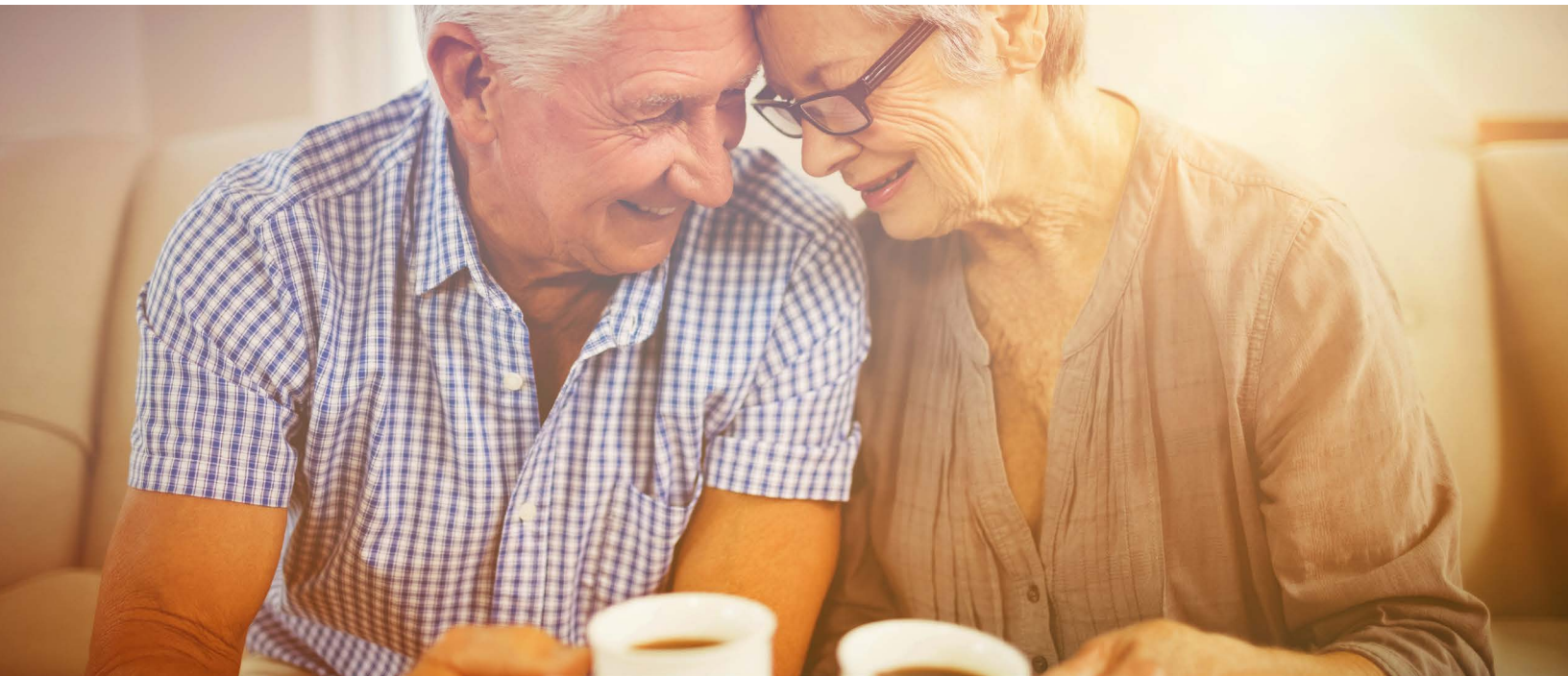


FAMILY OFFICE MANAGEMENT

The looming crisis in the single-family office world

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The aging of the older generation poses one of the greatest challenges facing single-family offices (SFO) today.

There are 56 million Americans ages 65 and over, which represents 17% of the population, per the U.S. Census. In seven short years, by 2030, that number is expected to increase to 73 million, with 70% of those needing some type of short- or long-term care.

