay their retirement, or phase into it more gradually. Other family members are getting more involved into the family businesses: women and Millennipreneurs are really stepping up.

Second, they are clearly seeking solutions for supporting family offices in their decision-making process. The primary goal of their family office is to make a positive impact and generate financial returns.

Finally, families are putting their wealth to work in a sustainable way and they expect nothing less from their wealth manager. In fact, not a meeting takes place without a client asking "How can you help me make a difference? And what are you doing?"

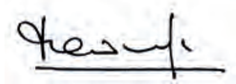
Why do entrepreneurs and families turn to BNP Paribas Wealth Management?

Entrepreneurs and families have very specific needs that only a global and solid bank like BNP Paribas can fully cover, Our Group can accompany them across the entire business cycle of their company, from the initial stages, expanding their business, raising funds, providing credit, finding investment opportunities, to bringing an IPO to market, and eventually managing a merger or acquisition, or even an exit.

We take them to all the major financial capitals of the world and to those tech capitals where so much innovation is happening. Leveraging on the BNP Paribas tech ecosystem, we help them connect with their peers and keep their businesses at the cutting edge.

BNP Paribas Wealth Management aims to be their reference private bank. Beyond our expertise in accompanying them throughout their entrepreneur business cycle, our clients benefit from our best-in-class offering: personalized wealth planning, credit and private equity solutions. But we don't stop there. We open the doors to the expertise of the entire BNP Paribas Group to accompany them in their professional and personal ambitions, from our corporate and institutional banking, asset management or real estate businesses.

This is the purpose of the report.



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Word from the editor

Welcome to the **2021 Global Entrepreneur & Family Report** from BNP Paribas Wealth Management. This is the seventh iteration of the flagship research study conducted by Aon on behalf of BNP Paribas Wealth Management, through which we have explored the attitudes, behaviours and investment choices of nearly 16,000 high net worth and ultra-high net worth entrepreneurs across the world. Since 2015, one of the bank's missions – in collaboration with the world's most successful entrepreneurs – has focussed on assessing the unique contribution of entrepreneurship to the real economy.

While entrepreneurship remains a consistent thread across all years of the study, we have made some changes in 2021 to reflect the updated strategy of the bank. For the first time, we have expanded the scope of our target audience to include multi-generation families, addressing the critical importance of family businesses to the world's economies.

This year, we gathered feedback from 920 respondents across 19 countries, spanning the Americas, Europe, the Gulf Cooperation Council and Asia. Average investable wealth was USD17.2 million.

After a year that will never be forgotten, it will come as no surprise that the theme of our research is navigating the COVID-era market environment. As our survey was conducted in the first quarter of 2021, it provides a timely snapshot. Respondents are reflecting on how their attitudes to asset classes like stocks, private equity, real estate and cash were impacted by persistent uncertainty since the onset of the pandemic in March 2020.

Most held their nerve and, in some cases, responded to financial market volatility by increasing exposure to certain asset classes. Many are even more open-minded now on how different instruments, including credit, could be used to enhance their portfolio and business performance.

Crucially, we are able to preview their future investment strategies, which are under consideration as vaccine rollouts pick up pace unevenly across the world. Respondents tell us that they want to learn how to respond to the low interest rate environment, how to integrate smart technologies in their business and what the discussion of the 'Green New Deal' in Europe and the US means for them. Other aspects of the bank's 2021 Investment Themes are resonating strongly in specific countries, including how to respond to economic developments in China and the opportunity of changing post-pandemic consumption habits.

To bring it all to life, and consistent with previous years, we continue to visualise selections of our survey data and highlight the most interesting insights, including trends by demographic profile. Our data is contextualised by expert commentary from across BNP Paribas – from wealth management to the corporate and institutional bank, asset management and real estate – enriching the conversation with clients.

We hope you enjoy the 2021 Global Entrepreneur & Family Report mini-series. As ever, we would like to thank this year's participants for their contributions.

Caroline Burkart

Head of UK/Europe Client Insight,
AON Client Insight

Research methodology & sampling

The research programme was undertaken by Aon's Client Insight team between January and February 2021. The audience of participants was high net worth and ultra-high net worth entrepreneurs and multi-generation families.

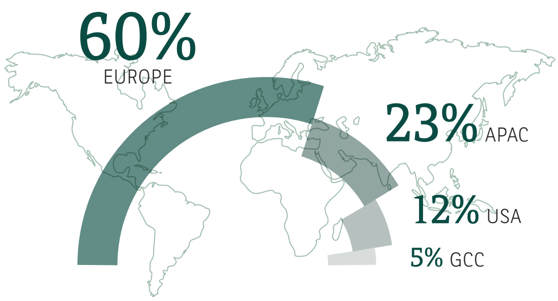
The research methodology involved a mixed online and telephone survey programme with 920 participants spanning 19 countries. In addition, Aon's Client Insight team conducted interviews with experts across the bank in Europe, the United States, the Gulf Cooperation Council and Asia.

TOTAL SAMPLE

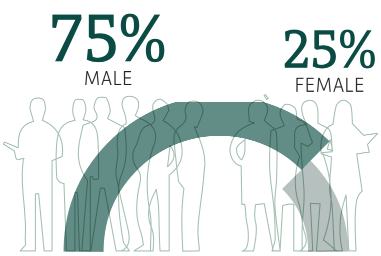
920

REGIONS

Countries covered:
Belgium, Brazil, China, France, Germany, Gulf Cooperation Council, Hong Kong, Indonesia, Italy, Luxembourg, Netherlands, Poland, Singapore, Spain, Switzerland, Taiwan, Turkey, United Kingdom and United States



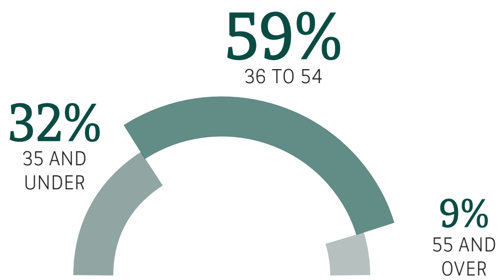
GENDER



AGE

Throughout this report, we use the following definitions:

- **'Millennipreneur':** Entrepreneur aged 35 or younger.
- **'Boomerpreneur':** Entrepreneur aged 55 or older.
- **'Ultrapreneur':** Entrepreneur with investable assets valued at USD25 million or more.



USD17.2 M
AVERAGE INVESTABLE ASSETS

50%
FIRST-GENERATION ENTREPRENEURS

50%
MULTI-GENERATION FAMILIES

For 1/3

of entrepreneurs, the ultimate purpose of their family office and governance is managing family wealth

Managing family wealth is a particularly important objective in the GCC region (39%) and APAC (36%). For another third, the primary goal of their family office arrangements is making a positive impact and generating financial returns. First-generation entrepreneurs are more likely to identify positive impact as their 'purpose' (38%) than multi-generation families (28%).

Ultrapreneurs

cite M&A advice and co-investment opportunities as gaps in available offerings

Those in Asia seek access to co-investment opportunities; while European and US entrepreneurs would like more alternative investment options. In the GCC region, custody services are considered missing and desirable services from financial providers.

