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2015 Private Wealth Outlook

The ongoing institutionalization of the single family office

Deloitte Center *for* Financial Services

Contents

Foreword

Dear colleagues:

In many ways, the financial services industry is on more solid footing than it has been for quite some time, and wealth around the world is growing. The US economy continues to improve, although concerns remain in both Europe and some emerging markets. Investors are generally seeing solid performance, and profitability in many sectors is quite strong.

But concerns — some new, some old — are keeping wealthy families on their toes. Whether it is the evolving threat of cybercrime, the rising cost of operations, or pressure to serve family members with differing goals, single family offices (FOs) have challenges aplenty. Agility, innovation, and collaboration will be important to capitalize on new opportunities for growth in 2015.

Our views on industry trends and priorities for 2015 are based on the firsthand experience of many of Deloitte's leading practitioners, supplemented by research from the Deloitte Center for Financial Services.

Producing industry outlook reports has the result of exposing the authors to second-guessing; hindsight is 20/20. Nevertheless, we believe it is important to reflect on what we said a year ago and put our prior prognostications to the test by analyzing what we got right — and perhaps not exactly right — in our 2014 outlook. You will find this "Looking back" analysis leading off this year's edition, followed by a "Looking forward" summary of our views on the coming year.

The bulk of this report will then explore a number of key issues of importance to the FO over the coming year with a focus on the trend of the institutionalization of the family office. Each section includes a specific look at the "Focus for 2015" and a "Bottom line" that provides some actionable takeaways for families to consider.

We hope you find this report insightful and informative as you consider your company's strategic decisions for 2015. Please share your feedback or questions with us. We welcome the opportunity to discuss the report directly with you and your team.

Regards,

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Looking back

In 2014, the theme of Deloitte's Private Wealth Outlook was "Championing Growth: Redefining the roles and responsibilities of the evolving family office." This title reflected the evolving nature of the FO in the face of the change that came out of the financial crisis.

The 2014 Private Wealth Outlook focused on four topics:

To the next generation...and beyond. We started by discussing succession planning and the long-term future of the family office. Several predictions were made including an increase in socially responsible investing and charitable advocacy at family offices. Based on conversations we have had with FOs, this did happen at several FOs and looks to be an ongoing trend. Globalization of families and their wealth was also considered as a trend that would continue to rise and turned out to be very accurate. Additionally, the perspective that the industry would see an increase in direct investments in areas such as private equity also turned out to be true.

A more institutional approach to risk management. Here we proposed that FOs would take a more structured and formal approach to risk and compliance reporting, which did happen at some FOs, but is a trend that has room to continue. Risk management also was considered as an area of increased focus, particularly around the definition, documentation, and monitoring of key risks. A year later, there is still wide variance in this area. Some FOs are very focused on risk while others have room for improvement. Finally, it was projected that FOs would adopt the policies, procedures, and controls of registered investment advisers. While this happened at some FOs, industry observations indicated that many FOs are still behind their regulated brethren.

Figure 1: Private wealth industry 2014 focus

To the next generation… and beyond	Increase in socially responsible investing and charitable advocacy Increase in globalization of families and their wealth Increase in direct investments
A more institutional approach to risk management	More structured and formal approach to risk compliance and reporting Enhancing the definition, documentation, and monitoring of key risks Adopting policies, procedures, and controls of regulated companies and impact of US Securities and Exchange Commission (SEC) regulations
Increasing demands for the finance function	Increased emphasis on due diligence A focus on fees and allocations among family members Exploration of new fee models beyond assets under management
Technology dreams and nightmares	Desire for more automated workflows Adoption of mobile applications Increased focused on cybersecurity

Key:
- Turned out as expected
- Partially turned out as expected
- Did not turn out as expected or unresolved

Source: Deloitte Center for Financial Services analysis

Increasing demands for the finance function. The expanding role of the chief financial officer (CFO) and key developments in a CFO's area of responsibility were the subjects of the next section. Predictions included a growing emphasis on transaction due diligence, greater focus on alternative methodologies to allocate fees and expenses among family members, and adoption of new fee models (such as flat fees and retainer fees). While comprehensive data is not available on fee allocations, indications are that these issues did pan out as expected and will continue to be an area of interest. Conversely, while industry observation indicates that some FOs have structured fees in new manners, the traditional fee structures still seem prevalent.

