

The Global Entrepreneurial Wealth Report 2023

Contents

Foreword	04		
Executive summary	06		
Chapter 1: Entrepreneurs in 2023			
At a glance	12		
Entrepreneurialism runs in the family – or does it?	14		
International connectivity is vital	16		
Europe and North America are set to grow in importance	20		
The HSBC view	25		
Chapter 2: Business exit and next steps			
At a glance	30		
Just over one third of entrepreneurs are planning to exit within five years	32		
The most popular route to exit is through keeping the business in the family	34		
Finding the right buyer and readiness of the next generation are key to exit planning	40		
Former entrepreneurs wish they had consulted more with family pre-exit	44		
Post-exit, many plan to continue business-related activities	48		
The HSBC view	51		
Chapter 3: Multi-generational wealth transfer			
At a glance	56		
Nearly four in 10 entrepreneurs have started transferring their wealth	58		
Most entrepreneurs haven't started discussions with their families	62		
Entrepreneurs do have a purpose for their wealth in mind	66		
Entrepreneurs do have concerns about passing on wealth to the next generation	72		
Over two thirds of the next generation feel aligned to current family values	74		
The HSBC view	79		
Methodology	82		
Acknowledgements	84		
About HSBC Global Private Banking	86		

Foreword

Entrepreneurial leaders are by their nature extraordinary, each finding distinctive solutions and opportunities to the business challenges they face.

From manufacturing textiles to developing battery technologies or even new vaccines, they enhance our lives with their exceptional ideas, innovations and ability to make change happen. Yet for all their differences, entrepreneurs share many of the same values: a strong work ethic, a hunger for taking their companies to the next level, and a passion for doing what is best for their families.

That's why we have launched our first **Global Entrepreneurial Wealth Report**. By surveying current and former entrepreneurs in nine markets, we wanted to paint a comprehensive picture of the global business leaders of today and tomorrow. Our findings illustrate their backgrounds, global lifestyles and challenges, as well as many of their distinguishing characteristics.

There are clear geographical variations, including how entrepreneurs in mainland China, Hong Kong and France tend to be the first in their generation to be running a business, while those in the UAE, Switzerland and India are more likely to come from a family business background. We are also able to show how today's entrepreneurs are globally connected – whether they are starting up a new business in Asia or inheriting one in Europe and America – with nearly half living in more than

one country and three-quarters conducting business with markets beyond their domestic border.

There are of course challenges that success brings. When it comes to wealth planning, greater wealth creates increased complexity. Our research shows that the wealthier the entrepreneur, the stronger their desire to pass on their inheritance to their families, yet also the less prepared they are for it. This is no contradiction: the transfer between generations can pose complex challenges, particularly when the management of a business move from the founder to their extended family. This is especially true for larger and more dispersed families.

These are just a small handful of findings of our inspirational global business leaders within our first **Global Entrepreneurial Wealth Report**. We would like to thank those who took part in the survey and helped to shape this report. If you would like to discuss any of the topics covered in this report, please get in touch.



Annabel Spring
CEO
HSBC Global Private Banking
and Wealth



Executive summary

Entrepreneurs value international connections and have their eye on the next move, but might not be prepared to transfer their wealth

Today's entrepreneurs are multifaceted, influenced by increasingly complex factors such as the uncertain macroeconomic environment and rising rates – not to mention the fact that we've now embarked on the biggest wealth transfer in history.

They acknowledge the challenges, but they also see opportunity: in international connections, in new markets and in the next generation.

Whether as a first-generation business owner or someone who is next in line in a longstanding family business, planning for the future is crucial for all entrepreneurs. Preparation and careful consideration of the avenues available can ensure a positive outcome for those exiting their business, but also set up the new

owners for success – whether they're family members, non-family members of senior management or external buyers.

And given the scale of wealth expected to transfer from generation to generation over the coming years, entrepreneurs are prioritising preservation and management of the wealth they've created, while preparing the next generation for what's to come.

Our **Global Entrepreneurial Wealth Report** explores the views of current entrepreneurs and those who have exited their businesses around the globe. It shines a light on their priorities, concerns and plans in three key areas: international opportunities, the path to business exit and beyond, and the transfer of wealth through generations.



Entrepreneurialism doesn't necessarily run in the family

Much is made of the emergence of first-generation wealth, particularly in Asia, and we've found that this extends to first-generation entrepreneurialism as well. Our research shows that over half of entrepreneurs (54%) don't have a connection to a family business, and are instead creating their own paths by starting companies around their interests or to capitalise on new opportunities.

Entrepreneurs are internationally connected in business and in their personal lives

The entrepreneurs we spoke with live and work across borders – in total, three quarters have businesses operating outside of their home country or territory. They're driven

by benefits for their business and for their personal lives – from operational efficiencies to education for their children – and expect further opportunities to emerge in the coming years.

When and how to exit is firmly on the minds of entrepreneurs

Just over a third of entrepreneurs (34%) are thinking about exiting in the next five years – and it's not just the older age groups who are planning their next steps: 34% of those aged 18 to 35 are looking to exit in the same time frame. We see that entrepreneurs planning to exit within the next five years are already starting relationships with wealth managers (33%), planning how to invest in financial markets (30%) and thinking of new ventures (22%).



As wealth increases, so does the desire to keep the business in the family

When planning an exit, there is a strong focus on keeping the business in the family – transferring it to the next generation of the immediate family or to another family member (52% in total). This rises to 58% for those with investable assets of more than \$10m*. There are regional variations here, with entrepreneurs from Asia and the Middle East more likely to keep it in the family than those in Europe and the US.

There's a significant difference between how current entrepreneurs envisage their exit versus those who have already left

Entrepreneurs planning to pass on their business cite readiness of the

next generation as the leading reason for exiting. For those planning to sell, it's about finding the right buyer. Around four in 10 entrepreneurs believe they'll exit when they no longer enjoy their role, but we can see that only 3% of former entrepreneurs left for this reason.

Nearly four in 10 entrepreneurs have started to transfer their wealth

38% of entrepreneurs have already begun to make wealth transfers – either formally or informally. Another 40% are planning to wait until their later years – a trend that holds true across different regions. However, this does differ for those with larger wealth (more than \$10m of investable assets) where only 25% have started a transfer.

Few entrepreneurs are talking about their wealth succession plan

There are some entrepreneurs who regularly talk about their wealth transfer plans with their family (36%), with this more likely for those who are currently active in the family business or are first-generation

entrepreneurs who have involved the next generation. However, this leaves almost two thirds (64%) who haven't yet spoken to their family about their wealth succession plan. Notably, 8% say they never intend to, and this rises to 13% for those with investable assets over \$10m.

Entrepreneurs hold concerns about next-generation preparedness

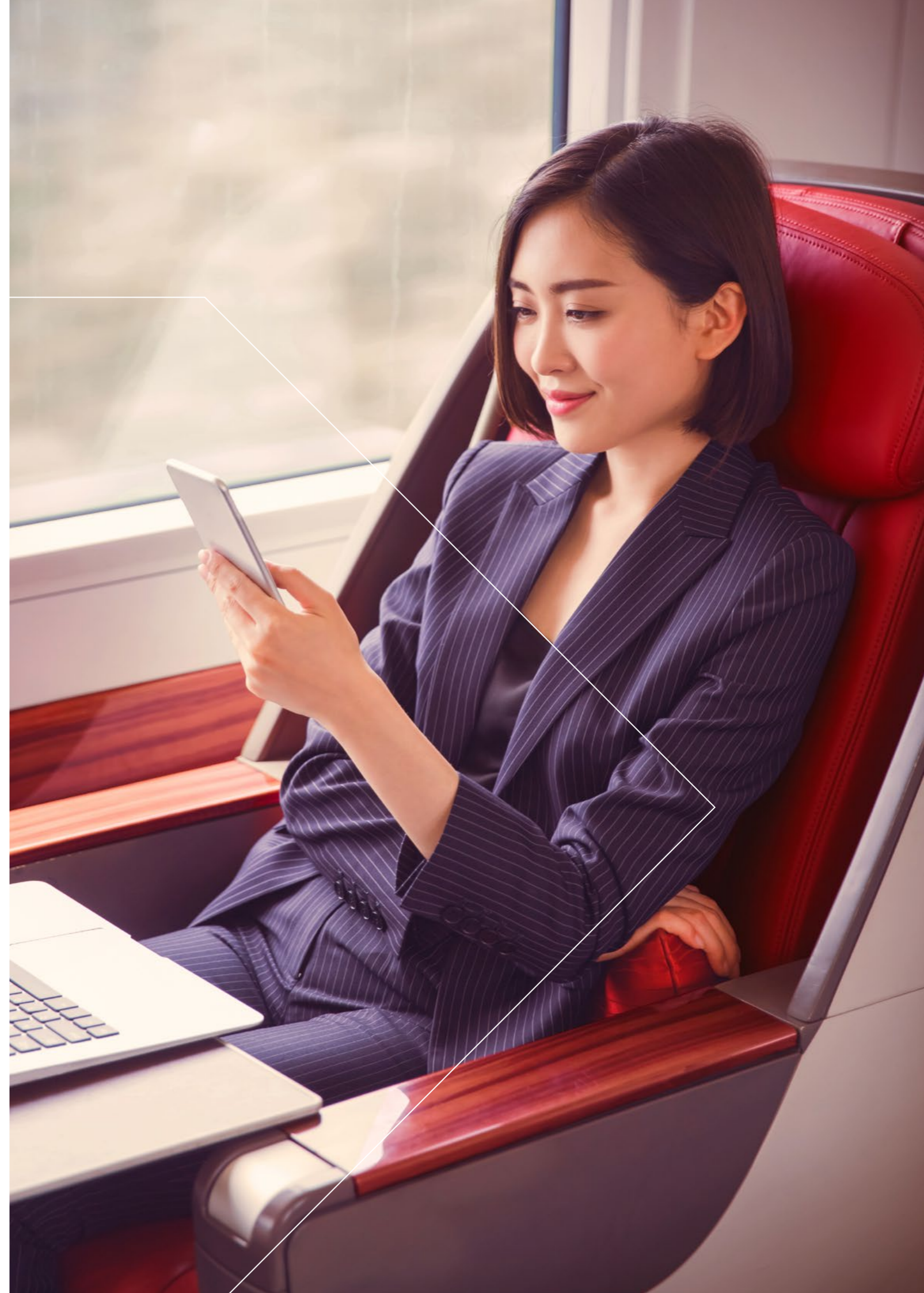
When it comes to concerns about transferring wealth, entrepreneurs worry about the work ethic of family members (34%), their desire to pursue personal goals (33%) and a lack of interest in the business (33%). Those with investable assets over \$10m have more specific concerns, in particular their own ability to cede control. For their part, nearly half of next-generation entrepreneurs coming into the family business do want to forge their own path, with 32% largely aligned to the family values but intending to make changes, 9% definitely planning to make changes and 4% looking to redirect the business or start a new one.

*US dollars referenced throughout the report, unless stated otherwise

Entrepreneurs in 2023

Chapter

1



At a glance

Many entrepreneurs are internationally minded, whether they're part of the family business or not

More than half of entrepreneurs are first-generation

And this pattern holds true in the majority of the countries and territories in our research. Another quarter are working, or have worked, in their family business, while 21% come from a family that owns a business, but they run a separate company.

Entrepreneurs are internationally minded and connected

Nearly half (46%) have families who live in more than one country, and 75% conduct business with markets beyond their domestic border – including 13% who are currently expanding their business into additional markets.

They're seeking business and personal opportunities across borders

Entrepreneurs aren't just in search of business opportunities abroad: international investments (43%) and real estate (41%) are personal drivers. Looking ahead over the next three to five years, Europe is expected to increase in importance, with 60% of global entrepreneurs expecting it to become more of a focus for their business and their family.



Insight 1

Entrepreneurialism runs in the family – or does it?

Over half of entrepreneurs are first-generation

Today’s entrepreneurs are multifaceted, and this is evident from looking at family backgrounds to understand the extent to which they have grown up around family businesses. Much is made of the emergence of first-generation wealth, particularly in Asia, but we wanted to understand if this also included first-generation entrepreneurialism. Our research shows that a quarter of entrepreneurs are working within their family business. Another 21% have a background in the family business but have started a separate enterprise. This means that more than half (54%) within

this are first-generation entrepreneurs. Of those, 10% are already involving the younger generations – whether that’s to eventually take over or to help grow the business ahead of a family exit in the future.

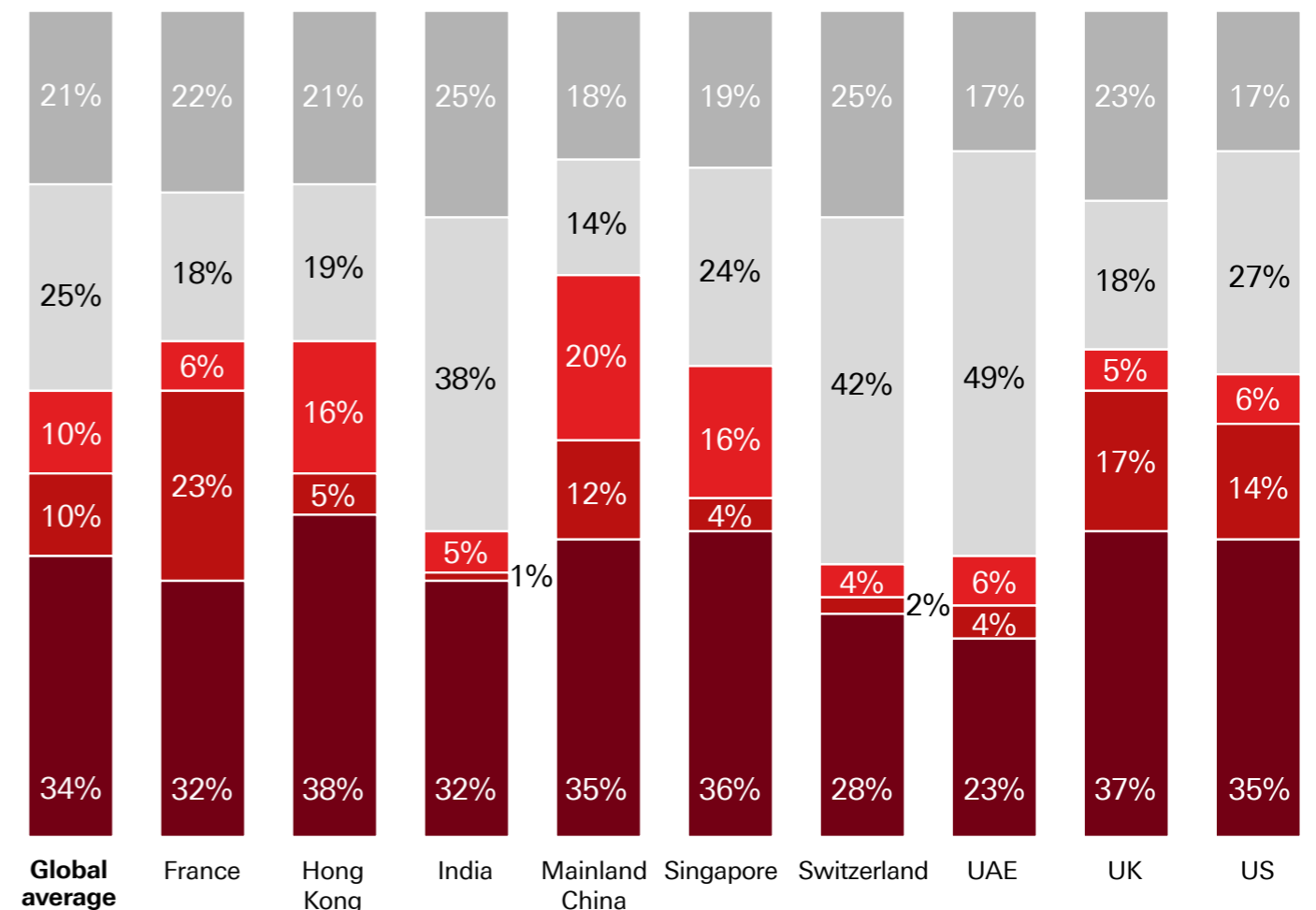
There are clear regional variations between family business and first-generation entrepreneurs. We see the highest proportion of first-generation entrepreneurs in mainland China (67%), France (61%) and Hong Kong (59%). In contrast, Switzerland (67%), UAE (66%) and India (63%) have a higher proportion of entrepreneurs with a family business background.

54%
are first-generation entrepreneurs

46%
of entrepreneurs come from a family business background

Which one of the following best describes your entrepreneurial background?

Percentage of total entrepreneurs by market



- I am a first-generation entrepreneur and creator of wealth
- I am a first-generation entrepreneur with no next generation at present
- I am a first-generation entrepreneur, but younger generations are also involved
- My family has a family business going back at least one generation and I hold / have held a role within the family business
- My family has a family business going back at least one generation, but I run a separate business

Note: Due to rounding, some totals may not correspond with the sum of the separate figures

Insight 2

International connectivity is vital

Three quarters of entrepreneurs operate in more than one market

Nearly half of the entrepreneurs we surveyed (46%) live across more than one market – either themselves or family members – while three quarters (75%) are looking beyond borders to do business, cementing the view that these individuals are internationally connected.

