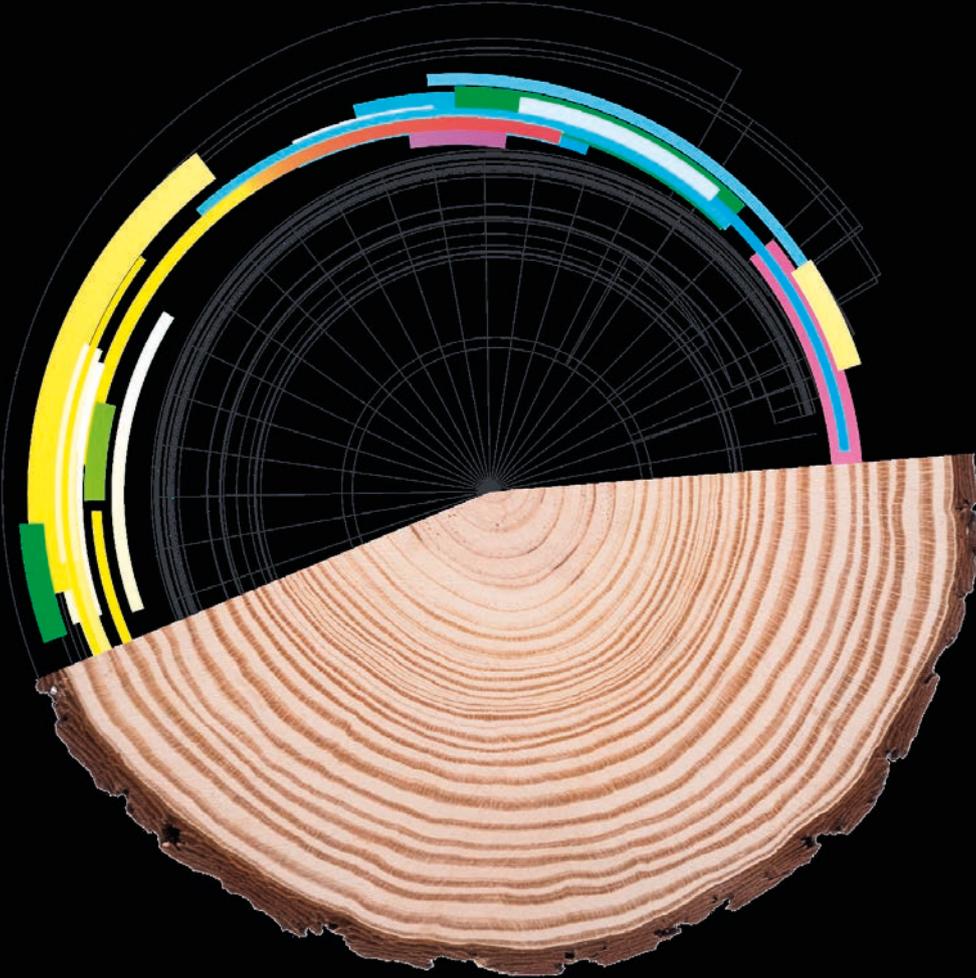


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Private



Private Office Consulting

Achieving ambition. Managing risk.
Leaving a rich legacy

Why have a family office?



Around the world private wealth is increasing and with it the number of family offices serving the complex needs of wealthy families.

An efficient and well-run family office is often at the heart of a successful family enterprise, encompassing the activities of the family, the family business and the wider family wealth. It typically provides a governance framework that ensures wealth is deployed through a vision and a set of values that reflect the family's strategic objectives – in particular around investment goals, wealth preservation and philanthropic or dynastic impact.

A well-designed and structured family office can give families a robust yet flexible structure that remains relevant and effective for successive generations, providing coherence and continuity in serving the needs of the family.



What is a family office?



In its simplest form, a family office is the formalisation of a structure and governance framework through which a family's wealth is managed and administered. The family's requirements and circumstances will usually dictate how simple or complex this needs to be. Whatever their circumstances, for wealthy families around the world, the creation of a professionally run, sustainable family office capable of serving multiple generations of beneficiaries and withstanding growing global compliance and regulatory pressure is now a key priority.

A family office can undertake the management and oversight of a number of functions or choose to provide only some of the services in-house and outsource other aspects:



Family governance



Investments



Tax planning and compliance work



Managing and administering assets



Education of next generation



Estate planning



Philanthropy



Document management



Cash management



Concierge services



Current trends and challenges faced by family offices

Some family offices are born organically out of a need to manage the increasingly complex affairs of the family and are managed single-handedly by a finance director from the family business. Others are put in place in a structured way in order to manage inherited wealth and are supported by professional advisers. But, whatever the origins, family offices today face new challenges that can affect their effectiveness and sustainability:

• Internationalisation

Wealthy families are increasingly pursuing investment opportunities across multiple jurisdictions. Generations of beneficiaries choose to divide their time between several locations around the world and lead ever-more cosmopolitan lifestyles as a result of globalisation and digitalisation.

