

Best Practices for Family Offices Working in a Remote Environment

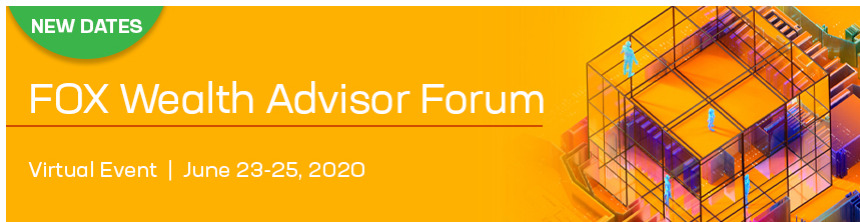
Dennis Bagley, Partner, Plante Moran

Mark Blumenthal, Partner, Plante Moran

Jack Kristan, Partner, Plante Moran

Joe Oleksak, Partner, Plante Moran

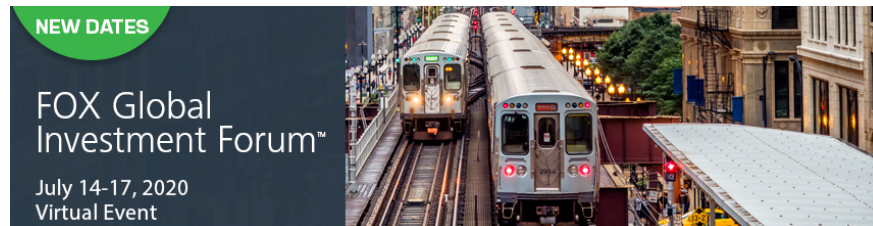
June 17, 2020



On **June 23-25, 2020** the **FOX Wealth Advisor Forum™** will focus on looming disruptions facing our industry and promising technologies to help you adapt. We will explore the evolving advisor and client relationship, as well as how to successfully engage your clients.

You'll get practical solutions and actionable insights on evolving client needs, the industry, and the workforce.

Open to all members, with unlimited participation.



On **July 14-17, 2020** the **FOX Global Investment Forum™** brings together the most sophisticated private capital investors across the FOX community. Learn what distinct approaches they're forging in the midst of market volatility.

Attendees will hear what's on wealth owners' minds and explore leading investing trends. FOX investors will be able to meet and share thinking across common topics of interest in peer exchange sessions.

Open to all members, with unlimited participation.



We are excited to announce our new **FOX Family Office Technology Showcase** on **July 27-31**. We have expanded the former Family Office Forum Technology Showcase into a weeklong, standalone, virtual experience.

Learn about the latest technology disruptions and attend demos of family office software solutions from a variety of leading vendors. Explore the new ways they can help you improve office operations. And hear from other family offices about the bets they're placing on technology platforms.

Open to all members, with unlimited participation.



On **September 21-23, 2020** the **FOX Family Office Forum™** brings together family office executives to focus on practical approaches to the many trends and issues affecting families and family offices. This forum is ideal for any executive that works within a family office, including: CEOs, CFOs, COOs, senior managers, HR managers, technology heads, and more.

Open to all members, with unlimited participation.

NEW DATES

FOX Family Office Design Workshop

September 9-10, 2020 | Convene Conference Center | Chicago, IL



On **September 9-10, 2020** the **FOX Family Office Design Workshop** will cover basic principles of a well-run family office and provide tools and techniques to professionalize the office. Come and learn the basics or get a refresher on how to improve operations and take your office, or the one you are planning, to the next level.

With nearly 30 years of collective intelligence, FOX will share best practices regarding what steps to take, when to take them, and how to avoid costly mistakes and setbacks.

NEW DATES

FOX ENTERPRISE FAMILY WORKSHOP Building a Unified Enterprise Plan

November 16-17, 2020 | Omni Chicago Hotel | Chicago, IL



On **November 16-17, 2020** the **FOX Enterprise Family Workshop** will offer a thoughtful approach to organizing the complex dimensions of your Enterprise Family. If you are facing complexity created by multiple generations, multiple businesses, joint properties, investment portfolios, and family foundations, you may need a master plan to oversee and manage all the various elements of shared ownership.

Defining goals and strategies for organizing these entities and creating a workable governance structure is the purpose for this workshop.



