

# OPERATIONAL EXCELLENCE IN THE FAMILY OFFICE

THE POWER OF BEING UNDERSTOOD  
AUDIT | TAX | CONSULTING



# Today's agenda

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- 1 Family office process challenges
- 2 Approach to process improvements
- 3 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

**800+**

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

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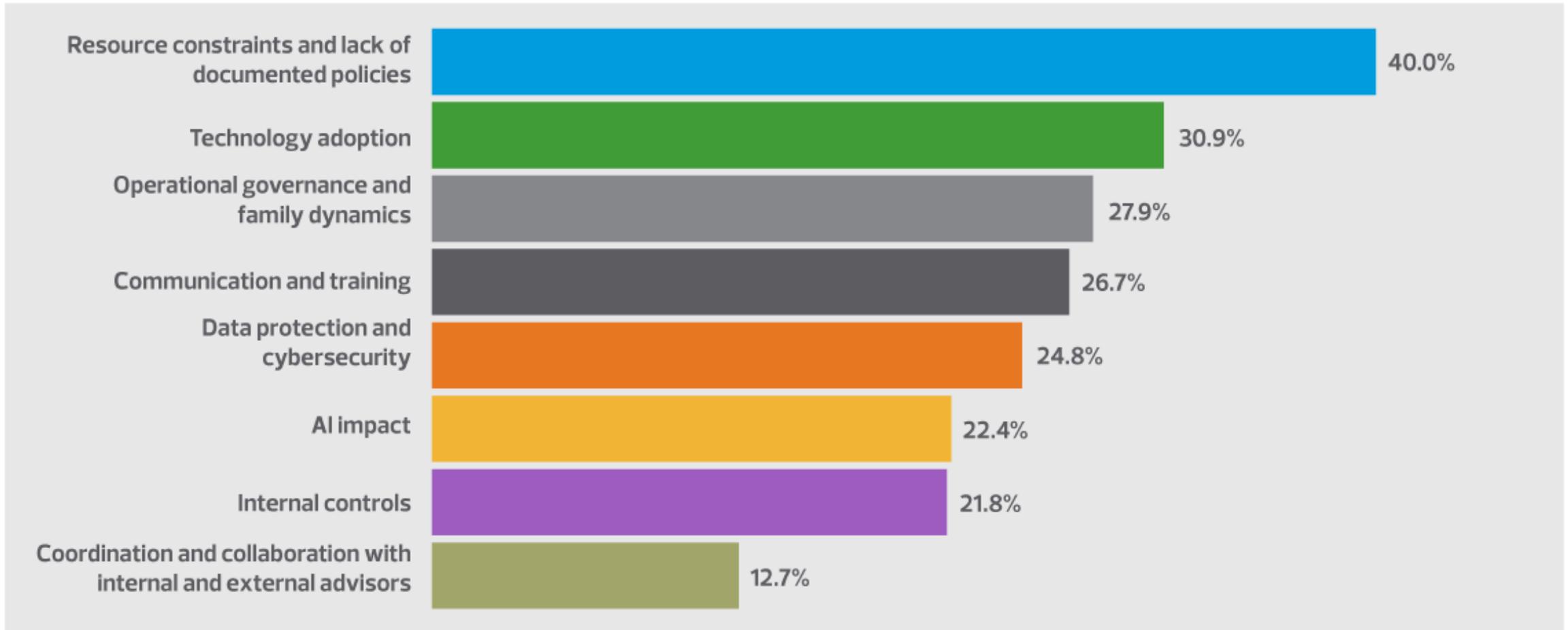
# The four pillars of operational excellence for family offices





# FAMILY OFFICE PROCESS CHALLENGES

# Family office process challenges

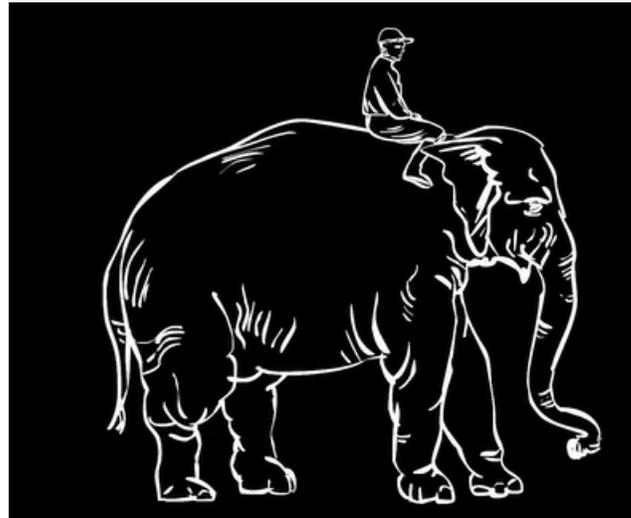


Source: RSM Operational Excellence for Family Offices webcast, Aug. 2023

# When and how to make changes

How to change things when change is hard...

