

The Changing Landscape of Family Office Services

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- The trade-off no firm has solved: bespoke service vs. scalable delivery
- How the advisor's job is quietly being rewritten
- The pricing conversation most advisors avoid and why they shouldn't
- What AI can't replace, even as it reshapes everything else

Overview

The May 2026 Practice Management Clinic focused on the pillar of Service and examined the rapidly evolving landscape of family office services and the implications for firms serving ultra-high-net-worth families. Led by Meg Sreenivas, Associate Partner in McKinsey's Global Wealth and Asset Management Practice, and Dhruv Bahl, Associate Partner in McKinsey's U.S. Wealth Management and Retirement Practice, the session focused on how client expectations are expanding beyond traditional investment management and what those changes mean for service delivery, business models and advisor roles.

The discussion highlighted how wealth management has evolved well beyond its historical foundation of investment advisory, financial planning and tax structuring. Today, many UHNW families seek support across a much broader range of needs, including family office administration, bill pay, lending, tax preparation, private investments, payroll and other operational and financial management functions. As firms expand their offerings to meet these expectations, they face increasing pressure to balance customization, scalability, profitability, operational risk and service consistency.

A central theme throughout the session was the growing ambiguity surrounding the term "family office services." While the phrase has become increasingly common across the industry, there remains little consensus around what it actually means in practice, which services should be included, how they should be delivered and where firms should draw the boundaries of their value proposition. The conversation explored the challenges of defining service standards, managing scope, coordinating internal and external providers and maintaining a consistent client experience across increasingly complex service models.



The session also examined the changing role of investment management within this broader framework. While investment advice remains foundational, participants considered how it fits within an environment where clients increasingly expect integrated support across multiple aspects of their financial lives. As family office services continue to expand, firms are grappling with how to articulate their value, differentiate their offerings, and ensure that pricing appropriately reflects both the complexity of the services delivered and the resources required to provide them.

The Expanding Definition of Family Office Services

The session opened with a discussion around how dramatically the definition of family office services has expanded over the last decade. What was once centered primarily on investment advisory and advanced planning has evolved into a far broader and more operationally intensive offering.

The group discussed how many firms are now extending their services into areas such as bill pay, payroll, household administration, tax preparation, lending coordination, direct private investments, and lifestyle-related support. In parallel, traditional investment management itself has become increasingly personalized, incorporating direct indexing, tax optimization strategies, and customized portfolio construction.

While this expansion reflects growing client expectations, many firms are adding services reactively rather than strategically. In many cases, firms are responding to individual client demands without fully defining service standards, delivery expectations, or operational responsibilities.

A recurring theme throughout the discussion was the lack of standardization across the industry. Many noted that firms often market “family office services” very differently, with significant variation in depth, sophistication and actual delivery capabilities.

Key Takeaways

- The definition of family office services has expanded significantly beyond traditional investment management.
- Many firms are adding operational and administrative services that carry meaningful complexity and risk.
- Service offerings across the industry remain highly inconsistent and loosely defined.
- The industry lacks common standards or frameworks for what constitutes a true family office offering.

Customization vs. Consistency

A central tension explored during the clinic was the balance between highly customized client service and the operational need for consistency and scalability.

Participants acknowledged that ultra-high-net-worth clients increasingly expect bespoke solutions tailored to their unique circumstances. At the same time, firms face growing pressure to create repeatable processes, establish service standards and improve operational efficiency across increasingly complex service models.



The discussion also explored the challenges of scaling customized services while maintaining quality and continuity across advisory teams. Inconsistent delivery models can create confusion for both clients and internal stakeholders, particularly when multiple specialists, outsourced providers and advisors are involved in delivering services.

Another theme was the growing importance of defining a "minimum viable" service offering within each area of family office support. While firms may differentiate themselves through deeper expertise in certain disciplines, there was broad agreement that a consistent baseline level of service is essential to ensure quality, clarity and continuity across clients and advisory teams.

Key Takeaways

- Bespoke client service often conflicts with the need for operational consistency and scalability.
- Many firms struggle to deliver family office services consistently across advisors and client relationships.
- Defining clear service standards and delivery expectations is becoming increasingly important.
- Firms are exploring ways to balance customization with scalable operating models.

The Role of Outsourcing and Service Orchestration

The clinic explored how firms determine which services should remain in-house and which are better delivered through external partners.

Bill pay emerged as one of the most discussed examples. Participants debated whether bill pay should be considered a core competency for wealth management firms or whether it is better handled through specialized third-party providers. While many agreed that outsourcing can reduce operational and reputational risk, others emphasized that administrative functions often provide important insights into family dynamics, spending patterns and broader advisory needs.

