

The Henokiens Case Collection



Lessons from a 350-year-old banking dynasty



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Introduction: A 12th Generation Family Business that Stands the Test of Time

Over the course of human history, select families have managed to sustain thriving businesses for more than three centuries. Although viewed as legendary institutions, these businesses remain embedded in the communities which they pledge to serve responsibly, on the basis of strong values and long-term focus.

C. Hoare & Co, the oldest family-owned bank in the world¹, is one of them.

As the economist John Maynard Keynes has put it back in 1938, “The Bank (...) carried on as a family business (...) is uncomplicated by branches, unseduced by amalgamations, undisturbed by any process of change, unshaken by the financial crises of two and a half centuries, being put to no hazard by excessive ambitions or too much talent for ‘guessing’ ” (Keynes, 2010, p. 301).

This reflection still stands in the 21st century. Described by *Time Magazine* as “unshakable” (Smith, 2008), by *Spear’s* as “a giant” (Marsh, 2022), by the *Financial Times* as “almost unique²” (Murphy, 2018), and by *The Wealth Net* as “a jewel” and “a symbol of unchanging stability and calm” (Pooter, 2016), the Bank celebrating its 350 year-anniversary this year continues to fascinate in private banking and beyond.

“For all that he cared deeply about his new bank, and worried about his successors, the founder, Sir Richard Hoare, could have had no conception that he was establishing a dynasty of bankers who would continue his business (...) for hundreds of years to come” (Hutchings, 2005, p. 228). Since its inception in 1672, C. Hoare & Co. is still owned and run by the founder’s descendants. Seven Partners from the 11th and 12th generations currently perpetuate the banking dynasty on an unlimited liability basis. As Alexander Hoare, 11th generation Chairman of partners and former CEO, explains: “This bank has sustained itself for 350 years without any outside capital and along the way has given back huge amounts to the community, so I think we have been a net positive for society for 11 generations.” (Marsh, 2022).

¹ According to *Spear’s* (2022).

² In that its founding family owners have unlimited liability for all its actions.

What are the lessons the Hoare Banking Dynasty has to offer on sustaining the family, the business, and their relationships with the community over centuries? In particular, what are the crucial milestones of the dynasty's history, where do the Hoare's distinct strengths lie, and how did the family manage to perpetuate them, weathering multiple forms of crises - ranging from financial crashes to world wars, from industrial revolutions to pandemic outbursts, and from family diverging views to dysfunctional behaviours -?

Exploring these questions, this case study offers a comprehensive analysis of the C. Hoare & Co.'s *Odyssey* by triangulating data from multiple sources, including interviews with family and non-family stakeholders, historical and archival material, academic and professional publications.

The following sections are structured as follows. Part 1 presents a brief account of the history of C. Hoare & Co.'s with selective developments about influential milestones to date. Part 2 suggests a framework of the major factors conducive to the Bank's longevity and success. The last part provides a glimpse into the main learnings and concluding remarks charting the future of the Bank.

This inside look at the past and the present of C. Hoare & Co. delivers inspiring lessons and directions for a sustainable future of families in business.

Part 1. The Hoare's Banking Dynasty: A Brief Historical Perspective³

C. Hoare & Co. is a member of *The Henokiens*, an association of bicentenary family businesses characterized by common values, such as respect for product or service quality and human relationships, the know-how transmitted with passion from generation to generation and the continuous questioning of achievements⁴. Since 1672, the Bank managed to thrive along those lines despite socio-economic, geo-political and family crises, becoming the oldest family-owned and-run in the world. Looking at the rich history of the Hoare's banking dynasty is merely an invitation to reflect on its early beginnings and subsequent milestones, its evolving ownership, management and governance, and its long-lasting philosophy of performance and impact.

1.1 From Origins at the Sign of the Golden Bottle ...

Founded at a time when a number of firms made the transition from goldsmith to banker, Hoare's Bank was among the exceptional few in England to succeed and survive the first two decades of the eighteenth century, then to prosper and survive for a long time (Hutchings, 2005; Temin & Voth, 2011).

The Bank started life by Richard Hoare from a base in the goldsmith business in Cheapside, trading gold and silver plate, jewellery, and precious stones at the Sign of the Golden Bottle⁵.

Born in 1648, Richard was raised as the only son of Henry Hoare, a successful horse dealer, in "a household where religion provided the structure and where hard work was expected" (Hutchings, 2005, p. 8).

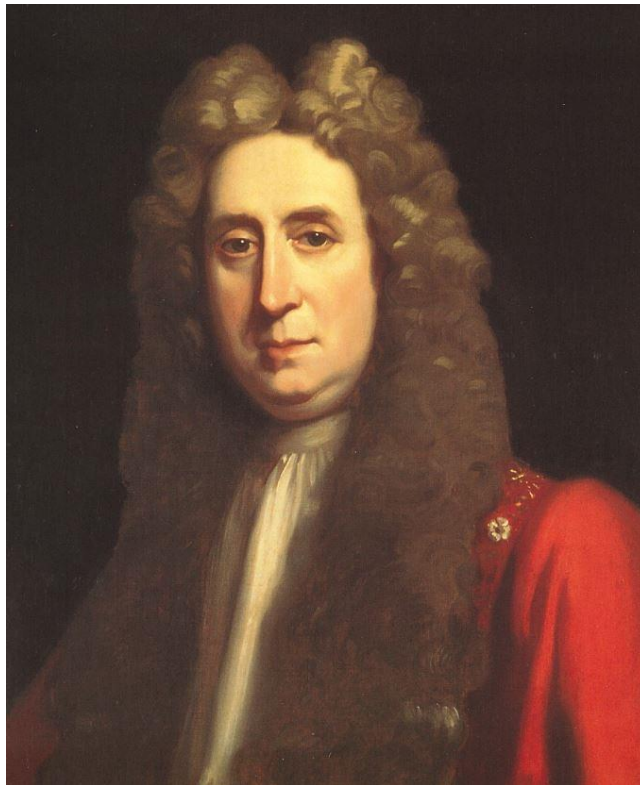
³ The case is not intended to provide a detailed historical account of the Bank's evolution. For more information, the reader is invited to revert to the book « A History of the Hoare Banking Dynasty » by Hutchings (2005) and to the Bank's website for updates : <https://www.hoaresbank.co.uk/>

⁴Source : <https://www.henokiens.com/>

⁵ Recognizable by its sign in the shape of a gold skin in reference to the trade of goldsmith. This insignia is still in use today by C. Hoare & Co.

Figure 1.

Portrait of Sir Richard Hoare, Founder of Hoare's Bank



*Source: Painted by Jonathan Richardson.
Picture Courtesy of C. Hoare & Co.*

In 1672, he completed a seven-year apprenticeship and became freeman of the Worshipful Company of Goldsmiths, which permitted him to trade in his own name upon the acquisition of the business from his former Master's widow in 1673 (Hoare's Bank, 1932; Hutchings, 2005). From acting as temporary custodians of valuables which might not safely be carried on their owners' persons and as makers and dealers in gold and silver wares, the goldsmiths have taken up during this period most of the functions of a modern banking house, by lending money out of interest and paying interest to their depositors in most cases (Hutchings, 2005, p. 11; Upton, 1933, p. 74). Richard developed his banking activities in the same line, lending money both with and without interest (Temin & Voth, 2006).

When the constraint of Goldsmiths traditionally based in Cheapside was lifted, the ‘merchant’ bankers moved to Lombard Street and the ‘deposit’ bankers to Fleet Street and its surrounding area, presumably to be close to the lawyers⁶. In 1690, Richard moved to new premises on Fleet Street⁷, one of the most important places for the goldsmiths’ trade in the City of London, which was at that time the largest capital city in Europe (Hutchings, 2005, p. 12). Not only the London move led to an increase in business (Hutchings, 2005, p. 15) and the development of valuable and strong connections (Hutchings, 2005, p. 18), but it also allowed Richard to concentrate on banking by offering payment services, loans, and brokerage to the customers (Temin & Voth, 2004, p. 1657). Hoare’s origins as a goldsmith facilitated such a transition because it had an edge in appraising the value of collateral—plate in the majority of cases (Temin & Voth, 2008).

In the early years at least, the Bank provided facilities that allowed out-of-town customers to cash cheques drawn on accounts in London and invested customers’ deposits in mortgages and small-scale government loans (Laurence, 2008). Lending against interest was a main source of profit which was later complemented by proprietary trading (Temin & Voth, 2003) as the Bank started investing on its own account (Temin & Voth, 2004) and acting for customers who wanted to invest in joint stock companies (Laurence, 2008).

Richard involved his sons in the business affairs to different extents, while encouraging them to qualify as businessmen through education, to learn foreign languages, to develop skills in account keeping, writing and spelling, to properly manage their means, and to look after each other’s affairs, while remaining steadfast to the Protestant faith (Hutchings, 2005, pp. 21-22).

Several of Richard Hoare’s sons failed, however, to live up to his expectations, including his firstborn son “Richard Junior”. Although he established him as a merchant trading in the Mediterranean and as his agent, Richard Junior’s bad management combined with poor luck excluded him from the possibility of becoming partner, even leading him to be referred to as “Naughty Richard” (Hutchings, 2005). Richard’s second son, also named “Good Henry”, became partner in 1702. The same year, Richard was knighted by the new sovereign Queen Anne.

⁶ According to the accounts of Michael G. Hoare (2022).

⁷ where it still operates to date.

In the course of his lifetime, Sir Richard Hoare’s achievements extended beyond the business arena as noted by Alexander Hoare, “He must have been a remarkable man to evolve a successful banking business from goldsmithing, to be Lord Mayor of London twice and a Member of Parliament, and to socialise with the great and good, including royalty” (Hoare, 2021a).

After his death in 1719, his younger son, Benjamin Hoare, joined Good Henry as partner to pursue the Hoare Bank’s journey.

1.2 ...To Subsequent Milestones at the Intersection of the Family, the Business and the Community

The remaining (and ongoing) chapters of the Bank’s history provide powerful testimonials about the challenges and the achievements of the eleven generations who followed in the footsteps of the founder Sir Richard Hoare. Selected milestones⁸ throughout the centuries provide an overview of this evolution.

1720 Completing the Bank transition and riding the South Sea Bubble

Over the course of a generation, Sir Richard Hoare completed the transition from all-purpose jeweller to banker (Temin & Voth, 2006, 2011). By the 1720s, the partners had ceased to act as goldsmiths, although they continued to offer interest-free loans secured on plate (Laurence, 2008).

The sons of Sir Richard Hoare, “Good Henry”⁹ and Benjamin, invested heavily in the South Sea Company, generating significant profits for the Bank and their customers, by riding the South Sea

⁸ The milestones are selected with a focus on the business major developments or changes over time. They do not reflect an exhaustive picture of the family’s achievements within the business and beyond. Whenever not specified, the descriptions provided build mainly on a synthesis from the following sources: Hutchings (2005), The Henokiens and C. Hoare & Co. websites. We invite the reader to refer to the Op. Cit. references for further information about other aspects of the Bank’s history.

⁹ For nine generations, epithets allowed to identify the partners named “Henry” by referring to distinct attributes they were renowned for.

Bubble (Laurence, 2008; Temin & Voth, 2004). Their success was mainly attributed to timing the market with considerable skill (Hutchings, 2005).

1725 A third generation and a non-family partner in the Bank

After Henry's death, his son referred to as "Henry the Magnificent" (for his contribution to Stourhead) started his "reign" which spanned sixty years. The Bank's sole partner at the time - his uncle Benjamin - nominated Christopher Arnold, a senior clerk, to supervise the young man. For the first and only time in the Bank's history, a non-family member was made a partner.

1731 A new knighted partner

The brother of Henry the Magnificent, Sir Richard, was made Partner. Fifteen years later, he was knighted after serving as Lord Mayor of London, defending London during the second Jacobite uprising¹⁰.

1743 Shaping "The Paradise of Stourhead": The Hoare's as country gentlemen and good bankers

The purchase of the Stourhead estate in 1717 and its exploitation in the following decades building on the plans of the mastermind, Sir Richard Hoare, and his descendants (Fox, 2020) - to become what will be referred to as "Paradise of Stourhead"- contributed to propelling the Hoare family from the merchant classes into the landed gentry ranks (Fox, 2020; Hutchings, 2005). At the same time, Stourhead may have been the clue to Henry the Magnificent's meticulous management of the Bank as it was the income from the Bank which made his dreams of paradise on earth become reality (Hutchings, 2005, p. 56).

¹⁰ Following his death in 1754, his two sons Henry referred to as "Fat Harry" and Richard of Barn Elms succeeded him.

1777 A strict management style that pays-off in uncertain times

“Henry of Mitcham” was made a Partner, dominating the bank for the next 50 years. He weathered the unsteady period of the American and Continental Wars with a strict management of the Bank’s affairs which paid-off as deposits trebled.

1826 Maintaining the Bank independence

Private banks lost their monopoly on deposit banking, with many of them sold or converted into joint-stocks banks except Hoare’s Bank.

1852 An unusual partnership agreement conducive to tensions and scandals

Brothers-in-law by marriage, Peter ‘of Luscombe’ and Henry ‘of Staplehurst’ entered into a new partnership agreement which lasted 14 years. Although they had differing religious views, they managed to take turns at running the bank in six-month stints (Hoare, 2021a) and to revive confidence in the Bank, further increasing the level of deposits. Their sons, however, burdened the business with scandal during the 1860s, dissipating important family assets. Peter’s son-in-law, Algernon Strickland, was made partner in 1866 upon Henry’s death.

