

Building a Powerful Advisory Board



By Richard C. Wilson

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NEW MEMBERS

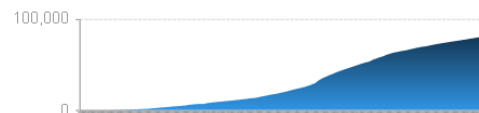


MEMBERS

81,448

Like any community, a LinkedIn group might be close-knit or vast, brand new or already thriving. Explore this group to see if it's right for you.

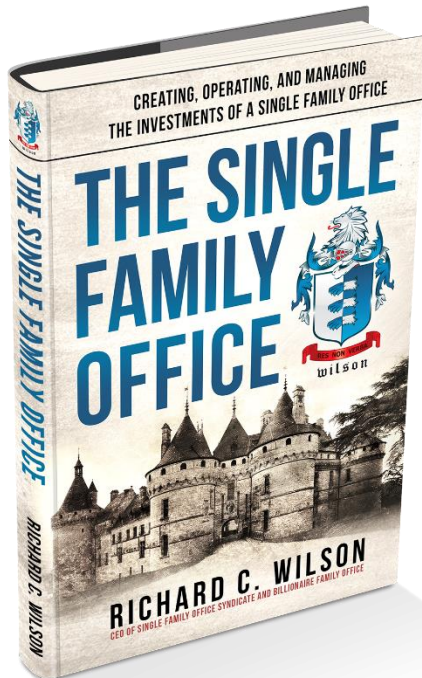
TOTAL MEMBERS



NEW MEMBERS LAST WEEK

193

Single Family Office Management



The Miami Family Office

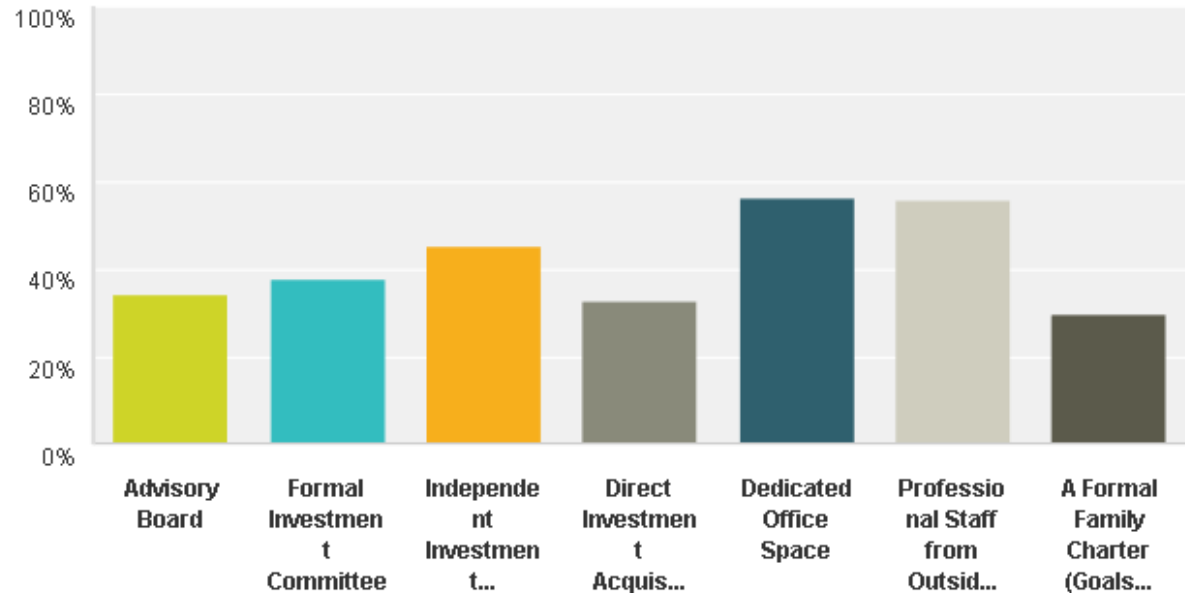


Detroit Family Office

Why Form a Board of Advisors

- Why Form a Board
- Benefits of a Board of Advisors
- Common Board Mistakes
- Why Family Offices May Resist
- Keys to Effective Board Communication
- Building an Informed Board

Which of the following does your family office have in place?



Answer Choices	Responses
Advisory Board	34.07% 46
Formal Investment Committee	37.78% 51
Independent Investment Consultants	45.19% 61
Direct Investment Acquisition & Deal Flow Team	32.59% 44
Dedicated Office Space	56.30% 76
Professional Staff from Outside the Family	55.56% 75
A Formal Family Charter (Goals, Mission, Objectives, Values, etc.)	29.63% 40

Why Bother?



