



Family
Business | WEBINARS

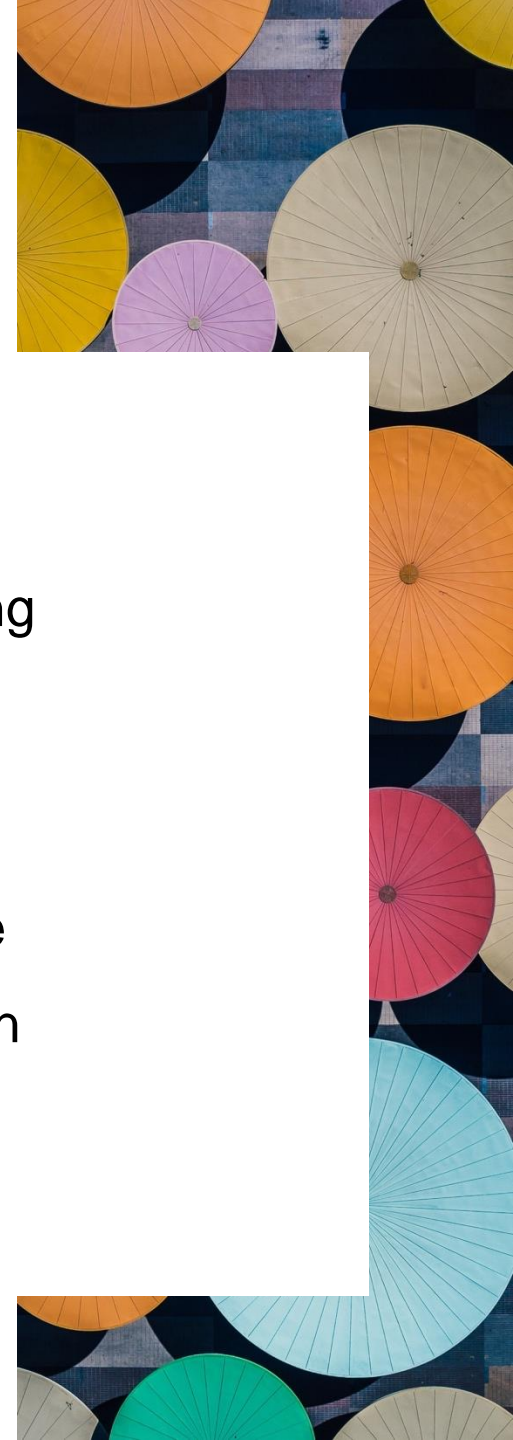
MAY 11, 2023

Encouraging Generational Entrepreneurship

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For Today

- Moderated by David Shaw, Publishing Director, *Family Business Magazine*.
- There will be time for questions. Enter them from your computer anytime during the presentation.
- The webinar will run no more than 60 minutes.
- The audio portion of this webinar will stream through your computer. If you are not hearing sound, please check the speaker volume on your computer and on the player (look for the volume icon on the upper left side of the player).



Presenters



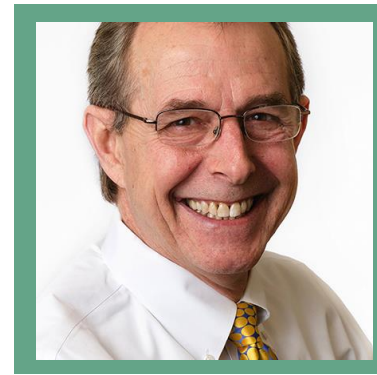
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Agenda

