



OPERATIONAL EXCELLENCE IN THE FAMILY OFFICE

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING



Today's agenda

- 1 Family office process challenges
- 2 Approach to process improvements
- 3 Family office research



RSM's family office enterprise practice

RSM's dedicated family office enterprise (FOE) practice helps define and sustain a family's vision across their operating business, investment structure, and the family office.

By pairing the power of understanding of the goals of families with our customized and integrated services, technology, and insights, RSM is uniquely positioned to deliver long-term value to family offices.

500+

Single-family offices served by RSM

30+

Multifamily offices served by RSM

800+

RSM professionals from across our Lines of Business with family offices and ultra-high net worth clients

39

Countries in the global RSM enterprise with private client and family office capabilities

With you today



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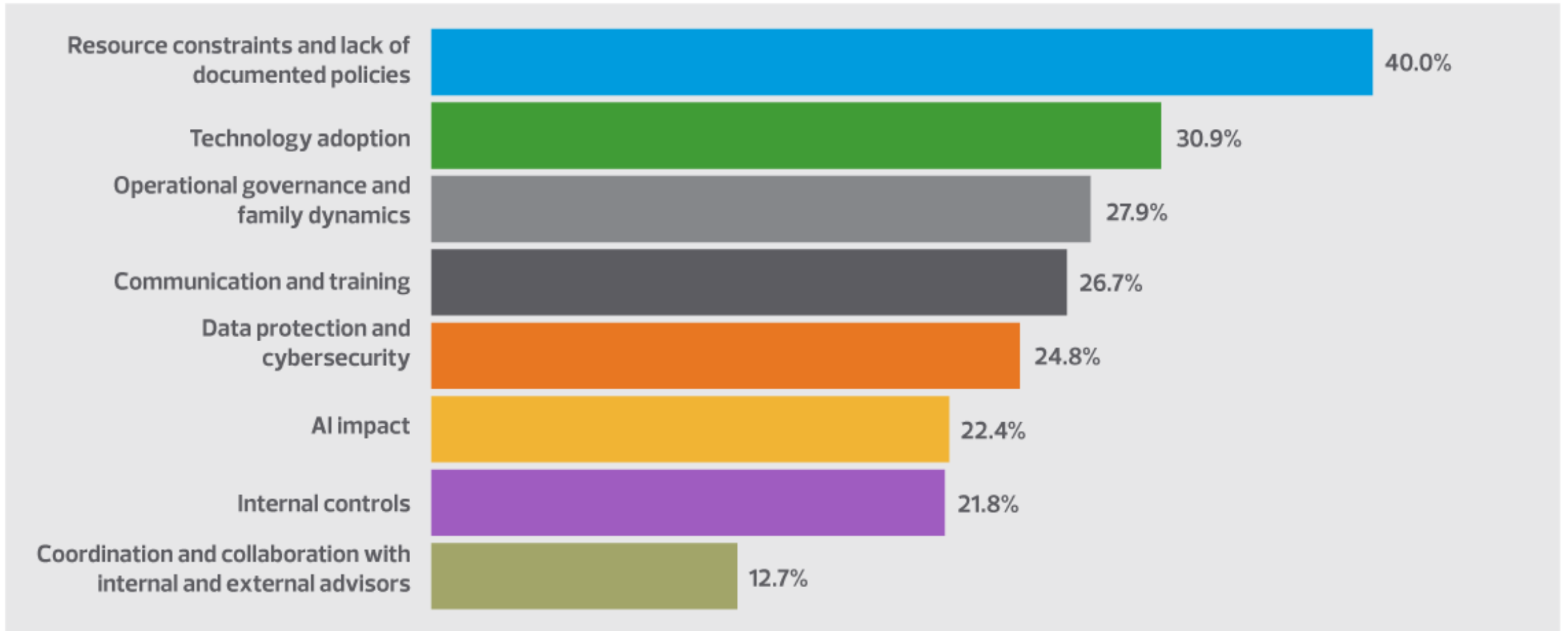
The four pillars of operational excellence for family offices





