



## The plot does not change .... Only the theatre and the actors!

When Tyson Foods, Smucker's, Heineken..... and other great family businesses needed capital to grow and transition to future generations, they went first and foremost to their business friends. When YPO was started, members went to their peers when they needed advice and capital. Growing a family company is hard work and requires capital and advice from like-minded investors who understand what it takes and view themselves as partners to the business owners rather than investors. Somehow, in the easy money decade of the 90's and early 21st century, family businesses lost their touch and resorted to the fast money from banks and private equity funds to solve their liquidity or capital dilemma. Preaching Patient Capital to family businesses was a very lonely exercise...Well, things changed quickly in the Great Recession. Private equity investors and banks alike exercised necessary investment provisions to protect their short-term investments and earn a hefty return, at the detriment of the family owners patient capital. Those family businesses, who could not meet the demand of investors, were recapitalized, sold or merged, even if the long-term prospects for the business were brilliant, the family ownership was solid and the governance well developed.

Now, in the aftermath of the crisis, we are seeing once again family businesses seeking long-term partners - not just investors- to meet the liquidity demands of growing families or finance the investments of globalization. And who would be better long-term partners to a family business than a single family office, which experiences or has experienced the same challenges faced by today's family business; which understand family dynamics and which has a long-term view on return and capital investments. For the single family offices, partnering with business-owning families alleviates most disadvantages of private equity. It is a direct investment and not a blind pool. It is long-term allowing the family to build another legacy asset. It is based on trust and relationship with like-minded owners. Last but not least, family businesses are branded and poised for growth with the right long-term partners.

**Families Investing in Families** is the future family business capital model. Around the globe, single family offices have been growing in number and size. Each and everyone of them will continue to seek opportunities to invest long-term with other families .....because they can trust them. Growing family businesses operating in a global economy will continue to seek long- capital partners.... they can trust. Trust and not some artificial calculation of unknown future return becomes the cornerstone of the partnership between single family offices and family businesses .The family's patient capital has found a like-minded partner in the single family office to assist in providing capital for liquidity of shareholders or growth capital for the business. So indeed the plot does not change. A family business is born; it grows over the generations to becoming a single family office, which in turn will invest in another family company seeking a long-term partner. This family company will grow over the generations to also becoming a single family office..... And the great family of family businesses is born!



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