Technology dreams and nightmares. We concluded by examining the technology needs of FOs. We predicted that FOs would adopt more automated workflows, particularly for client and tax reporting. This appears to have happened, but there are still many FOs looking to upgrade in this area. It was also expected that mobile applications would see a rapid uptake, and they are being utilized at some FOs. However, the overall adoption of mobile at FOs appears to be slower than in the investment management industry in general. Finally, it was predicted that cybersecurity would receive a lot of focus and attention by FOs, which, as far as can be verified, may not have happened on a wide scale. This was surprising, as privacy is a key concern of wealthy families and cyberattacks are one of the most prevalent and growing threats in the investment management industry.

Looking forward

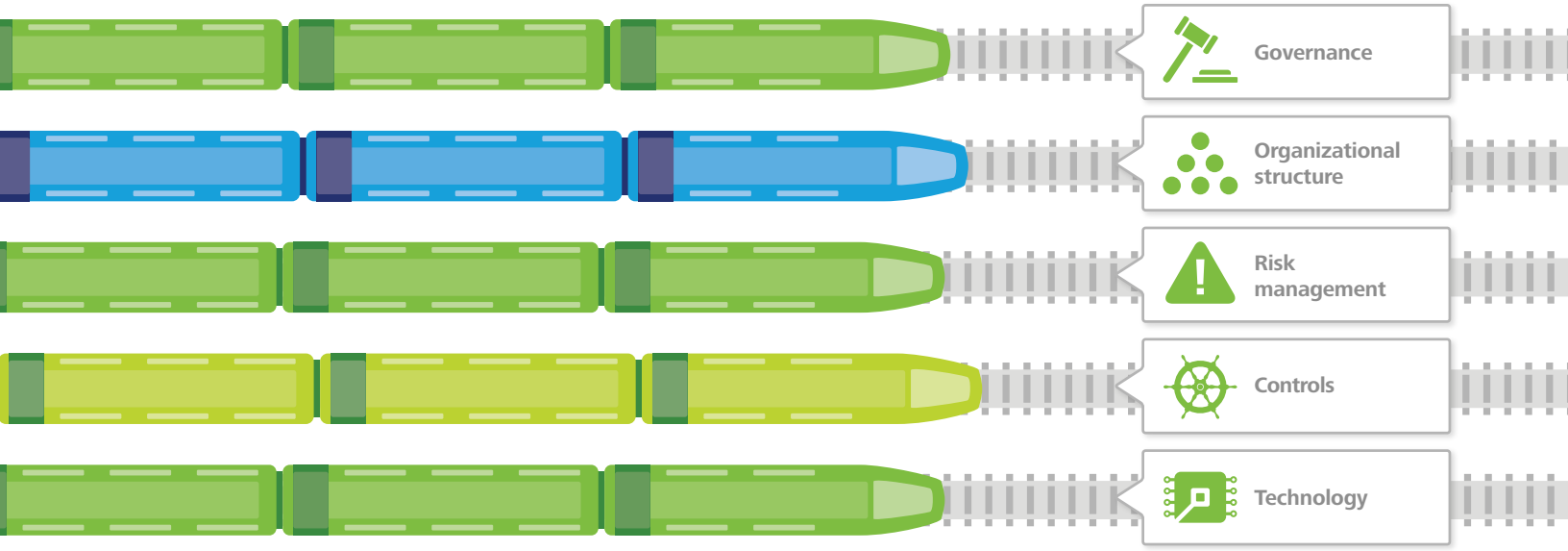
The 2015 Private Wealth Outlook focuses on the ongoing institutionalization of the FO. Organizations that often grew out of the family business are evolving into very sophisticated wealth and investment managers. It is challenging to study the FO industry because the firms come in such a wide variety of structures, sizes, and shapes, and comprehensive data is not readily available. However, Deloitte has a broad view of the industry and one common theme is that FOs, no matter where they fall on the spectrum of sophistication, are becoming more and more like institutional wealth management firms. FOs are adopting more formal governance structures, realigning their organizational structures, implementing risk management programs, embedding more rigorous controls, and reevaluating their technology platforms.