FAMILY OFFICE PROCESS CHALLENGES

Family office process challenges

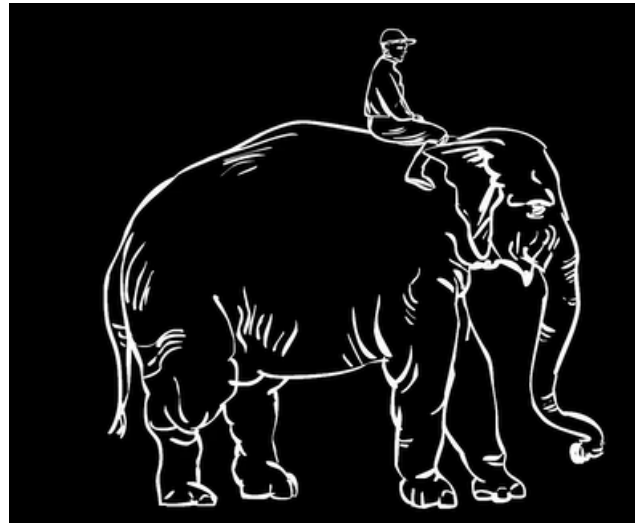


Source: RSM Operational Excellence for Family Offices webcast, Aug. 2023

When and how to make changes

How to change things when change is hard...

Direct the rider	Motivate the elephant	Shape the path
<ul style="list-style-type: none">• Follow the bright spots• Script the critical moves• Point to the destination	<ul style="list-style-type: none">• Find the feeling• Shrink the change• Grow your people	<ul style="list-style-type: none">• Tweak the environment• Build habits• Rally the herd



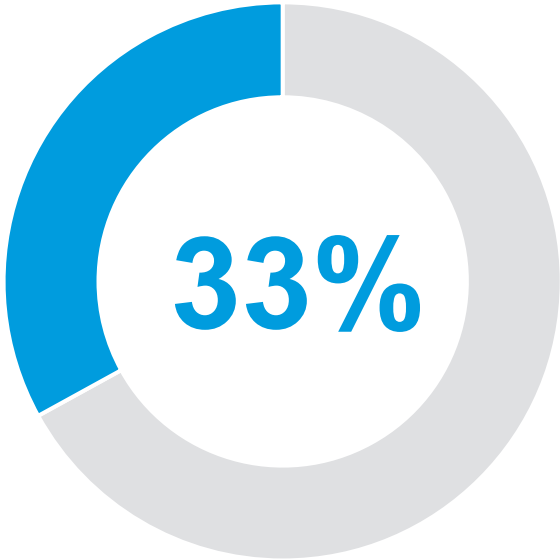
Source: SWITCH by Chip Heath & Dan Heath



