Today’s plans for your family office can mean the difference between surviving and thriving in the future.

Risks arise from a variety of sources, including the business, investments, technology or operations. A primary goal of most family offices is to protect the family from damage and loss, whether that is financial, physical or reputational.

**Risk diagnostic**

Our Family Office Advisory Services (FOAS) supports family offices by assessing the levels of risk in the family office through our risk score index. The risk score index is based on our database of questions that are applied across the five dimensions of the Committee of Sponsoring Organizations (COSO) framework and across seven categories of risk, resulting in a score for each dimension.

### Risk score index example

<table>
<thead>
<tr>
<th>COSO</th>
<th>Overall score: 64%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control environment</td>
<td>61%</td>
</tr>
<tr>
<td>Risk assessment</td>
<td>63%</td>
</tr>
<tr>
<td>Control activities</td>
<td>66%</td>
</tr>
<tr>
<td>Information and communication</td>
<td>70%</td>
</tr>
<tr>
<td>Monitoring</td>
<td>66%</td>
</tr>
<tr>
<td>Vision and legacy</td>
<td>63%</td>
</tr>
<tr>
<td>Management</td>
<td>66%</td>
</tr>
<tr>
<td>Operations</td>
<td>69%</td>
</tr>
<tr>
<td>Technology</td>
<td>64%</td>
</tr>
<tr>
<td>Succession</td>
<td>51%</td>
</tr>
<tr>
<td>Investments</td>
<td>67%</td>
</tr>
<tr>
<td>Tax and regulatory</td>
<td>71%</td>
</tr>
</tbody>
</table>

![Risk score index example chart](chart.png)
We support the risk index and risk heat map score with an assessment report we deliver to management.

**Heat map**

Additionally, our findings are plotted on a risk heat map to identify the level of residual risk in each category.

<table>
<thead>
<tr>
<th>Risk category</th>
<th>Inherent risk</th>
<th>Control environment</th>
<th>Residual risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vision and legacy</td>
<td>High</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td>Operations</td>
<td>High</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Technology</td>
<td>High</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>Business</td>
<td>Medium</td>
<td>High</td>
<td>Medium</td>
</tr>
<tr>
<td>Investment</td>
<td>Medium</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>Disaster</td>
<td>Medium</td>
<td>High</td>
<td>High</td>
</tr>
</tbody>
</table>

**Risk management framework**

**Insure**
- High-impact risks providing little ability for the family to control are generally transferred to an insurance policy.
  - Examples: natural hazard, liability

**Manage**
- Those risks with a high impact and capability for the family to control should be addressed at an executive level and through a well-designed governance processes.
  - Example: succession planning

**Monitor**
- Low-impact risks that should be watched are monitored.
  - Example: external regulation

**Process**
- High-impact risks that are readily controlled should be staffed and are subject to policy and procedure.
  - Example: wire transfer policy

**Sample results**

**Priority framework**

**Ease of implementation**

**Expected impact**

**Sample recommendations:**
1. Written procedures
2. Family charter
3. Strategic planning
4. Disbursement controls
5. System passwords
6. QuickBooks automation
7. Vendor management
8. Family financial reviews
9. Technology security
10. Family intellect
11. Estate planning
12. Philanthropic donations
13. Investments
14. Disaster recovery

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**Sample findings**

- **Vision and legacy**
  - Key strengths:
    - Family office regulatory considerations addressed
    - Accurate and timely compliance
  - Key weaknesses:
    - No prenuptial agreements
    - No non-family investment committee members
    - All assets on brokerage platform

- **Operations**
  - Key strengths:
    - Buy and sell discipline and policy
    - Diversified holdings
  - Key weaknesses:
    - No written tax policies

- **Technology**
  - Key strengths:
    - Entity diagram includes members
    - Communication among cotrustees
  - Key weaknesses:
    - No trust distribution guidance documented
    - No estate plans for younger generations

- **Business**
  - Key strengths:
    - Family charter in place
    - Family meetings held regularly
  - Key weaknesses:
    - No next-generation education plans
    - No regular family council meetings

- **Investment**
  - Key strengths:
    - Human resources policies
    - Social media policies
  - Key weaknesses:
    - No contracts for outsourced vendors
    - No credit policy statements

- **Disaster**
  - Key strengths:
    - Written policies and procedures
    - Separation of duties
  - Key weaknesses:
    - No budgeting for family
    - No background checks
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Each family office is positioned at the center of the owners, families, and the businesses and investments they own. Family office leaders support the family’s vision and legacy, leadership, ownership and wealth transition decisions with a focus on protection, improvement and growth. Our job is to support the legacy of your family office through our proprietary family office metrics tools for leading practices, risk, technology, strategy and design. What does that legacy look like to you?