



GEORGE ISAAC
CONSULTING
DIVISION

GAI CAPITAL LTD.
P.O. BOX 50009
Santa Barbara, CA 93150
Tel: 805.969.6602

gisaac@gaicapital.com

[@Georgelsaac888](https://www.instagram.com/Georgelsaac888)

www.Georgelsaac.com

Family Wealth Evaporation Trap

*Strategies for Realizing &
Protecting Family Enterprise
Wealth as it is being Created!*

Family Wealth Evaporation Trap

Strategies for Realizing & Protecting Family Business Wealth

By: George Isaac, Family Office & Family Business Consultant

THE PROBLEM:

Over 50% of family offices include a family business. Too many principals inappropriately view the family business as their “operating entity” and all other assets as their “investments.” This misalignment of the family business asset with the overall family wealth portfolio results in families unnecessarily taking on unrecognized risks and experiencing lower investment ROIs, and diminished liquidity. The consequence is inevitably the silent and unseen evaporation of family wealth – often over a single generation.

THE SOLUTION:

The first step is to recognize that the value of your family business is best described as an “unrealized stock gain”. Value is not “realized” until cash ends up in the owner’s pocket, which is often dependent upon a future liquidity event, such as the sale of the business. During this unrealized wealth creation phase, your family’s business wealth is highly concentrated, illiquid and exposed to significant risks and reduced investment performance. Risks from volatility of earnings, new competition, loss of key employees, customers, or suppliers, and uncontrollable market dynamics, such as interest rates, recessions, government regulations, and valuation multiples, all impact the value of your business. In addition, family “soft issues” relating to individual family member connectivity, communication and compensation are often not met, leading to negative family stakeholder satisfaction. These situations create a compelling need to harvest a portion of wealth creation *as it is being developed* through specific wealth realization and asset protection strategies.

George Isaac Consulting’s newly launched family business wealth realization strategy titled the **FAMILY WEALTH ROADMAP™** provides an innovative and unique process for family enterprises to address these issues. Our primary focus is to protect the family business and its future value creation capabilities. A parallel objective is to address family wealth management objectives and potential current or future problems with family dynamics that can impact long- term family business longevity. The ideal candidates for the Family Wealth Roadmap are families whose businesses, including longer term private equity investments, represent 50% or more of a family’s overall wealth portfolio.

THE BENEFITS:

By implementing the **FAMILY WEALTH ROADMAP™**, the following objectives can be achieved:

- Dedicated available capital to support the family enterprise’s current and future needs
- Improved Risk Management / Protection Against Unpredictable “Tail” Risks
- Improved Family Wealth Liquidity & Investment Diversification
- Tailored Investments that Meet Individual Family Member Needs & Objectives
- Tax Efficient and Custom Business Wealth Transfer while Maintaining Control Positions
- Increased Family Wealth Asset Protection for both business and non-business assets
- Improved Risk-Adjusted Overall Family Wealth IRR’s
- Improved Family Stakeholder Satisfaction with Family Enterprise

Please contact us today for a complimentary consultation

Family Wealth Roadmap™ Process

I. BUSINESS & INVESTMENT REVIEW

- Analyze Existing Asset Allocation
- Perform Mini Business Operational & Financial Review
- Model Volatility & Sustainability of Business Cash Flows
- Create Scenario & Sensitivity Models of Business Cash Flows & Capital Needs

II. FAMILY & FAMILY ENTERPRISE NEEDS ASSESSMENT

- Interview Family Leadership and Active & Passive Family Stakeholders
- Develop Needs Assessment and GAP Analysis
- Prepare Key “Term Sheet” Options
- Build Family Consensus around Preliminary Term Sheet

III. CAPITAL STRUCTURE REVIEW

- Analyze Business Capital Structure
- Rationalize Working Capital & Fixed Assets
- Test Revised Capital Structures & Shareholder Distribution Strategies Against Key Sensitivities

IV. REVISED PORTFOLIO ANALYSES

- Develop Five-Year Business Wealth Realization & Shareholder Distribution Plans
- Revise Wealth Asset Allocation & Investment Plan
- Model Investment Portfolio Returns, Yields, Risks & Volatility
- Finalize Family Wealth Investment Plan

V. RISK MANAGEMENT & ASSET PROTECTION PLANNING

- Finalize Family Risk Management Plan
- Custom Design Family Asset Protection Plan
- Custom Design Special Purpose Entities (SPE) & Shareholder Agreements

VI. EXECUTE WEALTH REALIZATION PLAN

- Prepare & Sign Legal Documents
- Finalize Financing Plans & Secure Financing for Revised Capital Structure
- Distribute Shareholder Funds to SPE's & Trusts
- Prepare Summary Report Documenting Strategies, New Entities, and Shareholder Agreements.

About GEORGE ISAAC CONSULTING...



George Isaac is the founder and President of GAI Capital Ltd, a 15-year-old national management consulting and investment firm. Through his GEORGE ISAAC CONSULTING division, he provides specialized management consulting services to family businesses and family offices. The Firm's specialties include:

- TRANSITION PLANNING AND SUCCESSION MANAGEMENT
- CORPORATE AND FAMILY GOVERNANCE
- IMPLEMENTATION OF FAMILY WEALTH REALIZATION STRATEGIES
- CORPORATE FINANCE, INCLUDING BUYING/SELLING A BUSINESS
- BUSINESS STRATEGY/OPERATING PERFORMANCE IMPROVEMENT

Isaac states, "Our primary focus is assisting our clients as they create, realize and protect family business wealth". Based upon Mr. Isaac's perspective and skills gained through decades of family business, public company and capital markets experience, we developed our recently announced **Family Wealth Roadmap™**, an innovative process of partially realizing family business wealth as it is being created.

Mr. Isaac has served on 14 public and private corporate boards for companies ranging in size from \$30M to \$1B and has consulted on over 100 client engagements in a variety of industries. As a result, he has a rare understanding of all aspects of starting and maintaining a family enterprise, from the technical to the behavioral. His prior experiences as a family business CEO and Director, Deloitte management consulting partner, corporate board member, and a private equity investor provides him with the unique perspectives of an operating executive, management consultant, and investor. The result is an ability to deliver pragmatic, strategic and implementable counsel to his family enterprise clients.

Mr. Isaac is also the co-managing member of the Isaac family office, GeoZac Holdings, Ltd. In addition, he currently owns a metals recycling company and serves as co-managing member of two of his family's 2nd generation operating companies, and is on the board of directors (prior CEO) of his 4th generation family business, The Isaac Group. His prior investment experience includes the formation of a fund of funds hedge fund and actively investing in private equity, early stage and public security transactions.

Mr. Isaac is a frequent speaker at national and international business meetings and conferences and has had several articles published on family enterprise issues. He is a member of the Young Presidents' Organization and the National Association of Corporate Directors, and an International Board Member of the Chief Executives Organization (CEO). Mr. Isaac is a credentialed Certified Management Consultant (1984) and has an MBA *with distinction* in Finance and a B.S. Industrial & Operations Engineering from The University of Michigan. Additional information is available at Georgelsaac.com; follow him on Twitter: @Georgelsaac888.