Build your future-ready family office in four steps



Introduction

The thought of setting up a family office can be daunting. But it doesn't need to be.

Our four-step guide to building your family office gives you a thorough yet easy-to-navigate document that breaks down the process into clear, actionable steps. Empowering you so you can create and operate your future-ready family business with confidence.

Creating a successful family office requires strategic planning and design. With decades of experience, and backed by our global network of professionals, we're here to support your success.

We'll help you so you're prepared for every step, from assessment and vision to work plans and implementation. Working collaboratively, we'll design a strategy for overcoming the complexity that comes with managing a family-owned business.

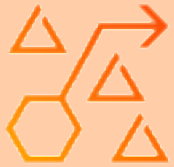
Step 1

Feasability



Step 2

Designing and structuring



Step 3

Implementation



Step 4

Operating and monitoring



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 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
- Determining technology enablement options
- Establishing governance needs
- Drafting talent and staffing profiles
- Maximising tax efficiency and CRS profiling
- Evaluating asset protection
- Optimising asset and wealth management
- Assessing reporting and compliance needs
- Conducting interviews with family advisor(s) and close circle counterparts
- Undertaking 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.

You've made an informed decision to set up your family office. Now it's time to design a structure that will bring your vision to life.

We'll make sure you gain the clarity to envision the right structures to fulfil your purpose, as well as protecting and growing your legacy.

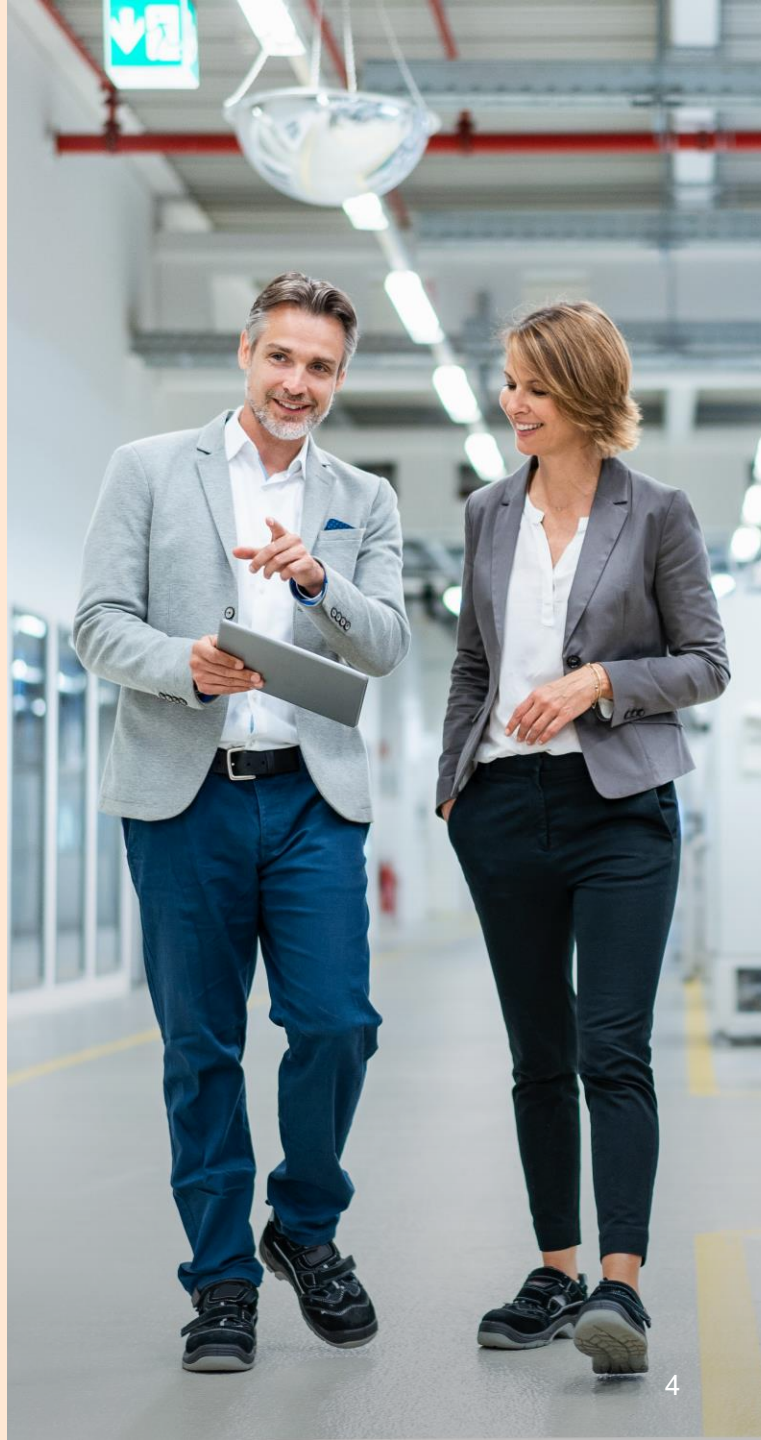
Key activities

- Designing legal and tax structures
- Planning for governance
- Allocating funding and costs
- Planning core services (in-house and outsourced)
- Addressing operations and technology needs
- Defining staffing requirements
- Budgeting
- Establishing reporting requirements
- Scoping process flows
- Making sure the right controls are in place
- Identifying technology needs
- Selecting and contracting vendors and support
- Determining facilities
- Formulating communication and reporting protocols
- Writing job descriptions
- Structuring reporting processes

Outcome

By the end of this important step, you'll have a clear and detailed implementation roadmap.

