

# OPERATIONAL EXCELLENCE IN THE FAMILY OFFICE

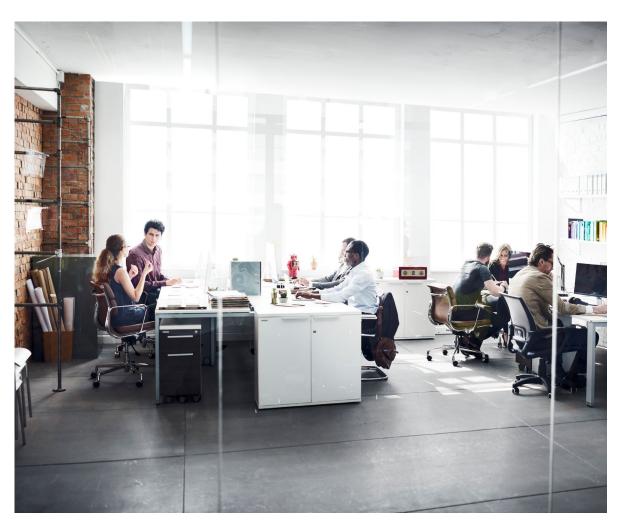


## Today's agenda

1 Family office process challenges

2 Approach to process improvements

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

#### +008

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



**Steve Riddle** 

Principal, Family Office Relationship Leader

404-751-9293 stevem.riddle@rsmus.com



**Christina Churchill** 

Principal, Family Office Consulting Leader

972-764-7049 christina.churchill@rsmus.com



**John Castrucci** 

National Managing Director, Family Office Enterprise Advisory