On **November 18-19, 2020** the **FOX Family Office Best Practices Workshop** will be led by FOX subject matter experts along with other leaders in the family office industry. It provides insights from over 30 years of FOX thought leadership, proprietary research, practical solutions, and showcases select findings from our benchmarking surveys as well as our advisory practice.

The program is designed to be interactive, with presentations, case studies, collaborative exercises, and peer exchange opportunities to share experiences.



On **December 7-8, 2020** we are pleased to offer the **Rising Gen Leadership Program** Series for the preparation of future family leaders. The multi-part learning series is focused on educating future family leaders so they are armed with the skills needed to thrive in life, business, and wealth stewardship.

Participants will attend educational sessions and engage in peer networking and experiential activities.



Managing Back-to-Work Health Requirements

Tuesday, June 23, 2020 - 10:30am to 11:30am CDT

As states go through their phased re-openings, employers are worrying about how they can adhere to new health guidelines. Do they allow at-home testing or will they run their own? How would they run testing? Which tests can/should they use? What do they have to do if an employee tests positive? What are building owners required to do?

In this Member Exchange, we'll discuss current thinking and advice to help bring clarity to your "back to the office" planning.

[Register at: familyoffice.com/VIRTUAL](https://familyoffice.com/VIRTUAL)

Best Practices for Family Offices Working in a Remote Environment

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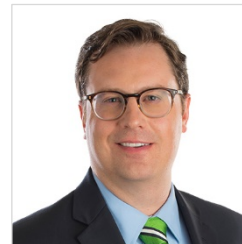
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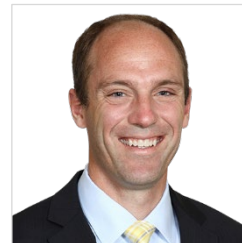
Dennis Bagley, Partner
IT Consulting



Jack Kristan, Partner
Internal Controls/
Operations Consulting



Mark Blumenthal, Partner
Family Office Practice Lead



Joe Oleksak, Partner
Cybersecurity Consulting

Polling Question – Participation Required for CPE



- The “Perez” family background*
- Help the Perez family determine the future state of their family office
 - › Framework for working remotely
 - › General Issues
 - › Information Technology
 - › Cybersecurity
 - › Operations and Internal Controls

* The “Perez” family is a composite of numerous clients and some theoretical scenarios, to ensure confidentiality. Any similarities to your family are purely coincidental

