

LEADERSHIP & FAMILY BUSINESS NEWSLETTER

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SECTION A

Leadership, Entrepreneurship and Family Business

– Dr. Toyin F. Sanni (*Executive Vice Chair, Emerging Africa Group*)



Wealth and Legacy: Strategic Financial Planning for Multi-Generational Family Businesses

Family-owned businesses are a cornerstone of the global economy, accounting for 70-90% of global GDP and 50-80% of employment worldwide (PwC, 2023). However, in Nigeria, only 30% of family-owned businesses survive beyond the first generation, and just 12% make it to the third generation (IFC, 2022). Strategic financial planning is crucial to ensure the longevity of these businesses across generations. This article explores wealth management, succession planning, and legacy preservation in multi-generational family businesses.

Financial Stewardship Across Generations

Successful wealth management in family businesses requires instilling financial responsibility in the next generation. Studies show that only 20% of family businesses have a formal succession plan, leaving them vulnerable to leadership crises (Astrachan & Pieper, Journal of Family Business Strategy, 2021). Research by Harvard Business Review (2022) emphasizes introducing heirs to financial responsibilities early through structured programs. These programs ensure continuity in decision-making and align family members with shared financial goals, with Family Business Councils helping maintain cohesion and a collective sense of responsibility (Deloitte, 2023).

Investment Strategies for Longevity

Family businesses must balance reinvestment with diversification to sustain growth. According to PwC's 2022 Global Family Business Survey, 64% of successful family businesses actively diversify their investments. Diversification into sectors like real estate, technology, and renewable energy can mitigate risks during economic downturns (Forbes, 2023). In addition, private equity and family trusts help protect assets from legal disputes, while impact investing supports both financial returns and social good (Global Impact Investing Network, 2022).

Governance and Wealth Preservation

Clear governance structures play a vital role in preserving wealth. The EY Family Business Index (2023) reports that businesses with strong governance models are 1.7 times more likely to survive beyond the third generation. Establishing Family Constitutions to define roles and responsibilities, as well as setting up Family Offices to manage investments and philanthropy, ensures long-term stability (McKinsey & Co., 2023). Independent advisory boards also offer unbiased financial planning and risk assessments, crucial for sustaining family businesses (Harvard Business Review, 2023).

Exit and Liquidity Planning

Structured exit strategies are essential for leadership transitions. Research shows that less than 40% of family businesses actively plan for succession, which often leads to disruptions. Viable transition methods include Management Buyouts (MBOs), where the business is sold internally to experienced managers, or trade sales that retain some family ownership (PwC, 2023). Deloitte's 2022 study found that businesses with structured exit and liquidity plans have a 75% higher survival rate beyond the founder's generation.

Philanthropy and Impact Investing

Philanthropy is an integral part of a family business's legacy. A report by Rockefeller Philanthropy Advisors (2023) reveals that 65% of high-net-worth family businesses engage in charitable activities. Many set up foundations or focus on ESG (Environmental, Social, and Governance) investments, supporting causes like education, healthcare, and community development (World Economic Forum, 2023). These initiatives not only enhance a family's legacy but also positively impact society and strengthen brand reputation (McKinsey, 2023).

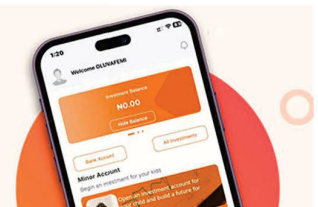
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Case Study: The Dangote Group

The Dangote Group, founded by Aliko Dangote in 1977, exemplifies successful strategic financial planning in an African family business. Initially focused on importing commodities like rice and sugar, the company expanded into manufacturing, particularly cement. Today, Dangote Cement is one of the largest producers in Africa, with operations across 10 countries.

A key to the group's success is its diversification strategy, expanding into sectors like sugar, salt, and oil refining, which minimizes risks associated with market fluctuations. Under Aliko Dangote's leadership, the group has also ensured continuity with a clear governance structure, involving family members in key roles while integrating professional management practices. The development of a \$20 billion petroleum refinery is a forward-thinking investment set to revolutionize Nigeria's oil industry.

Philanthropy also plays a significant role in the Dangote Group's legacy. Through the Aliko Dangote Foundation, the group has invested in healthcare, education, and economic empowerment, reinforcing its commitment to social responsibility.

Conclusion

Strategic financial planning is essential for the survival and growth of multi-generational family businesses. By focusing on wealth management, investment diversification, governance, and succession planning, family-owned businesses can secure their legacy. The Dangote Group's success highlights how thoughtful financial strategies, diversification, and philanthropy contribute to long-term sustainability and offer valuable lessons for family businesses across Africa and beyond.