1891 Strengthening the Bank’s position

Since 1725, the Bank was running without capital, relying on the implicit guarantee of the Partners’ own wealth. The Baring crisis of 1890 persuaded the family to introduce explicit capital into the Bank¹¹. The Partners published the Bank’s first balance sheet with their own personal capital.

1909 A time of retrenchment for the 8th generation

Harry of Ellisfield, 8th-generation member and son of Henry of Iden, is made a senior partner, overseeing a period of retrenchment of the Bank.

¹¹Based on the accounts of Michael G. Hoare.

1914-1915 Women's support in World War I times: From the Partners' wives and daughters to the first female clerks

In 1914, the Bank customers' demands soared following the government issue of War Loans in addition to National War Bonds, Treasury Bonds and War Savings Certificates. The Partners' wives and daughters were therefore commandeered to support in dealing with the increased workload (Hutchings, 2005, pp. 184-185). Women did not hold an official clerical position within the Bank until 1915, which was not an unusual scenario within banking employment more generally (Jeacle, 2010, p. 317). To replace the staff called up to fight in the War, women clerks were employed for the first time in the Bank's history.

Messrs Hoare Trustees was established in 1917 then incorporated by private act of parliament in 1926.

1929 Unlimited liability as the basis of a new legal form

On July 5, 1929, the Partners converted the Bank into a Private Company with unlimited liability, the legal form of the Bank up to date. They became the sole Shareholders and Directors although they retained the description of themselves as Partners (or Managing Partners), maintaining the manner in which they have run the business (Hutchings, 2005, p. 193).

1939 Navigating World War II

On the outbreak of World War II, most of the Bank's staff - except a few key employees alongside Rennie, Bertram and Derrick Hoare - were moved to a family house at Ovington in Hampshire (Hutchings, 2005, pp. 204-206). The Bank continued effectively operating, setting-up triangular bookkeeping procedures and adapting to female clerks (Hoare, 2022c)¹².

In May 1941, the Fleet Street premises were bombed but the fires were bravely extinguished by the household staff, led by Bertram Hoare. The extraordinary commitment of the staff who saved

¹² During the six years when the Bank remained at Ovington, a varied program (film clubs, social evenings, sports activities ...) was arranged for the employees temporarily adapting to the country life. This illustrates the nature of the connection the Bank has nurtured with its employees.

the Bank from destruction was given due recognition by the Partners in the form of rewards (Hutchings, 2005, p. 208).

1959 A 10th generation along with continuous growth

Henry ‘Cadogan’ became the first of the 10th generation of Partners. Deposits continued to rise, and the number of employees surpassed 100.

1975 The first steps of digitalization

The first bank-wide computer system was installed¹³.

1996 A first lady partner

Venetia Hoare became the first female partner in the Bank’s history.

2000 Digitalization in progress

The website of C. Hoare & Co. was launched. The first online statements were issued the following year.

2006 A first non-family Chairman on board

Lord Wilson of Dinton was appointed as the Bank’s first non-family Chairman. He will serve in this position for ten consecutive years.

2009 A first non-family CEO

In the Foreword of the 2010 financial statements report, the Bank’s Chairman stressed that 2009 marks “a historic change in the governance of the Bank”. Jeremy Marshall was appointed as the Bank’s first non-family Chief Executive, taking over from Alexander Hoare who served for nearly 8 years in this position (C. Hoare & Co., 2010).

¹³ An interesting account about the process leading to increasing mechanisation at the Bank, by means of a new computer system, and the challenges encountered along the way is provided by Hunter (2018d, pp. 48-49).

2011 Introducing “The Master Charitable Trust”

The first UK-based Bank Donor-Advised Fund was launched and labelled “The Master Charitable Trust”¹⁴.

2016 Divesting the wealth management business

After acquiring the first wealth arm 20 years ago, the Bank made the “*huge decision*” - in Venetia Hoare’s terms (Marsh, 2022) - to sell the wealth management business. While the family expressed significant pride in building it, Alexander Hoare described the rationale of this decision as three-fold. First, it stems from the family’s willingness to have this division continue its development through a growing scale and investment, which requires a larger and deeply experienced wealth management business who has the appropriate resources (Hardeman, 2016). Second, this move helps reduce the burden of new onerous European markets legislation - known as Mifid II – which is huge for a small bank such as Hoare’s (Murphy, 2018). Third, the sale allows the Bank to focus on its core business and invest further in its tech offering, following the launch of a smartphone app for customers, and to re-evaluate its online banking platform (Hardeman, 2016).

2018 First outpost outside London

The Bank opened a Cambridge office designed to serve existing clients but also attract entrepreneurs in a region known for bioscience and technology ventures (Metcalf, 2019).

2021 “The show goes on” with the 50th Bank Partner from the 12th generation and the first female CEO

Diana Brightmore-Armour was recruited as the first non-family and female CEO of the Bank. The same year, Amy Rodwell became the 50th Partner, the third woman, and the first member of the 12th generation. She joined the six other Partners from the 11th generation in writing another chapter of the Bank’s history.

¹⁴ More developments are provided in the second part of the case.

While these milestones offer a revealing account of C. Hoare & Co.'s rich history, ***three selected facts bring light to less renowned facets of the Bank.***

#1 - The origin of the 'C' of C. Hoare & Co. uncovered

Charles Hoare gave his Christian name to C. Hoare & Co as the last senior partner to continue the practice of having the Bank named after him. He successfully led the Bank in the period that followed the Bank Charter Act in 1844, which restricted the private banks operations with the aim to protect the Bank of England as the sole note issuer in London (Hutchings, 2005, pp. 124-125). Charles was also one of the founders of the I.C.B.S which financed the building of 880 Anglican churches between 1815 and 1850 and the commissioner in 1799 for the design of Luscombe Castle and gardens in South Devon (The Henokiens).

Despite his death in 1851 and abandoning the practice of styling the Bank by the name of the current senior partner in 1852, the Partners of the Bank designated as "Messrs Hoare" continued to sign as "Charles Hoare and Co". In 1929, this gap between policy and practice was put to an end with the Partnership converted into a Company under "C. Hoare and Co." (Hutchings, 2005, p. 126) which remains until today.

#2- The coat of arms is still a mystery

A double headed eagle represents the Hoare family's coat of arms since the early 1700s. In his Genealogical and Heraldic Dictionary, Burke (1865, p. 581) describes more accurately the Arms of Hoare as "an eagle displayed with two heads, arg., charged on the breast with an ermine spot, a bordure, engrailed, of the second" and the Crest as "an eagle's head, erased, arg., charged with an ermine spot". He adds that the Motto is "In ardua [meaning: On high]" and the Seat "Stourhead House, Bath".

Looking into rare existing accounts (e.g., The H600 Project), the earliest known recording of the double headed eagle crest with the College of Heraldry was made by Sir Richard Colt Hoare in his

Pedigrees and Memoirs of the families, a book on the Banking Hoare family among others (Colt Hoare, 1819). In his case study, Price (NA) suggests that the history of the coat of arms dates back to 1786 when Richard Hoare Esq. of Barn Elms was created a Baronet and acknowledged by The Royal Patent following his service to the kingdom. The King gave to the Hoares the right to bear 'either in a canton in their coat of arms, or in an escutcheon, at their pleasure, the arms of Ulster, (to-wit) a hand gules, or a bloody hand in a field argent.'

Figure 2.

Hoare Coat of Arms



Source: Picture Courtesy of C. Hoare & Co.

According to Michael G. Hoare, the double-headed eagle emblem was 'borrowed' by the son of James Hoare (master of the Mint 1660 -1696) from an unrelated Hoare family in Devon and later copied by both the Irish Hoares and his already distant cousin 'Good' Henry. The family has been

using it ever since, despite the disapproval of the College of Arms who insisted that it be marked to indicate its lack of provenance.

Today, the coat of arms is displayed alongside a collection of century-old ledgers recording the bank's transactions. The origin is still, however, not known to date according to Pamela Hunter, the Bank's archivist.

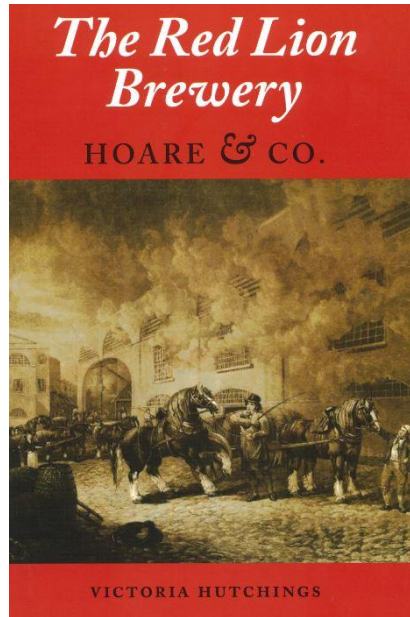
#3- The Red Lion: The Bank's family affair

Established in the late 15th century, the Red Lion Brewery was "one of the oldest pedigrees in London" (Hutchings, 2013, p. 11), operating in the business of brewery for nearly twice as long as the Hoares had been in the business of banking (Hutchings, 2013, p. 35). The Red Lion Brewery was renamed Hoare & Co and became a Hoare's family affair for five generations.

While it was common practice for breweries to be owned and run by families during this period (Mathias, 1953), the relationship between the Hoare's family and the brewery was a particular one. Although "the Hoares were not brewers by tradition or training, brewing was viewed as a good business to be in from a banker's perspective" (Hutchings, 2013, p. 126). Banking and brewing had indeed become natural partners in several prominent London banking families due to the profitability and the good return on capital of the brewing business (Hutchings, 2005, p. 129). In 1802, Henry Hoare of Mitcham bought the principal share in the Red Lion Brewery for his son George Mathew Hoare (Hutchings, 2005, p. 129). The latter became the first brewing member of the family and started the new partnership of the company which traded as "Hoare & Co." in 1824 (Hutchings, 2013). Other family members took over the business as owners, managers and/or directors for nearly 130 years.

Figure 3.

Cover of the “Red Lion Brewery: Hoare & Co.” Book Illustrating Hoare & Co. Horse-drawn Dray and Stem ‘Sentinel’ Lorry at the Red Lion Brewery c. 1920



Source: Hutchings (2013)

The relationship between the family and the brewery was often moderated by the Bank, as mutual tensions and benefits were arising along the way. Hutchings (2013, p. 123) suggests in her analysis that “the natural fit between brewing and banking which made the relationship a business model in 19th century industry was not without its problems on a personal level”. The situation and the behaviour of family members in the Bank had, in fact, an impact on the brewery and vice versa.

On the one hand, the Bank provided support with facilitated (or hindered) access to both capital and loans to meet the working capital needs, cover investments costs, and even pay dividends in difficult times. On the other hand, the brewery’s good (or difficult) financial situation had a positive (or negative) impact on the Bank given the subsequent interest payments.

To illustrate, the relationship of Hoare’s Bank as a long-term investor in Hoare & Co. was strengthened when the will of Henry of Mitcham came into effect in 1828. Foreseeing the need for pursuing the family support for the brewery to survive, Henry stipulated that his loans to

Georges should continue for fifteen years. Over the years, however, mismanagement of financials and of expectations among family members led to disappointments which translated into divisions between the family branches (Hutchings, 2013). For example, Michael G. Hoare explains that the two 'brewing brothers' of Henry of Iden had financial difficulties caused by an unfortunate combination of their over borrowing at a time when tax and temperance prevailed and the competition from the lighter beers brewed in Burton on Trent which were severely reducing the Hoare's brewing profits. Both brothers were obliged to sell their substantial properties to repay their loans and Willie, the brewery's chairman, narrowly escaped bankruptcy. In 1890, the bankruptcy of Henry of Iden triggered the resignation of his brother who was Chairman of Hoare & Co. Towards the last years of the brewery's existence, an overdraft from the Bank allowed the distribution of dividends in 1828, despite a decreasing representation of the family at the brewery (Hutchings, 2005, 2013).

Notwithstanding the difficulties faced by the family in striking a fine balance between the banking and the brewery business affairs, including the Red Lion into the historical overview extends our horizons on the Hoare's interlocking directorates beyond the banking business.

1.3 Ownership, Management, and Governance in the 21st Century

Throughout its history, the family traded as a series of partnerships until 1929. It then decided a corporate form would be better for accumulating banking reserves, so it incorporated as an unlimited liability company (Hoare, 2021a). This is still the case today, making of the C. Hoare & Co. the only independent bank in the UK operating on this basis.

The characteristics of the ownership model contribute to the Bank's continuity in the family's hands in three ways.

First, through the unlimited liability ownership, partners are made responsible with their personal assets. As emphasized by Alexander Hoare, "We are liable for every decision we make and it elicits an air of caution and accountability" (Chapman, 2012). At Hoare's, the concept of responsibility extends beyond the legal dimension though.

