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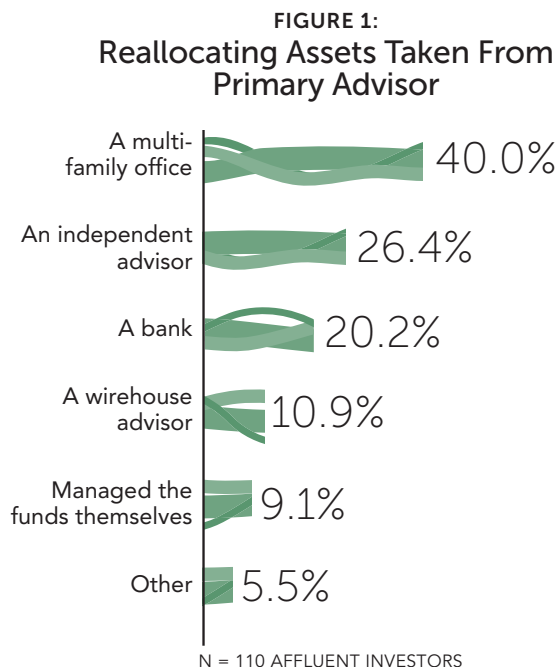


**Keith M. Bloomfield**, the president and CEO of Forbes Family Trust, and **Russ Alan Prince**, president of Prince & Associates, Inc., draw from their new book, **The Family Office: Advising the Financial Elite**, to explain the seven guidelines wealthy individuals should follow when selecting a multi-family office.



## SELECTING A MULTI-FAMILY OFFICE

**A**mong the very wealthy, the multi-family office model is generally deemed the preferred type of financial advisory firm. For example, in early 2009, a survey of investors with at least US\$10 million in investable assets who had moved part or all of their assets from one financial provider to another over the previous four months selected multi-family offices as their provider of choice (Figure 1). While these investors turned to a variety of organizations for assistance, they exhibited a clear bias for those that espouse the kind of service, solutions, stability and objectivity lacking in their previous relationships—qualities that distinguish multi-family offices.



NOTE: Some respondents gave assets to more than one type of firm, causing the percentages to total more than 100%.

A family office can play a central role in how a family coalesces around its wealth, so finding the right firm is critical. This is especially important given the recent and growing adoption of the multi-family office business model by financial services providers in an effort to shore up their affluent client relationships, be more profitable and separate themselves from the competition.

FIGURE 2:

## The Array of Family Office Services

Source: *The Family Office: Advising the Financial Elite* (2010)

Wealth Management	Support Services
<b>INVESTMENT MANAGEMENT</b> Traditional asset management <ul style="list-style-type: none"> <li>• Asset allocation</li> <li>• Manager selection</li> <li>• In-house investments</li> </ul> Alternative investments <ul style="list-style-type: none"> <li>• Hedge funds</li> <li>• Private equity</li> </ul>	<b>ADMINISTRATIVE</b> Data aggregation Bill paying Tax preparation or coordination Acting as the day-to-day CFO
<b>ADVANCED PLANNING</b> Estate planning Asset protection planning Wealth-enhancement strategies	<b>LIFESTYLE</b> Family security Concierge services Medical concierge Philanthropic advisory
<b>PRIVATE INVESTMENT BANKING</b> Buying and selling interests in businesses and other assets Capital raising <ul style="list-style-type: none"> <li>• Sourcing bank loans</li> <li>• Sourcing investors</li> </ul>	Formal family education Managing fine art/collectibles Property management

Multi-family offices offer their member families a plethora of very attractive benefits, including an array of expertise, products and services that are especially appealing to the very wealthy.

## SEVEN SELECTION CRITERIA

It's the responsibility of the family, often along with their closest advisors and associates, to assess and control the selection process. Following these guidelines can help ensure a good fit between a wealthy family and a multi-family office.

**1. Integrity:** The strongest relationships are built on a foundation of trust and honesty, so the professionals running the multi-family office should be both scrupulous and transparent in their actions and motivations.

**2. Expertise:** Successfully managing a sizable portfolio calls for a team of talented, leading-edge professionals to maximize opportunities and minimize exposure. As the multi-family office addresses a variety of financial and personal concerns, the quality of the professionals providing these various services should be assessed.

**3. Reliable Networks:** Even the most adept technicians can't know all the nuances of every strategy, so the best multi-family offices have an established network of specialists to call upon for unique situations. Knowing who these specialists are and how they were chosen is very important.

**4. Client Centricity:** A high-quality multi-family office will have employees who take the time to really understand a client's goals and concerns, and who are also proactive and responsive when they interact with the various family members. The very best multi-family offices have a process to develop comprehensive profiles of the wealthy people with whom they work.

**5. Common Values:** Ideally, wealthy families will find an organization with which they share a philosophical and practical approach to matters large and small, especially those that can affect the security and well-being of the extended family. It's essential to ensure there is a meeting of the minds on major issues.

**6. Experience:** There's no substitute for the knowledge and insights gathered from hands-on work with the ultra-affluent and their financial affairs. An established and experienced multi-family office will have long-term, satisfied and successful relationships with its high-net-worth clients and industry partners. For reasons of confidentiality, the professionals of the multi-family office cannot often provide references from wealthy clients. However, they certainly can provide references from other leading industry professionals.

**7. Specialization:** Given the desire for personalized service and customized solutions, multi-family offices should be evaluated for their ability to help a family meet its particular goals. Examples of this include wealth preservation, addressing the diverse needs of perpetual jet-setters, or the regeneration of a personal fortune.



Mr. Bloomfield is a veteran of the wealth management business and one of the leading authorities on the sophisticated financial and lifestyle needs of the world's wealthiest families. For more information, visit [www.forbesfamilytrust.com](http://www.forbesfamilytrust.com).



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Order *The Family Office: Advising the Financial Elite*, and download the free report, *Advising the Financial Elite: A Research-Based Discussion of Family Offices*, at [www.HSGrove.com](http://www.HSGrove.com).

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