Primary internal drivers of the institutionalization trend can include transitions of control in a family business, succession planning for an aging patriarch or matriarch, the spinout of an FO from an operating company, or simply the desire to institute a more formal governance structure due to an increase in the size or complexity of assets managed. For example, if an FO is expanding into alternative or international investments, it might call for a reset to a more formal and institutionalized governance structure. In addition, when an FO experiences some kind of risk management or fraud problem, its management team may realize adopting more structure and formal policies and procedures is necessary.

External drivers of the institutionalization trend are wide-ranging and include the continuing acceleration of technological change; shifting operational, legal, reputational, and other risks; various market forces; and learning from the experience of families who have encountered challenges due to lack of processes and controls. The impact of technology includes very positive developments, such as new cloud-based options for portfolio, performance, and tax reporting, and mobile applications for staff and family members. Simply put, there are far more tools available for the FO than there were just a few years ago. These tools make it much easier to formalize policies and procedures. However, these technologies often require substantial investment and can bring increased security and privacy risk. Moreover, for these technologies to be effective, they must be fully integrated with the FO's overall governance program. Legal developments — such as the modernization of trust agreements, sometimes through a trust decanting — are bringing more planning options into the mix. The tax environment, while relatively stable in the US for the short term, continues to shift around the world, with a trend towards transparency. This is especially important as members of wealthy families live an increasingly global life and FOs seek to expand their investments globally.

The following pages explore these topics in more depth and highlight expectations for the coming year. While all topics are examined independently, it is prudent to remember that they are interrelated and interdependent as part of an increasingly complex industry.

Figure 2: Five focus areas for 2015



Governance
Building a foundation for growth

Governance is the processes, policies, and procedures under which an FO operates. The range of governance structures in the FO industry spans from the very informal to those similar to that of an investment adviser registered with the SEC or a private trust company regulated by state banking authorities. An ideal governance structure begins with a mission statement that sets the vision for the FO and outlines the family's values. Many FOs have not taken the time to develop a mission statement and thus family members are not always focused on the same long-term goals. The value of the mission statement is not only in the finished product, but also in the process of developing one. This process forces family members and senior employees to prioritize what is most important to the family, what they are trying to accomplish with their wealth, and what they want their family's legacy to be.

The governance structure is then built on the mission statement to ensure that the FO operates as close as possible to the long-term vision. An FO is unlike other wealth management firms in that all of its "clients" are related to one another. An effective governance process can help manage this family dynamic by clearly setting out expectations for family members across a variety of fronts. In addition, the governance process should afford protections, foster communication and input, and support effective business operations. The issues that a governance structure can address depend on the individual family, its particular circumstances, and its stakeholders. The governance structure can include planning for succession; limiting the authority of family members; establishing operating agreements for partnerships; choosing trustees; and setting controls over who has authority to make, change, or sell investments on behalf of the other family members.

As many families have realized, wealth can be a challenge as much as it is a blessing. Often the success of the first generation can lead to complacency of later generations. A mission statement can help all generations to understand the family's long-term vision.

Focus for 2015

A leading practice for family offices in 2015 will be to define or refine precisely their mission and then build or improve the governance structure around it. This may be a painful and challenging exercise and might expose fault lines among family members. However, once identified, the family can deal with these fault lines proactively, in a constructive and healthy manner, rather than during a time of stress and crisis.

To be effective, the mission statement needs to be well-thought-out and well-constructed. It can be regarded as the "constitution" of the family that can be used as the cornerstone for every investment decision that is made. The governance structure needs to tie back to the mission statement and be practical and realistic.

Effective governance requires clearly defined roles, responsibilities, goals, and accountability. The governance structure will often include an independent board, corporate trustees, and the use of third-party advisers. It is possible for a governance structure to be rolled out over a period of years to facilitate implementation. In 2015, families should consider creating a governance structure if they do not yet have one or improving the structure that is already in place.

The bottom line

The most successful and sustainable FOs will have clearly articulated mission statements supported by robust governance structures. The mission statement will show the intended destination of the family, while the governance structure will give the turn-by-turn directions. These documents will not be confined to a file cabinet but will be more like a playbook, used during the game, then updated and revised based on what is working and what is not. The true value of the mission statement and the governance structure tends to come through in a time of crisis. They bring a clarity of purpose and a focus that otherwise might be missing and can prove an invaluable tool in decision-making.

