

## Where Do I Start? What Rethinking Your Wealth Can Do For You.

Over the past two decades, our company's three principals have observed that families who are able to effectively manage the myriad of complexities involved in managing their wealth often manage their wealth as they would a professional endeavor – they create a wealth enterprise.

By creating a wealth enterprise, they ensure the 'business of the family' is functional, well managed and designed to bridge the generations. For example, they:

- // Manage their wealth in a purposeful, strategic manner
- // Understand their own roles in managing the wealth enterprise and the role of others they hire to support them
- // Focus on effective decision-making, governance and succession/leadership preparation
- // Understand all of the various activities required to manage the wealth, how they are connected, and identify the most effective providers to accomplish each activity
- // Have robust information systems and reporting that allows them to measure progress with a clear understanding of where they are
- // Buy the products and services that are right for them from financial service and other wealth management providers

## WHERE DO I START?

The place to begin is to “conceptualize” your family’s wealth as an enterprise – beginning with an extensive mapping of all the components and answering a series of foundational questions, including:

// Who are we as a family?

// What do we own?

// How do we own it?

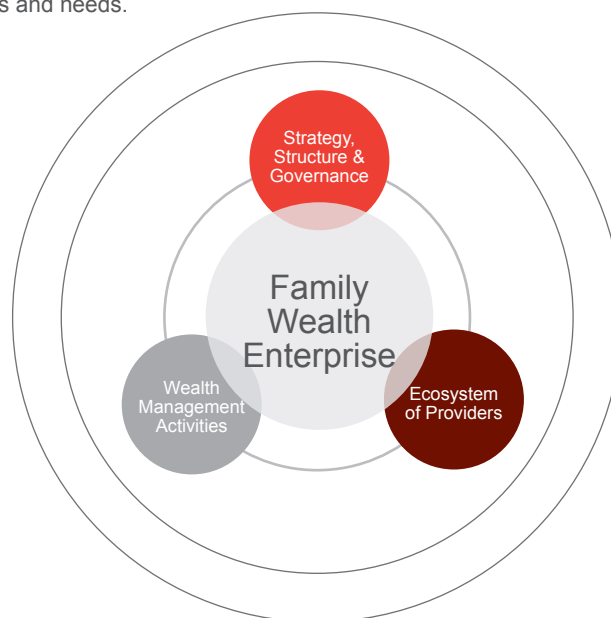
## STEP ONE: UNDERSTANDING THE STATUS QUO

As with any business, a wealth enterprise should have a robust set of financial statements. If they don’t already exist, the first step is to prepare them so that you and your family have a detailed understanding of the current financial condition of your wealth enterprise, including your income and spending. These items are critical to develop a strategic action plan for your financial assets.

