



# MODULE 06

## *The Family Office, Ecosystem and Risk Management*

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## FAMILY WEALTH AND LEGACY PLANNING

### MODULE 06 | INTRODUCTION AND OVERVIEW |

*"No man is an island entire of himself."*

#### **No wealthy family operates in isolation.**

A legacy family and its members rely upon a host of advisors, trustees, institutions, industries, friends and like-minded families that create a vast and ever-changing 'eco-system' which both supports and shapes the family's human and financial capital. A well-designed and properly managed eco-system is a powerful partner in the pursuit of the family's long-term goals.

One of the most prominent aspects of a family's eco-system is the family office, which may also carry with it the responsibility to manage the rest of the eco-system as a principal task.

Every family has an important and sustaining eco-system, but only a very few have the wealth and complexity of affairs that can justify the cost and effort required to establish and maintain a good Family Office.

Both need to be understood to create the best approach for your own family, as a consideration of the tasks of a Family Office may provide insights on tasks or services that could be added as an essential part of a more distributed ecosystem network.

We begin with the Family Office and then move into a description of a less expensive and more flexible approach to the family ecosystem.



## FAMILY WEALTH AND LEGACY PLANNING

### MODULE 06 | INTRODUCTION AND OVERVIEW | cont'd

#### The Family Office

One of the most unique features of legacy families at the higher end of the wealth scale, usually for those with personal or family assets exceeding US\$500 million, is the presence of a dedicated Family Office. If justified by the scale of wealth, magnitude of work and complexity of the issues facing them, legacy families may establish a family office to serve a number of purposes: expert tax advice and support for tax filings, asset structuring, wealth management, business finance and transactional support, legal services, establishing or supporting family governance, risk management, communication and education.

Family Offices may also look after family properties, art collections, planes and yachts, security, travel and other personal arrangements often known as 'concierge services'; they can often serve as sources of conflict avoidance and dispute resolution if called upon to do so. By tradition addressing both hard and soft issues for most families, Family Offices also play an active role in preparing for and supporting Generational Transitions and Leadership succession.

As the elite club of billionaires grows across the world, its members become more international, more diverse and arise from a broader set of cultures and economies than ever before. These families, with wealth both new and old, are all seeking to develop systems and models of support to help them to serve their short-term needs, achieve their long-term goals, and even, for the most far-sighted, to pursue their multi-generational aspirations.

In so doing, many are designing and relying on the support of a dedicated family office to serve the integrated family and financial needs of the legacy family.



## FAMILY WEALTH AND LEGACY PLANNING

### MODULE 06 | INTRODUCTION AND OVERVIEW | cont'd

#### Purpose and Practice of a Family Office

Although the main purpose of a family office is usually seen to be the preservation and careful distribution of family wealth according to a family's wishes, with wealth creation a separate activity, the actual tasks involved in the pursuit of these objectives are usually far more extensive than the pure management of financial wealth.

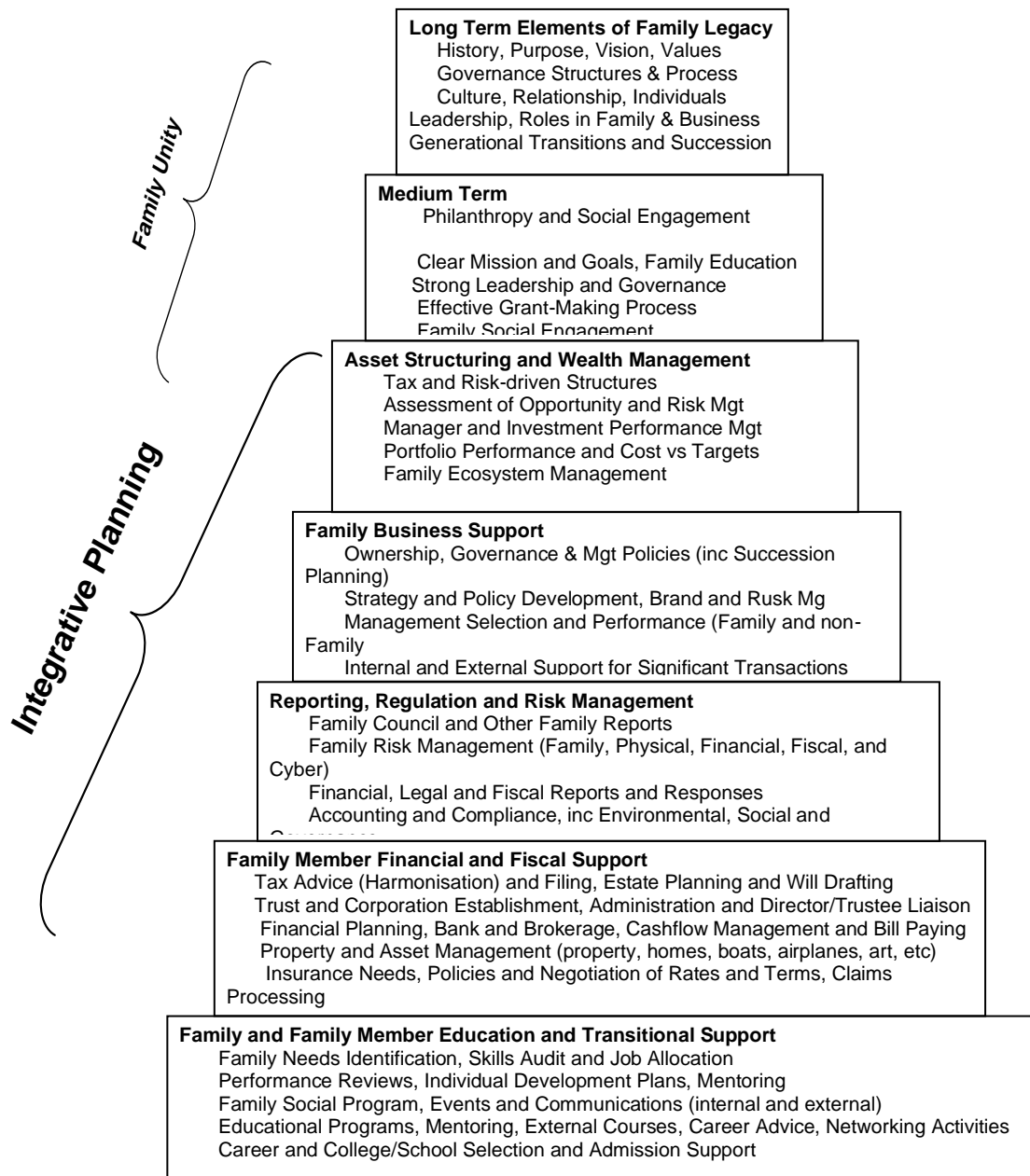
Most family offices serve both the financial and non-financial needs of a single family, and address the needs of individual members, branches and generations (including those not yet born) on an integrated basis.

