



2021 Family Business Conference:

Courage in the times of uncertainty

Wealth - The role of the family office to protect and support the family



What is a family office?

A Family Office refers to a specialised team that assists high net worth individuals and families, with wealth, governance and investment management.

It can take many forms:

- a family asset / investment holding structure like a trust
- a trusted advisor (lawyer or accountant)
- a family member
- a stand-alone entity employing a team of investment professionals.

The stand-alone entity can take the form of a single-family office or a multi-family office

It's important to note, that no two family offices are the same. Family Office services depend on the needs of the family. They grow organically and can change with each generation.

A Family Office executive needs to have a deep knowledge and understanding of the business and the family.

The multi-family office provides Family Office services to a number of families and therefore must be bespoke according to the respective family's needs. It can also complement a Single Family Office with certain services and provide continuity.

Key points to remember in a family office

- Each family office is unique and dependant on the needs of the family i.e. “if you have seen one family office, you have seen one family office”.
- Trust from the family is imperative.
- It is important to separate the Family Business aspect from the Family Office aspect as the Family Office also deals with personal affairs.
- While financial risks are tangible, the non-financial risks, “softer issues” e.g. conflict, career paths, life changes, divorce etc. are more difficult and the dominant risk. A family office executive should raise concerns without emotion or breaching confidentiality.
- Succession planning within the Family Office is important. This also ensures mitigating the concentration risk of knowledge and skillset residing in only one family office executive and build a team that can support this.
- In high net worth families, philanthropy can be an important tool to introduce the next generation to the value system of the family and the business. It may also be a redeployment strategy for the exiting generation.
- Always be aware of the “room” you are in i.e. business discussion, ownership discussion or family discussion.

Key points to remember in a family office

- Top tips for a family who is considering a team to protect and growth its wealth.
 - Planning and having a family constitution to provide the guide and rules of the game are critical.
 - Communication and understanding what can be shared and what is private and confidential.
 - Learn from other Family Office executives.
 - A shared vision and purpose of the family wealth is critical, as this will guide the next generation with their decisions.

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