APPROACH TO PROCESS IMPROVEMENTS

Why is this important

Percentage of family offices with a strategy and/or operating manual



Source: UBS Global Family Office Report, 2023

Two Approaches



The right approach for you: Detailed process review

Benefits

1 Focused improvement

2 Risk mitigation

3 Targeted technology use

Drawbacks

Narrow focus

Misalignment with family vision

The right approach for you: Operational excellence assessment

Benefits

1 Holistic view

2 Alignment with family vision

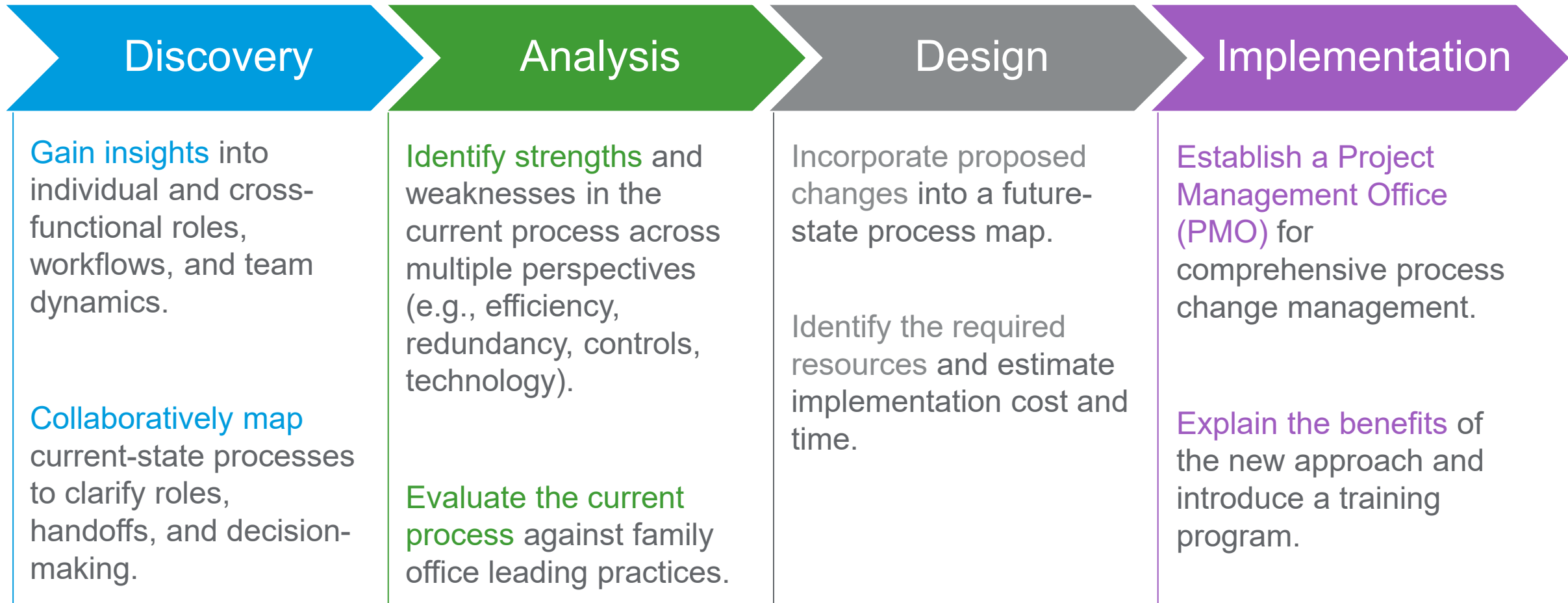