Credit

is perceived as an important solution for both business and portfolio performance

More than half (51%) say they would consider working with new providers to meet their credit needs. Millennipreneurs are more open to working with new providers than Boomerpreneurs (55% vs. 36%).

54%

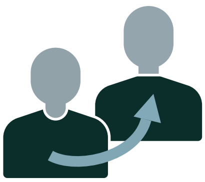
of entrepreneurs are changing their retirement plans in response to the crisis

41% intend to delay their retirement, or phase into it more gradually. 38% of entrepreneurs are increasing their daily involvement in their businesses due to ongoing uncertainty, with women and Millennipreneurs most likely to be stepping up.

More than half
of entrepreneurs
are considering altering the amount

they give to charity

Entrepreneurs are most likely to want to increase their charitable donations in the US (49%) and Brazil (48%). In APAC, 35% will maintain giving at pre-crisis levels. Female entrepreneurs are far more likely than their male counterparts to want to increase donations (39% vs. 31%).



Family wealth transfer plans

to the next generation are also in flux

32% are now planning to pass on more wealth than originally intended to the next generation due to the crisis, as families and entrepreneurs seek to increase financial support to younger family members. In APAC, however, a third are undecided on whether wealth transfer plans will change.

41%

say the priority area for wealth management advice is developing the next generation's **business management skills**

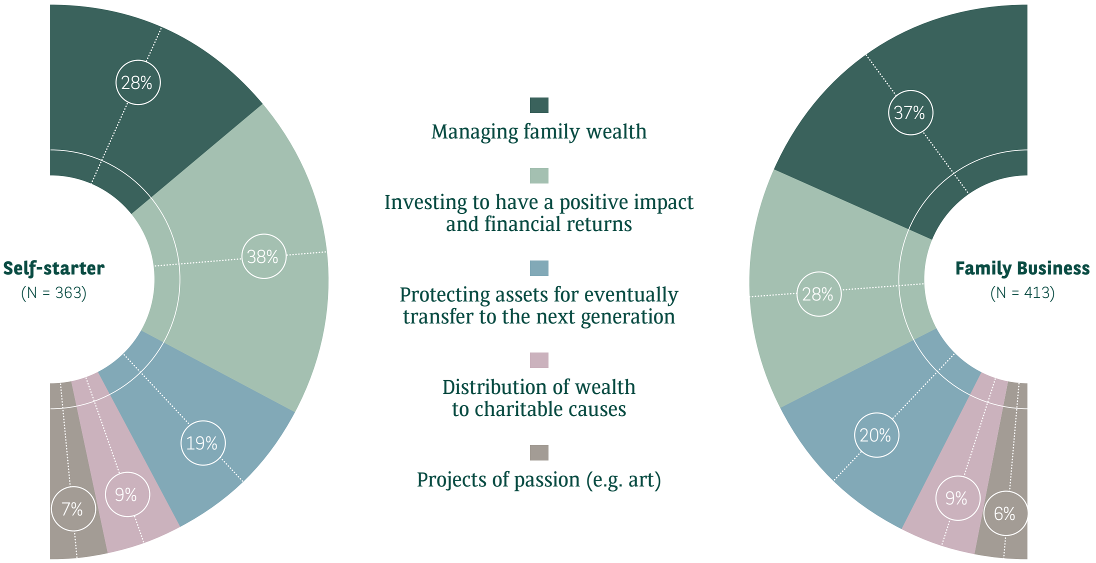
This view is especially visible in APAC, the GCC region and Brazil. But multi-generation families also want to focus on building younger family members' investment understanding (42%). Ultrapreneurs prioritise needing advice on how to correctly value their business, including structuring for transfer and optimising tax efficiency.

SECTION 1

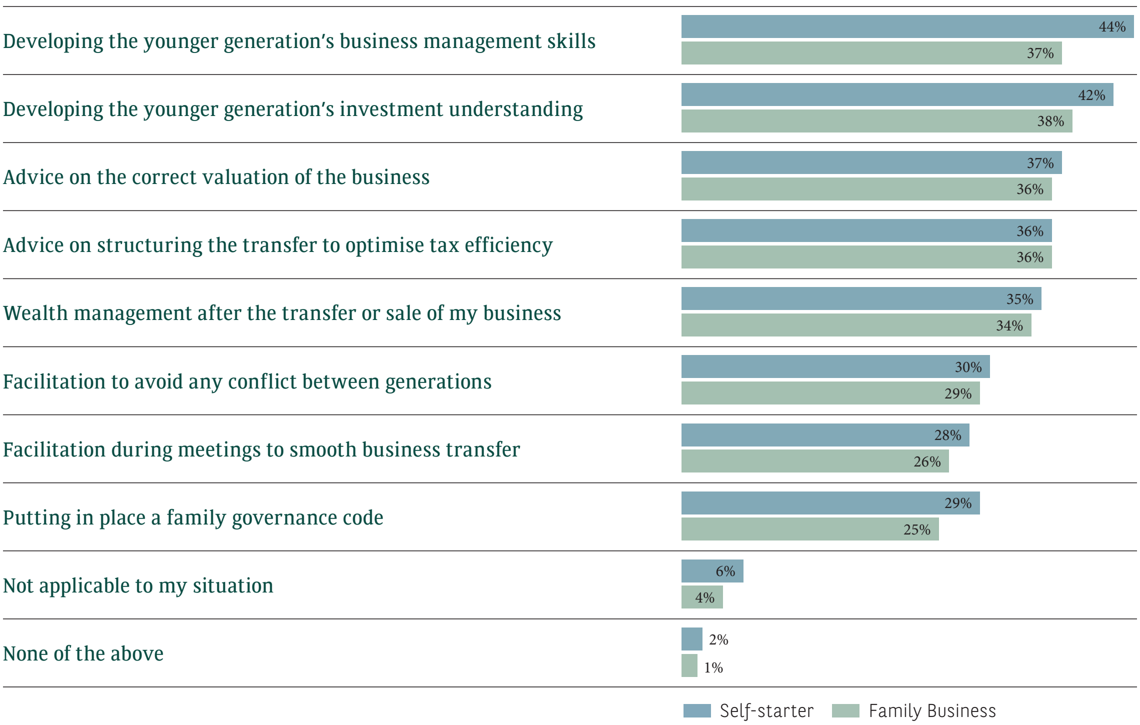
Changing private and professional needs

Infographic: impact of the global

Purpose of Family Business



Advice sought to support the Next Generation



crisis on private wealth

Europe

Planned change to business involvement since Covid-19 crisis

Incresing	38%
Reducing	28%
No change	31%
I no longer have	3%

How retirement plans are changing

Bringing it forward	15%
Delaying it	27%
Phasing into it more gradually	17%
No change	30%
Already retired	2%
It is too early to plan	9%

Financial support for family

Increasing financial support	33%
Reducing financial support	18%
Maintaining same level	40%
Do not provide	6%
No children/grandchildren	3%

APAC

Planned change to business involvement since Covid-19 crisis

Incresing	29%
Reducing	15%
No change	50%
I no longer have	6%

How retirement plans are changing

Bringing it forward	5%
It is too early to plan	22%
Phasing into it more gradually	9%
No change	39%
Already retired	3%
Delaying it	22%