Direct the rider	Motivate the elephant	Shape the path
<ul style="list-style-type: none"><li>• Follow the bright spots</li><li>• Script the critical moves</li><li>• Point to the destination</li></ul>	<ul style="list-style-type: none"><li>• Find the feeling</li><li>• Shrink the change</li><li>• Grow your people</li></ul>	<ul style="list-style-type: none"><li>• Tweak the environment</li><li>• Build habits</li><li>• Rally the herd</li></ul>



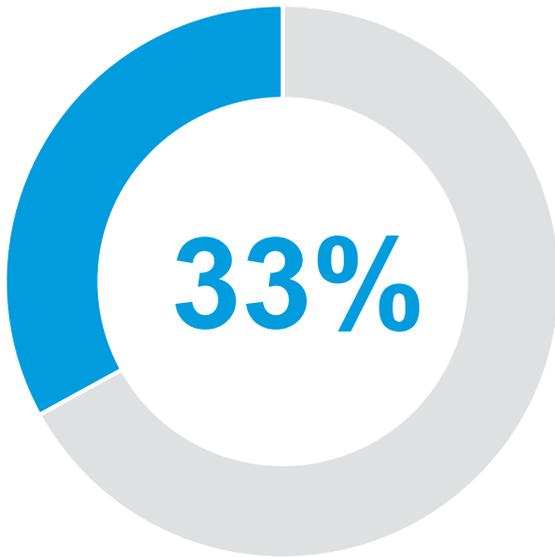
Source: SWITCH by Chip Heath & Dan Heath