Introduction

Challenges and Opportunities of Family Enterprise

Playing Offense

Entrepreneurship as a Strategy

Best Practices for Fostering Entrepreneurship

Possible Areas of Risk in Fostering Entrepreneurship

Risk Mitigation Strategies

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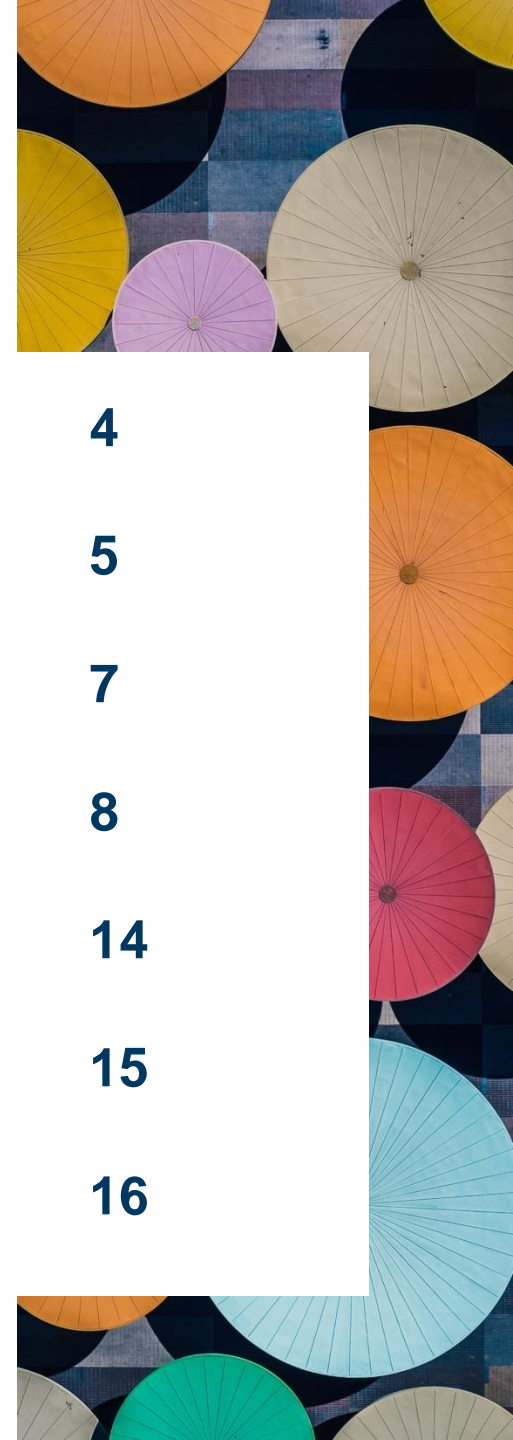
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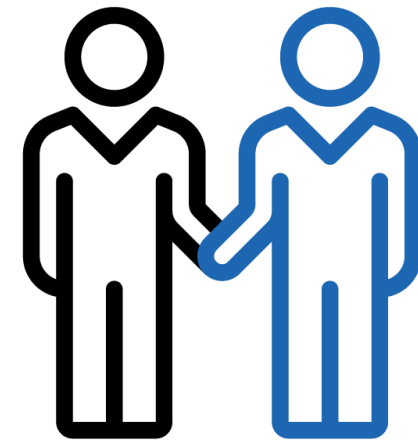
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Introduction

Today's conversation is grounded in a few common goals of family enterprise:

- Fostering family harmony and unity
- Preserving family legacy and values
- Maintaining family ownership across generations
- Continuing financial success and stability
- Contributing to the community