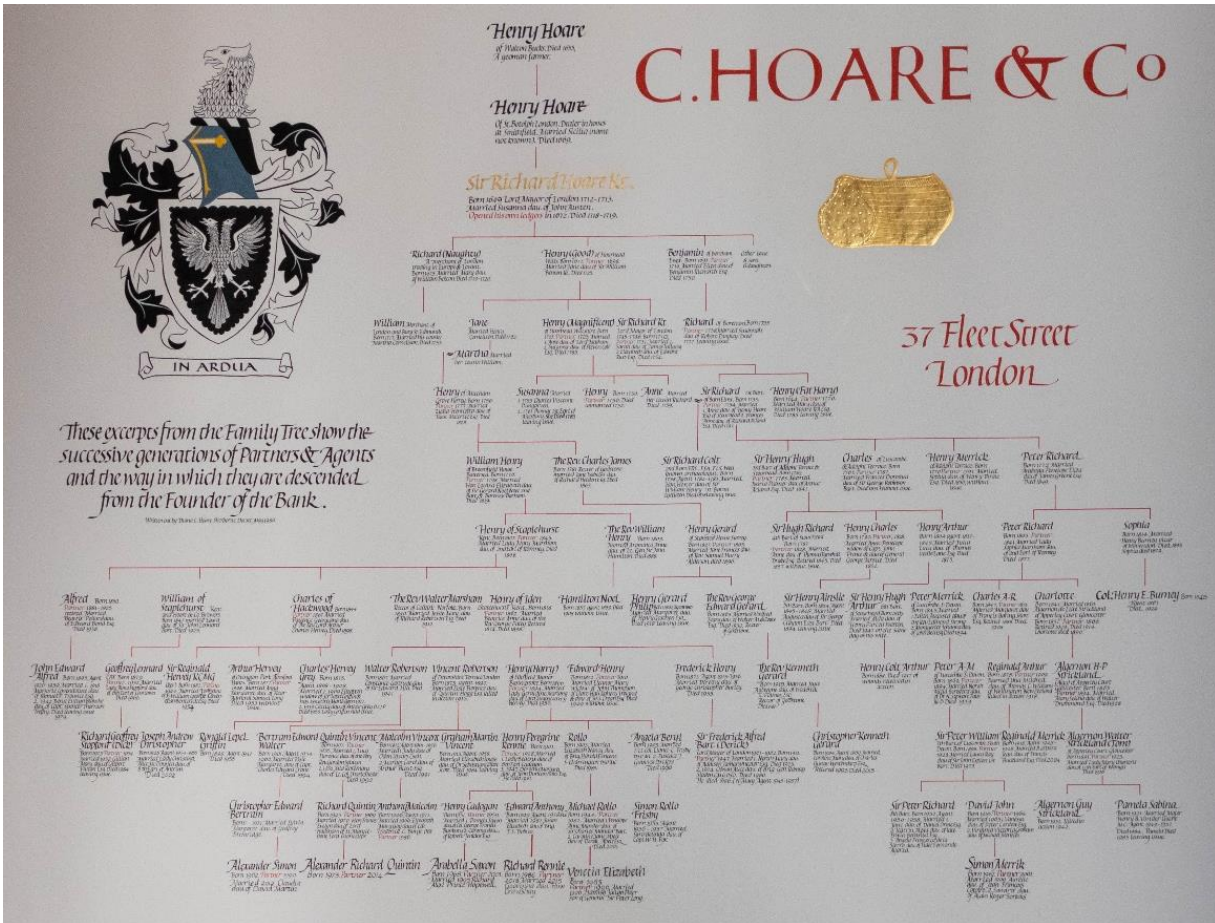
To the question “What ownership means to you?”, Venetia Hoare, 11th-generation Partner, replied, “We regard ourselves as trustees for the future rather than absolute owners” (The Ownership Project at Oxford, 2021). This is in line with Hutchings’s (2005, p. 228) earlier conclusion, “It is firmly indoctrinated in each new Partner that his or her position is one of a life trustee of the Bank”. Unlimited liability works to the customers’ advantage (Marsh, 2022) but not only. Reflecting on “responsible ownership”, Venetia Hoare offers a stakeholders’ view of ownership. As she puts it, “As an owner, I feel responsible to a number of people: future generations of the family, the people who work for us, the wonderful customers, and the community we operate in” (The Ownership Project at Oxford, 2021).

Second, this model is set up so that family ownership is not diluted over time. Whereas the transmission of ownership in the early beginnings was traditionally from father to son, more recently it progressively shifted by embracing the wider family, including women, to adapt to the changing family landscape. Moreover, only descendants from the founder are eligible to own unlimited liability shares, which trade at par, if unanimously appointed by the other partners and work full time in the business (Hoare, 2021a). This reduces the chance of having the individual shareholders lose interest because they are not closely involved (Marsh, 2022). The partners do not have the right to appoint heirs to inherit their shares. Whenever a partner retires, the ownership is handed back to the Bank to be reallocated (Hoare, 2021a). As a result, according to Venetia Hoare, today only seven¹⁵ out of nearly 4 000 descendants of the Bank’s founder are owners (and Partners) (The Ownership Project at Oxford, 2021).

¹⁵ Alexander Hoare, Venetia Hoare, Simon Hoare, Bella Hoare, Alex R Q Hoare, Rennie Hoare, and Amy Rodwell.

Figure 4.

Excerpts from the Hoare's Family Tree Showing Partners and Agents who are Descendants of the Founder



Source: Picture Courtesy of C. Hoare & Co.

Third, the intersection of the ownership with the governance and the management offers an increasingly relevant framework to enact the Bank's responsibility. This responsibility extends to Directors in a stakeholders' view, as conveyed under Section 172 of the Companies Act Statement, suggesting that "Purpose can only be achieved by addressing the interests of all stakeholders, including customers, colleagues, regulators, owners, suppliers and the wider community in which the we operate" (C. Hoare & Co., 2022).

In recent decades, the governance of the Bank gradually developed from a structure where the Managing Partners used to comprise the Board and take advice from independent non-executive Consultants to the Board alongside an Audit and Compliance Committee (e.g., C. Hoare & Co., 2008) to a structure where the Board is comprised of a mix of independent non-executive directors, the CEO, and the Partners. The Board then delegates the day-to-day executive management to the CEO¹⁶ who, in turn, directs the Management Team (MT) to deliver against the Bank's strategy. In addition to the MT, the following committees provide support in discharging the Board's responsibilities: Audit, Risk & Compliance Committee and Remuneration & Nominations Committee (C. Hoare & Co., 2022). As described in the Bank's last Annual Report, the Board actively participates with the MT in setting culture and strategy, including significant decisions or shifts in strategic direction while considering various key stakeholders (C. Hoare & Co., 2022)¹⁷.

Looking into the future, Alexander Hoare (2022a) expects the management team to change substantially but asserts that continuity will be provided by the partnership. The successful combination of an enduring unlimited liability ownership and an increasing professionalization of the Bank's governance and management is likely built on the Hoare's philosophy of impact.

¹⁶ The current composition of the Board is five Directors who are Partners (Alexander Hoare, Venetia Hoare, Simon Hoare, Bella Hoare, Alex R Q Hoare) and five non-family Directors (Lord McPherson of Earl's Court GCB - Chairman, Diana Brightmore-Armour- CEO since June 2021, Andrew McIntyre, Johanna Waterous, and India Gary-Martin. More information is available via <https://www.hoaresbank.co.uk/our-people>

¹⁷ It is noteworthy to mention the Board of Messrs. Hoare Trustees which is made up of five family partners and one non-family director, respectively Alexander Hoare, Venetia Hoare, Simon Hoare, Bella Hoare, Alex R Q Hoare, and Lord McPherson of Earl's Court GCB. More information is available via <https://www.hoaresbank.co.uk/trustees>

1.4 Philosophy of Impact: “Aligning Profit with Principles”¹⁸ as a Consistent Red Thread

The Hoare’s family vision, “To continue to be the preeminent private bank in the UK” (C. Hoare & Co., 2022), inspires the fulfilment of its purpose of being “Good bankers and good citizens” through all business decisions (C. Hoare & Co., 2021c).

As Michael Graham Hoare, the former Chairman of the Audit and Compliance Committee, observes, “Our Bank’s performance indicators are different from those of other Banks”. The growth and profit maximization objectives that other Banks seek to achieve have not, indeed, been the focus at Hoare’s.

According to Alexander Hoare, “We are not interested in growth or maximising profits, we are trying to optimise quality” (Dunkley, 2015). He adds, “There is a social point to our business” (Chapman, 2012) by explaining, “We are not a business that exists to make the maximum profit and are not answerable to external shareholders, so we are not pressed to meet any short-term profit objectives” (Chapman, 2012) (...) “by flogging someone an inappropriate product” (Cope, 2001) (...) We believe in sustainability and in doing the right thing”(Chapman, 2012). The same line of thought applies to growth as he declares, “We do not want to grow, a lot of chief executives want to increase their empire. I would call it spending other people’s money” (Merrell, 2005). More recently, he suggests, “Enough profits will flow - so long as the focus remains on the right things” (Marsh, 2022).

“The right things” likely refer to the stakeholders’ impact that stands at the heart of the Bank’s strategy and is expected to echo the Bank’s purpose. “The Board regularly discusses how to engage with key stakeholders, both from a governance and strategic perspective. All matters submitted to the Board include analysis of which stakeholders will be impacted and how their interests have been considered” (C. Hoare & Co., 2022). Particular attention is paid to building profitable long-term relationships with the customers and offering an exceptional and

¹⁸ This section’s title is inspired by the Family Business Week (2021)’s case title although it provides a more exhaustive approach with additional insights.

personalised service. Even colleagues are invited to discuss and reflect on their own personal contribution to the Bank's purpose (C. Hoare & Co., 2022).

With this in mind, a decade earlier, the Bank's growth has been substantial on all fronts -- profit, assets, liability with funds under management, lending, and deposits were each up by 10%, as pointed out by Jeremy Marshall, the former CEO in 2012 (Morais, 2012). Perceived as "the most profitable bank in the country" (Morais, 2012), C. Hoare & Co.'s return on equity was equivalent to 10.9%, significantly higher in comparison with Barclays' 6.6% and with other major U.K. banks producing losses during this period. As for the return on capital employed, it was "roughly 20%", as indicated by Alexander Hoare who underlines that "it is an internal measure only, and is not an actual ROCE as would be understood more widely" (Morais, 2012).

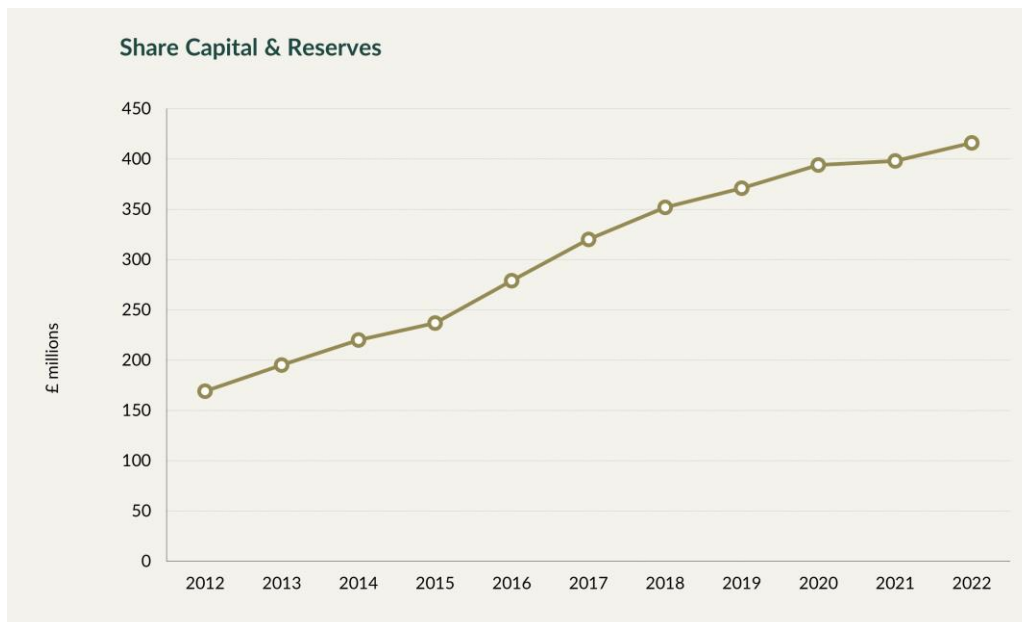
Ten years later, the Bank coffers are still healthy (Marsh, 2022), as emphasized by the recently appointed CEO, Diana Brightmore-Armour, "We have a very strong balance sheet" (Spear's 500, 2022a) including a capital ratio of 21% (C. Hoare & Co., 2022) and capital resources representing a total share capital and reserves of £416m. The total comprehensive income for the year closing in March 2022 has raised from £4.0m in 2020/21 to £18.0m in 2021/22, while the annual dividend per ordinary share remained stable¹⁹, equivalent to £50, to the benefit of future investments²⁰. In the past decade, the Bank's ongoing growth and development was, indeed, entirely funded through retained earnings, as shown in the following chart.

¹⁹ This is the case since at least 1994 (Metcalf, 2019). For more information, the reader can check the financial reports (2008-2022) published on the C. Hoare & Co's website : <https://www.hoaresbank.co.uk/financial-reports>

²⁰ In the *Chairman's Foreword* (C. Hoare & Co., 2022, p. 2), Lord Macpherson of Earl's Court GCB writes that these investments include the acceleration of the bank's two-year transformation plan, by simplifying processes, refreshing technology, embedding hybrid working and improving resilience through further investment in security, fraud prevention, risk and controls, and regulatory compliance. To support this transformation plan, the staff headcount has increased from 451 (Full Time Equivalent) in 2020/21 to 464 in 2021/22.