• Reputational risk

Families now have to deal with heightened reputational risks, particularly in the areas of taxation and compliance, and much greater scrutiny by the media and the public. Reputation therefore has to be managed intelligently and proactively.

In this environment, a growing number of families are looking to put industry-standard governance and infrastructure in place to manage and protect their wealth and ensure accountability. To achieve that, family offices need to be able to recruit, retain and incentivise the best talent and ensure that their chosen family office executives are aligned and “fit” culturally with the family.

At the same time, family offices are looking to remove unnecessary complexity and concentrations of risk within their existing structures so that they can focus on core specialisms in-house and outsource non-core services.



How Deloitte can help



Establishing a family office is, by its nature, a sensitive process in which, while the challenges may be familiar, each specific family circumstances and priorities are unique.

We work with existing family offices and families of wealth to help them design and implement the right governance and infrastructure around their wealth. Central to our approach is developing an understanding of what the family members regard as the 'purpose' of the wealth and the values they wish to uphold in managing and deploying their assets. Creating alignment around these values, vision and purpose between the family, family office executives, other stakeholders and key advisers is at the heart of our services.

Through our experience of working with numerous families, we have developed a structured approach to helping families at different stages on their wealth creation journey to design and build or review and transform their family office structures.

Using carefully designed workshops, we help clients to:



Define and articulate their vision for their wealth – what it is for – and the values they wish to uphold in its deployment. This may focus on strategic goals and objectives, investment-specific considerations such as risk appetite and required return, and dynastic or philanthropic legacy.



Develop and refine the key strategic objectives and the capital deployment strategy based on their vision, values and purpose and then articulate the desired future state of the family office and their wealth-holding structures.



Design or transform the family office or wealth-holding structure in the least-complex manner possible to ensure it is fit to deliver on the agreed strategy, taking into account incentives, tax, regulation, reputational risk, investment aims, administration cost and the need for flexibility.

Drawing on the expertise of the wider firm and external advisers, we then:



Implement the agreed structure in line with the roadmap created alongside the client. We design and execute the step-by-step implementation plan, coordinating the teams of advisers, family office executives and the Principal to deliver the entire solution efficiently, on time and within budget.



Provide on-going support. Truly understanding the client's vision and objectives means that we can identify opportunities and advise on other issues including generational transition, specialist investment structures, M&A activity, real-estate acquisitions, audit, debt financing, valuation and reporting, and continuing adherence to the agreed vision and values, along with best practices.

Depending on our clients' needs and circumstances, we combine these activities into the following service lines:



Design and Build – we help families to design, plan and build an effective family office from the ground up, mapping the family's assets, establishing their vision and values, advising on governance, risk control, range of services offered, insourcing/outsourcing, policies and procedures, roles and responsibilities, incentivisation and then developing a roadmap for implementation.



Review and Transform – we work with the family principals and C-suite executives of existing family offices in a variety of situations to deliver transformational change and performance enhancement, from best practice and performance benchmarking reviews to responding to major events such as acquisitions, sales and restructurings. These may alter the family requirements or service provision required from the family office and as such it is important to ensure the family office continues to operate effectively in delivering the long term strategic objectives of the family.



Why work with Deloitte?



Whatever the challenge, the family or the family office is facing with respect to the family's wealth, the Deloitte Private Office Consulting team has the expertise and the global reach to help.

The Deloitte Private Office Consulting team has in depth experience in establishing new family offices, and reviewing and transforming existing ones.

We recognise that just as every family is unique, so is every family office. There are, however, many common issues that both wealthy families and family offices face and our experience and in-depth knowledge of market best practice enables us to deliver a solution that is right for our clients, both now and for the future.

In addition, we draw on the wider expertise of the firm, including specialists in tax, real estate, family governance, regulation, IT, corporate finance and audit to ensure that the family office is best placed to achieve the family's goals.

As part of the Deloitte global network of firms operating across 150 countries and territories, we are our clients' gateway to specialist advisers and world-leading subject matter experts offering highly tailored advice to families with complex affairs in the UK and around the world.

With multi-disciplinary projects often involving teams working across several jurisdictions, our ability to seamlessly coordinate and create alignment between different advisers, both within the firm and externally, has been crucial for successful implementation of a large number of highly sophisticated family office structures for our clients.

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