

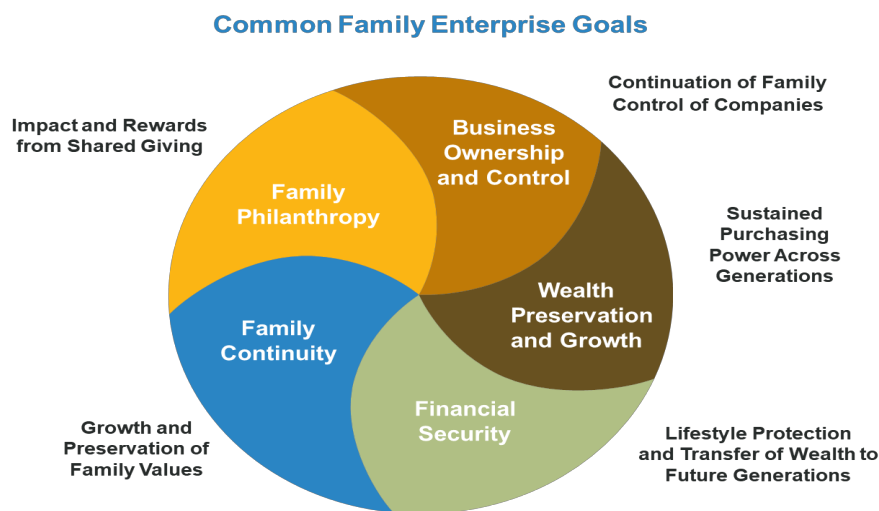
An Professional Family Office: Here's How to Make It Work

It's an obvious goal, to manage your wealth in the most effective way. You built a successful enterprise before and sold it, now your next enterprise is your professional family office.

As the Family Office Exchange put it, the family office in its best form provides a structure that helps preserve the family enterprise by supporting four dimensions of the family:

- Business Legacy – where the wealth originates, and for some, the cornerstone for the Family Enterprise
- Financial Legacy – where financial security and management of the wealth are maintained
- Family Legacy – where the family comes from and where they are heading together
- Philanthropic Legacy – where the lasting contribution for the family resides, by giving back in a meaningful manner

What makes family wealth preservation so complex are the dynamics of the family in tandem with the shared ownership of assets.



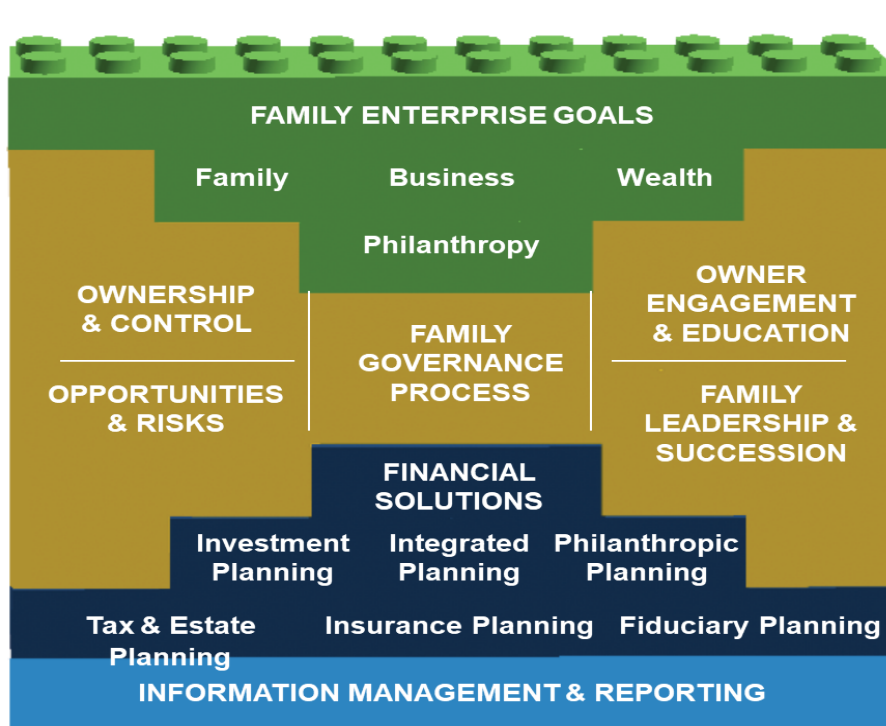
The family looks to the family office to have the resources to be:

- A Risk Manager – asset protection



- A Financial Integrator – centralized coordination of financial and personal services
- An Investment Strategist – goals-based investing
- A Financial Reporter – consolidated information for decision-making
- An Educator and Mentor – financial training for owners
- A Transition Coordinator – preparation for life’s changes

Here is another way that FOX have summarized this:



When you look at this graphic, the foundation for supporting an enterprise family is information management and reporting. Any effective planning, management and giving is totally reliant upon it. The office is there especially to add-value in this area and it’s an obvious goal.