Financial support for family

Increasing financial support	28%
Reducing financial support	7%
Maintaining same level	52%
Do not provide	11%
No children/grandchildren	2%

USA

Planned change to business involvement since Covid-19 crisis

Incresing	50%
Reducing	31%
No change	15%
I no longer have	4%

How retirement plans are changing

Bringing it forward	28%
Delaying it	33%
Phasing into it more gradually	13%
No change	21%
Already retired	0%
It is too early to plan	6%

Financial support for family

Increasing financial support	41%
Reducing financial support	23%
Maintaining same level	34%
Do not provide	1%
No children/grandchildren	1%

GCC

Planned change to business involvement since Covid-19 crisis

Incresing	40%
Reducing	20%
No change	36%
I no longer have	4%

How retirement plans are changing

Bringing it forward	12%
Delaying it	20%
No change	32%
Phasing into it more gradually	16%
Already retired	4%
It is too early to plan	16%

Financial support for family

Increasing financial support	36%
Reducing financial support	10%
Maintaining same level	50%
Do not provide	4%
No children/grandchildren	0%

Positive impact is now centre stage in family office and governance

Since the first iteration of the BNP Paribas Global Entrepreneur & Family Report in 2015, our research has aimed to uncover the unique motivations, behaviours and attitudes of the world's most successful wealth creators. A milestone was reached in 2018, when we pinpointed accelerating interest in positive impact in entrepreneurship: **that year, 40% identified positive impact as a key success metric for their entrepreneurial activities, up from just 10% two years previously.**

After a year of myriad threats to private and professional goals, which often outnumbered the opportunities – family offices now emerge with a stronger focus on impact in their governance arrangements.

When asked to define the ultimate purpose of these arrangements, approximately one third (32%) of our survey respondents referenced managing family wealth *[Figure 1]*. **What is striking, however, is that the same proportion feel strongly that they have a dual objective: making a positive impact and generating financial returns**.

Achieving impact and financial returns simultaneously is particularly important to Millennipreneurs (37%), who tend to be purpose-driven across many areas.

Regionally, managing family wealth is a primary motivation for governance arrangements in the GCC region (where 39% identify with this objective) and APAC (36%) – especially in China (59%) and Singapore (43%).

Arnaud Tellier is CEO Asia Pacific at BNP Paribas Wealth Management. He notes:

“Managing family wealth for succession is a dynamic process. We are seeing a growing need for well-structured, comprehensive solutions. Many families are avoiding the use of traditional methods like multiple holding companies, in favour of leaner structures such as family offices and family funds in which they would involve next generation family members to manage their own wealth.”

Conversely in certain European markets, **interest in impact has superseded family wealth consideration**s – this is the trend in Belgium, Luxembourg, Germany, Switzerland, Poland and Turkey.

Pierre Ramadier is Global Head of Entrepreneurs and Families for BNP Paribas Wealth Management. He observes:

“People have had time to reflect and are now asking themselves what’s the purpose of my wealth? Some have realised they don’t want to invest in sectors like fossil fuels or drilling, or risk investing in companies with unacceptable labour practices. It’s a growing concern for many and likely to remain so, as we’re just at the beginning of this story.”

In the US, our survey results show positive impact is almost as much of a priority as managing family wealth.

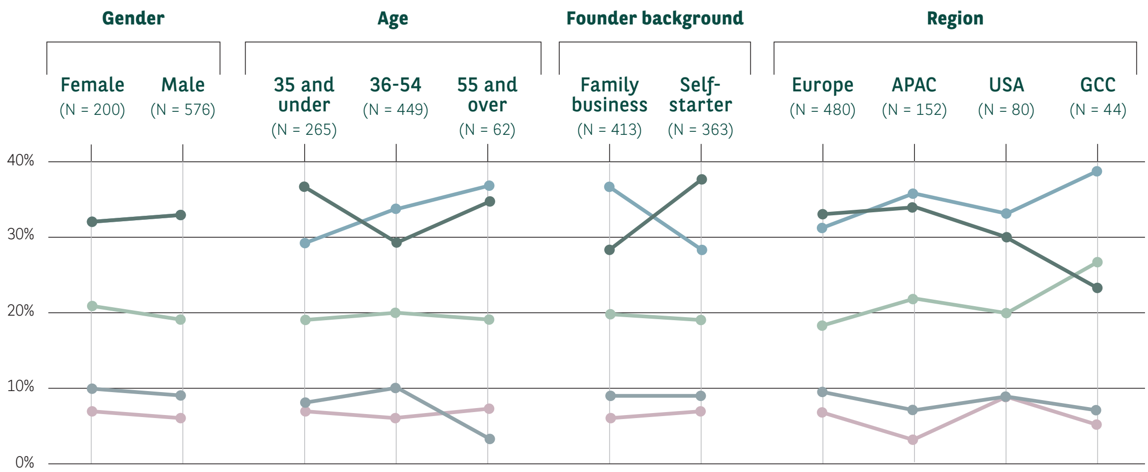
Ali Homayounfar is Head of Key Client Group, BNP Paribas Bank of the West, in the US. He comments:

“In the US, COVID caused a shift in how people think about the environment. We are witnessing more family offices reviewing whom they bank with and use for finance, and this is where a clear stance on the environment and sustainability is resonating strongly with clients.”

The guiding purpose

of family office and governance is changing

Purpose of Family Office	Overall (N = 776)
Investing to have a positive impact and financial returns	32%
Managing family wealth	32%
Protecting assets for eventual transfer to the next generation	19%
Distribution of wealth to charitable causes	9%
Projects of passion (e.g. art)	6%



[FIGURE 1] **What is the ultimate purpose of your family office or governance arrangements?**

Source: 2021 BNP Paribas Global Entrepreneur & Family Report

A key difference emerges between the distinct cohorts researched in this year's study. Multi-generation families do not ignore the role of positive impact in their governance arrangements, but they do give the preservation of family wealth a much stronger emphasis.

In contrast, 38% of first-generation business owners cite positive impact as their primary purpose. The difference in outlooks suggests change is underway – as new talent comes to the fore with a fresh perspective on the role and responsibility of entrepreneurship in wealth creation.

This trend was visible before the crisis but has become more notable as younger family members start to lead family wealth discussions.

Olivier Van Belleghem is Director of Wealth Management at BNP Paribas Fortis in Belgium. He observes:

"It's the role of the next generation. We see this at shareholder and Board meetings, they are present, actively involved and putting questions on the table. They are acting as a bridge to the investment part, as we see that it is the next generation that is asking us to screen the family's portfolio from the point of view of sustainability. They want us to screen, do arbitrage and undertake due diligence to make wealth more sustainable. They are pushing firms hard to do more on this theme."

Enna Pariset is Chief Executive Officer, at BNP Paribas CIB in Switzerland. She sees growing interest in impact in its wider context:

"We've seen a big shift over the last 10 years. Sustainability is now more mainstream but entrepreneurs' needs, and understanding, have also become more sophisticated. They're asking questions around purpose, impact and how to generate positive financial returns. We have cases where some Family Offices are specifically looking at sustainable investments, to the point where they define the industries that will drive sustainability and invest in those companies, primarily through private equity."

