



BUSINESS GUIDE

Best practices for protecting single and multi family offices

The family office guide to relying on world-class support and strategies for deals, governance, and safeguarding the family and their wealth.



*Sit back and enjoy.
Read Time: less than 5 minutes*

Dear Reader,

I am delighted to present this comprehensive business guide to safeguarding your family office to you.

As the number of family offices around the world is growing, so is the number of risks and challenges for those organizations. Besides macro risks, such as global events, changing policy, or economic downturn, every family office experiences increased exposure because of its name association to a wealthy family. It makes them a target of malfeasance. It requires every family to actively manage risk just like other professional investment organizations with a higher headcount and similar assets under management would.

Over the last 15 years, I have dedicated my career to safeguarding the guardians of capital. Human capital, financial capital, intellectual capital, social capital, and reputational capital. During that time I have had the privilege and pleasure of solving some of the most complex challenges for my clients. These organizations were the target of fraud, theft, extortion, ransom, deception, money laundering, sabotage, and corporate espionage. I have done so in the United States, United Kingdom, Germany, Netherlands, South Africa, and Brazil across various sectors, including media, oil & gas, software, finance, and energy.

What I have learned is that every family office is unique. Unique in its practices, culture, and needs. Today, we effectively serve all of them by drawing on our global network of experts that can craft solutions that fit their individual requirements. Through Falcone International, family offices can draw on the same strategies, tools, and resources that much larger organizations regularly utilize in their risk management.

I trust you and your team will find this guide helpful as you grow and safeguard your family's legacy. As always, I look forward to hearing your success stories and how we can serve your organization. Just know we are by your side, always.

Warm regards,

Tobias Jaeger



Tobias Jaeger
Founder & CEO

Practical strategies and solutions to safeguard the family office and family interests

Because of the high concentration of capital allocation power with a small number of people, family offices are just as exposed as larger organizations with a higher headcount.

Context and Challenge

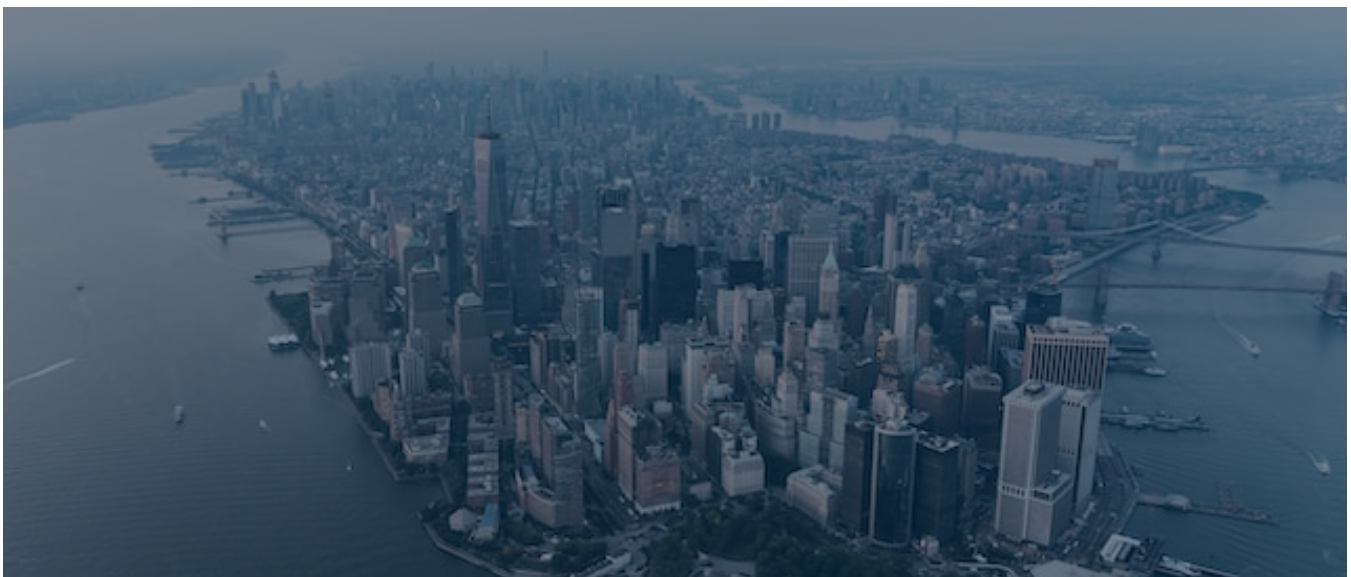
Mixing business and family can be rewarding but also very challenging. Family members who sit on the family organization's board by design will always have two roles. Conflicts can quickly arise and fester if they are not addressed head-on.