Wealthier families with investable assets of more than \$10m are most

likely to live internationally, with 65% living in at least one additional market other than their home market*. Those most likely to live in two or more markets are those residing primarily in the UAE or India, followed by Switzerland and Singapore. Families in the US are the most domestically based at 78%, followed by France at 65%.

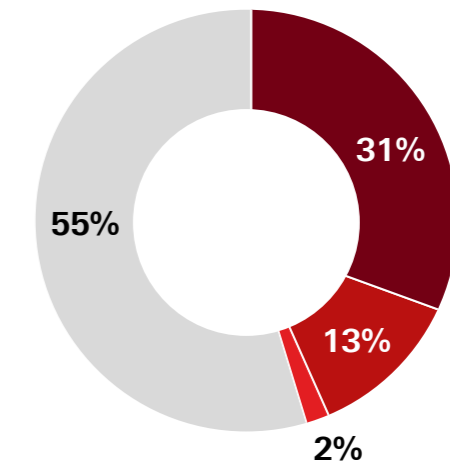
*For main country or territory of residence, respondents were asked to indicate the one in which they spend the most time



How many markets do you and your family currently live in, including where children are studying abroad?

Percentage of total entrepreneurs

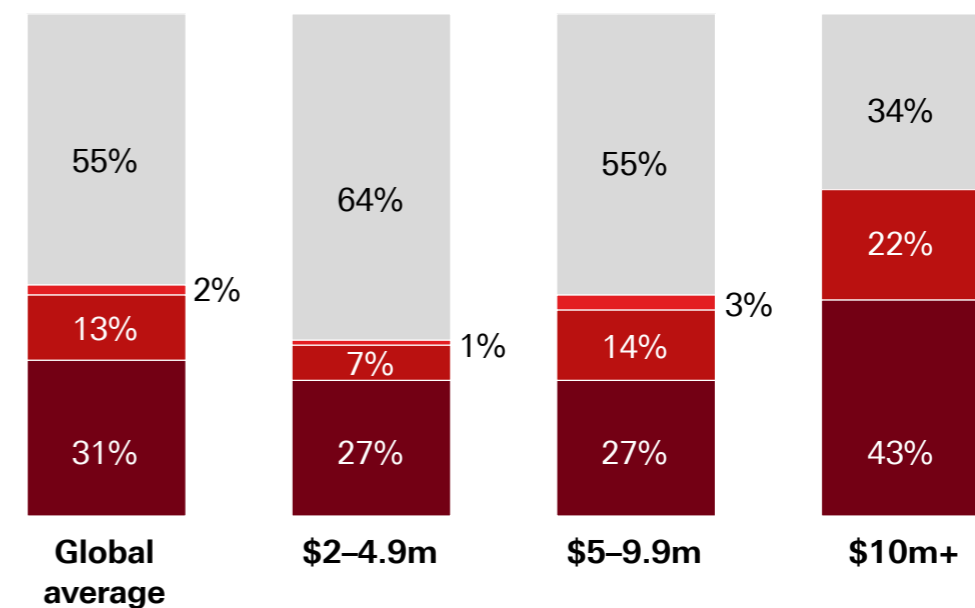
- All in one market
- Across two markets
- Three to five markets
- Six or more markets



Percentage of total entrepreneurs by market

	France	Hong Kong	India	Mainland China	Singapore	Switzerland	UAE	UK	US
All in one market	65%	61%	38%	52%	43%	39%	36%	56%	78%
Across two markets	25%	34%	31%	36%	36%	26%	51%	29%	16%
Three to five markets	10%	5%	27%	12%	17%	30%	12%	12%	6%
Six or more markets	0%	0%	5%	0%	4%	5%	1%	3%	1%

Percentage of total entrepreneurs by investable assets



Note: Due to rounding, some totals may not correspond with the sum of the separate figures

96%

of Hong Kong entrepreneurs operate beyond their border or are in the process of expanding abroad

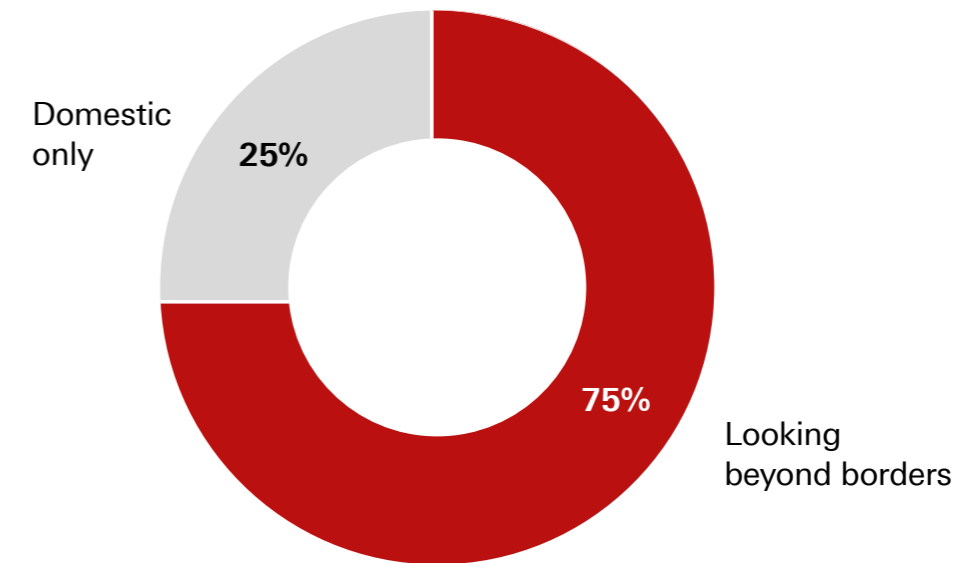
In total, 75% of entrepreneurs do business internationally, regionally or with a neighbouring market, or are currently expanding into additional markets. Although international business connections are common across this audience, we can see that wealthier entrepreneurs (those with investable assets above \$10m) are again more likely to do business outside their home market (85%). Hong Kong entrepreneurs are most likely to operate beyond their immediate border or be in the

process of expanding abroad (96%), followed by those in the UAE (86%), Singapore (85%) and mainland China (81%).

Some only conduct business in their domestic market: the highest proportions here are in the US (47%) and the UK (37%). And, while many entrepreneurs conduct business internationally and live in other countries for part of their year, 88% still have their main base in the country where their business is headquartered.

Do you currently conduct business outside the country where your business is headquartered?

Percentage of total entrepreneurs



Percentage of total entrepreneurs by market

	Global average	France	Hong Kong	India	Mainland China	Singapore	Switzerland	UAE	UK	US
I am currently expanding my business into additional markets	13%	13%	21%	14%	15%	9%	5%	12%	12%	13%
I conduct business internationally / globally	31%	17%	41%	38%	33%	34%	35%	36%	29%	19%
I conduct business within my geographic region	18%	30%	15%	11%	19%	19%	18%	26%	14%	17%
I conduct business with an immediate neighbouring market	13%	13%	19%	11%	14%	23%	16%	12%	8%	5%
No – my business is domestic only	25%	28%	4%	27%	19%	16%	26%	14%	37%	47%

Note: Due to rounding, some totals may not correspond with the sum of the separate figures



Insight 3

Europe and North America are set to grow in importance

Entrepreneurs are seeing improved profit margins and opportunities for their families in the coming years

Today's entrepreneurs see opportunities everywhere, and they're not just in search of business benefits abroad. They are also personally connected to international markets, looking for opportunities for family members and personal wealth creation.

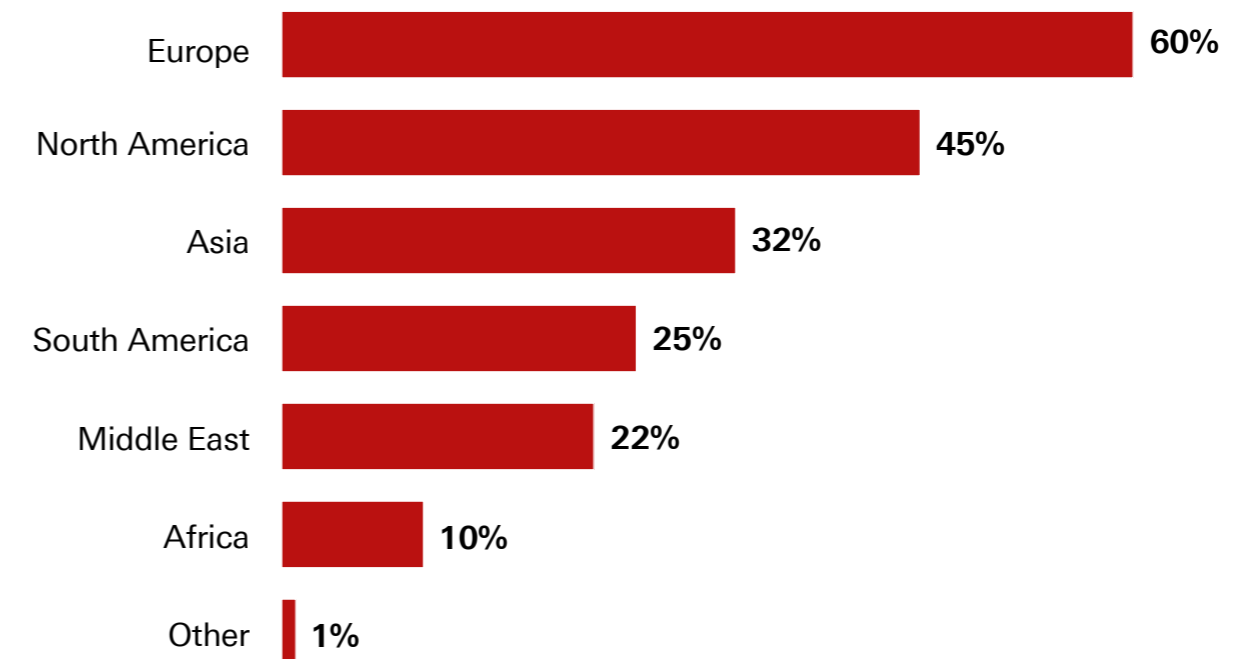
In terms of the business advantages that entrepreneurs see abroad, operational efficiency (44%), economic conditions (43%) and appropriate technology (42%) are all viewed as key benefits to conducting business in today's global economy. Entrepreneurs from Singapore, the UAE and the US name operational efficiency as the top advantage to doing business internationally, while those from mainland China cite access to appropriate technology.

As for personal drivers, entrepreneurs are largely focused on investing, with access to international direct investments (43%) and investing in real estate (41%) as priorities. However, education for their children is also driving international interest – with over half of entrepreneurs in Hong Kong (57%) and the UAE (55%), and 50% in mainland China stating this as a priority.

To a lesser extent, lifestyle benefits drive entrepreneurs' connection to international markets. Those in France (45%) and the UK (44%) also cite owning property for personal use as a priority, while UK entrepreneurs (42%) also note the importance of overall personal benefits, such as travel and leisure.

Which regions do you anticipate increasing in importance for you and your family over the next three to five years?

Percentage of total entrepreneurs
(respondents asked to choose top two)



“While operating across borders can bring complexity, it also offers endless possibilities – be it the ability to raise a family in many different countries and cultures, access to new markets for your business or a broader range of investment opportunities.”

Lavanya Chari

Global Head of Investments and Wealth Solutions
HSBC Global Private Banking and Wealth

Despite acknowledging some disadvantages to doing business beyond borders, such as complex regulatory environments and exchange rate risk, entrepreneurs still see potential in overseas markets, with 54% citing improved profit margins and 50% viewing access to a broader client base as key opportunities over the coming years.

For entrepreneurs where the younger generation is involved in the business, access to new sources of capital and fewer barriers to entry are seen as further opportunities, while entrepreneurs from Singapore

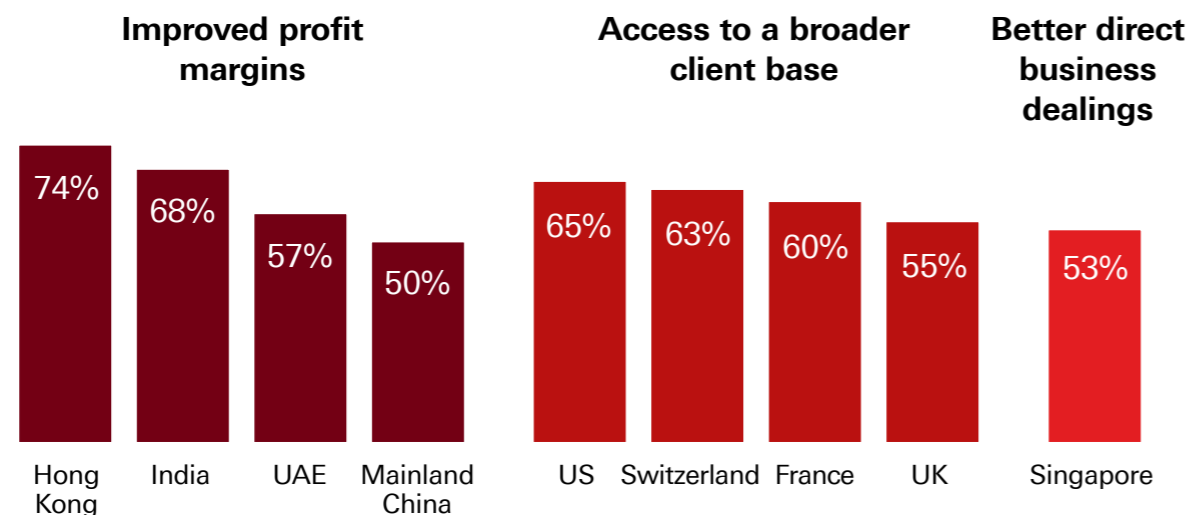
note better direct business dealings.

Looking ahead over the next three to five years, Europe is expected to increase in importance, with 60% of global entrepreneurs expecting it to become more of a focus for their business and their family. North America follows at 45%, with Asia at 32%.

Entrepreneurs in the US and India identify North America as most important for their ambitions, followed by Europe. Younger entrepreneurs (those aged 18 to 35) are slightly more likely to be looking towards Asia (37%), above the total average of 32%.

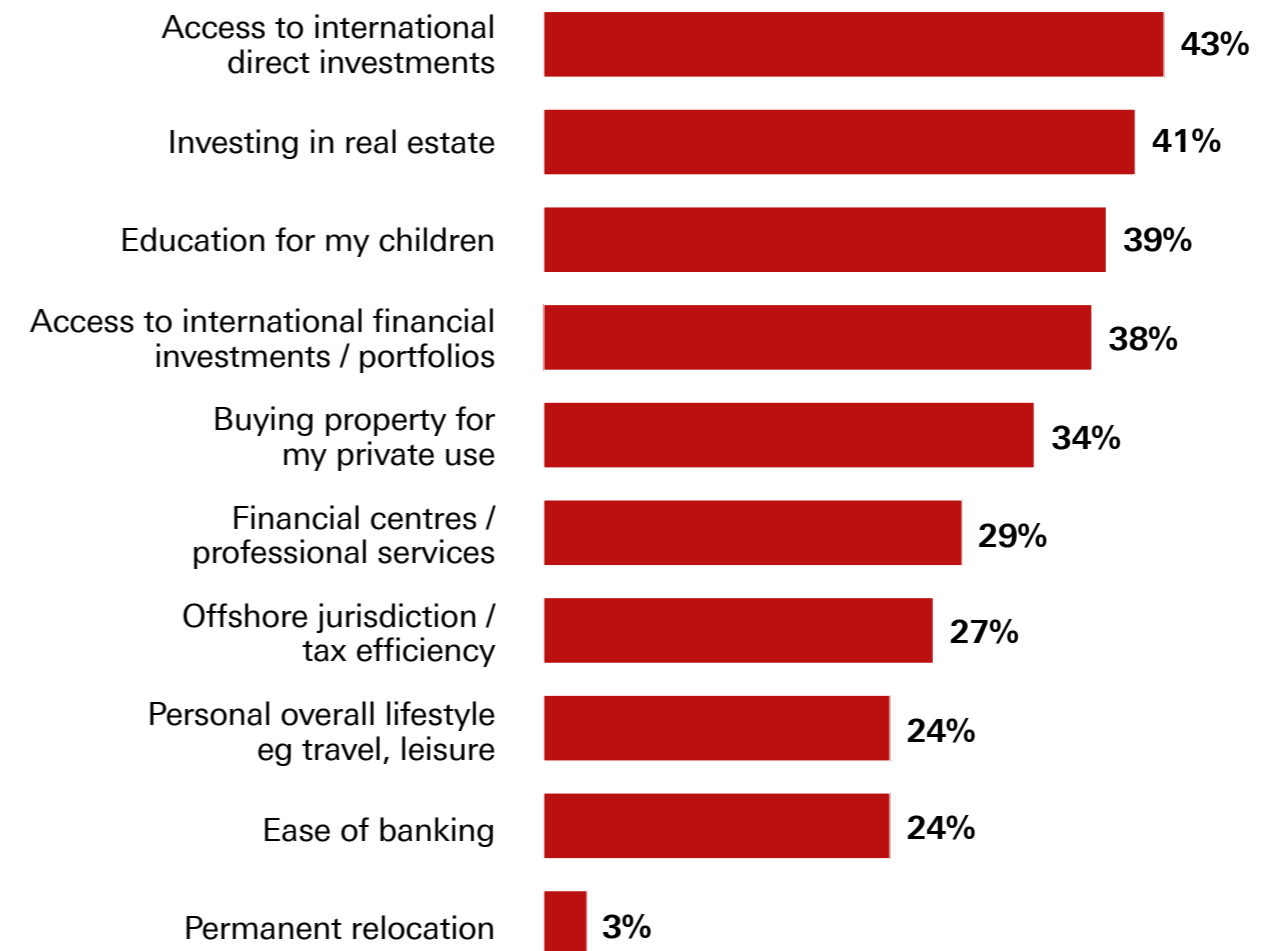
Looking to the future, what potential do international markets hold for your business?