This led to a broader discussion around the advisor's evolving role as an "orchestrator" of services. Rather than serving solely as investment experts, advisors are increasingly expected to coordinate multiple internal and external specialists while maintaining a seamless client experience.

Operational challenges associated with these multi-provider models were also discussed, particularly the fragmentation that can occur when clients interact with several different service teams and technologies simultaneously.

Several firms shared examples of creating dedicated relationship management or coordination layers designed to reduce advisor burden while improving consistency and oversight across outsourced and internal services.

Key Takeaways

- Firms continue to evaluate which services should remain in-house versus outsourced.
- Outsourcing can reduce operational risk but may create challenges around integration and client experience.



- Advisors are increasingly acting as orchestrators across multiple service providers and specialists.
- Technology and relationship management structures are becoming critical to maintaining service continuity.

Pricing, Scope Creep and Transparency

Pricing emerged as one of the most important and complex topics of the session.

The discussion focused on the challenges of expanding service offerings without appropriately repricing client relationships. Many firms have historically absorbed additional services over time without clearly communicating the increasing complexity, expertise and operational demands required to deliver them.

Transparency emerged as a recurring theme, both in defining services upfront and in regularly demonstrating the value delivered. Approaches such as annual service reviews, project tracking and detailed reporting of advisory activities were cited as effective ways to help clients better understand the breadth of services being provided.

Scope creep was identified as a persistent challenge. Advisors often agree to additional requests in the spirit of client service, only to discover that those services require significant time, coordination and staffing resources. This led to a broader discussion about the importance of establishing clearer boundaries, identifying out-of-scope work and creating more disciplined processes for addressing incremental pricing.

The conversation also explored the discomfort many advisors feel when initiating repricing discussions, particularly with long-standing legacy clients. Yet experience suggests that when firms clearly articulate both the value delivered and the growing complexity of the work involved, clients are often more receptive than advisors anticipate.

Key Takeaways

- Many firms have significantly expanded services without appropriately adjusting pricing models.
- Scope creep remains one of the most significant profitability challenges in family office services.
- Transparency around services delivered is critical to supporting pricing conversations.
- Clients are often more receptive to repricing discussions when firms clearly communicate value and complexity.

AI, Operational Efficiency and the Future of Advice

Artificial intelligence emerged as an important undercurrent throughout the discussion, particularly in relation to operational efficiency, advisor development and pricing pressure.

While AI is beginning to automate and streamline many technical and administrative functions across wealth management, there was broad agreement that increased efficiency does not eliminate the need for highly personalized, relationship-driven advisory work.



The conversation also explored AI's potential impact on pricing. As technology reduces the cost of delivering standardized or commoditized services—particularly in the mass affluent segment—the differentiators in the ultra-high-net-worth market remain contextualized advice, professional judgment, emotional intelligence and the ability to navigate complex family dynamics.

Attention also turned to the ways firms are beginning to use AI and workflow tools internally to better understand capacity management, resource allocation, and service delivery patterns.

At the same time, technology-driven efficiencies are being accompanied by significant investments in infrastructure, cybersecurity, governance and advisor training. As a result, while AI may improve operational leverage, it is not necessarily reducing the overall cost of delivering sophisticated advisory services.

Key Takeaways

- AI is beginning to reshape operational workflows and service delivery models.
- In the UHNW space, personalized advice and relationship management remain core differentiators.
- Firms are investing heavily in technology, training and operational infrastructure.
- AI may improve efficiency, but it is unlikely to replace the need for integrated human advice.

Lessons Learned

The session reinforced that the wealth management industry is still in the early stages of defining what integrated family office service truly means in practice. As firms continue to expand beyond traditional investment management, they face increasingly difficult decisions about which services to provide, which to outsource and where to draw the boundaries of their value proposition.

The discussion highlighted that success will depend not simply on adding more services, but on delivering them with clarity, consistency and discipline. Firms must establish clear service standards, define what is and is not included in their offering, create scalable delivery models and ensure that pricing reflects the complexity and resources required to support UHNW families effectively.

A recurring theme throughout the clinic was the growing importance of orchestration. Increasingly, the advisor's role is not solely to provide expertise directly, but to coordinate a broad ecosystem of specialists, technologies and service providers while maintaining a seamless and cohesive client experience.

Finally, the clinic underscored that while technology and AI will continue reshaping wealth management operations, the defining characteristic of successful UHNW advisory firms will remain their ability to provide deeply personalized, contextualized advice. As more services become standardized or automated, human judgment, relationship management and the ability to guide families through complex decisions may become even more valuable differentiators.