Figure 5.

C. Hoare & Co.'s Growth in Capital Resources (2012-2022)



Source: Website of C. Hoare & Co.

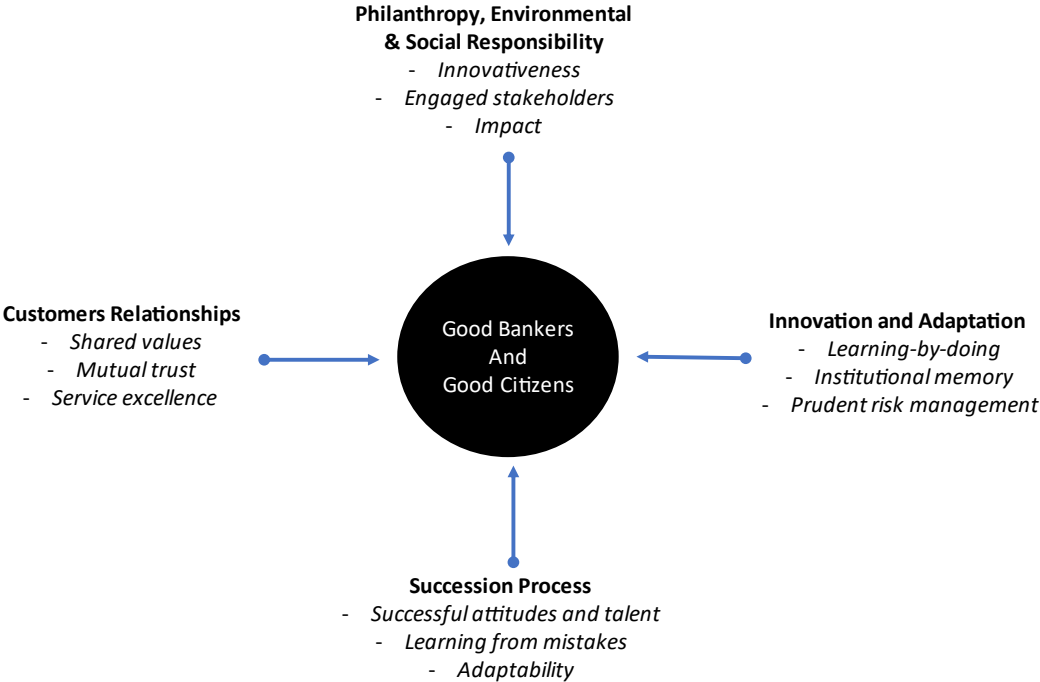
In addition to these illustrative financial indicators, the Bank has engaged in further efforts embedding its “good bankers and good citizens” purpose in the business decisions by having recently certified as a B-Corporation. A comprehensive assessment of performance was conducted following the B-Corporation framework, viewed by the Bank as “a useful mechanism for us to challenge ourselves to be more effective as good bankers and good citizens” (C. Hoare & Co., 2022). This assessment identified many areas where the Bank is doing well in addition to several areas of improvement that led to setting a strategic objective of year-on-year improvement in the impact. The Bank decided to focus, over the next 12 months, on the environmental impact of its operations and loans, a greater equality, diversity and inclusion, and a stronger governance in measuring and managing impact (C. Hoare & Co., 2022). The Bank has also released an inaugural impact report in 2021, disclosing the social and environmental impact alongside key data on colleagues, customers, and suppliers relationships (C. Hoare & Co., 2021c).

Following these developments in 2021, the Bank has achieved great progress in embedding its purpose even more deeply in the business, according the last Annual Report (C. Hoare & Co., 2022). Profit and Principles that drive Purpose are, therefore, two sides of the same coin that C. Hoare & Co. learned to master over the centuries and is still committed to in the future.

Part 2. The C. Hoare & Co. Compass: Navigating the Odyssey from Generation to Generation

From the distant past to the modern times, C. Hoare & Co. was guided by the necessity of aligning profit with principles. The in-depth analysis of the Bank’s sustainability²¹ over twelve generations leads to the identification of four important determinants. The following figure is a representation of the model which is developed in the upcoming sections.

Figure 6.
A Proposed Framework of the Hoare’s Banking Dynasty Sustainability



Source: Author of C. Hoare & Co. Case


²¹ Sustainability refers to « durable business success, family cohesion, and close connections with the community ». It is therefore not limited to but extends the concept of sustainable development.

2.1 Customers Relationships' Base: A Triptych of Shared Values, Mutual Trust, and Service Excellence

Looking into the early days of Hoare's Bank, Temin and Voth (2003, p. 21) wondered, "Why would a bank provide interest-free loans at all, given that this entails opportunity costs?". Analysing the company's archival records, the authors came to the conclusion that Hoare's motivation might have been rooted in future business expectations. As time went by, they observed that Hoare's learned how to acquire customers and provide them with a service that they valued - and eventually came to pay for. This might have gradually built basis to the emphasis on the quality of relationships and services that the bank is still distinctively known for to date.

Figure 7.

C. Hoare & Co. Banking Leaflet



The leaflet features a central logo of a golden bottle. Below the logo, the text reads: "C. HOARE & CO., BANKERS. Established at the Sign of the Golden Bottle in Cheapside prior to 1673." The leaflet lists the names of the Managing Partners: H. HOARE, A. H. HOARE, A. W. STRICKLAND, H. P. R. HOARE, E. A. M. HOARE, E. H. HOARE, F. W. HOARE, and Lt. Col. G. L. HOARE. It provides two addresses: 37, FLEET STREET, LONDON - - E.C.4 and ALDFORD HOUSE, 67, PARK LANE, W.1. Contact information includes telegrams and telephones for both locations. The leaflet also describes banking facilities, such as opening accounts, depositing money, and providing foreign exchange services.

**C. HOARE & CO.,
BANKERS.**
*Established at the Sign of the Golden Bottle in
Cheapside prior to 1673.*

Managing Partners:
H. HOARE. E. A. M. HOARE
A. H. HOARE. E. H. HOARE
A. W. STRICKLAND. F. W. HOARE
H. P. R. HOARE. Lt. Col. G. L. HOARE.

37, FLEET STREET, ALDFORD HOUSE,
LONDON - - E.C.4. 67, PARK LANE, W.1.

Telegrams: "BANKORE FLEET, LONDON." Telegrams: NUBANKORE, AUDLEY, LONDON.
Telephones: CENTRAL 4522-G. Telephones: MAYFAIR 4522, 4523.

Banking Facilities.
Messrs. Hoare are pleased to open Accounts in the names of Private Individuals, Commercial Concerns or Businesses introduced to them by their friends and customers.
They receive money on deposit at seven days' notice on the terms advertised by the London Clearing Bankers and are prepared to receive money on deposit fixed for longer periods, subject to arrangement.
They can arrange for their customers to cash their cheques anywhere in the British Isles or abroad; they issue Letters of Credit, and provide Circular Notes, available for all parts of the world, open Foreign Currency Accounts and carry out Foreign Exchange Business.

Source: Hunter (2018b, p. 6)
Picture Courtesy of C. Hoare & Co.

In the 1690s, Hoare's Bank started to expand its activities to a new clientele beyond its traditional mercantile customers (Laurence, 2008). In the early 1700s, in addition to providing loan services, Hoare's Bank made access to the market in securities easier for its customers and assisted them in dealing in stocks (Laurence, 2008). The Bank's strategy during this period focused on "selecting high-net worth customers who were of impeccable social standing" (Temin & Voth, 2003) and "well-connected" (Temin & Voth, 2008) given their solvency prospects, instead of spreading its credit risk over a larger number of borrowers (Temin & Voth, 2003). Not only this strategy paid off from a business perspective but it was also – unlike other banks – probably implemented without encountering difficulties in identifying and tailoring the needs of this type of customers (Temin & Voth, 2003). A strategy turned into a lesson that the Bank still adopts and encourages others to, as suggested by Alexander Hoare, "Get the depositors in, lend to people who can afford to borrow" (Clark & Cahill, 2009) while emphasizing the ongoing condition of "impeccable credentials" of customers (Smith, 2008).

In the first decades of the 18th century, Hoare's clientele was among the richest group in the kingdom, fostering the business growth to a considerable size (Joslin, 1954). The Hoare's loan customer base originally included aristocrats as well as minor noblemen (Joslin, 1954; Temin & Voth, 2006), with the bulk of the lending mainly made on mortgage and bond (Joslin, 1954). Then, it gradually became increasingly blue-blooded (Temin & Voth, 2006). "Managing lending to landed aristocrats during the 18th century was not easy" though, as noted by Michael G. Hoare. "One of the bank's strengths was always to prefer quality of security to rates of interest. At a time when the bank sought to reduce its loan book with rising interest rates to finance the French wars, it proved more than difficult to obtain re-imbusement of loans", he further explains.

The second line of business included City men customers to whom the Bank would make a stream of advances, upon a variety of securities (e.g., East India Stock, South Sea Stock and tea warrants) (Joslin, 1954). As for the deposit customers, the Bank rapidly became in the early 18th century one of the great banks for the aristocracy and gentry, prior to increasingly including landowners and lawyers, with mercantile links becoming less important (Joslin, 1954). The customers, therefore, ranged from a majority of landowners to landed aristocrats and gentry, MPs and officeholders, charities and clergymen, with a few exceptions relative to businesspeople with

extensive mercantile interests (Laurence, 2008). Women represented a notable group, fluctuating from 10 to 12%, out of the non-mercantile customers²². Overall, the records and correspondence of the bank in the early 18th century indicate that much of the business of the bank and its customers took place within groups of people united by blood, marriage, religion, and politics, while frequently including several members of the same family (Laurence, 2008).

“The type of customers has evolved over the centuries”, as observed by the Bank’s archivist Pamela Hunter. The poet Lord Byron, the diarist Samuel Pepys, the novelist Jane Austen, and the ballerina Ana Pavlova featured among the illustrious Bank’s customers. At present, customers are still carefully selected, excluding royalties and the “nouveaux riches” according to Alexander Hoare interviewed in March 2022 and in line with a previous statement he made for Time Magazine, “New money may be hotly courted elsewhere, but not here” (Smith, 2008). While looking for a spread of customers, young and older ones, in the City and the arts, and occasionally academics (Cope, 2001), the Bank’s main customers currently consist of many of the largest landowning families in Britain (Marsh, 2022), entrepreneurs and legal professionals (Merrell, 2005; Reynard, 2019), as well as partnerships, owner-managed businesses, family offices and charities (The Henokiens²³).

As Bella Hoare puts it, “The essence of private banking is relationships”(Reynard, 2019). At the Bank, customers and relationships operate as two sides of the same coin. From the founding generation to date, “customer relationships were the heart of the business”²⁴. The customers’ base at Hoare’s is therefore merely described in terms of “customers’ relationships”.

Its nearly 15 000 customers relationships’ base (Marsh, 2022) goes in line with the intention to keep the business small²⁵ (Morais, 2012). The rationale behind, according to Alexander Hoare, is “The bigger you are, the more risk you have of a reputational accident because you weren't able to oversee [the business] properly.”(Smith, 2008). Still, the Bank accepts new customers who are

²² During this period, most women customers were widows or unmarried as it was unusual for wives to have accounts, with the exception of some joint husband and wife accounts (Laurence, 2008).

²³ https://www.henokiens.com/content.php?id=51&id_membre=11&lg=en

²⁴ https://www.hoaresbank.co.uk/Richard_Hoare

²⁵ Alexander Hoare explains that his job is to keep his bank small and beautiful (Clark & Cahill, 2009) in reference to Schumacher (2011)’s book « Small is beautiful ».

“extremely well introduced” according to Alexander Hoare (Smith, 2008), notably on the basis of personal recommendations (Merrell, 2005) such as from existing customers (International Directory of Company Histories, 2022) or from people of character known to the Bank's officers (Morais, 2012). Adapting to the new world of finance, Bella Hoare explains, “We are always open to new customers. Before we had online banking, existing customers weren’t asking for it. They didn’t know they wanted it. However, we’ve had significant take up and now have 60% penetration in online banking, less for our app but that is building” (Reynard, 2019).

Prospective customers must qualify though before being taken on by the bank (International Directory of Company Histories, 2022; Temin & Voth, 2006). With demand exceeding supply since the 2008 financial crisis, the Bank has been improving the "quality" of its customers, quietly squeezing out unprofitable customers while ensuring the "relationships" with new ones are more complex and lucrative (Morais, 2012). As illustrated by the title of an article by *The Times*, “Billionaires join queue to sign up for bank that likes to say: ‘Maybe’ ” (Merrell, 2005). “We reject loads of rich prospective customers – we only want the like-minded ones”, as explained by Alexander Hoare (Hoare, 2021a).

The Bank partners propose assessments, “chats” or so-called interviews of prospective customers, whereby not only their financial wealth matters are discussed but mainly and most importantly the values that stimulate them. Both qualitative and quantitative considerations are taken into account, including the fit of the new customers with the existing ones (Merrell, 2005). As described by Alexander Hoare, this relationship “is mainly about sharing the same values” (Lederer, 2019), in line with the Bank philosophy “we enjoy working with customers who share our values”(C. Hoare & Co., 2021a).

