



CAMBRIDGE
ASSOCIATES

A PIVOTAL MOMENT FOR GULF FAMILY ENTERPRISES

Six Challenges Worth Addressing Now

Across the GCC, approximately \$1 trillion is expected to transfer between generations by 2030. Globally, only 3% of family businesses make it to the fourth generation. The stakes have never been higher, and the patterns of failure are remarkably consistent.

These challenges are not unique to the Gulf. They are common across family enterprises globally, though their consequences can be amplified in the region by concentrated business ownership, substantial illiquid wealth, and increasingly complex family structures across generations.

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Nº. 1

THE FAMILY OFFICE IS NEVER TRULY SEPARATED FROM THE OPERATING BUSINESS

When both share a balance sheet, a downturn in the business becomes a family wealth crisis. Investment capital funds working capital shortfalls. Family distributions are determined by what the business can spare. And neither the business nor the family portfolio is protected.

Nº. 2

DECISION-MAKING AUTHORITY IS NOT TRANSITIONED IN A DELIBERATE AND PHASED MANNER

Founders often remain deeply involved for good reason: their judgment, relationships, and credibility have been central to the family's success. The risk arises when next-generation leaders have not been systematically prepared, decision rights remain unclear, or a transition plan has not been tested.

Nº. 3

THERE IS NO FAMILY GOVERNANCE FRAMEWORK TO GUIDE DECISIONS AND RESOLVE DIFFERENCES

Without agreed structures, every significant decision about distributions, employment, and exits becomes a new negotiation. When relationships are under stress, those negotiations can escalate quickly. A family governance framework, including a charter, shareholder agreements, distribution policies, and succession planning, provides an agreed process for addressing differences constructively, privately, and before they become damaging to family relationships or the enterprise.

Nº. 4

THE ENTREPRENEURIAL MINDSET THAT CREATED THE WEALTH IS APPLIED UNCHANGED TO THE FAMILY PORTFOLIO

The qualities that built the family's success, concentration, conviction, and calculated risk-taking, can remain valuable. The risk arises when that same return-maximising mindset is applied directly to the family balance sheet. A multigenerational portfolio must be designed not only for growth, but also for diversification, resilience, liquidity, and the ability to meet family obligations through different market and business cycles.

Nº. 5

FAMILIARITY IS MISTAKEN FOR SAFETY

Concentrated exposure to home markets, sectors, and asset classes is treated as low risk simply because it is well understood. It is not low risk. It is familiar risk, and in a region where operating businesses, real estate, and financial portfolios are often correlated, that familiarity can compound losses rather than contain them.

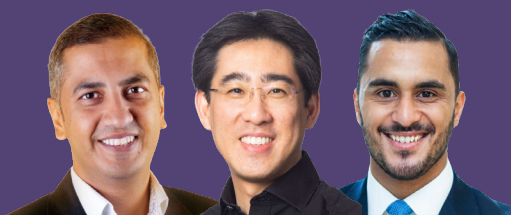
Nº. 6

STEWARDSHIP ROLES ARE NOT CONSISTENTLY ALIGNED WITH THE CAPABILITIES REQUIRED

Family involvement can be a considerable strength when paired with clear mandates, appropriate training, robust governance, and access to experienced professional leadership. Good intentions are not a substitute for the right expertise, and the cost of misaligned stewardship compounds quietly across generations before it becomes visible.

The families that make it to the fourth generation and beyond are not the ones that got lucky. They are the ones that built institutions, structures that outlast any individual, any conflict, and any market cycle.

To discuss where your family stands, contact:



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