201-788-9620 john.castrucci@rsmus.com



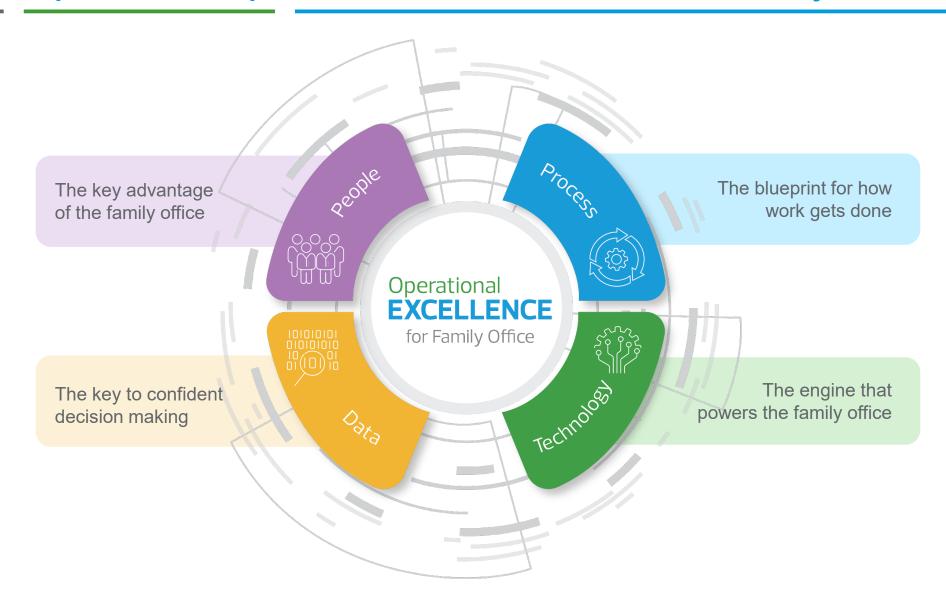
**Chris Dickson** 

National Senior Manager, Family Office Enterprise Advisory

215-607-3752 chris.dickson@rsmus.com



## The four pillars of operational excellence for family offices



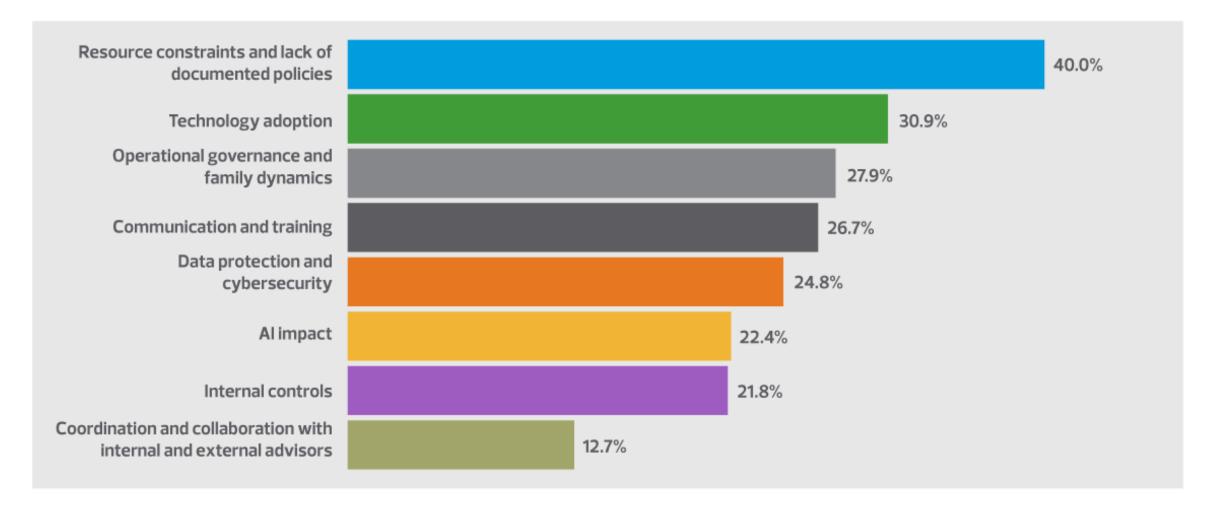




# FAMILY OFFICE PROCESS CHALLENGES



## Family office process challenges

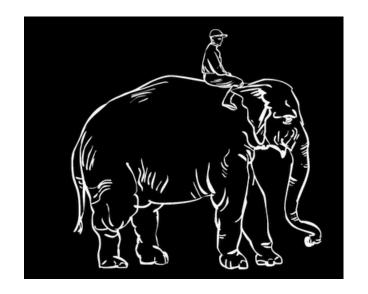




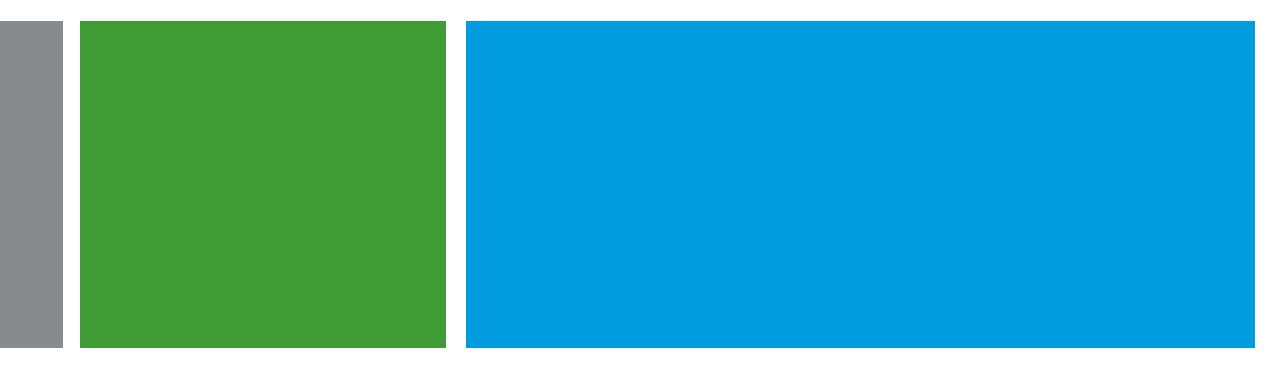
## When and how to make changes

How to change things when change is hard...

