



THOUGHT LEADERSHIP FROM A TECHNOLOGY LEADER

4 Steps—Starting Your Succession Planning Roadmap

The RIA industry continues to see a strong uptrend in mergers and acquisitions. In fact, *InvestmentNews* recently noted this was the fourth straight year of record high activity.

As an advisor who has worked a lifetime to successfully maintain and grow your firm, it's imperative to ensure the value of your business endures for years to come. Having a succession plan is one of the most important steps you can take to secure your firm and clients' future.

Whether your plan is to fully retire within the next few years, or methodically include a partner to help carry on your legacy, the following should be the top considerations in your plan:

#1: Prioritize a formal, up-to-date succession plan

- Most advisors don't have a thorough, clearly outlined succession plan, but need one. According to Cerulli Associates, of the large number of RIAs who plan to retire in the next 10 years, 13% are unsure who will acquire their clients after they retire.

#2: Review your technology footprint to greatly improve your firm's valuation

- It's well-reported that technology is an increasingly important factor when advisors choose a new firm. If you are considering selling your firm down the road, your valuation will improve by demonstrating the day-to-day technology efficiencies leveraged in your practice.
- If your succession plan involves junior advisors, consider their expectations about technology, such as the client portal, mobile apps, dynamic reporting and client-meeting tools.

#3: Start with your team to plan for the great generational wealth transfer

- According to the 2016 Accenture Great Wealth Transfer report, most RIAs don't have significant relationships with the next generation of clients, yet \$30 trillion is expected to transfer to the children of aging Baby Boomers.
- Furthermore, Cerulli believes that new, younger advisors will be increasingly important for service delivery, especially multi-generational service delivery.

#4: Consider the benefits of joining forces

- If an internal succession event is not in your plans, consider the type of firm you'd be willing to combine forces with; such as an aggregator or larger firm if you need more infrastructure or compliance tools.
- A top influence to today's heightened M&A trend has been increasing regulatory requirements. If you can't or don't want to build the required processes on your own, why not find someone who's already done the work?

Last thought

The succession planning process is one of the most important steps you can take to ensure your legacy is kept intact. While the road to achieving a sound plan takes time, having the peace of mind that your business and clients will continue to thrive for years to come makes the journey all that more rewarding.