Billionaire Operating Entity Case Study

- 3 Board Members Now
 - 10% peace offering
 - The potential co-competitor angle
 - The industry insider - connector
- 7 Member Board Goal
 - Distribution Helper
 - Door opener
- Requires Insider Experts in the Flow
- Equity/UpSide or Upside Only

Benefits of Having a Strong Board

- Cheapest way to have a world class senior team
- Outside Opinions From Cherry Picked Experts
- Sets a Regular Schedule for Performance and Strategy Review
- Third Party Oversight and Controls if Desired
- Strategic Introductions / Distribution / JVs
- Tackle #1 Challenge or Opportunity Faster
- Resource Sharing & Leveraging
- Inside Track Details on Competitors & Changes

Family Office Advisory Boards



Family Office Governance

- Family Offices are an old institution but strong governance practices are a new concept for family offices
- Multi-family offices tend to have stronger institutional controls and emphasize governance.
- Single family offices vary greatly in how they prioritize governance; ultimately a reflection of the family's view on the issue.
- Industry is shifting toward stronger governance as more family offices share resources, advisors, and generally become more sophisticated.

SFO Book Download Template

SingleFamilyOffices.com (212) 729-5067

Family Office Governance Plan

The goal of this document is to begin the conversation of putting more formal governance processes and procedures in place for your family office. It is not comprehensive but can be useful for starting a conversation around this topic..

Who oversees hiring decisions and what written rules and policies are in place?

Will there be a governing board, oversight by external attorneys, CPAs, and industry advisors?

At what point do the next generation take over some decision making powers, and what plans are now in place?

How are family member hires decided, and what if any special treatment do they get?

What is the process for allocating capital, what approval is needed for what size of investments?

What objective criteria is used to decide compensation for core team members, consultants, advisors, board members, etc. and who must approve these decisions?

What needs to happen before someone is fired or suspended from the business, who has that authority?

If there is a divorce within the family, how are those individuals treated, what about their children?


What requirements are in place before someone is allowed to work for the family business?

How are the costs of the family office allocated, and how are those decisions made? How does that change if certain generations or family clusters do not want to take part in certain investment activities? How is overhead divided?

Are audits are conducted? If so by who, and is there transparency on those audit results?

How are loans made to family members for asset purchases, business acquisitions, or new businesses?

What criteria must be in place and who approaches these loans?

 Single Family Office Syndicate Team@SingleFamilyOffices.com

Why Family Offices Resist Boards

- Intrafamily politics and power dynamics
- “It’s how we’ve always done it” mentality.
- Seen by family as unnecessary
- Wealth generated by private company, not a public company where strong corporate governance is prioritized and expected.
- Procrastination
- Cost sensitivity
- (Reasonable) ignorance of the practice and how to set about building a board.