In the real-world the problem is how to get the information an office needs to manage the family wealth so that it becomes part of a seamless ecosystem? The office should have the best tools available to do this so that they remain on-task and produce actionable intelligence across all the enterprise disciplines.

90% of family offices still use Microsoft Excel, an accounting software package like QuickBooks and maybe some type of portfolio management software. So, the typical family office is stuck in the silo approach to technology and the outcome is a difficult life for office staff and many efficiency pain points, for example:



- Many Systems of Record - including Excel!
- Disparate systems – no integration
- Users required to learn multiple different user interfaces and operating methods
- Data – complex and from multiple sources in multiple formats
- Inability to maintain data integrity due to lack of control
- Inability to integrate structured data with related documentation
- Lack of documented procedures - no way to embed risk management, data security and operational knowledge
- Totally dependent on key individuals

What does a family office need to do to support an effective professional approach? To be that foundation.

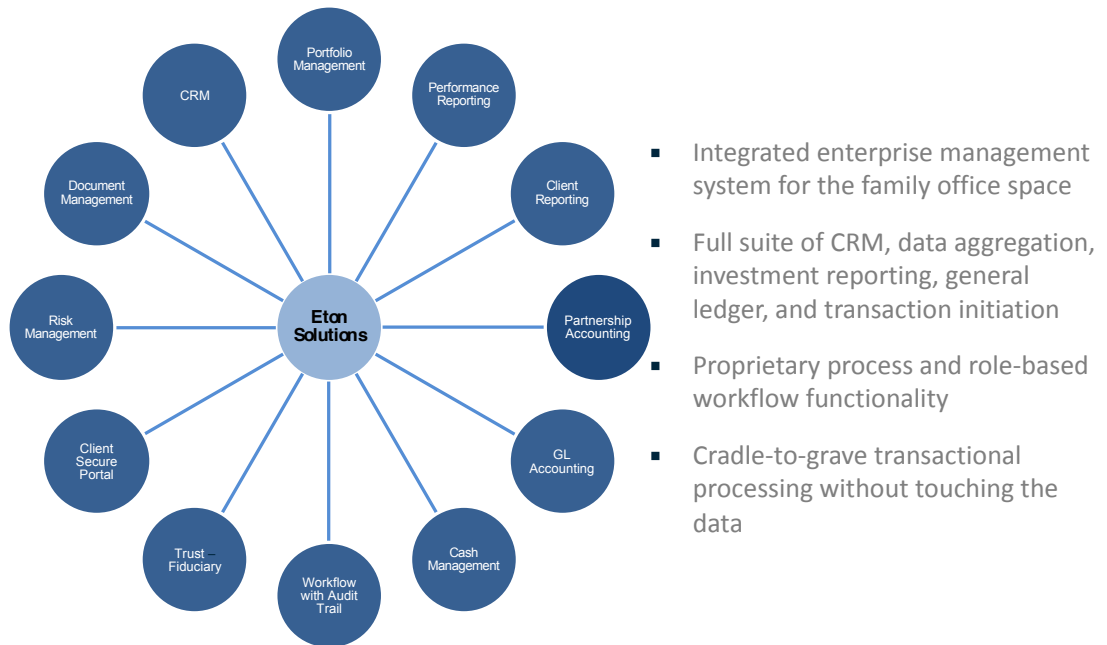
These are the elements that need a solution:

- Operational Challenges
 - Complexity – Minimized through Best Practice Business Process and Workflows
 - Costs – Process management provides costs reductions
 - Risk - Best Practice Business Process and Workflows provide checks/balances and transparency
 - Family Expectations – Move from data entry to focusing on client needs
 - Delivery – Faster and more accurate
 - Staffing/Training – Move knowledge to a system and out of people’s heads
- Technology as an Operations Enabler
 - Going beyond disparate systems – An integrated key family office application product covering all key functionality, built upon a single database, incorporating best practice business rules, business processes, workflow, audit trail and compliance
- Define the Target Operating Model for the family office
 - Effectiveness – Serve the family in a consistent, high-value way
 - Seamlessness – Data entered once can be used wherever is needed
 - Cost Management – Reduced IT costs, efficient staffing and simplified training



- Managing Risk through Process – Minimized through Best Practice Business Process and Workflows and the associated approval audit and transparency

Here is the technology platform that provides the solution:



Family Office Exchange has defined best practice regarding technology for a Family Office in their 2015 white paper – Technology in the Family Office – Navigating New Solutions. Such a platform needs to start with the creation of best practice business rules, processes and workflows needed to operate the business.

With this as the foundation, the required functionality needs to be built on single database to create a fully integrated, end-to-end platform. All of this delivered in a SaaS way to provide the business continuity, disaster recovery and security that a professional 21stC Family Office needs.