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# Family Office Forum

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## Pinpointing Future Opportunities for MFO's: Paving the Road for an Evolving Business Model

Panelists:

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# Panel Discussion: Time Allocation

- The Business/Industry Opportunity } 5 Minutes
- Brief Firm Introductions:
  - Opportunities we See
  - Challenges we Face} 10 Minutes
- Panel Questions } 15 Minutes
- Open Audience Q&A } 15 Minutes



# What is the *Business Opportunity* for MFO's serving the Affluent Market Segment?

- Poorly Served Market (majority of families still in old paradigm)
- Growing and Desired Market (proliferation of individual wealth)
- Record Transfer of Wealth (demographics, new decision makers)
- Growing Appreciation for Separation of Products & Services
- Growing Preference for Comprehensive Service Model
- “Commoditization” of Products
- Cultural Barrier to Entry (difficult to establish culture)
- Increased Understanding/Appreciation for Objectivity
- Trust has Become Both “Relational” AND “Structural” (objectivity in fact)
- Families are Redefining their Measurement of Success



# Independents/MFO's – Some Observations

## The Industry -

- Highly Fragmented
- Concentrated Ownership
- Strong Growth Rates – 20%+
- Momentum: Growing Number of Firms/Competition

## Positive Recent Trends -

- Migration of Talent to Independents
- Disruption in the Financial Services Industry - Opportunity
- Dislocation of Clients (Blame Government & Financial Services)

## Negative Trends -

- Deteriorating Margins (How Temporary?)
- Buy & Hold Strategy Questioned
- Madoff Situation: Guilty by Association as Independents



## MFO's – Key Issues

- Long-Term Model for Retaining Talent\*
- Business Succession: Ownership/Management\*
- Difficult to Differentiate Offering (Marketing)
- Profit Margins\*

\*Growth is Key



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# Types of Growth

Organic Growth – The growth that comes from:

1. New Clients
2. Service Expansion - Existing Clients
3. AUM Addition - Existing Clients
4. Market Growth - AUM

Inorganic Growth - The growth that comes from:

1. Opportunistic Hires and “Lift-Outs”
2. Mergers (“Fold-Ins”)



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# Brief Firm Introductions

Firm Name

Location(s)

Number and Types of Clients Served

Number of People

AUM

- What opportunities does your firm see?
- What challenges does your firm face?



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## Panel Question #1

What are some of the initiatives your firm is pursuing today to capitalize on the opportunities?



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## Panel Question #2

How has the past six months impacted your firm's strategy?



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## Panel Question #3

Is bigger better?



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## Panel Question #4

What is the most significant event that has occurred in our industry over the past six months – that you believe will have a lasting impact on our industry?



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## Panel Question #5

Is the advice only model dead?



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