SECTION B

Macro-economic overview

– **Olamide Akanji** (Technical Analyst)

Navigating Uncertainty in 2025

The global economy faced extreme volatility in early 2025, following President Trump's broad tariffs, sparking fears of a trade war and recession. These uncertainties, alongside geopolitical conflicts and inflationary pressures, continue to shape economic trends worldwide, impacting Nigeria.

Economic Growth: Nigeria's economy showed resilience, growing by 3.84% in Q4 2024, the highest quarterly expansion since Q4 2021. The full-year growth of 3.40% in 2024 exceeded 2023's 2.74%, supported by improved remittances, stabilizing FX conditions, and other key factors.

Inflation and Monetary Policy: In January 2025, the National Bureau of Statistics (NBS) rebased the Consumer Price Index (CPI) from 2009 to 2024, enhancing inflation measurement accuracy. This adjustment lowered inflation from 34.8% in December 2024 to 24.48% in January 2025. Inflation declined for two consecutive months, reaching 23.18% in February 2025. Despite this trend, the cost of goods and services remains high.

The Central Bank of Nigeria (CBN) maintained a cautious stance, keeping the benchmark interest rate at 27.5% in February 2025. The bank continues to balance inflation control with economic growth objectives.

Exchange Rates and Business Operations: The Naira remained relatively stable in Q1 2025, supported by rising foreign reserves, investor confidence, and transparent forex policies. It strengthened to ₦1490/\$ on February 26, 2025. However, volatility persists, affecting import-dependent businesses and raising price stability concerns. Companies must adopt risk management strategies, diversify, cut costs, and explore local supply chains to mitigate exposure.

Nigerian Stock Exchange Performance: As of early April 2025, the NGX All-Share Index (ASI) stands at 105,660.64 points, reflecting a year-to-date (YTD) gain of 2.66% and moderate equities market growth.

Sectoral performance shows the Banking sector leading with a 6.96% gain, followed by Consumer Goods at 4.86%. The Oil and Gas sector performed the worst, declining by 9.34%, followed by Insurance (-2.71%) and Industrial Goods (-2.30%).



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Economic Outlook for Q2 2025: As Nigeria moves through 2025, the economic landscape remains dynamic, presenting both challenges and opportunities. A proactive investment approach, monitoring monetary policy shifts, and diversification across asset classes are key strategies for success.

Economic growth is expected to continue in Q2 2025, though constrained by structural and macroeconomic challenges. While inflation is projected to slow, festive periods in March and April may cause temporary reversals. The CBN is expected to maintain its current interest rate as it balances inflation control and foreign capital attraction.

Exchange rates will remain sensitive to market dynamics. However, the CBN is likely to implement policies to ensure stability, including forex market interventions and efforts to boost dollar liquidity.

Investment Opportunities: The Nigerian capital market is expected to deliver mixed performance in Q2 2025, shaped by macroeconomic trends, sector fundamentals, and monetary policy directions.

Banking stocks remain attractive, driven by recapitalization efforts and strong corporate earnings. The Consumer Goods and Industrial Goods sectors also offer growth potential. In the Oil and Gas sector, investors can capitalize on undervalued stocks amid sector-wide adjustments.

In the fixed income market, yields are expected to trend downward if inflation continues to decline and the CBN cuts rates earlier than anticipated.

Nigeria's real economy remains a significant growth driver, with investment opportunities in agriculture, manufacturing, and technology. However, infrastructure gaps in transportation, power, and digital connectivity persist, presenting both challenges and opportunities for investors.

Navigating 2025's economic landscape requires strategic planning, adaptability, and leveraging emerging opportunities amid prevailing uncertainties.

SECTION C

Private Equity & Venture Capital

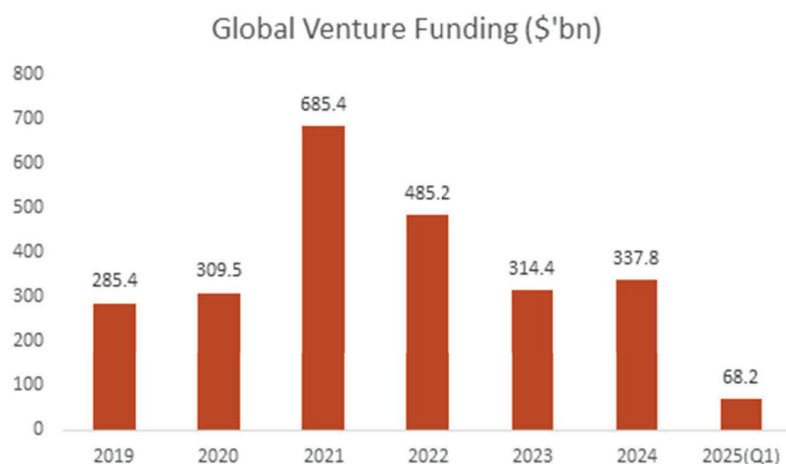
– **Toni Sanni** (*Acting Managing Director, Emerging Africa Capital Advisory*)



