

In an article I wrote for the *STEP Journal* back in October 2014, I discussed the three factors that make a family office successful: independent thinking, the ability to mix and match financial solutions and sustainability. Independent thinking is important because the family office is the brain that helps the family make informed, independent decisions. The ability to mix and match means that the family office can find and structure the best solution for the family even though it is not readily available in the market. Sustainability is about continuity of the money, the family business, the relationships and the family office itself.

Two years have passed and all these are still true. I believe they will remain so for a very long time. However, this year, I have started to see a new dimension to the success of a family office.

A family office should be trusted by the family members to be truly successful. Otherwise, decisions made by the patriarch or matriarch are not respected and carried out. Members of the family would appear to be in harmony but in their hearts, there is no true acceptance.

How can a family create a trusted family office? We need a strong and sensitive governance system. A strong system is one that enhances the family as a whole. It is robust, well thought out, consistent in terms of responsibility, extent of authority and accountability. Such a system should also be sensitive because it must have empathy, adaptability and compassion.

By displaying these qualities, the family office becomes one to which the family members feel a strong sense of belonging rather than one just created by the patriarch or matriarch and imposed on the family members involuntarily. The best system should allow the future generations to decide for themselves, and have the flexibility to be modernized.

Another major sensitive issue is whether and when to intervene. Sometimes, family conflicts can be resolved by the family members without participation by the family office. Sometimes, the family office acts as the mediator if it decides this is a better way of handling the conflicts.

Family offices should beware of any obstacle that might result in distrust. Typically, if a family office is driven by the patriarch's ego, it represents just his super ego and an underlying assumption that others do not have the strength to be themselves. If the sole purpose of a family office is just to provide services, it is not there to motivate the family members to become the best versions of themselves.

Some family offices start with beautifully drafted rules and codes, but without the persistence to implement them, the family offices are not delivering true value. The last but the most commonly seen obstacle to a trusted family office is when the family office is fear-driven, usually the fear of litigation, divorce and family disputes. A family office constantly in defensive mode is not one that the family members would trust.

Many families want a family office that can protect them and their assets from attacks originating externally, and even internally, among family branches and members, and from spousal claims. Because it can afford the best professionals and services, a family office can have in place the best documents and the most protective strategies. I acknowledge the necessity and merit of that kind of family office. However, without love, the best documents and the most thoroughly designed protective measures will not make a successful family office. At the family level, such a family office is hardly one that everyone can trust. Fortunately, many UHNW families I have worked with have started to appreciate the significance of a good governance system, and some even take it to the next level to care for the spiritual development of the family members by encouraging mediation and other methods to help the family members find inner peace and relationship harmony.

A family office should be about trust and sense of security. It is the same for employment in a company. It is the same for any interpersonal relationship. If one does not feel trusted, he or she would naturally find it hard to trust others. It is as simple as that. A trusted family office is like a traffic control tower. Many planes are in the sky and the pilots trust that the family office can provide them with information on things that they cannot see themselves and they are communicative through the family office to each other.

Like the pilots, family members can have their own directions and destinations, but if there is a family office they can trust, they will always come back for advice and information and, by doing this, the bonding will always be there.

This bonding is what one calls love.

## Contact

**Patricia Woo**  
Of Counsel, Hong Kong  
T +852 2103 0322  
E [patricia.woo@squirepb.com](mailto:patricia.woo@squirepb.com)