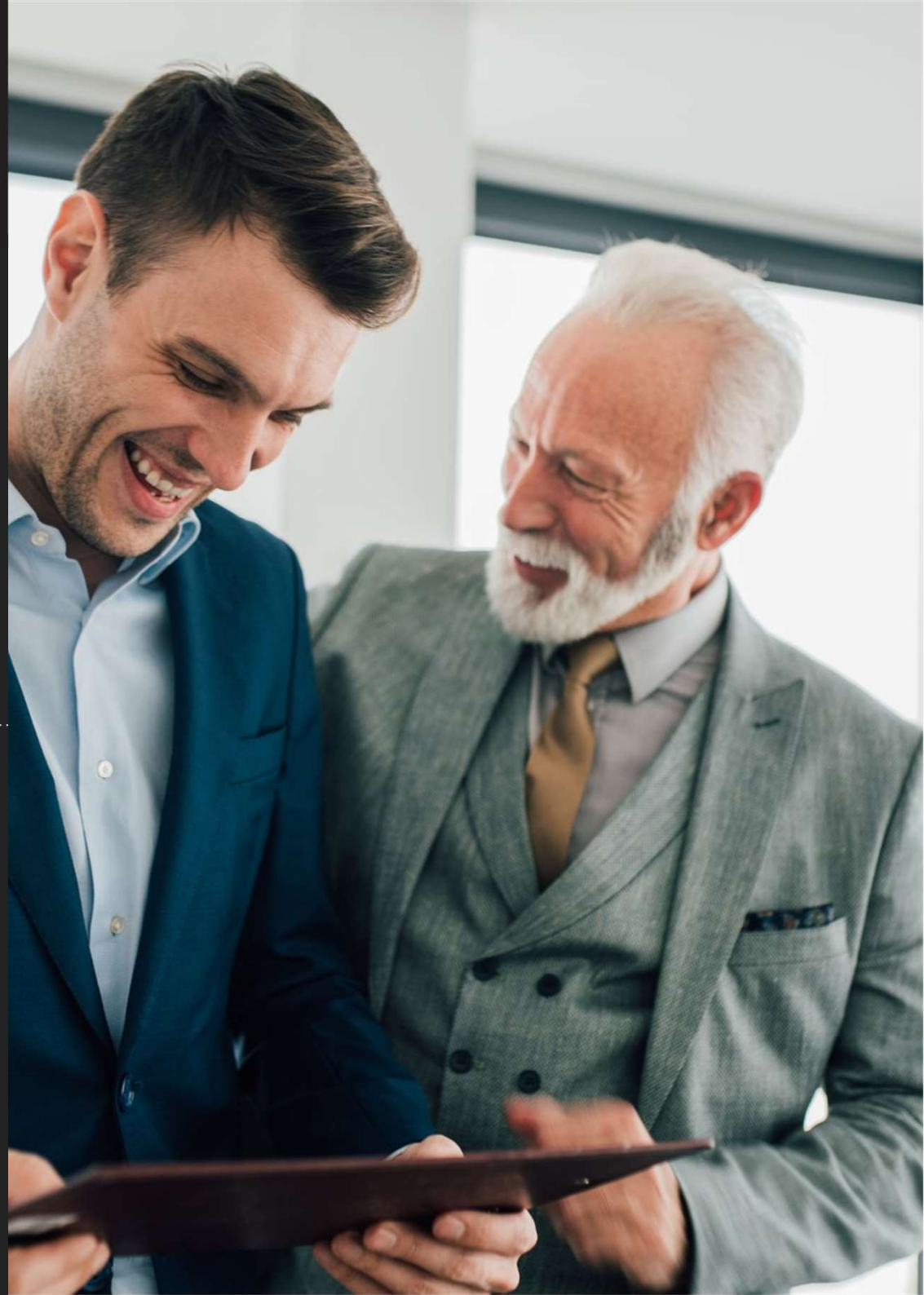




# Build your future-ready family office in four steps

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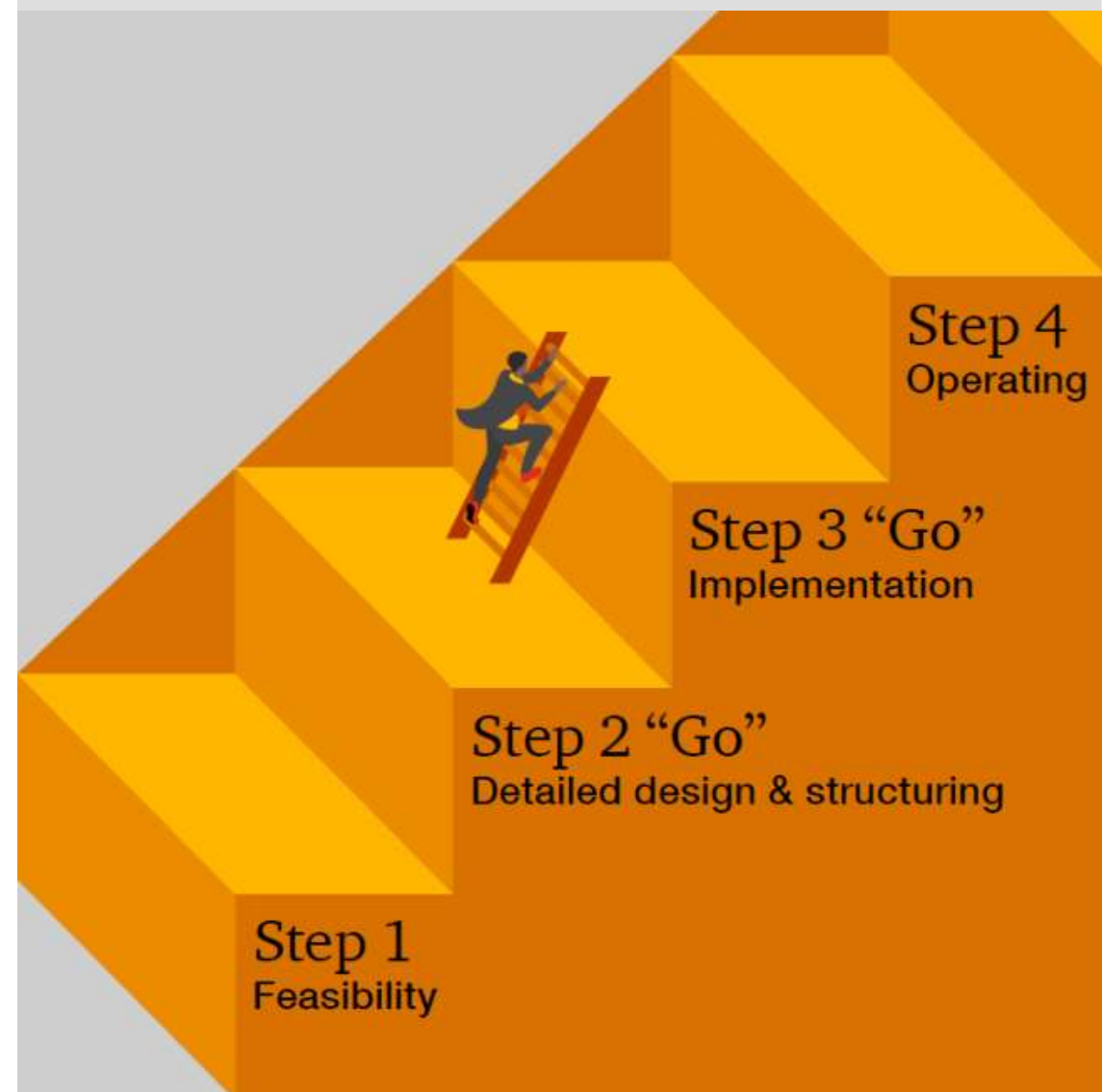
Global Family Office Services



## Build your future-ready family office in four steps guide

The thought of setting up a family office could be a daunting one but doesn't need to be. Our four steps guide to build your family office will provide you with a thorough yet easy to navigate document that breaks down the process for easier understanding. It is aimed at building your confidence in undertaking the process and our global network of professionals are here to help.

Creating a successful family office requires strategic planning and design. With decades of experience, we can help to prepare you for each step of the way –from assessment and vision to work plans and implementation. Together, we can help you design a strategy to manage the complexity that comes with a family-owned business.



## Step one: Feasibility

Understanding your needs, expectations and models available

**Start with a vision.** Setting up a family office starts with defining your vision and purpose for your family and its wealth. Once we understand the purpose and needs of the family, we'll help you build the foundations of a family office and design to ensure all components work together seamlessly. We conduct an extensive review through research and interviews with select family members to understand your past, current and future vision. These details will guide an overall plan that encompasses key areas, including operations, technology, staffing needs, advisers and governance that is truly built around you. This process will best serve your needs and make certain that your family office is future-ready and shock resilient.

### Key activities

- Analysing succession goals
- Assessing access to funds
- Technology enablement options
- Establishing governance needs
- Drafting talent and staffing profiles
- Tax efficiency & CRS profiling
- Asset protection
- Asset & wealth management
- Assessing reporting and compliance needs
- Conducting interviews with family advisor(s) and close circle counterparts
- Costs analysis
- 'Go' or 'no go' business case decision meeting

### Outcome

After this extensive initial assessment you will be in the position to decide if setting up a family office is the right step for you and your family. You'll have the confidence to know your next steps and priority actions, as well as the type of structure is best suited for your family office and the costs associated.

## Step two: Designing and structuring

### Laying the foundations of your future-ready family office

Now that you have made the informed decision to set up your family office, it is time for design. Now you will have the clarity to envision the necessary structures to fulfil your purpose and vision, as well as protecting and growing your legacy.