Wealth management is often the most visible and valued skill, but most family offices also address long term strategy, integrated reporting against internal objectives and external benchmarks, risk management, finance, tax requirements, trust structuring and operation, family business strategy, effective philanthropy, family education and engagement, the oversight of a family's 'eco-system' of advisors and influencers, and other elements of a complex and evolving mix of activities.



## FAMILY WEALTH AND LEGACY PLANNING

### MODULE 06 | INTRODUCTION AND OVERVIEW | cont'd





#### Costs and benefits

The costs of these offices vary widely, depending upon the scale of family wealth and the range of services provided, but many end up costing around 1% of the family's investible assets on an annual basis.

These costs should, in a well-run office, be justified by a mix of 'hard' and 'soft' benefits:

- the quality of service offered to the family on a confidential basis
- improved performance from invested capital
- integrated strategy (in particular a thoughtful approach to asset allocation) and reporting
- cost savings in negotiating better terms from managers and other suppliers
- risk management in achieving a lower effective tax rate and reducing the full array of risks – both financial and family – that can destroy family wealth
- effective succession within the family and its businesses
- avoiding or resolving family disputes
- and the intangible (but very important) value created in preserving a family's history and heritage and reinforcing its values

#### Traditional model of Family Office leadership

In most cases, there is a senior family member who oversees the office on behalf of the family and provides leadership on all matters of family governance and those related to individual family members. Often a trusted full time professional runs the office and manages the financial wealth and other non-family matters on a daily basis and provides an objective expert view on the financial and family matters at hand.

The leaders of the most successful family offices, both family and professional, are thus often required to be modern Renaissance Men and Women, capable of mastering and integrating many disciplines at the same time.



## FAMILY WEALTH AND LEGACY PLANNING

### MODULE 06 | INTRODUCTION AND OVERVIEW | cont'd

#### Risks and rewards

Although attractive in many ways, and with obvious rewards if designed and managed properly, there are also many risks inherent in designing and running a family office.

Sub-par performance, excessive costs, an insular culture, over-reliance by family members on family offices for all services and lifestyle needs, poor quality staff and outdated systems, amongst other common issues, can all contribute to the creation of problems rather than solutions for some unfortunate families.

#### Variations on the theme

Although the basic elements of design and operation of family offices around the world have much in common, there are also many significant differences.

In Asia, for example, and in other parts of the world where the accumulation of substantial family wealth is a relatively new phenomenon, the role of the family office may be served by a Chairman's Office (or its equivalent) of a large family business. Although there have been some sales or listings of large family enterprises, an existing central family enterprise – often banking, property or a conglomerate – may house what eventually can become a standalone operation following the sale or cessation of activity of the core operating business.

In the United States, over more than a century of evolution, some family offices now operate as private trust companies or Multi-family Offices, taking in the wealth of other families to manage in addition to that of the founding family.

#### Getting it right

While challenging, the design and operation of a successful family office can bring great benefits to a family, preserving its wealth and stature through many economic cycles and family transitions, and, in the best case, across many generations of a united, harmonious and continually prosperous family.