## STEP TWO: MAPPING YOUR WEALTH ENTERPRISE

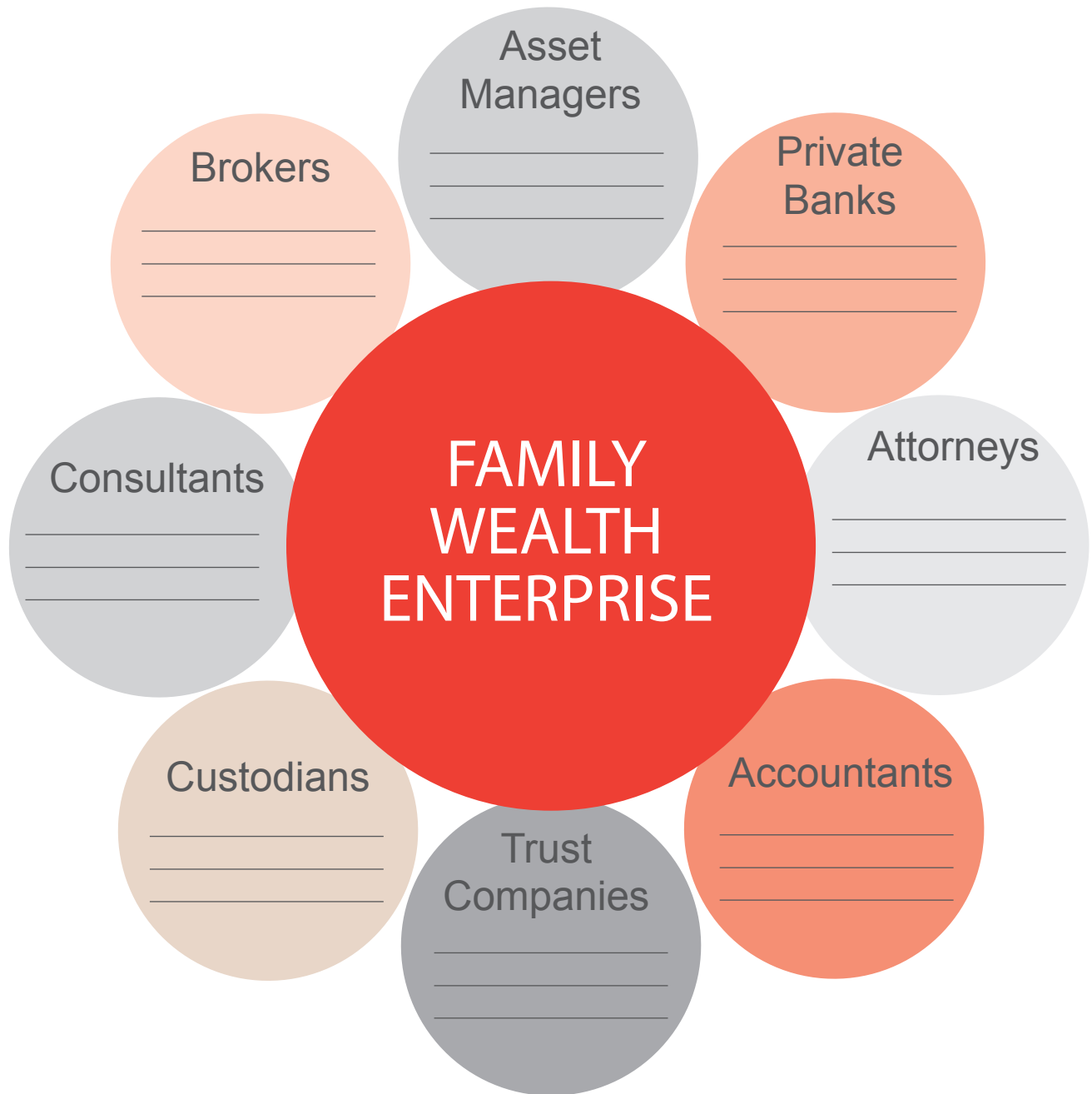
### THREE PRIMARY COMPONENTS

There are three primary components of a family’s wealth enterprise: 1) the Ecosystem of Providers, 2) Wealth Management Activities and 3) Strategy, Structure & Governance. These components must be designed and managed to function together with an awareness of how a decision about one component will impact the other components. The family is at the center of the wealth enterprise, and each component should function to serve their objectives and needs.



## ECOSYSTEM OF PROVIDERS

The next step is to map out all of your family's providers – who is providing what services and why? When mapping out this ecosystem, be sure to include not only your investment providers, but also accountants, attorneys, consultants, custodians, trust companies, etc.; anyone who your family has engaged to help them manage some aspect of your wealth.



# WEALTH MANAGEMENT ACTIVITIES

A helpful guide for being certain your mapping is comprehensive is a list of core wealth management activities. The checklist below includes the activities and services most families need to manage their wealth. To get a sense of what your family needs to do to enhance your wealth enterprise check the boxes of the activities currently performed.

