

THE BUSINESS OF WEALTH

FAMILY OFFICE MAGAZINE

SPRING ISSUE 2021

ART & MUSEUM MAGAZINE INCLUDED



JOE FREEMAN

WELLS FARGO

WEALTH & INVESTMENT MANAGEMENT

FAMILY OFFICES - UHNWI - WEALTH MANAGEMENT - PHILANTHROPY - LUXURY - LIFESTYLE

Subscription €99 per year

www.familyofficemag.com

COVID COMEBACK

PREPARING FOR THE NEXT CATASTROPHE

By Michael O'Rourke

COVID-19 vaccines are in distribution, and it seems there is light at the end of the pandemic tunnel. Hopefully, the disease did not and will not strike close to home. Lockdowns and their economic ripple effect, however, spared almost no one. Most business sectors were impacted, many devastatingly so. How well your family office and portfolio businesses fared operationally is a function of your prior planning. Analyze now what went right and what went wrong to better prepare for the next catastrophe. For certain, there will be another.

If you followed our advice in All Hands Security (Family Office Magazine, Summer, 2018), you conducted a thorough Threat Vulnerability Assessment, or TVA, to identify risks and prioritize ways to mitigate those risks. Risk mitigation includes determining what to do if you cannot operate, partially or completely, at your place of business for any reason. You were better prepared for 2020. If your family office has yet to complete a TVA to determine your risk exposure to all hazards, it's best not to waste another moment. Prepare for the next disaster now.

Before we continue, a brief terminology discussion is in order. From a security perspective, assets are people, property, information, and processes. A threat is anything that would harm or deprive you of assets. Many threats are man made. A brief list includes civil and political unrest, terrorism, data breach, workplace violence, accidents, negligence, or scandal. Other threats are natural, including destructive storms and floods, earthquakes, or disease. The list is hardly all-inclusive, but each may have catastrophic life safety and business impacts. Vulnerabilities are gaps in security that threats may exploit to reach assets, and risk is your potential for loss. When identifying threats and vulnerabilities, consider not only the most dangerous threats but also the most likely ones. They may not be the same. To which threats are you most vulnerable, and where is your greatest risk exposure? Consider the recent COVID-19 lockdowns. If your

offices were closed, did your staff work from home? Did you provide dedicated work-only devices, or did employees use personal computers and cellphones to update Facebook and surf the internet? Focusing only on the current global crisis, of course, is like looking at the world through a straw. A proper risk assessment must bring all possible hazards into view. Pandemic is undoubtedly among them but cast a wider net.

Taking the broader view may make the task appear incredibly complex and daunting. This is where a well-selected security consultancy brings clarity and reassurance through experience and process. And it should be a consultation. A reputable and professional security consultant listens carefully to the client. Do not allow a company to force your unique problem to fit their prepackaged solution. Each family office requires a bespoke Threat Vulnerability Assessment and tailored risk-reduction recommendations.

Your security consultancy must also stand ready to lead or assist with post-assessment implementation. After all, once risks are identified, they must be reduced. Ensure beforehand, however, that your consultant is independent of any outside vendors solicited for bids. Only through transparent independence do you guarantee your interests come first. Be sure to get that promise in writing.

Lack of preparation is expensive. In 2019, a global apparel brand was caught by surprise when Hong Kong protests turned violent, and many of their locations were targeted. Though the protests had already gone on for months, this multinational corporation conducted no TVA specific to Hong Kong and thus were ill-prepared to safeguard people and property. Recent political unrest in America found many companies equally on the back foot, and of course, COVID-19 caught businesses large and small without a business continuity plan. What action can a family office, or any business, take today? Name and empower a chief point of



contact, and a deputy, for risk mitigation. Review your insurance coverage in detail. Risk transference via insurance is an important risk reduction component, yet some policies specifically exclude certain types of losses. Develop a business continuity plan of action should the family office principal suddenly pass away or become incapacitated. Identify alternate worksites and put contracts in place to ensure these locations are available should your primary location become inaccessible or you need to reduce headcount to comply with government directives.

If your contingency plans include staff working from home, dedicated electronic devices preloaded with your business software and security applications must be ready to go but stored securely. Assess your data security protocols. Do you categorize critical data so only the employees with the need to know have access? Can anyone, employee or visitor, with an unobserved moment alone with a computer surreptitiously insert a USB flash drive and walk away with the digital keys to the kingdom? Is everyone trained to spot suspicious emails and not click on malicious links? Ensure the businesses in your portfolio are equally prepared. Risk assessments and contingency planning should flow

through your entire organization. Each separate entity requires a distinct TVA and risk mitigation strategy. A family office in London or New York will not share all the same risks as their hotel holdings in the Caribbean or their global retail locations. If every location has the same plan, then none have their own plan.

Finally, seek out a qualified security consultancy to fully identify the threats you face, your vulnerability to those threats, and your risk of loss through lack of risk mitigation. Work with your chosen consultancy to reduce vulnerabilities across the full spectrum of natural and man made threats.

Michael O'Rourke is CEO of Advanced Operational Concepts, an international security consultancy he co-founded after a career in the American Special Forces. He leads his firm in providing independent Threat Vulnerability Assessments of businesses, large commercial properties, hotels and resorts, residential estates, and critical infrastructure globally.

aoc.security@adopcon.com
<https://adopcon.com>