3 Strategic planning

Drawbacks

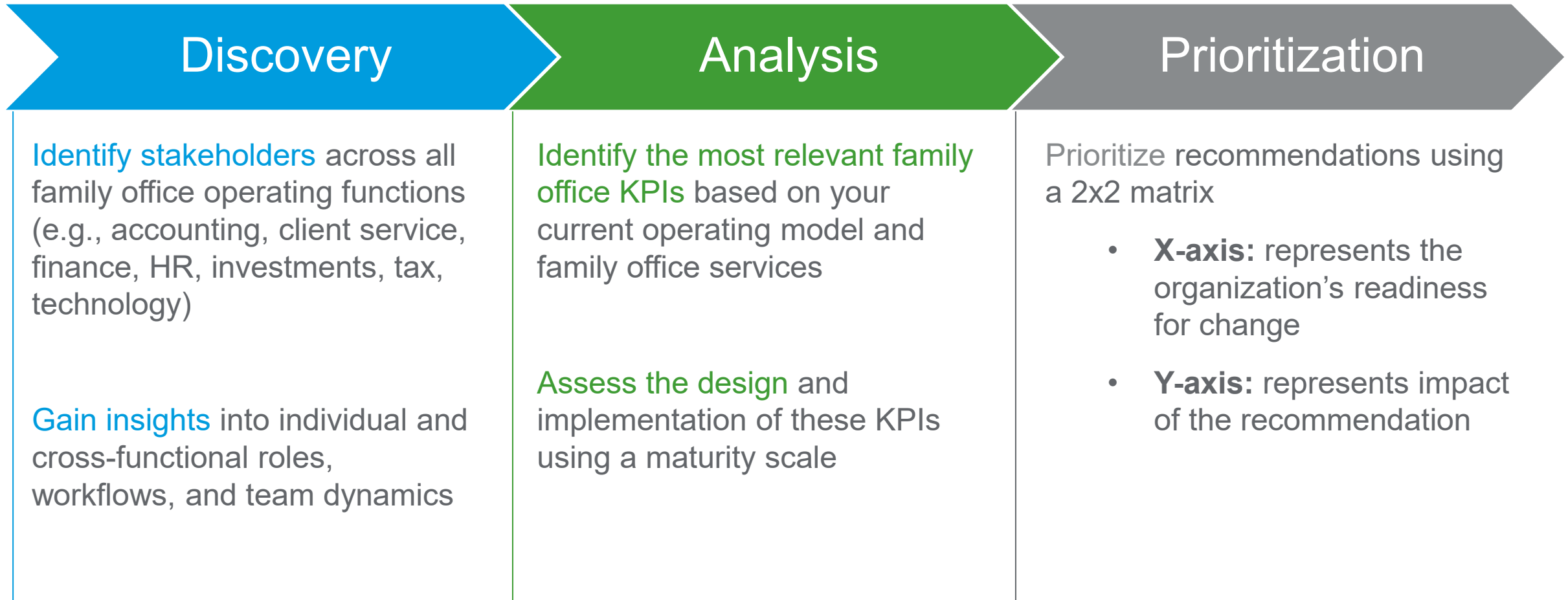
Resource intensive

Non tactical

Where to start: Detailed process review



Where to start: Operational excellence assessment



Risk management in the family office



Only **28%** of family offices report having risk management processes beyond investments.

This suggests they may be overlooking other types of risks, such as broader security, staffing, and reputational risks.



Risk universe

- Business
- Financial
- Operational
- Data and information
- Physical security
- Family