# APPROACH TO PROCESS IMPROVEMENTS

# Why is this important

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



Source: UBS Global Family Office Report, 2023

## Two Approaches



# 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

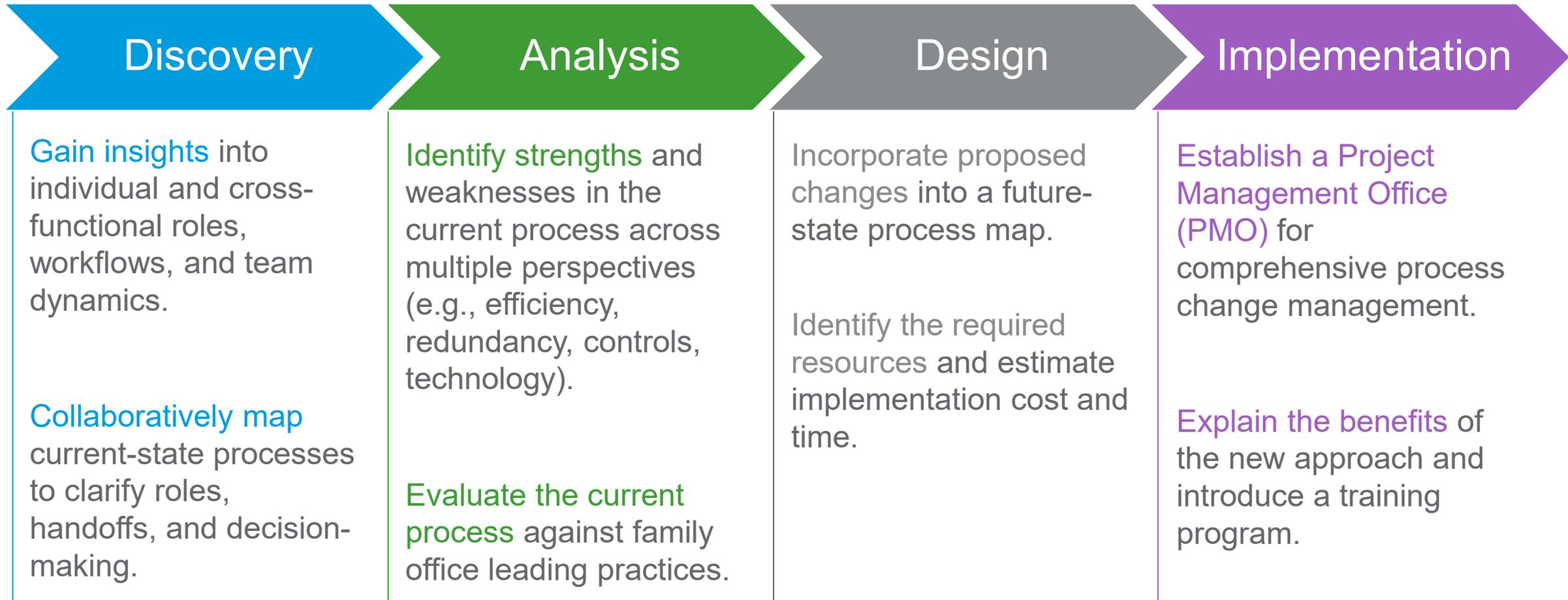
3 Strategic planning

## Drawbacks

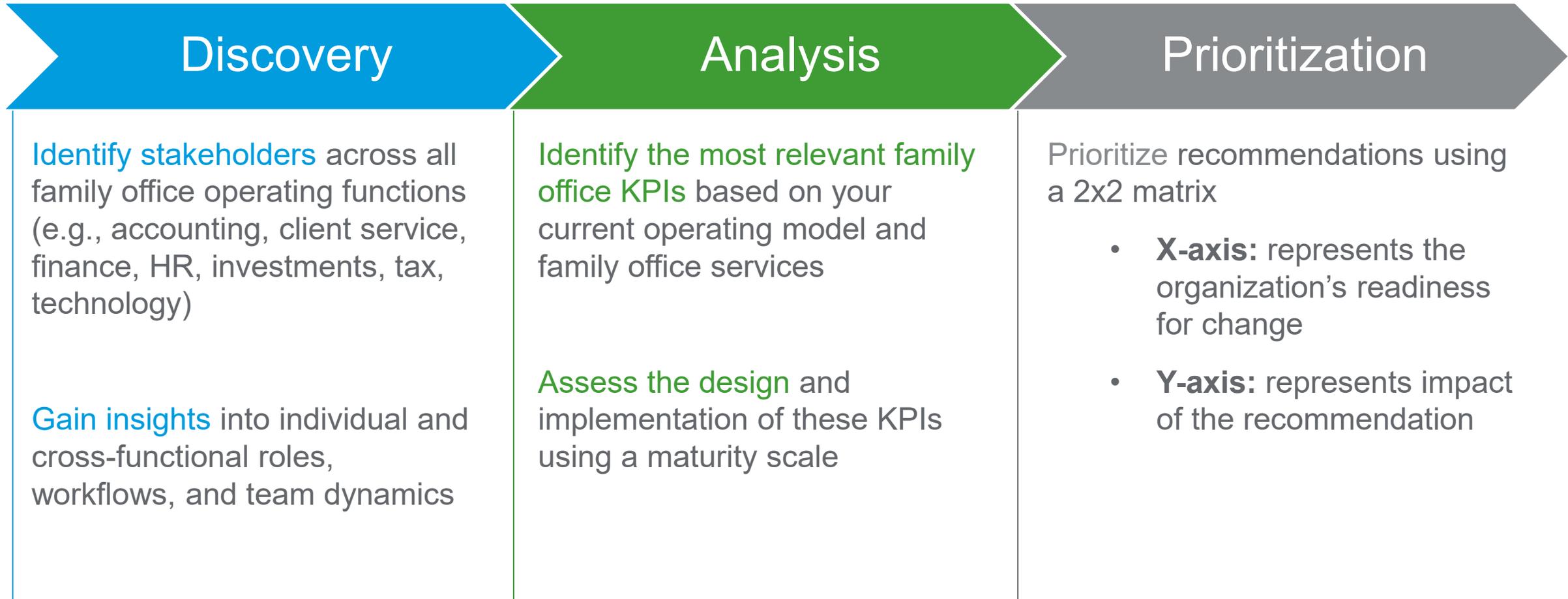
Resource intensive

Non tactical

# Where to start: Detailed process review



# Where to start: Operational excellence assessment



# 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

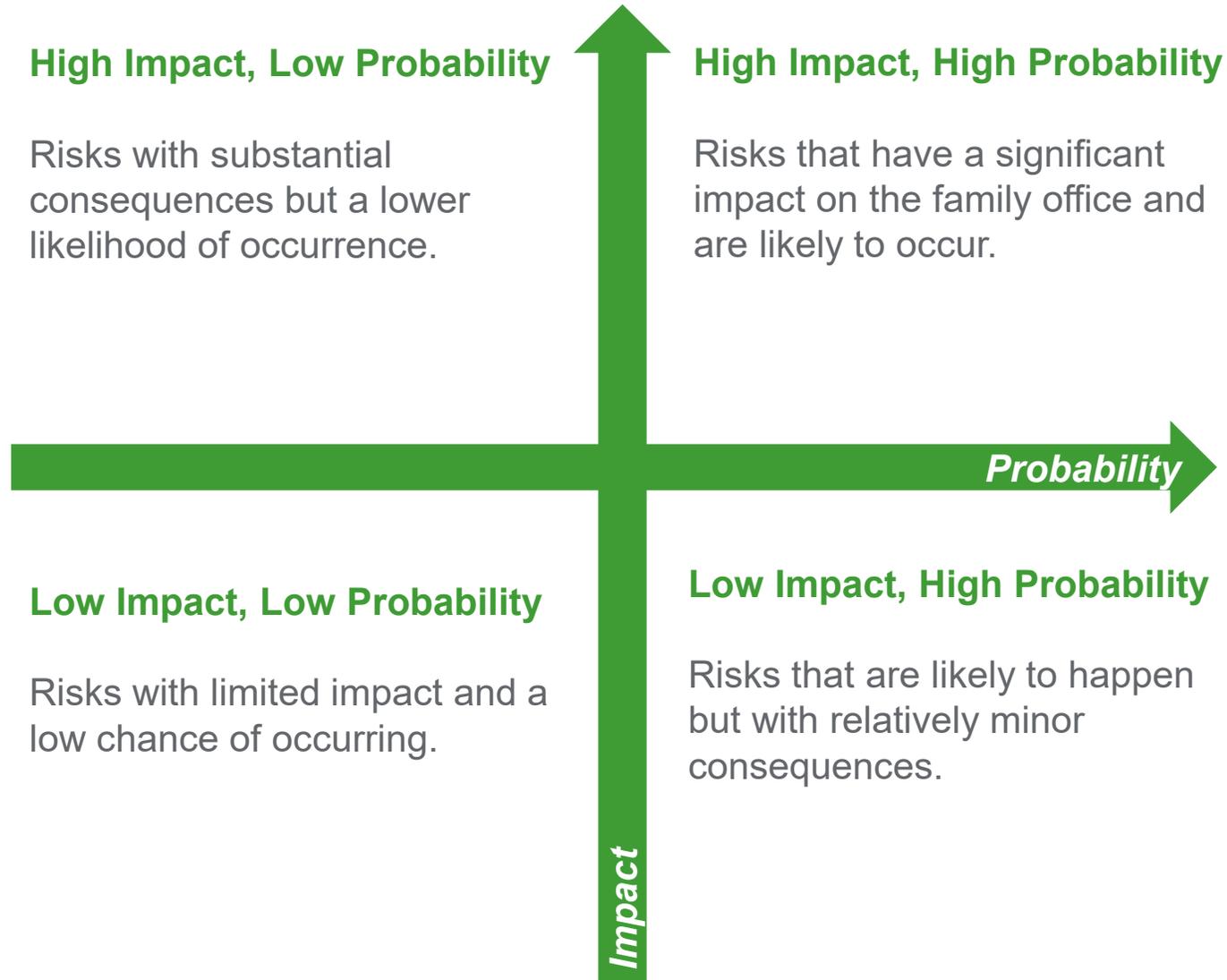