## **FAMILY WEALTH AND LEGACY PLANNING**

### **MODULE 06 | INTRODUCTION AND OVERVIEW | cont'd**

#### **Support for Family Governance**

The role of the Family Office in support of an organized family governance process cannot be overemphasized. The Family Office manager is typically the sounding board for the owners who must find ways to work together in harmony and with respect for one another. The Family Office typically works closely with the governing board to develop the Family Statement of Purpose, Vision or Values, guiding principles and educational programs; plan family meetings; and establish regular client communication that fosters family unity and helps preserve the family legacy.

#### **Support for Legacy Plans and Financial Strategies**

The Family Office is a primary executor of the family's strategic and legacy plans. The work of the Family Office is directed by the long-term goals of the family identified in their legacy plan. The Office staff, with the guidance of family leaders, executes and continually reviews and revises the family's plans to ensure that their legacy is preserved for future generations.

The role of the Office as advisor for the family-at-large allows all family members to benefit from the buying power of the group. The Office screens and monitors external advisors to ensure the family's interests are achieved. The family benefits from the team's ability to make investment recommendations, for example, with an understanding of the investment's potential impact on the current tax and estate plans and philanthropic goals.

#### **Support for Individual Family Members**

Every family member is a client of the Family Office in his or her own right. The Family Office often oversees the financial planning and budgeting process for each family member and his or her spouse, as well as coordinating bill payment, property management and insurance oversight. The Office staff often also serve as trusted advisors or mentors for younger family members who are learning what it means to be a responsible owner of wealth.



## FAMILY WEALTH AND LEGACY PLANNING

### MODULE 06 | INTRODUCTION AND OVERVIEW | cont'd

#### **Integrator of the Financial Process**

The Family Office is the central repository of all of the financial information about the family, individually and collectively.

No other service provider has access to all of the pieces of a family's legacy – personal histories, values, preferences, financial details and long-term goals – the way a dedicated Family Office does.

Clients of the Office benefit from the work the Family Office does as integrator or coordinator of the process. This work involves managing relationships – with service providers, regulatory agencies, managers within the family business, etc. – and delivering services (from accounting to bill payment) with careful consideration of their impact on the big picture (taxes, estate plans, spending patterns, wealth transfer plans, philanthropic aspirations, etc.).

#### **Educator and Mentor of Younger Generations**

The role of the Family Office as educator varies from Office to Office. In some cases, the governing body drives the process of owner education and relies on the Family Office staff for assistance with the execution. In other cases, especially when a family member leads the Family Office, the Family Office may drive the owner education effort.

The extent of the Family Office's involvement in the process depends, like everything else, on the family's preferences and priorities. Most Family Offices have some kind of family member training program that is designed to prepare owners for the responsibilities of their wealth. The age at which the process begins varies from family to family, but most (72 percent) begin the process when the owner is between 12 and 25 years old.



#### Transition Coordinator

A critical role for most Family Offices is to support the transitions that every family faces as family members evolve through their lifecycle. Most Family Offices are charged with preparing for these inevitable transitions which may involve members of the senior generations getting updated wills and properly executed estate plans. For the younger generation this may involve identifying and grooming future leaders of the family.

#### Repository of Family Values and Family Legacy

There are a number of ways in which a Family Office can support the clarification, communication and implementation of the family's values across generations. Those activities include:

- Working with the family to draft a statement of vision and values
- Developing an education program for the next generation
- Ensuring that family values are addressed at regular meetings of the Family Council or in discussions with senior family members
- Ensuring that any implications of family values are built into the family investment policy statement, e.g. no investment in tobacco, etc.
- Ensuring that an annual review of a family's progress addresses high priority values and issues related to those values