Organizational structure
The growing need for sophisticated expertise

Many FOs have undergone significant transformations since the recent global financial crisis and the resulting changes to the exemption from SEC registration.[1] FOs have had to make many tough decisions about whether to register with the SEC under the Investment Advisers Act of 1940 and continue to manage the assets of extended family and friends, or ask them to take their assets elsewhere. These decisions also caused many FOs to reexamine the optimal structure from a business, tax, and liability standpoint. The majority of these decisions have been made and many FOs are now in the process of deciding the best way to structure their organizations.

FOs tend to employ long-term professionals who often take on more than one role. This can lead to an overreliance on a few employees and creates "key person" risk. This trend is beginning to shift as FOs bring in more subject-matter experts in areas that include finance, operations, technology, and investment management. Another shift to institutionalization is the growing focus on segregation of duties to ensure that no one individual has too much control over the FO and the wealth of the family. Ideally, the reporting, investment, family operations, and administrative functions should be separate; the senior executive of the FO should provide leadership, oversight, and guidance, but should not be making journal entries or writing checks. All of these processes and procedures can be very challenging to implement and are not always possible, especially in smaller FOs, but the alternative is to leave the family vulnerable to a variety of risks.

Focus for 2015

In 2015, we anticipate a continued focus by FOs to outsource key roles and functions to bring professional talent and advice to the FO. The driver for outsourcing is often to gain access to talent, to find a more cost-effective solution, or to take advantage of the most up-to-date technology. While not usually the driver for the decision, outsourcing can also have the added benefit of enhancing the controls at an FO. If set up correctly, outsourcing strengthens the checks and balances because the outsourcing vendor has its own set of controls in addition to the controls at the FO. The value of this "extra set of eyes" cannot be measured in dollars, but can be a valuable asset to an FO.

There is no single best answer on what should be outsourced because services vary so widely at each FO. That said, the most likely areas for outsourcing include financial reporting and for firms that have it, parts of the internal audit function. FOs that are expanding into alternative investments — such as private equity, hedge funds, and real estate — will often outsource investment management to gain the subject-matter expertise needed in those areas. Some firms are even outsourcing key roles, such as the CFO, chief investment officer (CIO), and chief technology officer (CTO). An added potential benefit of this type of outsourcing is that it can offer built-in succession planning for these key roles. However, when considering outsourcing, FOs must also consider the costs and the loss of direct control. Furthermore, outsourcing adds additional vendors to manage and the family must be confident that their data remains secure.

The bottom line

As many FOs are undergoing a shift from a family business to an organization that more closely resembles a professional services firm, they need to reexamine their organizational structure and staffing needs. FOs find themselves in a challenging position. Although FOs are usually smaller operations that strive to run as leanly as possible, they must also face growing demands that larger organizations typically address, such as having access to top financial and technological capabilities. The good news is that FOs are responding with creative solutions such as outsourcing and hiring experienced outside talent. There is not a single best practice or "correct" solution for an FO; they are far too varied in their size, structure, and goals for any one recommendation to fit. The key point is that FOs face a complex and challenging environment across several aspects of their businesses, and operating with a "business as usual" mindset may not produce optimal results. Rather, a periodic reassessment of the organizational structure and operational model is a healthy practice.

Risk management
Preparation is half the battle

One key aspect of any governance model is to ensure that organizational risk is managed effectively and constantly reevaluated. This may best be accomplished by establishing a master risk management framework. By doing so, a family can help enhance the organization's ability to endure for the long term and give it the best chance to achieve its goals. FOs tend to have a wide variety of sophistication and maturity, largely depending on how long they have existed, what services they are providing, and what their future goals are. Therefore, FO risk frameworks tend to vary widely. Yet, it takes the entire organization working together to properly manage risk. The family, the board, and employees all have key responsibilities, and all must be responsible and accountable. It also takes a well-defined process to determine that risks are properly identified and resolved.

There are many types of risk, and priorities shift depending on the FO, but many FOs share three common risks:

Reputation risk: In the context of an FO, reputation risk takes on a meaning unlike that at most wealth and investment management firms. At these other firms, the brand of the institution is at risk, and a risk event might affect the firm's assets under management and revenue stream. A risk event at an FO is more personal because the name of the family is at risk. For some families, this is even more important than any financial loss. In many ways, reputation risk is the culmination of all the other risks a family faces and therefore, the perpetuation of the family reputation should be part of every FO mission statement. Every decision should be evaluated in light of the impact on the family brand. Sometimes, the return on an investment, no matter how high, is not worth the damage it can do to the family name.

