

Peer Insights

R E P O R T

Q&A with Rob Elliot

Vice Chairman of Market Street Trust Company

Principle Series:

Rob Elliott sits down with Family Office Insights to discuss his new role at Market Street Trust Company, what's new and trending in the wealth management business and how family offices need to keep up with the changing times.



Family Office Insights is a voluntary, “opt-in” collaborative peer-to-peer community of single family offices, qualified investors and institutional investors.

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Q: After your long career at Bessemer, why did you join Market Street?

A: At the end of the day—somewhat previously—I failed retirement. I was on the Management Committee at Bessemer Trust where you are expected to retire at 65, an unwritten rule. At that point they wanted me to stay on as a Senior Advisor, but that was a role without much structure. At the same time, they had allowed me to be on the Market Street Board. Marianne Young (president of Market Street) and I had known each other for years. While on the board, I got to know the team and the investment platform and the Houghton family (who founded Corning, Inc.).

To be more visible, they needed to be located in a major city beyond their Corning, New York presence. We needed a presence in New York City. During my time at Bessemer, I helped a Single Family Office (SFO) move to a Multi-Family Office (MFO) model, but here I'm helping an SFO move to a shared family office model. At the end of the day, what can be a better alignment of interests for clients and the company itself than a shared family office model?

Q: Can you describe the shared family office model at Market Street?

A: The Houghton family first made the decision they didn't have to own all of the family office themselves. They embraced the idea of having other board members outside of the family with certain expertise, which is one of the reasons I came on the board. Why not have everyone feel like this was a partnership? When someone becomes a client they are asked to contribute some capital for our Trust company, but that is also evidence to each of our clients' commitment to the idea that they are in it with us. No one has to go on the board, but several clients have joined the Board. Overall, it's a very interesting model where all decisions are based on the point of view of "is it the right thing for the clients?"

Q: What are ultra-high-net-worth families looking for from their advisors? Has this changed in recent years?

A: In a word what they are looking for is trustworthiness. It might be an overused term but after 2008 and Madoff and many shenanigans of reputable brands of the wealth management business, many have proven to be less trustworthy. First and foremost, wealthy families want a relationship with an advisor who is looking to put the relationship first as with the fiduciary standard. It's still amazing to me that some noted institutions are getting fees and pushing products that are not in the clients' best interest.

Also, wealthy families appreciate the complexity of their financial needs and understand that decisions on investments, estate planning, philanthropy, and so on must be looked at on an integrated basis. I think they want a stable, enduring multi-year relationship with their advisor as they need to protect their wealth through multiple generations. They need an institution that can develop a relationship with the next generation.

The other thing that has changed is how families interact with their advisors. Historically, you would meet periodically with advisors and do a formal review. Now with the Internet and email, you want it digital and personalized. It takes a

different service model to be able to deliver that properly and back in the 1970s and 1980s people were a little more trusting. The investment platform for most people is quite broad and understanding it is not easy.

Q: Educating the next generation has become a big issue for families and their advisors. What new issues have surfaced around this area and how has Market Street dealt with them?

A: We do a combination of workshops and one-on-one training with clients. The major thing that's happened is really trying to understand the big picture. Previously, people were looking for basic education, the 101 on estate planning, etc. Now we create sessions on entrepreneurship. We have experts discuss career direction for the next generation and help them think about their options. We deliver it in a way that's user friendly and much more digital.

Our challenge today is delivering highly personalized service to clients as we expand. There is simply no such thing as mass customization. They can tell the difference and it rings true with them.

Q: There are so many firms calling themselves family offices. Are wealthy families confused by this?

A: I do think there is confusion in part because the family office industry has not done a totally effective job making the differences known without having the marketing budgets of the big banks. Candidly, they all say the same thing: they deliver integrated solutions. I think what people need to do is provide concrete examples and when you give people real examples, then they can understand. The industry can do a better job describing what the value-add is.

Anyone can call themselves a family office. To me a real family office is one that was started by a family. If it is started by a family, you have the core values of that family that turns into an enduring commitment. So many of the RIA rollups and other models are tagged as MFOs. They are nothing more than rollups of brokers.

Q: Where will the family office market be in 10 years?

