

FINANCIAL PLANNING

November, 2009

Financial-Planning.com

PRACTICEPROFILE



Family Planning

Mary Dennis Jones provides the highest level of service to her family-office clients, which is the key to her firm's fantastic growth. By Jim Grote

OUTSIDE BIG CITIES LIKE CHICAGO AND ST. LOUIS, the market for family-office services in the Midwest remains uncultivated, says Mary Dennis Jones, executive vice president and managing director of the Atlas Brown family office in Louisville, Ky. In 2004, Jones and Atlas Brown's CEO and founder, Wayne Hancock, noticed a need for a firm focused on exceptional customer service in the Louisville area. They left their local wealth management firms to launch Atlas Brown with four partners.

Today, Atlas Brown boasts 105 client relationships with a little over \$1 billion in assets under advisement. The firm has two divisions, a wealth management and a family-office division. The average net worth of clients in the wealth management division is about \$3 million. The family-office division now serves seven client families, with an average \$150 million net worth.

services to domestic staff management, travel arrangements and information technology services for home telecommunications networks. The most unexpected service she has provided involved packaging and moving a portion of a client's art collection to a museum.

FAMILY WEALTH MAPPING

While concierge services are more popular with older clients, two other services form the key to all client service—long-term goal development and financial reporting, which function symbiotically.

Goal development and governance drive the family-office process. For Jones, realistic goals and successful family governance grow out of each family's unique history and culture. Younger generations learn financial stewardship by studying how family wealth was generated and managed in earlier generations.

Jones has served as a travel agent, realtor and technology advisor for her wealthy clients.

SERVICE, SERVICE, SERVICE

Atlas Brown's growth boils down to one word: service. The level and complexity of services Jones provides is daunting. Among other roles, she's served as a travel agent, realtor and technology advisor for her wealthy clients.

Family-office services include risk management/insurance assessment; estate planning; business succession oversight; investment advisory services; cash flow forecasting and management; private foundation management; and buying, selling, and financing real estate. Her concierge services comprise everything from bill paying and payroll

Atlas Brown facilitates this learning curve through regular family meetings (all generations invited) two to four times a year. Jones and her staff generate the family dialogue and record the results for future use. An essential part of these meetings is explaining and analyzing what Jones calls "family wealth maps."

In the early stages of a client relationship, Jones and her staff wade through a family's legal documents and investment statements to create a map that quantifies the family's financial situation. During family meetings, each participant receives a binder of current wealth maps and maps of possible future scenarios to assist in goal development,

investment strategy, tax planning and philanthropy.

For example, one common flow chart in a family wealth map shows the family's multigenerational estate plan. Assuming a two-generational financial family, the chart may map what each member of the second generation would inherit if the father dies before the mother or vice versa. Another chart may show what happens if they die simultaneously, adjusted for estate taxes and trust arrangements.

"We even provide projections based on grandchildren yet to be born," Jones says. Such projections assume comprehensive and detailed reports on a family's far-flung assets. Atlas Brown uses Advent account aggregation software with overlay programs for presentation purposes. However, caveat emptor, packaged software does not, by itself, solve the client's need for accurate information.

Virtually all of Jones' clients have multiple outside money managers who employ different custodian and clearing banks. She also administers family partnerships, trusts, endowments, foundations and private investments. Being able to collect and aggregate all outside data accurately, including illiquid assets, onto a single reporting platform is a challenge. But the more accurate the reporting, the more accurate the projections—and the more focused the family governance.

The family-office division is accustomed to working with creative legal advisors who utilize numerous trusts and entities, such as family limited partnerships and charitable accounts, to achieve a family's wealth-transfer goals, and civic and philanthropic intentions. "It took my team many, many months to comprehend and map one family's estate comprising trusts that span many generations of beneficiaries," Jones says.

THE PRACTICE

At Atlas Brown, each family-office client is served by a portfolio manager and a relationship manager. Some client families require two relationship managers. Each family also has its own virtual CFO through the family-office division's CPA and bookkeeping department.

The professional staff of the family-office division includes one CFA, a CFP and a CPA. The firm's wealth management division has a CFA, a CFP and a CEBS (Certified Employee Benefits Specialist). The firm is predominantly employee-owned (85%), with 15% of outside investors, "a major factor in employee motivation," Jones says.

Atlas Brown's investment strategy is as diverse as its clientele, which ranges from old wealth to new millionaires. A few clients are 100% in bonds and a few hold almost 100% individual blue-chip stocks. While core portfolios tend to hold domestic equities and bonds (including international bond funds), most portfolios also include private equity, commodities and emerging-market positions, "whatever is appropriate," Jones says. Whatever is appropriate is worked out in a client family's investment policy statement, which formalizes investment goals, risk tolerances and return objectives.

Jones says her firm capitalized on the dissatisfaction many high-net-worth clients have with the lack of service in big investment firms. She says, "Clients want two things: to feel good about their financial advisor and to know their advisor will be there for them in a crisis. Many of our newer clients felt neither in the recent collapse." **FP**

Jim Grote, CFP, contributes regularly to Financial Planning.



Mary Dennis Jones
Executive Vice President
Managing Director of Family Office
Preston Pointe
333 East Main Street
Suite 400
Louisville, Kentucky 40202
Phone: 502-271-2905
Fax: 502-271-2901
Email: mjones@atlasbrown.com
www.atlasbrown.com

Brad Glotzbach
Senior Vice President
Preston Pointe
333 East Main Street
Suite 400
Louisville, Kentucky 40202
Phone: 502-271-2925
Fax: 502-271-2901
Email: baglotzbach@atlasbrown.com
www.atlasbrown.com