

CASE STUDY: A BACK-OFFICE TRANSITION PUTS A FAMILY OFFICE ON A PATH TO DIGITAL TRANSFORMATION



OVERVIEW

What initially seemed like a simple office move quickly grew to become overwhelming, and understandably so. First, an office relocation is easily one of the most daunting operational challenges for any business; failing to create a thoughtful plan with well-coordinated logistics may result in reduced staff engagement and a loss of productivity. The situation gets more complicated for a family office with lifelong employees and legacy protocols and systems to consider.

An even bigger challenge for this family office was its lack of digital maturity, which is not uncommon for more traditional, multigenerational enterprises. The client's reliance on manually driven back-office processes made the transfer of data a complex endeavor that threatened to upend operations. Fortunately, with RSM US LLP's help, the client made a successful transition while mitigating potential risks and achieving significant benefits along the way.

Background

The need to move the family office's accounting function was straightforward: The owners and remaining back-office functions were located over 200 miles away, so bringing everything closer would reduce the real estate footprint and operational costs while allowing the family better access to the accounting team. Understanding that the move would be a delicate operation, the family knew it was critical to work with a family office advisor with experience in back-office transitions and change management planning. They relied on personal referrals to find a good match, which led them to RSM.

Aligning on a transition road map

RSM advisors interviewed key family members and family office leaders to understand their needs and goals for the transition. Using RSM's *Rapid Assessment* methodology, our advisors worked with the family to sketch out a phased approach to achieve immediate corrective measures and gradual business process improvements in alignment with their overall governance framework.

"By starting with the assessment, it took only one conversation to lay out the project plan," said Christina Churchill, a principal in management consulting at RSM US. "Transition management often hinges upon critical choices affecting people and processes, so delivering detailed insight empowers clients to make informed decisions. It's about building trust and helping families get to where they want to be."

The assessment was also helpful in illuminating how the accounting office's paper-based processes were resulting in unnecessary hours that drained resources. At the family's request, RSM advisors went to work identifying gaps between the back office's current state and leading practices to help create a modern accounting function focused on streamlined digital systems to sustain long-term success for the enterprise.

Modernizing for future generations

The family's main concern was taking care of their people; in particular, they wanted RSM's help with retirement and transition planning for longtime staff members who chose not to relocate with the office. The focus soon broadened to encompass a human capital strategy for the enterprise to attract and retain top talent.

The RSM team introduced the family to an experienced recruiter who led an executive search for a new controller. The incoming leader and family chose to invest in an advanced enterprise resource planning (ERP) system that would enable the conversion of paper documents to electronic record-keeping. RSM advisors were on hand to help with system selection and implementation.

"After discovering that 100% of the family's knowledge source was sitting in that building—literally stacks of paper—we knew that establishing an efficient and secure documentation process that could move with the family was a priority," Churchill added.

Streamlining through automation

The software application of choice turned out to be Microsoft Dynamics 365, a cloud-based tool that combines the technologies of traditional ERP and customer relationship management solutions into a single system. The advanced technology allowed for critical processes to be streamlined and introduced a new level of convenience to the family office.

For example, previously there was no centralized email system, which meant information was shared via personal email accounts, posing multiple security risks for the business and the family. Our technical advisors created custom domain email addresses to provide greater privacy, security and control over personal and company information. The new software also supported mobile options to meet the family's travel needs.

When the family decided to outsource its tax work to RSM—which included over 200 trusts—we leveraged the new system to automate multiple processes. Our advisors also worked with vendors on transitioning to electronic invoicing, which aided data validation and reconciliation while shortening the month-end close timeline from day 20 to day five. During this process, several items came to light that led to opportunities for the family to recuperate funds, strengthen controls and streamline procedures.

Results

Following the move, RSM continues to handle the family's taxes and provide additional services to facilitate the family office's growth. By working together and leveraging the firm's depth and breadth of solutions, we helped the family achieve their goals laid out in the transition road map and set the family enterprise on a path to future success. With RSM's help, the family office:

- Replaced the legacy IT environment with a cloud-based ERP system and simplified processes through automation and transfer of data
- Established internal controls to mitigate cybersecurity risks and enhance compliance with regulatory requirements
- Automated data validation and reconciliation, helping the family recuperate funds, strengthen controls and streamline procedures
- Consolidated office space and reduced manual activities to achieve significant savings in overhead and operating expenses

+1 800 274 3978

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