

The Baratelli Field Note

Practitioner analysis for principals, family-office executives, and their advisors

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A \$300M family operates a 12-person SFO. A \$30M family can run the same operating quality with one fractional CFO and an eight-vendor stack at one-tenth the cost. Here's the build.

The Virtual Family Office (VFO) at \$30M

"I used to think the VFO was a compromise. After two years running one, I think it's a feature, not a bug." - a family-office principal in Greenwich

1. The myth that families need \$200M+ to operate a family office

The Single Family Office (SFO) industry standard says you need \$200-300M of investable wealth to justify a real family office. The math behind that number: the cost of a 10-12 person SFO (CIO + CFO + tax counsel + investment ops + bill-pay + admin + concierge) runs \$2.5-4M per year. At a 1% all-in cost target, that requires \$250-400M of assets to be defensible.

The math is correct for that staffing model. The math falls apart if you replace the staff with a vendor stack and orchestrate the vendors with one strong CFO. The result is the Virtual Family Office (VFO) - same operating quality, one-tenth the cost, accessible to families with \$20-50M of investable wealth.

2. The eight-vendor stack

(1) The OCIO (Outsourced CIO). Quarterly investment review, manager selection, performance reporting. \$50-150K/year for \$20-50M AUM. Replaces the in-house CIO.

(2) The fractional CFO. Monthly close, cash management, vendor coordination, family financial reporting. \$80-200K/year. Replaces the SFO CFO + ops staff.

(3) The bill-pay platform. Bill.com, AgilLink, or similar. \$300-1500/month. Replaces the bill-pay clerk role.

(4) The tax provider. Mid-size CPA firm with HNW practice. \$25-75K/year. Replaces the in-house tax counsel.

(5) The estate attorney on retainer. \$10-30K/year baseline + project work. Replaces no SFO role; was always external anyway.

(6) The insurance broker. Property + casualty + umbrella + life. \$5-15K/year fee or commission-paid. Replaces no SFO role; was always external.

(7) The concierge service. Travel, household, household-staff coordination. \$20-60K/year. Replaces the concierge or admin roles.

(8) The cybersecurity & technology vendor. Email security, password management, secure file storage, VPN. \$5-20K/year. New role most SFOs don't fully cover.

Total VFO stack cost: \$200-540K/year. Versus \$2.5-4M/year for the in-house SFO. At \$30M of investable assets, the VFO is sub-2% - defensible. At \$50M, it's sub-1%.

3. The governance overlay that makes it work

The vendor stack is necessary but not sufficient. What makes the VFO actually function is the governance overlay: a written charter that names who decides what, a quarterly family meeting that orients the family to the operating decisions, an annual investment policy statement (IPS) that the OCIO is held to, and a monthly CFO report that touches every vendor.

Without governance, the VFO becomes eight vendors who don't talk to each other and a family that feels uncovered. With governance, the VFO becomes a coherent operating system that the family experiences as one front door.

4. When to graduate from VFO to SFO

Two triggers. First, when investable wealth crosses \$80-100M and the OCIO model no longer covers the bespoke investment opportunities the family wants to pursue (direct deals, co-invest with PE funds, real-estate syndications) - bringing investment ops in-house pays for itself. Second, when family complexity (multiple branches, foreign citizens, philanthropic foundation, operating businesses) generates more coordination work than a fractional CFO can handle - bringing dedicated staff in-house.

Below those triggers, the VFO is the right model. Above them, the SFO is. Most families spend a decade in the VFO and then transition; some never transition because the VFO keeps working.

Don't believe the \$200M floor. The VFO works. Build the eight-vendor stack, hire the fractional CFO who runs it, and the \$30M family operates with the same coherence the \$300M family does.

Paired tools

Family Office Cost Calculator. SFO vs MFO vs VFO build-vs-buy economics. Staffing costs, vendor stack, 5-year P&L. Models the VFO stack directly.
tools.baratelliinstitute.com/fo-cost.html

VFO_Vendor_Stack_Scorecard.xlsx. Eight-vendor scorecard. Each vendor: pricing model, coverage scope, performance KPI, contract renewal date, alternative providers. Maintained by the fractional CFO; reviewed annually by the family. The most underrated VFO discipline: knowing when to swap a vendor.

What to read next

Family Office Reference Guide - the 350-page reference. Chapter 4 walks SFO/MFO/VFO; the 23 matter workflows describe what each vendor in the stack actually does.

CFO Engagement Profitability - for the fractional CFO who would price the VFO seat.

Wealth Psychology Guide - for the family-meeting facilitation that makes the governance overlay actually work.

If this Field Note was useful: the Family Office Cost Calculator and the vendor-stack scorecard are free at tools.baratelliinstitute.com. Model your specific build before the next family meeting.

Until next time -

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