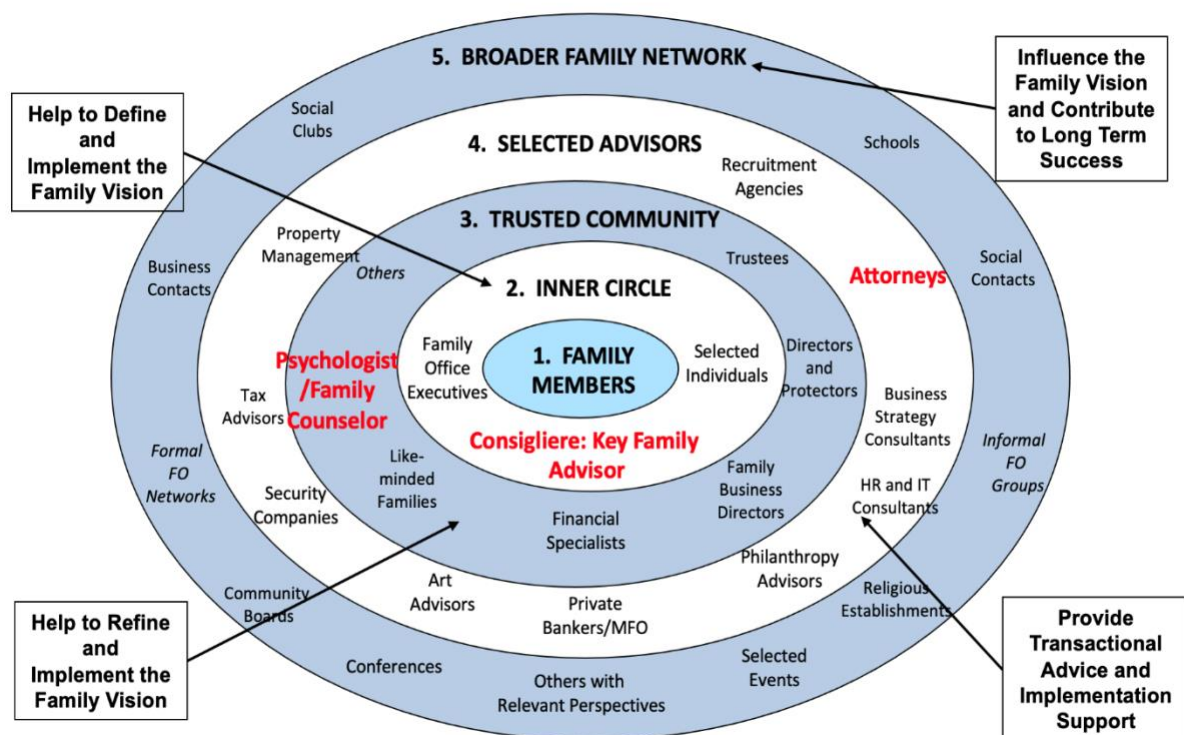


## FAMILY WEALTH AND LEGACY PLANNING

### MODULE 06 | INTRODUCTION AND OVERVIEW | cont'd

#### The Supporting Family Ecosystem

Although the scale and role of an eco-system vary depending on the size, mission and goals of the family, the common participants in a family-ecosystem are illustrated in the display below:



Each of these parties influences the family's ability to meet its goals and achieve its legacy plan. Asset managers, brokers, bankers, trustees and risk managers have a fundamental impact on the growth or decline of financial wealth, while lawyers, tax advisors (and trustees again) play key roles in defining how a family structures and protects that wealth.



## **FAMILY WEALTH AND LEGACY PLANNING**

### **MODULE 06 | INTRODUCTION AND OVERVIEW | cont'd**

#### **Components of the Ecosystem**

Family leaders must understand all of these varied and ever-changing sources of support and influence surrounding the family and work to direct them in a coordinated effort on behalf of the greater family. Failure to manage the eco-system well inevitably puts the family at risk. Poor decisions can be made, bad influences perpetuated and even magnified, costs can be excessive, and benefits limited, less benign members of the system can advance their own (usually economic) interests to the disadvantage of the family and sow the seeds of discord that can have a catastrophic impact on the family's wealth and wellbeing.

The impact and influences from relationships that no longer serve the family's best interests can be costly, time-consuming and have a lasting negative impact.

#### **Family Members**

The Family lies at the heart of the eco-system. Each member, and leaders in particular, plays a central role in the determination of the shape and functioning of the overall eco-system.

#### **The Inner Circle**

Just as every chief executive has a "kitchen cabinet" of trusted friends and advisors outside the formal structures of power, family leaders benefit from the insights and advice of an Inner Circle of trusted advisors. Members of the Inner Circle are typically long-term advisors and/or family friends who understand the family, its business (if there is one), its history and its culture. Their knowledge of the family's strengths and weaknesses combined with their "non-family" (objective) perspective make them an invaluable resource, especially in times of uncertainty or change.



## **FAMILY WEALTH AND LEGACY PLANNING**

### **MODULE 06 | INTRODUCTION AND OVERVIEW | cont'd**

#### **The Role of the Lead Advisor**

Lead Advisors are rare indeed and often fit the description of the true Renaissance men of the 15th century in Italy, who were capable of “mastering and integrating the disciplines of their time”. While the historic Renaissance Men mastered science, art and history, modern Lead Advisors need to master and integrate the disciplines of asset structuring, business strategy, wealth management and the all too human dynamics of the wealthy family.

#### **Trusted Advisors and Staff**

The employees of each of these entities play an important role in the family eco-system. The family's level of reliance on and/or involvement in the Family Office, for example, determines its overall importance and influence within the ecosystem. In many cases, the manager of the Family Office is considered a member of the Inner Circle. For families where the family's philanthropy is its focus, the Foundation Director may play a similar role.

#### **Trustees, Protectors and Private Trust Companies**

Trustees and Protectors (or Enforcers) are associated with the establishment and functioning of a multi-generational family. The Trustees and Protectors may be involved in establishing a private trust company, usually incorporated in a friendly tax jurisdiction and controlled by the trustees of the legacy family. In this model, professional directors of the private trust companies exercise the duties of a trustee, but can be replaced at any time, typically by a majority of the nominated Protectors (or Enforcers) whose role is to protect the interests of the family enterprise.

#### **Community of the Like-Minded**

In the wake of the recession of 2008, wealthy families are increasingly seeking out other family peers who are facing similar issues. They gather at industry conferences or join peer networks to share investment ideas, co-investing opportunities, creative strategies for preparing their children to be responsible owners of wealth, and much more.



