Why are Family Offices and Independent Sponsors Such a Great Investment Fit?

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Why are family offices (FOs) and independent sponsors (IS) such a great investment fit?

- **Investment Commonality**: Many family investment offices built their wealth with lower middle market businesses (the IS sweet spot).
- **True Partner**: FOs can be valuable IS partners through capital, connections, and strategic operating advice. “A mid-sized [FO] writing a seven-figure check can be an important partner to the group.”
- **Tax Efficiency**: “You are more likely to find deals that have a preferential tax structure in the independent sponsor world, especially QSBS [Qualified Small Business Stock] structures.”
- **Governance**: Generally speaking, many FOs are willing to take a more passive investment role (a compelling attribute to an IS). On a cautionary note, some FOs struggle with the quick timeline of IS deals (i.e., +/- 30 days to commit).

Attractive independent sponsor deals find their capital (whether from FOs, SBICs, or other alternatives). It will be fascinating to watch the family office investing ecosystem continue to evolve as FOs continue to seek attractive direct deal investments.

Independent sponsor and family office attorney John J. Koeppel's commentary on "How Family Offices Can Find a Natural Fit in Independent Sponsor Transactions," *FO Pro,* by Margaret Steen, April 27, 2026.

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