Percentage of entrepreneurs who selected the reason as their top opportunity



Which of the following factors drive your personal connections to international markets?

Percentage of total entrepreneurs (respondents asked to choose top three)



60%
of entrepreneurs expect Europe to increase in importance for them over the next three to five years

The HSBC view

Multifaceted, with a global focus

There's been much narrative around the impact of the pandemic on globalisation, but the entrepreneurs who have contributed to our research are unwavering in their international focus. Perhaps that's because it's in their nature to search for new opportunities – whether it's starting a new business, launching in new markets or even adjusting the geographical focus of their supply chains. Global diversification not only provides opportunities but also helps to manage risks – and this is true for investment portfolios and businesses alike.

Personal pursuits are also leading entrepreneurs outside of their home markets – they are looking for new investment opportunities, purchasing property or simply enjoying an international lifestyle. And it's not just entrepreneurs themselves – their family members

may be receiving an education or living and working abroad.

Technology is a huge enabler when it comes to operating businesses and connecting families across borders. Whether it's facilitating remote working from multiple locations or allowing you to stay in touch with loved ones while they are living or studying elsewhere, it's undeniable that technology helps the world feel a bit more joined up.

Yet expanding to a neighbouring market or further afield brings with it many complexities, such as new regulatory environments, exchange rate considerations and even cultural nuances. Seamlessly navigating all these personal and professional considerations across jurisdictions requires a holistic approach to protect all your most valuable assets, and position you to grab hold of those opportunities when they present themselves.

“The key themes we see centre on global asset allocation both for personal and investment purposes, including financial, fixed and other assets. The international nature of entrepreneurs and their families, whether it be studying, living or working abroad, or relocating for work or family reasons, is a long-term growth trend – as is their expectation and demand for expert partners to help them navigate their personal journeys and achieve their goals.”



Sidney Wang
Head of International Connectivity
HSBC Global Private Banking



Business exit and next steps

Chapter

2



At a glance

Entrepreneurs are thinking about the future of their business – including when, how and why they'll exit

More than a third of entrepreneurs are considering an exit

That's within the next five years and includes 34% of those aged 18 to 35.

The most popular route to exit is to keep the business in the family

52% intend to transfer their business to the next generation or another family member, rising to 58% for those with investable assets of more than \$10m.

Next-generation readiness and finding the right buyer help to enable an exit

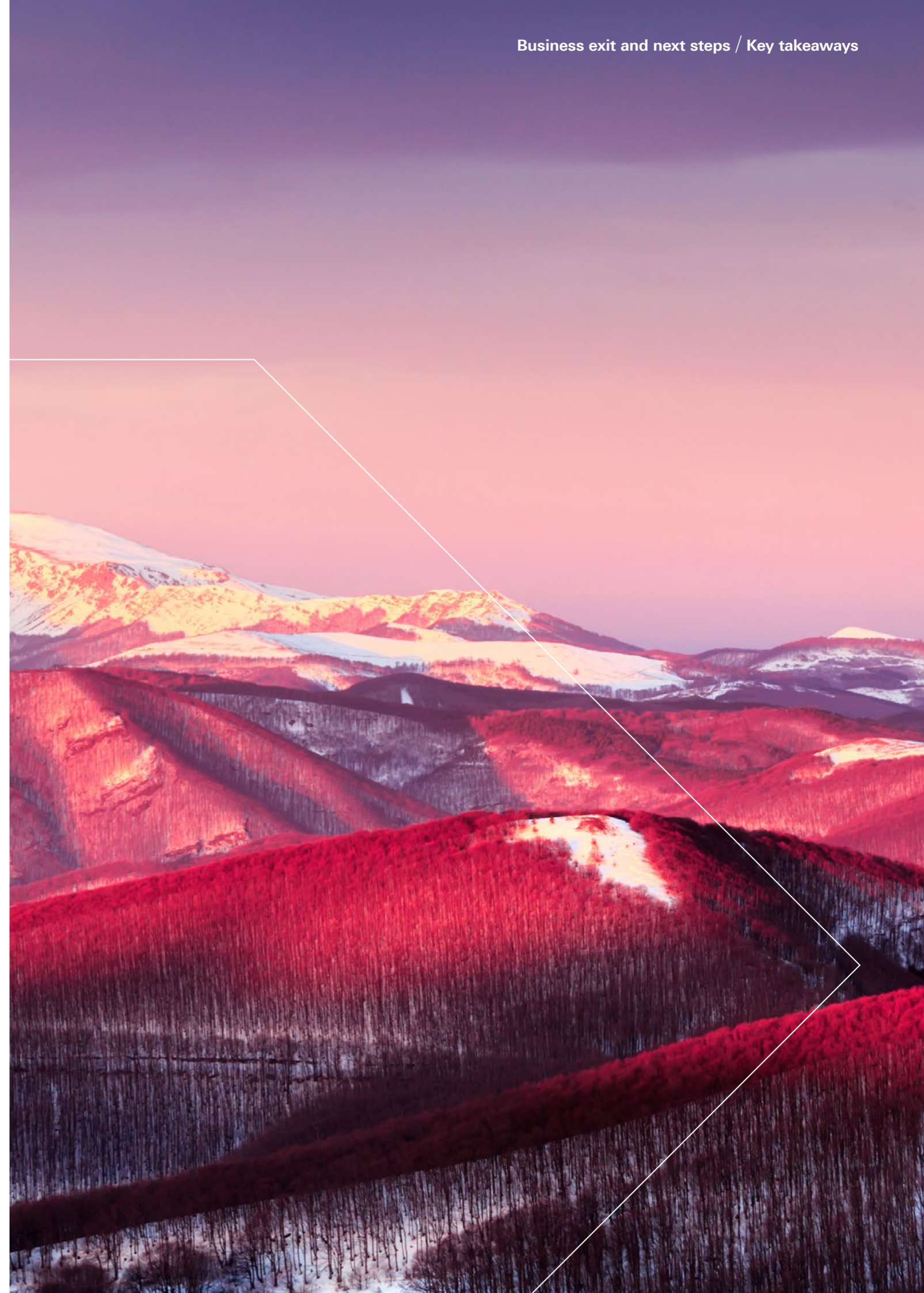
And beyond ensuring their business is prepared for the transition, entrepreneurs are focused on the wellbeing of their family (53%) as well as their own (35%).

Former entrepreneurs offer valuable lessons

Almost half (46%) of those who have already exited would have consulted more with their family pre-transition. They also note the importance of fully understanding the value of the business before sale (50%) and starting preparations as early as possible (42%).

Entrepreneurs plan to continue business-related activities post-exit

Having exited, entrepreneurs may take many different paths, yet just over half (53%) plan to stay active in the business world, investing in or starting another company, or taking on a leadership or mentoring role in another business.



Insight 1

Just over one third of entrepreneurs are planning to exit within five years

This includes a considerable number of younger business owners

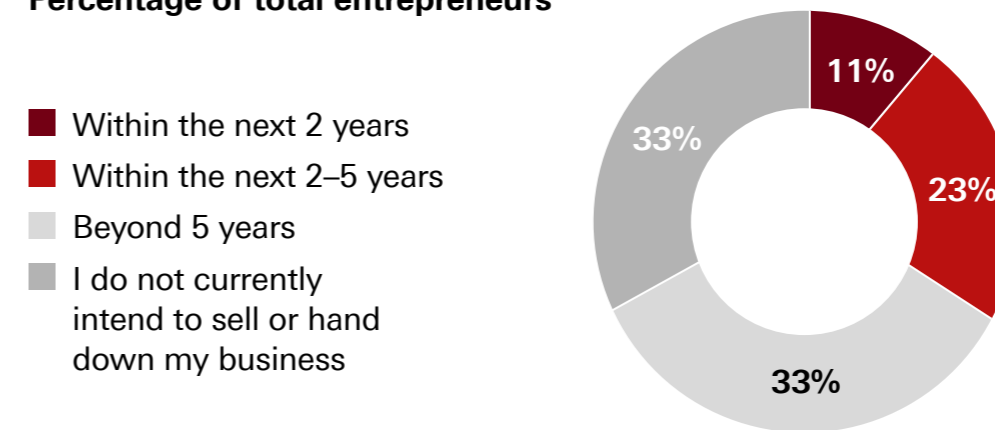


A significant proportion (34%) of entrepreneurs are considering an exit in the next five years. While it's perhaps expected to see a greater proportion of entrepreneurs aged 56 and over (46%) considering an exit within this timeframe, just over a third (34%) of younger ones – aged 18 to 35 – are looking to leave within five years too.

There is also a significant variation across different countries and territories. Entrepreneurs in the UAE have the least interest in exiting their business, with 79% saying they don't currently intend to sell or hand it down. Hong Kong has the highest proportion thinking about exiting in the next five years (45%), while India has the highest proportion considering an exit in the next two years (23%).

As a current business owner, how soon are you thinking of exiting your business?

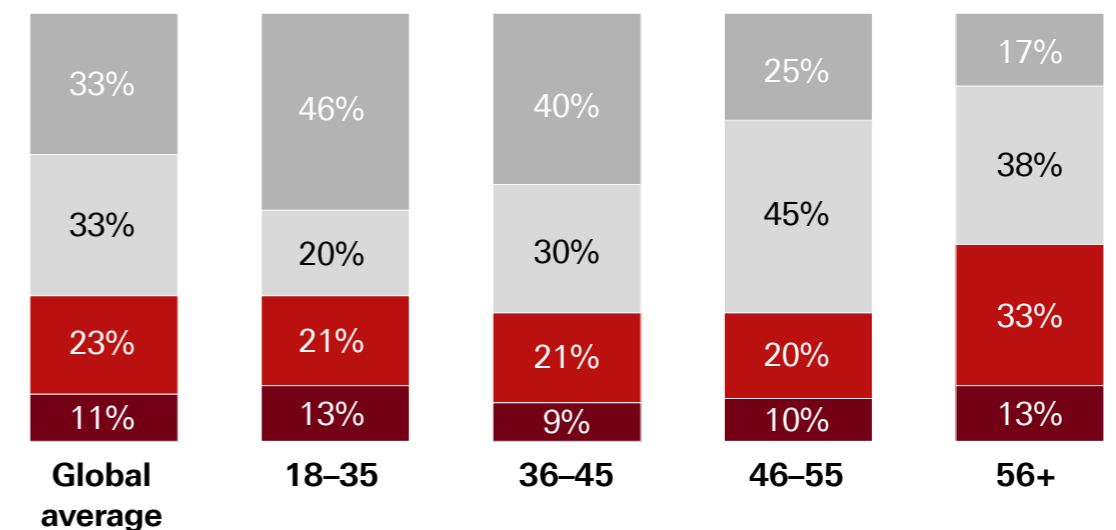
Percentage of total entrepreneurs



Percentage of total entrepreneurs by market

	France	Hong Kong	India	Mainland China	Singapore	Switzerland	UAE	UK	US
Within the next 2 years	13%	6%	23%	6%	14%	13%	6%	11%	11%
Within the next 2–5 years	9%	39%	21%	26%	22%	15%	15%	24%	20%
Beyond 5 years	46%	40%	21%	46%	36%	40%	0%	30%	31%
I do not currently intend to sell or hand down my business	33%	15%	36%	23%	28%	32%	79%	35%	38%

Percentage of total entrepreneurs by age



Note: Due to rounding, some totals may not correspond with the sum of the separate figures

Insight 2

The most popular route to exit is through keeping the business in the family

Likelihood of transferring to family increases with levels of wealth

The two most common routes to a business exit are selling to a third party or transferring the business over to a family member – usually the next generation.

There is a strong focus, where possible, on keeping things in the family, particularly among wealthier entrepreneurs. Our research shows that 52% overall intend to transfer their business to the next generation

or another family member, but this rises to 58% for those with wealth of more than \$10m.

Regional variations also come into play here. For example, 61% of entrepreneurs in mainland China want to transfer their business to the next generation of their immediate family or to another family member; in France, the figure is much lower at just 36%.

58%

of those with wealth of more than \$10m intend to transfer their business to the next generation or another family member

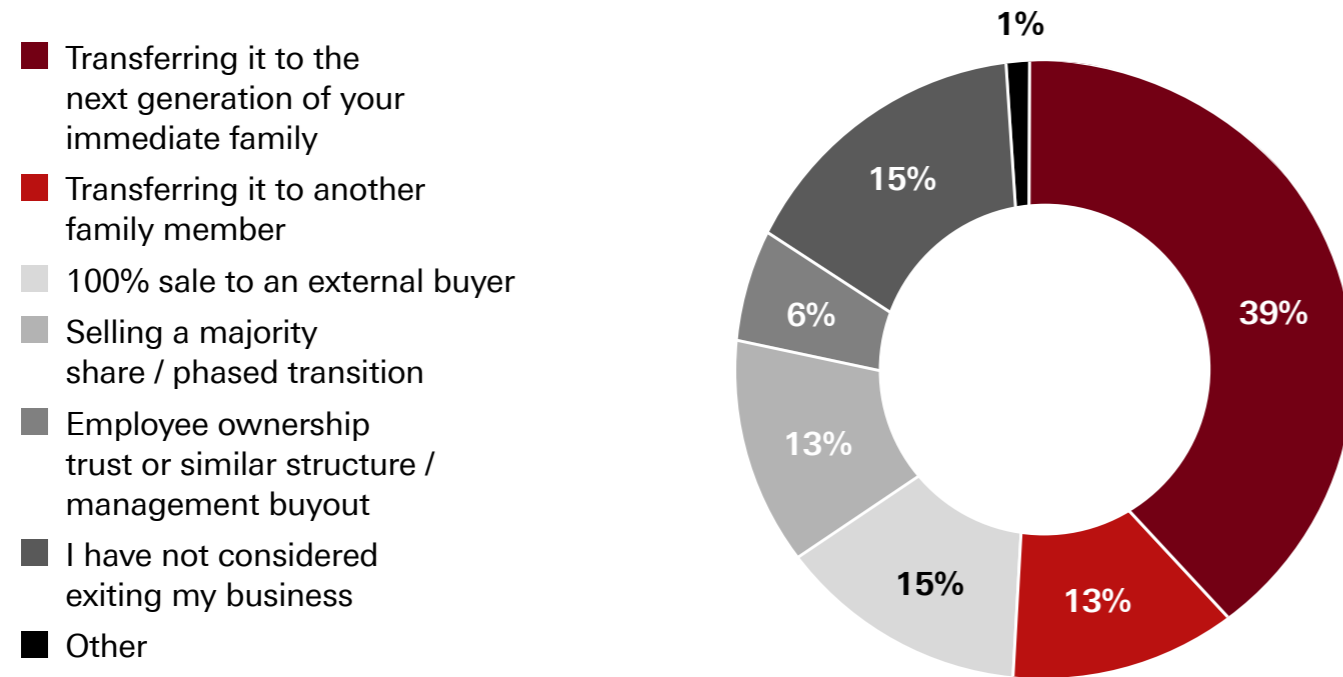


“Our clients want to continue their wealth journey with their families, and that means educating their children to take on their family businesses and develop them to be ready for the next stage. With technological advances, globalisation and sustainability all playing a part in this development, businesses need to be able to adapt and transition. The next generation’s knowledge, interest, ability and willingness to support their families is key.”

