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Sharing a family office advisory relationship?

Read our tips for success

*New **family office 5.0 models** create both urgency and opportunity for advisors to provide tailored solutions for today's more athletic family offices. The challenge many advisors, including multifamily offices, investment advisors, banks, CPA firms, and law firms, now face is deciding whether and how their business operations must change to meet the needs of these new family office models.*

As the new **family office 5.0** client may be scaling their operations up or down, they'll naturally look for new services or advice from their existing advisors. For example, a family office client may decide they no longer want to do the bookkeeping or bill payment function in-house. Or alternatively, a family office may decide to start a **family office direct investment function**. To help their clients in transition, some advisor organizations are adding new services, investing in new technology and people, and changing their service delivery models.

Other family office advisor organizations are building strategic and complementary relationships (“partnerships”) with other professional service firms that can meet these new client needs. To be clear, these aren’t economic partnerships but simply the collaboration of independent advisors. This can benefit the advisor and the advisor’s family office clients in two ways:



Choosing a best-in-class solution from among the advisor’s vetted relationships (open architecture) puts the client’s interests first and can enhance an already strong relationship.



Strategic relationships permit the existing trusted advisor to focus their capital and energy on their core value-added services to best serve all their clients.

Successful relationships between professional services firms that work with family offices require a shared goal — the success of your mutual family office client — and are built on a foundation of trust and shared values. Consider the following roadmap for choosing the strategic partners to help serve your family office clients:



Put the interests of your family office client first

It’s a given that the interests of your family office client should be first and foremost. In some situations, your client may be asking for a service that you provide to other clients, but your solutions may not be a best-in-class fit for this client. Perhaps this family office client should build the service in-house or maybe the client would be better served by outsourcing to another organization. You can still help this client by introducing them to one of your strategic partners, outlining all their options, assisting with the selection process, and in some cases serving as quarterback for your client with respect to this new service provider.



Consider potential partners’ organizational culture & values

Your business operates according to your core values and has a culture that works for you and your clients. When seeking a relationship with a strategic partner, you want to make sure the partner organization has a similar culture, values, and business standards. For example, you want to respect the integrity of this partner advisor and also make sure that your client receives the service, teamwork, quality, and other core values that are most important to your client.



Assess your degree of trust

You want to work with a partner organization you can trust to do a great job for your client — and that also will work collaboratively with you and your client's other advisors. Many organizations provide competing services; it may be hard to find another professional firm serving family offices that doesn't provide some competing service. You must get comfortable with this fact. Can you trust the partner organization to stay in their lane, be respectful of existing relationships, and value the work that other professionals are also providing to your client?



Mine existing relationships to find strategic partners serving family offices

This best place to find a strategic partner is among professionals you already know, be it a colleague you've worked with on an existing client account or a referral from someone you respect. Organizations like the Family Office Exchange (FOX) as well as legal, accounting, and investment trade groups are also great places to network for new family office advisors.



Conduct your search & due diligence

In some situations, the needs of your family office clients may require specialized technical expertise or a service that doesn't exist within your network of advisors. This requires you to perform a search and due diligence to find a specialist to help your client.

Through online research and leveraging leads from your network, create a short list of possible strategic partners that provide a particular service or possess specific technical expertise. The next step is to conduct due diligence on these organizations.

Initially, you'll want to have a conversation. Then, a short RFI (request for information) often can be helpful as you try to assess the organization's services, culture, people, expertise, bench strength, and how its team would work with your clients and your own business. You also want to know about the organization's reputation, geography, core clients, and degree of technical expertise, which may be reflected in the quality of their published white papers and leadership positions in relevant trade associations.



Final thoughts

Bottom line: Best-in-class family office service providers are always thinking about how to improve their services to meet their clients' evolving needs.

For family office advisors, the new, more flexible family office 5.0 models create both opportunity and an urgent challenge. More and more family office clients will look to you and their other advisors to provide new services as they shift their operating models and rely on more outsourced services.

Some family office advisors will meet this challenge by investing in additional staff and technology. Others will form strategic relationships with peer professional advisors and invest their resources back into their own core businesses. Finally, as family offices continue to transition to these new operating models, it's important for them to understand how you — their trusted advisor — are responding to this challenge.

Please contact us with any questions



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Brian is a tax partner and part of the leadership of the firm's family office services group. He provides family offices and ultra-high-net-worth families with comprehensive planning in all areas of tax, including individual, flow-through, and wealth transfer matters. He frequently consults with families in matters relating to family office structuring, charitable planning, and other family office operational matters.