

Helping Family Businesses Succeed Since 1996



FAMILY TIES

A quarterly publication from the UW-Madison Family Business Center to help our members stay connected to each other and to the FBC.

TAKING A COUNTERINTUITIVE LEAP OF FAITH

Capital and Opportunities Abound for Healthy Family Businesses
By François de Visscher

Francois de Visscher, founder of de Visscher & Co., one of the world's leading independent financial consulting and investment banking firms for family and closely-held companies, will be the speaker at the FBC March 3 program, "Managing Capital & Liquidity in the Family Business".

True or False:

- Commercial banks are no longer interested in making loans, having over-committed capital to non-performing loans.
- PE funds have little or no capital to commit to new investments.
- With the current financial and economic uncertainty, this is a poor time to strengthen a family business' global competitive position.

If you answered "true" to any of these assertions, you'd be mistaken!

It may seem counterintuitive, but economic uncertainty and financial restriction may spell opportunity for healthy family businesses. As much of the business world feels paralyzed as they wait and see what will happen next, strong, smart and bold family businesses are able to access capital from commercial banks and PE funds to finance investments and acquisitions that would strengthen their global competitive position.

First let's look at the current lending environment. Given their recent experience, banks are going back to traditional practices of lending to healthy corporations that have the proven ability to repay the loans. Strong family companies are prime targets for commercial banks in today's environment.

Second, consider the private equity market. Flush with record levels of investible capital, PE funds

DE VISSCHER (Continued on page 3)

GONE BUT NOT FORGOTTEN Ann Kinkade's Farewell Letter



Ann Kinkade at her last program as FBC Director

Thank you for the farewell bouquet presented to me at the December 9 FBC program by John Wall of DEMCO on behalf of the Family Business Center. Its beauty captures many of the sentiments I have come to appreciate in getting to know

you as members and sponsors of the FBC. The bouquet was an arrangement like no other—so many different types of flowers, all shapes and sizes. Each stem individually something to behold in its own right, and collectively truly spectacular.

I only have fond memories of my privileged 9 1/2 years as the Director of the FBC. The addition of Joyce Fasanella to the FBC staff six years ago was a godsend to the FBC and to me; she never wavers in her commitment to the mission and I am confident that she will continue to hold steady in the transitional months ahead. Jennifer Laack the Center Coordinator shares that commitment and demonstrates it in the way in which she approaches the invaluable behind-the-scenes work she does. As you are aware, anything that looks as effortless as the FBC programs has extensive practice and attention to detail behind it.

KINKADE (Continued on page 2)

KINKADE (Continued from page 1)

For that you can thank the FBC staff, Joyce and Jennifer. I am also grateful to Joan Gillman, the FBC Interim Director; she hired me to replace her and is now filling in until a permanent replacement is found. I am also thankful to the School of Business for its support in the early developmental years and the autonomy I was granted to lead in the way I saw fit.

As you know from my resignation letter, the drive and commitment that I witnessed each of you demonstrate day in and day out validated my understanding of the need for support of business-owning families at a higher level. Therefore I accepted this opportunity to lead a new non-profit organization, Family Enterprise USA (FEUSA) with a rock solid belief in those I will serve. Of course there is uncertainty with any new endeavor. While FEUSA has the good fortune of private financial start-up support, like all family businesses, it has its humble beginnings - a founder's dream and me to envision that dream! Therefore I greatly appreciate the well wishes you have sent my way since announcing my resignation.

I look forward to how our paths will cross in the years to come. Your continued involvement in the FBC will help ensure your firm's longevity and your family's success in managing the countless challenges you face. Under new leadership, the benefits of your membership will continue to expand; many plans are in the works and new ideas will unfold with your input.

In addition to university-based family business centers around the nation, now there is FEUSA too. FEUSA is somewhat of a "think-tank" that will build awareness about the importance of family businesses (large and small) to the US economy and society at an aggregate level. The forthcoming benefits of your involvement with FEUSA will make your journey along with other US business-owning families, even more fulfilling.

Look for more information on FEUSA in the future and keep your mouse finger poised to click on www.familyenterpriseusa.org

In closing, I look forward to hearing from you and learning how the FBC continues to enrich your life.

KINKADE (Continued top right column)

You can reach me by email and phone: akinkade@familyenterpriseusa.org and 608.692.5209.

With all gratitude and great respect for your humble beginnings, your current challenges and what you are creating for future generations, Ann Kinkade ♦♦♦

DECEMBER FAMILY BUSINESS WOMEN



Harriet Statz, Qual Line Fence, hosted the December *Family Business Women*. The holiday festivities included a Yule version of "Don't Fence Me In". Diane Ballweg and Harriet Statz provided the guitar and piano, and several members "chimed in" with special creative instruments!

JANUARY MEMBERS IN THE SPOTLIGHT



John Westphal, Westphal & Co., and Al Bachmann, Bachmann Construction, were the Members in the Spotlight at the January 27, 2009 morning and afternoon programs respectively.