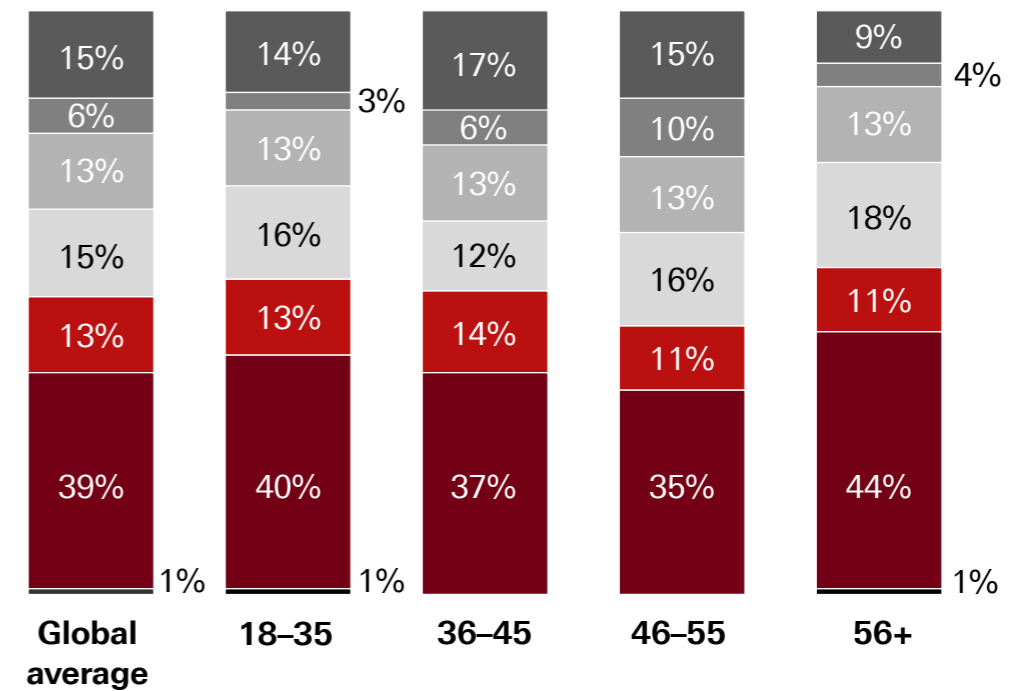
Caroline Kitidis
Global Head of UHNW
HSBC Global Private Banking

As a current business owner, how do you eventually intend to exit, leave or hand down your business?

Percentage of total entrepreneurs



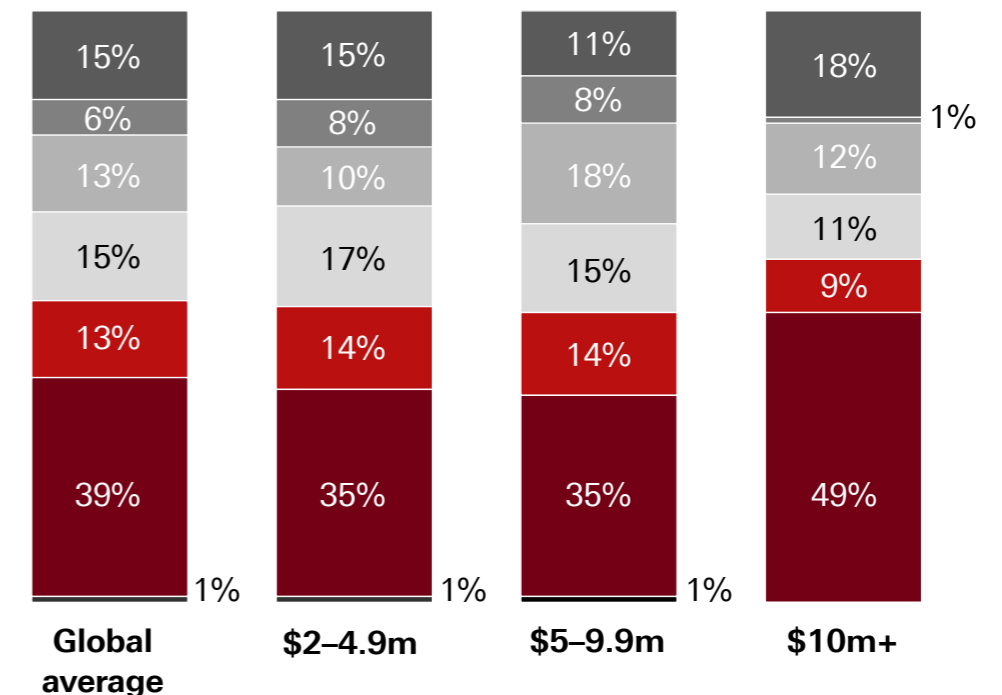
Percentage of total entrepreneurs by age



Percentage of total entrepreneurs by market

	France	Hong Kong	India	Mainland China	Singapore	Switzerland	UAE	UK	US
Transferring it to the next generation of your immediate family	23%	40%	42%	49%	38%	34%	42%	36%	39%
Transferring it to another family member	13%	13%	14%	12%	19%	21%	23%	7%	3%
100% sale to an external buyer	33%	8%	17%	8%	8%	13%	8%	22%	17%
Selling a majority share / phased transition	14%	23%	10%	14%	17%	11%	12%	10%	5%
Employee ownership trust or similar structure / management buyout	1%	11%	8%	11%	8%	2%	0%	1%	5%
I have not considered exiting my business	16%	5%	9%	6%	10%	19%	15%	21%	29%
Other	0%	0%	0%	0%	0%	0%	0%	2%	2%

Percentage of total entrepreneurs by wealth



Note: Due to rounding, some totals may not correspond with the sum of the separate figures

Note: Due to rounding, some totals may not correspond with the sum of the separate figures

“The sale of a business is a significant decision. It’s not merely about extracting liquidity; it’s about finding a strategic buyer who can nurture and expand the business and help you leave behind a lasting legacy. For those transferring to the next generation, consider if it’s the right fit for your children, assessing their readiness to carry the baton, and stamina to continue the marathon.”



Liz Lee
Head of Collaboration, Singapore and Southeast Asia
HSBC Global Private Banking



Insight 3

Finding the right buyer and readiness of the next generation are key to exit planning

But ensuring individual and family wellbeing are also top priorities

The personal and business preparation required for a business exit is extensive, often overlaid with strong emotions as entrepreneurs look to the next chapter of their lives.

When asked what would prompt them to exit their business, entrepreneurs offer a variety of reasons. The key enabler for entrepreneurs planning to pass on their business is when the next generation is ready to take over (70%). 44% already have an age in mind for their exit, while 38% say the deciding factor would be when they no longer enjoyed their role. Of those planning to exit through sale, 59% are focused on finding a suitable buyer.

70%
of entrepreneurs planning to hand down their business believe next-generation readiness is the top factor in deciding when to leave



“Identifying a suitable buyer involves first determining what that means for you and your family. Over and above just a discussion on the right price, the family should have an honest dialogue on how this sale will impact other stakeholders – clients, suppliers, employees and other minority shareholders, for example. For the family, managing the liquidity event effectively through proper wealth and transition planning is paramount. Setting up a family office could create a second engine of wealth creation that the family needs.”

Aik-Ping Ng

Head of Family Office Advisory, Asia Pacific
HSBC Global Private Banking



Beyond preparing their business for an exit, entrepreneurs place a high importance on personal readiness. Those who are looking to exit in the next five years are taking action ahead of the transition, including shoring up their family's wellbeing (53%), taking legal advice (41%) and ensuring their own wellbeing (35%).

They also have an eye on the future, with a third (33%) looking to start a relationship with a private bank or wealth manager, 30% planning how to invest in financial markets, and 22% planning

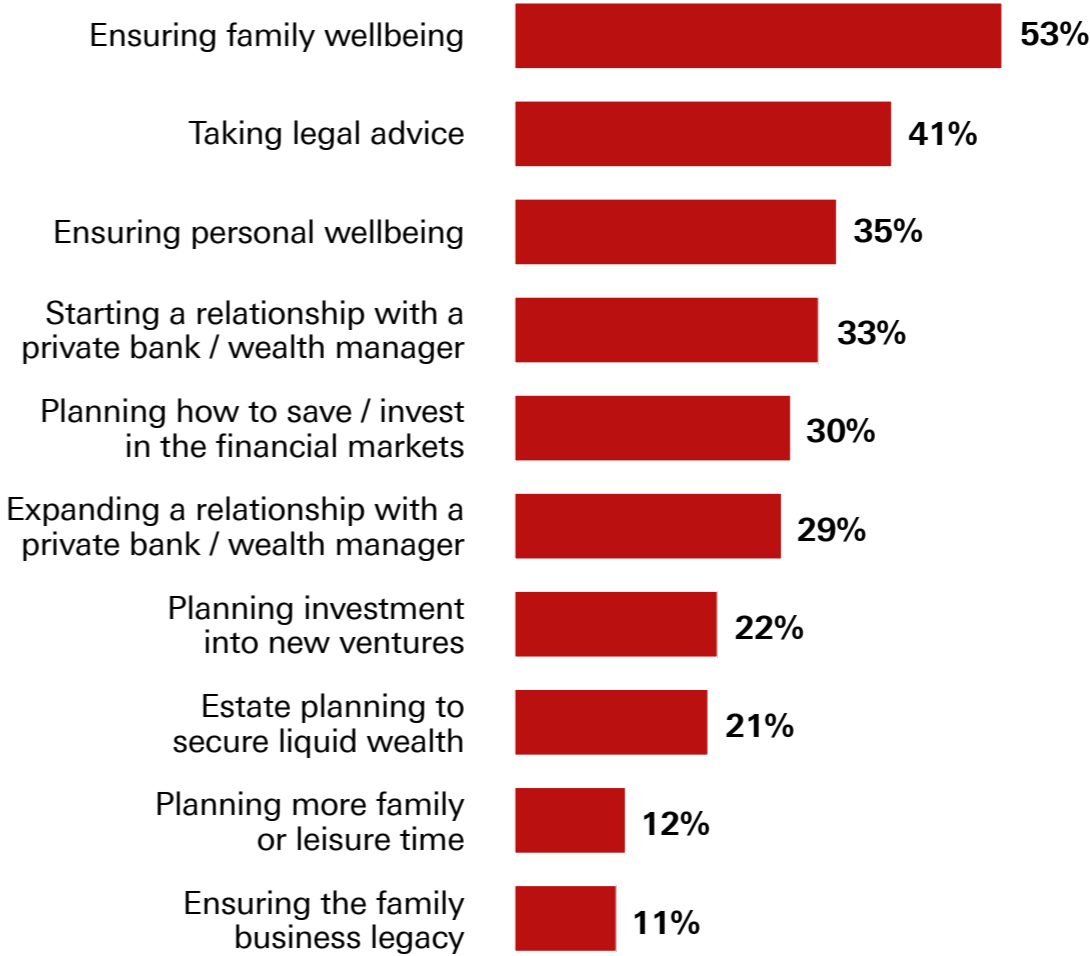
investments into new ventures.

For wealthier entrepreneurs, expanding their relationship with a private bank is a higher priority than for those with investable assets of less than \$10m, as is securing the legacy of their family business.

Ensuring personal and family wellbeing are the top priorities for entrepreneurs across most markets. However, in Hong Kong, there is a strong business focus, with planning investment into new ventures a particularly high priority (43%) – on par with ensuring family wellbeing.

Regarding a potential exit, what action are you taking to prepare personally for this?

Percentage of entrepreneurs planning to exit within five years (respondents asked to choose top three)



59%

of entrepreneurs planning to sell their business say they'll do so when they find a suitable buyer





Insight 4

Former entrepreneurs wish they had consulted more with family pre-exit

They also recommend having a full understanding of a company's value

There are learnings to take from former entrepreneurs who have already exited their businesses. Reflecting on their personal experience, almost half (46%) would have consulted more with their family if given the chance to do things differently – demonstrating the importance of early and open communication around major transitions.

They also have some advice for their fellow entrepreneurs: ahead of an exit, fully understand the value of your business (50%), ensure you fully understand the process (47%) and start preparations as early as possible (42%).

When asking former entrepreneurs about their reasons for exiting, there

is a notable contrast to how current owners respond. Lack of enjoyment in their current role was the least common reason for exit at only 3% – a significant contradiction from what current entrepreneurs tell us (44% for those intending to sell, and 38% for those planning to pass down their business).

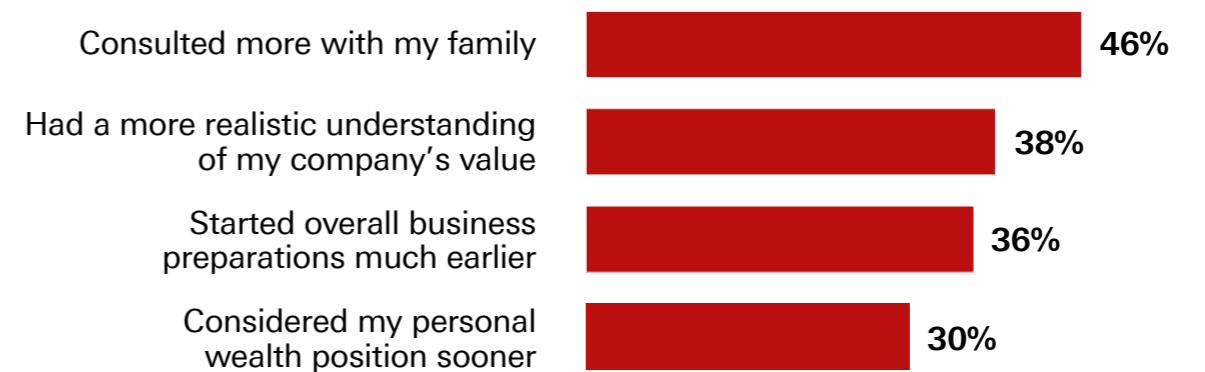
46%

of former entrepreneurs would have consulted more with their family if given the chance to exit differently

Based on your business exit experience, what could you have done differently or better?

Percentage of former entrepreneurs

(125 total respondents; respondents could choose multiple options)



What would you recommend is most important to those who are preparing to transfer their business?

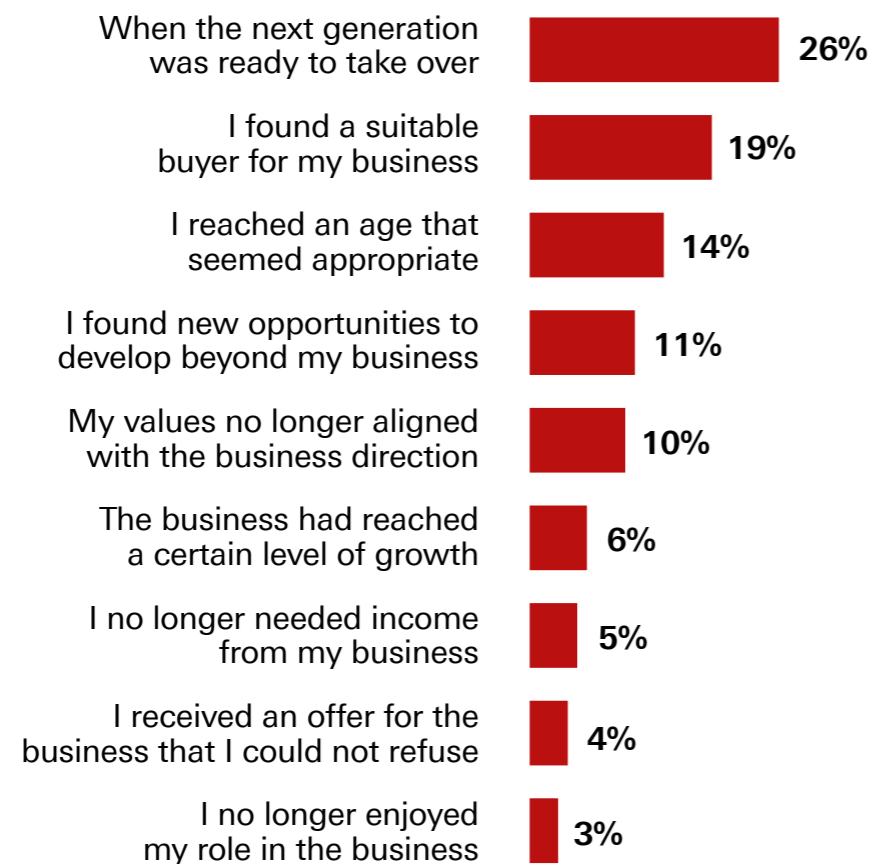
Percentage of former entrepreneurs

(125 total respondents; respondents could choose multiple options)



As a former business owner, which of the following prompted you to exit your business?

Percentage of former entrepreneurs (125 total respondents)



Note: Due to rounding, some totals may not correspond with the sum of the separate figures



“The value of a business is impacted by many factors, and it almost always comes as a surprise to the founder as they reach the point of sale –

sometimes positively, sometimes negatively. By starting the preparation several years ahead of exit, entrepreneurs can make better-informed decisions and ensure a positive outcome with what is often their most valuable asset.”

Dan Peters

Head of Proposition Development
HSBC Commercial Banking



Insight 5

Post-exit, many plan to continue business-related activities

The majority of entrepreneurs would like to invest in or start another business, or take a leadership role

Having exited their business, entrepreneurs may have the option to take many different paths – from retiring to enjoy new hobbies or time with family and friends to focusing on charitable activities. In reality, just over half (53%) plan to stay within the business world in one way or another.

