

# The family leaders' responsibility

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*Zinzan Cunningham talks with Sydney-based John Marshall of Marshall Investments about his Family Office journey.*

**J**ohn Marshall's original business interests were in the wholesale fashion industry. Over 15 years ago, he decided to diversify his family business interests into other asset classes including property, equities, private equity and other working businesses.

"I realised that to manage these investments successfully I needed to have a Family Office structure separate from our working business," says Mr Marshall.

"Initially I hired an accountant and we managed from a separate office within the business. The succession of my cousin as managing director in the wholesale fashion business allowed me to focus and build capability around the Family Office."

He says that the Family Office model was a good fit because he had always focused on concentration risk, and he wanted to widen his investment base so that the business was not dependant on one business in a difficult industry. It was a plan for the future.

Mr Marshall says the Family Office journey is closely linked to education and succession planning.

"I was the Sydney Chapter Chairman for an organisation called YPO. This international organisation's mission is education and idea exchange for business leaders. YPO was very helpful in the early days in identifying that one of the most important family business issues was succession planning. I recognised we needed to focus on our next generation's education and experience making them capable of leadership responsibility for the future.

"When my children were in their teens, we started family council meetings having elementary discussions about strategy and our family business.

"We enlisted a number of professionals in the early stages to create a family council to establish a process including a psychologist who chaired the meetings, external accountants, our internal general managers and we talked to a number of the private banks which gave us a road map.



John Marshall



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***— JOHN MARSHALL***



“The final stage of bringing together the three pillars – family strategy and constitution; business investment strategy management; and compliance strategy and governance – were managed by a company called Lowenhaupt Global Advisors who successfully helped us with separating these responsibilities.

“In our current structure we have established a permanent role – general manager of finance and Family Office – to assist with this process, which was a significant step.”

Along the journey, Mr Marshall has found the International Family Office Association to be of great assistance.

“The IFOA’s magazine touches on all the topics in the three pillars. Our strong relationship with Charles Lowenhaupt was identified by IFOA. He has been very influential in helping us evolve our strategy. It’s one of the most comprehensive sources of information we have found.”

Like many Family Offices, the greatest challenges have been in sorting out the responsibilities of the various family members. With four children all at different stages of their careers and different understandings of the business, it is never a simple one-size-fits-all solution.

“We have focused on an education program including accounting, finance, risk management, business structures and estate planning.”

It has been a successful and rewarding ride.

“All of the children are now engaged with the business and the Family Office and continue to develop their skills and a clearer understanding of our family strategy and values.

“The reality is we have a good process and a structure which has allowed us to develop the family members as new leaders. Doors have also opened on the investment side which we didn’t expect. The platform for the Family Office has continued to evolve on all of the three pillars.”

Mr Marshall says that a Family Office journey needs to start with a solid grasp of the choices and options, and that each family will have its own set of challenges to meet.

“Some will have had a liquidity event and are managing money, while some are still engaged with their original family interests in a private or public company.

“Making sure that today’s leaders have a proper process in place to transition the responsibilities to the next generation is essential. This scenario is well described in the Charles Lowenhaupt book *Freedom from Wealth* which gives a roadmap for families having to deal with generational change. This is the family leaders’ responsibility to bring about a well-planned transition.” 🌍