This seems engrained in Hoare's early policy of knowing and understanding its (selective) customers back in the 18th century. At that time, such policy turned out to be “more important than the potential benefits of risk diversification through a large portfolio of small loans” (Temin & Voth, 2006, p. 178). The relationship-building and management are still key in the development of the customer-base. According to Bella Hoare, once customers join the bank, they are introduced to their personal relationship manager who handles their needs (Reynard, 2019)

through a comprehensive portfolio of services. These range from day-to-day banking and flexible lending to specialist services from the Bank's treasury, farms and estates, family offices and family businesses, city professionals, entrepreneurs, and arts, culture and entertainment teams, and support with philanthropic giving (C. Hoare & Co., 2022, p. 6). The customers' relationship is likely to last on the long run given the low turnover rate in the Bank (Smith, 2008). It is crafted with care as "the company is able to offer highly personalized services unavailable at larger banks" (International Directory of Company Histories, 2022) with "peerless dedication" to customers, always put first in decision-making, as observed by the current non-family CEO Diana Brightmore-Armour (Spear's 500, 2022a).

To date, the Bank still follows the same formula with just "first-rate client service" (Morais, 2012). Comparing the customers' relationships of Hoare's to those of other banks, Alexander Hoare explains, "we compete on dimensions where we have the clear advantage: relationships, flexibility, care, independence, and speed of service". This echoes the comparative analysis by Laurence (2008, p. 566) on the basis of records of two contemporary banks in the 18th century, suggesting that "Hoare's Bank was exceptional in the services it provided and in the way in which its partners' advice was given, or at least acted upon". The quality of service translates into a more expensive service than other banks, which the customers are willing to pay for as they believe that they are getting value for money, according to Bella Hoare (Metcalf, 2019).

The Hoare partners personally approve (or turn down) every major loan to a client, quickly delivering their decision because they either know each customer personally or, at the least, are very familiar with the client's finances (Morais, 2012). Even the employees abide by "*The Guide to the Bank*", treating customers (people) as they would wish to be treated (Morais, 2012). This piece of wisdom which still stands the test of time was received by the Partners from their predecessors and is meant to be passed on to the next generation, as advocated by Venetia Hoare (The Ownership Project at Oxford, 2021).

Furthermore, Bella Hoare emphasizes that "these relationships are meant to be enduring" (Reynard, 2019). Mutual trust represents, in fact, an important component of the sustainability of customers relationships at Hoare's. As suggested by Cantillon (2017 (1931)), "Some trust one

banker, some another. The most fortunate is the banker who has for clients rich gentlemen who are always looking out for safe employment for their money without wishing to invest it at interest while they wait." By these canons, "Hoare's Bank was well placed" in the 18th century, according to Joslin (1954, p. 177), and continues to be so to date. As explained by Alex R Q Hoare (2021b), "Trust continues to be important. We never forget that when a customer deposits money with us, they are trusting us to give it back when they ask for it. We take a similar view when making a lending decision". These relationships of deep trust are founded on shared values of honesty, empathy, excellence and social responsibility (C. Hoare & Co., 2022, p. 6). The fact that a lot of employees work in the Bank for 25 years, dealing with several generations of the same customer, also contributes to building trust, as noticed by Alexander Hoare (Cope, 2001).

Trust also stems from the ability of the Bank to overcome crises by building on its long history. As Alex R Q Hoare adds, "our customers trust us to be ready for the expected and the unexpected" (Hoare, 2021b). The 2008 financial crisis illustrates this statement well. The Bank received more deposits in the first three months of the year than in its first three centuries, according to Alexander Hoare (Masters, 2008). Overall, the Bank's deposits increased by 21 percent, followed by 16 percent in 2009, and the Bank remained profitable (Marsh, 2022) despite the crisis' severe impact on other banks. Michael G. Hoare suggests that this performance is part of a pattern as it has already been noted in the 1975 crisis. He underlines the importance for a family bank without access to third-party funding to maintain comfortable capital ratios not only to be able to face economic downturns, which can often be of long duration, but also to accommodate increases in deposits over which it has no control.

"Interviewed by Bloomberg, Islay Robinson, the chief executive officer of a mortgage broker with dozens of high-net-worth customers of the Bank, provides a testimonial on the Hoare's in a similar line, "They tend to be able to come up with solutions that other banks cannot provide" (Metcalf, 2019). This is also reflected in the higher levels of customers' satisfaction at C. Hoare & Co. in comparison with other banks (Smith, 2008). As emphasized by Alexander Hoare, "We only want customers (...) who want to enter into a long-term relationship with us". With loyal employees and partners steadily serving a selective group of customers and their families, including "three generations of the same family" (Cope, 2001), this philosophy has been bearing

its fruits. Many of the customers are still with the Bank for generations²⁶ (International Directory of Company Histories, 2022) – sometimes stretching back to centuries (Family Business Week, 2021) up to the 1700s (Temin & Voth, 2006).

These observations faithfully reflect the current description of the Bank activities on its website, “We provide a contemporary bespoke banking service based on deep personal relationships and long-held values”²⁷. A competitive advantage that can be put at test during crises which the Hoares managed to anticipate and navigate through innovation and adaptation.

2.2 Innovation and Adaptation in Crisis and Beyond: A Learning-by-doing and A Prudent Risk Management Approach

As Diane Brightmore-Armour puts it, adaptability spans the lifetime of Hoare’s Bank, making it “a very relevant, agile bank” (Spear's 500, 2022a). In the late 17th and early 18th centuries’ London, to switch from goldsmith to credit intermediary was to venture into a largely unknown and difficult activity (Temin & Voth, 2003, 2006). This entailed crucial innovations, which shaped the English banking history, by goldsmith bankers (Joslin, 1954, p. 168) among whom Hoare’s Bank turned out to be a key player. The records at Hoare’s provide “a striking image of how business practices were adapted to use a new business model” (Temin & Voth, 2006, p. 178). Richard Hoare and his sons were successful pioneers in terms of business model innovation, managing to make a relatively new idea at that time a successful business. “As they had no template against which to measure themselves” (Temin & Voth, 2006, p. 152), they were innovating and learning at the same time. Their innovation was part of a learning-by-doing approach on the organizational, managerial, and technological levels.

²⁶ This observation is in line with previous research on century-old family businesses that are members of The Henokiens. For more details on the multigenerational system of loyalties including the customers, refer to Labaki (2017, 2022).

²⁷ <https://www.hoaresbank.co.uk/>

In fact, the move from goldsmiths to bankers was not possible just by learning a new trade. The Hoare's learned the business of banking as a new 'technology' (Temin & Voth, 2006), extending their clientele to particular individuals, such as private individuals outside the tight-knit community of merchants or the smaller community of princely rulers (Temin & Voth, 2003). As Temin and Voth (2006, p. 151) explains, "The introduction of commercial banking to the wider public of London required *organisational innovation* by Richard Hoare and his associates". On the one hand, they replicated the lending practices already used at the time. On the other hand, they successfully innovated by adapting the system of deposit banking and combining it with lending and brokerage services.

Taking a Chandlerian view, Temin and Voth (2006) argue that by extending their expertise into new dimensions, the Hoare's made changes in *managerial practices* that stand as innovations which are as important as introducing new machines - although they did not have any. They developed recognizably modern aspects of banking practice, such as the banker requiring the customer's authorization to pay himself (Laurence, 2008, p. 567). They were also investing in the intellectual or human capital to operate the new business, through education and build-up of a set of 'operating instructions', probably largely unwritten, and gradually evolving (Temin & Voth, 2003, 2006). Changing the interest rate charged on their transactions over time is an illustration of their adaptability, as they started directing their banking decisions towards selecting the right borrowers rather than the interest rate at which they borrowed (Temin & Voth, 2006).

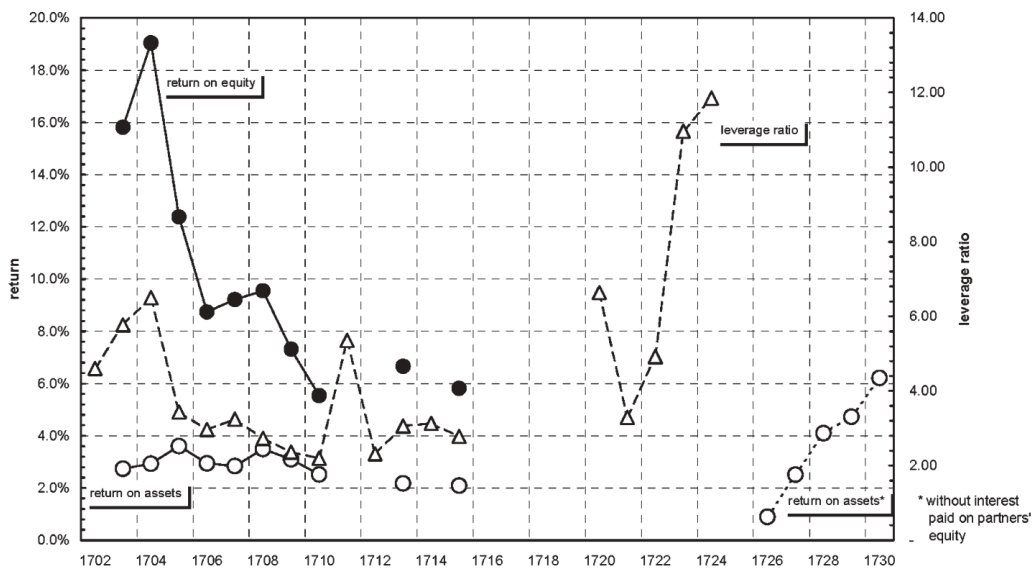
Hoare's early pioneering innovative behaviour²⁸ was balanced with a relatively *prudent approach* though, in comparison to the competitors and to the standards of 18th century banking and commerce (Temin & Voth, 2003, 2006). The Bank was described as *cautious* in its choice of loans and liquidity reserves and in its investments in the stock market (Temin & Voth, 2003, 2006). This prudence at heart evolved to become particularly prominent after 1720.

²⁸ The illustration of innovative behaviors in this case is mainly focused on the early beginnings of the Bank. Among notable innovations, it is worth mentioning the Bank's launch of a highly innovative portfolio management service in 2003 as an extension of its investment offering. "The new service represented the first manager of manager (MoM) program to invest via more than one multi-manager specialist. The move is an example of a small private bank punching above its weight in the investment arena by leveraging the skills of other specialists" (Datamonitor, 2005).

Tracing the roots of the Hoares' risk attitude, Michael G. Hoare suggested referring to the training that Sir Richard Hoare, the founder, must have received at the hands of his father Henry, the Horse dealer. During the Civil war and at a time of real shortage of coin, he built up a substantial fortune, much of it based on selling 'on credit'. In the following years, family crises (such as the death of a partner) and external crises (such as the annus horribilis of 1710/11 and the South Sea Bubble in 1720) have contributed to further shaping the Bank's risk behaviour, as shown in Figure 3 (Temin & Voth, 2003, 2005).

Figure 8.

Return on Assets and Equity, Leverage Ratio of Hoare's Bank (1702 – 1730)



Source: Temin and Voth (2006, p. 161) based on archival records

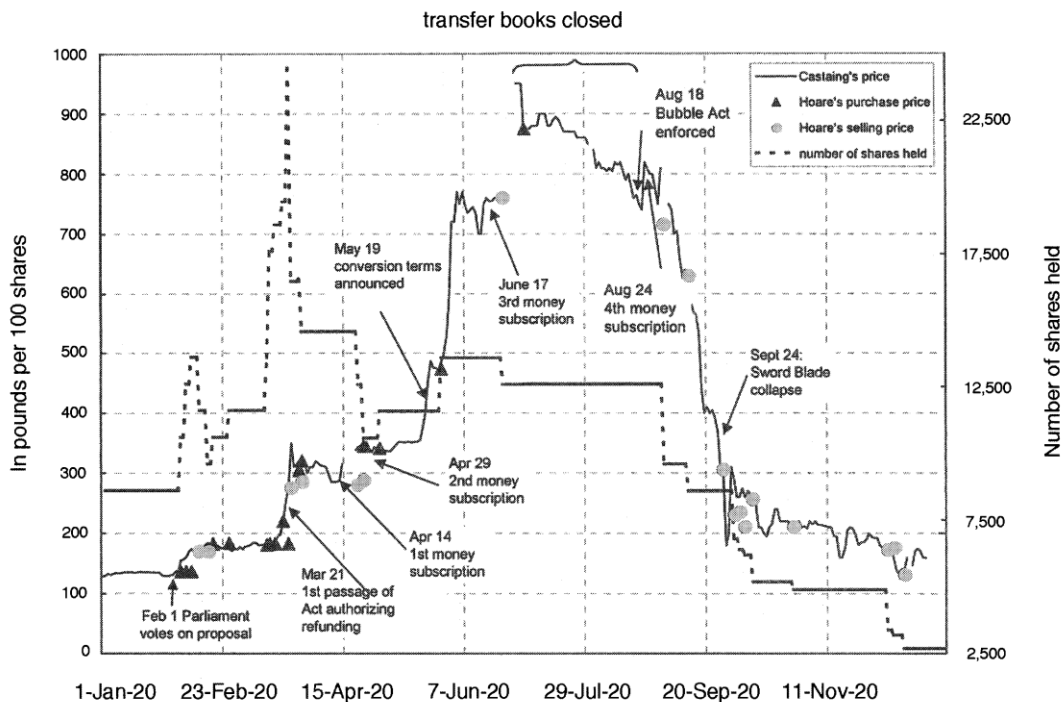
While family crises led to fluctuations in equity levels, crises such as the annus horribilis of 1710 (with its high number of bankruptcies and relatively low profitability at Hoare's) led Hoare to make brutal cuts in loans without interest which ended up by paying off later and relatively quickly. As for the South Sea Bubble of 1720²⁹, it was described as “an intriguing period in the

²⁹ The South Sea bubble involved a British company with monopoly trading rights over South America which made promises of excessive returns while running a form of Ponzi scheme, exchanging shares in the company for privately held government debt. After increasing by more than eightfold from January to July of 1720, the stock decreased by 88 percent in the fall of 1720 (Krueger, 2005).

bank's history" (Cope, 2001). The partners Henry and Benjamin Hoare managed to skilfully surf the bubble by acquiring South Sea stocks as they rose and selling them whenever they dropped before the bubble burst, making in 1720-1721 the equivalent of their profits over the past 20 years (Temin & Voth, 2004). To illustrate, between February and September, they made about 19 000 pounds of profits that year which represent 1.6 million pounds in today's money (Clark & Cahill, 2009). Interestingly, as demonstrated by Temin and Voth (2004), this impressive performance was not due to chance or agency problems, such as exploiting the belief that the stock was overpriced or benefiting from insider information. In addition to successfully riding the bubble, the Hoare's survived the tumultuous years of the South Sea Bubble crisis which witnessed many private banks disappear.