The National Institutes of Health stated in 2021 that the number of caregivers would decrease uniformly over the decades to come. What options will families have to hire skilled and experienced caregivers, and how can their SFOs help them when there is a nationwide shortage of nurses and caregivers?

A case study: William is an accomplished and respected CFO who has worked for SFOs for over 14 years. In 2017, he was courted by a self-made, ultra-high-net-worth entrepreneur born in the 1940s. Upon accepting the position, William knew he had both the opportunity of a lifetime and his hands full. The office team was full of drama fueled in part by the

mercurial behavior of the patriarch and the extended family that revolved around him.

By March 2023, the patriarch was in his late 70s. He was newly widowed and spending the majority of his time in and out of hospitals or back and forth to doctors' appointments. His estrangement from his two daughters meant the day-to-day management of his care fell to his executive assistants, the elder household staff and his handyman/driver.

Instinctively, William knew this was not sustainable. For months he had been fielding calls from staff regarding the patriarch's explosive temper and his capricious decisions when it came to following doctors' orders. The staff often found him on the bathroom or kitchen floor or in the garage still inebriated from the night before, covered in vomit and human waste. They knew it was only a matter of time before something horrific happened.

When William contacted the patriarch's daughters, their response shocked him.

"We cannot force him to take better care of himself, he no longer listens to us, and we certainly cannot convince him to follow doctors' orders or stop drinking. We cannot remove him from the board in the current situation. As our CFO, what are your suggestions for his personal care management, and how much will it cost?"

Here are three options for SFO's to consider:

1. Contact a national or local care staffing company to provide as needed or round-the-clock care employees. The per hour rate ranges from \$25 to \$150 or more, depending on skill level and experience. The care staff will be employees of the care company.

Pros:

- This option provides a quick "staff-up" solution to deliver staff as needed or round-the-clock care.

Cons:

- Due to staffing shortages, the care company may have to send different employees per shift and there is no guarantee the same staff members will be available from one day to the next.
- The care company may have to cancel service if employees are not available. Leaving the family without a caregiver.
- The quality of care may vary day-to-day.
- Care companies may not be able to provide staff for patients with difficult or problematic personalities.

Cons: *(cont.)*

- The care company may not offer a single point of contact.
- Care companies have poor vetting policies and practices for their employees.
- Some employees may have unacceptable skill levels, personality disorders, drug use, poor work habits or an attitude that is not suited to quality home care.
- Caregivers may not be willing to travel.

2. Hire a highly skilled personalized care team focused on the well-being of the family member.

Pros:

- The highest level of personalized in-home care with consistent care team employees
- The SFO and the family controls the hiring process and management
- This option provides a single point of contact for doctors, medical care, post-op, medications, digital follow-up and documentation.
- Caregivers are aware of unique needs of the job and are willing to work with patient complexities.
- Caregivers are able and willing to expand their roles to include assistant duties, driving, food prep, pet care, household chores, open communication with the family and travel with patients when asked.

Cons:

- This option may exceed the cost of an outsourced care company.

3. Assisted-living residences.

The cost of these facilities varies depending on services, unit size, care levels and region.

Pros:

- Assisted-living residences offer flexible options for living spaces including outdoor spaces and parking/garages.
- Different levels of nursing and post-op care.
- Many offer dining rooms for three-plus meals a day.
- Assisted-living facilities may offer additional personal-care services (hairstylist, physical therapy, yoga, etc.).
- Residents can participate in indoor and outdoor group activities.
- The senior community can offer a sense of connection to others.

Cons:

- Lacks a single point of contact.
- Communication with families may be inconsistent.
- Change of staff with variable skill levels and experience.
- Residents may feel isolated from family.
- Can be expensive with annual increases, use restriction and fines
- Pet restrictions are common (no pets or only small pets).
- Offer limited dining options
- Residents live in close proximity to their neighbors.

As families age, countless single-family offices will face the same dilemma to provide optimal care options for their family members. In addition, these offices will be in competition with each other and other families for trusted and skilled caregivers. It is paramount that executives be prepared to provide clear choices that align with the family's needs and offer the best care possible.

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