

The invisible segment: why smaller family offices remain underallocated to venture and growth opportunities

There is a recurring narrative in today's investment landscape that family offices are increasingly active in venture capital, early-stage companies, and growth investments, and while this is certainly true for a visible group of larger and more institutionalised players, it does not accurately reflect the reality of a significant and largely overlooked segment of the market.

I am referring to smaller family offices, typically operating in the range of 50 to 200 million in assets under management, often first or second generation, usually built around a core operating business or a concentrated liquidity event, and almost always structured with lean internal resources that do not allow for the same level of market engagement as larger platforms.

These family offices rarely appear in league tables, are not present in highly visible co-investment consortia, and are underrepresented in venture allocations, yet collectively they represent a meaningful pool of capital within an asset class that is estimated globally in the range of several trillion dollars.

The issue is therefore not access to capital. The issue is access to investable opportunities.

A structural constraint, not a strategic decision

In most cases, smaller family offices operate without a dedicated investment team, without internal analysts, and without the infrastructure that would allow them to process, filter, and diligence a continuous flow of opportunities, which creates an immediate and practical limitation when it comes to engaging with early-stage or growth investments.

Venture investing, by its nature, is resource-intensive, not only in terms of capital deployment, but in terms of time, analysis, and ongoing portfolio management, and it typically assumes a level of institutional capacity that simply does not exist in these environments.

This limitation in internal capacity becomes particularly visible when it comes to sourcing and evaluating opportunities.

What is often interpreted from the outside as conservatism or lack of interest is, in reality, a rational response to limited bandwidth and an absence of efficient mechanisms to engage with the asset class.

The gap between deal flow and usable opportunities

There is no shortage of deal flow in the market, and most family offices are, in fact, exposed to a constant stream of inbound opportunities, introductions, and investment proposals.

However, abundance is not the same as access.

What smaller family offices typically see is unstructured and insufficiently filtered flow, consisting of unsolicited pitches, brokered opportunities, and introductions without the necessary context or preparation.

What they rarely see are opportunities that have already been meaningfully curated, structured, and aligned with their investment logic.

Without this layer of filtration, the cost of evaluation, both in terms of time and cognitive load, becomes disproportionate to the potential benefit, and disengagement becomes the logical outcome.

Even when relevant opportunities are identified, a second challenge emerges at the level of investment structure and allocation logic.

A mismatch of investment frameworks

Institutional venture capital operates on the basis of portfolio construction, requiring a broad diversification across multiple positions, an acceptance of high failure rates, and a long-term capital commitment supported by dedicated teams and defined mandates.

Smaller family offices tend to approach capital allocation differently.

They operate with more concentrated portfolios, place a stronger emphasis on direct investments, and favour opportunities where there is a clear and understandable link between capital deployment and value creation.

They are not structured to deploy capital across a large number of small positions, nor are they inclined to allocate into blind pool structures without a high degree of visibility.

This creates a structural mismatch that limits participation, even in cases where there is genuine interest.

This misalignment becomes even more pronounced in a specific phase of company development that tends to fall between traditional early-stage and growth capital.

The overlooked gap between proof of concept and commercialisation

Within the broader spectrum of early-stage and growth investing, there is a particularly complex phase that remains underfinanced, especially by smaller family offices, despite being one of the most critical stages in the development of a company.

This is the period following initial funding, where a founder has successfully developed a prototype or a first proof of concept, but the business is still materially removed from generating sustainable revenue.

At this stage, the technical feasibility is often demonstrated, but the commercial pathway remains uncertain.

The reasons for this are varied and often highly specific, ranging from pending regulatory approvals and incomplete reimbursement frameworks to underdeveloped go-to-market strategies, lack of experienced commercial leadership, or operational constraints related to production, supply chain, and market access.

In sectors such as healthcare and life sciences, this phase can be prolonged and capital-intensive, while still carrying a significant degree of binary risk.

From an investor's perspective, this creates a difficult risk-return profile.

Valuations have already adjusted to reflect technical progress, yet the underlying uncertainty remains substantial and, more importantly, difficult to quantify.

The capital required is often meaningful, while the equity offered in return is relatively limited, and the path to commercialisation or liquidity is not clearly defined.

For smaller family offices, this creates a natural hesitation.

The opportunity is no longer early enough to justify high-risk entry pricing, yet not sufficiently mature to fit within a traditional growth or income-oriented allocation.

As a result, many of these opportunities remain unfunded or underfunded, despite their potential.

The central role of trust and specialised translation

Perhaps the most decisive factor in this context is not capital, but trust.

Smaller family offices do not operate on volume. They operate on understanding, alignment, and confidence in the people and structures involved.

This makes traditional deal sourcing inefficient.

A well-prepared investment memorandum is rarely sufficient to support a decision in isolation.

What is required is a credible layer of translation between the opportunity and the capital, combining financial structuring, legal and regulatory understanding, and sector-specific expertise.

This is particularly relevant in the transitional phase described above, where the assessment of risk cannot be standardised and requires a deeper level of analysis.

Highly specialised advisory platforms are beginning to address this gap.

By combining domain expertise with structured access to capital and a rigorous filtering process, they are able to reduce complexity, improve clarity, and provide investors with a level of confidence that allows them to engage in situations where they would otherwise remain on the sidelines.

If the limitation is structural rather than strategic, the conclusion is not that smaller family offices need to adopt institutional investment models.

The real question is how the environment around them can evolve in a way that allows them to engage on their own terms, with a level of clarity, trust, and efficiency that reflects how they actually operate.

In practice, this means fewer but better-curated opportunities, structures that are transparent and understandable without requiring a full internal investment platform, and the possibility to

participate alongside aligned partners without unnecessary complexity. Most importantly, it requires access to people who are able to bridge the gap between founders, operators, and capital in a way that goes beyond presentation and into real understanding.

The objective is not to increase activity for its own sake, but to make participation possible where today it often is not.

Smaller family offices do not need to become venture capital firms to play a meaningful role in innovation and growth.

But they do represent a segment of capital that remains underutilised, not because of a lack of interest or resources, but because the way opportunities are brought to them does not match the way they are structured to think and decide.

If that alignment improves, even gradually, their role in the broader investment landscape will change with it.

It is a space I have been spending a lot of time thinking about.