Case Study – The Perez Family Office - Background

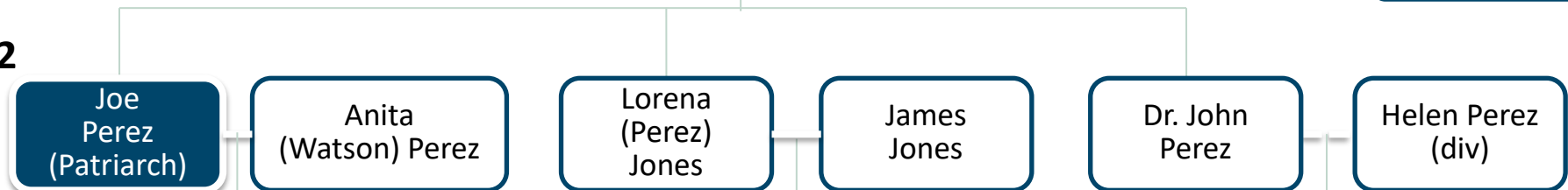
Works in the business

Does not work in the business

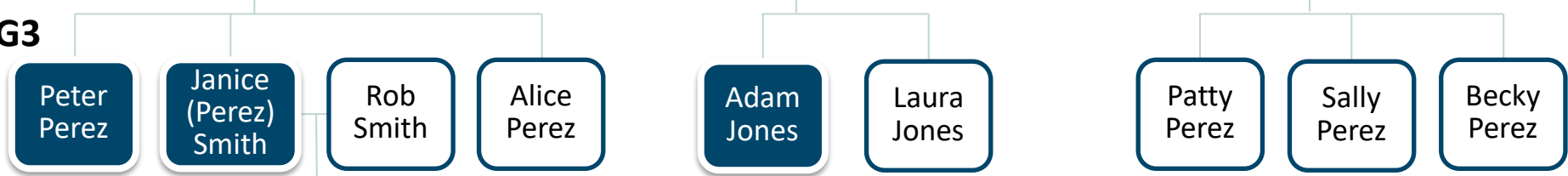
G1 - Deceased



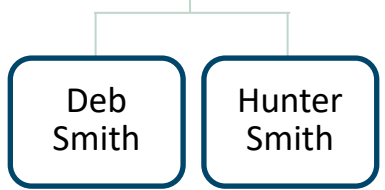
G2



G3



G4



- Four generation family, G2 Joe Perez CEO of operating company (“PerezCo.”)
- Joe Perez is chairman of the family office
- Sale of PerezCo. is planned within the next five years
- PerezCo 65% of the family’s net worth
- Shared service arrangements for IT support & office space w/PerezCo
- Joe Perez plans to retire from Perezco, relocate, and transition the family office chair to G3 (daughter Janice) within five years
- Family members are located in multiple states / countries
- Key members of the family office staff will retire in the next 12 to 24 months
- Hired consultants to evaluate and make recommendations for the future state of the family office in a remote / virtual environment



Staff of 11 all located in St. Louis where the family is from

** Includes personal collection management, insurance, and other personal matters*

- IT systems are outdated and not able to serve the increasingly complex needs of the family
- Operations are still paper-intensive
- Staff is not at the forefront of necessary expertise and knowledge
- Janice (G3) splits her time between the operating business and her family. She will transition into Joe's leadership role in the family office in the next five years while raising her family
- The balance of G3 will start to come of age in the next three years as independent clients of the family office

- Owns and operates servers with a traditional accounting platform
- Manual reporting processes for performance and net worth reporting
- No central custodian or single RIA
- Outsourcing arrangements include:
 - › Information technology (from PerezCo.)
 - › Tax planning
 - › Tax preparation for complex returns
 - › Investment managers and several investment advisors
 - › Accounting for direct investments (real estate & portfolio businesses) of family members

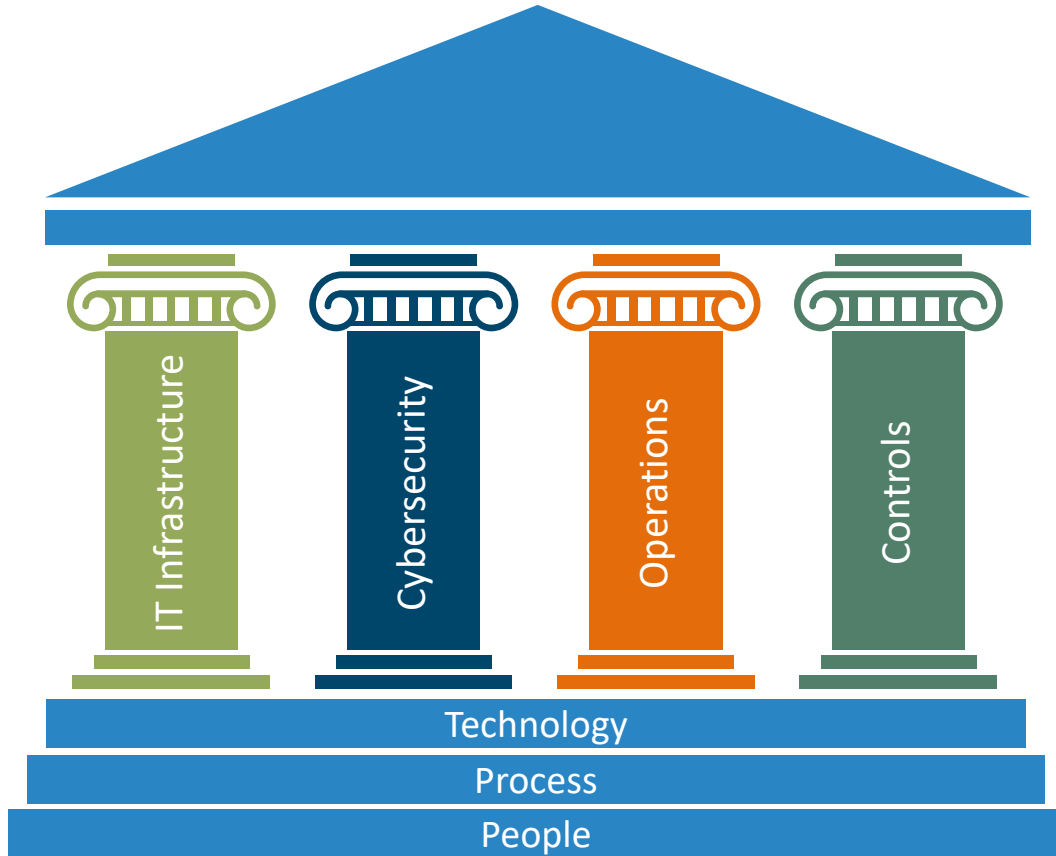
Polling Question – Participation Required for CPE