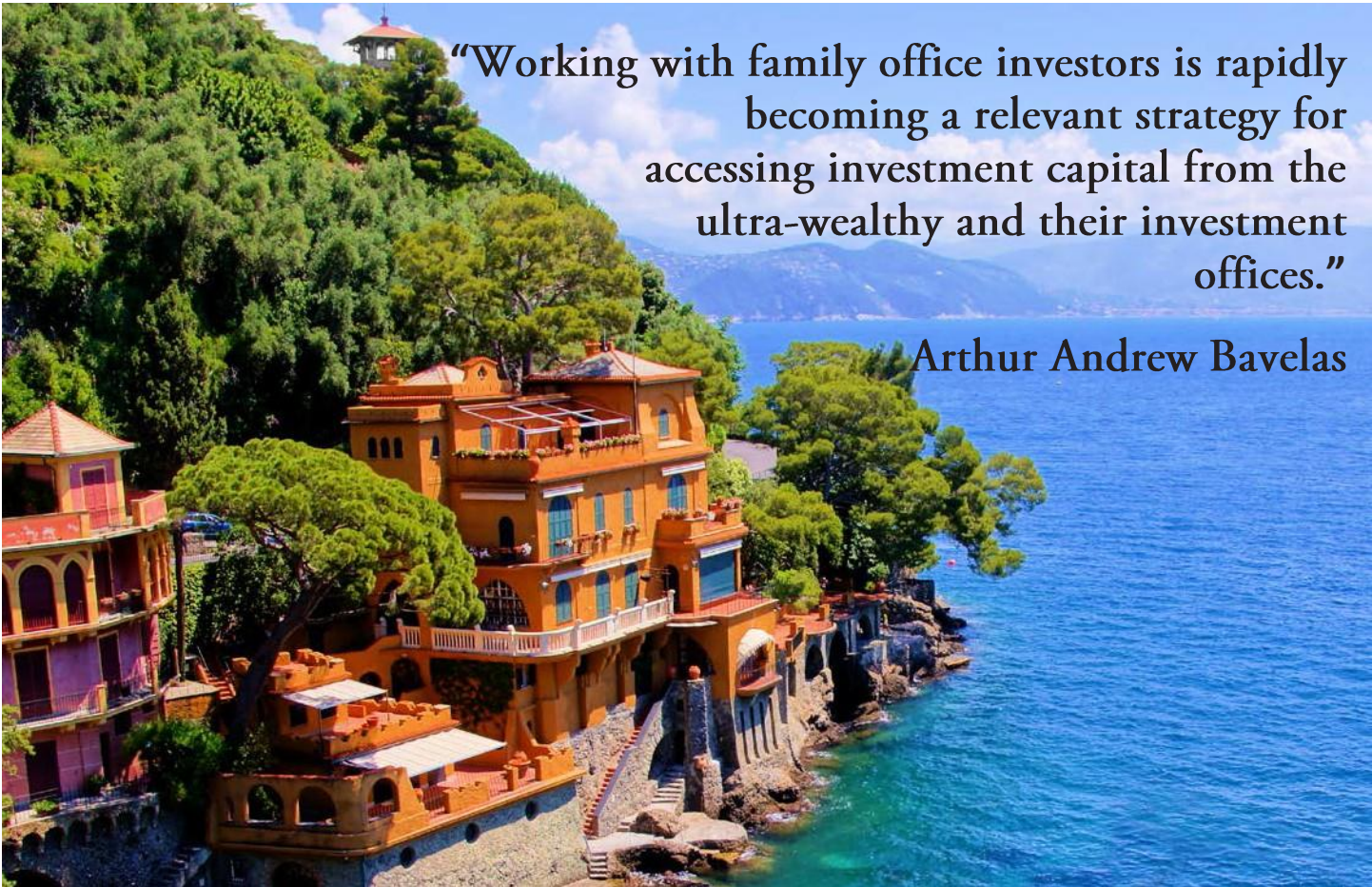
A: There will be a consolidation of some of the smaller players who perhaps have not gotten scale. The demand for talent will continue to be an interesting issue as well. A lot of that will depend on where the market goes. Another major market downturn could provide a shock to the system. I do believe the people doing it right, who can describe their value proposition, will attract business. There are many wealthy families who have stayed with some of the older institutions but as some of the older client service folks retire, it'll be a time for clients to reexamine what they are getting from their advisors.



Rob Elliott

Rob is Vice Chairman and head of Market Street's New York City office, and is actively involved with the family office community. He is responsible for client service excellence and business development in support of Market Street's strategic plan. Prior to joining Market Street, Rob was most recently a Senior Advisor, and previously Senior Managing Director, with Bessemer Trust.

To learn more, please go to, <http://www.marketstreettrust.com> or email Rob at relliott@marketstreettrust.com.



“Working with family office investors is rapidly becoming a relevant strategy for accessing investment capital from the ultra-wealthy and their investment offices.”

Arthur Andrew Bavelas