

### *President's Message*

By the time we all gather for the November meeting, the mid-term elections will be over, and we will know who is going to be responsible for our estate and income tax future. I am not sure that any of us feel confident that the lame-duck session is going to produce anything more than a short-term resolution to the current uncertainty. Who would have thought a year ago that we would still not know the fate of the estate tax or what our upcoming income tax brackets might be?

Meanwhile, businesses operate and families function (or not). Over 90 percent of all corporations in the United States are family owned or controlled, including some of the largest public corporations. However, the average life expectancy of such organizations is only 24 years, and only 3 out of 10 family firms survive into the second generation. These statistics are quite shocking, and yet are probably not surprising to those of us who work with families and family-owned businesses. Our speaker for this month works with middle-market companies to provide strategies for succession. While his clients may be larger than the closely-held businesses that some of us are used to working with, I am sure that it will be fascinating to hear of the strategies that are available and how the resources come together to assist in these transactions.

I look forward to seeing everyone at the November meeting.

- Valerie Neale

*Your Board of Directors wishes  
you and yours, a safe and sane  
Holiday Season –  
See you in 2011!*

### **“Strategic Planning**

### **For Family Owned Middle Market Companies”**

Our speaker for this month, **David Waitrovich**, works with middle-market private companies to assist them in what he calls “strategic planning”. He uses “Strategic” planning rather than “succession” planning, because the conversation covers more than traditional estate planning. It involves a review of all of the assets of the company and the family, including financial assets, intellectual capital and management. Of the 70 percent of family-owned companies that do not survive into the next generation, many could survive if their owners/managers better understood the key issues involved in managing change and if they were better equipped with some strategies to handle the process of adaptation and continuity more effectively.

Public companies are required to address issues such as the quality of the management team, financing issues, questions of competition, dangers, opportunities and resources. Private companies often do not have these conversations, and assisting them to have this conversation deepens the relationship with the client and often uncovers issues that are normally overlooked. What about looking at the company as an asset in the following way : Buy? Sell? Hold? Is the company going to merge or buy another company, and if so how will this be achieved, and if not, why not? Sell, and if so, how, and if not, why not? Maintain their position and if so how, and if not, why not?

The merger and investment activity in the middle market arena is high. Private equity funds are extremely active; larger corporations are carrying significant amounts of cash on their balance sheets. A middle-market company is measured in terms of enterprise value of \$10mm to \$50mm. David will cover the trends in this market. Since, in most cases, the company is the largest asset in the family, how can we, as advisors, improve the odds for our clients?

**Wednesday, November 17, 2010**

*Lafayette Park Hotel  
3287 Mt. Diablo Blvd. Lafayette*

*6:00 PM. Wine and Registration  
6:30 PM Dinner and Speaker*

**Cost: \$40.00 dinner (preregister)  
\$45.00 (at the door)**

*Reservations and cancellations must  
be received by Monday,  
Nov 15th at 1:30 p.m. to be assured of  
a reservation.*

*Please send your check today!*

**or**

*Pay with a credit card online*

<http://www.123signup.com/calendar?Org=epcdv>

**or**

*call Bonni at:*

**925.686.4819**

David Waitrovich is a Managing Director in the Private Banking and Advisory Group at Merrill Lynch. He has been with Merrill Lynch since 1986 and in the financial advisory business since 1982. He has been recognized as one of the Top Financial Advisors in the US by Baron's Magazine each year since the list started. California CEO Magazine named him on their Top 10 List in California and The SF Business Times ranked him in the Top Advisors for Northern California. David graduated with a BS in Economics and Business Administration from St. Mary's College. He earned a Certified Investment Management Analyst designation from The Wharton at the University of Pennsylvania and recently earned his MA in Counseling Psychology from JFK University.