The consultants evaluated the future state of the Perez family office in the following areas:

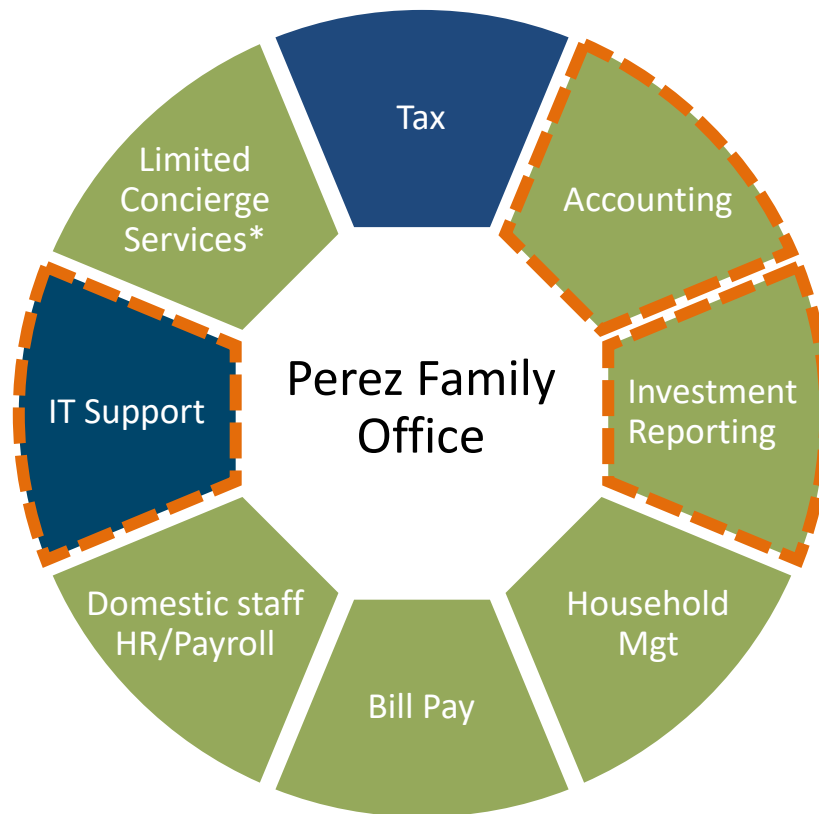
1. Remote working environment (IT, Cyber, and Operational needs)
2. Outsourcing vs. in-house services
3. Technology replacement and IT infrastructure needs
4. Cybersecurity: protection of family office data and digital assets
5. Operating procedures, policies, and practices
6. Succession planning

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- There a multitude of issues related to the foundation of people, processes, and technology to consider when working remotely
- A sound strategy is based on four (4) key tenants

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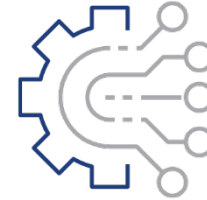