When asked about what ambitions or goals they have in mind for their post-exit future, 29% say they would like to invest in or start another business, while 24% could see themselves helping another business, through mentorship or by taking on a CEO or non-executive director role, for example. Just over a quarter (27%) of current entrepreneurs say they would like to retire to pursue personal

interests, while only 12% have not considered what they'll do next.

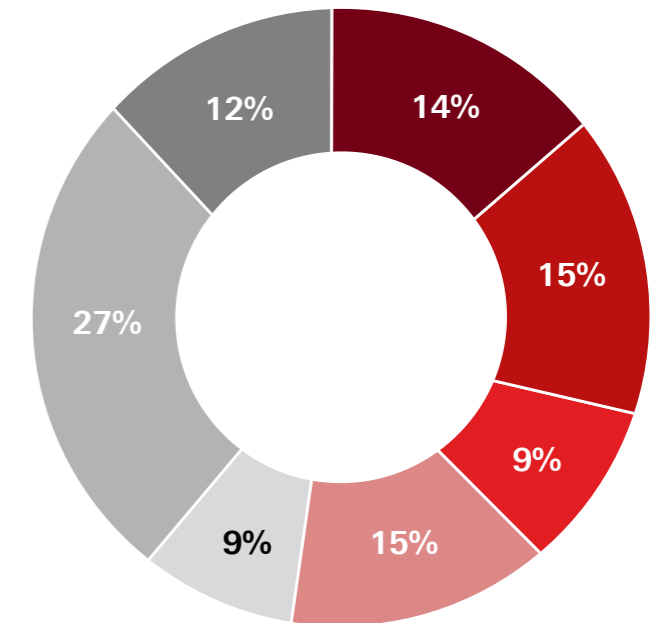
The desire to enjoy personal interests is most prevalent in the US (41%). For entrepreneurs in mainland China, mentoring another business is a higher priority (27%), while entrepreneurs in India (22%) and France (20%) intend to start another business.

Unsurprisingly, older entrepreneurs are keen to step away from their business activities (47%) to pursue personal interests. 64% of the 18-35 age group intend to stay in business after exit, including 20% who intend to invest in another company and 17% who intend to explore a new business idea.

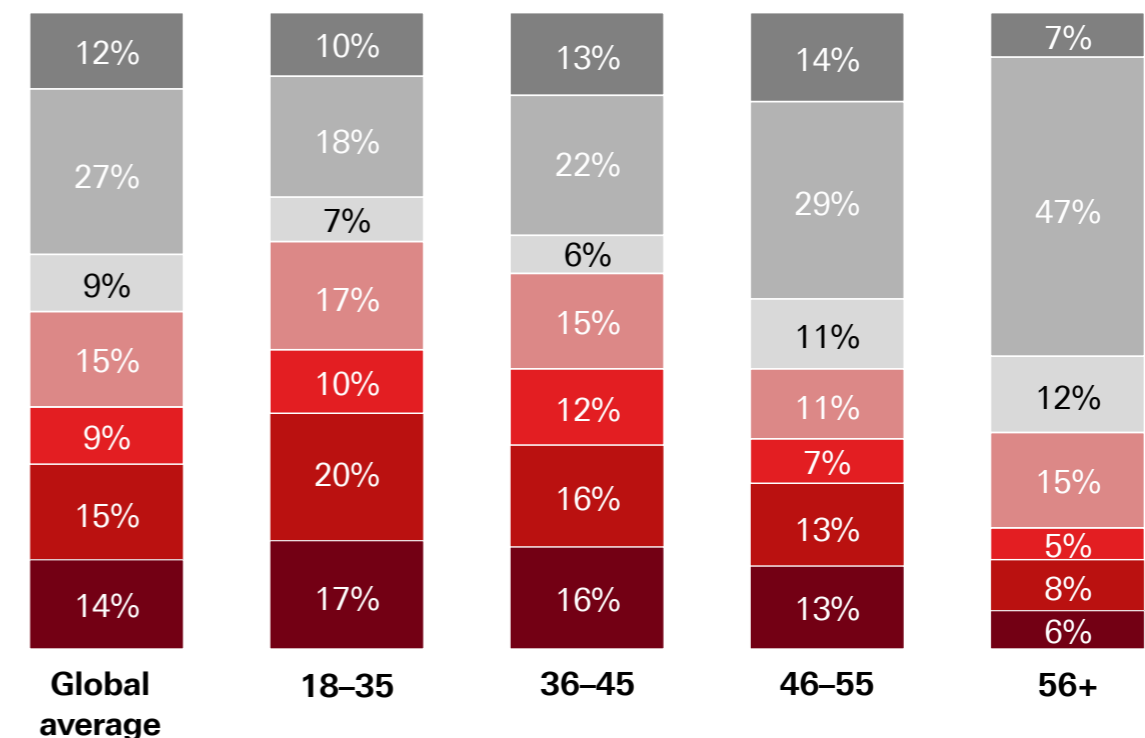
Do you currently have any ambitions or goals in mind once you have exited your business?

Percentage of total entrepreneurs

- I have identified another business idea that I would like to start
- I would like to invest in another business eg angel investing, venture capital
- I would like to take a leading role eg CEO of another business
- I would like to act as a mentor / independent director of businesses
- I would like to focus on philanthropic / charitable activities
- I would like to retire to pursue personal interests
- I have not thought about this



Percentage of total entrepreneurs by age



Note: Due to rounding, some totals may not correspond with the sum of the separate figures

The HSBC view

Planning your exit – and your next chapter – is critical

Years of dedication and commitment to build a successful company underpin an entrepreneur's character. However, since over half of those in our research are first-generation entrepreneurs and creators of wealth, many are unlikely to have any previous experience of inheriting, selling or handing down a business.

For entrepreneurs looking to sell, it's important to do your research and understand the factors that will affect an exit – such as business valuation and the competitive environment. Waiting for a higher valuation that may never come, and missing out on the opportunity that's currently in front of you, may be a worse outcome than exiting now. Business exit is a case of 'when' rather than 'if', but it is not a simple equation, which is where preparation is crucial.

Understanding the value of your company is equally important if you're planning to transfer rather than sell, as there are implications – such as tax impacts of transferring shares – that

come as part of any liquidity event. When passing on your business to family members, clarity of purpose, how to hand over control most effectively and how to manage the transition to the next generation are all important considerations.

And while entrepreneurs may be focused on the exit of their business, often they have spent less time thinking about how they plan to manage, invest or even distribute the proceeds of the sale until after the event. In the case of business succession, you'll also need to think about your options for maintaining wealth post-exit.

A high proportion of entrepreneurs still want to be actively involved in other businesses or even start a new company, while some will want to pursue personal interests. Understanding what you want to do upon leaving your business is as important as the exit itself, to ensure you have the right measures in place to fully enjoy the next chapter.

“Your business exit doesn’t have to be the end of the story; it’s the beginning of the next chapter in your entrepreneurial journey. After years, or often decades, of hard work, it’s a chance to enjoy the fruits of your labour. You may want to stay in a similar field, venture into other industries or roles, or simply enjoy retirement. Whatever you decide, put a plan in place, so you can avoid unwanted complications and exit smoothly.”



Gemma Wild

Head of Collaboration, Middle East and North Africa
HSBC Global Private Banking



Multi- generational wealth transfer

3

Chapter



At a glance

Preservation of wealth is a priority for entrepreneurs – but discussing succession planning often isn't

38% of business owners have already started transferring wealth to the next generation

The great wealth transfer is now in progress, though 40% of entrepreneurs are waiting to begin passing on their wealth and another 11% haven't yet made any plans.

Nearly two thirds have not started talking about their succession plans

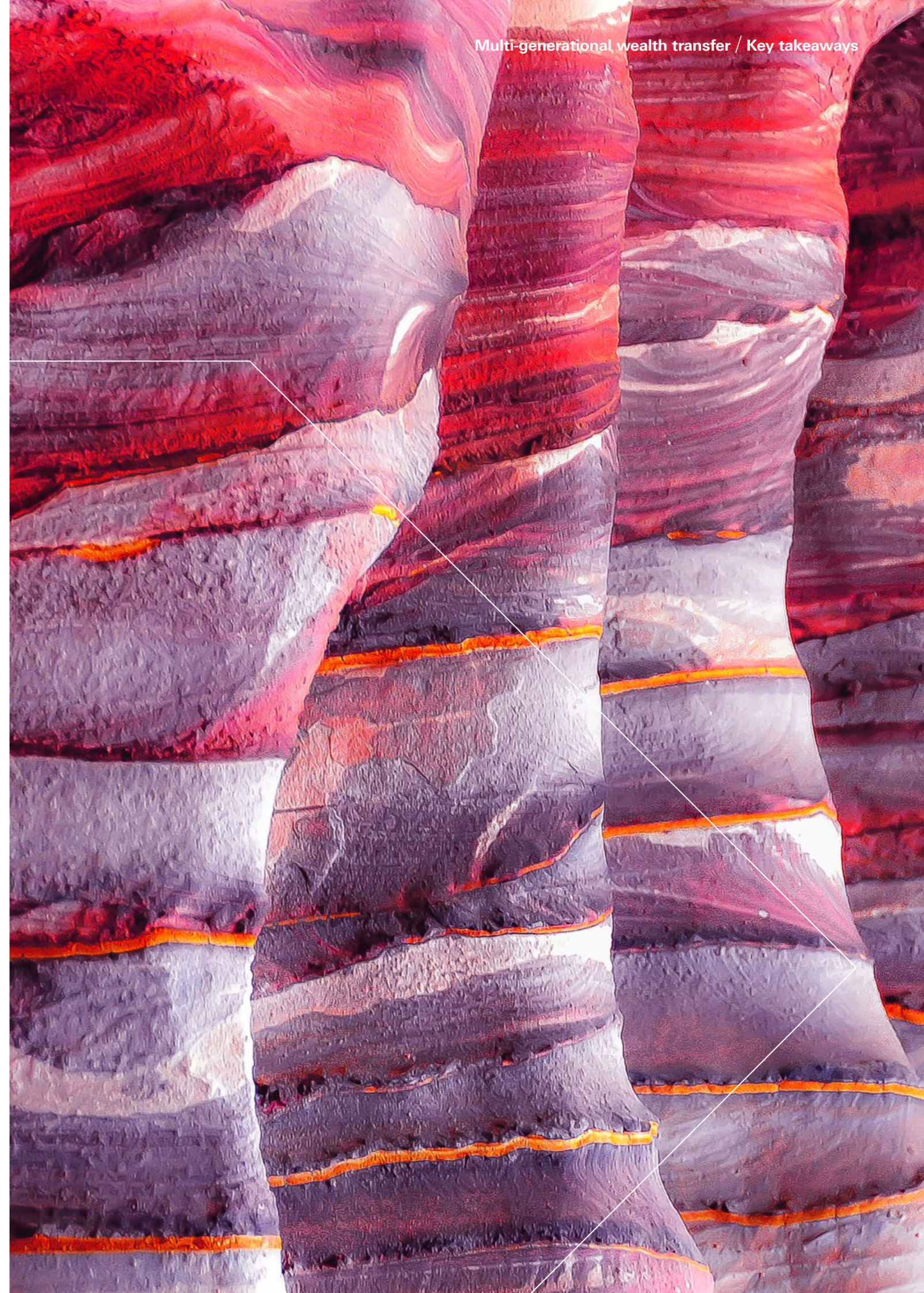
While 36% discuss their succession plans with their family, this leaves almost two thirds (64%) who have not begun talking about it, including a surprising 8% who say they never intend to.

73% of entrepreneurs want to maintain their wealth for the next generation

And investing in future businesses is the next most popular purpose for using their wealth (30%).

More than one third of next-generation entrepreneurs would have liked more support

35% feel they could have done with more preparation or training as they entered the family business, or thought the transition was difficult.



Insight 1

Nearly four in 10 entrepreneurs have started transferring their wealth

The wealthiest are least likely to have done so – and less likely to have a wealth transfer plan

Both current and former entrepreneurs have started sharing their wealth with their families: 38% of entrepreneurs have already begun to transfer wealth to the next generation, either formally (via a wealth succession plan or trust, for example) or informally (such as ad hoc gifting).

That leaves 40% who intend to wait until their later years, 10% who say wealth will only transfer upon their death and 11% who haven't yet made any plans.

Entrepreneurs who have already exited their business are more likely

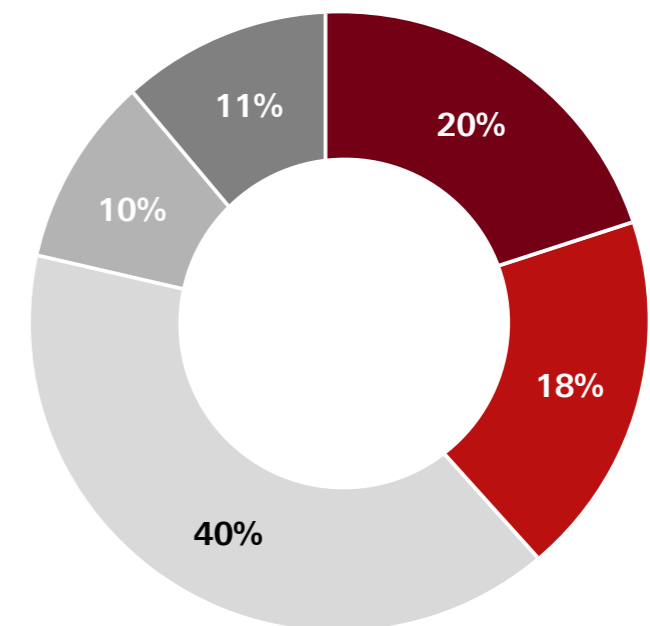
to have already transferred wealth (50%). From a geographical perspective, those in mainland China (51%) and Hong Kong (50%) are most likely to have already made wealth transfers compared with other markets. In the US, 24% of entrepreneurs say wealth will only transfer upon their death, which is well above the global average.

Somewhat surprisingly, 22% of those with investable assets worth \$10m or more have not made any plans about how they'll pass on their wealth, and only 7% have made formal transfers.

At which point do you intend to pass on your wealth?

Percentage of total entrepreneurs

- I have already made formal wealth transfers
- I have already started informally helping my children and grandchildren
- I intend to start in later years
- Wealth will only transfer on my passing
- I haven't yet made any plans for passing on my wealth



Note: Due to rounding, some totals may not correspond with the sum of the separate figures



At which point do you intend to pass on your wealth?

Percentage of total entrepreneurs by market

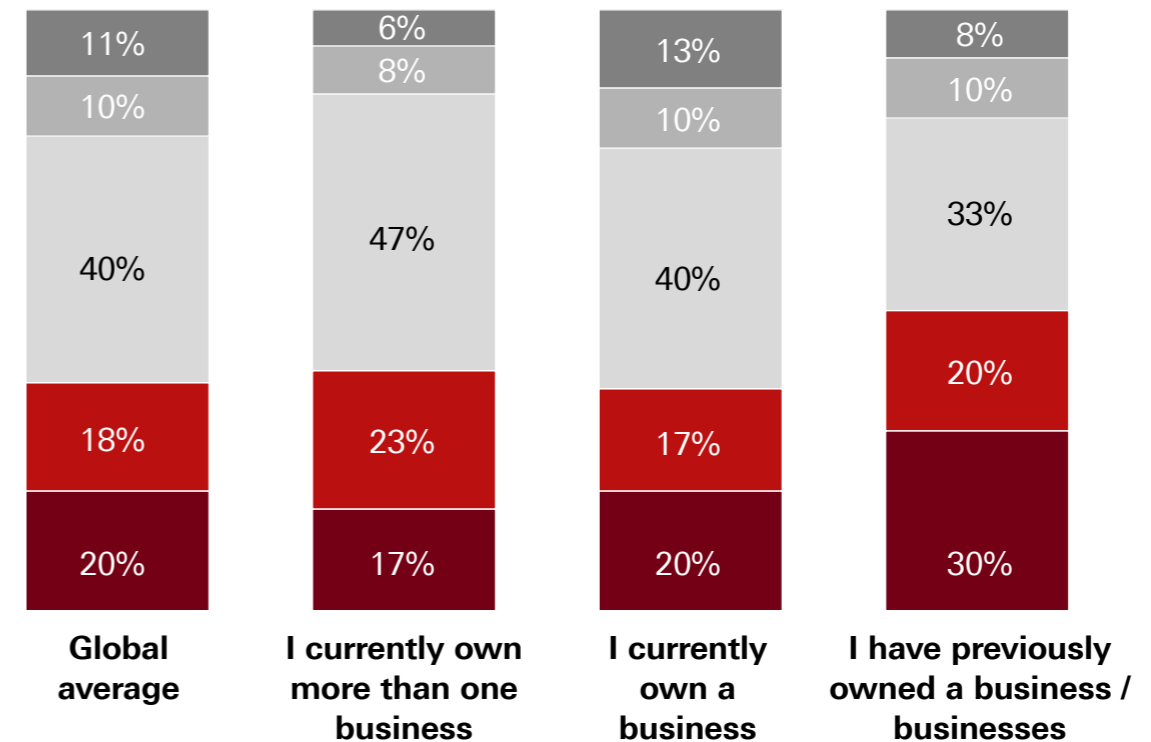
	France	Hong Kong	India	Mainland China	Singapore	Switzerland	UAE	UK	US
I have already made formal wealth transfers	15%	40%	19%	23%	22%	14%	26%	10%	13%
I have already started informally helping my children and grandchildren	23%	10%	22%	28%	22%	23%	20%	13%	14%
I intend to start in later years	36%	38%	48%	41%	42%	32%	32%	51%	33%
Wealth will only transfer on my passing	6%	4%	6%	2%	8%	18%	9%	12%	24%
I haven't yet made any plans for passing on my wealth	20%	7%	5%	6%	5%	14%	13%	14%	17%

Percentage of total entrepreneurs by investable assets

	Global average	\$2-4.9m	\$5-9.9m	\$10m+
I have already made formal wealth transfers	20%	22%	27%	7%
I have already started informally helping my children and grandchildren	18%	17%	21%	18%
I intend to start in later years	40%	41%	38%	42%
Wealth will only transfer on my passing	10%	11%	8%	11%
I haven't yet made any plans for passing on my wealth	11%	9%	7%	22%

Note: Due to rounding, some totals may not correspond with the sum of the separate figures

Percentage of total entrepreneurs by business ownership status



- I have already made formal wealth transfers
- I have already started informally helping my children and grandchildren
- I intend to start in later years
- Wealth will only transfer on my passing
- I haven't yet made any plans for passing on my wealth

38%
of entrepreneurs have begun transferring their wealth to next-generation family members

22%
of entrepreneurs with investable assets of \$10m or more don't have a wealth transfer plan yet

Note: Due to rounding, some totals may not correspond with the sum of the separate figures

Insight 2

Most entrepreneurs haven't started discussions with their families

And some never intend to bring up their wealth transfer plans

We found that only 36% of entrepreneurs are regularly talking about their wealth transfer plans with their family. Entrepreneurs most likely to have these discussions (41%) are the ones who have been through a similar process before – such as those currently active in the family business, or first-generation entrepreneurs who have involved the next generation in their business or wealth plans.