#### Key activities

- Designing legal and tax structures
- Planning for governance
- Allocating funding and cost
- Design core services (in-house and outsourced)
- Addressing operations and technology needs
- Defining staffing requirements
- Budgeting
- Establishing reporting requirements
- Design process flows
- Ensure proper controls are in place
- Identifying technology needs
- Select and contract vendors and support
- Identify facilities
- Design communication and reporting protocols
- Write job descriptions
- Structure reporting processes

#### Outcome

At the end of this important step you will have a clear and detailed roadmap towards implementation. This step will also include further jurisdictional and legal analysis as well as additional transparency of your costs and the timeline.

## Step three: Implementation

### Building your family office around you

Armed with a robust overall plan, you are ready to set up your family office. This step will include the implementation of all activities, from setting up policies and procedures, legal structures, hiring staff, refining financial models to the actual office set up, including IT infrastructure and cybersecurity.

#### Key activities

- Hire staff
- Set up policies and procedures
- Test systems and processes
- Assess disaster/business continuity preparedness
- Refine financial models
- Plan communication protocols
- Consider and prepare for cyber threats
- Technology launch
- Phased launch of services
- Continued monitoring and review
- Refine reporting processes
- Strategic planning

#### Outcome

At the end of this step, you will have a fully functioning and compliant family office. All of your key service agreements will be in place with outsource providers and robust legal, digital and reporting structures. We will also put special emphasis on communication among family stakeholders and office staff. This will ensure that your initial vision, values and ambitions are clearly embedded in the decision-making process.



## Step four: Operating and monitoring

Optimal functioning and benchmarking against leading practice

Once your family office is up and running it is important that its functions, processes and governance are reviewed regularly against leading practice and, most importantly, your objectives. It is also time to invest in further refining and building some of the functions and your digital capabilities. This is also the time to further refine your approach to your philanthropic activities and impact investing.

### Key activities

- Review of compliance process and outcomes
- Review and monitoring of tax and legal requirements
- Ensure optimal functioning and benchmarking against leading practices
- Further develop digital capabilities
- Review of cybersecurity protocols
- Assess results with original family goals
- Ensure communication effectiveness
- ESG alignment
- Additional services consideration

### Outcome

This last step concludes the process of setting up your family office and ensures it is built on a solid foundation. Your family office will be agile and future-ready. It will also be an opportunity to include additional solutions for tasks that may have been discovered during implementation or newly changed circumstances. This step is not the end of the road. We will be available to assess future new family office changes and to provide the latest best practices.

# Common challenges and mistakes in setting up a family office

Based on the cumulative experiences of some of our most seasoned family office experts, here are some of the most common challenges and mistakes we have identified. We believe that in addition to our 4 steps guide success, it is important to share the top risks and challenges that you may encounter during the process.

**Too much, too fast.** A lack of focus on the core mission and key priorities for the office may cause a family to implement everything at once. This could lead to rushed decisions and a disjointed approach to structuring and implementation.

**Lack of structural flexibility.** When defining the vision and goals for your family office, it is important to think both in near term and long-term objectives. The decisions you make today and tomorrow to nurture your family office and support future generations will prepare you for longevity and evolution. Looking to the future will provide you the ability to evolve family and external objectives, including technology, market, and regulatory changes.

**The family office is not treated as a business.** All too often, families do not take the step of “operationalizing” the family office. With well documented policies and procedures, you will limit the risk for errors and financial losses. Also, establishing specific KPIs will provide the family insight to how the office is performing relative to its original goals and objectives.

**Inadequate focus on data security and other risk management protocols.**

In the past, families often assumed that their privacy was protected if the office did not carry the name of the family or publicly discuss their affiliation. That has changed. Today, the family and the family office should take the time to develop and implement policies around information protection that include sensitive, private, and confidential data handling. Paying close attention to cyber security, social media, and systems access and security are a must.

**Inadequate communication and transparency with family clients.** Often, the decision to start a family office rests with one, or just a few family members. As a result, decision making and communications may be highly centralized and not socialized with the broader family. Lack of wide communications will make it difficult for the office to build rapport and trust with family members. Using clear communication with the family will ensure longevity of the family office, and its ability to grow the family legacy.

**Casual hiring practices.** Key drivers for establishing a family office are the need for confidentiality, privacy and centralizing the “business of family” with a team of trusted staff. However, some offices do not perform even basic background or reference checks on new staff. Lack of formalized job descriptions and performance reviews can be another challenge. Creating well defined hiring processes and staff performance management practices will be critical for a professional office.

**Hesitancy to leverage advisor relationships.** Families often silo their advisors by aligning them to specific topics or decisions and not leveraging their expertise and awareness of leading practice in other areas. They may also isolate advisors from one another, not allowing direct communication between their selected advisors. While separation is necessary in some cases, encouraging your advisors to work as a collaborative team can often result in the best thinking and implementation for families.

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