How to measure to risk

Measure

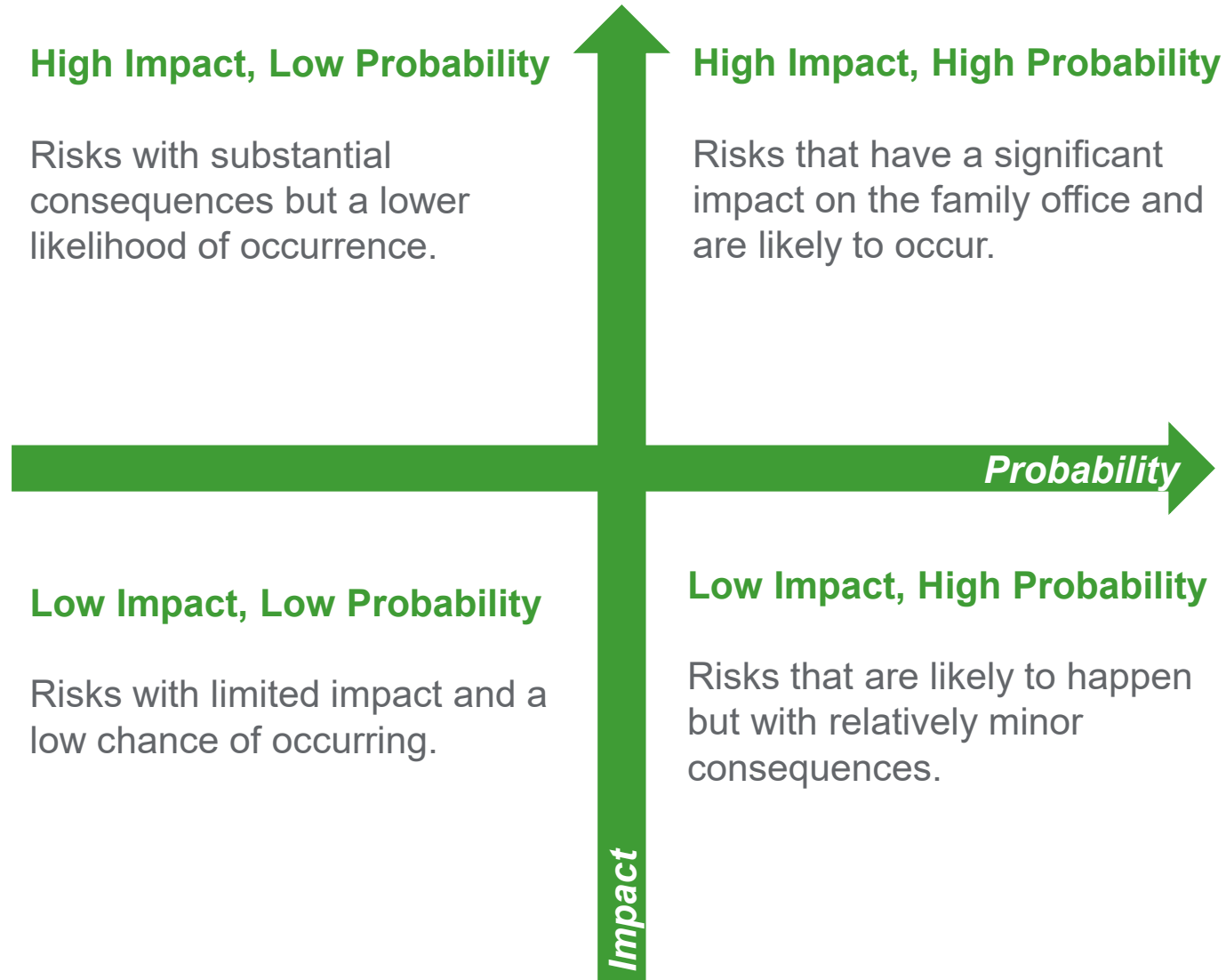


Sample questions to consider:

- What are the core family activities and investments that inherently expose you to risks?
- How does the organizational culture, including employee morale, of your family office affect your risk profile?
- How do your controls impact the efficiency and effectiveness of your operations?
- What metrics and key performance indicators can help you assess the effectiveness of risk controls?



How to respond to risk

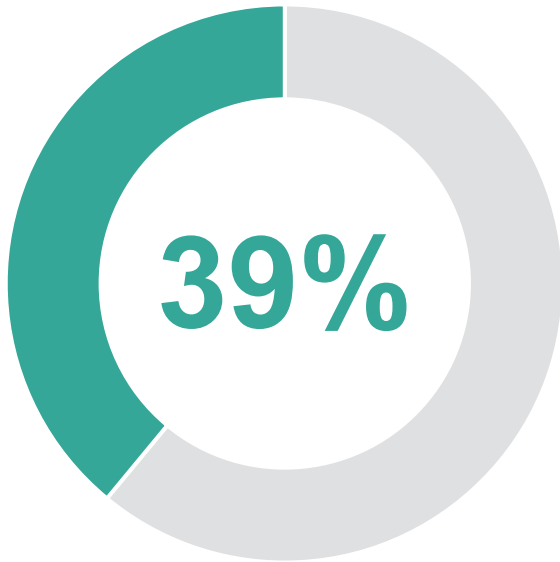




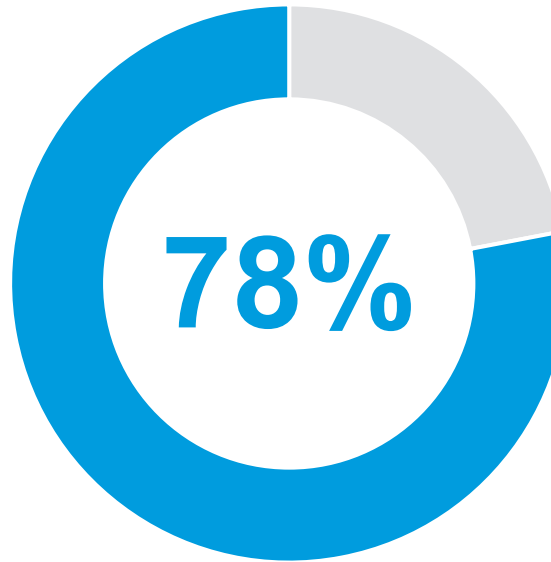
FAMILY OFFICE RESEARCH

Family offices' primary challenges and areas of focus

39% of operating expenses are currently **outsourced**



78% cite **cyber attacks** as their #1 biggest concern in operational risk



Less than one-third of family offices have made operational changes in response to economic conditions



We look forward to sharing the RSM Family Office Operational Excellence survey report in early 2024!



WRAP UP

Final thoughts



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Key takeaways

1

Change when change is hard

Look for immediate signs that your family office needs to update its processes.

2

Identify the right approach for you

Understand the benefits and drawbacks to proactively align resources and critical needs.

3

Plan your OpEx journey

RSM has the advisors and resources to help develop and execute a roadmap for your family office.

THANK YOU