Figure 9.

South Sea Bubble: An Illustration of the Stock Price Evolution and Hoare's Trading in 1720



Source: Temin and Voth (2004, p. 1658)

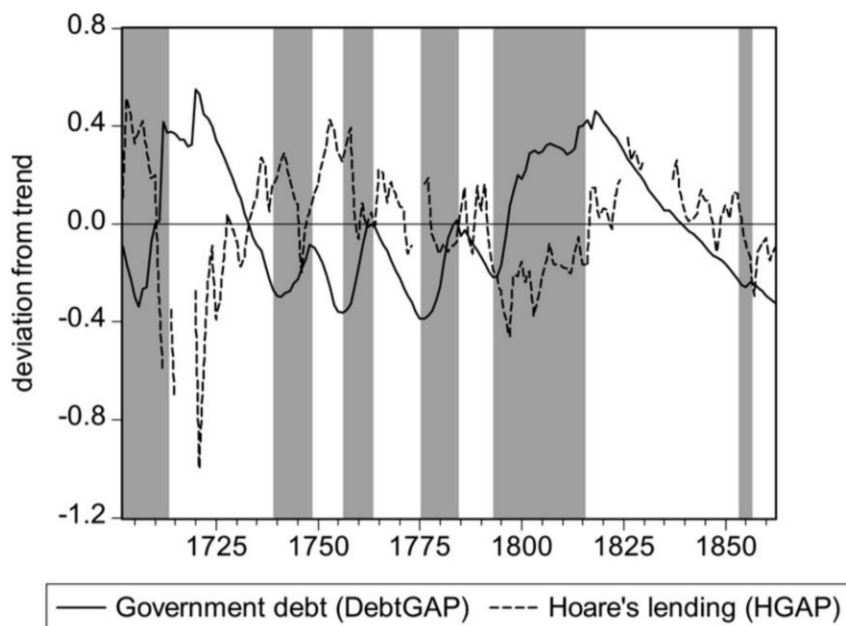
Following the South Sea investment and subsequent earnings, the Bank began to grow in a very conservative way (Temin & Voth, 2011). Whereas before 1720, Hoare's devoted considerable amounts of equity to protect itself from insolvency, after 1720 the partners decided that their

biggest risk was not insolvency – partly since they had changed the nature of their lending operations – but rather illiquidity. Therefore, the Bank changed its way of managing risks after 1720 by moving from a combination of low cash reserves and relatively healthy equity cushions, to holding enough cash to satisfy depositors' demands, even in extreme circumstances (Temin & Voth, 2006). Hoare's Bank also chose its clientele with care to reduce the risk of lending and kept very high cash reserves to reduce risk even more (Temin & Voth, 2011).

When war was imminent³⁰, Hoare's immediately boosted its cash ratio, anticipating that it would have to pay out deposits for customers to move funds into government securities. The analysis of annual balance sheets by Temin and Voth (2005) showed that a 1% rise in government debt was met with a 1% decline in Hoare's lending relative to their long-term trends, through reducing credit to customers, calling in old loans and refusing to make new ones.

Figure 10.

Government Debt and Lending at Hoare's – Deviations from Trend



Source: Temin and Voth (2005, p. 334)

³⁰ such as The Wars of Spanish Succession and Austrian Succession, The Seven Years War, The War of American Independence in the 1770s and early 1780s, The Revolutionary and Napoleonic Wars, and The Crimean War in the 1850s.

The Hoare's family, therefore, spent a long time learning the new banking business (Temin & Voth, 2011, p. 82). This was first shown in Hoare's early innovative efforts from a learning-by-doing approach in the late 17th century and early 18th century to changing their business model by extending their services to a new clientele and riding bubbles.

Since then, the conservative attitude to risk permeated the Hoare's adaptability, whether in crises or prosperity times, gradually crystallizing into an *institutional memory* that still informs the Bank decisions. The Bank changed its lending practices during wartimes and peacetimes in the 18th and 19th centuries, by considering "the decline of deposits in wartime an integral part of its business" (Temin & Voth, 2005, p. 345). In addition, the Bank's conservative strategy increasingly consigned it to a niche of the banking market but proved successful in generating new partners, and in turn ensuring the continuation of the Bank (Temin & Voth, 2011).

Reflecting on the Wall Street Crash of the 20th century, Rennie Hoare, 11th-generation partner and Head of Philanthropy, explains that the knowledge accumulated for 182 years by the 10th generation creates *reference points* to the subsequent Partners of what happens in moments of market exuberance or market capitulation (Marsh, 2022). The consistency of this prudent approach permeating adaptability has also paid-off during the financial crisis in 2008. As Bella Hoare, Partner and Director, observes "In banking, the cycles do come around" (...) "The reason we had a good crisis is that we hadn't forgotten the last one. My father's father had taught him the lessons from the 1929 crisis" (Metcalf, 2019). A point reiterated in a recent interview with Henry C. Hoare, Bella's father and former Partner and Chairman of the Bank, who emphasized the lessons learned at the end of the 19th century's disaster as one of the keys for the Bank continuity. Alexander Hoare adds that the Bank's "idiosyncratic structure" and "play-it-safe" approach has enticed new customers who have lost faith in financial institutions in the wake of the 2008 financial crisis (Murphy, 2018), leading to cash pouring in from those looking for safety (Smith, 2008), up to receiving more deposits in the first three months of 2008 than in the Bank's first three centuries (Masters, 2008). This long-standing experience gives the partners perspective, helping make the perplexities of events, including Brexit, less foreboding (Smith, 2008). Combining prudence and adaptability, "the memory of the seventh generation is still informing the bank's prudent approach" in 2022 (Marsh, 2022).

Looking at the other big transformations of the 21st century, such as digitalization, Hoare's seems to have followed the same conservative path.

While the website of C. Hoare & Co. was launched in 2000 and the first online statements issued in 2001, the digitalization was significantly accelerated subsequent to increasing competition from banks offering cheaper and faster services as well as to increasing regulations from UK and European watchdogs (Murphy, 2018). As highlighted in the title of the *Financial Times* article, "UK's oldest private bank C. Hoare & Co finally goes digital" (Dunkley, 2015), the family announced in 2015 that it was aiming to "fully adopt the digital age". This included "scanning all paperwork and modernising 300 years of working practices" and "investing significantly in new technology" (Dunkley, 2015). The same year, the Bank started testing a new online system and a mobile banking app while launching contactless cards (Murphy, 2018).

Today, the Bank seems to have fully embraced digitalization as illustrated by its LinkedIn page presenting the Bank as "Combining over 350 years' banking expertise with 21st century digital capabilities"³¹. This latest move was further accelerated by the appointment of Rennie Hoare as partner, in an effort to bring "a very important dimension of millennial thinking" into the Bank and to lead it towards digital transformation (England, 2021; Murphy, 2018). One of the Bank's current strategic priorities is to improve its tech, adopting new fintech and technologies as they come out, according to Alexander Hoare, in order to offer clients better digital services, but also to find savings in the business through process automation (Marsh, 2022).

The Partners' conservative attitude to risk is not without setbacks though, as the Bank might have missed out on opportunities. This was the case when the Bank missed the industrial revolution, which led to slowing the growth of the balance sheet unlike other competitors at that time (Clark & Cahill, 2009). Still, the conservative risk management attitude stands firmly today, embedded in the current "tortoise-like approach" as Alexander Hoare calls it: "We go plod, plod, plod, doing what we've done for 11 generations" (Smith, 2008). As a good example, Michael G. Hoare refers to the Bank's adaptation to the very substantial increase in risk provided in the 1990's 'Big Bang' by the closing of the discount market which, since the 1825 crash, had provided material comfort

³¹ <https://www.linkedin.com/company/c-hoare-&-co/>

to interbank lending by adding a second layer of guarantee. More recently in 2022, Alexander Hoare reaffirms in his writings that “unlimited liability keeps the Partners working hard, focused on risk” (Hoare, 2022a).

This approach is also extended at the Board level through the “Board Approved Risk Appetite Statement” and the “Risk Appetite Metrics”. In its last annual report, the Bank acknowledges that it is willing to take risk consistent with the Bank’s values in order to meet its strategic objectives, provided it does not threaten the bank’s reputation or sustainability. In this line, the Board articulates the level of risk that the bank is willing to accept in achieving its strategic objectives both in total and for individual risk categories (C. Hoare & Co., 2022).

Operating in a framework combining learning-by-doing and prudence, the innovation and the adaptation are still at the heart of Hoare’s Bank development since its inception. The Hoares did not, however, restrict them to the Bank *per se*. They particularly thrived or thrived in the philanthropic domain, connecting their business with the family and the broader community.

2.3 Philanthropy, Environmental and Social Responsibility: Pioneering Initiatives Conducive to Stakeholders’ Engagement and Impact

The culture of giving is one of the ways C. Hoare & Co. makes its purpose “*To be good bankers and good citizens*” a reality (Golden Bottle Trust, 2020). A clear sense of purpose is shared by the partners and colleagues alike, observes Diana Brightmore-Armour (Spear's 500, 2022a). This statement echoes “the deep philanthropic involvement of the Hoare family in philanthropy for centuries” (Golden Bottle Trust, 2020, p. 3) alongside other stakeholders, including employees and customers.

The specificity of C. Hoare & Co.’s philanthropy is two-fold.

First, the Hoare's philanthropy has been *enduring* and *pioneering* from one generation to the other. It has set the stage for *continuously innovative* structures and practices that *make an impact and inspire the evolving models of philanthropy* over time.

As Alexander Hoare observes, "Philanthropy has always been part and parcel of the family business. It is in our DNA" (Chapman, 2012). The deep-seated charitable tradition of Hoare's Bank was, in fact, established by its founding father Sir Richard Hoare and inspired by his careful stewardship and Protestant work ethic (Chapman, 2012). As a deeply religious man, strongly involved in public duty, he had appetite for good works throughout his life until his death in 1719 when he made many notable charitable bequests allowing the company to provide annuities for poor widows of freemen and for Christ's Hospital (Chapman, 2012).

The second-generation partner was named "Good Henry" because of his prolific charitable work (Chapman, 2012). Combining money with a radical idea (Hutchings, 2005), he co-founded in 1719 the Westminster Hospital, one of the first hospitals in the world to offer free medical care funded by public subscription (C. Hoare & Co., 2021a; Hoare, 2021c), a concept he borrowed from the joint stock trade of the 18th century (Chapman, 2012). In 1812, a subscription account was opened at Hoare's Bank for the sufferers in the North Seas, mainly intended to the relief of the widows and families of the diseased then extended to those on board other recently foundered ships. The remaining balance following the last entry was donated to the Naval Charitable Trust (Hunter, 2018a). In 1815, the Hoare family opened The Waterloo Subscription account for those who had fought the Battle of Waterloo (Hunter, 2018c) and ran subscription campaigns for the wounded veterans (Ross, 2018). In 1891, William Hoare founded the UK's first hospice (Family Business Week, 2021). These actions are merely illustrations of the pioneering spirit of philanthropy of the Hoare's family in the 18th and 19th centuries. Commitment to philanthropy became increasingly engrained in the Bank's legacy with subsequent generations, proudly carrying it on throughout the 20th and 21st centuries.

More recently, the "Hoare's passion for giving has been channelled through the Golden Bottle Trust (GBT)" (Golden Bottle Trust, 2020) named in reference to the insignia of the Bank. Set up by the partners in 1985, it was built on charitable donations from the Bank, such as part of the

Bank's annual profits (10%). Also referred to as the Bank's 'eighth partner' (Chapman, 2012), the GBT provides grants for various causes intended to make a positive impact on the social, educational, and environmental level. Thirty-five years later, Rennie Hoare, Partner and Head of Philanthropy at C. Hoare & Co wrote in the GBT annual report that "The Trust helped further the philanthropic ideals of the Hoare family". In a *Financial Times* article, he adds that it is one of the longer-lived investors in the field of impact investment (Ross, 2018). New approaches were gradually introduced in the GBT, such as the philanthropy profiling tool and the integration of UN Sustainable Development Goals in the grant-making process (Golden Bottle Trust, 2020).