She concludes:

"Sustainability has taken a turn and created a lot of innovation. And by definition, entrepreneurs are interested in innovation. Much of the change, however, started with small companies who have had an impact on bigger players. They're creating sustainable businesses from day 1, rather than reverse engineering a corporate that's not yet sustainable.

SHIFTING PROFESSIONAL NEEDS

Credit, M&A advice and co-investment requirements

Entrepreneurs and families were forced to tap into a new agility to stabilise their businesses during the biggest exogenous shock to the world economy in living memory. The impact of the crisis on their ventures has been profound – and in many cases highlighted a gap in the advice and solutions they require. **This is particularly true in relation to credit, where their willingness and interest in accessing it has significantly increased,** in a context of near-zero interest rates.

Globally, more than half of entrepreneurs and families say they are considering working with new financial providers to meet their credit needs. The challenge of navigating the interest rate environment has resulted in an increased willingness to start new relationships – or expand old ones.

There are clear differences by age group, with **Millennipreneurs far more enthusiastic about working with new providers to meet their credit needs (55%) than Boomerpreneurs (36%).** In fact, 76% of Boomerpreneurs would focus on continuing to work with existing financial institutions *[Figure 2]*.

Regionally there is strong interest in expanding existing credit relationships in APAC and the GCC, primarily due to fee sensitivity. Conversely, in Europe and the US, interest rates have been held at historic lows for prolonged periods and between half and two-thirds of clients are open to initiating new relationships – as long as their institutions demonstrate a strong understanding of their businesses.

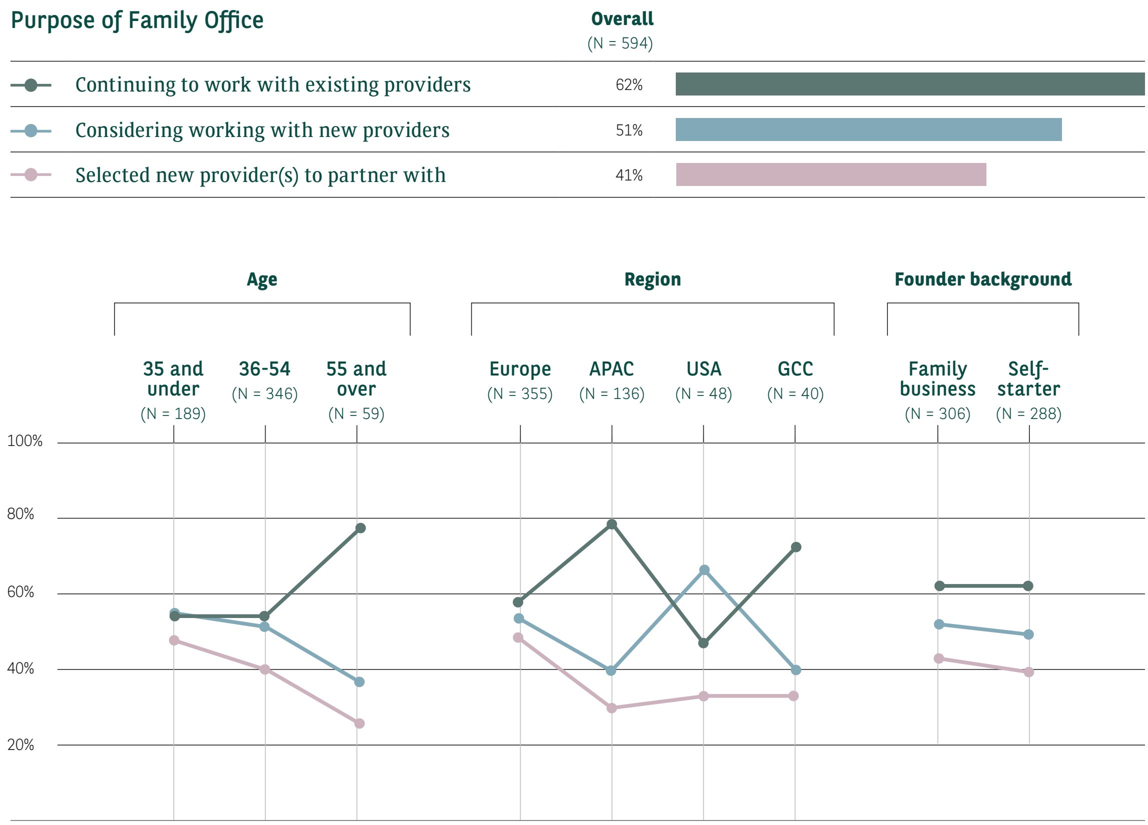
This is because many in these regions primarily intend to use additional credit lines to support their businesses through a challenging, protracted recovery. Across Europe, credit will be used to bolster business performance by 54% of entrepreneurs in France, 58% in Spain and 68% in Italy.

This re-evaluation of credit requirements does not come as a surprise to **Michael Arends, CEO of BNP Paribas Wealth Management in Germany.** He comments:

> "We have observed more clients looking at credit than before – which has a lot to do with real estate and leverage, as they are seeking to generate a certain return on the assets that they're investing in. Many borrow to put a down payment on a deal."

50%

entrepreneurs and families are considering working with new providers on credit



[FIGURE 2] **Are you working with any new providers this year to access credit?**

N = 594

Source: 2021 BNP Paribas Global Entrepreneur & Family Report

In Germany, 61% are more willing to increase their exposure to credit than 6 to 12 months ago. Mr Arends continues:

Normally, German clients tend to be conservative with regard to liquid assets and the crisis exacerbated that. But this interest in credit is not driven by the crisis, it's linked to negative interest rates and paying deposit fees on cash. We see clients arbitraging the banks and focussing on how to put cash to work."

Mr Van Belleghem expects the client interest in credit to extend well into the future.

Credit production was at record highs last year and continues to be popular this year. Entrepreneurs and families are using credit to diversify their portfolios and invest in other businesses, real estate and other real assets."

An increased interest in credit is not the only change in their requirements. Asked to identify services that are not available today but could benefit them in future, **entrepreneurs and families identify M&A advice and co-investment opportunities above all else** *[Figure 3]*. These are services that are more likely to be considered 'missing yet valued' than, for example, life assurance, capital markets or deposit products.

The need for M&A advice, in particular, shows the critical importance of access to corporate and institutional expertise in their unique roles as private investors and business leaders.

Across APAC and the GCC region, custody services are identified as not widely available despite being important. European and US respondents highlight the lack of current access to alternative investment options.

Mr Arends explains one of the unique attractions of co-investment:

Co-investment opportunities can be a difficult subject in practice, as it is not easy to agree on who is going to be on that co-investment side and in what capacity. It's another example of an asset class diversification strategy. But owning 10% to 20% of a company through direct investment is a very different experience to being a shareholder of a listed business: I would say liquid markets offer the greatest 'heartbeat experience', while illiquid markets give you the emotional side of investing."

