

THE ROLE OF FAMILY OFFICES IN SHAPING THE FUTURE OF FAMILY BUSINESSES AND BUSINESS FAMILIES



NATIONAL GOLD PARTNER

## Who is EWM Group?

- Entrepreneurial Wealth Management
- 1st Independent Multi Family Office in Australia
- Clients nationally and internationally
- Expertise to work with a select group of successful entrepreneurs, multi-generational families and families in business
- "Sitting on our client's side of the table", working in unison with their existing advisory team – complimenting with access to global best of breed services and providers
- Focus is to assist families in protecting wealth and legacy for current and future generations
- National Gold Sponsor with Family Business Association across Australia and New Zealand
- Member of the EWM Group Network



"With over 30 years of experience and supporting entrepreneurs from Business, Entertainment, Sport, Media and Technology, we understand the balance and challenges that wealth and profile brings for individuals, families in business and family business"

Brisbane – Sydney – Adelaide – Melbourne - Perth



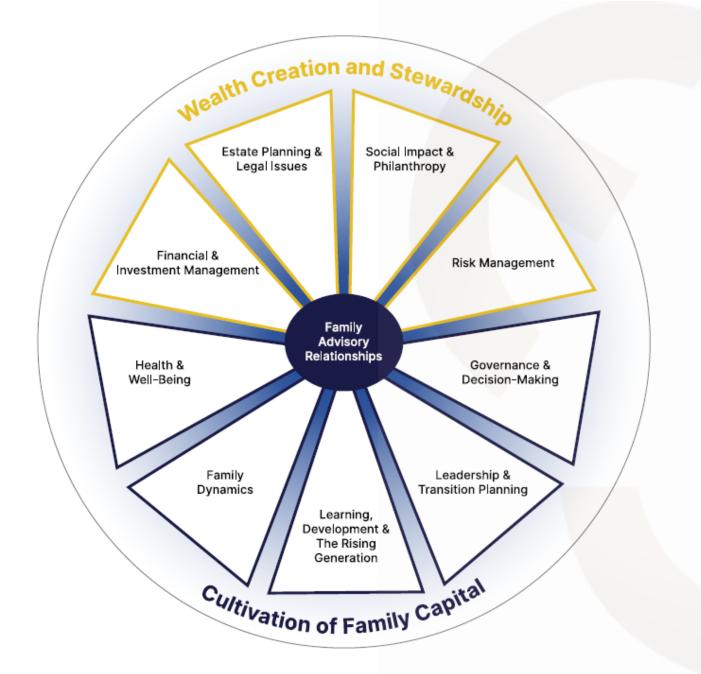






"If you have seen one family office, then you have seen <u>one</u> family office".





### What is a Family Office?

- Role of a Family Office?
- When should I set one up?
- How should I set one up?
- What does it cost?
- What roles do / should I outsource?



## Types of Family Office

Virtual Family
Office

Multi Family
Office

Hybrid Family Office

Single Family
Office



## Virtual Family Office / Multi Family Office

#### Virtual Family Office - Characteristics

- 100% outsourced
- No formal structure
- Typically managed by 1st Generation
- 100% family control

## Virtual Family Office – Advisers and Reporting

- Accountant
- Lawyer
- Banker
- •1 x broker
- Financial Planner (Super Fund)
- Property Manager(s)
- Pay \$ June 30 each year for charity / tax
- Receive reports from multiple sources no real consolidated reporting excel spreadsheets

#### Virtual Family Office - Demographic

- Still own Family Business (Active)
- •\$5m \$15m Wealth (ex business)

#### Multi Family Office- Characteristics

- Some professional Outsourced roles
- Often blended with 1st Gen management
- Introduce next gen involvement
- Informal structure formalize processes
- 100% family control

## Multi Family Office – Advisers and Reporting

- •Work closely with Accountant, Lawyers and Bankers
- Professionalize CIO role working with multiple investments, managers and firms
- Formalize and oversee Investment and Family Governance
- Structure and oversee Philanthropic strategy
- Professional consolidated reporting
- Independence is critical

#### Multi Family Office - Demographic

- Still Own Family Business (Still Active but changing)
- Possibly partial / full sale
- Looking to build assets outside of business
- •\$20m \$200m (ex Business)
- Multiple Advisers
- Family Growing up with some complexity



## Hybrid Family Office / Single Family Office

#### Hybrid Family Office - Characteristics

- Blend between using a MFO and small # of family office employee(s)
- Formalised structure begins to professionalize family office
- Who? Family member(s), former employee, accountant, banker
- Managed and controlled by Family

#### Hybrid Family Office – Advisers

- Similar to MFO criteria
- MFO has clear roles which may include:
- Independent CIO / Governance
- Family Governance expertise
- Philanthropic expertise
- Reporting
- Employee has clear roles which may include
- Bookkeeping/Bill Payment
- Family Office CFO
- GM duties

#### Hybrid Family Office - Demographics

- May or may not still own business
- If owned likely move to Chair/MD/Strategic role and other in Executive capacity
- •\$200m \$1bln+

#### Single Family Office - Characteristics

- No Compromise solution
- Most expensive and formal structure
- · Large majority of roles in house as employees
- Often engage with MFO for some complimentary services
- Managed and controlled by family

#### Single Family Office Advisers/Reporting

- Still have external accounts, lawyers and bankers.
- External Family Governance expertise
- Operate as a standalone business with same principles, KPI's and expectations
- Board structure and management team
- Significant investment in IT, systems and people
- Deal with multiple investment firms and providers
- Greater exposure and investments in highly active investments including PE and property

#### Single Family Office - Demographics

- In the main, family business sold or listed
- · Family lead Chair and board positions.
- Next gen members in various roles (executive or non-executive)
- Starting point is now \$750m of assets



## Keys to Success + Traps

- Same business principles that made you a success apply
- Play to your strengths and experience – surround yourself with good people – with experience to complete roles
- Independence
  - Investment
  - Family Governance

- Family Harmony / Unity / Clear
   Communicated Succession strategy
  - "They will sort it out when I'm dead", does not work
  - "Mum and Dad's Plan is not the family plan"
  - "Shirtsleeves to Shirtsleeves" 4
     areas where 95% of transfers
     fail/succeed



## Keys to Success + Traps

- Education
  - All Generations
- Governance
  - Family Family Charter
  - Investment Investment Strategy and Policy
  - Family Roles watch for "jobs for the boys"

- Transparency + Clarity
  - 60% of wealth transfers fail due to Trust or Communication Issues
  - Easily resolved if done well and independent facilitated process
- Consolidated / Comprehensive Reporting
  - Clarity- Avoids Family Conflict of specific asset
  - Accountability for family, advisers and managers
  - Improves decision making ability

# Thank You

## Questions

<u>www.ewmgroup.com.au</u> <u>www.familywealthinstitute.com.au</u>