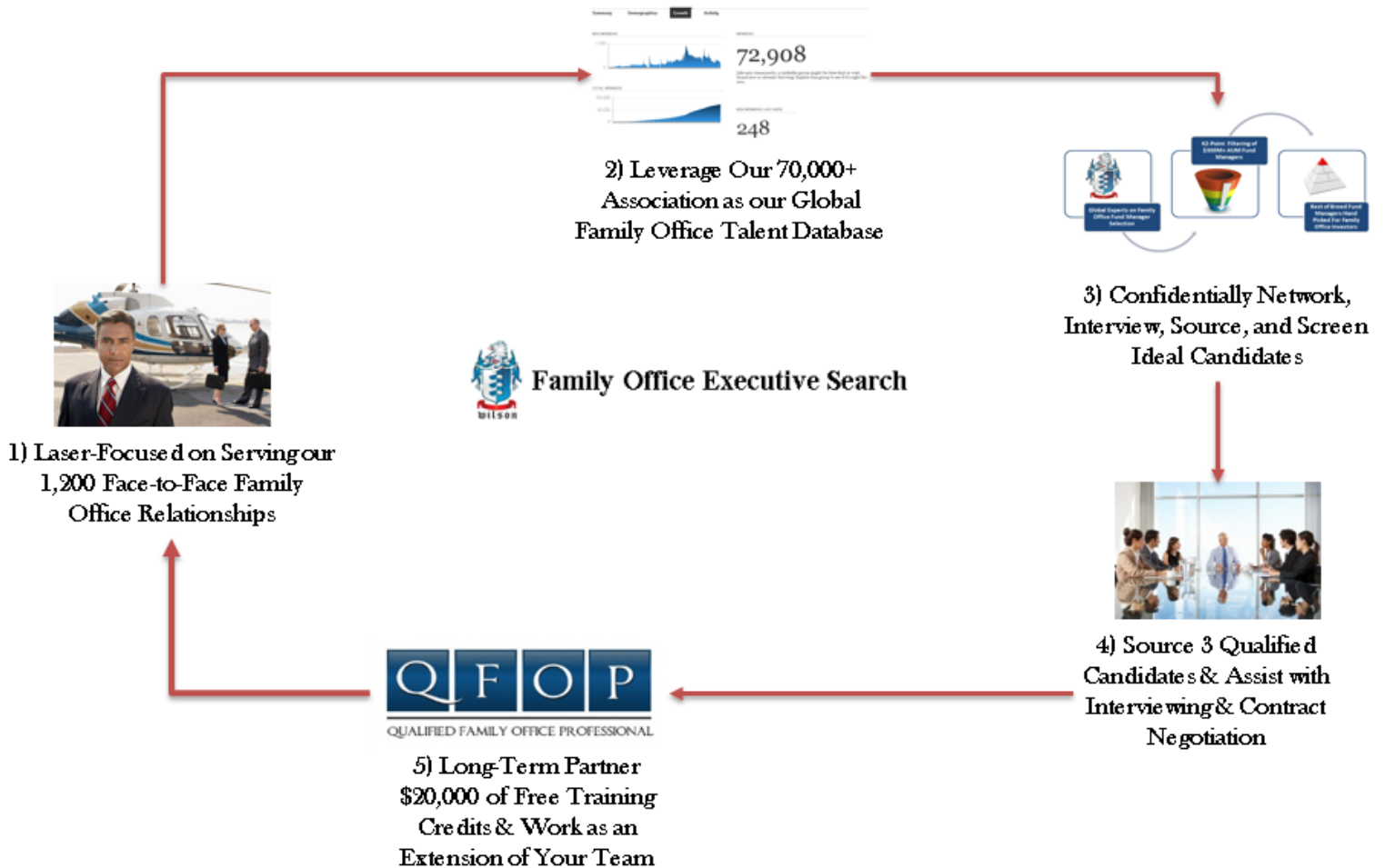
Top Board Pitfalls

- Filling the board with friends and family
- Balking at even moderate board compensation
- Board members with no relevant experience
- Weak background and credentials
- Conflicts of interest
- Unwilling to challenge management

Board Compensation



Board Member Sources



Effective Board Communication

- Don't be afraid to debate
- Frequent conversation and updates outside just scheduled quarterly or annual meetings
- No back-channeling or side conversations
- In-Person Board Meetings
- Full information provided to board members *ahead* of the meeting

Attract More Deals & Talent



18 Recorded Webinars

PAST WEBINAR TITLE	LIVE/Recorded
How to Build Your Deal Flow Pipeline	MP3 & MP4
Building a Family Office Network: How to Raise Capital & Partner with Single & Multi-Family Offices	MP3 & MP4
Creating a Single Family Office: Compass Creation, Talent Sourcing, Investing, Service Providers & Pitfalls	MP3 & MP4
Single Family Office Industry & Investment Fundamentals: A 5,000 Foot Overview of the Thriving SFO Industry	MP3 & MP4
Family Office Investing Priorities: A 90-Minute Overview of Trends, Objectives, & Case Studies	MP3 & MP4
Capital Raising Fundamentals: Fundamentals, Automation, & How to Consistently Attract Investors to You Every Week	MP3 & MP4
Direct Investing, Co-Investing & Club Deals: A Discussion with Julia Corelli, Partner at Pepper Hamilton	MP3 & MP4
Seeking Capital from Private Equity: With Guests Thomas D'Ovidio and Noah Rosenfarb, CPA	MP3 & MP4
Capital Raising Strategies for Emerging Managers with Under \$100M in AUM	MP3 & MP4
Billionaire Wealth Management & \$1B+ Single Family Offices	MP3 & MP4
Co-Investing Lessons from the Trenches: Finding, Structuring, and Syndicating	MP3 & MP4
Growth Capital & Pre-IPO Financing	MP3 & MP4
Top 25 Capital Raising Strategies to Attract Investors	MP3 & MP4
Family Office Real Estate Investing	MP3 & MP4
100m+ Wealth Creation	MP3 & MP4
Family Office Marketing and Public Relations	MP3 & MP4

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Meet with Our Team



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