Common Obstacles

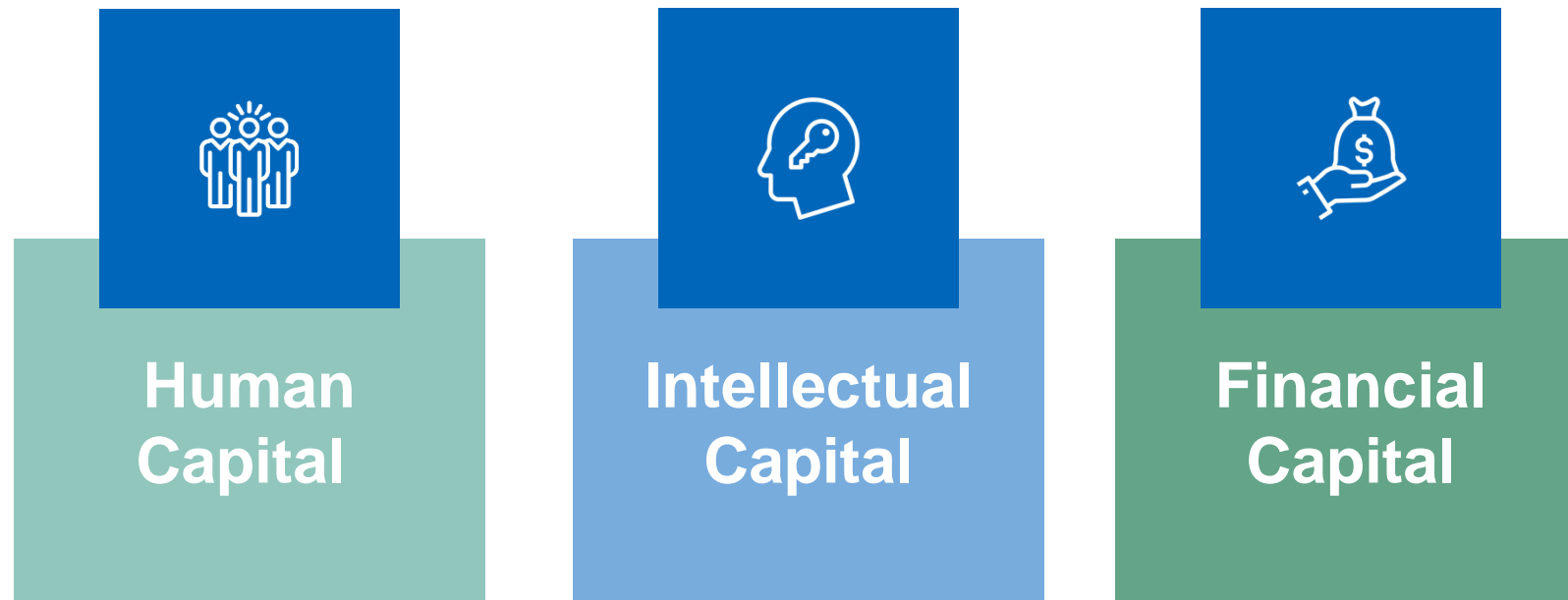
Achieving the family's goals often involves navigating:



- Complex family dynamics
- Asymmetry of interests and roles
- Balancing business and family interests
- Managing communication and decision-making

Common Opportunities

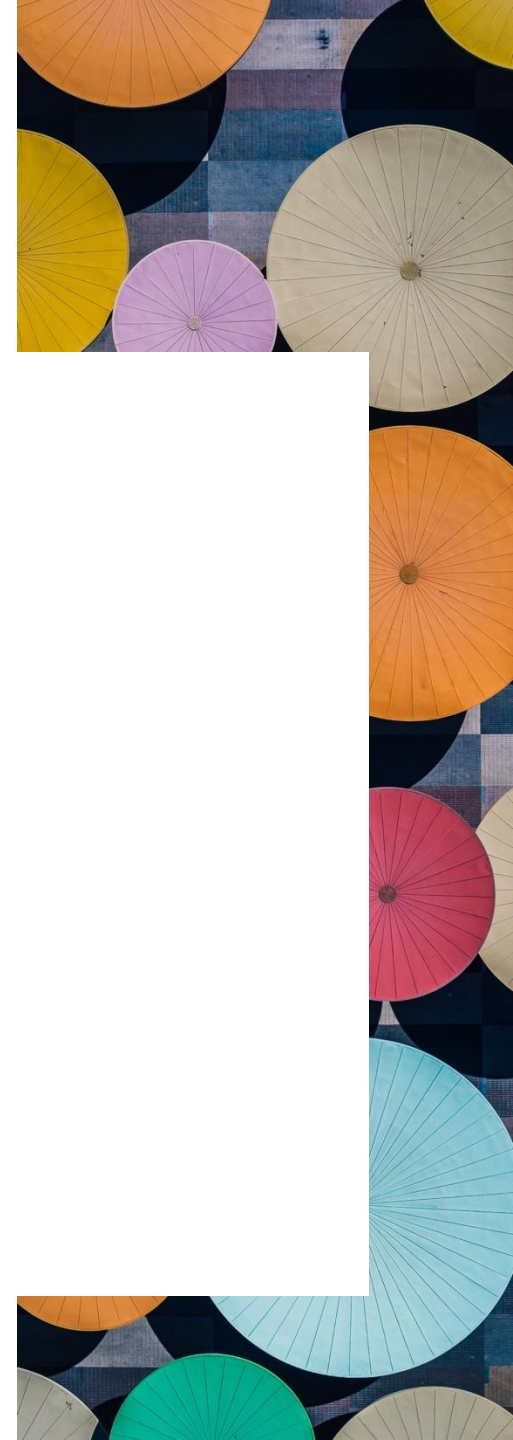
Family enterprises can create value for family members through the family's tangible and intangible assets