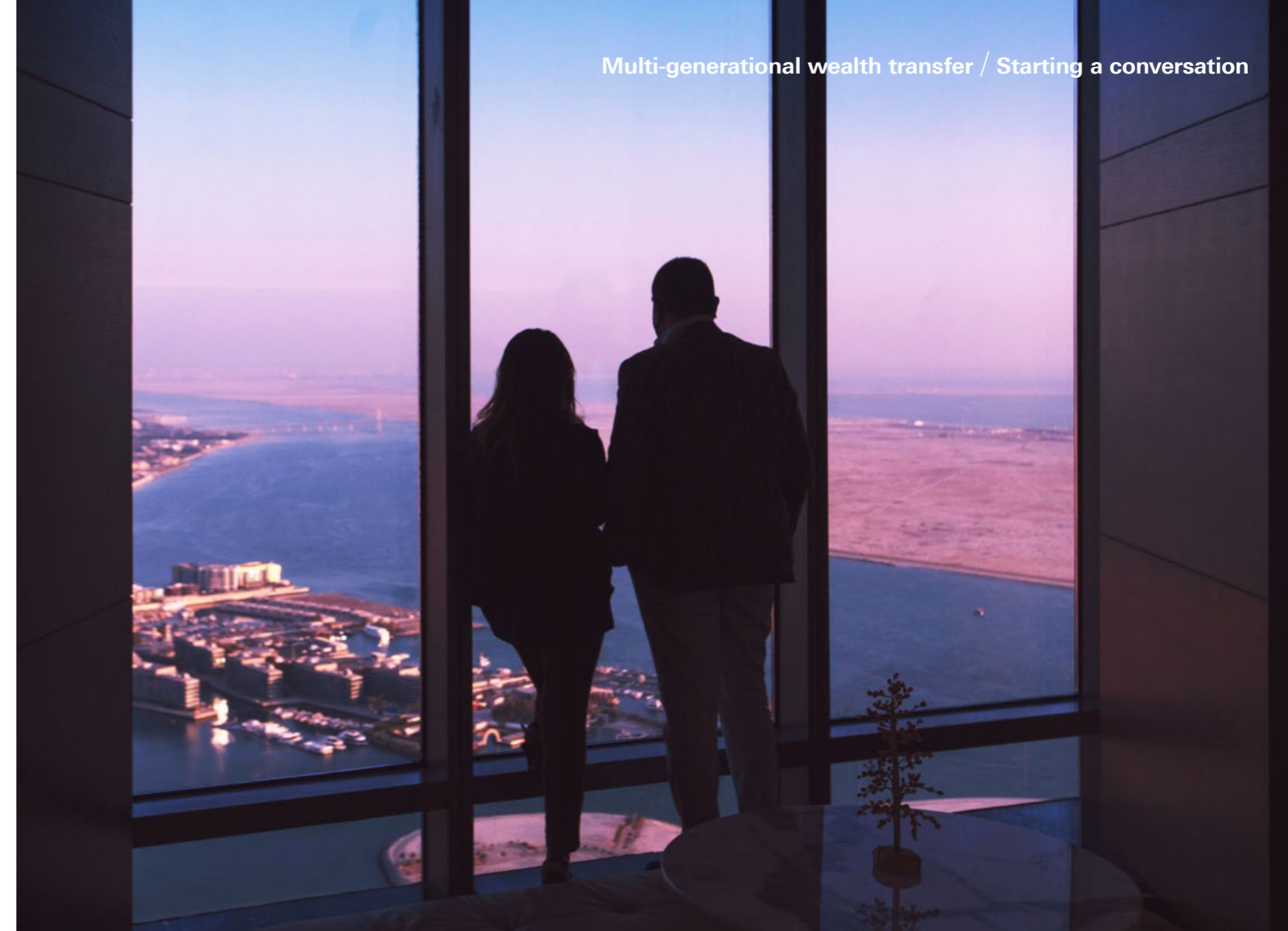
However, almost two thirds (64%) haven't yet spoken to their family about their wealth succession plan. Notably, 8% of them say they never intend to, which rises to 13% for those with investable assets valued at over \$10m.

Entrepreneurs in the US and

Switzerland are most likely to regularly discuss wealth transfer plans, while those in Hong Kong, Singapore and the UAE are least likely despite being more likely to have already started the wealth transfer process.

Male entrepreneurs are slightly more likely to be discussing wealth transfer regularly when compared with their female counterparts: 38% compared with 33% respectively.

We also see, perhaps unsurprisingly, that the proximity to a business exit is driving these discussions, with 58% intending to exit within the next two years discussing wealth transfer regularly. This drops to 26% for those who have no current timeline in mind for their business exit.



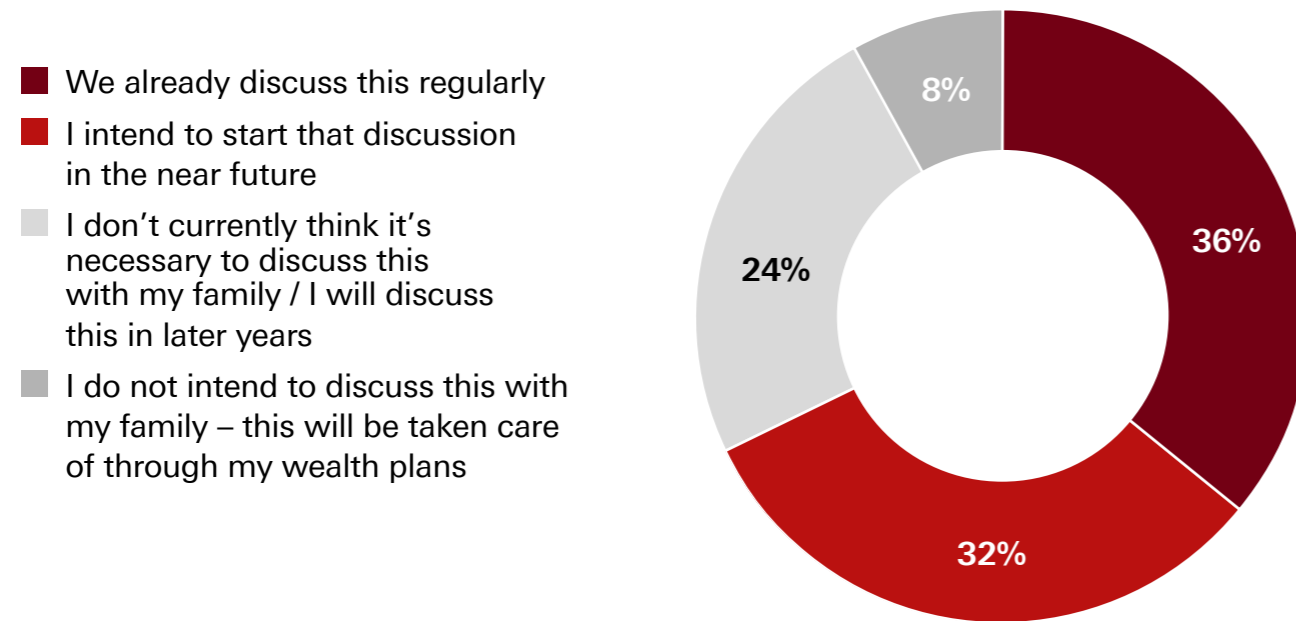
“In our opinion, preparing the next generation for transfer of ownership and control of the family wealth significantly enhances the probability of preserving and augmenting it in the long term. Too often the focus is on preparing the wealth for the children rather than preparing the children for the wealth and the responsibilities that come with significant wealth.”

Jeremy Franks

Head of Wealth Planning and Advisory, UK and EMEA
HSBC Global Private Banking

When do you intend to discuss with your family the wealth transfer process?

Percentage of total entrepreneurs



64%

of entrepreneurs haven't yet spoken to their family about their wealth succession plan

8%

say they never intend to, and this rises to 13% for those with investable assets valued at over \$10m

Percentage of total entrepreneurs by market

	France	Hong Kong	India	Mainland China	Singapore	Switzerland	UAE	UK	US
We already discuss this regularly	39%	29%	36%	33%	27%	44%	28%	37%	49%
I intend to start that discussion in the near future	24%	40%	42%	37%	40%	25%	42%	23%	22%
I don't currently think it's necessary to discuss this with my family / I will discuss this in later years	33%	25%	8%	24%	25%	26%	17%	31%	20%
I do not intend to discuss this with my family – this will be taken care of through my wealth plans	5%	6%	13%	6%	8%	5%	13%	8%	8%
Other	0%	0%	0%	0%	0%	0%	0%	1%	1%

Note: Due to rounding, some totals may not correspond with the sum of the separate figures

Percentage of total entrepreneurs by investable assets

	Global average	\$2–4.9m	\$5–9.9m	\$10m+
We already discuss this regularly	36%	38%	34%	36%
I intend to start that discussion in the near future	32%	32%	41%	20%
I don't currently think it's necessary to discuss this with my family / I will discuss this in later years	24%	23%	21%	30%
I do not intend to discuss this with my family – this will be taken care of through my wealth plans	8%	7%	5%	13%
Other	0%	0%	0%	1%

Note: Due to rounding, some totals may not correspond with the sum of the separate figures

Insight 3

Entrepreneurs do have a purpose for their wealth in mind

73% want to preserve it for the next generation or distribute it to them

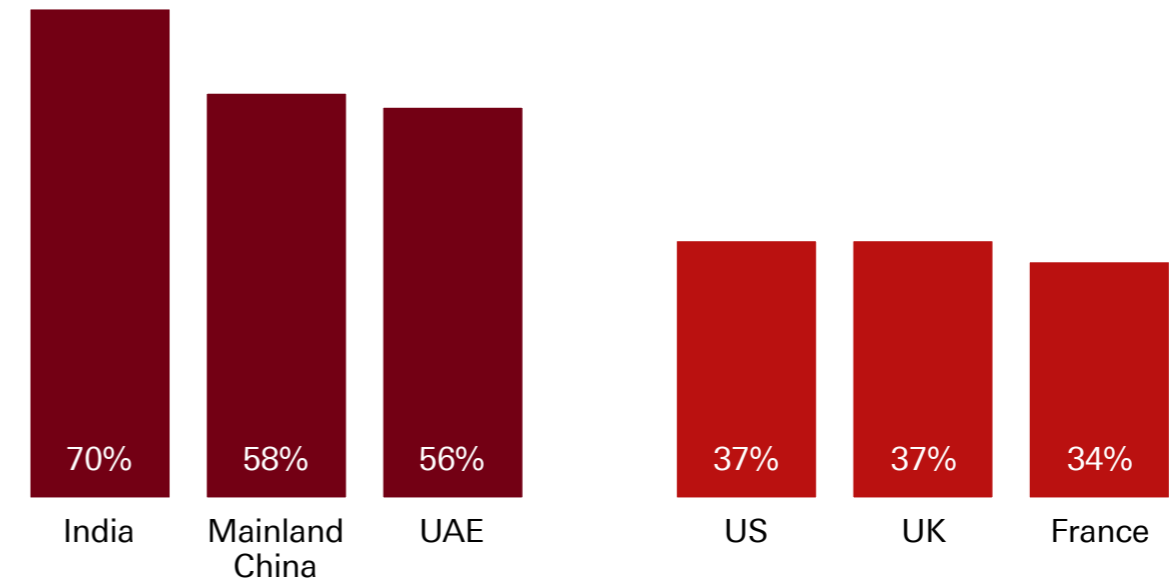
When it comes to knowing how they'd like the wealth they've created used over the long term, entrepreneurs are again focused on keeping things in the family. Asked about the purpose for their wealth, they are by far most concerned with making sure it is maintained for future generations. And it seems that entrepreneurs around the world are equally family-minded, as there is very little

difference in the overall figures from one market to the next. Using wealth for charitable or philanthropic causes, or for sustainable / impact investing, is a popular choice for entrepreneurs in India and mainland China (70% and 58% respectively). At the other end of the scale, those in France are the least likely to do so (34%), closely followed by the UK and US (37% each).



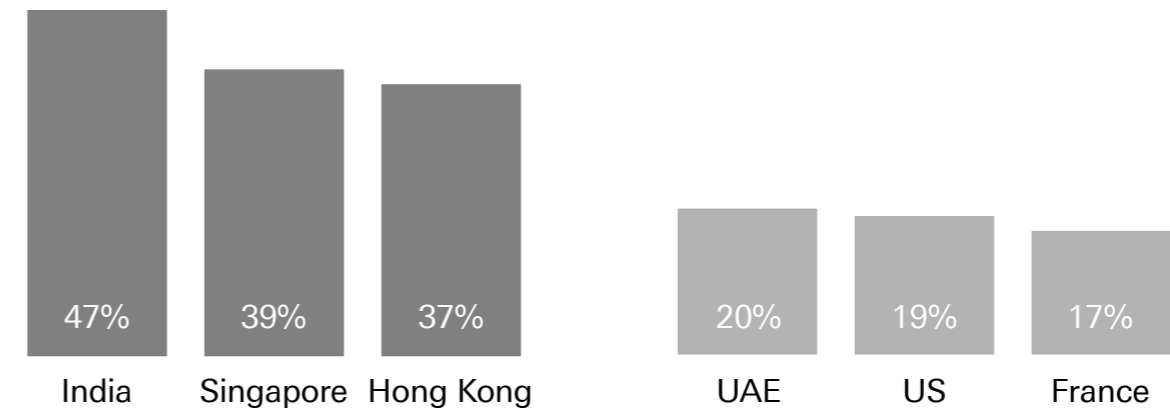
What is the intended purpose of passing on your wealth within your family?

Percentage of total entrepreneurs by market (respondents could choose multiple answers)



Markets most likely to want their wealth used for charitable or philanthropic causes or sustainable / impact investing

Markets least likely to want their wealth used for charitable or philanthropic causes or sustainable / impact investing



Markets most likely to want their wealth used to invest in businesses, either their own or others'

Markets least likely to want their wealth used to invest in businesses, either their own or others'

30%

of entrepreneurs intend for their wealth to be used to invest in businesses – either their own or others’

Entrepreneurs in India, Singapore and Hong Kong are slightly more likely to have a preference for investing in future businesses (47%, 39% and 37%, respectively), echoing our findings that, post-exit, many plan to continue business-related activities.

Those with investable assets above \$10m also are more likely to invest in businesses – either their own or others’ – and pursue

sustainable or impact investing.