Effective family offices have long recognized the need to establish similar guidelines and solutions as other professional investment firms have to manage and mitigate risk and uncertainty.

Essentially, family offices face a unique set of internal challenges and external threats.

Major investment firms regularly draw on business intelligence resources to make better decisions and actively manage risk.

Because of the family's involvement, many of the key people in the organization are there 'for life', and the reasons for their involvement are different for other private or public organizations that manage similar assets. This can create an environment that can be more complex to navigate for insiders and other stakeholders.



Understand Individual and Collective Motivations

Having multiple generations actively participate in the family business or investment activities will inevitably yield different perspectives and motivations. Concepts of seniority or experience come into play, as well as expertise in specific areas in which the family office is active. For any organization, including family offices, everyone must understand each others' motivation to be involved in the organization. Often a simple effort can yield valuable results that benefit the family in the long term.



Falcone International regularly performs motivation audits, in-depth interviews, or background checks with existing or prospective key leadership and managers for organizations to identify discrepancies and allow for them to be repaired.

Organizations drawing on these interviews report higher levels of organizational health, lower organizational turnover, and higher levels of trust among key people.

Because of their longevity, family offices can think in terms of generations and achieve high levels of consistency and success by hardwiring their ethos and philosophies into firm guidelines.

Acknowledge and Correct Mistakes

Despite or maybe because of the ties between the organization's resources and family members, it is inevitable that there is disagreement over the use of the family assets. In day-to-day and long-term management, mistakes will be made, and it is

essential to acknowledge them, discuss them openly and freely, track them to some extent, and eventually take corrective action. In most cases, time is a critical factor, and swiftly mounting an effective countermeasure is crucial to avert further loss. Equally, family offices must ensure, despite or maybe because of the complexity of relationships and dependencies, that they create an environment in which mistakes or wrongdoing can be safely reported in the first place.



Falcone International regularly performs audits and due diligence of all kinds. If something goes wrong, we thoroughly investigate the circumstances and people to offer our clients an impartial, unbiased third-party view on the case.

Organizations drawing on these audits and investigations report higher effectiveness in solving issues, preventing further losses, and higher confidence in rectifying any wrongdoing — internal and external.

Formulate Clear Philosophies and Guidelines

Because of its longevity, family offices and businesses think in terms of generations and can achieve high levels of consistency and success by hardwiring their philosophies into guidelines. As not all eventualities are entirely predictable, it is helpful to set out a general philosophy that every family member and management can get behind. These philosophies can then be transposed into guidelines with more operational terms. The more precise these guidelines are, the easier adherence and enforcement can be. Additionally, in the case of fraud, most perpetrators have higher levels of authority. Thus, all definitions of roles and responsibilities should also include the 'rules of engagement' for top management and a framework in which their actions can be reviewed by an in-house team or the company's board, for example.



Falcone International regularly performs reviews of all guidelines and probes for internal compliance, as well as a test of internal policies

and philosophies.

Organizations utilizing these tools report higher efficiency and lower costs. They can check for compliance easier and have a more solid basis for any action brought against non-compliance. In addition, management and staff report that they find it easier to operate in an environment where the rules are clear.

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Every family office I know is unique in its practices, culture, and needs. Yet, we effectively serve all of them by drawing on our global network of experts that can craft solutions that fit their individual requirements.