## Sample questions to consider:

- 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

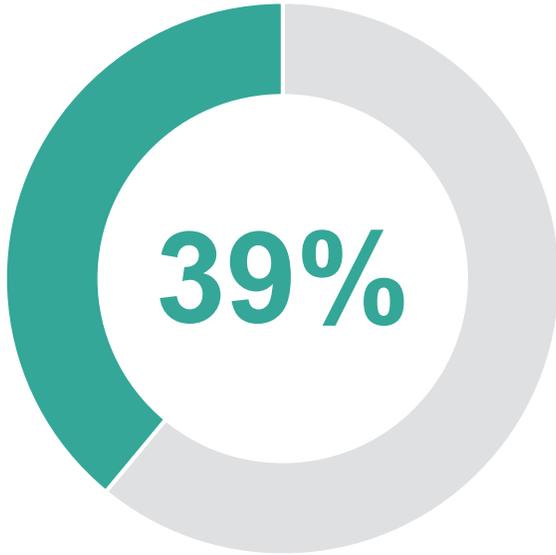




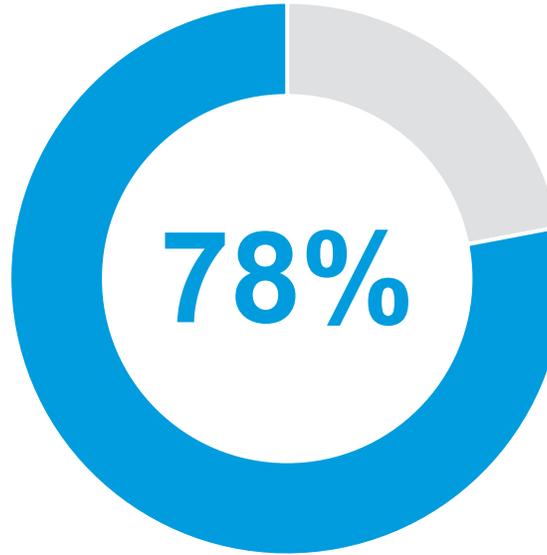
# FAMILY OFFICE RESEARCH

# 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

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# Key takeaways

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1

## 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.

3

## Plan your OpEx journey

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

THANK YOU