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FAMILY OFFICES OUTSOURCING SPECIALITY SERVICES

by Phil Bolsta

Family offices are under siege. Rising costs, talent migration, competitive pressures and ever-increasing client demands are straining resources and eroding profits. As this Darwinian perfect storm intensifies, the fittest family offices are differentiating themselves by outsourcing specialty services to trusted providers. "It's much more efficient and effective to offer these services through third-party sources that specialize in those respective areas than try to bring the resource in-house on a full-time basis," says Linda Mack, president of Mack International, which provides executive search and consulting solutions to family offices. Indeed, offering top-tier clients an a la carte menu of specialty services that are beyond the scope of a family office's core competencies can give the family office a distinct

competitive edge. "For family offices built around exceptional investment management services, a more robust specialty services platform promotes healthier client relationship," says Rick Flynn, managing partner of Flynn Family Office, a premier family office and business management company serving ultra-wealthy individuals, families and their advisors. "Ultra-wealthy families will generally not hesitate to replace a manager that fails to beat benchmarks. If that professional is also overseeing personal security, or facilitating concierge healthcare for the family, investment performance becomes only part of the equation."

As Russ Alan Prince, executive director of Private Wealth magazine, wrote in his "Serious Money" column on Forbes.com, "Strategic outsourcing, in effect, is an extremely powerful and ubiquitous trend in the family office universe. The issue is to engage in strategic outsourcing wisely." Flynn agrees. "Family offices should understand that the overall relationship will be judged not on the best, but rather on the weakest service experience provided," he says. "It's wise to develop specialty provider relationships over time and engage select firms only after exhaustive vetting."

One specialty service frequently mentioned in the pages of Private Wealth magazine is the documentation and cataloging of tangible and digital assets. As Flynn noted, two of the most popular outsourced services are concierge medicine and personal security. The benefits of these services are manifold, as evidenced by the following provider profiles.

Archival Property Solutions

Archival Property Solutions (APS) documents and catalogs the nonfinancial assets of UHNW individuals and families for support of family office and wealth management activities. This documentation keeps family offices and owner-authorized users updated and informed, allowing them to better manage their client relationships.

APS will keep the client's digital catalog current, organized and offsite "in the cloud." A family office can access and leverage this private, secure catalog

of images and information (including scans of confidential documents and data) as a resource for a variety of services and activities, from tax strategy and estate planning to wealth management and personal- and business-related legal work. The family office can also help clients determine whether their insurance coverage is suitable—as well as furnish proof of ownership and value—should these assets be lost, stolen, damaged or destroyed. What's more, owners can view their nonfinancial assets (including medical records and healthcare directives in case of emergency) at any time on any connected device.

A digital catalog allows the family office to be in full command of crucial details of a client's tangible personal and business assets, rather than proceed with partial, undocumented, uncertain or unknown information that may result in some assets being undervalued or overlooked altogether.

Kroll

Kroll, a leading global risk management firm, provides services to high-net-worth individuals, family offices and businesses of all sizes, including Fortune 500 global companies. Through its more than 50 offices across 26 countries, Kroll seamlessly integrates its private client services into clients' lifestyles. Kroll's multidisciplinary team includes experts in the areas of intelligence, information technology, finance and accounting, law enforcement, cyber security and other sectors to ensure that clients and their assets are optimally protected.

Kroll's private client services fall into five broad categories:

- personal and business protection security needs, including threat and vulnerability assessments, training and education and travel-related risk assessments and protection;
- investigative and financial due diligence on potential advisors, investments and joint venture opportunities;
- cyber security threat assessments, including vulnerability of personal data, ID theft and providing remedies;
- fraud risk assessments, operational and compliance risk management, and IP theft detection;
- internal investigation of financial fraud,

embezzlement, investment schemes and related matters. Of course, the best risk management solutions are those that anticipate, neutralize and prevent threats from ever materializing.

WorldClinic

WorldClinic, a global leader in concierge healthcare, provides premium medical care, diagnosis and treatment to ultra-high-net-worth clients on an anytime, anywhere basis. WorldClinic's staff of full-time, part-time and on-call physicians, surgical specialists and board-certified emergency physicians, as well as its referral relationships with dozens of major metropolitan medical centers around the world, enables the company to connect their physicians to a client via phone or video within 30 seconds.

Customized care plans are based on a review of the patient's medical records and lifestyle issues. WorldClinic's continuous care offering includes a calendared action plan for personal longevity and wellness coupled with an immediate telemedical diagnosis. The firm leverages smartphones to connect with clients via video, check their vital signs and monitor their conditions from afar.

Through its due diligence, WorldClinic has identified the best hospitals in every major city in the world for critical procedures and specialist care, and can deliver medical records on demand to wherever they are needed, along with local translators if necessary.

Clients traveling to remote areas are assured of around-the-clock connectivity through whatever technological means are necessary. When called for, the company will deploy a paramedic or doctor to accompany a client or traveling companion to ensure their well-being.

Ultimately, outsourcing specialty services ensures that the various needs of family office clients can be satisfied with quality results from reliable, on-demand sources in a timely and professional manner.