Tobias Jaeger
Founder & CEO

Define Roles and Responsibilities for all Stakeholders

Often conflict in any organization arises from the misalignment of expectations. A clear definition of everyone's roles and responsibilities can mitigate these risks. Often, companies use policies like a 'Supplier Code of Conduct' or other publicly available statements (against Tax Evasion, Slavery, Child Labor, etc.) to publish their policies on different issues. Having a publicly or privately available policy incentivizes any stakeholder to comply. Often, the reputational damage can arise from supplier or external stakeholder misconduct that all related parties are dragged into. By proactively communicating the organizations' ethos and ethics and then effectively monitoring and enforcing them, a public track record can be built to serve as evidence and a tool for safeguarding the organization.



Falcone International regularly performs overt and covert in-depth interviews with clients' key stakeholders like suppliers or customers to check for compliance with rules and regulations as well as act upon specific findings and tips from within.



Organizations utilizing these services report higher efficiency through higher levels of trust in their key stakeholders. Other effects are lower insurance premiums and averting costly conflict.

Regular high-level and in-depth reviews are very important for a family office and can deter untoward activity.

Establish a Perpetual Process and Mindset

Just like muscles in sporting activities, a one-time effort is reasonable, but only a powerful habit is excellent. Making governance and its functions an ongoing effort with regular high-level and in-depth reviews is significant for a family office. It can serve as a great exercise to continuously engage the parting and the next generation. Equally, it will deter any untoward activity geared towards a long effort, for example, small asset misappropriation over a long period. In addition, regular reviews make it easier to detect anomalies in financial statements or management reports.



Falcone International regularly performs in-depth reviews running concurrently with internal financial reviews to enrich the analysis of internal findings. Upon detection of anomalies, Falcone International can take further action by investigating the results, securing evidence, and assisting with recovery and complementing possible litigation efforts through in-house or external counsel. Organizations utilizing these reviews report higher levels of confidence in their internal processes and higher efficiency in keeping their own rules and processes current and timely.

Key Takeaways

An effective organization will stick to several important principles in its effort to safeguard the family office.

- They place great importance on governance and all its aspects, like oversight, review, and enforcement.
- They take great care in setting policies for all areas of their business
- They perceive governance as a diligent, never-ending task that needs regular attention and refinement
- They make strategic investments into safeguarding their family office, increasing the health and longevity of it
- They rely on an expert partner for the co-design, implementation, and enforcement of their policies

How Falcone International Can Help You Meet Your Goals

We solve complex problems for our clients and help them make better decisions, establish higher levels of confidence, and allow them to act decisively.

We do not believe in one-size-fits-all solutions but in effective and efficient solutions that scale with our clients' needs.

Falcone International is a global intelligence and investigations firm offering expert consulting services tailored to address a wide range of corporate needs. To name a few that are relevant to family offices and businesses:

- Due Diligence & Deep Research
- Executive Background Checks
- Corporate Investigations
- Financial Investigations
- Litigation Support
- Safety & Security Assessments
- M&A and Deal Support
- Asset Searches & Recovery

In doing so, we regularly deliver, among other things, expert and forensic reports, action plans, risk heat maps, personnel assessments & reports, expert witness statements, and implementation assistance to our clients.

A dedicated, global team is at your disposal to overcome the next challenge. We are a diverse team of 120+ business executives, finance professionals, diplomats, government agency operators, and subject matter experts.

Everyone at Falcone International is a knowledgeable professional with decades of track record. They bring a fresh perspective by blending their experience and interest in new, cutting-edge methods and technology.