He continues:

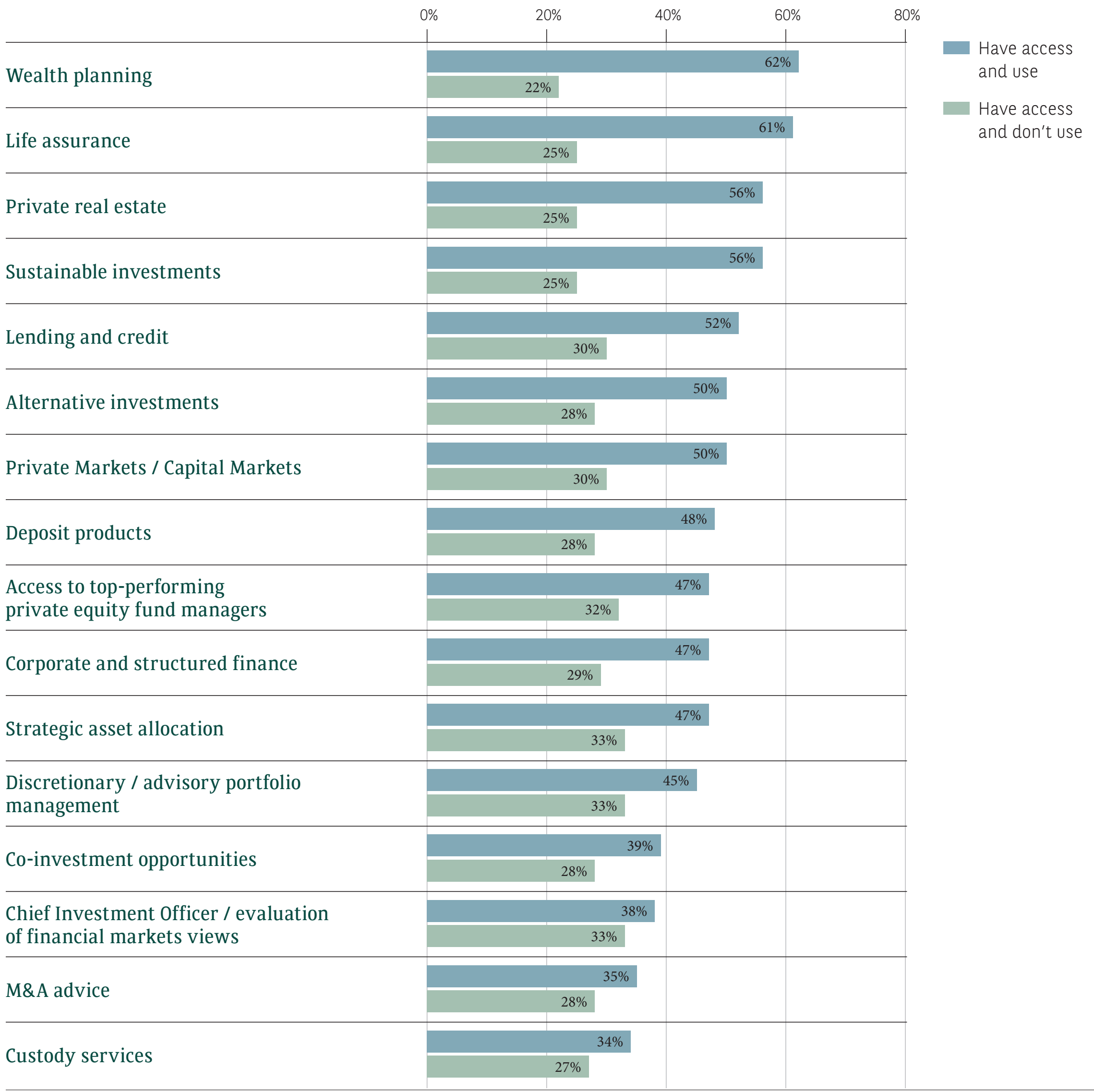
"M&A advisory can sometimes come in through estate planning conversations. In handing wealth to the next generation, you ask who will run the company, how will they participate in it, the overall governance structure – which can lead to restructuring in groups, buyouts, etc. Mid-size M&A advisory is where BNP Paribas can add value to clients, either by enlarge or passing on to next generation."

Differences abound between multi-generation families, who have run their ventures for many decades and have well-established relationships, and the 'self-starters' who have come to entrepreneurship without any family background and seem to experience more gaps in relevant capabilities. In fact, **45% of first-generation entrepreneurs say they lack access to three or more financial services that they would value, compared to 40% of multi-generation families.**

Commenting on these results, **Ms Pariset** observes that particularly during the crisis, entrepreneurs from all backgrounds required teams around them that could address their needs comprehensively.

"My clients are predominantly Swiss but run international businesses. Their personal and professional requirements can be very sophisticated. For example, this might require a wealth management expert working alongside the person running the family office; or different financial teams on the real estate side; and M&A teams to discuss financing and strategy."

Entrepreneurs and families pinpoint several ‘missing’ services



[FIGURE 3] **Which of the following services do you use to meet your family wealth requirements?**

N = 920

Source: 2021 BNP Paribas Global Entrepreneur & Family Report

SECTION 2

Managing family wealth across generations

Entrepreneurial and family businesses: it's personal

No one can help but feel hopeful that 2021 will see the return, in many parts of the world, to cherished aspects of pre-pandemic life.

Our survey respondents are no different. But they are in a unique position. Multi-generation families and entrepreneurs are running businesses to which they may have a deep emotional attachment; where success is closely linked to their leadership and vision. At the same time, they are individuals – and like everyone, they have had time to reflect on how they spend their time.

Asked whether their personal plans have been affected by more than 12 months of crisis, **54% say they have and are now wondering whether to change their retirement plans** *[Figure 4]*. For the most part, they are seeking to delay or phase into retirement more gradually (41%), with only 13% instead choosing to retire sooner.

A diverse set of global responses show how leaders across the world are re-evaluating their personal plans. **45% of entrepreneurs in the US and Europe are now seeking to delay or phase into their retirement more gradually** – perhaps so they can actively stabilise their firms during the recovery phase or oversee longer-term transformation plans. This likelihood jumps considerably in the Benelux countries, UK and Switzerland, where majorities now envision extending their journey to retirement.

A different approach is being adopted in APAC and the GCC. **In these regions, entrepreneurs are far less likely to anticipate changes to their personal plans.** Indeed, respondents in APAC are more than twice as likely as those in Europe (and three times more likely than in the US) to feel that irrespective of the pandemic, it is too early to plan for retirement.

