

Where do family businesses turn for financing?



Many family businesses have grown primarily from within, relying on family members' efforts and resources to establish, develop and finance their activities. From inception, the people who ran the company, and did the work, were all related by birth or marriage. Even when they became national or international concerns, the family business stayed true to its roots, with leadership and management remaining in the hands of the original family members and their descendants.



So, when a family business needs to apply for acquisitions or growth financing from an external source, to whom should they turn?

According to Francois M. de Visscher, Chief Executive Officer of de Visscher & Co., they should consider turning to family offices. These sources of capital offer many benefits to the family business, including a unique understanding of the stewardship of the family wealth, as well as long-term investment orientation and discretion. Family offices benefit from becoming value-added capital partners to the owners and managers of growing, closely-held family businesses.

"We established Family Capital Partners to match the long-term capital needs of family businesses with the long-term direct

investment preferences of family offices," said de Visscher. "We provide family businesses with the opportunity to partner with patient capital sources that have the same long-term investment horizon, as well as an understanding of the family business model. This enables family offices to select specific opportunities to allocate their investment capital and achieve attractive investment returns."

Financing is a competitive business, and family businesses have many options for getting funding to meet their various needs. Banks, private equity firms and other lenders can provide funds to meet shareholder liquidity needs, risk diversification and growth financing. Family businesses can do their own research to find the right lending option for them. With the growing economy and tax reform, there is a generally positive mood toward investing, including from

family offices in other parts of the world.

The advantage of working with an intermediary like de Visscher is that it does not provide capital directly, nor does it sell a financial product. The company provides a service to connect its clients with firms that provide financing, as well as firms looking to invest. This ensures that there is never a conflict of interest in where they access financing. de Visscher also helps family businesses and family offices (which are already relatively large) to form partnerships with other family businesses to make large-scale co-investments. The firm will advise its family clients on the best options for seeking capital investment or to make new investments.

"We are on the same side as our clients seeking funding or investment opportunities," said de Visscher. "We represent families, not businesses, as some

An illustration of a hand holding a pen, drawing a yellow line across the top of the page. The background is a gradient of teal and blue.

de Visscher & Co., LLC

of those families own multiple businesses. Our clients are people making decisions that will affect their lives and their families. We depend upon a high level of trust in servicing our clients, and never want to put ourselves in the position where there could be a conflict of interest."

Through Family Capital Partners, de Visscher & Co. develops, closes and monitors investment opportunities for single-family offices to invest in the operating assets of family businesses and closely-held companies. It provides financial consulting services, which includes helping clients to develop and analyze financial solutions for its shareholders' liquidity needs and the business's capital needs. It also helps clients to access various capital markets for shareholder liquidity or business growth.

de Visscher founded the company in 1990 and has advised more than 300 family

companies and family businesses worldwide on issues of liquidity, growth capital business, and family governance. Prior to this, he was a partner at Smith Barney, where he founded Wall Street's first Family Business Group. He is a director and shareholder of N.V. Bekaert S.A., which his great-grandfather founded in 1880.

de Visscher is also Honorary Consul of Belgium in the U.S.

The financial crisis of the past decade provided greater motivation for family offices to invest in family businesses. Prior to the crisis, many family offices would look to invest in hedge funds, private equity funds and similar investment options. The goal was to grow their wealth for current and future generations. However, the financial crisis made these types of investments riskier or less attractive as long-term sources of growth. Family businesses provide these companies

with a place to invest their funds because they share similar goals – long-term growth of wealth based on solid fundamentals.

"Private wealth is growing, as is the number of family businesses listed on various stock exchanges," said de Visscher. "We've created a free database of family offices looking for investment opportunities, and family businesses looking for capital. We use various metrics and demographics to help companies find each other, and support families investing in families."

For more information on De Visscher & Co., visit: devisscher.com



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