	Direct the rider	Motivate the elephant	Shape the path
(	Follow the bright spots	<ul> <li>Find the feeling</li> </ul>	<ul> <li>Tweak the environment</li> </ul>
	<ul> <li>Script the critical moves</li> </ul>	<ul> <li>Shrink the change</li> </ul>	<ul> <li>Build habits</li> </ul>
	<ul> <li>Point to the destination</li> </ul>	<ul> <li>Grow your people</li> </ul>	<ul> <li>Rally the herd</li> </ul>





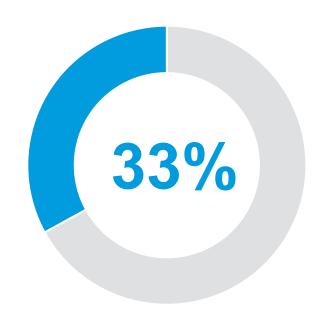


# APPROACH TO PROCESS IMPROVEMENTS



## Why is this important

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



#### **Two Approaches**



**Detailed process review** 



## 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

### Discovery

Gain insights into individual and cross-functional roles, workflows, and team dynamics.

Identif weak current multiple (e.g., e.g., e.g.)

#### Collaboratively map

current-state processes to clarify roles, handoffs, and decisionmaking.

### Analysis

Identify strengths and weaknesses in the current process across multiple perspectives (e.g., efficiency, redundancy, controls, technology).

Evaluate the current process against family office leading practices.

#### Design

Incorporate proposed changes into a future-state process map.

Identify the required resources and estimate implementation cost and time.

#### **Implementation**

Establish a Project
Management Office
(PMO) for
comprehensive process
change management.

Explain the benefits of the new approach and introduce a training program.



## Where to start: Operational excellence assessment

### Discovery

Identify stakeholders across all family office operating functions (e.g., accounting, client service, finance, HR, investments, tax, technology)

Gain insights into individual and cross-functional roles, workflows, and team dynamics

## Analysis

Identify the most relevant family office KPIs based on your current operating model and family office services

Assess the design and implementation of these KPIs using a maturity scale

#### Prioritization

Prioritize recommendations using a 2x2 matrix

- X-axis: represents the organization's readiness for change
- **Y-axis:** represents impact of the recommendation



## 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

#### **High Impact, Low Probability**

Risks with substantial consequences but a lower likelihood of occurrence.

#### **High Impact, High Probability**

Risks that have a significant impact on the family office and are likely to occur.

#### **Probability**

#### Low Impact, Low Probability

Risks with limited impact and a low chance of occurring.

#### Low Impact, High Probability

Risks that are likely to happen but with relatively minor consequences.







## FAMILY OFFICE RESEARCH

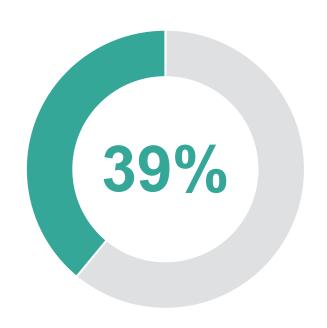


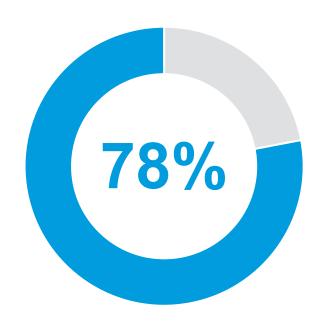
## Family offices' primary challenges and areas of focus

**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



**Steve Riddle** 

Principal, Family Office Relationship Leader

404-751-9293 stevem.riddle@rsmus.com



**Christina Churchill** 

Principal, Family Office Consulting Leader

972-764-7049 christina.churchill@rsmus.com



**John Castrucci** 

National Managing Director, Family Office Enterprise Advisory

201-788-9620 john.castrucci@rsmus.com



**Chris Dickson** 

National Senior Manager, Family Office Enterprise Advisory

215-607-3752 chris.dickson@rsmus.com



## Key takeaways



## 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.



# Plan your OpEx journey

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



# THANK YOU