The Hoare family also demonstrated an early involvement with social impact investments by co-creating their own vehicle. As explained in the last GBT annual report, "In 2016 there was no product in the market which was sufficiently diversified and intentional about impact. We wanted to think systemically about how our investments can contribute to a better world, whilst also generating competitive financial returns."

At the end of 2016, the GBT became a founding partner of a new social impact investment fund, Snowball, to align investments with values. At the end of 2019, 100% of the trust's reserves investments were moved to social impact portfolios. This concept of "*total portfolio impact*" means that both investments and grants have a positive impact. Stated differently, the negative impact of investments does not outweigh the impact of grant giving (Golden Bottle Trust, 2020). As Alexander Hoare recently reported, the GBT endowment is now 100 percent invested for impact across four fund managers and some proprietary investments, and the performance has been very satisfactory for the charity³² (Hoare, 2022b, p. 8).

The Bank was also the first in the UK to introduce a Donor Advised Fund (DAF) – "the Master Charitable Trust". This DAF is an umbrella charity that enables customers - individuals and companies - to give in tax-efficient and effective manner to chosen beneficiaries now and for generations to come without the administrative burden of running their own charity or foundation. Messrs. Hoare Trustees is the sole Trustee of The Master Charitable Trust and

³² We invite the reader to learn more about the Snowball Impact methodology by reading the article by Hoare (2022b).

undertakes all administrative aspects of the Giving Funds (C. Hoare & Co., 2021a). According to Alex R Q Hoare, in the 10 years since its launch, the Master Charitable Trust has facilitated charitable donations of £ 160 m (Hoare, 2021b).

Customers of the Bank and the Master Charitable Trust have also joined the GBT in investing in Snowball LLP, which was recognized in 2022 as the "Best for the World" by the B Corporation³³.

Second, the Hoare's philanthropy reflects *shared values* and is integrated, as such, into both the *family* and the *business* in a *holistic perspective*. This entails engaging and benefiting the Bank's stakeholders such as the owning and wider family, the employees, and the customers.

On the business level, the philanthropic spirit is instilled in the bank's culture. It is made visible through bank actions around *awareness, education, incentives, and support of employees and customers*, among other stakeholders.

The bank has developed *a new approach to employee and customer philanthropy*.

It has implemented a philanthropy programme and pioneering its use in a corporate environment³⁴. As such, employees are introduced to philanthropy and its relevance to the bank through an on-boarding course (Vogel & Kurak, 2019). The Bank also organizes a series of events to inspire and to engage customers, employees, and selected stakeholders in dialogues around miscellaneous causes. Labelled "Winter Talks", these events feature inspiring and impactful speakers who are philanthropists, representatives of charities, or experts in advancing important causes³⁵.

Employees are also encouraged to take part in the philanthropic efforts while benefiting from the Bank's centuries of expertise and access to the philanthropic community (Golden Bottle

³³ B Lab recognizes the B Corps that have achieved the highest verified scores in the five impact areas evaluated on the B Impact Assessment. More information is available via: <https://www.bcorporation.net/en-us/find-a-b-corp/company/snowball>

³⁴ <https://www.mpfglobal.com/awards/awards-2019/best-philanthropy-engagement.aspx>

³⁵ To learn more about the Winter Talks, we invite the reader to check the articles featuring insights from the events at <https://www.hoaresbank.co.uk/insights?topic=winter-talks/winter-talks-series&type=insights,news,events>

Trust, 2020). They have the possibility to participate in different ways to decisions on the Bank's grant-making (Vogel & Kurak, 2019).

The GBT and the Master Charitable Trust also support the charitable giving of the employees and customers of C. Hoare & Co. This includes the double matched "Give-As-You-Earn" (GAYE) scheme through which for every pound given by the employees, two pounds are added by the GBT into their charitable account (Golden Bottle Trust, 2020). In 10 years, the Bank's staff who participated to this scheme increased from 37% (C. Hoare & Co., 2011) to 51% (C. Hoare & Co., 2021c), placing the Bank in the top 100 UK companies subscribed to it³⁶. The Bank's customers also engage in the Master Charitable Trust, with 70 of them having contributed to over £60 million of grants (Vogel & Kurak, 2019). While cumulative GBT grants account for more than £23 million, according to the 2019-2020 report, the trust allocated £2,798,914 in grants - in size from £200 to £300,000 - to over 325 different beneficiaries in 2019. To date, the Master Charitable trust has channelled £250m to charitable causes, according to Alexander Hoare.

Community engagement is another key part of the Bank's philanthropic agenda as illustrated by initiatives supporting the local community through the COVID-19 pandemic. In addition to donations ranging from coffee machines and supplied meals to NHS workers to essential goods to homeless people, the bank's catering team cooked meals for a voluntary-sector day-care centre for the homeless and the vulnerable, and colleagues raised funds to purchase an electric van for charity's food deliveries (Family Business Week, 2021). These collective efforts echo the strong alignment between the Bank employees and partners and the communities.

On the family level, philanthropy is strongly embedded in the history and acts as a motivating and binding force.

A Family Forum acts as the GBT's grant making committee. Meeting on a monthly basis, the Forum discusses donations from the GBT to support different family activities intended to engage the wider Hoare family (ranging from 2000 to 3000 members) in philanthropy. These range from a form of venture philanthropy to discretionary grants for fully committed members to a

³⁶ <https://www.hoaresbank.co.uk/golden-bottle-trust>

charitable cause³⁷, as well as to more substantial, highly strategic grants directed by individual members of the Family Forum (Golden Bottle Trust, 2020). Through a profiling exercise, family members identify the causes that matter most to the family to focus its individual and collective philanthropy efforts (Vogel & Kurak, 2019). All decisions are collective and build on trusted networks (Golden Bottle Trust, 2020). Therefore, philanthropy proves to be a family governance vehicle that brings the family closer together around historical values and encourages them to act upon them through philanthropic commitments.

The impact of the Hoare's philanthropy has been recognized by a number of important awards³⁸. The recognition of Hoare's commitment on the social and environmental levels extends, however, beyond philanthropy at large.

Diane Brightmore-Armour praises the Bank's much-celebrated commitment to social responsibility (Spear's 500, 2022a) which seems to permeate the organizational atmosphere. Exchanging with two non-family employees of the Bank, a newcomer and a senior member, allows to immediately witness the expression of joy of work, pride, and satisfaction. Both have plans to pursue their career in the Bank and perceive themselves as part of the extended family³⁹. These elements, among others, reflect the care and concern for the well-being of employees that family businesses are recognized for (Corbetta & Salvato, 2004; Miller, Lee, Chang, & Le Breton-Miller, 2013) and that the Hoare's family instils in its human resources management. "The bank's strong ethos of social responsibility" not only attracts and retain employees but also the customers (Spear's 500, 2022b).

On the environmental side, the Hoare's family engages beyond the significant amount of grants dedicated to related causes⁴⁰. As indicated by Amy Rodwell, the last partner to join the bank, the environmental considerations are an integral part of her interests (C. Hoare & Co., 2021b). This extends to the operational level including the Bank's carbon footprint. In 2021, Hoare's became

³⁷ Family members have the possibility to apply for a grant up to £5000 to support a charity that they are deeply involved in/of their choice.

³⁸ Such as the 2018 Diamond Payroll Giving Quality Mark.

³⁹ Which is in line with existing research on non-family employees (e.g., Lingo & Elmes, 2019).

⁴⁰ Through both grants and investments, over £17.7m were oriented towards the SDGs (including over 9% of the GBT's grant making).

among the first banks in the UK to introduce environmentally friendly Visa cards. Meant to become the Bank's default cards over a three-year period, their emissions are approximately 68% lower than traditional cards upon industrial incineration. Made from PLA, which is corn-based, each card is produced with 73% less carbon emissions than traditional bank cards - allowing to support the environment with every swipe, tap or transaction⁴¹.

Marking its 350-year anniversary, the Bank announced '350 Grants' together with the GBT. As Rennie Hoare (2022e) explains, these grants are intended to celebrate the Bank's historic innovation and risk-taking and to address current issues where they can be equally impactful. At Hoare's Bank, impact has been always a matter of aligning the sustainable business ideology with the philanthropic activity viewed from a strategic approach (Chapman, 2012). Pursuing such commitment requires, therefore, successfully transferring the legacy to the generations to come. This entails a thoughtful succession process that the Hoares have been managing and revising along centuries.

2.4 Succession Process: Perpetuating Successful Attitudes and Talent, Learning from Mistakes, and Adapting to Modern Times

Succession in a family business can be thought of on different levels - the management, the governance, and the ownership – while being based on different selection criteria. Primogeniture was traditionally the expectation when selecting the successor who embodies the Partner's role as owner and manager of the Bank. As Hutchings explains (2005, p. 24), Richard Junior has failed as the eldest son to live up to his father's expectations "as heir". This implicit expectation of the eldest son as successor soon after collided with and was overridden by the competences' requirements. What was a consistent pattern in the choice of Partners over the centuries was a combination of criteria in terms of competencies, successor gender (male) and origin (direct descendant line from the founder), with some premonitory indications for those who bear the

⁴¹ Source : <https://www.hoaresbank.co.uk/node/1471>

name “Henry” or “Richard”. In the last decades, these criteria have been gradually extended. In addition, succession planning became one of the four main tasks of the Partners⁴² according to Alexander Hoare, representing a frequent item on the monthly agenda of the meetings, as observed by Rennie Hoare (Marsh, 2022).

Still, the underpinning factors that make of this choice a likely success seem to have endured the centuries, albeit with nuances. Three of them are of particular relevance at the Hoares: the right attitudes and talent, the ability to learn from mistakes and act upon them, and the adaptability of the process to modern times.

Figure 11.

C. Hoare & Co. Partners in 2020



Source: Picture courtesy of C. Hoare & Co.

The ownership succession represents the foundational block of the Bank’s continuity in the family’s hands. It builds on a *responsible partnership model* which has no automatic right of inheritance, and which determines the way management and governance succession are processed⁴³.

⁴² The other ones being to know the customers, the staff, and the risks.

⁴³ Part one of the case (section 1.3) provides a more detailed account on the characteristics of the Ownership and its connections with Management and Governance over time.

The Partners' succession process was shaped over time by both *positive and negative experiences* based on which valuable lessons were derived and acted upon.

Looking at the bright side, the successful Partners have inspired the next generation of Partners as role models, embodying a number of virtues which were echoed in the Bank's business practices and service to the community. Partners in the third generation were, for instance, "all committed bankers, unhesitatingly loyal to their predecessors' creation" (Hutchings, 2005, p. 49). This is still particularly true today. As Rennie Hoare explains, the recruitment of new partners makes sure that they have the right culture, the right values, the right attitude to risk, and that they get along well (Marsh, 2022). These attributes seem essential for fulfilling the Partners' outspoken mission "To support the Bank's ongoing commitment to embed our purpose of being 'good bankers and good citizens' "(C. Hoare & Co., 2021b).

Over the years, many partners⁴⁴ exemplified the qualities that have set them for success in terms of attitudes, character traits, and skills. While every Hoare contributed in his or her own way to sustain the business, three Hoares stood out according to archivist Pamela Hunter.

Going back to the founding father, Richard Hoare, trustworthiness was his defining trait of business and character. As described on the Bank's website, "it was a genuine commercial asset, more real and reassuring than any of the padlocked strongboxes in his cellar"⁴⁵. Good Henry was a devout man with a social conscience and practical nature, also referred to as "the ubiquitous Henry Hoare" in recognition of his energetic pursuit of good causes (Hutchings, 2005, p. 39). In terms of character, Henry the Magnificent was particularly known for his personal charisma which overshadowed the other Partners in the Bank (Hutchings, 2005, p. 49) and his visionary approach as he was the first to articulate the concept of Partner as a life trustee of the Bank (Hutchings, 2005, p. 228).

The Partners' ethical values were equally important and deeply rooted in the historical connection, attachment, and commitment of the Hoare family with *religion*, namely the Anglican

⁴⁴ For illustration purposes and given the limited length of the case, we focus only on a few Partners whose characteristics were intensively described in various sources. This choice is not meant to rank neither assess Partners by degree of importance.

⁴⁵ https://www.hoaresbank.co.uk/Richard_Hoare

Church (Hoare, 2022c; Hutchings, 2005). They transcended both their approach to philanthropy and their relationships with customers and other stakeholders (Hoare, 2022c). Sir Richard Hoare and Good Henry were Church Commissioners under Queen Anne, contributing to the founding of early Christian charities and several of her '50 new churches'. Other Partners followed in their footsteps by providing sustained support for the Church of England for 11 generations, including The Henry Hoare Bible Fund which is making grants since 1725 (Hoare, 2022c).

Added to this, Partners had a good sense and practice of public service, namely in the political arena, accumulating throughout the years a number of positions and titles as Mayors and MPs (Hoare, 2022c; Hutchings, 2005). Their other skills, whether gardening, fishing or cricket, have also played arguably in their favour, "providing better training for bankers than treading the corridors of power", as Michael G. Hoare (2022c) puts it.

