

## OPINION

# HEAD AND HEART – PREPARING NEXT GEN UAE FAMILY BUSINESS LEADERS FOR THE GREAT WEALTH TRANSFER

Over the next decade, the UAE will witness one of the largest wealth transfers in history, as family businesses pass from one generation to the next. This transfer of wealth is not just an exchange of assets but a pivotal moment for future leaders to guide their family's legacy. The key question is: **how can families ensure that the next generation is ready?**

Family businesses thrive on relationships, shared values, and the delicate balance between preserving legacy and embracing change. For the next-gen, preparation goes beyond finances; it is deeply personal, grounded in understanding their role within the family and the business. They must design a structure where tradition and innovation coexist—where roots are strong, but branches are free to grow.

## THE HUMAN SIDE OF THE WEALTH TRANSFER



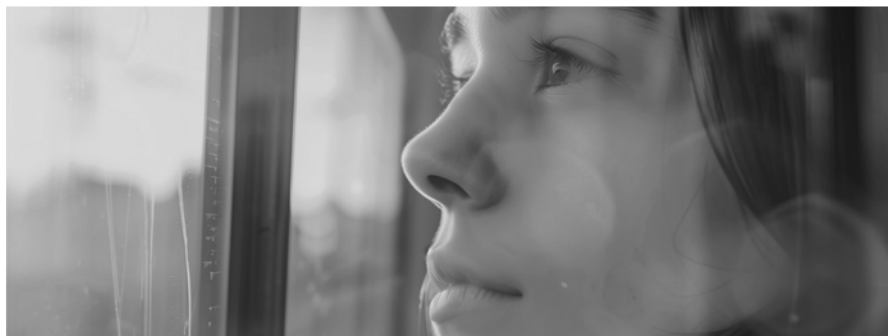
Often overlooked in succession discussions is the human element—the emotional and relational dynamics that make or break the transition. Next-gen family members need more than financial acumen; they need to be prepared to navigate family expectations, personal ambitions, and shifting market dynamics. It is not enough to identify potential next-gen leaders; one must ensure that they are both willing and equipped to take on the mantle of leadership.



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By focusing on the human factor, we can foster leaders who are committed to advancing the family legacy. This human dimension is key to ensuring that the next generation leads with both capability and passion, securing long-term success.

## **BUILDING SELF-AWARENESS AND STRONG DYNAMICS**



Today's youth, shaped by rapid technological advancements and significant global challenges, are resilient, making them ideal for future leadership. Developing their social and emotional skills is crucial for moulding empathetic next-gen leaders.

### **Building self-awareness**

Next-gen leaders must first understand themselves before they can lead others. Self-awareness is the cornerstone of effective leadership. Leadership programs tailored to emotional intelligence and decision-making can help recognize strengths and areas for growth.

### **Fostering strong family dynamics**

Personal relationships are intertwined with professional ones in a family business. According to a 21-year-old aspiring leader, *“We were raised to believe that the well-being of the company is paramount, and this is deeply intertwined with maintaining strong family relationships.”*<sup>1</sup> A clear governance structure is vital to maintaining balance, defining roles, and ensuring a functional separation between family, business and ownership.

<sup>1</sup> Interview conducted by Rawand Ferjani with Yassine Masmoudi online on August 18, 2024.



## HONOURING LEGACY WHILE EMBRACING INNOVATION

Future leaders must respect family traditions while steering the business toward new opportunities. Success lies in knowing when to uphold legacy and when to embrace innovation. Engaging with mentors and leadership programs can enhance essential skills.

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## GLOBAL REACH NEEDS GLOBAL RESOURCES



The next-gen UAE family business leaders are increasingly likely to be global thinkers, seeking resources to support their family's global aspirations. Tools in leading wealth structuring centres like the Abu Dhabi Global Market (“**ADGM**”) and the Dubai International Finance Centre (“**DIFC**”) cater to these global needs, allowing the next-gen to secure their family's future on an international scale.



## STEPS TOWARDS A SEAMLESS TRANSITION



With the impending wealth transfer, families must be well-prepared. Without proper preparation, leadership transitions can lead to internal conflict, financial mismanagement, or even the collapse of the family legacy.