The VC funding “winter”

What is the funding winter and how have we seen it affect the funding landscape for both startups and VC's?

The term funding winter refers to a period of reduced venture capital (VC) investments, where startups face difficulties in securing funding due to economic uncertainty, risk aversion among investors, and broader market downturns. This phenomenon is often triggered by factors such as rising interest rates, inflation, geopolitical instability, or corrections in public and private markets.



Source: DealRoom

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Following the record-breaking funding in 2021, a sharp contraction occurred as inflation, rising interest rates, and geopolitical tensions dampened investor confidence. As a result, global VC funding has continued to experience a funding winter. In 2022, the market contracted to \$485.2 billion, followed by a further drop to \$314.4 billion in 2023. While 2024 saw a modest recovery to \$337.8 billion, the first quarter of 2025 recorded only \$68.2 billion, indicating continued investor caution.

The Impact on Startups

For startups, this funding winter has led to:

1. Stricter Investment Criteria, as Investors are now more cautious, prioritizing profitability and sustainable growth over rapid expansion and market share. This shift has made it harder for early-stage startups to secure funding without a clear path to profitability.
3. Down Rounds and Valuation Cuts as many startups have had to accept lower valuations compared to previous funding rounds, as investors reassess risk and demand more favorable terms.
4. Increased Focus on Efficiency: With limited access to capital, startups are cutting costs, streamlining operations, and prioritizing core revenue-generating activities over aggressive expansion.

The Impact on Venture Capital Firms

For startups, this funding winter has led to:

1. Slower Deal-Making: The pace of investments has slowed as firms conduct more rigorous due diligence before committing capital.
2. Lower Fundraising Success: Many VC firms have struggled to raise new funds, as institutional investors and limited partners (LPs) become more selective and cautious.
3. Shift in Investment Strategies: VCs are shifting their focus from high-risk, high-growth startups to more resilient sectors such as fintech, healthtech, and AI-driven solutions.
4. Increased Demand for Bridge Rounds: With startups facing funding shortfalls, VCs are often providing bridge financing to sustain promising portfolio companies rather than making new investments.

With the right strategies and mindset, you can make 2025 the year you take control of your finances and build the future of your dreams!

Do we expect the VC funding winter to become alleviated and pick up in the coming year?

The VC funding winter shows early signs of slowing in 2025, but the recovery is expected to be gradual and selective. In Q1 2025, VC funding reached \$68.2 billion, which, if annualized, would total \$273 billion, indicating continued contraction compared to 2024's \$337.8 billion. This performance reflects the significant volatility in the global economy during the first quarter of 2025, largely driven by the implementation of widespread tariffs by U.S. President Trump, fueling concerns of a global trade war and potential recession. However, favorable macroeconomic conditions and market stabilization could pave the way for a rebound in VC funding. Emerging trends such as the rise of artificial intelligence, the resurgence of mega deals, and improved IPO activity are likely to support a recovery in VC investments.

How can startups differentiate themselves in this time?

To navigate and thrive during a funding winter, startups must prioritize profitability by focusing on unit economics and cash flow while demonstrating traction through revenue growth and customer retention. Streamlining operations, showcasing a strong team, and differentiating with a unique value proposition are also key for startups to navigate a funding winter and secure capital for growth and expansion. Lastly, exploring alternative funding options such as venture debt, grants, or strategic partnerships can help bridge gaps and provide stability when traditional VC funding slows.



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SECTION D

Estate Planning, Family Offices & Offshore Trusts

– **Olutoye Sanni** (*Deputy M.D, Trust Services / Head, Family Office*)



The Future of Estate Planning: Trends and Innovations

Estate planning has traditionally revolved around wills, trusts, and legal documentation, but emerging technologies are reshaping how wealth is managed and transferred. Innovations such as artificial intelligence (AI), blockchain, and digital estate planning tools are revolutionizing the sector, offering greater security, efficiency, and accessibility for individuals and families.

