



ORGANISING THE FAMILY OFFICE

Why do Asian families set up a family office? The answer, says Christian Stewart, is because they want the family office to help them to preserve their family wealth for generations.

If you talk to any Asian patriarch, it quickly becomes clear there are things they are concerned about that go beyond just preserving their money. Passing on family values to the next generation, educating them and contributing to society are very important. Accordingly it is useful to think of the wealth of the family as comprising four different components. These are family human capital, intellectual capital, social capital and lastly the financial capital. The family office structure can organise its functions around these four different dimensions of family wealth.

Human capital

Family human capital refers to things like family dynamics, communication, relationships and the overall well-being of each family member. It is a challenge growing up in the shadow of great financial wealth. Many great families fail because of a failure in the human capital element. Great families need advisers that can help the inheritors find their own voice and can help them to integrate the inherited financial wealth into their lives. These are all very critical issues, but they are not quantitative issues,

rather they are qualitative issues. Therefore an important question for the family office is to ensure that the family have access to advisers who can help them deal with such qualitative issues.

Intellectual capital

The intellectual capital of a family is another critical topic for the family office to address. Once the family financial wealth has been created the key issue will be how well the family owns that financial wealth, not how well the family manages the financial wealth. Ownership is more important than management. The family office have to make sure that family members are properly educated to make ownership level decisions together. Some family offices have dedicated officers responsible for dealing with the topic of family education and development.

Social capital

The social capital of the family includes the charitable and philanthropic activities that the family are involved in. It also includes a reference to the good standing, reputation, or

brand of the family within society. Many Asian family offices are responsible for providing support to one or more family charitable foundations. The staff of the family office might include foundation administrators. It's important that attention is paid to proper strategic planning and governance of family foundations. Family foundations need a board which is responsible for strategic direction and oversight. This board should include some non-family, non-executive, directors who have charity and philanthropy expertise.

Financial Capital

When it comes to the question of helping to manage the financial capital of the family, the key function of the family office is to make sure that the family is being provided with advice that is independent and objective. The family office also has to ensure that there is a consolidated overall view of the financial capital of the family, including taking into account the shares in any family owned business held by the family. The purpose of the family office include helping the family achieve economies of scale while paradoxically being able to cater for the fact that different family branches and individual family members will have different risk profiles, liquidity needs, and investment horizons.

Owning the financial capital

The family financial capital will be owned by one or more family trust structures. When setting up the family office there is a choice to be made as to whether the trustee should be a professional trustee company or whether the family should establish its own private trust company or "PTC". If the latter option is chosen, the PTC will need some independent directors who have trust expertise. Great care must be taken to ensure that the correct operating procedures are put in place to ensure that the PTC is allowed to operate independently of the family office. Another one of the family office functions is to carry out periodic reviews of trustee performance, say once every five years, especially where there is an independent trustee.

Family governance

The key to a family being able to preserve its family wealth for five generations or more is whether the family have good system of family

governance. This refers to the processes by which the family make joint decisions together. A good family governance system is one which involves having fair process in decision making. The topic of family governance includes looking at the question of the composition and role of the investment committee for the family. All these matters would be addressed in a written family constitution which has been developed over time by the family members.



Therefore another key task for the family office is to ensure that the family develop a family constitution.

Family Meetings

Finally, in families of wealth, it is important for all the key family member stakeholders to come together periodically for the purpose of communicating, educating and sharing of information. This means having periodic formal family meetings, which have an agenda, family meeting rules, and which are facilitated. Family meetings are critical to avoid misunderstandings and to reduce the chances of family conflicts arising. The family office should ensure that the family members have at least an annual family meeting, if not more frequently. The family office should help to coordinate, and be involved in setting the agenda. The facilitator of the family meetings will normally be an external consultant. The family office staff are too close to the family to play the facilitator role. **BM**