Playing Offense

Leveraging the three types of capital, families can look for opportunities to:

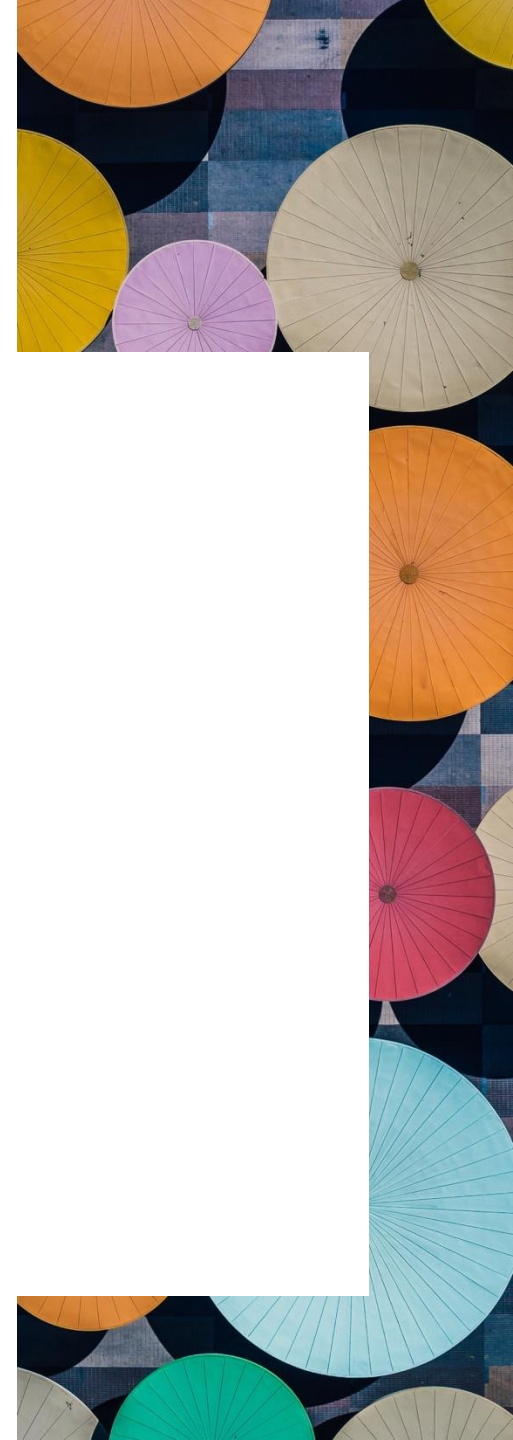
- Develop innovative solutions to fit a diversity of interests
- Seize opportunities for collaboration and engagement
- Leverage different perspectives and relationships
- Adapt, evolve, and take risks



Entrepreneurship as a Strategy

Entrepreneurship can come in many shapes and sizes:

- Growth and innovation inside the family business
- Starting a new venture uncorrelated with the family business
- Expanding the family business through a new joint venture
- Passive or active investing
- Innovated philanthropic or community-centric philanthropy



Entrepreneurship as a Strategy

If designed properly, each type of entrepreneurship can:



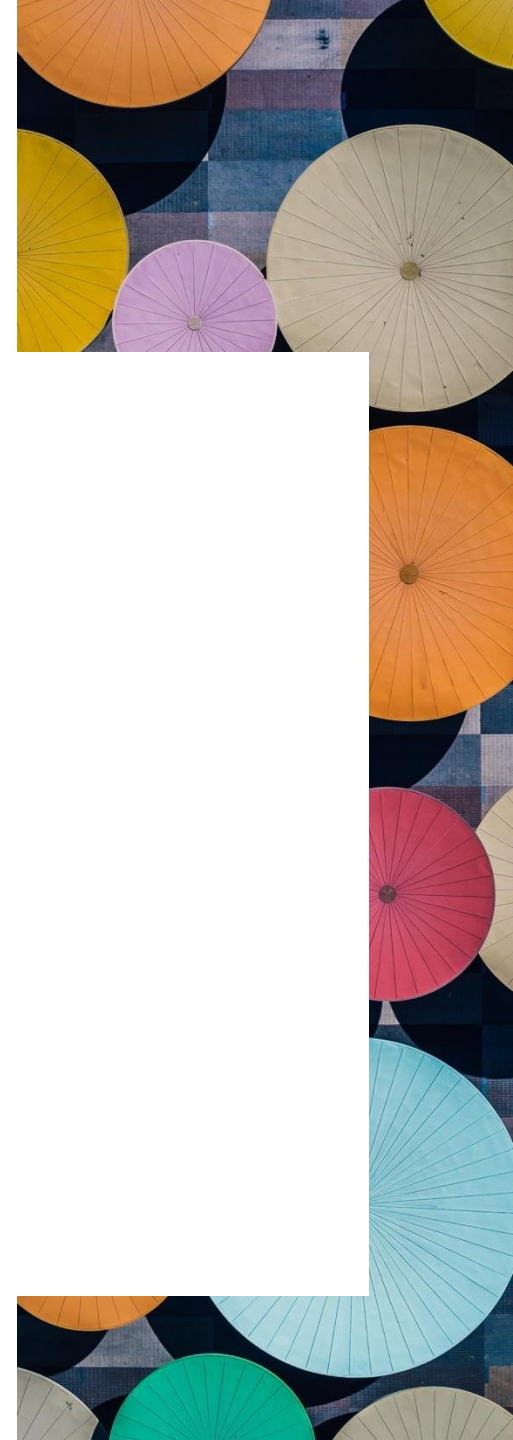
- Build relationships among family members and with the talented non-family members in the family business
- Leverage the family's Human Capital and Intellectual Capital
- Provide *hands-on* experience
- Foster greater connection

EXAMPLE 1

Expand the Existing Enterprise

A family enterprise is looking for opportunities to capture new markets and innovate for the future

- The family identifies one or more family members who have interests that align
- The family members collaborate with the non-family management team members on new initiatives outside of the fixed structure of the existing core business

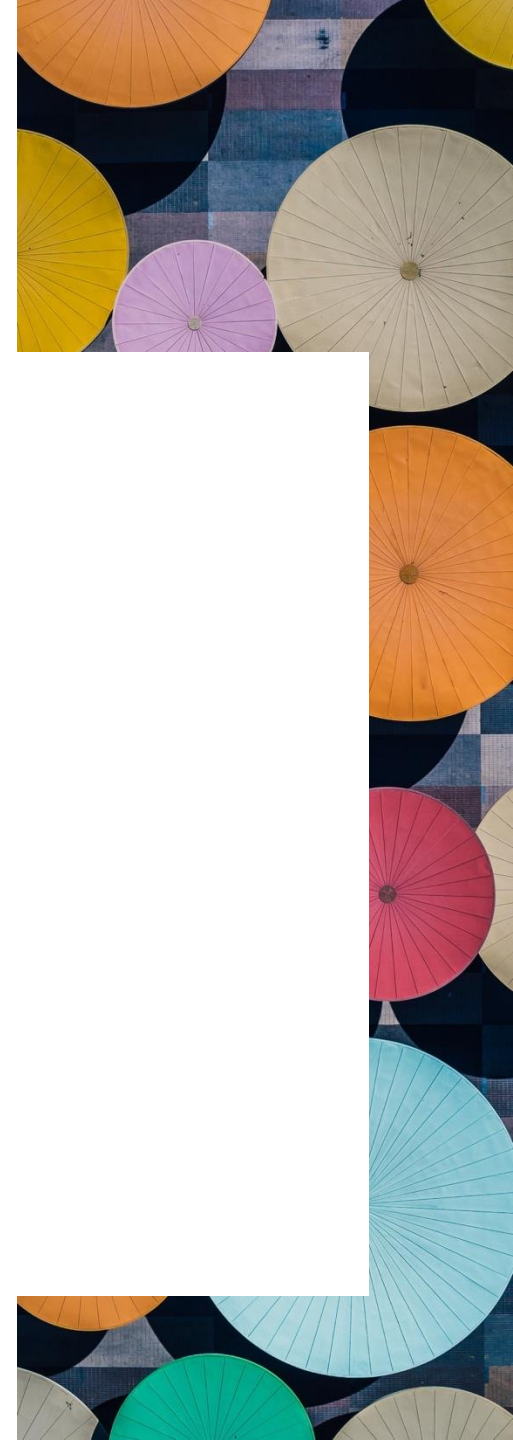


EXAMPLE 2

Diversify Enterprise Business

A family member (not in the family business) is interested in helping the family enterprise enter an entirely new business

