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# BOOK REVIEW

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## The Complete Family Office Handbook: *A Guide for Affluent Families and the Advisors Who Serve Them*

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**T**he *Complete Family Office Handbook* (Wiley/Bloomberg Press), a new book by Kirby Rosplock, should be on the desk of anyone who has reason to understand how a family office works. Written by an individual who has served in the industry and represents a family who has received services from it, the book is meant to cover all the various facets that the wealthy or those who serve them should know. Rosplock covers a wide variety of topics and has enlisted a number of experts to write or co-write five of the 15 chapters; the book can thus fairly be represented as a reference text for anyone in or working with the wealth-management industry.

As befits a valuable handbook, the text is organized into chapters, each of which is focused on one or another specific topic. Extraneous links from one chapter to the next—other than the higher-order dedication to the study of family offices—are kept to a minimum. Only the first three chapters, for instance, discussing the needs underscoring the formation of a family office, can be argued to form a subset. The

12 subsequent chapters do not follow each other in any particular order, with the possible exception of the 15th, dealing with globalization issues, which nicely forms a logical conclusion, expanding the theme to new horizons.

Chapters 4 through 14 cover issues such as the values, mission, and vision of a family, the actual structuring of a family office, the formulation of a family office baseline, legal and compliance matters, investment management, operations and information technology, talent management, governance, education, entrepreneurship and legacy, and philanthropy. It is hard, not to say impossible, to argue that there is any major hole in the menu. Indeed, readers are best advised to select a couple of items and enjoy them rather than attempt to eat everything offered!

The book is well written and contains a number of gems that offer useful perspectives, with hardly anything objectionable to mar the message. Every section is quite complete, although one could argue that, at times, the vision offered in this or that chapter might be a bit narrow, surely reflecting the perspective

of the author or co-author rather than possibly offering a sense that the real choice is broader. In that vein, it would not be surprising if any specialist who reads the chapter discussing his or her specialty will find it possibly a bit superficial, seeming to leave out elements that might either have made the flow easier to follow or illustrated that certain points are not as simple as they appear. Yet is that not the lot of anyone who tries to cover a topic that might call for a series of volumes to do it justice as a *précis* of the whole? Instead, the book allows each reader to take any insight to a deeper plane if needed and provides a vast array of references in notes at the end of each chapter, offering a useful first line of potential sources.

The chapters that most captured my attention were those dealing with the *soft* family issues, probably because those are the areas least frequently discussed. By contrast, the chapter dealing with investment management issues appeared to this former “investment management jockey” less detailed and newsworthy than it might have been. But the book’s discussion of issues ranging from entrepreneurship and the role of a family bank to the management of family office talent resonated particularly loudly, since these are topics on which precious little has been published, though the author still finds a way to mention at least 20 odd references for each.

What is missing? Although the topic is alluded to here and there, one might have wished to see a more specific focus on the evolution of family offices through time, with the obvious extension of how the family office of tomorrow might look. As recently as 35 or 40 years ago, the bulk of the wealth in the United States had been inherited and was managed by the trust departments of large banks. Though certain families had family offices for a while, the relatively uniform nature of many of the trust structures used made the investment dimension, for instance, relatively uniform, despite the fact that this latter statement is probably accurate in the 80/20 sense but not with respect to specific circumstances that might be pointed to here and there. The massive change experienced by Wall Street with the “Big Bang” that saw brokerage commissions liberalized and a bull market that started as Paul Volcker got the Carter-era inflation under control combined with an explosion of entrepreneurial spirit to change the demographics of the wealthy. A lot of “new money” was created and required help.

Though, in contributor Greg Curtis’s words, some of that “new money” would qualify as “faux rich,” which he defines as people who enjoy substantial incomes but have not yet created a real store of assets deployed in the economy, a lot of truly “rich” were also created. Their needs and propensity to use a variety of advisors made them quite different from the many “trust beneficiaries” of the past. After all, their fortunes had been “liquefied” with the help of advisors, and the wealth-advisory stables, hitherto limited to tax and estate lawyers and trust managers, quickly expanded in a multitude of new dimensions. That’s when the large number of disciplines that the author identifies and discusses in the book came to the fore and the phrase “integrated wealth management” was coined.

So where is the industry going? One would have liked to be able to read a few additional thoughts on this question, if only as a means of guiding possible new entrants in the industry and of helping families, whose wealth is being liquefied as we speak, know how to anticipate imminent changes. A few thoughts can be gleaned from the book, but it would have been satisfying to have them pulled together. What should be the consequence of the increasing regulatory and compliance burden? With the rising cost of most specialists, how should the make-or-buy decision be approached? With the growing trend of families branching out across borders, and thus across legal jurisdictions, how can one deal with jurisdictional conflicts? With the expansion of the emphasis on integrated services, what is the role of the specialist versus the solid generalist? Given the massive computing power now available and the increasingly better understood need for customization, what is the role of systematic decision-making tools? The list could go on, but the point is made: One can succeed only if one can avoid repeating the mistakes of history; thus, learning history and drawing conclusions from its main lessons is an important dimension that could have been more concretely addressed.

Yet, in the end, this latter criticism is somewhat contrived. The explicit goal of the author was to bring together the “state of the art” so that a readily available reference was created for the benefit of both service providers to the wealthy and the wealthy themselves. Thus, though one can quibble here and there, the fact remains that this book is somewhat of a milestone in our industry; it should be required reading across the full spectrum of its participants.