



# Driving success through collaboration

Very little about a single family office (SFO) can be considered “business as usual.” The varied services they provide to their families... The “life events” they face that can impact both the family and the family office... The challenges of being a highly stable, yet responsive and nimble presence amid today’s dynamic business, political, social, legal, and regulatory environments... By nature, SFOs are a breed apart from other businesses.

Recognizing this, Deloitte strives to stand apart as an SFO advisor to help you through challenging times such as those that have unfolded on a global scale in recent months. We do this by:

- *Making connections* to people and resources that can transform the way SFO leaders – and the families they serve – approach and execute their most important decisions.
- *Delivering capabilities* to address virtually any event, whether it’s assessing fast-changing global economic conditions, the opportunities associated with changes in the tax laws, a game-changing transaction, a change in leadership, the death of a prominent family member, or any other development in the life cycle of a family or SFO.
- *Instilling confidence* by helping SFOs consider not only the unique issues they face today, but also looking around the corner to understand and help them prepare for what may lie ahead.

Deloitte’s 2020 National Family Office Forum (NFOF) is a prime example. The theme of this, our third biennial conference for SFO executives, was Driving Success through Collaboration. And that we did. Based on input from participants in a pre-conference survey, we offered many opportunities for them to build new relationships with their peers in the industry; explore a range of leading practices in SFO management; and, learn innovative ways others in their field are meeting the family’s needs. That said, much has changed in the world since we met, and collaboration will be even more critical in the short and long term to navigate this unprecedented time in history. We stand ready to help you with the challenges that come your way.

This report summarizes key takeaways from the conference. We encourage you to skim through it, let us know if you would like additional information on anything of interest, and learn more about why we are often the first resource SFO executives call upon when they need a trusted advisor. We look forward to reconnecting with you at the next NFOF in 2022.

Sincerely,



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# Addressing today and tomorrow's SFO challenges



## NFOF survey highlights:

In our pre-conference survey, participants identified the **most important challenges** they face today as a family office executive, as well as the ones they expect to confront in the future.



### Most pressing challenge facing you right now

- 1 Enhancing the operations of the office through process or technology changes
- 2 Understanding the true expectations of the family
- 3 Attracting, retaining, and motivating the right talent



### Most important and strategic long-term challenge facing the family:

Executive perspective	Family perspective
Educating and motivating the next gen	Educating and motivating the next gen
Creating a succession plan	Creating a philanthropic and social legacy

In response, we designed the NFOF agenda to advance participants’ thinking on many of these and other issues through the lens of connections, capabilities, and confidence.

## Topics covered at the 2020 NFOF

Plenaries	Professional & Leadership Development electives	Tax & Advisory electives
1. A Family’s Transition from 100 Years of Company Ownership	1. Business Chemistry: Using Science to Improve the Art of Business Relationships	1. Planning Post Tax Reform: Moving Forward with Confidence
2. How the 2020 White House Debate Could Reshape the Future of Tax Policy	2. Learning Trends and Strategies for the Family Office	2. Use It or, Lose It: Increased Estate, Gift, and Generation-Skipping Transfer Tax Exemption
3. Choosing the Right Philanthropic Vehicle to Achieve the Goal	3. Pixel and the Power of the Gig Economy	3. Life Cycle Considerations with Charitable Organizations
4. Technology in the Family Office: Four Experiences	4. Leadership of the Future	4. How Lender and Tax Reform Affect Decisions about Family Office Structure
5. The Future of Work	5. Art of Inquiry	5. Transfer Pricing for the Family Office
	6. Art of Engagement	6. Frequently Asked Questions about Family Investment Partnerships
	7. Demystifying the Cybersecurity Landscape	7. Investing in Startups: Playing Up the Family Office Advantage
	8. A Preview of Deloitte’s Greenhouse Labs for Family Offices	8. Compensation Trends: Family Office



# Making connections

In a business as unique and private as the SFO, networking among peers can be a challenge. But it can also be a powerful avenue for executives to observe, learn, and formulate ideas. Deloitte's NFOF served as a private, invitation-only event in which participants had a breadth of networking opportunities, from one-on-one conversations, to small-group interactions, to cocktail receptions and dinners. An extra day, longer breaks, a technology panel discussion, and extended breakout sessions with subject matter specialists helped participants learn about leading practices and exchange ideas with their colleagues in other SFOs.



## Quotes from participants:

“

The event had the perfect balance between networking and content. It really showcases Deloitte’s expertise and I appreciated the prep work.

”

“

I appreciated the opportunity to meet and network with so many others from varying family offices across the country. I liked the mix of technical and non-technical content offered at the forum.

”

## NFOF survey highlights:

Participants indicated that **technology** will be the most likely area of SFO operations to be outsourced in the next year. Not only can outsourcing draw in specialized knowledge to help address systemic inefficiencies, but it also offers an opportunity for more information-sharing between SFO executives as they hire new technology firms and deploy new solutions. Additionally, new technology platforms require collaboration across SFO functions, which may include reporting in the general ledger, investment performance reporting, and tax disclosures to ensure adoption and change management.