- Enterprise professionals (internal and external) assist the family member in developing and executing a business plan
- Enterprise leverages relationships to source, underwrite, and fund opportunities

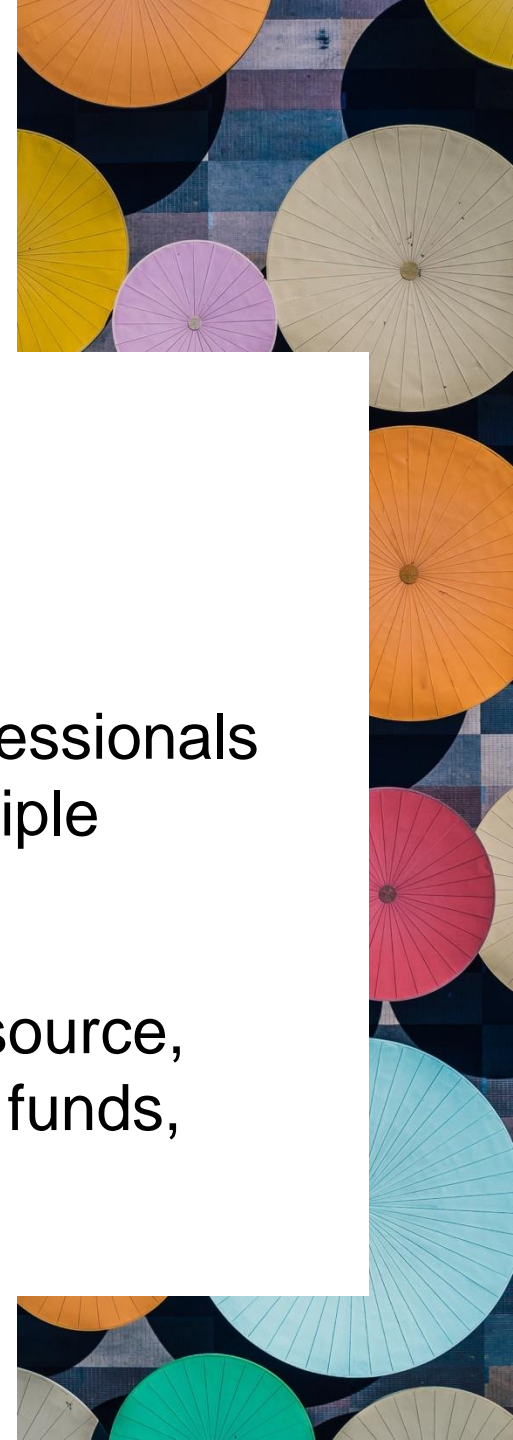


EXAMPLE 3

Outside Investment

One or more family members (not in the family business) has/have an interest in investing in sectors outside of the core business of the family enterprise

- Enterprise creates an advisory committee of enterprise professionals (internal and external) and an investment committee of multiple family members
- Enterprise leverages relationships to help family members source, underwrite, and fund passive investment opportunities (e.g. funds, direct investments, impact investing)