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Software Selection Process

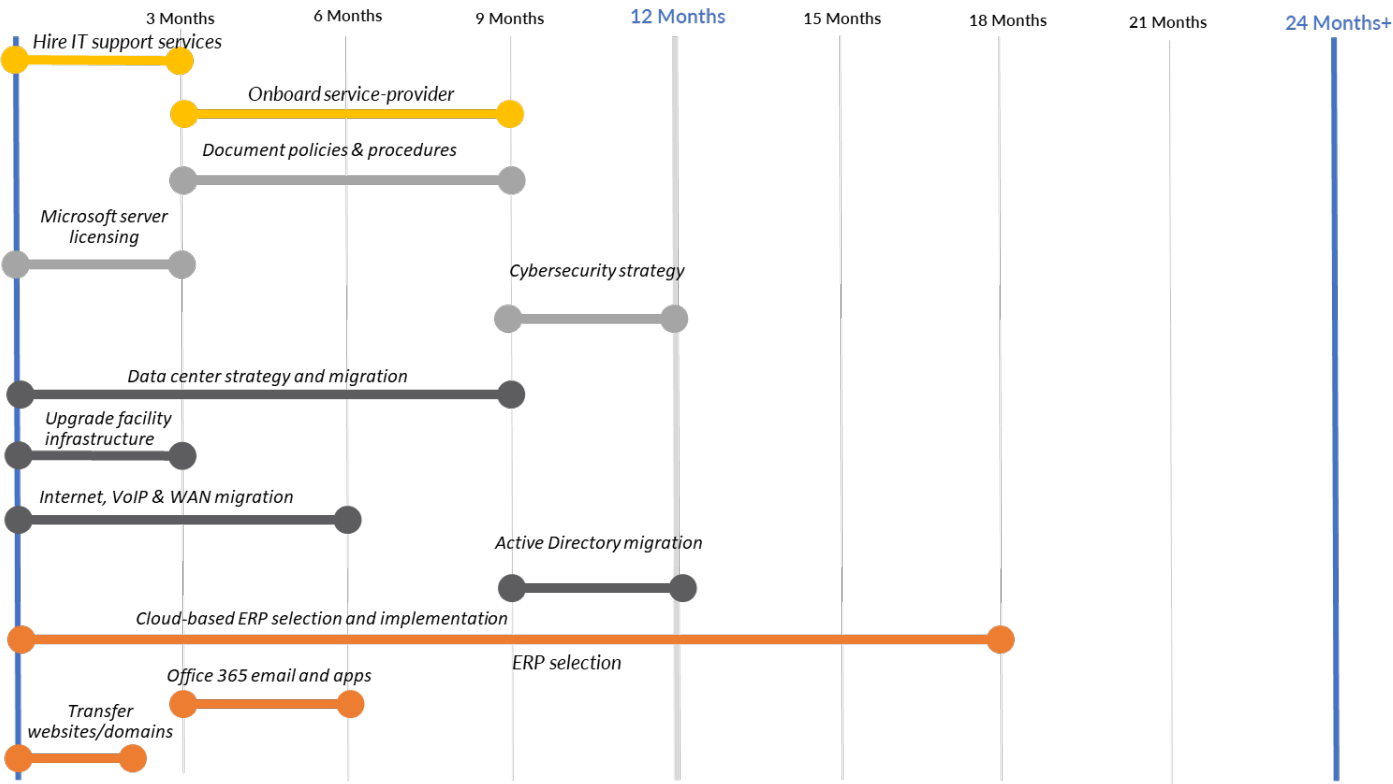
- Requirements gathering
- Evaluation of vendors / demos
- Contract negotiations
- Implementation planning
- Implementation project management



Implementation considerations

- Redesign of processes
- Development of workflows
- Business analytics
- Robotic process automation

Sample IT road map



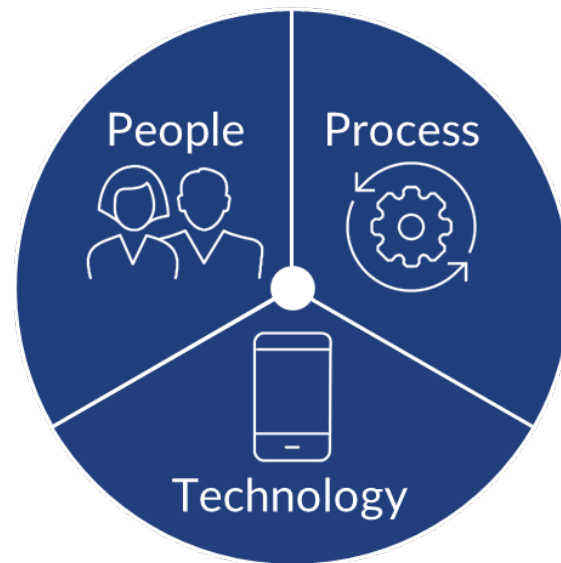
● IT - People
 ● IT-Process
 ● IT - Infrastructure
 ● Enterprise Applications