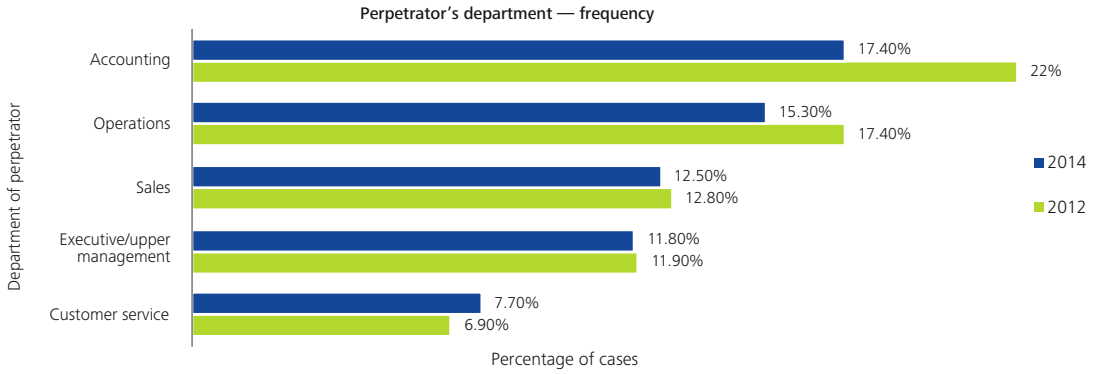
Figure 3: Sample risk management framework

Establish risk and rating criteria	Common risk themes and risk management objectives
Identify and evaluate external and internal risk factors	**External examples** • Market and economic events • Cyberthreats, hacking, viruses • Political and regulatory issues **Internal examples** • Family investing strategy • Technology projects • Changes to organizational structure and model
Assess the control environment	**Representative questions** • Is there a risk management culture? • Has accountability been established? • Are controls in place, well-designed, and functioning?
Measure likelihood and impact of anticipated risks and normalize data	Ensure the entire organization agrees on most likely risks and biggest threats while also validating that data being used to calculate the risk is valid and accurate
Prioritize risk management resources	Align resources against the most likely and biggest threats
Remediate, report, and repeat	Continually evaluate and adopt the risk management framework

Cyberrisk: FOs have many of the same institutional concerns that larger wealth managers have, such as hacking and spear phishing attacks that attempt to entice employees to reveal confidential information or wire funds to an unauthorized party. As FOs outsource more operations and technology to third parties, defending against cyberthreats becomes even more complex, as the risks that vendors face can become FO risks. FOs also have far more personal cybersecurity concerns. For example, a family member might post a picture on a social media site of the family on vacation at an exotic location. This photo can let criminals around the world know that the family is not at home and, through location data associated with the image, let the entire world know exactly where they are. Neither situation is good for family privacy and security. It is an unfortunate fact that wealthy families are at risk for extortion, blackmail, kidnapping, and many other threats; prudent families should take steps to reduce these risks by educating all family members, especially children, to the threats to their personal safety that social media exposure can present.

Fraud risk: Fraud, like water, flows in the path of least resistance. Certain areas of the FO operation, such as expense accounts, payroll, and accounts payable, are often most susceptible for abuse. A pattern of misconduct in these areas can also indicate fraud in other areas, including nonfinancial fraud problems. If more advanced fraud is discovered, then it is likely that more common examples of fraud, such as expense account abuse, have also occurred. In many cases, it can be a challenge for family members to accept and believe that trusted long-term employees, many of whom are often close to the family, can be part of the fraud. The prudent approach is to assume that fraud will happen and set up the proper controls to prevent or limit the damage. Only by assuming that there are "enemies within the castle walls" can an effective fraud prevention program exist.

Figure 4: Where fraud is occurring



Source: ACFE Report to the Nations on Occupational Fraud and Abuse, 2014

Focus for 2015

Risk sensing is a rapidly emerging trend in risk management. It involves a combination of human analysis and sophisticated technology that continuously analyzes massive amounts of structured and unstructured data in near real-time. By embedding risk sensing in a firm's operations, an FO can anticipate reputation-impacting events, allowing the firm to adjust its strategy. There should also be an increased focus in 2015 on cybersecurity. Awareness of cyberthreats continues to grow, but the risk level is increasing and there is need for greater action. Because there is so much at stake from a financial and privacy standpoint, cybersecurity should be a top priority for all FOs. Additionally, while fraud risk is an evergreen issue, it is something that FOs should be ever-diligent about combatting. Fraud does not get the same level of media attention as cyberthreats, but it can be extremely damaging to a family and its wealth.