## FAMILY WEALTH AND LEGACY PLANNING

### MODULE 06 | INTRODUCTION AND OVERVIEW | cont'd

#### **Network of Professional Advisors**

In addition to members of the Inner Circle, the network of professional advisors within the eco-system provides the technical knowledge and experience needed to preserve the family's wealth and legacy. These advisors include lawyers, accountants, tax advisors, private bankers, asset managers, risk managers, brokers, and other professional advisors.

#### **Broader Network**

Surrounding all prior elements of the eco-system is a broad network of institutions, influencers and individuals who provide a constant flow of interaction, influence and impact on the family. Reflecting an ever-greater global connectivity, this network will have a different role to play with each family member.

#### **Assessing and managing the system**

As with any other purchased set of services or products, the function, performance and pricing of each member of the eco-system should be reviewed every year, and appropriate action taken to remove, replace, keep, renegotiate or deepen relationships with each participant based upon a clear-eyed assessment.



### Advisors and Influencers Matrix

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Long-term Relationship	Imperative: Fix or change	Imperative: Protect and (perhaps) grow
Long-term Relationship	Imperative: Terminate	Imperative: Stay in contact and repeat purchase if services are needed again
	Negative performance	Positive performance

---

In addressing each member of the system, you are intending to keep, it may be useful to use a simple three column chart that specifies which activities you want your advisor or influencer to stop doing, start doing or continue doing.

### Ensuring Continuity Across Generations

Too often, families can focus exclusively on the family issues related to generational transitions and other changes in the family system. It can also be useful to think through the importance of succession in the advisory eco-system, reviewing and aligning longer term roles with the members of the family most affected by individuals or firms, for example trustees or family lawyers, making up parts of the eco-system.



#### "WHO IS GOING TO BE LEFT FOR US?"

One Next Generation heiress in the Acorn\* family, one of the more outspoken members of her soon-to-be leadership generation, attended a full meeting of family trustees and key advisors for the first time. After listening intently, she met shortly after the session with the family patriarch and the family consigliere for a quick debrief over a cup of tea. After commenting on the complexity of the trust structure, she plaintively noted that everyone at the meeting was very capable and very experienced, but also very senior in age. "They're all very nice", she said, "but who is going to be left for us?"

Her penetrating question led to her family initiating a review of future advisory needs and commencing a well-structured search to select a trustee successor, investment advisor and tax lawyers of approximately her age and with whom she believed she and her many active siblings could develop a positive long-term working relationship.

#### Leadership of the Family Eco-system

It is clear that disciplined leadership and management are needed to manage the strengths and weaknesses of the eco-system. The leadership team establishes criteria for participation, monitors the system, and makes the changes necessary to build and maintain an eco-system that is capable of protecting a family from a crisis, and which proves over time that it is worthy of trust.



## FAMILY WEALTH AND LEGACY PLANNING

### MODULE 06 | INTRODUCTION AND OVERVIEW | cont'd

A family's eco-system must be developed in support of its long-term vision and legacy plan. All advisors in the system are governed by the family leadership, which is responsible for thorough due diligence prior to selection, continual oversight and periodic re-evaluation.

Ensuring sufficient checks and balances and appropriate diversification (e.g., avoiding over-reliance on a particular firm or individual) within the system are important considerations for leaders of the eco-system.

#### Management of the Eco-system

Many families do not have a consistent process to assess their advisor value on a regular basis. Ironically, many advisors want to have their performance assessed and to have a frank conversation to define where they are falling short, and where they might invest to reinforce the relationship and increase its value. Annual performance reviews with all advisors, along with regular and objective reporting on performance against benchmarks or established goals is a critical part of the management of a family eco-system.

Sometimes, change is required to keep the system fresh and to keep advisors focused on delivering excellent service. Many families, however, fall prey to inertia or the "ten-year rule" whereby knowing and interacting with someone for at least a decade creates a sufficiently substantial base of shared experience and trust that it is difficult to remove them, even with evidence of underperformance.

Even if a family does not change the design or membership of its eco-system, thoughtful consideration of each advisor's performance and role within the system may yield substantial insight.



#### QUESTIONS FOR LEADERS OF LEGACY

1. How well designed, aligned and managed is your current ecosystem?
2. Are the current advisors reflective of where the family has been or where it wants (needs) to go? Are they properly selected by the family?
3. Do all members of the Inner Circle understand and support your Family Promise?
4. How often do you meet with members of the ecosystem to review family priorities, advisor and staff performance and opportunities to improve cost/benefit?
5. Are you satisfied with the ecosystem's current performance and potential capability relative to its current and future challenges?

#### Family Risk Management

**Our definition of risk** is the possibility of our not being able to achieve our goals: risks can be financial, personal or family-related and can arise as a result of factors arising both within and surrounding the family.

