Family Office Leader Bryan Goh Offers Advice – on Running an Efficient & Successful Operation

When you establish and then operate a family office, what are the key elements to consider? How important is governance to a successful family office? What is the right structure, what do you handle in-house and what could you, or should you outsource? These were some of the key questions addressed by experts at the second panel discussion of the remarkably successful one-day Hubbis Family Office Forum in Singapore on February 9. The event was presented in exclusive partnership with US headquartered family office advisor and solutions provider Eton Solutions, and timed alongside the announce of their international HQ for Europe, the Middle East and APAC in Singapore. The Forum was sub-titled 'Creating & Operating a Modern, Efficient and Fit-for-Purpose Family Office' and brought together speakers and attendees from Single-Family Offices, Multi-Family Offices, private banks, independent wealth firms, trustees, lawyers, accountants, consultants, immigration specialists, regulators and other experts from the wider family office and wealth management ecosystem. One of the experts on this panel was Bryan Goh, Chief Executive Officer and Chief Investment Officer of the Tsao Family Office. His key messages were to emphasise the importance of institutional-level governance of the family office, and to focus on key areas of expertise and decision-making by freeing up key leaders and executives via outsourcing wherever possible. He also advised guests to make sure the family office truly represents the family, and that those who run it fully understand the family and their objectives. Transparency and great communication are not luxuries, he said; they are absolutely core to the success of any family office.

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Bryan Goh
Tsao Family Office

Bryan, can you introduce yourself, and then talk briefly about your journey leading a family office, and some of the things you learned along the way in terms of setting up and running the operation?

We are a single-family office, and we invest around the globe, across equities and credit and in private and public markets. Our return targets are fairly modest, or were considered fairly modest, at 5% over the risk-free rate. Of course, since late 2021, the risk free has risen sharply to 4% or 4.5%, somewhat derailing some of those plans, but I think in the scheme of things, we still have a modest target return. More importantly we also have an active ESG and impact agenda.

The Tsao family office was established in 2012 and I joined in 2019 and at that time, the family office was mostly performing a treasury function, which meant that from the point of view of execution, infrastructure was pretty light. I had two people in the investment team, and 13 in the back office. Since then, things have changed markedly, as we now have eight people on the investment front, and six in the back office. We've also changed our infrastructure, building more efficient processes, technology and working with consultants, and outsourcing key areas of operations, freeing us up to focus on investments.

Can you highlight some of your key observations and learnings around governance and outsourcing

When I joined, the family office already had some form of governance, but I felt it needed to be streamlined specifically for investment management. It was my intention always to build something robust; although we are a single-family office and had no need to be regulated, I wanted to build something that was compliant with regulatory standards. The reason for that is one of the things that regulators look for is continuity, and something that can survive into the future generations. Accordingly, that is what we set out to achieve, which I can report, we have done successfully.

In essence, we have managed to retool some of our governance to more institutional levels. Although you might think for a single-family office this involves additional costs that people could deem unnecessary, in my experience these costs are fully justified. Good quality governance and institutional type infrastructure pay off elsewhere, for example in risk management, and here I do not mean only market risk, but process risk as well, which is very important.

I have been a hedge fund investor since 2001, and have seen many of the crises, and I know that the problems arise not only from market risk, but also in operational risk, in governance, in how you deal with people and identify risky behavior. The right governance infrastructure helps us to frame that risk, and then manage it via strong and well-articulated policies and processes.

To achieve these goals, and depending on your operating model, you can outsource some key areas. I believe our mission is to take in all the information available extensively and make the right investment and other decisions.

We are not here to handle more daily and operational tasks, as those distract us from analysing, thinking and making good decisions. In short, anything that can be outsourced, we think should be outsourced. We want to focus on areas in which we bring real expertise, so working with partners in outsourcing non-core activities is the right approach, we believe. Indeed, it has worked well for us.

If you were to offer delegates at this event a key soundbite or two, what advice would you offer in terms of setting up and running an efficient, effective family office?

You need to deliver the family what they really need, and in order to do that, you first have to know precisely what they want to achieve, you have to understand them, you have to engage with them and you must keep communicating throughout the set-up and when you are operating the family office. In my experience, there is no such thing as a good surprise! ■