

How do single-family offices turn impact intentions into real change in portfolio companies?

Four translation logics show why family offices with similar impact goals reach different outcomes.

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Single-family offices have become some of the most important sources of patient capital in private markets, and a growing share of them want that capital to do more than compound. Next-generation family members push for it. European sustainable finance rules nudge it along.

What happens after the money is wired is less clear. Impact is hard to define, harder to measure and slow to show up. Inside a family office, those technical problems collide with family priorities: keeping control, protecting the family name, honouring the relationships that built the original fortune and avoiding a public failure. Research on impact investing has mostly measured financial returns and trade-offs, leaving the mechanics of translation largely unexplored. This study goes there, asking how a family's impact intention becomes an outcome inside a portfolio company, and what gets in the way.

WHAT WE STUDIED

The researchers interviewed 21 people connected to nine single-family offices in Sweden, Norway, the Netherlands and Germany. Thirteen sat inside the offices, seven of them active family members and six non-family managers. The other eight were founders or CEOs of portfolio companies those offices had backed. That dual view matters, because family offices describe what they intend while entrepreneurs describe what they actually experience, and the two accounts do not always match.

All nine offices had high or relatively high family involvement. This was deliberate: these are the offices

where family values should be most visible. Interviews lasted between 33 and 66 minutes, 51 on average, and were analysed abductively, moving back and forth between the data and socioemotional wealth theory. Socioemotional wealth describes the non-financial value families draw from ownership, and the study used its five FIBER dimensions (family control, identification with the firm, binding social ties, emotional attachment and renewal through succession) as a guide. New themes dried up after the fifteenth interview.

KEY INSIGHTS

Four strategies, spread across the investment lifecycle

The work starts before any money moves. Families spoke about "finding the right people" rather than the right ventures, and treated entrepreneurs as carriers of their own values. One office went further. Having found that the cultures of early-stage companies did not fit, it stopped buying into existing firms and began backing trusted individuals to start companies from scratch.

The second strategy is building impact-securing structures, and here the size of the stake made a visible difference. Majority owners, one holding between 50 and 80 percent of most of its companies, placed their own people in operative roles such as CFO. Minority owners leaned on codified tools. One office built an ESG maturity model named after the family; another structured its financing as a loan that converts into equity only if the company meets its social goals.

After investing, offices relied on active ownership, with board seats and contact every week or more often, and on relationship-driven operations, where decades of personal trust do much of the steering. Portfolio CEOs noticed the contrast with venture capital. With a family office, one founder explained, the person across the table is the person whose money it is, and decisions come fast.

Three barriers

Measurement was the most persistent. Offices struggled to choose indicators and attribute impact, both before and after investing, and some quietly accepted that impact would happen even if nobody could show it yet. On definition, one sustainability officer argued that every family has to decide for itself what impact means.

Additionality, the second barrier, looked worst from the portfolio side. Several entrepreneurs said no investor was really pressing them on impact, since commercial success would deliver it anyway. One CEO described a family office as an investment company that, with luck, is a little nicer than the rest. Founders also prize their freedom, and the owners they rated highest were the ones who interfered least, which leaves little room to push an impact agenda.

The third barrier is family ownership inertia, and it is the most uncomfortable finding in the paper. Where the older generation still held control, the pull was toward honouring the principles of the original family firm and avoiding reputational embarrassment. A next-generation head of an impact branch described getting meetings because he was the boss's son, then watching nothing happen afterwards. Even closeness can work against change. One portfolio CEO felt her investor cared more about a founder-friendly reputation than about pushing management to improve.

Two enablers

The family ownership that creates inertia can also serve as leverage. Every office in the sample thought in generations rather than quarters, and that patience suits ventures that need years to prove themselves. One founder said she chose her investor because these were people she wanted beside her on a long, cold winter night. Entrepreneurs also cited better valuations, lighter monitoring and direct access to owners.

The second enabler is shortening the distance. Majority owners with board or leadership roles stayed in close contact with portfolio CEOs, some speaking daily, opened their networks and helped where they had specific expertise. Proximity also eased the additionality problem, because it showed the office where it could genuinely add something.

Four translation logics

From these patterns the researchers built a typology on two axes: degree of ownership (majority or minority) and formality of the impact approach (relational or formal). The four types are ideal types, and a single office can mix them or move between them over time.

- **Hands-on controllers** hold majority stakes and steer through trust and direct contact. Alignment is strong and decisions are quick, though founders' autonomy can collide with an ever-present owner.
- **Embedded stewards** combine majority stakes with formal impact models, contracts and operative roles. Impact becomes clearer and more measurable, at some cost to flexibility and warmth.
- **Relational investors** hold minority stakes and rely on trust and shared values. They are flexible partners but struggle to show what they add.
- **Formalized partners** hold minority stakes and work through due diligence and KPIs, much like a venture capital fund. They are transparent and consistent, with thinner relationships and the weakest pull from family values.

TAKEAWAYS FOR FAMILY BUSINESS LEADERS

Name the logic you are running

Placing your office on the two axes exposes mismatches quickly, such as a minority position paired with an expectation of hands-on influence.

Measurement belongs to you as well

Leaving impact measurement to the entrepreneur feels respectful. It also leaves the office unable to say whether its own intentions are being met. Offices that hand the whole job to founders are, in effect, outsourcing their accountability. Agree a few indicators at entry, even imperfect ones.

Watch the generational gate

When the next generation drives the impact agenda, it needs decision rights over a defined slice of the portfolio. In this sample, access without authority produced meetings and little else.

For advisors

Use the typology as a diagnostic. Hands-on controllers need guardrails against overreach, embedded stewards need to stay human, relational investors need a credible account of their additionality, and formalized partners need to invest in relationships deliberately.

IMPACT

The study carries socioemotional wealth theory beyond the operating family firm. In a family office, control, identity and social ties are projected outward into companies the family does not run. Binding social

ties, for example, become a resource the office can deploy across a whole portfolio through its network. Control turns out to be ambivalent. Paired with relational engagement or robust structures, it embeds impact priorities; used mainly to protect the status quo, it entrenches caution.

The boundary conditions deserve as much attention as the typology. Closeness can tip into overreach, and patient capital can delay necessary exits or breed complacency, so the same enabler becomes a barrier under the wrong conditions. The sample is small, qualitative and limited to high-involvement offices in four European countries, and the four logics should be read in that light. Longitudinal work could show whether offices drift from relational to formal approaches as portfolios mature, or as control passes to a new generation.

RECOMMENDATIONS

1. Map your office's current translation logic on ownership and formality, and check it against the impact you actually want to achieve.
2. Write down what impact means for your family before signing the first term sheet.
3. Agree a short set of impact indicators with each portfolio company at entry and review them on the same rhythm as financial results.
4. Decide where your office adds value beyond capital, whether network, expertise or operational roles, and tell founders explicitly.
5. Give next-generation family members genuine decision rights over impact investments, with a clear mandate.
6. Review long-standing relationships periodically for signs that founder-friendliness has replaced constructive challenge.

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