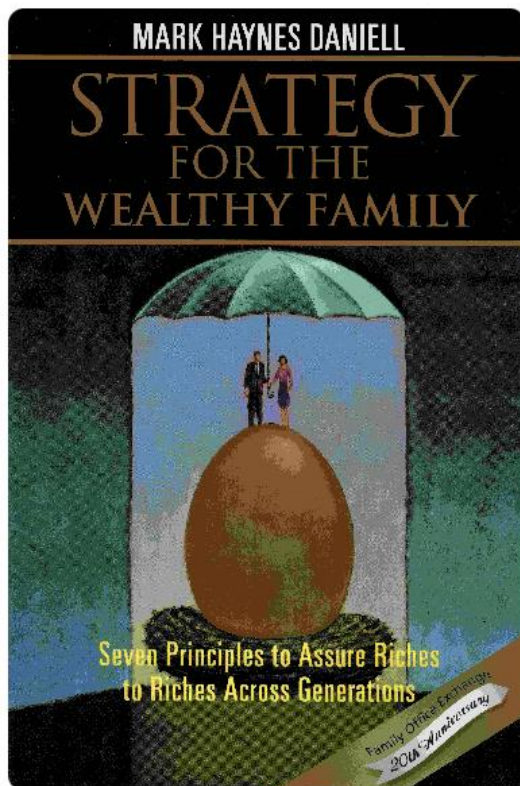
TOP 5 PRIORITY RISKS	PLAN TO ADDRESS ISSUES
<ul style="list-style-type: none"><li>• Family Leadership of Business</li><li>• Tax Exposure (current and future)</li><li>• Asset and Market Diversification</li><li>• Marital Risk</li><li>• Personal Health and Wellness</li></ul>	<ul style="list-style-type: none"><li>• Plan of transition to Chairman by James V submitted to Board</li><li>• Review options to diversify jurisdictions and structures</li><li>• Move 25% of assets to USA</li><li>• Revise pre-nups and G5 trusts</li><li>• Covid-19 plans to include PPE and access to testing</li></ul>



1	How comfortable are you that you have the right set of advisors and influencers on your family in your 'ecosystem'?
2	What approach have you taken with regard to the criteria, selection and management of advisors? Do you have an annual review process vs expectation for the past year? Alignment for the coming year?
3	Are the costs of your system in line with the value you are receiving? How often do you rebid or reconsider alternative arrangements?
4	How well defined are the objectives and approaches taken by your family office? How well is your family office fulfilling its objectives and working with the family?
5	Do you have the right leadership – from the family and with the non-family professional team on all aspects addressed by the family office and ecosystem?
6	Do you know what your priority risks to family wealth, business, legacy, unity and harmony are within and from outside your family?
7	Do you have a consolidated strategy and plan to manage risks and take advantage of opportunities) with the engagement of resources from within the family office and ecosystem?



## Strategy for the Wealthy Family



Principle 2: Family Organization and Leadership Pages 53 - 54

Chapters 9 - 11

Pages 97 to 146

Principle 3: Family Wealth Preservation

Pages 155 - 156

Chapter 18

Pages 211 to 220



## FAMILY WEALTH AND LEGACY PLANNING

MODULE 06 | E-LESSON | FOE1001

### 01. Introduction: The Family Office and Ecosystem |

DOWNLOAD INTRODUCTORY VIDEO << [HERE](#) >>



#### Key Takeaways

The modern family office began in the 19<sup>th</sup> century as families expanded and appointed advisors to assist with business operations, who in turn hired their own employees.

The number of family offices has increased as more families entrust operations to professionals hired from outside the family.

Remember to consider in each area, that there are both 'hard' (technical) and 'soft' (culture and people) issues to take into consideration.

#### Guidance

Modern family offices began around the mid-19<sup>th</sup> century. As legacy families have grown, so have family offices. Multiple living generations and non-business wealth have caused family businesses and family affairs to become more complex. As a result, families hire trusted advisors to help manage investments, trusts, tax plans, education wealth transition and family administration. The modern family office was born as these trusted advisors began hiring their own employees.

Selling the family business, or other liquidity events, is often the catalyst for forming a family office. Such a large event may require the input of numerous experts with regard to e.g., the potential need to structure wealth, invest in more complex strategies, and put in place IT and other systems that can support the achievement of the objectives of the family office.

The family office may also assist entrepreneurs as they make the transition from wealth creators and business owners to wealth owners and stewards. The number of family offices has grown as legacy families become more comfortable with the concept of having their wealth and a broad range of services managed externally.



## FAMILY WEALTH AND LEGACY PLANNING

MODULE 06 | E-LESSON | ILS1102

### 02. Family Risk Management |

DOWNLOAD INTRODUCTORY VIDEO << [HERE](#) >>



### Key Takeaways

Successful long term family legacy strategy comprises a holistic view of the individual strategic elements

Consider the strategic impact across both “soft issues” (e.g., people management) and “hard issues” (e.g., trust structures, investment principles, etc.)

Develop an effective risk monitor to track internal and external risks, and have a thoughtful response to the high impact risks

Potential risks include: Financial risk

Investment risk

Physical risk

Marital risk

The sources of risk may vary, the gravity of the risk may change, and the nature of the solution may alter; having a risk management plan helps you stay aware

Remember to consider in each area, that there are both ‘hard’ (technical) and ‘soft’ (culture and people) issues to take into consideration



## FAMILY WEALTH AND LEGACY PLANNING

### MODULE 06 | E-LESSON | ILS1102

## 02. Family Risk Management | cont'd

### Guidance

Successful long-term legacy strategies must holistically factor the individual strategic elements:

- Governance
- Leadership
- Wealth management
- Asset structuring
- Business
- Philanthropy
- Family ecosystem

Consider each aspect through the lens of both hard and soft issues. Risk is inherent to each component of your strategy.