Polling Question – Participation Required for CPE

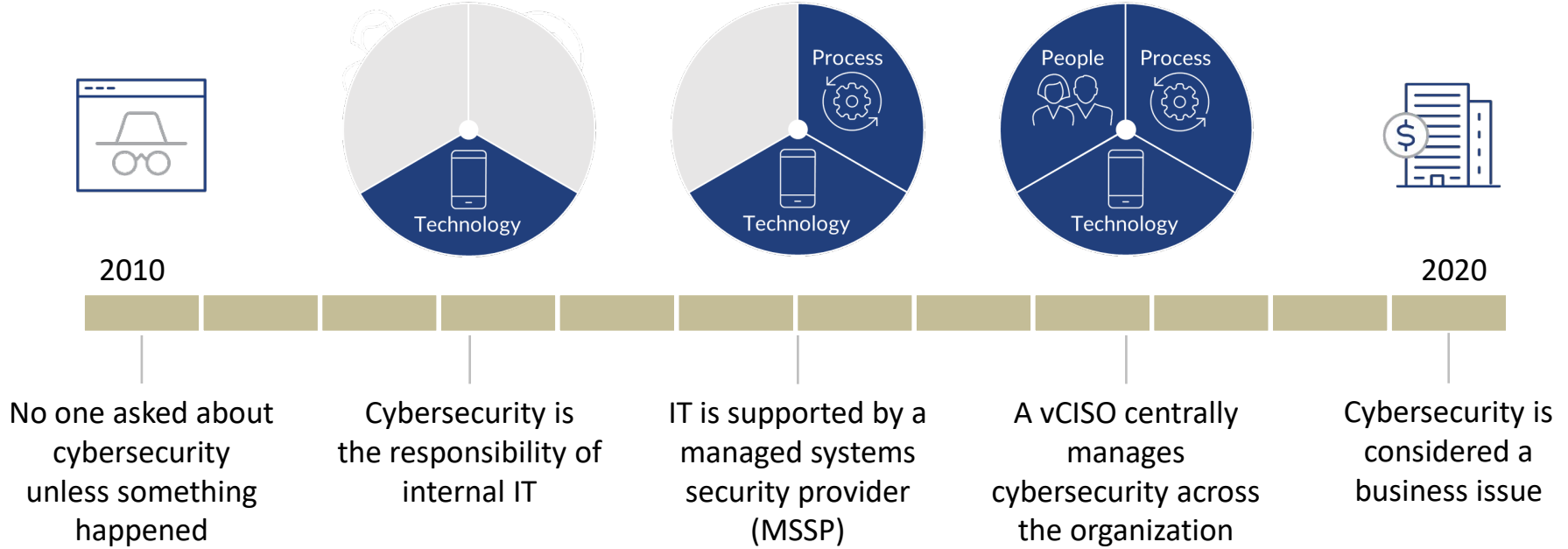


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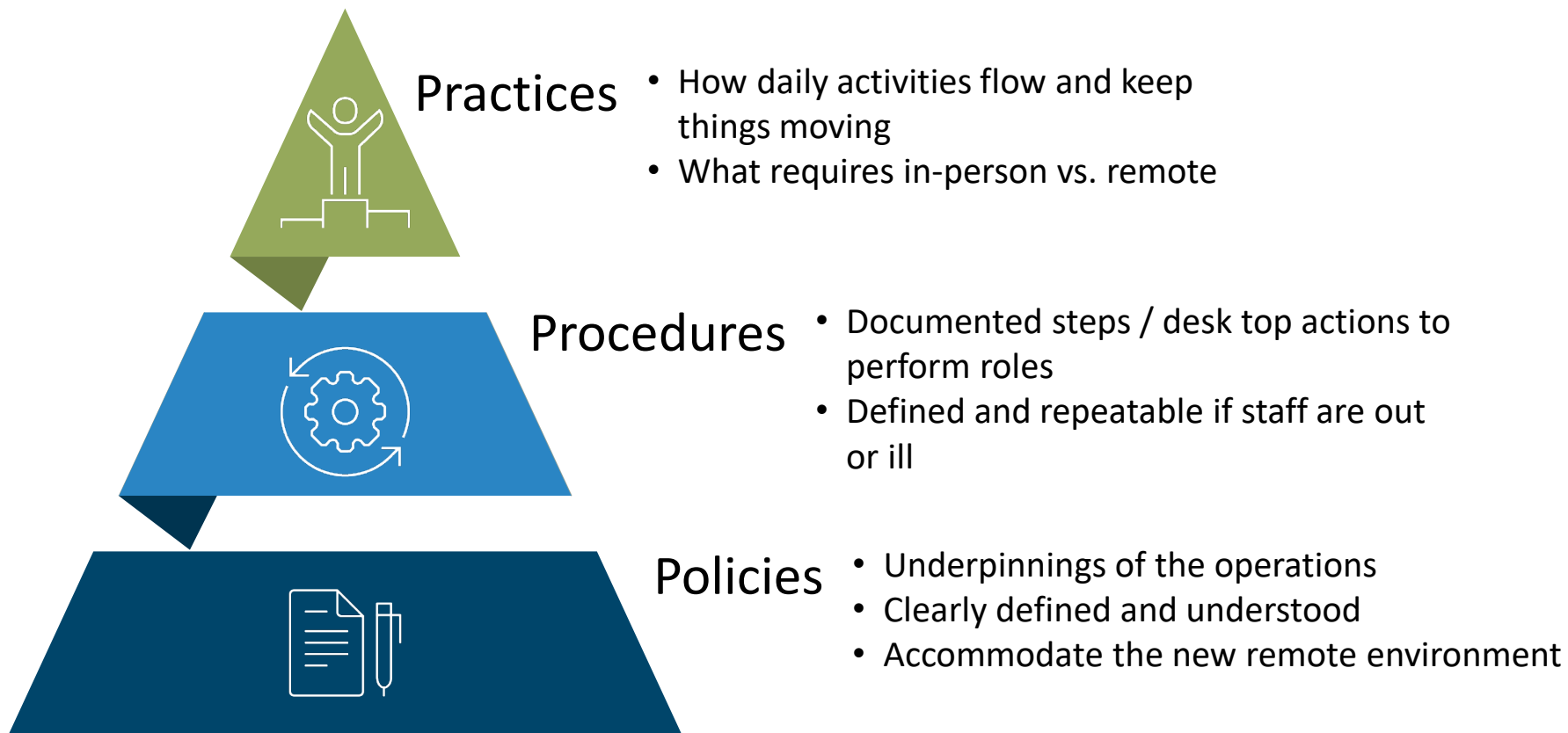
- Cybersecurity is more than IT
- Traditional vs. Remote
- Bring your own device
- Heightened need for outside support & expertise
 - › Managed Systems Security Providers
 - › Virtual Chief Information Security Officer



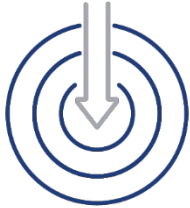
Security Considerations



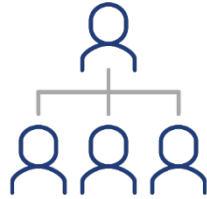
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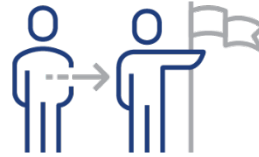
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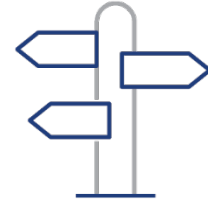
Think through and ensure proper governance and mission is in place and understood



