

De Visscher & Co. stays in the family

Founder says independent financial advising firm was 'part of my dream'



Kathleen O'Rourke/Staff photo

Francois de Visscher is the president of de Visscher & Co., which provides financial consulting, investment banking and private equity services for family-owned and closely held businesses. De Visscher came to the United States from Belgium 30 years ago and says 'family business has always been part of that entrepreneurial spirit of the American dream.'

By Alexandra Fenwick

Staff Writer

Francois de Visscher is living his American dream — and that of hundreds of clients.

A Belgian native, de Visscher came to the United States 30 years ago to get a business degree, and he never left.

After becoming a partner at Smith Barney, where he founded Wall Street's first family business group, de Visscher struck out on his own and founded de Visscher & Co., an independent financial advising firm for closely held and family-owned businesses.

"I think that starting a family business has always been part of that entrepreneurial spirit of the American dream," he said. "Why did I start my own business and leave Smith Barney? It was part of my dream."

Before de Visscher, 52, founded his Greenwich-based firm in 1990, there weren't many financial advisers dedicated to the family business niche.

"At that time, no one was talking about family businesses; everybody was talking about big public companies," he said.

Though he declined to provide financial figures for de Visscher & Co.'s earnings, by all accounts — 17 years and more than 250 clients later — it is booming.

"We're very profitable," de Visscher said.

The same year de Visscher opened

his Greenwich offices, he became the fourth-generation director of his family's business, N.V. Bekaert S.A., a steel wire manufacturing company founded by his great-grandfather in 1880. Headquartered in Belgium, Bekaert has offices in 100 countries, employs 20,000 people and had \$5 billion in sales last year. De Visscher perfected his English while working summer jobs in his family's factories.

"What I learned at the family business is very applicable to what I do now," he said.

With his perspective from both sides of the table, de Visscher designed his firm to be a one-stop shop for middle-market family companies looking to raise capital for growth, create shareholder liquidity or set company controls.

De Visscher & Co. offers financial advising services; its own in-house private equity fund, Family Capital Growth Partners; and investment banking through a proprietary database of more than 500 sources of patient capital. Most recently, de Visscher co-founded the Business Growth Alliance in 2006, a network of middle-market advisory firms that offer different specialties to family businesses. De Visscher plans to expand BGA to include members in 30 U.S. cities.

Judy Green, executive director of Family Firm Institute, a professional association for family business advisers,

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said de Visscher & Co. stands out in its field for the wide range of expertise it offers.

"They're very, very good at the interdisciplinary approach, which is what FFI is about," Green said.

Half of de Visscher & Co.'s clients are based in the United States, with the other half mostly in Latin America and Europe and a few in the Middle East. The firm was recently approached by its first family company in India, and de Visscher's priorities include broadening the firm's client base in Asia.

De Visscher writes a column on the challenges facing family businesses for the quarterly trade journal *Family Business Magazine*. Editor Barbara Spector said his firm's global reach, with its versatility and de Visscher's experience as a family business owner and a family business adviser, gives her readers a valuable point of view.

"He has experience on a global scale, which is especially important in today's environment because so many businesses are exploring global partnerships and have to do that to survive," Spector said.

Most of de Visscher's U.S.-based clients are privately held, with only 10 percent publicly traded, and its overseas clients are split down the middle. But of those public companies, most go to de Visscher & Co. to become private again, de Visscher said.

De Visscher & Co. has never gone public mostly because it has never needed the capital, de Visscher said, but also because being private allows the firm more confidentiality with its clients.

"Our goal is to become the most trusted financial adviser to our client, and that is part of why staying private is important. Trust gained over many years is lost in a second," de Visscher said.

Family businesses are vital to the economy. According to

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the International Family Enterprise Research Academy, about 40 percent of the country's GNP and 60 percent of employment are generated by family-owned businesses — but the odds are stacked against them.

According to the *Family Business Review*, a third of family businesses survive past the first generation, and of that number, 12 percent make it to the third generation. A scant 3 percent of family businesses are still in operation beyond that.

In some such situations, de Visscher's firm is called in to draw up financing strategy for family members who want to be bought out.

Setting up an exit strategy for such shareholders often can depressurize a tense situation, de Visscher said.

That happened when his firm set up a redemption plan for a third-generation family business in Florida several years ago.

"It was a typical issue. One branch of the family was not involved, the black sheep of the family, the renegades on the board," de Visscher said.

So his firm crafted a plan that gave those members an annual opportunity to sell their shares.

"That was three years ago. Guess how many shares have been sold?" de Visscher said. "Not one. And the reason is once you learn to respect each other's differences, you relieve the whole pressure. Now the shareholders are making choices instead of being forced into something."

At the third generation, the

problems grow more complex, de Visscher said. Non-family management assumes a greater role, and deciding the rules of entry — who gets a job in the family business and who doesn't — can be difficult.

In such cases, he is called on not only to create liquidity but also to deal with governance issues. But whatever the issue, it's all about a smooth transition when it comes to family businesses, de Visscher said.

"It's not deals or transactions that matter, it's the transition," he said.

The key to advising a family business is to try to ascertain the intangibles — a family's common values, de Visscher said. He starts every consultation by asking the board of directors for a statement of values, which he calls the "glue" of any family company.

Without that glue, business matters have the potential to tear a family apart.

"Families can be quite cruel, and when you mix families and money, it gives an added edge of cruelty," de Visscher said.

But when handled correctly, family businesses can bring relatives closer together.

"I see that in my own family company. It's an incredible gift to be able to give to your children. We don't live in villages anymore, and children live in isolated communities to the extent that there are few people they can really trust," he said. "A family business has the opportunity to transmit those values and heritage."