The bottom line

One of the major signs of the institutionalization of the FO is the growing focus on risk management and the formalization of a risk management framework. Some FOs are beginning to reframe how they think about risk management — and the resulting projects are not being viewed as necessary expenses, but as investments in the future of the family's reputation. Firms that focus on risk will need to make some up-front investments, but the returns can be very valuable. FOs with strong risk management frameworks are often better prepared to withstand market disruptions, cyberattacks, internal fraud, and many other threats.

Controls
Looking out for fraud

FO fraud is not often in the news due to the private nature of the industry, but fraud does occur and, in many ways, FOs are prime targets. Many FOs are investment managers, giving employees proximity to cash and other assets. They are often small organizations, where a single employee can have significant control over finances and be the sole person handling all communications to family members. The overarching goal is for the family to establish a culture that encourages employees to report any suspicious activity and that values integrity and transparency. There are several steps that FOs can take to minimize fraud, the first of which is to accept that fraud is a real threat. Then family members should become educated on fraud, perform periodic risk assessments, and structure their staff to prevent fraud.

Get educated

Employees engaged in fraud have a clear pattern of behavior that family members can be trained to detect. For example, hallmarks of embezzlers include a tendency to work very long hours, often arriving before and leaving after other employees. Embezzlers also tend to work weekends and generally do not take long vacations. These are all signs of employees working hard to cover their tracks. The challenge is that these traits can also be characteristics of dedicated employees and are not in any way proof of a fraud. They are merely red flags and can be a prompt for additional research. One simple technique is to require at least two weeks of consecutive vacation for all employees above a certain level or with access to the cash ledger. It is very challenging for an employee to keep a fraud hidden during a two-week absence from the office when another employee picks up their duties. Another technique that can limit fraud is periodic unannounced job rotations that require employees to switch job responsibilities.

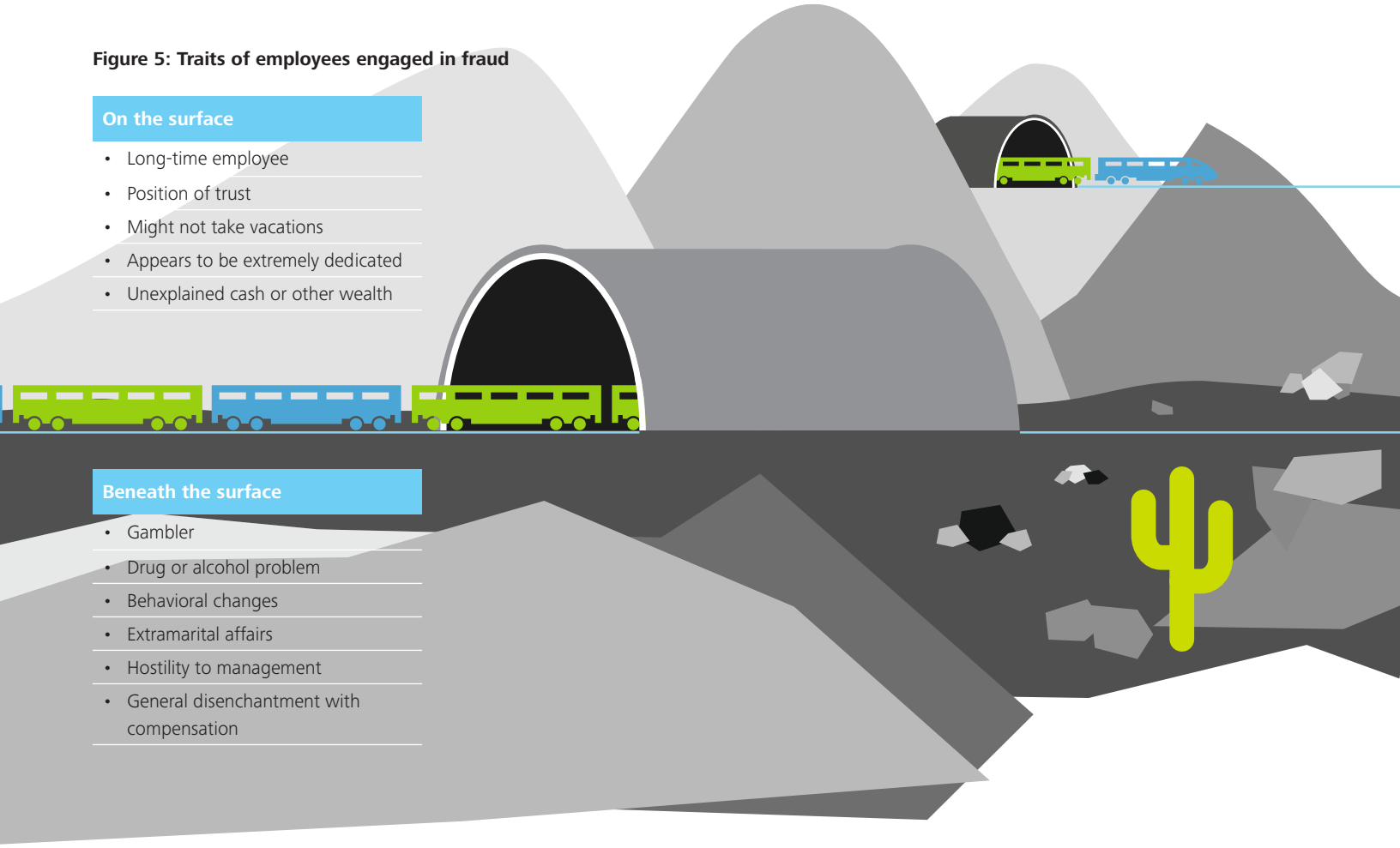
Perform a periodic fraud risk assessment

