



*cutting through complexity*

Family matters

**Financing Family  
Business growth  
through individual  
investors**

COUNTRY COMMENTARY:  
**UNITED STATES**

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# United States

Family businesses in the USA appear receptive to HNWI investment, with 65% having previously offered equity to external investors.



The CEO of a Chicago-based family business, who has previously received finance from an HNWI, says: "HNWIs will invest money for the reason of simple investment. They do not tend to interfere with any decisions of the company knowing it is a family-run business. However, we encourage them sometimes to help us in decision making if they are from the fields of our interest." In contrast to many countries, this would suggest that it is the family businesses and not the HNWI instigating any external business involvement.

Family members have strong involvement in the business, with half of the family businesses involved in the surveying stating that the CEO is a family member and half also say that emotions and sentiments affect decision making. Of those surveyed, 79% were majority family owned: 43% were more than 50% family-owned, 36% were 100% family-owned and the remaining 21% were less than 50% family-owned.

HNWIs also seem open to the idea of investing in family businesses, with one Cleveland-based respondent stating: "I have been thinking of investments into family businesses as there is personalization where you can share your ideas and speak about your contributions based on your market knowledge, and can offer to reshape business processes for better outcomes which is well accepted by owners and family members."

Of those surveyed, 50% have invested directly in other businesses, and of these, half have invested directly in family businesses. With 90% of respondents saying that they would want to express their views regularly to management, clear boundaries must be established from the offset to ensure the expectations of both parties are met, but it would seem that the two sides are equally as eager to explore this option.

There appears to be an interesting dynamic among family businesses and HNWIs. As family businesses and investing become more global, both tend to look for opportunities to invest together to build long-term, sustainable, and growing value-added relationships.

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