Consider the roles in the organization and if there should be change



Ensure that a transition plan is in place and ready to be enacted

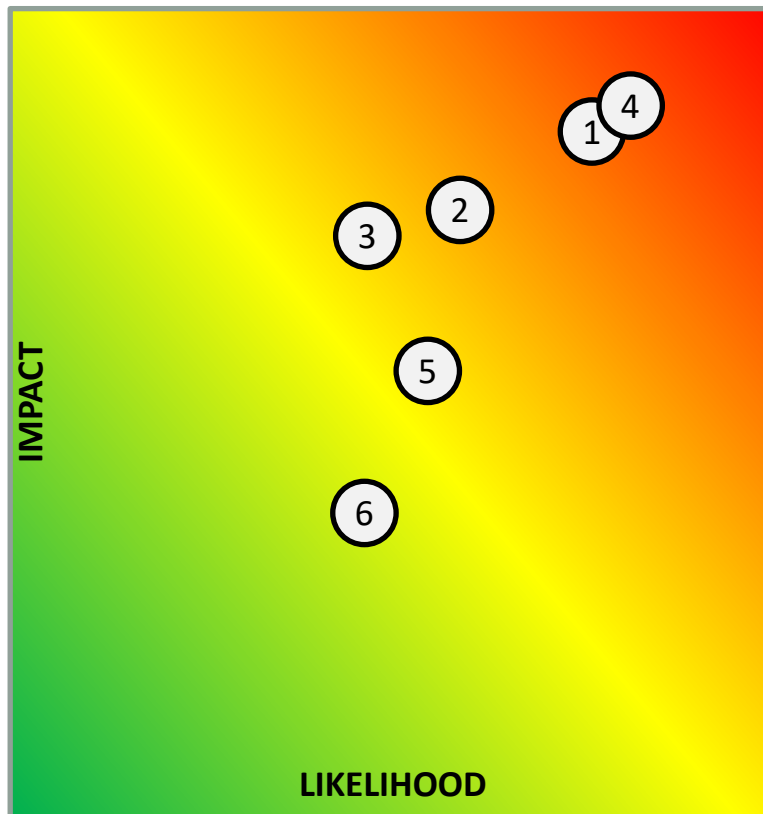


Develop a plan and involve key staff members in the plan

Roadmap

- A. Cybersecurity assessment [**Risk 4**]
- B. Plan for remote environment [**Risk 1**]
- C. Replace outdated technology [**Risk 2**]
- D. RFP processes for out-sourcing tax, IT, accounting, and investment reporting [**Risk 3**]
- E. New operating policies, procedures and practices for remote environment [**Risk 5**]
- F. Succession plan and governance model for family and key office positions [**Risk 6**]

Risk Heat Map



Risks

1. Enable remote environment
2. Technology replacement
3. Outsourcing decisions
4. Cybersecurity
5. Policies and Procedures
6. Succession planning

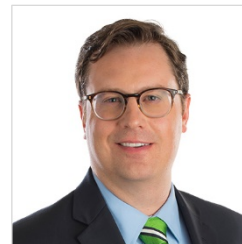


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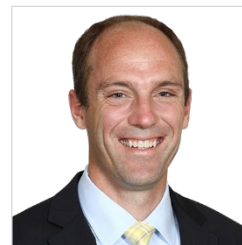


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280+ Webinars in the Archive

FOX webinars focus on critical issues and specific challenges facing the private wealth community.



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FOX Foresight keeps members up to date on the latest thinking on matters that affect enterprise families. It summarizes what we have been learning from our members and our subject matter experts over the last year. Please share it broadly within your family, your office, and your advisors.



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ABOUT FOX MEMBERS

860

Wealth Owners
from 376 Families

970

Executives
from 376 Family Offices

134

Advisor
Firms

85%

Membership
Renewal Rate

ABOUT FOX FAMILIES

72%

are led by
G1 or G2

61%

Operate a
Business

>50%

are engaged in
Direct Investing

\$500 MM

Median Investable
Assets of Members

>85%

Members have
a Foundation

ABOUT FOX

1989

Founded in
Chicago

20

Countries
Represented

Offices in:

Chicago
Madrid

New York
Amsterdam

24

Subject Matter
Experts

46

Full-Time
Employees



FOX is pleased to announce that we have joined NASBA's National Registry of CPE Sponsors. (CPE stands for Continuing Professional Education). As of March 1, 2017, CPE credits for most FOX live events and webinars will now be accepted in all 50 U.S. states.

FOX has long offered continuing education and the associated CPE credits for members that attend live programming, however many members often faced difficulty transferring credits to their home states. With FOX now officially sponsored by NASBA, members will no longer have issues transferring CPE credits when maintaining accreditation for any of the following certifications: CPA, CFA, CMA, CFM, CIA, CFE, EA, CGFM, CFP, as well as other designations that may accept CPE credits. Please note: members will still need to meet their own state requirements in which they are licensed within the U.S.

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