With religious faith as a red thread, stewardship is likely what describe best the overall qualities of the successful and inspiring Partners to date. While Alexander Hoare defines himself as "steward of the firm's values and heritage" (Spear's 500, 2022b), the newest Partner of the Bank, Amy Rodwell, looks forward to playing her part in "stewarding the bank through the next chapters in its distinguished history", in her own words (C. Hoare & Co., 2021b).

As Partners depend on one another's capabilities and performance to a degree rarely seen in other businesses, given their unlimited liability, "finding the brightest and best family members has been part of the C. Hoare & Co. formula from the beginning", according to Alexander Hoare (Marsh, 2022); not without notable exceptions though. This formula has not been applied steadily if one looks back at the history, even though the founder tried to set the tone by excluding his eldest son, "Naughty Richard", from the partnership because of a presumably lack of competencies (Hutchings, 2005).

Reflecting on the dark side, mainly through the seventh generation, Michael G. Hoare observes that after amassing riches and an important place in society over 200 years, the family lost most of its wealth in one generation (Hoare, 2022d). As values go hand in hand with competencies, "religious conformity was expected of those who worked at the Bank" (Hutchings, 2005, p. 149). Partners such as Henry of Iden who admitted not believing in God were regarded as a serious

moral failing within the family⁴⁶, raising discussions about potential disinheritance (Hutchings, 2005, p. 149). Along with members of his generation who were rich to excess, they were described as arrogant, convinced of their own superiority and with no understanding of risk, as not believing in God liberated them from all constraint (Hoare, 2022c). While being referred to as “rotters” by Venetia Hoare, the seventh generation members seem to have offered lessons that now inform the family about how to construct a lasting partnership and what to look for in a good partner, as suggested by Rennie Hoare (Marsh, 2022).

The past experiences have also enticed the family to emphasize the outside experience of family members before joining the recruitment process. For example, Alexander Hoare joined the family business from PA Consulting while Venetia Hoare joined after a career in investment banking, (Cope, 2001).

The values and professional experience that stand as a guiding star in the recruitment process of Partners also extend to non-family members joining the Bank’s management and governance. The non-family CEO Diana Brightmore-Armour describes herself, for instance, as a “values-led leader” with purpose and values being very important (Spear's 500, 2022a). She first served on the board for 18 months, which gave her great insights before taking on the executive role (Spear's 500, 2022a).

The recruitment of employees seems to follow a similar path since the early years. In her study of the Hoare’s Bank in the Victorian era, Jeacle (2010) emphasizes the significance of values to the clerks’ recruitment process. She found that only those of impeccable character were recruited into the ranks. While humorously referring to themselves as the Association of the Sons of Toil, Hoare’s clerks generally enjoyed a higher salary, longer holidays, and more favourable working conditions than their clerical counterparts. Recent conversations with non-family employees in other positions stressed further the favourable working conditions and atmosphere as compared to other workplaces, which allude to the distinct human resources management practices since that time.

⁴⁶Out of which around a hundred descendants of Sir Richard have been Anglican priests, as accounted by Michael G. Hoare.

During a recent interview⁴⁷, Henry C. Hoare, Partner from 1959 until 2018 and Chairman from 1988 until 2001, recalls that his own preparation to the Partner's position started at a very young age. Things have evolved since, with the next generation members who are close to existing partners being invited to spend time at the bank for internship or to gain work experience (Hoare, 2022c).

The selection process of new partners entails, henceforth, a strong component of *motivation* that is fostered through opportunities for internships. As explained by Amy Rodwell⁴⁸, "These internships are not expected to raise expectations. They are just a chance; not a guarantee for joining the partnership". Therefore, informal rather than written and detailed protocols or rules exist for identifying and educating the future generation (Hoare, 2022c). Through these internships, Amy Rodwell observes that family members are supported emotionally and for their career development.

Recounting her own experience, she explains that two internships at the Bank during her university holidays prompted her to consider a career in the Bank although she was initially interested in international development. She was fascinated by this initial experience, given the opportunity to learn and to build relationships with other cousins working at the Bank. After gaining an outside experience in other organizations including a Chamber of commerce and a charity, she joined the Messrs Hoare Trustees in 2015 for two years, then the banking team for another two years. Through a rotation in different departments, she learned about the processes and risks involved, consolidated relations with the colleagues, and attended committees' meetings. She was made a Partner in 2021 upon a joint proposal by the Partners.

⁴⁷ In March 2022.

⁴⁸ The quotes attributed to Amy Rodwell in this section are derived from an interview held in March 2022.

Figure 12.

Amy Rodwell, 12th Generation C. Hoare & Co. Partner in 2021



Source: Picture courtesy of C. Hoare & Co.

Once the partnership opportunity turns into reality at Hoare's, it is followed by informal training and mentoring. Henry C. Hoare, whose daughter Bella became Partner, stresses the importance of informal discussions and meetings, such as those regularly held at lunchtimes, which strengthen communication among Partners. Formal or informal mentoring also plays an important role in the knowledge sharing and competencies development, especially when the mentors have been or are active owners for many years. To illustrate, Alexander Hoare acknowledges that Henry C. Hoare, whom he considers as his mentor, taught him everything he knows (Marsh, 2022).

In addition to the fundamental importance of the values and competencies in the recruitment process, the Bank has been adapting its practices to "modern times". In its recent history, the Bank has made progress in terms of diversity whether on the board and top executive positions or in the partnership composition. Including the *diversity considerations*, the Hoares increased gender and age representation, introduced Partners who do not descend through a direct line from another Partner, as well as the first member in the partnership who does not hold the family name. Only three female partners joined the Bank, starting in 1996 with Venetia Hoare and following with Bella Hoare as members of the 11th generation. In November 2021, Amy Rodwell

became the first member of 12th generation to join as partner of the Bank while not bearing the Hoare's family name (C. Hoare & Co., 2021b). Alexander Hoare and Amy Rodwell have to go back 200 years or more to find a partner in their direct lines (Marsh, 2022). Rennie and Amy, two relatively young Partners as compared to the senior Partners, bring new skills and perspectives through millennial thinking. With diversity in the making, the path is wide open to continue adapting the Bank succession practices to a changing world.

For the succession process to be a durable success, however, it should be viewed beyond the Partners' circle, that is in a *stakeholders' perspective* with a particular focus on the wider family. As Alexander Hoare observes, "There are two things that can destroy a family business. Business and family. Both must be kept in order" (Lederer, 2019).

While the family, which spans between 2500 and 3000 members, includes only a handful of partners who are financially bound to the Bank, most of the members do not work neither have a financial interest in the Bank (Reynard, 2019). Therefore, what binds the family together and ensures the future upbringing of successors who continue the legacy extends from the financial dimension to the *emotional dimension*.

In this line, the Partners are increasingly organizing activities and initiatives to make sure the family stays emotionally attached to the Bank and united around its values and mission. While philanthropy plays a significant role in binding the family together as explained in the previous section (2.3), the Partners also engage the family in miscellaneous formal and informal activities whether in terms of sharing historical narratives, disseminating information through a family online platform and other digital means, or organizing meetings, seminars, and celebrations.

Shared historical narratives play an important role in educating and engaging the next generations of Partners⁴⁹. Through the Museum of the Bank, the speeches, the tales, the articles and other publications on family memories and history, the family not only learns from the past Partners' mistakes that threatened the Bank's continuity but is also encouraged to act upon them (cf. Hoare, 2021a for an illustration). Therefore, current or future Partners feel indebted to their

⁴⁹ In line with recent research observations (e.g., Labaki, Bernhard, & Cailluet, 2018; Michael-Tsabari, Mihm, Seaman, Viellard, & Labaki, 2018).

predecessors for their guardianship of the Bank, especially those who defended the Bank from Partners who had little interest in its future (Hutchings, 2005, p. 228).

Activities intended for the younger members of the family include a “Cousins Committee” which was originally started by Rennie Hoare three years ago and became gradually more formalized with meetings planned on a quarterly basis. These meetings organized by Amy Rodwell and Rennie Hoare offer a platform to exchange in small groups of cousins, with different professional backgrounds and who are gender and age diverse. Topics include an update about the Bank’s ambitions on topics of interest, such as sustainability and digitalization. As Amy puts it during a recent interview, “it is a good opportunity for them to listen and ask questions and for us to meet them and learn from them” while adding “they are a good sounding board”. Other meetings are also held on an annual basis to discuss strategic topics with cousins who are in the financial industry for example.

Parties also contribute to creating and maintaining connections among the young cousins as well as across generations, including the celebration of the 350-anniversary of the Bank.

Lastly, the Hoares like to leave a *hint for luck* when reflecting on the success factors of succeeding generations. Decoding the past, Michael Hoare (2022c) suggests in his writings that “luck must also take its bow. Luck in the original choice of an activity that is both durable and sufficiently simple for succeeding generations to be able to adapt to it; luck in both always attaining critical mass and also keeping small and simple enough for the family to stay in full control; luck in never running out of capital; luck in avoiding diversification or selling; luck that each generation has thrown up at least one long-lived, competent and committed banker, luck in Britain’s political stability...”.

For the Hoares, the success metrics for succession lie in the ongoing pursuit of the process. As Rennie Hoare suggests, “you’ve succeeded when you are succeeded” (Marsh, 2022). This process has been going on for 350 years which were rich in lessons that this case tried to distil. The concluding remarks are intended to present their highlights in an effort to answer the original research questions and to anticipate the Hoares’ future.

Concluding Remarks: Charting the Future in Confidence

In his foreword of *Through the years*, Simon M. Hoare (2018, p. 7) reaffirms “how important it is for us to continue adapting to the needs of an ever-changing world without losing sight of the values that have underpinned the bank’s success to date”.

Travelling back in time, this case followed the development of C. Hoare & Co. over 350 years to identify the sources of strengths that contributed to successfully navigating crises and perpetuating the legacy. Building on a *philosophy of impact*, four complementary factors make up the *C. Hoare & Co. Compass towards Sustainability*.

First, a base of select *customers relationships* lies at the heart of C. Hoare & Co.’s activities conducive to service excellence. These relationships prove to be long-standing, even multigenerational, as they are characterized by strong shared values and mutual trust between the Partners and the customers.

Second, facing the evolving environment, C. Hoare & Co. continuously *innovates and adapts its services and processes* in the intertwined systems with which it interacts – the business, the ownership, the family, and the community. Its innovation and adaptability are guided by a dual approach, combining learning-by-doing and prudent risk management.

Third, the Bank pursues pioneering initiatives in the *philanthropy, environmental and social responsibility arenas* since its inception. By engaging stakeholders in their development and implementation, the Bank makes sure to make an impact on different fronts.

Fourth, the Hoares’ *succession recipe* stems from its *responsible partnership model* which is thoroughly crafted to keep the family control and the values that go with it. The process of succession benefits from the lessons of the past, with successful Partners serving as role models for the next generation in terms of consistent attitudes and talent, and with unsuccessful Partners setting the stage for the mistakes that shall not be repeated. This process is meant to be flexible as Partners engage in adapting it to modern times in a stakeholders’ view. Recent examples include diversity inclusion in ownership, management, and governance structures as well as motivational opportunities for future partners. Through succession, the Hoares not only

aim at ensuring the business success but also and most importantly at maintaining harmonious relationships with the members of the family, the community, and the wider environment.

These four components contribute to realizing the self-fulfilling prophecy of the founder, as imagined in the conclusion of *A history of Hoare banking dynasty*, “No doubt it would have delighted him to see (...) his family continue that close connection with the customers that he had taken such pains to establish in his lifetime. He would have applauded the efforts of every generation (...) and it would have warmed his heart (...) to see the young generation taking on the responsibility of running the Bank with such enthusiasm and dedication” (Hutchings, 2005, p. 228).

Looking into the future is almost a tautology as “the Bank is an emphatically forward-facing institution” (Family Business Week, 2021). The Hoare family clearly invested (financially and materially) for the long term since its early beginnings (Temin & Voth, 2006). The Bank’s current strategic ambitions of impact lie at the intersection of environment and modernization plans.

As suggested in the last annual report, the year 2021 allowed the Bank to refresh its strategy to ensure it remains sustainable for the decades to come. The Bank has committed to effective management of the carbon footprint as a core part of this strategy, towards becoming net carbon neutral for the scope 1 and 2 emissions by 2025. The first step is a move to operate as a simpler, faster, better bank by 2023 (C. Hoare & Co., 2022), notwithstanding that it remains content to put self-imposed restraint on its size and ambitions (Hoare, 2022c). The CEO Diane Brightmore-Armour mentions “a modernisation plan that includes expanding the Bank’s operation out into the regions, with a continued focus on social responsibility and sustainability” (Spear's 500, 2022a).

At all times, the future has remained the focus of Hoare’s Bank through a strategic orientation that foresees and addresses challenges in accordance with its line of thought and action. As Alexander Hoare observes, “We are a 349-year old bank with one eye always on the future” (Spear's 500, 2022a) (...) “Aligning the interests of profits, people and planet is not only sustainable; it is key to the bank’s continued success.” (Spear's 500, 2022b).

In 2022, C. Hoare & Co. is 350 year-old and the family still seeks “to operate the business in a manner that is sustainable for the long term” (C. Hoare & Co., 2022). Charting the future of C. Hoare & Co. can therefore be done in full confidence.

Figure 13.

C. Hoare & Co. Bank Exterior and the Sign of the Bottle



Source: Picture courtesy of C. Hoare & Co.

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