Step two will also include further jurisdictional and legal analysis, as well as providing additional transparency into your costs and timeline.



Step three: Implementation

Building your family office around you.

Armed with a robust overall plan, you're ready to set up your family office.

This step will include the implementation of all activities.

These range from setting up policies and procedures, establishing legal structures, hiring staff, and refining financial models, to the actual office setup, including IT infrastructure and cybersecurity.

Key activities

- Hiring staff
- Setting up policies and procedures
- Testing systems and processes
- Assessing disaster/business continuity preparedness
- Refining financial models
- Planning communication protocols
- Considering and preparing for cyber threats
- Launching technology (including AI tools)
- Phasing your services launches
- Continued monitoring and reviewing
- Refining reporting processes
- Providing ongoing strategic planning

Outcome

At the end of step three, you'll have a fully functioning and compliant family office.

All your key service agreements with outsource providers will be in place, underpinned by robust legal, digital, and reporting structures.

Communication with family stakeholders and office staff will be given special emphasis. This will ensure your initial vision, purpose, 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's important that its functions, processes, and governance are regularly reviewed. These should be measured against leading practice, and more importantly, to ensure they are meeting your objectives.

Step four is also time to invest in further refinement, and in building additional functions such as your digital capabilities.

This is also the time for additional fine tuning of your approach to philanthropic activities and impact investing.

Key activities

- Reviewing of compliance process and outcomes
- Assessing and monitoring your tax and legal requirements
- Achieving optimal functioning and benchmarking against leading practices
- Further developing your digital capabilities (including AI tools)
- Reviewing cybersecurity protocols
- Assessing results against your original family goals
- Maximising communication effectiveness
- Monitoring compliance with relevant regulation
- Considering making use of additional services

Outcome

This last step concludes the process of setting up your family office, and ensures it's built on a solid foundation.

Your family office will be agile and future-ready. You'll also have the opportunity to include additional solutions for tasks that may have been discovered during the implementation step, or in response to newly changed circumstances.

But keep in mind that step four isn't the end of the road. We'll be there to assess new family office changes in future, as your business grows, and to provide the latest best practices to drive your continued success.



Identifying common challenges with setting up a family office

To help make your journey a smooth one, here are some of the most common challenges we see in situations like yours. They're based on the cumulative experiences of some of our most seasoned family office experts. Each pointer identifies a risk or challenge you may encounter, and how to address it, over and above the four steps we've already set out.

1 Too much, too fast.

A lack of focus on a family office's core mission and key priorities may cause a family to implement everything at once. This could lead to rushed decisions and a disjointed approach to structuring and implementation. Taking a measured approach will ensure decisions are given due consideration, leading to better long-term outcomes.

2 Lack of structural flexibility.

When defining the vision and goals for your family office, it's important to think of both 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 give you the ability to evolve both family and external objectives, including addressing technology, market, and regulatory changes.

3 The family office isn't treated as a business.

All too often, families don't take the step of 'operationalising' the family office. With well-documented policies and procedures in place, you'll limit the risk of errors and financial losses. Just as important, establishing specific KPIs will provide the family with clear insight into how the office is performing relative to its original goals and objectives.

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

In the past, families often assumed their privacy was protected if the office didn't 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.

5 Inadequate communication and transparency with family clients.

Often, the decision to start a family office rests with an individual or a small number of family members. As a result, decision making and communications may be highly centralised and not socialised 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 strengthen its ability to grow the family legacy.

6 Casual hiring practices.

Confidentiality, privacy, and centralising the 'business of family' with a trusted team are key drivers for establishing a family office. However, some offices do not perform even basic background or reference checks on new staff. Lack of formalised job descriptions and performance reviews can be another challenge. Creating well-defined hiring processes and staff performance management practices will be critical for running a professional office.

7 Hesitancy to leverage advisor relationships.

Families often silo their advisors by aligning them to specific topics or decisions, and fail to leverage their advisors' expertise and awareness of leading practice in other areas. The family office may also isolate advisors from one another, not allowing direct communication between their selected consultants. While separation is necessary in some cases, encouraging your advisors to work as a collaborative team often results in the best thinking, implementation, and outcomes for your family.

Conclusion:
Four steps to building your family office

Step 1

Feasibility

Understanding your needs, expectations, and the available business models.

Outcome
Clarity on whether to set up a family office, and a structured way to move forward.

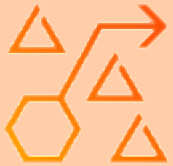


Step 2

Designing and structuring

Laying the foundations of your future-ready family office.

Outcome
A transparent implementation roadmap including detailed financial and legal considerations.



Step 3

Implementation

Building your family office around you.

Outcome
A fully-functioning and complaint family office aligned to your vision and purpose.



Step 4

Operating and monitoring

Optimising functioning and benchmarking against leading practice.

Outcome
Ongoing assessment to ensure continued alignment with strategic goals, and to optimise future investments.



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