組織家族理財辦公室

為什麼亞洲的家族都紛紛成立「家族理財辦公室」？答案是：他們希望家族理財辦公室幫助自己保管家族財富，為後代打算。

跟任何亞洲家族長輩交談，大家很快就會明白他們考慮的事情遠遠不止如何保管自己的財富。將家族財富價值一代接一代地承傳下去、教育下一代並為社會作出貢獻都是非常重要的。故此，我們可以從四個方面來考量家族財富：家族人力資本、智力資本、社會資本以及金融財務資本。家族理財辦公室可以利用家族財富的這四大方面為核心，組建其結構功能。

人力資本

家族人力資本所指的是家族動力、溝通、關係網絡以及每位家族成員的整體福祉等事宜。它是在巨大財富的影子下衍生的挑戰。很多大家族都由於人力資本因素而沒落。大家族需要顧問來幫助其繼任者找到自己的方式，並幫助他們將繼承的資產融入其自身生活中。這些都是十分重要的問題，但都不是數量上的問題，而是性質上的問題。因此，對於家族理財辦公室來說，重要的問題是如何保證家族成員可以接觸到合適的顧問，來幫助他們處理這些性質上的問題。

智力成本

家族的智力成本是家族理財辦公室中需要解決的另一個重要主題。一旦建立起家族金融資產，關鍵問題則是家族怎樣良好地擁有這些金融資產，而非怎樣良好地管理這些金融資產。擁有權比起管理更為重要。家族理財辦公室必須確定家族成員接受了足夠的教育來共同作出擁有權層面的決定。一些家族理財辦公室任命專業管理人員來負責處理家族教育和發展的相關事項。

社會成本

家族的社會成本包括家族參與的慈善及捐助活動，亦同樣牽涉到家族在社會中的地位、聲譽或品牌。很多亞洲家族理財辦公室都負責為一個或多個家族慈善基金提供支援。家族理財辦公室的成員可能包括基金會行政人員。注意採取正確的策略來計劃和管理家族基金會亦十分重要。家族基金會需要一個負責策略方向及督察的董事會。該董事會應當包括一些具慈善捐助管理經驗的非家族成員非執行董事。

金融資本

在幫助管理家族金融資本的問題上，家族理財辦公室的關鍵作用便是要確保家族得到獨立、客觀的顧問意見。家族理財辦公室也必須確保對於家族金融資本有一個統一的整體觀，包括考慮到家族控股生意的股份。家族理財辦公室旨在幫助家族盡享「規模經濟」的好處，而與此同時，卻又可以視乎家族分支和個別家族成員的不同風險狀況、現金需求以及投資視野來提供貼心服務。

擁有金融資本

家族金融資本可由一個或多個家族信託機構持有。在設立家族理財辦公室時，須選擇受託人到底是一間專業信託公司，還是家族成立自己的私人信託公司。如果選擇的是後者，私人信託公司將需要一些具有管理信託公司經驗的獨立董事。必須要非常小心確保公司採取正確的營運流程，從而保證私人信託公司有權獨立於家族理財辦公室之外運作。家族理財辦公室的另外一個功能是進行週期性的信託業績檢討，例如五年一次，尤其是在有獨立受託人的情況下。

家族管治

一個家族是否能保存其家族財富超過五代的關鍵，在於該家族是否有很好的家族管理系統。這是指家族一起作出決策的過程。一個好的家族管理系統，是具有公平過程的決策系統。家族管理的主題包括組成的問題以及家族投資委員會的角色問題。這些問題都應該以書面形式記載在《家族章程》之中，並由家族成員進行不定期的更新。因此家族理財辦公室的另一個主要功能就是確保家族更新其《家族章程》。

家族會議

最後，在富有家族方面，所有關鍵家族成員「持份者」應定期走在一起，來交流、學習以及分享資訊。這代表了應該定期舉行正式的家族會議，會議應該按照日程、家族會議議事規則，並應由專人主持會議。家庭會議對於避免誤會及減少家族衝突非常重要。家族理財辦公室應當確保家族成員至少一年舉行一次家族會議，而且會議越頻繁越好。家族會議的主持者通常為外聘諮詢顧問。家族理財辦公室職員因為與家族關係太密切，不適合擔任有關角色。 **BM**