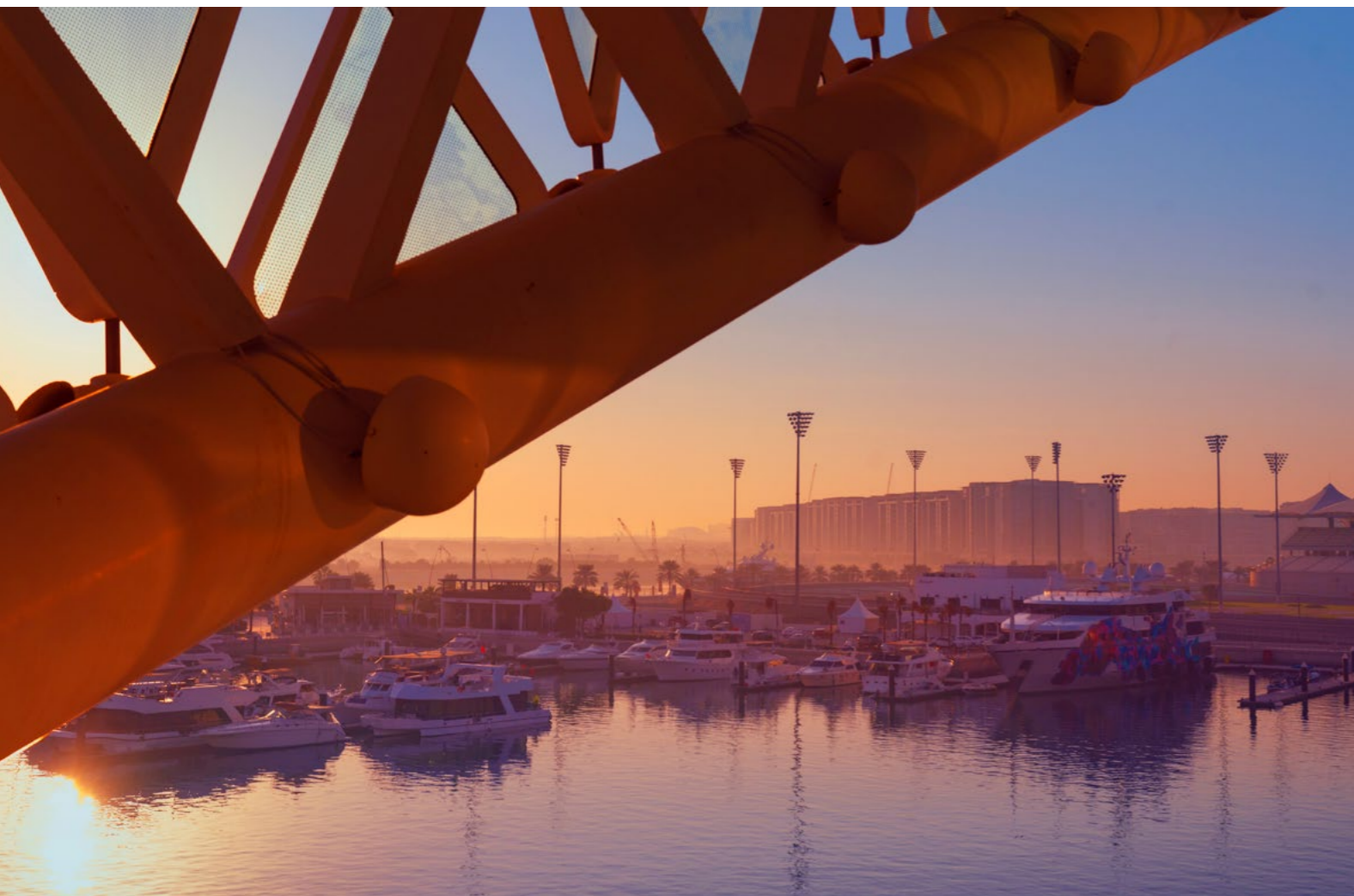
In Switzerland entrepreneurs are least likely to be interested in investing in real assets such as personal property, art or classic cars (14%).

Overall, the majority have put some thought into the long-term purpose of their wealth; only 6% say they have not considered it, with entrepreneurs in France and the UK least likely to have thought about this (13% and 11% respectively).

What is the intended purpose of passing on your wealth within your family?

Percentage of total entrepreneurs by market (respondents could choose multiple answers)

	Global average	France	Hong Kong	India	Mainland China	Singapore	Switzerland	UAE	UK	US
To preserve or distribute wealth to the next generation	73%	67%	74%	94%	76%	66%	77%	58%	67%	81%
To invest in future businesses – either our own or others’	30%	17%	37%	47%	34%	39%	23%	20%	29%	19%
To use wealth for charitable / philanthropic causes	27%	14%	35%	42%	31%	33%	21%	39%	19%	19%
To invest in real assets eg personal property, art, classic cars	26%	24%	30%	32%	29%	35%	14%	22%	25%	21%
To pursue projects of passion, eg art	20%	15%	19%	21%	19%	19%	18%	17%	23%	24%
To pursue sustainable / impact investing	19%	20%	12%	28%	27%	15%	16%	17%	18%	18%
I have not yet considered the long-term plans for my wealth	6%	13%	4%	0%	5%	4%	5%	7%	11%	8%



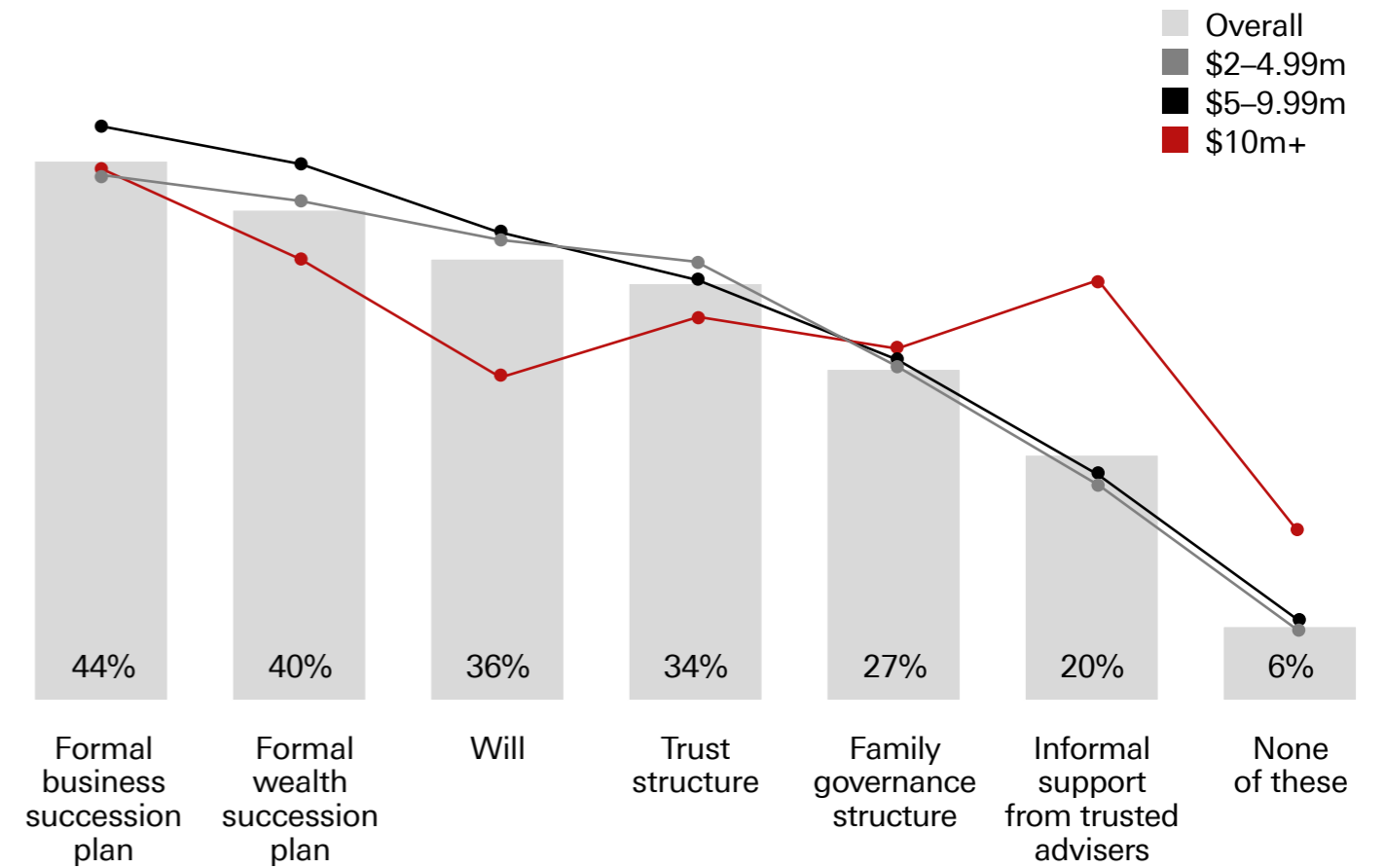


“Philanthropy can be a planning tool for teaching the next generation about wealth and preparing them to be involved with the family business. Charitable planning structures can be seeded and funded, and used to see how successful the next generation manages, invests and distributes the assets. These results can provide insight on how prepared the next generation may be for managing the family’s broader wealth and family business.”

Robert Nemzin
Senior Wealth Planner, Americas
HSBC Global Private Banking

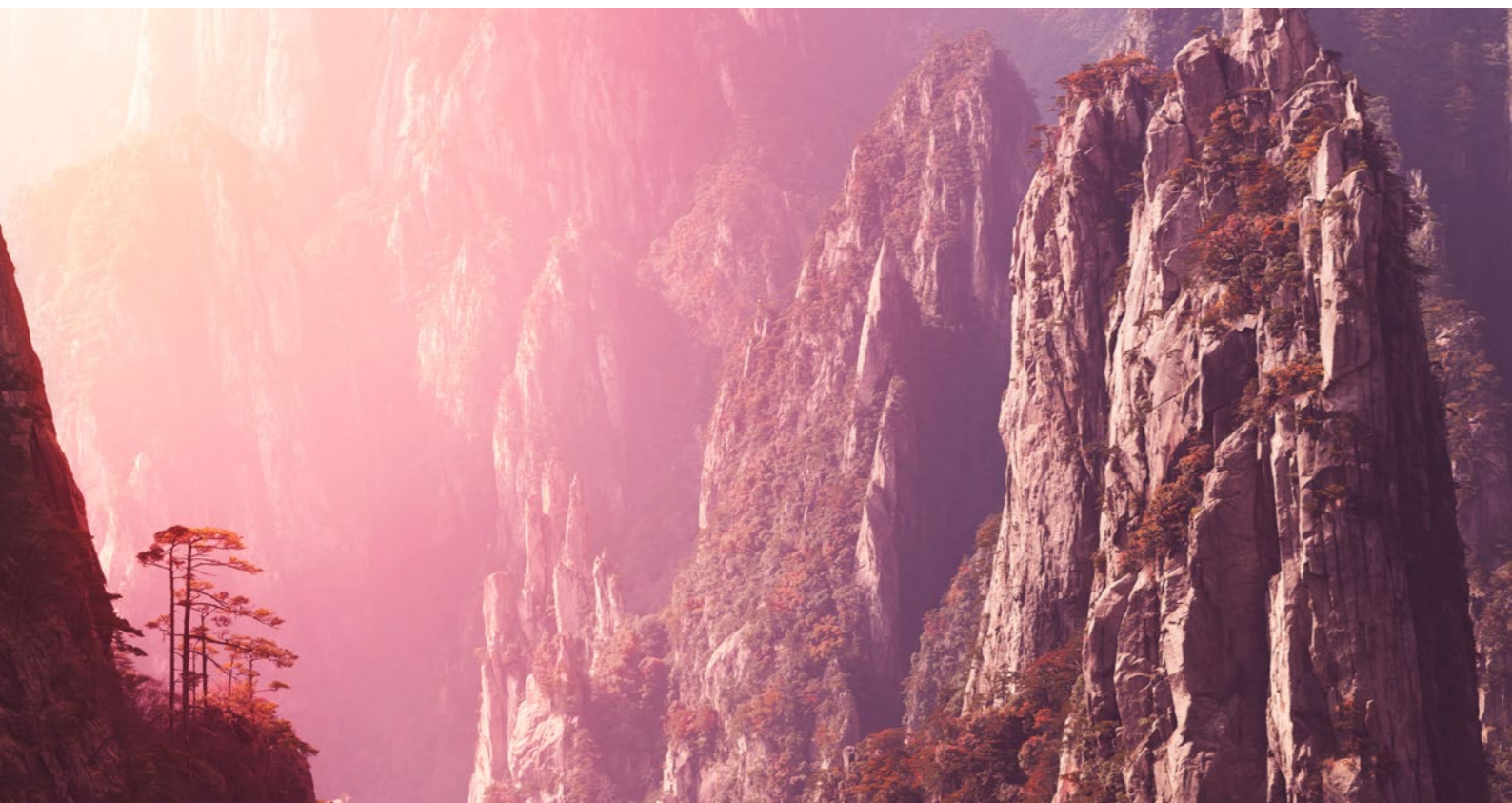
Do you and / or your family currently have any of the following structures in place?

Percentage of total entrepreneurs by investable assets (respondents could choose multiple answers)



94%

of business owners have considered the objectives for their wealth over the long term



Insight 4

Entrepreneurs do have concerns about passing on wealth to the next generation

Work ethic, a limited interest in the family business and a lack of preparedness are top of mind

It's often the case when wealth is being transferred that families will need to navigate varied and complex dynamics between generations. We asked those who are passing on wealth – or plan

to – about any concerns they might have for the next generation.

The work ethic of family members (34%), their desire to pursue personal goals (33%) and a lack of interest in the business (33%) are the major concerns that entrepreneurs have about handing over wealth to the next generation.

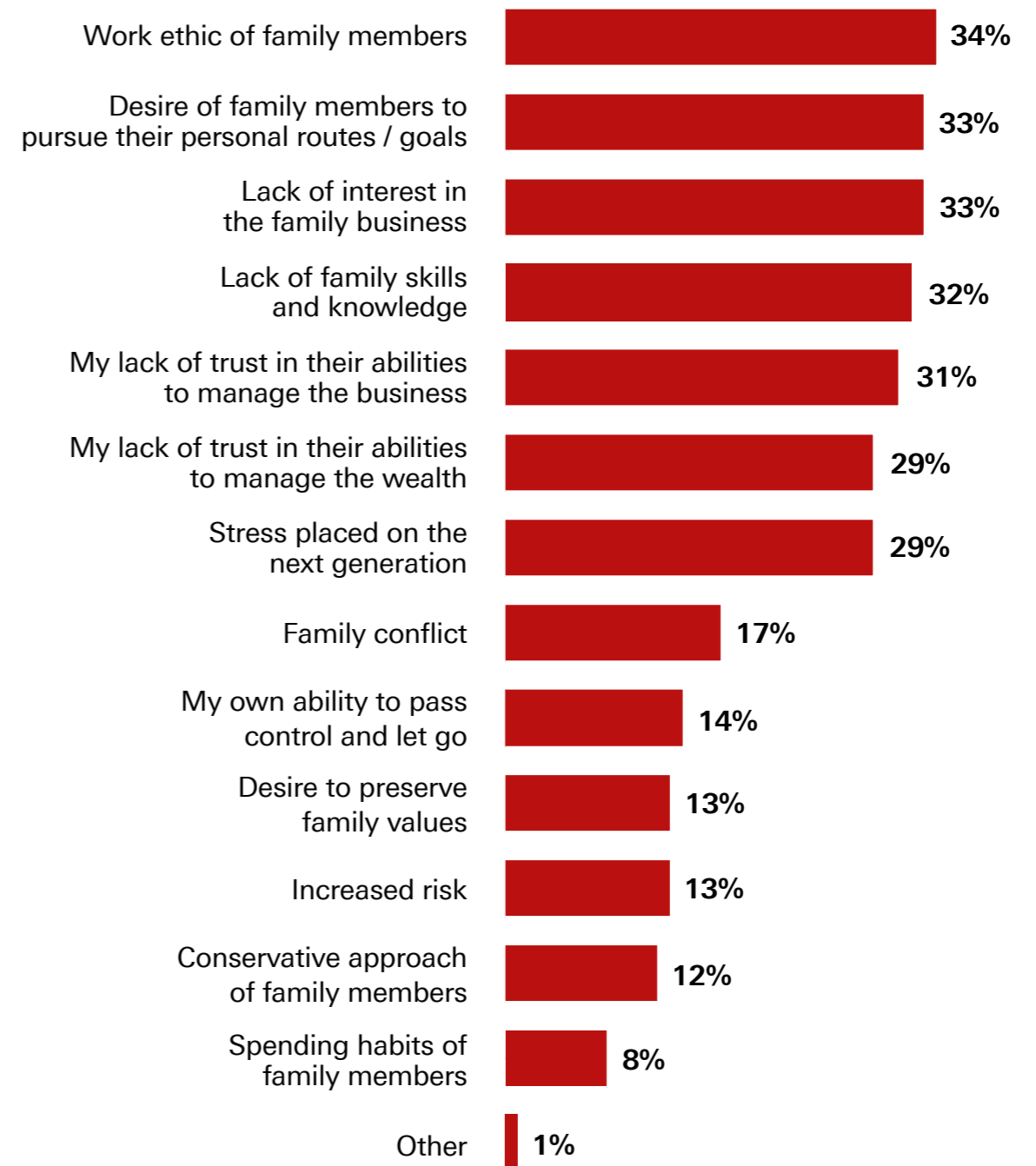
Entrepreneurs also cite a lack of trust in the next generation's ability to manage the family wealth or business. This is largely consistent across markets, with concerns about work ethic higher in India and the UAE, and lack of interest in the business higher in France, the UK and the US.