While each family will have its own definition of risk, you need to have an effective risk monitor, either internal or external to the family.



## FAMILY WEALTH AND LEGACY PLANNING

### MODULE 06 | E-LESSON | ILS1102

## 02. Family Risk Management | cont'd

These are most common types of risk:

- Fiscal Risk
- Business Risk:
  - Counterparty risk
  - Bad customers
  - Violation of privacy
- Investment Risk
- Financial Risk:
  - Related to the business and portfolio, which could threaten the long-term viability of the family's legacy
- Physical Risk:
  - Related to the external incidents such as crime, kidnapping, accidents, travel, behavior, digital risk and data security
- Broader Personal and Family Issues:
  - Marital problems
  - Negative family ecosystem
  - Predators are some of the major causes of financial loss
  - Risk of alienation

Risks change over time. For example, after the financial crisis, many families became more concerned with financial risk. Having an active risk monitor who constantly examines financial market factors and the family organization helps identify and prioritize changing risk profiles, sources and solutions.

Prioritizing and planning for risk contributes to family harmony and helps avert potential damage caused by unmitigated risk. Learning to address and overcome risk is important to successful family legacy strategy.



## FAMILY WEALTH AND LEGACY PLANNING

MODULE 06 | E-LESSON | FOE1002

### 03. Predators in the Ecosystem |

DOWNLOAD INTRODUCTORY VIDEO << [HERE](#) >>



#### Key Takeaways

A healthy family ecosystem is vital to both the current and long-term success of the family and its business and financial interests.

Predators in the ecosystem can lead to disastrous consequences through poor decision making, bad advice and, even in the extreme, criminal activities.

Any possible adverse effects of underperformers or predators in the ecosystem can be mitigated by careful monitoring of activities, avoiding over-reliance on any one advisor and maintaining a diverse portfolio.

Remember to consider in each area, that there are both 'hard' (technical) and 'soft' (culture and people) issues to take into consideration.

#### Introduction

Predators in the family ecosystem are one of the greatest risks to family wealth over time. The wrong advisors with poor skills, bad motivations, or both are one of many sources of great family wealth loss.

#### Guidance

A robust ecosystem can have a positive effect on a family, while a predator in the ecosystem can have a devastating effect on stature, wealth and the future. The most common reason for family wealth loss is a predator in the ecosystem. Bad investment decisions, gambling, theft and other nefarious behaviors can severely harm family businesses and dynamics.

Creating a high-quality ecosystem with a diverse portfolio, risk management protocols and methods of identifying predators help reduce risks presented by potential threats and preserve legacy family status.



## FAMILY WEALTH AND LEGACY PLANNING

### MODULE 06 | KEY DOCUMENTS | SCORECARD FOR HEAD OF FAMILY OFFICE |

Critical Function	Score 1-10 (Max 10)	Required Action
1. Strategy and family governance	-	-
▪ roles and responsibilities	-	-
▪ documentation and operation	-	-
2. Wealth protection	-	-
▪ asset structure and processes	-	-
3. Wealth management	-	-
▪ asset allocation	-	-
▪ investments	-	-
▪ reporting and risk management	-	-
4. Eco-system and reporting/control	-	-
5. Family business	-	-
6. Philanthropy	-	-
7. Family services and individual support	-	-

### Ecosystem Chart

Step 1: Complete the chart for your own Family Enterprise

Step 2: Apply Advisor Management Matrix

Step 3: **Highlight unsatisfactory** (e.g., 3) and plan to improve or replace them

