


Family Office Veritas

“ The truth every family office needs to know”

Summer 2009

Volume 4 Issue 1

Household Risk Managers Solve Resource Problems

 Family offices have a multitude of responsibilities, from managing and growing the wealth of the family to shielding the family's identity and providing personal concierge services. While family offices are staffed with a team of financial and administrative experts, there is oftentimes a crucial piece of the puzzle that is missing: an experienced, effective Household Risk Manager.

Unfortunately poor management of employees and lack of situation awareness has led to an alarming 110% increase in lawsuits filed by household employees against their affluent employers from 2007 to 2008.

With the sharp increase of lawsuits filed by household employees against their HNW employers, the ever-changing employment laws, the rise of identity theft, along with the escalating cost of efficiently maintaining complex households, a solid Household Risk Manager could be a life-saver for a family or family office that doesn't necessarily have experts that can address and handle these delicate issues.

Teresa Leigh, founder and CEO of Teresa Leigh Household Risk Management, has 26 years of experience overseeing household processes and identifying risks that HNW homeowners face, thus saving her clients millions of dollars in household efficiencies and avoiding pitfalls for potential lawsuits. Below, Teresa explains the role and the benefits of a Household Risk Manager.

Q: What is a Household Risk Manager, and why should a family hire one?

TL: A Household Risk Manager is a highly skilled professional who specializes in being able to quickly identify and solve the unique problems facing every HNW individual or family, their households, and their properties. Through years of experience, our company has come to witness the rare expertise needed to understand both the needs of our clients and the complex and often colorful personalities of the household domestic staff, subcontractors, and vendors who are needed to run these households and properties.

Experience has taught us a very valuable lesson we share with our clients: this type of risk can easily shatter safety and peace of mind. Our company is hired to identify and diminish or eliminate household risk.

Our goal is to make our clients' lives easier and save them money.

Q: Describe your typical client.

TL: Our typical client is a HNW individual or family who is seeking guidance on a household, property, or domestic staffing issue. They may be overwhelmed by runaway household expenses, the high turnover of

family office would face if they did it themselves, and save money on expenses and turnover. Further, we can make the family office look effective to the family as they are viewed as having the capability to get the job done correctly.



staff, or a home renovation project that has taken on a life of its own. They don't have time in their busy lives to deal with these things and they just need help and guidance.

Q: When would a family office know to call you?

TL: When they have the responsibility for managing a household or multiple households, and the family is looking to them to solve staffing issues, figure out household expenses or manage a household project that is just outside of their realm of expertise. We can help the family and family office create household structure, offer them best practices, and deal with employees and subcontractors. We remove the costly learning curve that the

Q: How do families save money by hiring Teresa Leigh Household Risk Management?

TL: Many families and family offices are not aware of the true expense of running a large home or how much money can be saved by streamlining processes and establishing best practices. We are experts in working with complex households, properties, and domestic staff. Further, our company is unique in the field as we are dedicated to constantly conducting research projects to find new and better platforms for making the affluent household safer and more efficient in the way it's managed. We also decrease the potential of a costly lawsuit by keeping our clients

aware of the changing employment laws and grassroots organizations that affect domestic staff. Unfortunately poor management of employees and lack of situation awareness has led to an alarming 110% increase in lawsuits filed by household employees against their affluent employers from 2007 to 2008.

Q: Do you think this trend is going to continue?

TL: Let me just say that I am consistently amazed at the mismanagement of so many HNW households. I also hear the struggles that family offices have and how they often feel powerless to help the family. Homeowners will say “it’s my home so I can do whatever I want.” However it is also the work place to a number of household employees and that means state and federal labor laws must be respected. I feel everyone’s angst over this, and it’s our job to make everything flow seamlessly for the family office, and offer the homeowner the flexibility to live in their own homes the way that they wish. We must keep everyone happy!

Q: Many of your clients have a family office to support the family. How do you complement the services that a family office provides?

TL: Many family offices are given the role of “household management” because the family feels comfortable and secure with their family office staff. However, oftentimes family offices do not have the expertise to handle domestic staff or household issues—nor do they particularly want to. They have never worked inside of a HNW household or managed the staff inside the home.