Key Trends in Estate Planning

1. AI in Estate Planning

AI-driven platforms are transforming estate planning by offering automated legal document generation, predictive analytics for tax optimization, and personalized wealth transfer strategies. These tools help individuals make informed decisions while reducing legal complexities and costs.

2. Blockchain and Smart Contracts

Blockchain technology ensures transparency, security, and immutability in estate planning. Smart contracts, which execute asset transfers automatically upon predefined conditions (such as the owner's passing), can reduce legal disputes and delays in wealth distribution.

3. Digital Estate Planning Tools

With more assets now existing in digital form (cryptocurrencies, NFTs, online businesses), specialized digital estate planning tools help individuals organize, store, and pass on these assets securely. Platforms offering encrypted storage and automated beneficiary access are becoming essential.

Consider a business owner using a blockchain-based trust, where smart contracts automatically transfer digital assets to beneficiaries without intermediaries. Likewise, AI-powered estate planning platforms can generate personalized will recommendations based on financial data and family structures.

Conclusion

Estate planning is evolving rapidly, integrating AI, blockchain, and digital tools to enhance security and efficiency. As technology continues to advance, adopting these innovations will be key to ensuring seamless wealth transfer and protecting family legacies for generations to come.

SECTION E

Wealth Management & Personal Finance

– **Toluwa Sanni** (*Head, Partnerships and Client Coverage*)



Negotiating Your Salary: Unlocking Your True Earning Potential

Salary negotiations can feel intimidating, but they are essential for financial growth. Instead of viewing them as confrontations, see them as discussions about your value. When approached with the right mindset, negotiations can lead to long-term financial success. This guide will help you confidently advocate for fair compensation.

Understanding Your Value

The foundation of a successful salary negotiation is knowing your worth. This goes beyond your job title; it includes your skills, experience, and unique contributions. Research industry salary benchmarks using websites like Glassdoor, Salary.com, and Payscale.

Quantify your impact—highlight specific achievements like increasing sales by 15% or leading a team through complex projects. Networking with industry professionals can also provide insights into salary ranges, ensuring you don't undervalue yourself.

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Timing Is Key

The best time to discuss salary is after receiving a formal job offer. This is when you have the most leverage. However, have a salary range in mind before reaching this stage. If asked early about expectations, respond with: "I'm focused on finding the right fit for my skills and experience. I'm confident we can discuss compensation once we determine it's a match."

Preparation: The Key to Confidence

Think of salary negotiation like an important presentation. Document your key accomplishments and use data to support your case. Instead of saying, "I improved customer satisfaction," say, "I implemented a new service protocol, increasing positive feedback by 20%."

Practice articulating your value so you're prepared for employer questions. Demonstrating your worth with specific examples strengthens your position.

Presenting Your Salary Expectations

Instead of stating a fixed number, offer a salary range based on your research. For example: "Based on my experience and industry standards, I'm targeting a salary range of \$X to \$Y." This keeps the conversation open while setting expectations.

Confidence is crucial. Don't apologize for advocating for yourself – remain polite, professional, and assertive.

Look Beyond the Base Salary

Salary is just one part of compensation. Consider bonuses, stock options, health insurance, retirement plans, and other benefits like remote work or professional development funds. Many of these are negotiable and can significantly impact overall earnings.

Ask about benefits, as they can sometimes outweigh a higher base salary.

Engaging in Effective Negotiation

Negotiation is a two-way discussion. Employers may have budget constraints, so listen actively to understand their position. Find ways to address concerns with concrete examples that justify your request. Flexibility can lead to creative solutions that benefit both parties.

Be Ready to Walk Away

Know your bottom line and be prepared to decline an offer if it doesn't meet your needs. This doesn't mean being inflexible but recognizing your worth. Having backup job opportunities gives you confidence to walk away if necessary.

Salary negotiation is a skill that improves with practice. By researching your market value, timing discussions well, and advocating for yourself effectively, you can secure the compensation you deserve. What has your experience been with salary negotiations? Share your insights in the comments!

Conclusion

As we navigate the complexities of leadership, family business dynamics, economic shifts, venture capital trends, estate planning innovations, and personal finance strategies, one thing remains clear: adaptability and strategic foresight are essential for long-term success. Whether you're securing your family's legacy, investing in emerging opportunities, or negotiating your worth, informed decision-making is key. We hope this edition has provided valuable insights to help you thrive in an ever-evolving landscape. Stay engaged, stay strategic, and see you in our next issue!



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CONTACT

@ Emergingafricagroup in f Emerging Africa Group
EA Capital Group 08133540432

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