Participants also said **co-investments** continue to rise, with more than 30 percent of respondents indicating they have 50 or more co-investments either within the family or among different families. The growing use of these structures requires strong collaboration across investment advisors, tax teams, custodians, attorneys, and many more. The need for a high degree of connectivity in this area is core to the value the SFO delivers. This area is becoming more sophisticated and is directly linked to the increasing need for technology efficiency and transparency.



# Delivering capabilities

Given the keen interest of NFOF participants in a wide range of topics, we responded with breakout sessions on diverse issues, including tax-technical topics, learning trends and strategies, compensation trends, Business Chemistry® Labs, and several leadership sessions. An introduction to [Family Office Labs in the Deloitte Greenhouse®](#) previewed one-day immersive lab experiences designed to help SFO executives develop action plans for a range of issues that are front and center for many SFOs today.



## Quotes from participants:

“  
The Business Chemistry survey gave people something to talk about and connect over.  
”

“  
The Greenhouse Labs are an outstanding “vehicle” for getting families to draft their vision for the future and/or solve problems “from the ground up.” This could change the game entirely.  
”

### NFOF survey highlights:

The most significant area of tax focus in the coming year for many SFOs will be on **transfer tax planning and related capabilities**. With the uncertainty of the upcoming election, as it relates to the “sunset” provision, many SFOs want to capitalize on the increased estate and gift exemption. To learn more, see [Deloitte’s Essential Tax and Wealth Planning Guide](#) installments on planning opportunities.

With personalized service defining so much of the SFO experience, it’s no surprise that quality of **talent** is another high priority. When considering talent that can meet the family’s needs, the top three issues were: “Offering more flexible work arrangements,” “Hiring talent with different skill sets than before,” and “Changing compensation and benefit packages to attract and retain.”



# Instilling confidence

A persistent challenge for many SFO leaders is seeing far enough ahead to guide the organization strategically even as they navigate the many day-to-day issues that confront a SFO. Participants at the 2020 NFOF had multiple opportunities to gain clearer focus on the future through the eyes of specialists in key areas, including a keynote speech by Eric Allyn about his family's journey after selling a 100-year-old business; how the 2020 presidential election might shape the future of tax policy; and how the future of work could influence family office talent models, workforces, and skill development.



Eric Allyn

## Quotes from participants:

“

Fabulous to hear a real live story of success and struggle. Loved how vulnerable Eric was. Really helped me think about the branch differences in the family I work for.

”

“

The content was the best balance of leadership/management and technical. The longer breaks between sessions added to the ability to network and compare notes with the other participants.

”

## NFOF survey highlights:

“**SFO succession and sustainability**” has been a critical topic for executives each year Deloitte has hosted the NFOF, and this year was no different. Meaningful progress is being made as evidenced by the decrease from 73 percent of respondents in our 2018 survey to 50 percent this year indicating they either do not have a succession plan or that no actions have been taken against the existing plan—overall an encouraging sign that reflects the increased confidence SFO executives have in tackling this very complicated and nuanced issue.

For both SFOs and the families they serve, **educating and motivating the next generation** is perceived as the top long-term challenge. This finding is again consistent with prior years. Interestingly, when asked about services likely to be outsourced, family education/governance was second only to technology. This is likely to remain a top issue since each generation comes with its own unique opportunities and challenges based on macro societal changes and individual family unit changes. So SFO executives will benefit from considering the examples and action items provided by external learning specialists and other consultants, as well as firsthand experience from people like Eric Allyn.



# Let's keep the conversation going

One of the new questions we asked in this year's pre-conference survey was "What type of continuing education would be most beneficial to you?" In ranking order, the top responses were:

1. Psychology—content to enhance ability to navigate interpersonal and family dynamics
2. Technology—content to improve ability to use current and cutting-edge technologies
3. Technical—content focusing on specific financial, regulatory, tax, and fiduciary topics

These answers offer a learning roadmap for Deloitte and SFO executives. In anticipation of our 2022 NFOF, we look forward to working with you on these areas and providing you with thought leadership around them. We invite you to learn more about our Family Office Labs in the Deloitte Greenhouse®, which are innovative, immersive, and collaborative experiences that combine behavioral science with subject matter specialization in areas such as technology and technical planning. And, we encourage you to contact us to discuss results of the 2020 NFOF or to provide input for the next one in 2022.





## Quotes from participants:

“

You really hit a home run this year. I really liked all of your changes. The extended class times were really effective ... the extra time between classes added so much great networking time ... I had some great hallway conversations. I've come to all three of your FO meetings at DU and this was by far the best.

”

“

The conference, sessions and breaks were the right total length. The sessions were a good blend of technical and soft skills. There was plenty of time for networking. The DU facilities are outstanding. Overall, it was a fantastic conference and time well spent.

”



# Deloitte.

## Private

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