Effective tools include:

- **Governance framework:** A well-defined governance structure aligns family values with business operations, reducing conflict and ensuring continuity.

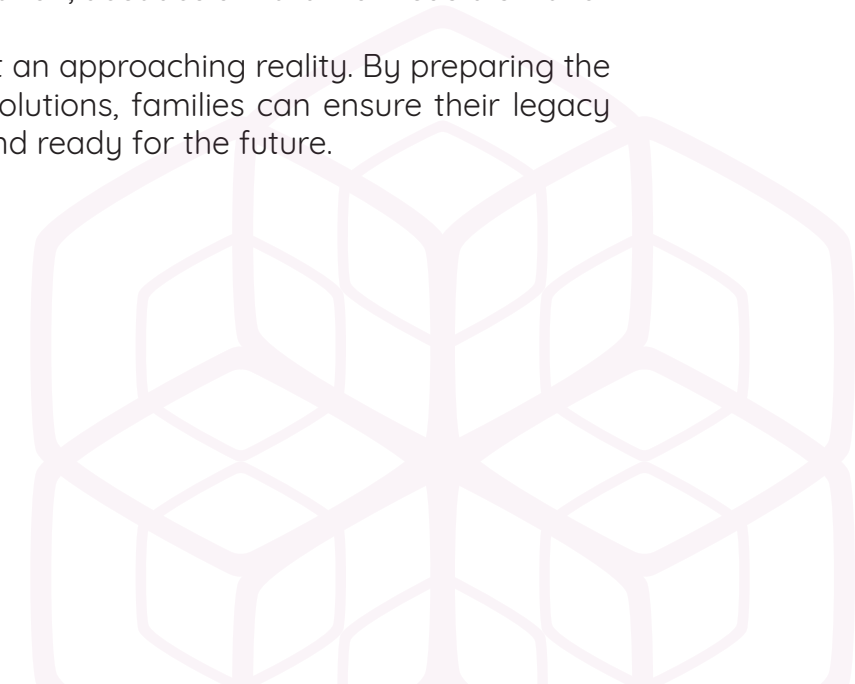
- **Single-family offices (“SFO”):** SFOs can help to optimize operations, streamline decision-making, and enhance privacy and control over investments and risk management, ensuring the family’s wealth and legacy are effectively preserved.
- **Multi-family office services & expert teams:** These services offer cost-effective access to strategic guidance, risk management, and governance support. This allows next-gen leaders to focus on key priorities while benefiting from the outsourced support of specialized teams.
- **Mentorship:** Effective mentorship is key to preparing future leaders.
- **Succession planning:** ADGM and DIFC foundations are the go-to tools for ensuring smooth succession, asset protection, and business continuity. Foundations provide the backbone for governance, increasing the likelihood of successful transitions.



## KEY TAKEAWAYS FOR THE GREAT TRANSITION

- **Act now:** The next decade will define the future of UAE family businesses. Preparing the next-gen cannot be left to chance.
- **Prepare emotionally and professionally:** Beyond financial knowledge, next-gen leaders need self-awareness and strong support networks.
- **Use available tools:** Leverage resources in the ADGM and DIFC to secure a smooth transition.
- **Don't underestimate risks:** Without proper preparation, decades of hard work could unravel.

The great wealth transfer is not a distant prospect but an approaching reality. By preparing the next-gen today and implementing smart structural solutions, families can ensure their legacy flourishes under new leadership—stronger, smarter, and ready for the future.





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## M/HQ

M/HQ is a multi-services platform catering to successful individuals and entrepreneurial families. Our one-stop-shop offering is unique in the Middle East: a holistic and cross-disciplinary combination of a market-leading corporate services firm, a private client specialist team and a regulatory & compliance services practice, all through one single platform.

We have extensive experience advising on a broad range of wealth structuring and legacy planning issues. We particularly assist in establishing and servicing Family- and Group- Holdings, Single- and Multi- Family offices, Foundations and other asset consolidation/protection and intergenerational wealth management structures.

Headquartered in the UAE, we are an entrepreneurial firm for entrepreneurial clients.

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