MEMBER/SPONSOR NEWS

FBC Sponsors, **Associated Bank, DeWitt Ross & Stevens and Smith & Gesteland**, will host the 2009 *Wisconsin Family Business of the Year* Thursday, May 7, Marriott West. Nominations deadline: March 27. Self-nominations are encouraged. www.familybusinessaward.com

J.P.Cullen & Sons graciously provided the FBC with 11 box seats to a UW Badger Football Game. This helped build FBC and family business awareness with key UW people.

Crave Brothers Farm/Farmstead Cheese was named “Dairymen of the Year” by the World Dairy Expo. The Craves will also host *Farm Technology Days*, Wisconsin’s largest agricultural show, on July 21-23.

Ryan Brothers Ambulance has donated \$2,000 to UW Hospital in support of their Med Flight program.

Qual Line Fence manufactured and erected the largest flag pole in Wisconsin, located in Hollandale. The flag alone weighs 100 lbs.

Tim Metcalfe, **Metcalfe Company**, was honored by *Madison Magazine* at the 2009 Best of Madison Business Awards held on January 22, for contributions to the Dane County business community.

FBC CENTER NEWS

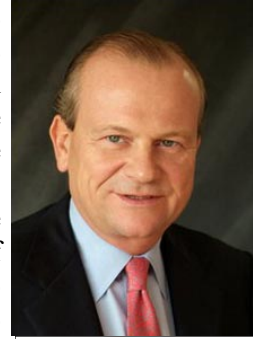


Joan Gillman, FBC Interim Director

FBC warmly welcomes Joan Gillman as Interim Director. Joan founded the FBC in 1996. Her active career includes the UW Small Business Development Center, the United States Association for Small Business & Entrepreneurship (USASBE) and co-host of Madison radio 1670, *In Business with Jody & Joan*.

DE VISSCHER (Continued from page 1)

continue to seek new investments that generate attractive returns without exposing the funds to high leverage. With fewer attractive investment opportunities available today, private equity firms are becoming increasingly flexible with the terms and structure of such investments. Many will consider joint venture deals and acquisition financing that only require a minority position. Isn't this a great time for a healthy family business to seek capital from the private equity market either to gain liquidity or make new investments?



François de Visscher

Concerning the third notion, about whether this is a good or bad time to enhance your company's global competitiveness, several clients have expressed concern about the difficulty to “bargain shop” for overseas acquisitions given the weak dollar and reluctance of foreign banks to finance such transactions. While this may be true, we believe this is an opportune time to seek U.S.-based investments and acquisitions that would strengthen the company's long-term global competitive position. Instead of growing horizontally to increase global market share, we recommended exploring vertical acquisitions that will strengthen the company's niche. The idea is not to get bigger, but to become stronger. What is the company missing today that would make it more competitive globally in the long-run?

Competitiveness is not defined in terms of size or market coverage, but in terms of depth of product and service content. Therefore, one should define acquisitions criteria vertically, focusing on a niche-strategy vs. market expansion. By becoming the best in the world at what you do instead of the biggest is a much more defensible position whether the dollar strengthens or remains weak.

Additionally, the global financial crisis has significantly reduced competition for deals in the U.S. This reduction, coupled with lower sellers' price expectations, has brought down price multiples of the M&A market domestically. The U.S. – not Asia, not Europe – should be the focus of investments and acquisitions in times of economic uncertainties. Let's shop at Wal-Mart in Arkansas ...not at Harrod's in London!

Similar to Warren Buffet's strategy of investing in undervalued companies with solid fundamentals—especially during cyclical downturns and periods of economic chaos—the current financial fallout contains many opportunities for savvy, solid and bold family businesses.◆◆◆

FAMILY BUSINESS CENTER SPONSORS

A special thank you is extended to the following sponsors. These businesses provide the Center and its members not only with necessary financial support, but also with expertise in family business issues and a commitment to the cause of family businesses. If you have questions, they can help.

FOUNDING SPONSORS

- ASSOCIATED BANK N.A.
- DEWITT ROSS & STEVENS S.C.
- SMITH & GESTELAND LLP
- THE QTI GROUP
- THE ZIMDARS COMPANY INC.
- THOMPSON INVESTMENT
MANAGEMENT, LLC

SUSTAINING SPONSORS

- JOHNSON BANK
- MOSLEY, AN INDEPENDENT INVESTMENT
FIRM
- WHYTE HIRSCHBOECK DUDEK



**TUESDAY,
MARCH 3**

Managing Capital & Liquidity in the Family Business

Presenter: Francois de Visscher, de Visscher & Co., Greenwich, CT

Location: Fluno Center, 601 University Avenue

Date: Tuesday, March 3

Program Options:

- Program 8:30-11:30 am.; Breakfast 7-8:30 am
- Program 1:30-4:30 pm; Lunch 12:30-1:30 pm

If a family is to endure and provide the maximum potential opportunity for future generations, adequate liquidity for shareholders and capital for the business is crucial. Through proactive planning and guidance, these families are able to maintain an appropriate balance between the forces that impact generational transitions.

To Register:

- Online: <http://exed.wisc.edu/fbc>
- Call: (608) 441-7327

Page 4

Family Business Center
Fluno Center
601 University Avenue, Room 338
Madison, WI 53715-1035

ADDRESS SERVICE REQUESTED

FIRST CLASS MAIL