Another good practice is to perform a periodic test, not just of the controls, but also of the entire operating environment. As mentioned, there are likely areas of fraud, such as payroll, expense accounts, and accounts payable, that are most often abused. These can be examined using data analytics that will flag suspicious activity, such as an abundance of checks being written just under a control level or invoices to a single vendor that have been split to avoid the additional oversight of higher check amounts. The risk assessment does not have to happen every year or even on a regular basis; however, it is a prudent use of a family's resources. Even if no fraud is uncovered, the clean bill of health gives the family a level of comfort and peace of mind.

Solve for the staffing problem

One common trait of FOs is that many have long-term employees. This is often a sign of loyalty and a productive work environment, but it can also lead to an overreliance on the trust and goodness of human beings. For example, an FO with trusted employees might not have the proper checks and balances in place for financial transactions. It can be challenging for a family to take this step when most employees are honest. However, one individual with too much control and access can cause an enormous amount of financial or reputational damage. The small staff at most family offices makes establishing checks and balances very difficult. However, the segregation of duties is one of the simplest ways an FO can prevent fraud. For example, an FO should consider separating the individuals who handle cash from those who record cash on the ledger, which should then be reconciled by another party. At first glance, this may seem like a tedious and unnecessary process, especially for a smaller family office that is trying to run in a lean and efficient manner. However, such a system is a

Figure 5: Traits of employees engaged in fraud



proven and effective way to combat fraud and more likely will pay for itself many times over. Placing an FO employee in a situation where he or she has access to cash, without the proper controls, can be a real temptation. Even the most honest and trustworthy employee may at times be under financial pressure and can find it challenging to resist taking advantage of such a situation. These controls may feel inefficient to some and that is because they are not meant to be efficient — they are meant to be effective. If they are working well, fraud will have much less opportunity to take root.

Focus for 2015

The key for the coming year is to build a mindset at the FO that the family is always on the lookout for fraud and to build controls around it. Fraud education, a risk assessment, and updating the staffing model are great places to start and can have an immediate impact. The controls can be thought of as the guardrails of the governance structure that confirm that the objectives of the family are being met. The controls are part of the enforcement mechanism of the governance structure to confirm that the mission statement is not just words on paper but a program that is actually implemented and realized.