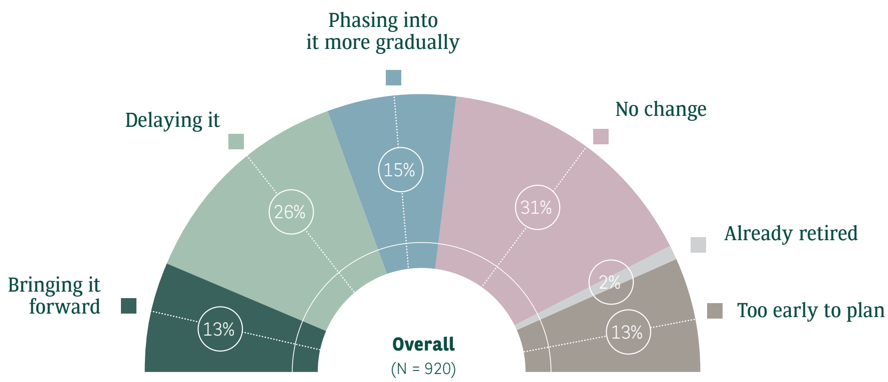
Mr Homayounfar comments on these findings, he notes:

> The pandemic has given people time to pause, reflect and act. While we have yet to see a huge shift compared to pre-crisis, there is certainly increased openness to discussing generational wealth planning, including wealth transfer, succession planning and insurance."

Some of the planned changes on the horizon blur the lines of private and professional. **With many pausing or delaying retirement plans, 38% now say they want to increase their daily involvement in their businesses.**

Millennipreneurs (46%) and female entrepreneurs (44%) are most likely to embrace this leadership challenge and are planning a step change in their personal contributions to the day-to-day running of their ventures.

Retirement plans
are changing in response to the crisis



[FIGURE 4] **Has the COVID-19 – and the uncertainty precipitated by the pandemic – impacted your personal and professional plans in any way?**

N = 920

Source: 2021 BNP Paribas Global Entrepreneur & Family Report

Due to rounding, percentages presented throughout this chart may not precisely reflect the absolute figures.

Abrupt changes in professional plans can have a serious impact on personal wealth and financial planning. And in some countries, the long shadow of the crisis will impact the amount of direct support they provide to the next generation.

Globally, 33% will expand their financial contribution to children and grandchildren to cope with the fallout from the pandemic. This rises even higher in specific emerging markets that are experiencing challenging economic recoveries, such as Turkey (56%), Indonesia (53%) and Brazil (48%).

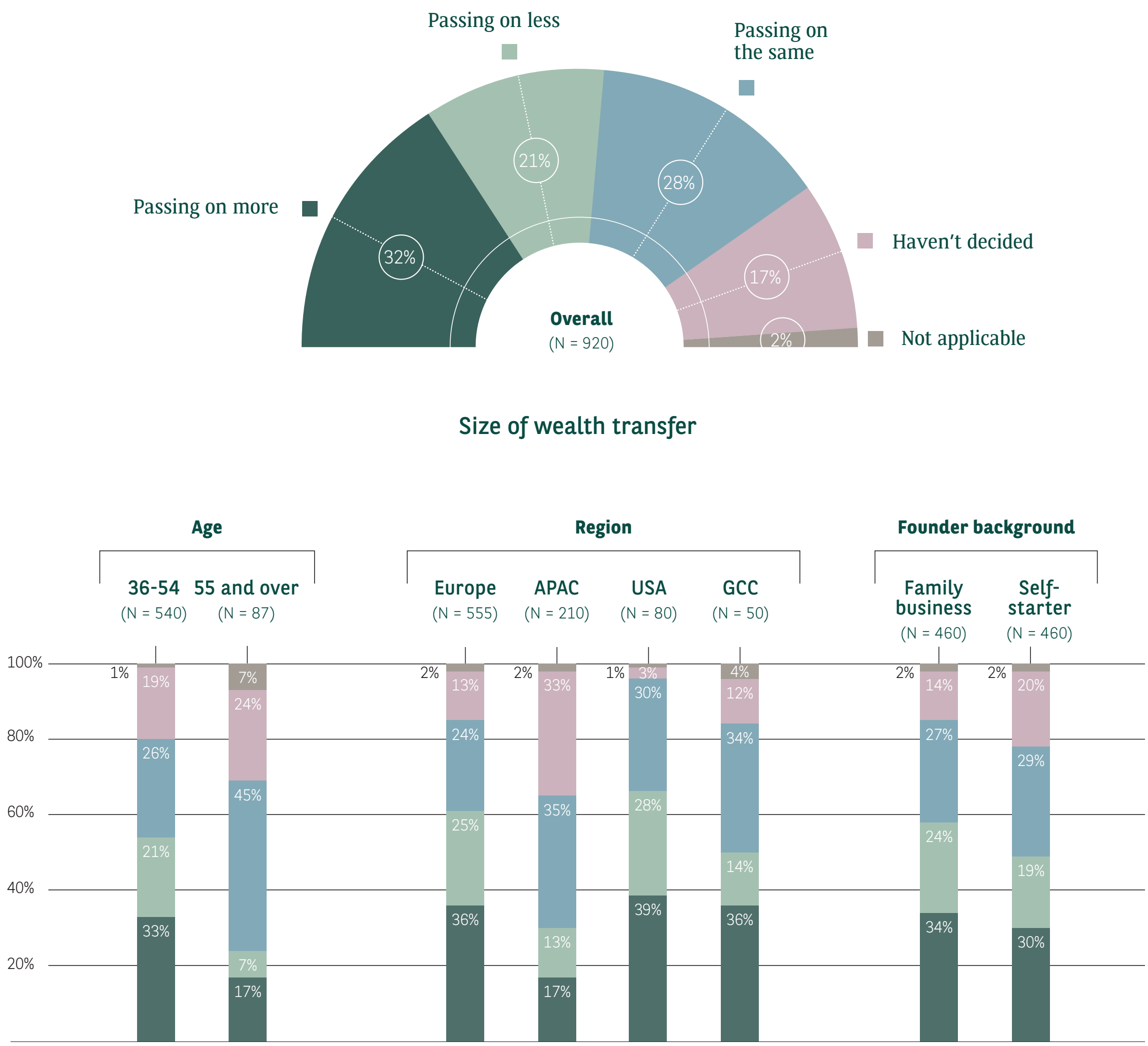
More time spent running their businesses, and remaining invested, has implications for family wealth and longer-term decisions on wealth transfer. **In fact, 32% intend to pass on more wealth to the next generation than planned before the pandemic – rising to 39% in the US** *[Figure 5]*.

The exception to this is APAC, where **respondents tend to be undecided or unsure whether wealth transition should change.**

Others are grappling with how best to organise the timing of wealth transition. The implications of doing this sub-optimally can be wide-ranging, from disincentivising inheritors to chart their own course; to being unable to maintain the desired lifestyle of the benefactor; or struggling to fulfil other goals, such as philanthropy.

Nearly half (49%) are weighing up altering their timeframe for wealth transfer, while a fifth of entrepreneurs (21%) remain undecided. Those in the Netherlands and the UK (46% each), and Switzerland (44%) are most interested in passing on wealth sooner; while those in Belgium (50%) and the US (40%) are more likely to be considering a delay.

