

# Fundamentals to consider when setting up a family office

As families or family businesses surpass major milestones, many decide to take it to the next level and set up a family office. The establishment of a family office starts with defining a vision and purpose for the family, and once this is formalised, the founding patriarch or matriarch will usually design and construct the foundations of a family office.

Setting up and running a family office can be seamless and efficient if the founder meticulously considers each detail on how best to structure their family office to align with both near term and long-term objectives. As family offices grow in stature and families mature, their focus could naturally shift beyond the conventional pursuit of capital growth, for example, to include ESG endeavors and philanthropic pursuits.

While each family office is unique and serves the wide ranging needs of the founder and their successors, it is important to consider a number of key fundamentals when setting up and running a family office, whether the objective is to operate a single family office or a multi family office.

## A roadmap to establishing a Family Office

### Strategy

Defining the vision and purpose of the family office and capturing the ambitions of the founders and their successors.

- Mapping out strategic goals and family vision.
- Managing the expectations of family members and key stakeholders.
- Identifying an optimal family office structure and legal entity.
- Development of governance structure and guiding principles.
- Identifying talent and staffing profiles.

- Developing policies and procedures that bring the strategy to life.
- Identifying how best to structure estate planning and tax planning activities.
- Pinpointing which activities to be performed in-house and those to be outsourced.
- Training of next generation geared towards a smooth transition in the future.

### Planning

Meticulous planning of aspects including estate planning, succession planning, tax planning and governance structure.

### Implementation

Setting up the family office and evaluating structure, licensing and regulatory aspects, and effecting policies and procedures.

- Identifying relevant license(s) to be obtained (if needed).
- Recognising which regulatory or tax exemptions the family office may qualify for.
- Testing systems and processes and identifying service providers to work with.
- Build out of reporting processes and business continuity preparedness.
- Ensuring robust internal controls and risk management policies and procedures are in place.
- Design of compliance process and review of outcomes.

- Reviewing and monitoring of evolving tax and legal requirements.
- Ensuring optimal functioning and benchmarking against leading practices.
- Development of a conflict resolution mechanism that can resolve issues in an amicable way.
- Embedding cybersecurity technologies and managing them to deliver operational improvements.
- Monitoring cyber threats and ensuring cybersecurity framework is robust and fit for purpose.

### Operations

Maintaining the family office, ensuring optimal functioning against leading practices and refining the operational infrastructure over time.

### Value Creation

Achieving strategic goals and creating a lasting legacy, while understanding the ever-evolving environment in unlocking opportunities to generate and preserve wealth.

- Protecting family legacy and creating meaningful social impact.
- Assessing whether the family's ESG and impact investing goals are on track.
- Tracking progress towards sustainability goals and philanthropic pursuits.
- Managing investment risk and protecting family wealth.
- Sourcing market intelligence on trends and opportunities in public and private markets.



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