The bottom line

The best way to prevent fraud is to accept that it occurs and to make a decision to prevent it. While it is often hard for a family to accept that they are being taken advantage of, experience shows that fraud is often perpetrated by trusted individuals. Once the fraud issue is a focus of the family, it is very possible to build the culture and controls designed to thwart it. Doing so does not have to be overly intrusive or expensive; the solution is finding the right balance between trusting employees and verifying that they are being trustworthy. Families that do not make this a focus risk serious financial harm and spending far more time and effort on damage control then they would have in prevention.

Technology
Opportunities despite challenges

Adopting technology is both a challenge and an opportunity for FOs. Technology projects tend to be very expensive and do not always give the return on investment that is expected. New information systems can also disrupt long-established workflows and routines. Another challenge is that technology is evolving so quickly that multimillion-dollar investments can quickly become obsolete. Finally, technology talent is very scarce, making it a challenge for FOs to gain the expertise they need at a reasonable cost. However, the alternative — not investing in technology — may actually be the more expensive option. Sooner or later, older technology will cause the FO to misstep; possibly due to the loss of data, a missed filing deadline, or overall inefficiency. The promise of newer technologies, such as mobile applications and cloud computing, is compelling, especially in areas such as client and tax reporting. However, the rate of technology change, the cost of implementation, the challenge of integration, and the need to attract and retain technology talent will continue to be major concerns. This is leaving FOs in the unenviable position of realizing that they need to upgrade their technology suites, but often being unable to do so with the current staff and budget.

Focus for 2015

One of the most important technology developments in the FO industry is the rise in the acceptance of cloud-based applications that reside on servers controlled by a third party. FOs have been slower than the general wealth management industry to accept cloud-based applications due in part to concerns about security and a scarcity of software tools that focus on the family office market. Today, there are more tools than ever to choose from, and while security is still a major concern, the comfort level around cloud applications has grown substantially. Expect adoption of cloud applications by FOs to continue to increase next year, especially in the areas of client and tax reporting. The use of mobile applications will continue to rise as more applications are developed for everything from client reporting to employees tracking their time. In addition, the outsourcing of key business processes and technology applications is also likely to rise. While outsourcing comes with challenges such as a loss of control and the need to oversee vendors and additional costs, it can help alleviate the technology talent issues, can be cost-effective, and can eliminate the need to upgrade technology because third-party providers are responsible for budgeting for technology advances.

The bottom line

In many ways, the key to effective use of technology at the family office is the ability to access, analyze, manipulate, and report data. Executing on this can make almost every part of running the family office's operations — especially tax, financial, and client reporting — much more effective. But, using technology effectively is much easier said than done. Despite the challenges, FOs will need to review legacy technology platforms to identify what should be upgraded and when. Taking this on is a significant and long-term effort, but one that the FO must address. Waiting too long will only compound the challenge, and the technology options available today make this a good time to begin the effort.

Key takeaways

The FO industry continues to undergo a tremendous amount of change and at a much more rapid pace than prior to the financial crisis. A series of factors, some internal and many external, is causing FOs of all types to gravitate towards a more institutional structure.

A good first step toward achieving institutional structure is for family members to agree on the long-term vision of the family and to memorialize it into a mission statement. Other steps include embedding the mission statement in the FO's operations by building a governance structure that supports the statement and building the organization around that structure. Due to the unique needs of each family, there is no right or wrong answer on any of the variety of elements in the organizational structure. However, it is expected that there will be an increase in hiring of subject-matter experts, the use of third-party advisers, and the outsourcing of key roles, such as CFO, CIO, and CTO.

Another key part of the governance structure is the master risk framework, which will vary widely by FO and should be designed to identify and mitigate the risks most likely to impact the FO. To be effective, the risk framework should have strong internal controls, which can be particularly helpful in combatting fraud.

A challenging component of the institutionalization process is how best to harness technology. FOs realize that they need to improve their use of technology, and to do so, they are increasingly expected to turn to technology outsourcing and cloud computing solutions.

In the end, it is expected that FOs will continue to evolve away from operating as a small family business in 2015 and increasingly look like their institutional wealth and investment management counterparts.


structure
family
framework
supports
expected
outsourcing
governance
institutionalization
FO
building
risk
external
third-party
internal
cloud
mission statement
technology
controls

Endnotes

[1] "Family Offices," Investment Advisers Act Release No. IA-3220, June 22, 2011.

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The Center wishes to thank the following Deloitte professionals for their support and contributions to the report:

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