Global Contact for Family Offices and Family Asset Managers



Tobias Jaeger

Founder & CEO

tjaeger@falconeinternational.com

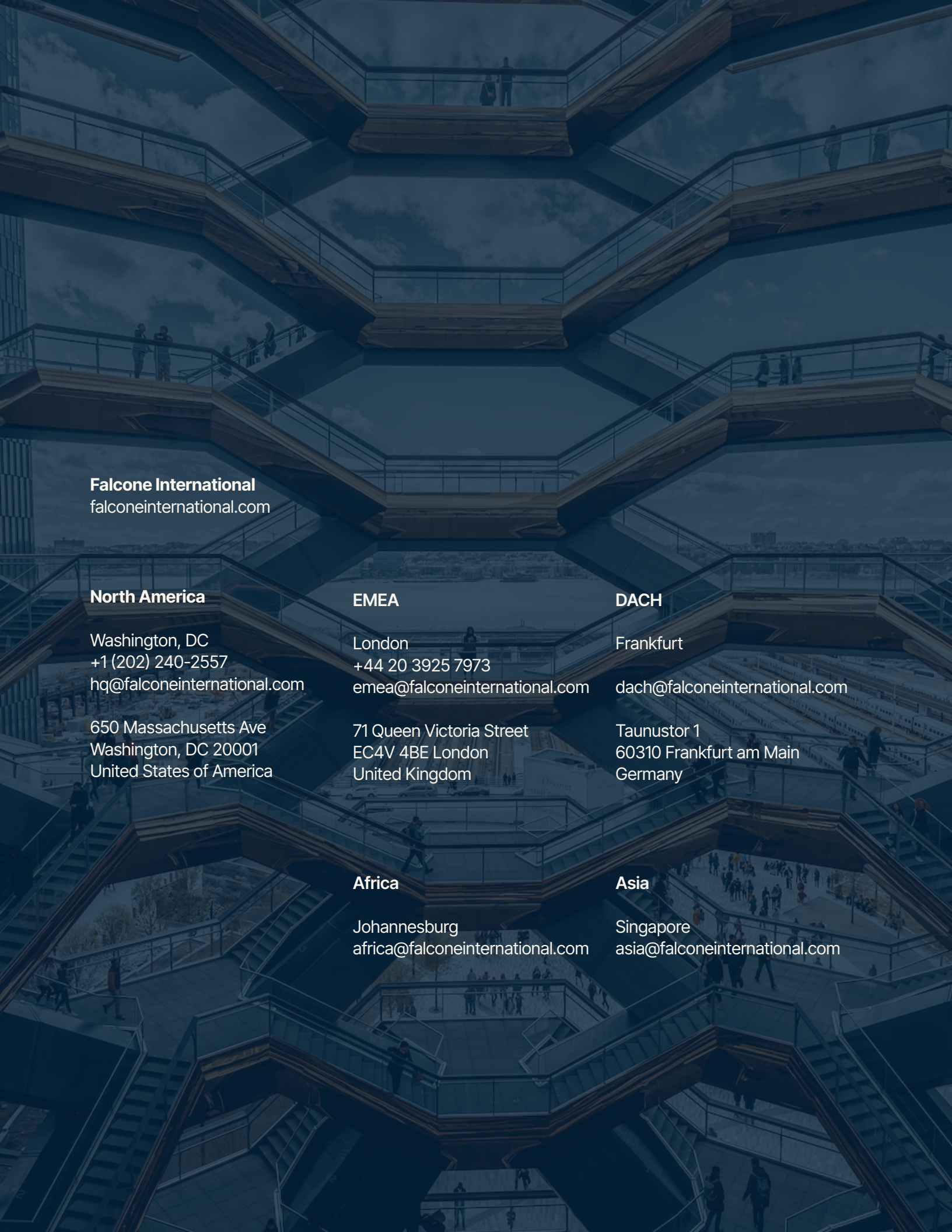
+1 (202) 240-2850

+44 20 3925 7973

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Falcone International
falconeinternational.com

North America

Washington, DC
+1 (202) 240-2557
hq@falconeinternational.com

650 Massachusetts Ave
Washington, DC 20001
United States of America

EMEA

London
+44 20 3925 7973
emea@falconeinternational.com

71 Queen Victoria Street
EC4V 4BE London
United Kingdom

DACH

Frankfurt
dach@falconeinternational.com

Taunustor 1
60310 Frankfurt am Main
Germany

Africa

Johannesburg
africa@falconeinternational.com

Asia

Singapore
asia@falconeinternational.com