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Pragmatic Advisors

The Region's Leading Advisor on Family Business

**THE FRAMEWORK FOR AN EFFECTIVE
FAMILY OFFICE**



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A personal wish from a family member, direct or next of kin can easily develop into a nightmare for a non-family administrator. The latter, mixed up by the implications of granting that request to the exclusion of another family member's request, quickly grows a sense of frustration that impacts work performance on the medium to long run.

In a perfect attempt to evade the above portrait, the Family Office represents a boundary-setting service center that can perform the above without creating frustration inside the Family Business.

WHAT ARE THE SERVICES PROVISIONED?

The core purpose of a Family Office is primarily to provide and organize a series of services for family members as needed. Those services can range from providing legal, governmental and financial planning assistance, to providing information of relevance to shareholders and fairly distributing shareholder benefits.

For a more structured proposition, the above services could be grouped under four main service desks:

- Financial Planning Desk: handles all financial planning and bookkeeping services along with distributing family members dividends. This further extends to cover tax and estate planning services within tax-inefficient jurisdictions
- Wealth & Asset Management Desk: Coordinates the investment portfolios of the family with external wealth managers and manages the relationship of vendors

- overseeing the family assets and shared property management. This includes for instance aircraft management and watercraft management
- Family Continuity Services Desk: provides support to Family Governance issues including services in relation to education, family counseling, charitable activities and succession

WHAT IS THE RIGHT STRUCTURE & VEHICLE?

While there is no “one-size fits all” structure for a family office, it is imperative to consider two points in reaching an optimal structure. Those include:

- Identifying the family needs and designing the family office services around those needs
- Family Lifestyle Management Desk: represents a centralized service desk providing all family members with travel & concierge services, healthcare, insurance, legal inquiries, government dealings and special vocations sourcing
- Deciding which services can be provided most efficiently in-house and which should be outsourced

When it comes to the vehicle, a limited liability company is generally appropriate. However, the question of ownership of the family office company must be addressed at the outset to ensure sustainability. In high-tax jurisdictions, families should also seek local tax advice for any proposed family office structure before it is implemented.

HOW CAN OKEILI HELP?

Starting at inaugurating the Family Governing Bodies and articulating Family Policies as part of our wider Family Business Governance Practice, our team of professionals engages family members with multiple workshops in an attempt to put the optimal design for the Family office. Such workshops' attention is channeled towards understanding the real needs, what works and what does not work in order to reach an architecture that serves the family in an effective manner. Upon the family request, our efforts can extend further to getting the whole thing off the ground as part of our interim support intervention.

For more information on Okeili&co Next-Generation advisory efforts, please write us to engage@okeili.com



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