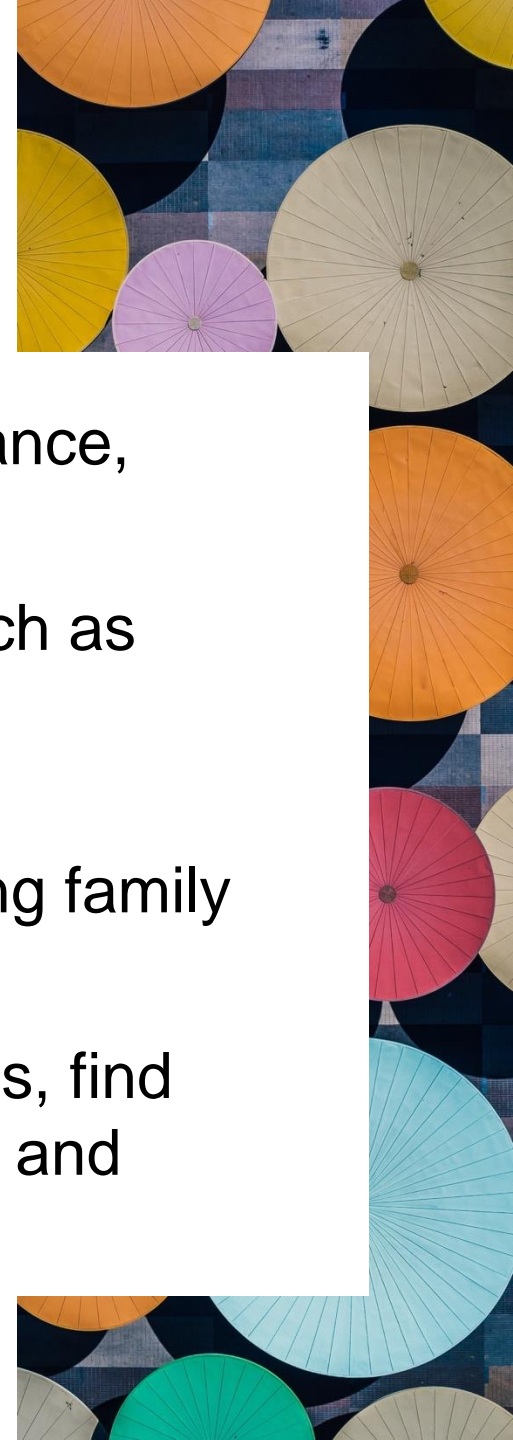
Positive Outcomes

Each example demonstrates methods of advancing goals:

- **Family harmony:** engagement and involvement of additional family members (and, potentially, additional family branches)
- **Legacy and values:** learn the family culture and represent the family values in new growth opportunities
- **Financial success and stability:** non-traditional pathways allow more family members the opportunity to learn the business (and enterprise personnel) and consider succession

Best Practices for Fostering Entrepreneurship

- **Thoughtful Design:** Take the time to curate appropriate governance, incentives, expectations, and enterprise resources
- **Reduce Barriers to Engagement:** Use innovative structures such as short-lived initiatives to allow for *bite-sized* engagement to reach additional family members
- **Encourage Collaboration:** Find areas of common interest among family members and across family branches
- **Offer Family Resources:** Even if only a sounding board for ideas, find ways to appropriately make available the family's Human Capital and Intellectual Capital



Possible Areas of Risk in Fostering Entrepreneurship



Risk tolerance



Perceptions of favoritism/access to capital



Lack of expertise



Values disagreements and disconnects

Risk Mitigation Strategies



- **Engagement:** Ensure that everyone in the family, especially next gens, are engaged in the planning process and in developing alignment on goals
- **Communication:** Be thoughtful about the way that both the plan and the outcomes are communicated
- **Process:** Clear procedures and decision-making rules limit conflict



Questions?

Presenters



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Nate Imfeld advises and represents clients, especially family-owned or controlled businesses, in solving complex generational succession and family office planning problems such as shareholder disputes, securities, and trust litigation, and other fiduciary issues. Nate's passion is helping his clients assess, manage, and navigate difficult situations to find creative solutions, both in and out of court, educating and guiding them through legal issues so they can make informed business decisions. Nate is also a married-in member of the G7 of a multi-generational business-owning family