## FINANCIAL ADMINISTRATION

- General Ledger
- Expense Management/Bill Pay
- Balance Sheet/Net Worth
- Tax Compliance
- Aggregated Reporting

## FINANCIAL PLANNING

- Capital Sufficiency
- Cash Flow/Lifestyle Budgeting & Management
- Other Quantitative Goals & Objectives - e.g. Philanthropy
- Non-Financial Assets

## ESTATE & TAX PLANNING

- Estate Structure/Tax Minimization
- Income Tax Planning

## INVESTMENT ADVISORY

- Asset Allocation
- Portfolio Construction
- Manager Selection
- Performance Management
- Dynamic Rebalancing

## RISK MANAGEMENT

- Asset Protection/Insurance
- Hedging
- Personal Security
- Reputational

# STRATEGY, STRUCTURE & GOVERNANCE

The third and most critical area of your wealth enterprise is Strategy, Structure and Governance. As part of your mapping, you should try to articulate the following items as best you can:

1. A **mission and strategy statement** to serve as the baseline for all decision making to ensure everyone – both family members and providers – is working in tandem to fulfill the enterprise's ultimate objectives.

Key questions to answer include:

- a. What is the family looking to accomplish in both the short and long term?
- b. What are the qualitative and quantitative objectives the family would like to prioritize?
- c. What does the family see as the purpose of their wealth?

2. Identify the **decision-makers** and stakeholders and define their roles in managing the enterprise, particularly their authority.

Examples of questions to answer include:

- a. Who currently leads the enterprise?
- b. What other roles are involved in the enterprise?
- c. What key roles do non-family members occupy?

3. Clearly define a decision-making framework – or set of **governance practices**.

Example key questions are:

- a. Will the family have a board of directors?
- b. If so, how often will they meet and what will be their purview?
- c. How many members should be included and who will fill what roles?
- d. Who will oversee the enterprise's processes and procedures?
- e. If there is no board of directors, how will decisions about the wealth be made?

4. Planning and preparing for succession, including education and empowerment for family members designated to have leadership roles in the future.

# HOW DO I START TO TAKE CONTROL OF MY WEALTH ENTERPRISE? ISN'T IT OVERWHELMING?

It can be. But this simple diagnostic can help. Once you've mapped out the three critical elements of your wealth enterprise, start with this basic framework and set of questions:

1.Are we focused on this activity today?	YES	NO
Financial Administration:		
Financial Planning:		
Estate & Tax Planning:		
Investment Advisory:		
Risk Management:		

2.How important is the activity today and in the future?
Financial Administration:
Financial Planning:
Estate & Tax Planning:
Investment Advisory:
Risk Management:

3.How are we currently conducting this activity? Is it working? If yes – why? If no – why not?
Financial Administration:
Financial Planning:
Estate & Tax Planning:
Investment Advisory:
Risk Management:

4. How aligned is this activity around our overall mission and strategy for our enterprise? Why or why not?

Financial Administration:

Financial Planning:

Estate & Tax Planning:

Investment Advisory:

Risk Management:

5. Which providers are we using for this activity? What's working and what's not? Where are the gaps?

Financial Administration:

Financial Planning:

Estate & Tax Planning:

Investment Advisory:

Risk Management:

6. What are our roles and level of involvement in this activity? Are we comfortable with that or not? Why or why not?

Financial Administration:

Financial Planning:

Estate & Tax Planning:

Investment Advisory:

Risk Management:

7. What are the most critical pain points around this activity today and why?

Financial Administration:

Financial Planning:

Estate & Tax Planning:

Investment Advisory:

Risk Management:

In addition, ask yourself the same set of questions around the Strategy Structure & Governance component of your wealth enterprise:

// Is it clear?

// Is it working?

// What are the pain points?

// Are the right people engaged?

// Are the right people prepared?

// Is there alignment between people's interests, skills and the requirements of the enterprise?

What will emerge as a result of this diagnostic will be a clear roadmap for the current challenges your family's wealth enterprise is facing and a prioritization around high-impact opportunities and challenges to be solved.

Just as every family's wealth enterprise is different, every family's diagnostic results will be different. But differences aside, every family should have a clear sense of where the enterprise needs to be enhanced and why.

## NOTES:

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