More money
in motion in Europe and in the USA



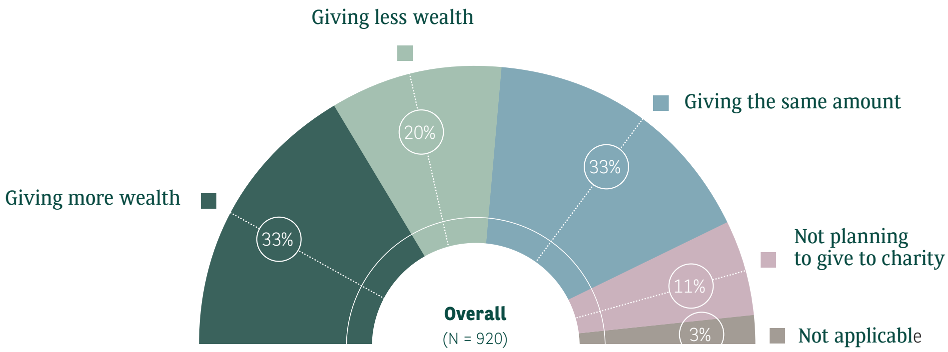
[FIGURE 5] **In light of the economic uncertainty, have any of your intentions around transferring wealth to younger generations changed?**

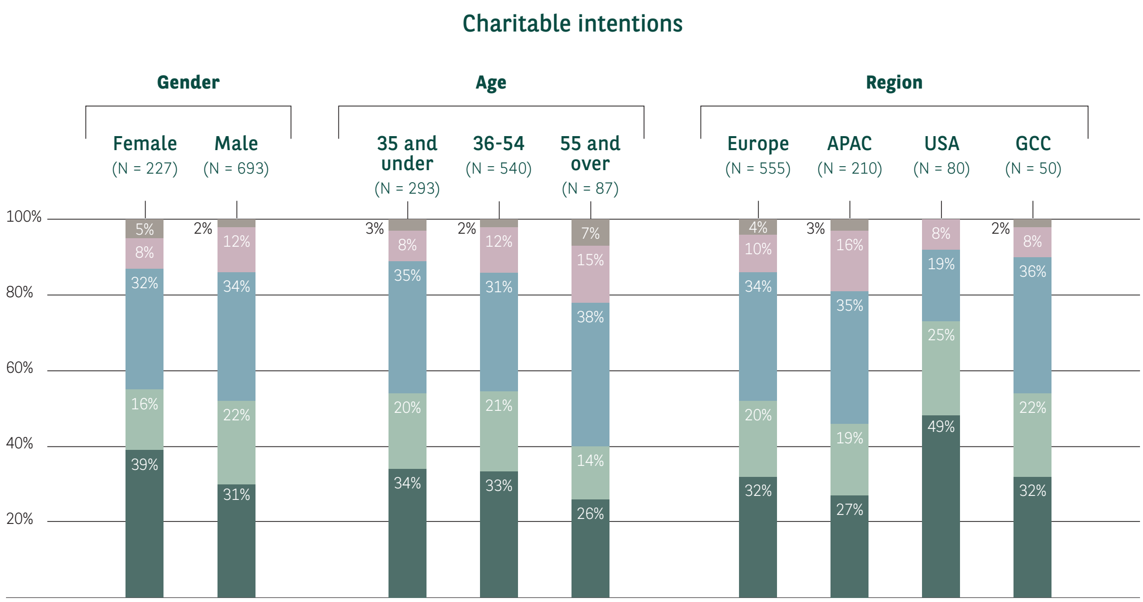
N = 920

Source: 2021 BNP Paribas Global Entrepreneur & Family Report

1/3

will give more wealth to charity





[FIGURE 6] **In light of the economic uncertainty, have any of your intentions around transferring wealth to younger generations changed?**

N = 920

Source: 2021 BNP Paribas Global Entrepreneur & Family Report

Finally, the devastation wrought by the pandemic has reframed the urgency of philanthropic initiatives, where many entrepreneurs and families proudly play an impactful role.

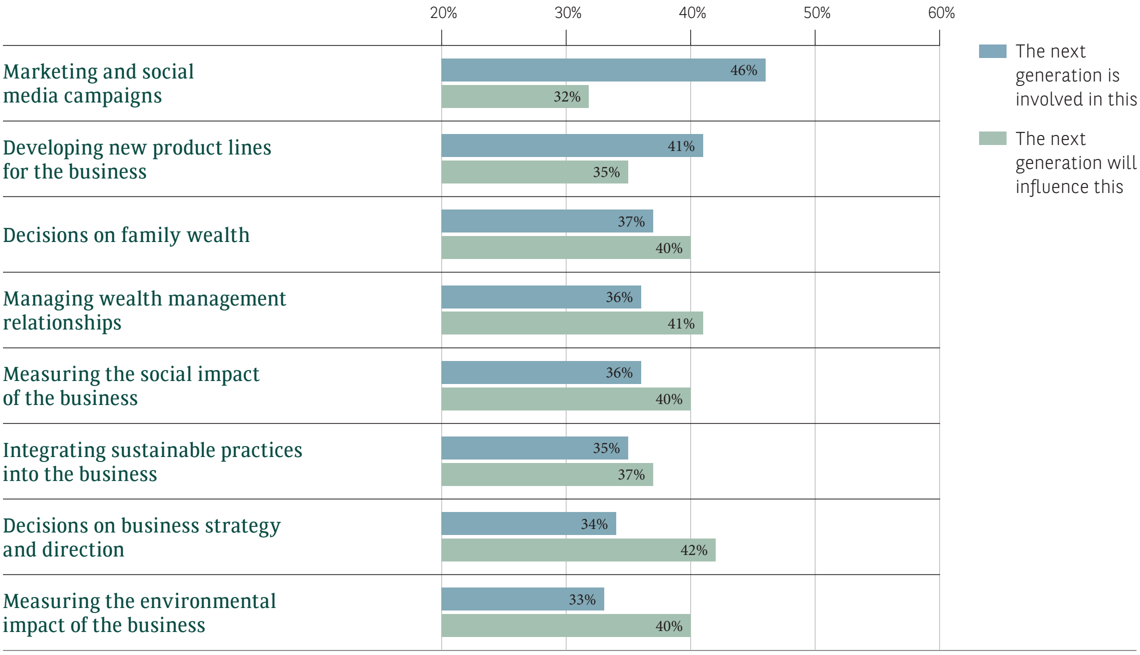
More than half (53%) are evaluating whether to change the amount of wealth they bequeath to charity *[Figure 6]*. Female entrepreneurs and Millennipreneurs again emerge as two of the most proactive segments in this domain, who are determined to increase their philanthropic contributions relative to their pre-pandemic giving. In the US, almost one in two intends now to give more.

Framing the decisive new role of the next generation

Even though retirement and wealth transfer plans are being re-evaluated, there is no doubt that the next generation of families is set to have critical influence on managing wealth and business decision-making.

The next generation

becomes influential in business strategy and family wealth decisions



[FIGURE 7] **To what extent are the next generation of your family involved in family wealth and / or management of your business?**

N = 920
Source: 2021 BNP Paribas Global Entrepreneur & Family Report

Overall, 42% of respondents expect the next generation in their families to become influential in business strategy *[Figure 7]*. This result looks remarkably similar across all four regions and is also consistent among distinct business owner profiles, i.e. between those from established family business backgrounds and first-generation entrepreneurs.

This could indicate that thoughts of legacy and involving trusted family members quickly come to the fore, even for those self-starters who are breaking the mould by setting up their own ventures.