For example, we recently received a referral to a HNW family whose family office was struggling to understand the expenses generated by six of their homes. After speaking with the family office and the accounting department we dis-

covered that 15 of their household employees had household credit cards! The family office had no way of tracking and monitoring the thousands of dollars of charges on those cards every month, or if the charges were legitimate or not. Further, they didn’t really know how to put systems in place that would act as checks and balances for household employees.

This situation is not uncommon. Family offices constantly face this challenge and are usually at a disadvantage when it comes to dealing with domestic employees and household issues. It’s outside of their comfort zone. Compounding the matter is that the family office doesn’t want to reveal any vulnerability to the family. That’s where we come in—the family office partners with us and together we solve the problems for the family.

Our ultimate goal is to save money for the client.

Q: What is your relationship with the family office and with the family themselves? Do you work directly with both?

TL: Of course each client and project is unique. We work directly with both the family and the family office in the way that makes the most sense for the project and the client.

Q: Do you consider Teresa Leigh Household Risk Management a concierge company?

TL: We do assist our clients with finding products and services that are vetted, reliable, and best in class. That said, we are not a concierge service in the modern sense of the word. We do not make travel arrangements or do event planning. We would however, locate the best vendor in the marketplace and make sure there is professional follow-up on the needs of the client.

Q: One service your company provides is staffing. How are you different from a staffing agency?

TL: We believe the business model of a traditional staffing agency leads to a conflict of interest. It’s in an agency’s best interest to present a large number of candidates to the client and get someone—anyone—hired as quickly as possible. There is no vested interest in whether or not the candidate works out for the long term. It’s about quantity over quality. We operate completely differently in that we shield our client’s identity during the hiring process and only present them with well-screened, thoroughly vetted candidates. Staffing agencies usually do not vet their candidates prior to interviews with HNW clients, which routinely leads to serious errors in judgment.

We also assist the client with the orientation and training of their new staff. Our ultimate goal is to save money for the client by lowering their staff turnover.

Q: If you could offer some free advice to a family office CEO what would it be?

TL: It would be to understand the indicators of high risk within a household. Here are my top five:

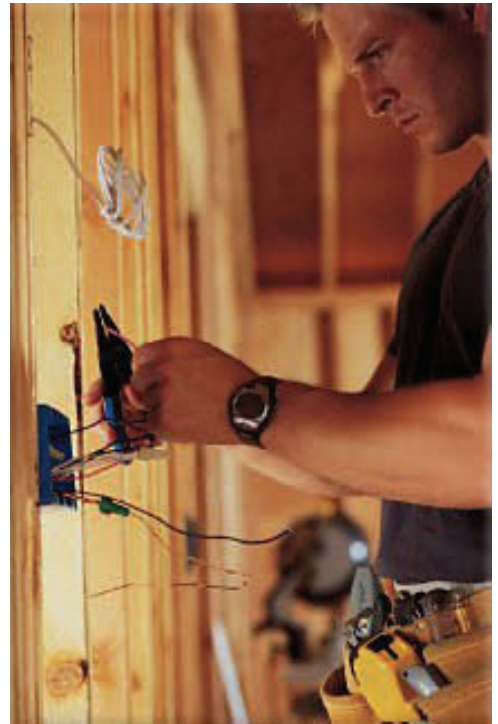
1. Not performing thorough background investigations on candidates prior to interviews with the family, or not performing background investigations on subcontractors before hiring.
2. Not providing human resources or an employee manual with written policies for employees.

3. Not being aware of the complex dynamics of household employees, which often means they are not being managed effectively.

4. Not collecting COI’s (certificate of insurance) on all subcontractors during the bidding phase of any project.

5. Not hiring a household risk manager to provide support to the family office.

A household risk manager has proven to be a valuable resource to HNW families and their family offices, providing both expertise and insight on the intricacies of complex households.



For more information on household risk managers please contact:
Teresa Leigh Household Risk Management
New York, New York and Raleigh, North Carolina
1-877-222-7292
www.teresaleigh.com