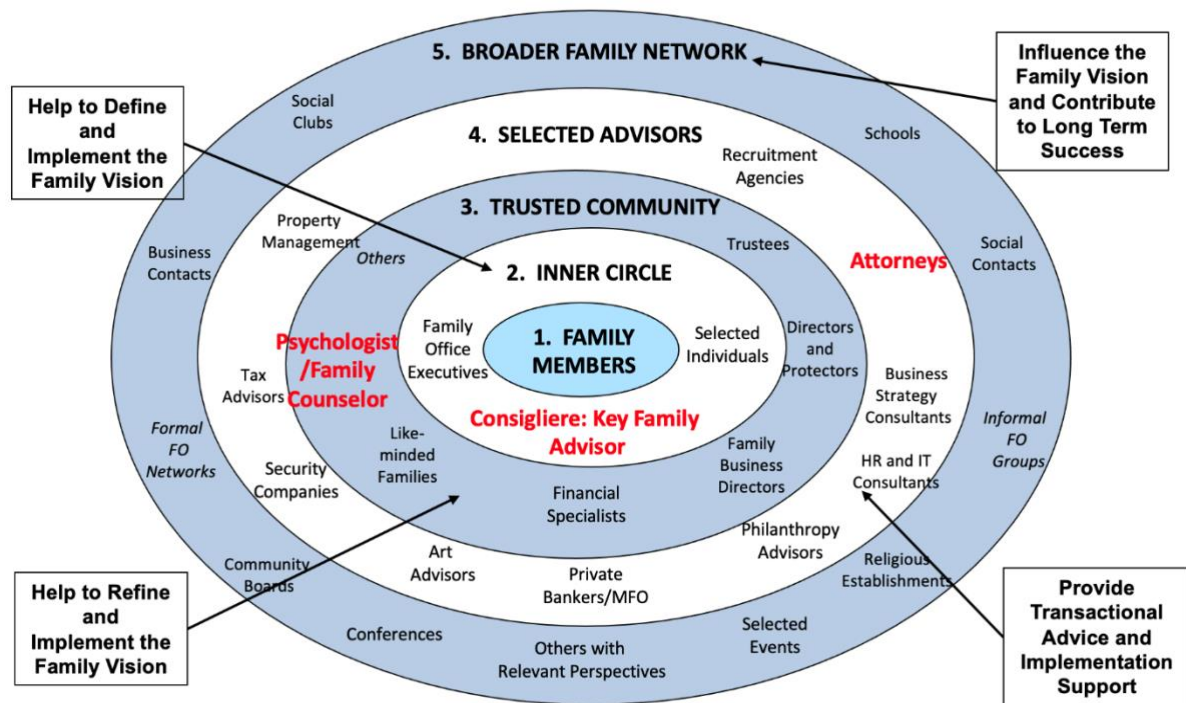
### KEY DOCUMENT I: SCORECARD FOR HEAD OF THE FAMILY OFFICE

<< DOWNLOAD TEMPLATE [HERE](#) >>



## FAMILY WEALTH AND LEGACY PLANNING

### MODULE 06 | KEY DOCUMENTS | ECOSYSTEM CHART |



### KEY DOCUMENT II: ECOSYSTEM CHART

<< DOWNLOAD TEMPLATE [HERE](#) >>



### Advisors and Influencers Matrix

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Long-term Relationship	Imperative: Fix or change	Imperative: Protect and (perhaps) grow
Long-term Relationship	Imperative: Terminate	Imperative: Stay in contact and repeat purchase if services are needed again
	Negative performance	Positive performance

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KEY DOCUMENT III: ADVISOR MANAGEMENT MATRIX APPLIED

<< DOWNLOAD TEMPLATE [HERE](#) >>



#### Business Ownership & Strategy

- Family Control
- **Family Leadership of Business**
- Family Dynamics
- Alignment of Interests
- Business Strategy
- Business Governance
- Business Operations
- Organizational Capability

#### Legal & Financial Exposure

- **Tax Exposure (present or future)**
- Potential Litigation
- Fiduciary Roles and Responsibilities
- Wealth Transfer Protection
- Financial Leverage
- Financial Reporting/Compliance

**Other ?:** [Insert other risks here]

#### Wealth Structuring & Management

- Wealth Structuring
- Investment Goals and Objectives
- **Asset and Market Diversification**
- Manager and Advisor Selection
- Investment Performance
- Public Equity Concentration
- Private Equity Control
- Distressed Situations

#### Family Issues

- Personal Privacy, Security & Privacy
- **Marital Risk**
- Family Disputes and Conflicts
- Family and FO Governance & Decision-Making
- Family Relationships
- Family Reputation & Public Image
- **Personal Health & Wellness**
- NextGen Education and Future Transitions
- Challenges of Individual Family Members

SELECT  
TOP 5  
PRIOR-  
ITIES

### KEY DOCUMENT IV: RISK MANAGEMENT PRIORITIES

<< DOWNLOAD TEMPLATE [HERE](#) >>



## FAMILY WEALTH AND LEGACY PLANNING

### MODULE 06 | KEY DOCUMENTS |

#### KEY DOCUMENT I: SCORECARD FOR HEAD OF THE FAMILY OFFICE

<< DOWNLOAD TEMPLATE [HERE](#) >>

#### KEY DOCUMENT II: ECOSYSTEM CHART

<< DOWNLOAD TEMPLATE [HERE](#) >>

#### KEY DOCUMENT III: ADVISOR MANAGEMENT MATRIX APPLIED

<< DOWNLOAD TEMPLATE [HERE](#) >>

#### KEY DOCUMENT IV: RISK MANAGEMENT PRIORITIES

<< DOWNLOAD TEMPLATE [HERE](#) >>



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### MODULE 06 | END OF MODULE CHECKLIST |

ADVISOR MANAGEMENT CHECKLIST	Yes	No
Do you have a map of your current ecosystem?		
Do you know what changes in your current ecosystem could have been the biggest positive long-term impact on your legacy?		
Are the purpose and role of each member clear?		
Do you review performance vs pre-set standards every year?		
Is an effective selection and renewal process set?		
Is the alignment of interest confirmed between family and advisors, and any misalignment surfaced and addressed?		
Are costs and benefits monitored vs benchmark?		