In some markets, younger family members are already fully embedded in business planning. **An additional third (34%) of entrepreneurs say the next generation is involved in determining the strategic direction of their businesses.** Scanning across the global results, younger family members are most likely already to be active decision-makers in Brazil (52%), Switzerland (49%), the UK and Italy (46% each).

The influence of children and grandchildren of founding partners is also meaningful within the personal sphere, with **37% stating that younger generations are now leading decisions on managing family wealth**. For instance, a majority (56%) of entrepreneurs in prominent financial centres like Luxembourg and Switzerland now say this is within the remit of their responsibilities.

In other European markets, an expansion of responsibilities is on the horizon for the next generation. **In France, 44% anticipate younger family members will become influential in future business strategy** and direction; in Spain, this rises to 46%.

The role of the next generation is not simply limited to behind-the-scenes planning and collaboration. **They are also leading aspects of business transformation**, fast becoming key players in modernising company operations, product lines and brand.

For instance, roughly a third (35%) are integrating sustainable practices into their businesses. One in three have empowered the so-called 'NextGen' to lead on measuring the environmental and social impact of their commercial activities, presumably with a view to make improvements.

This trend is set to continue, with **40% globally expecting the next generation to become highly influential in measuring environmental impact**, rising even further in specific European countries such as Poland (62%), Switzerland (56%), Luxembourg (52%) and Germany (46%). All this shows the expanding sphere of younger family members' influence.

However, families can point to areas where specialist advice could help them successfully integrate ideas and fresh thinking of younger generations into their businesses.

Two in five (41%) entrepreneurs feel the priority area where wealth management advice could support them is developing younger family members' business management skills *[Figure 8]*. In the GCC region and APAC, there is considerable enthusiasm for development of their investment understanding.

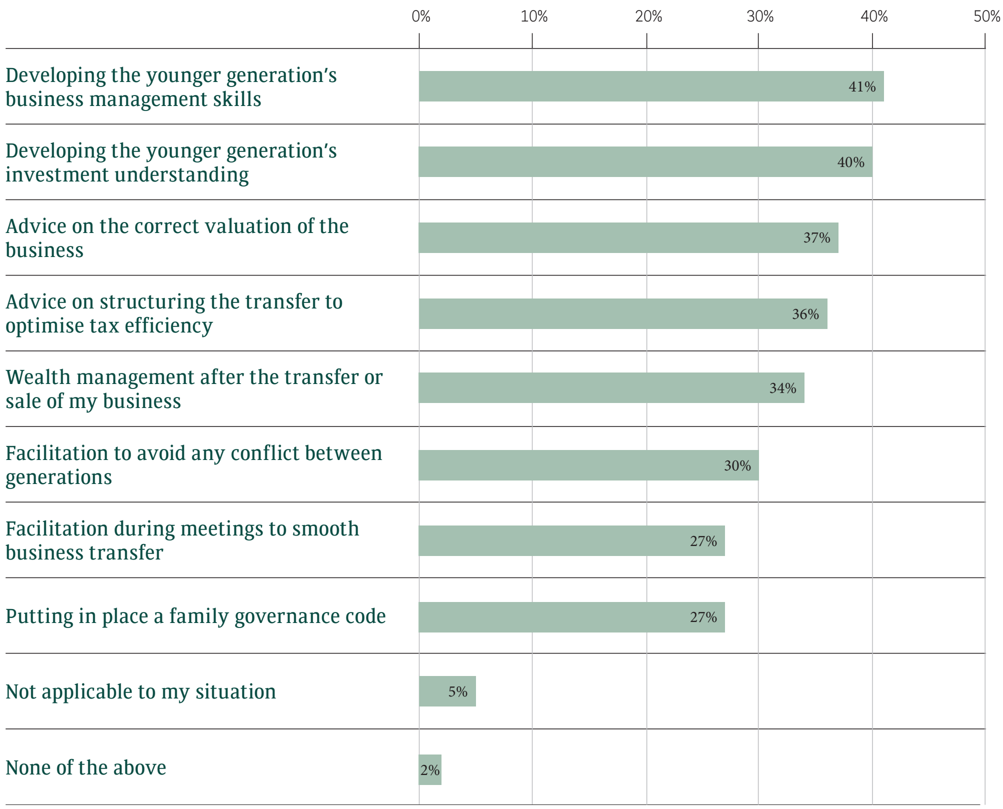
A similar nuanced emphasis is visible among multi-generation family businesses compared to the self-starter respondent population. **Families focus on enhancing the investment understanding of younger generations to help them step up (42%).** This makes sense when viewed in the context of stewarding family wealth.

Conversely, first-generation entrepreneurs emphasise advancing their management skills and commercial acumen (44%). With their businesses likely to be a substantial part of their legacy, perhaps they are hoping that one day the mantle of leadership will pass to their children.

Finally, with widespread discussions across regions of the changing tax environment and how to finance extraordinary international and domestic fiscal stimulus, Ultrapreneurs are more interested in safeguarding their ventures. **They seek wealth management advice on how to correctly value their businesses and tax efficient structuring prior to transfer to other family members.**

Families and entrepreneurs prioritise distinct skills development for

younger family members



[FIGURE 8] **Thinking ahead, where do you anticipate requiring most support from your wealth manager to involve the next generation in your business and wealth management?**

N = 920

Source: 2021 BNP Paribas Global Entrepreneur & Family Report

In conclusion

In Part III of this year's report, we have assessed how the requirements of multi-generation families and entrepreneurs have changed in the pandemic era.

Our survey data shows that personal and professional plans are being re-evaluated in light of converging business pressures and prolonged economic uncertainty. Despite the challenges of the last 18 months, our global respondents are making decisions that are optimistic and future-focused, with a common thread of combining their experience with the fresh capabilities and perspectives of the next generation in their families.

For instance, where retirement plans are being re-considered, this is mostly because matriarchs and patriarchs now intend to lead their businesses for longer – perhaps to oversee recoveries after the crisis or to support the required digital transformation. Equally, they do not want younger family members to miss the chance to integrate their own ideas, anticipating they will be influential in optimising the environmental and social impact of their ventures. Millennials and Generation-Z in families are also likely to make important contributions to the future strategy of businesses and could help manage family wealth.

Across the globe, we find that generating a positive impact through entrepreneurship is important. Approximately one in three of our respondents now cites generating financial returns and making a positive impact as the leading objective of their family office and governance arrangements. First-generation entrepreneurs are more likely to cite impact as their purpose than families, who are understandably weighing up the preservation of family wealth and legacy in governance.

The tensions between these dynamics are visible in their evolving plans for wealth transfer – with many respondents simultaneously eager to increase their charitable giving while also dialling up financial support for family members through passing on more generous legacies sooner than had been intended before the crisis. Managing these competing objectives successfully requires a strong, holistic focus on financial and estate planning.

Entrepreneurs and families are also looking for specialist advice in other areas to support their business plans. Credit, M&A advice and co-investment opportunities are potential avenues that some entrepreneurs are considering for boosting business performance. Others focus instead on succession planning and want to help the next generation realise their ambitions through targeted guidance.

Our purpose is to support global and family entrepreneurship to thrive. We hope you enjoyed the different themes of the BNP Paribas Global Entrepreneur & Family Report 2021.

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