Interestingly, those with higher levels of wealth (more than \$10m) have more specific concerns, including their own ability to cede control – 29%, above the overall average of 14%.



In passing on your wealth to the next generation, what concerns do you have?

Percentage of total entrepreneurs (respondents asked to choose top three)



34%

of entrepreneurs who plan to pass on wealth to the next generation are concerned about family members' work ethic

Insight 5

Over two thirds of the next generation feel aligned to current family values

But around one third still intend to make certain changes

We also wanted to see how next-generation entrepreneurs working in the family business (25% of respondents) felt about their experience so far. We found that 36% of this next generation feel fully aligned to their current family values, with this rising to 45% for those with investable assets of \$2m to \$4.99m. In contrast, only 30% of those with more than \$10m feel aligned to current family values, and 51% intend to make changes.

65%

of next-generation entrepreneurs feel supported in taking up their role in the family business

Encouragingly, 65% of this group report feeling supported and that they fit in well after taking up their role in the family business. However, those younger than 35 are slightly more likely to feel they could have settled into the family business more smoothly with further preparation (41%).

Based on their experience of coming into the family business – and therefore having some level of transfer of family wealth or responsibility – we also asked them what advice they would provide to help others manage and facilitate the process better. 46% recommend involving all family members in discussions, and the same proportion advise taking more formal or structured advice. More than a third (36%) think it is important for these conversations to happen much sooner than they themselves experienced.



“Deciding how to deploy family wealth or who will drive the family business is a time that can lead to stress, high emotions and a questioning of decisions. If you plan early, with open dialogue and professional support, the journey along the path of wealth transfer can be made much smoother.”

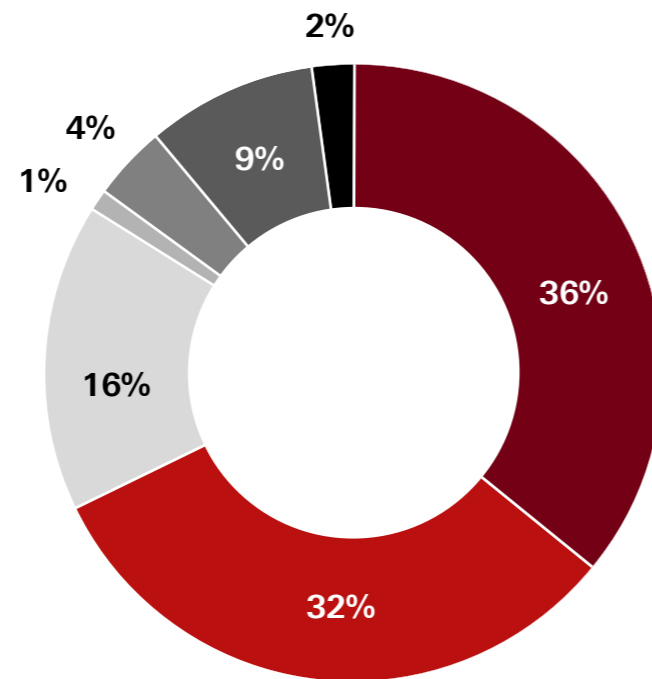
Henry Lam

Regional Head of Wealth Planning and Advisory, Asia Pacific
HSBC Global Private Banking

As the next generation coming into the family business, how far do your values align to those of your family business?

Percentage of total next-generation entrepreneurs – 25% of all respondents

- I am fully aligned to my existing family values
- I am largely aligned but intend to make certain changes
- I am neutral
- I do not know what my family values are in running the business
- I would like to redirect the business / start my own business in a different direction
- There are definitely a number of changes I would like to make
- Not applicable

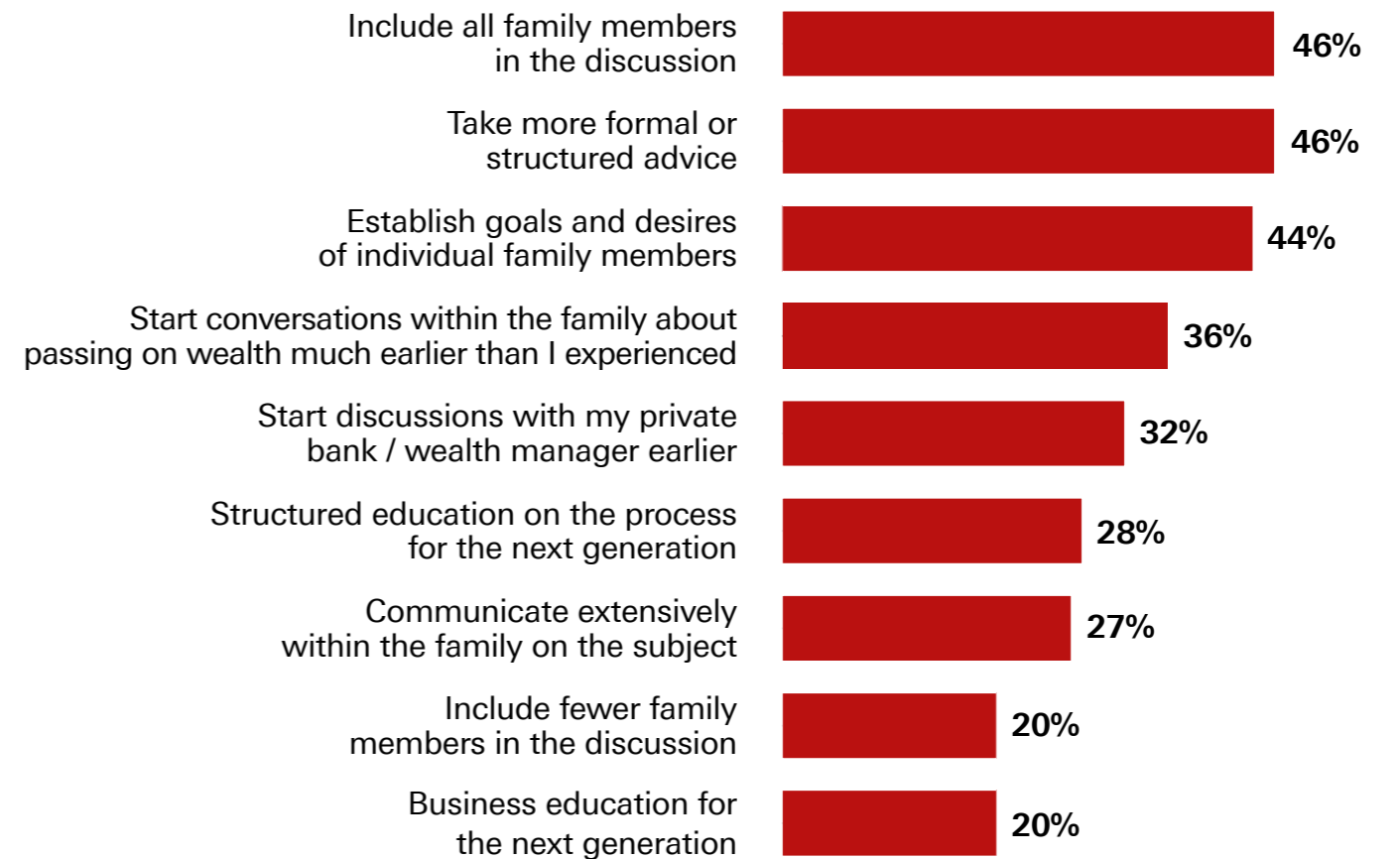


46%

of next-generation entrepreneurs recommend others seek more formal advice about wealth transfer, based on their own experience of coming into the family business

Following your own experience, when inheriting or passing on wealth, what advice would you prioritise giving to help others manage and facilitate the process better?

Percentage of total next-generation entrepreneurs (respondents asked to rank top three)



The HSBC view

Engagement, communication and patience are essential to succession

There is no 'one size fits all' approach when it comes to succession planning, but what is certain is the importance of kickstarting the dialogue before it's too late. Succession planning is a journey and can't be worked out in one conversation. And once the dialogue begins, engagement, communication and patience are essential.

Family dynamics and interpersonal relationships may make this discussion a challenging process, and some families may not know how to begin.

You can stack the odds for smooth succession planning in your favour by including neutral parties – who understand the practical challenges that confront you and your family – to help facilitate these conversations. They could also help remove the

emotion from some of the process by keeping everyone aligned to agreed objectives, and reminding the group of the common purpose that brought everyone to the table in the first place. Importantly, they can help you comprehend the range of options available, particularly around separating ownership and control.

You may intend to pass your wealth entirely to the next generation, distribute to philanthropic causes or a combination of the above. But there are other potential options, particularly if you feel the next generation does not appreciate the responsibility that comes with significant wealth or does not currently have the skills or experience to be guardians of the 'family silver'.

“The succession planning dialogue is invariably emotional, yet needs to have a clear purpose, be a reasoned discussion and have an alignment of objectives. This communication needs to be two-way. If done right, succession planning can be a celebration of the entrepreneurial spirit and hard work of the leading generation, which becomes the springboard from which the succeeding generations can reach greater heights.”



Edith Ang

Head of Family Advisory, Asia Pacific
HSBC Global Private Banking

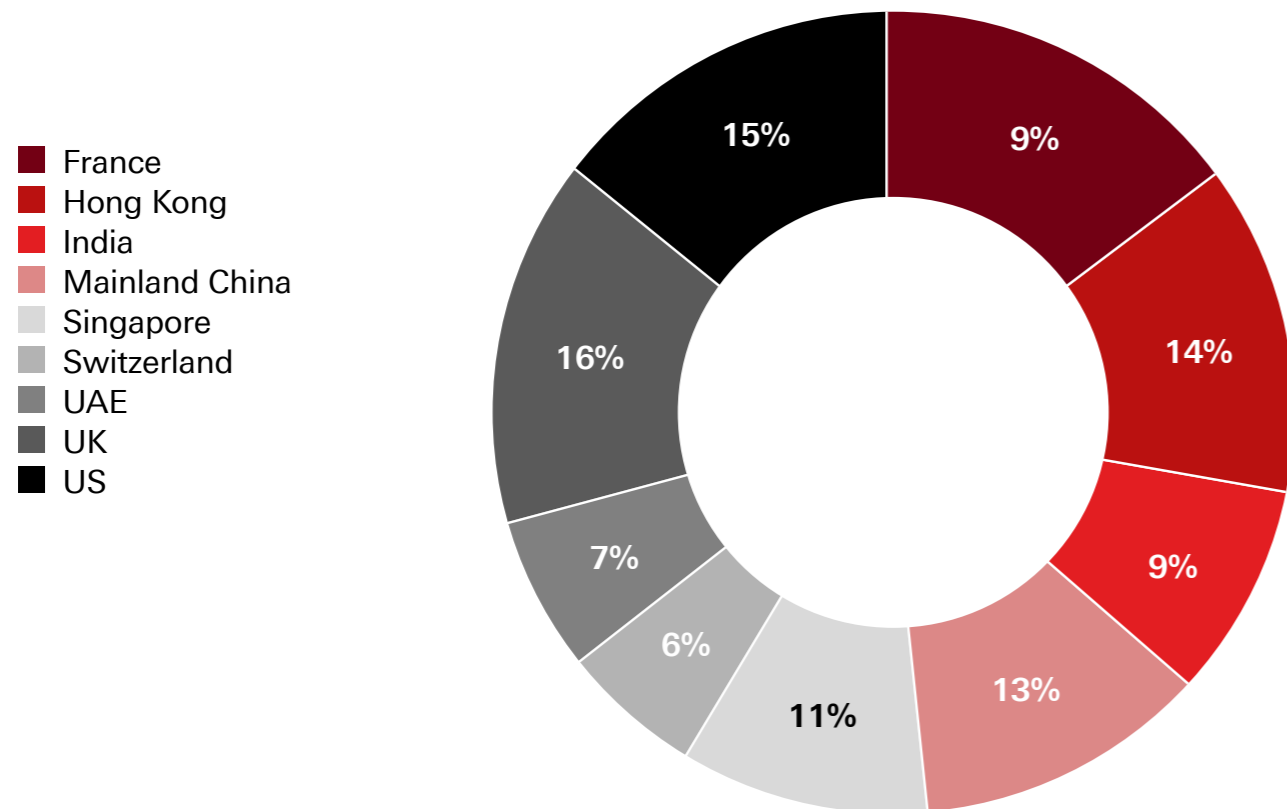


Methodology

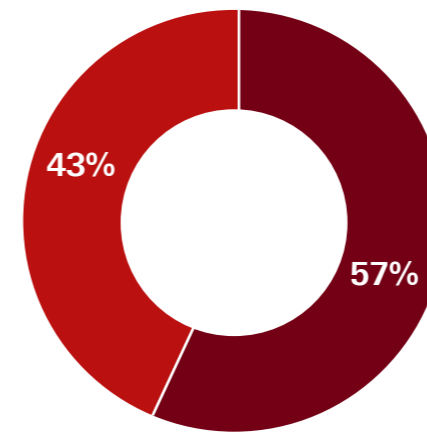
Conducted in partnership with AON UK limited, a total of 973 individuals across nine different markets were surveyed via an online questionnaire or by telephone interview in March and April 2023. The survey was available in Arabic, Chinese (Cantonese), Chinese (Mandarin), English and French. Responses were gathered from France, Hong Kong, India, mainland China, Singapore, Switzerland, the UAE, the UK and the US.

Ten qualitative, in-depth interviews were subsequently conducted by telephone with clients or experts across the target markets to complement the results and the insights generated by the project. The respondent audience comprised current and former entrepreneurs who were either first-generation wealth creators or part of multi-generational family business wealth, with at least \$2m of investable assets.

Markets covered

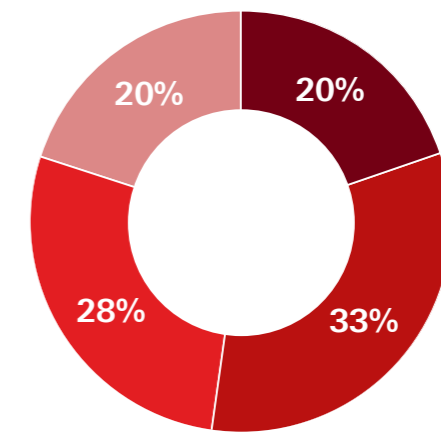


Audience detail



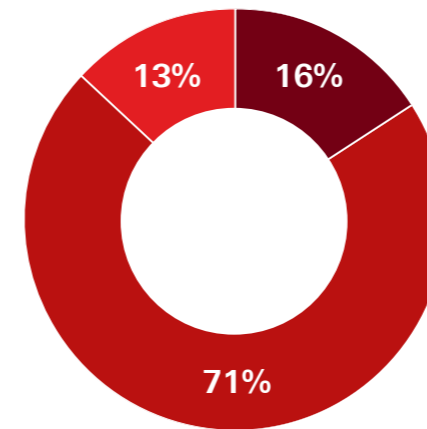
By gender

- Male
- Female



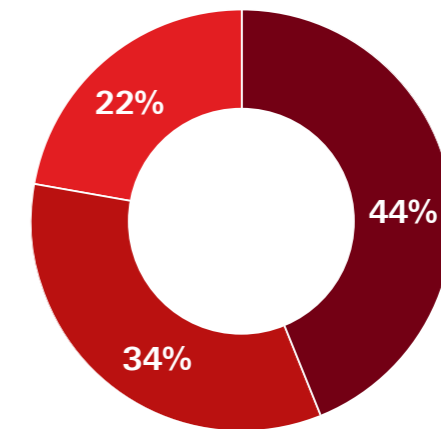
By age

- 18-35
- 36-45
- 46-55
- 56+



By business ownership

- Multiple businesses
- Single business
- Previous owner



By wealth (investable assets)

- \$2-4.9m
- \$5-9.9m
- \$10m+

Note: Due to rounding, some totals may not correspond with the sum of the separate figures

Acknowledgements

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About HSBC Global Private Banking

At HSBC Global Private Banking, we partner with our clients to manage, grow and preserve their wealth for generations to come.

Whether you're looking to branch out into new financial ventures, build a sustainable future for your family or grow your business, we are the partner to make it happen. Our network of global experts will help you access investment opportunities around the world; plan for the future with wealth and succession planning; manage your portfolio with tailored solutions; and find the right support for your philanthropic vision.

As part of the HSBC Group, we have access to a multi-skilled team of experts from across our network. That means we can help you connect the dots between wealth management, commercial banking and global markets to find the right opportunities at the right time.

**To learn more, visit
www.privatebanking.hsbc.com**



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