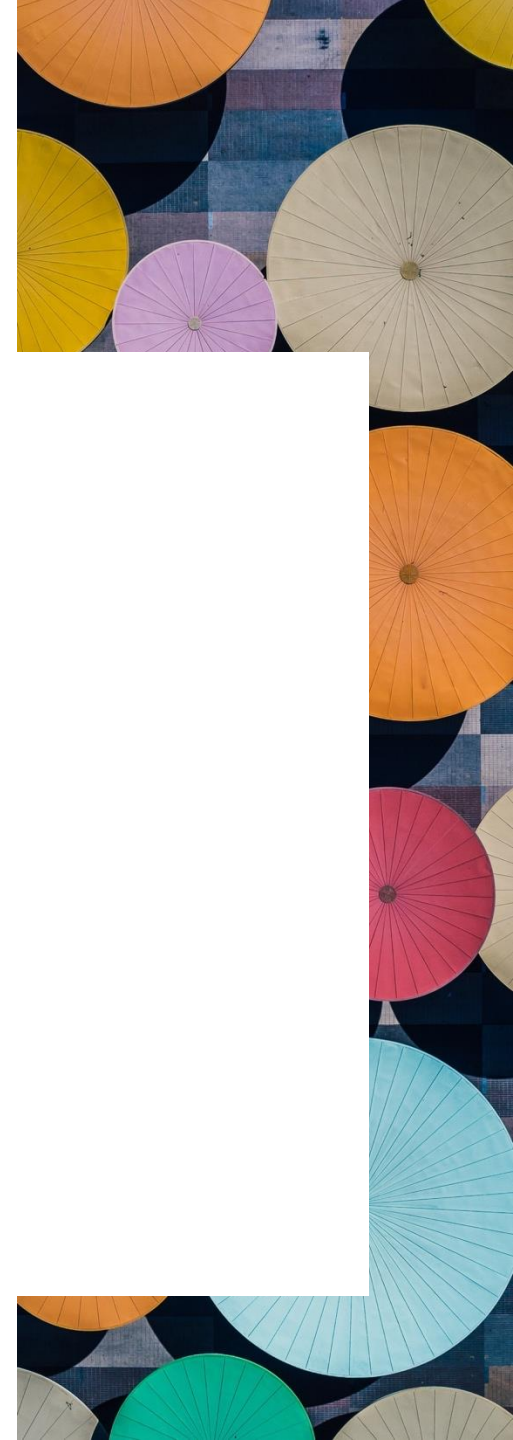
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Nate's wide-ranging practice focuses on business transactions and general corporate representations for public companies, private equity sponsors and their portfolio companies, private/family-owned companies, private investors, and founders. Nate has deep experience in acquisitions and divestitures, structuring partnerships and joint ventures, equity and debt financings, direct investing, and complex commercial transactions. Nate's broad industry experience includes energy/power, infrastructure, real estate, media, professional sports, transportation, and financial services.



About Foley

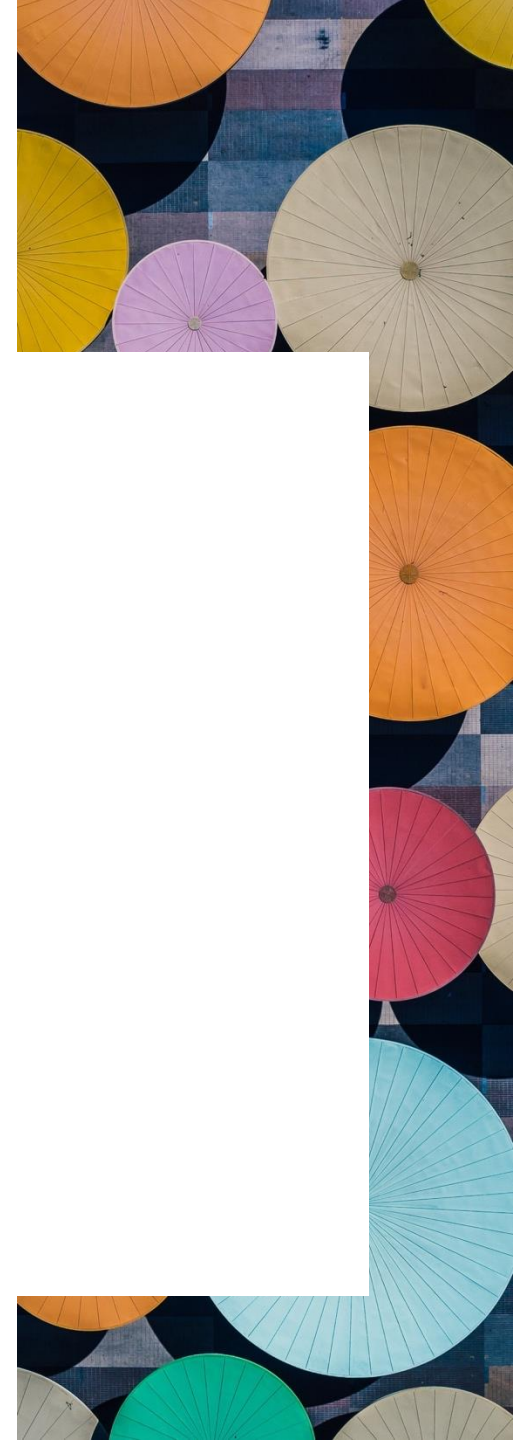
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