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SEI White Paper: Advisors Must View Succession Planning as Growth Strategy, Not Just Retirement Strategy

Only 17 Percent of Advisors Have a Formal Succession Plan

OAKS, PA -- (Marketwired) -- 06/24/14 -- With 99 percent of independent financial services and advisory practices going out of business when their founder retires, firms must increasingly view succession planning as a growth strategy not a retirement strategy, according to a white paper released today by SEI (NASDAQ: SEIC) and FP Transitions.[1] The white paper reveals that while nearly one-third (32 percent) of advisors claim to have a succession plan, only 17 percent have a binding and actionable agreement. This data points to the need for advisors to re-assess their succession planning goals and strategies. The white paper, titled, "Acquisition and Succession: Shift Your Focus from Retirement to Growth," surveyed 771 financial advisors to gain insights on their acquisition, succession planning, and continuity planning activities.

"Advisors are beginning to realize that succession plans and continuity plans can actually become growth tools," said John Anderson, Head of SEI Practice Management Solutions, SEI Advisor Network. "By taking the time to plan for the future, advisors are giving themselves a key competitive advantage in the present. The process gives them a clearer picture of their firms' overall health, prioritizes finding a new generation of talent, and sends the message to clients that the firm will be viable for years to come."

"Succession planning isn't just about figuring out who's going to take over when you're gone," said David Grau Sr., President and Founder of FP Transitions. "It's about building a business that will support your long-term vision, and which will continue to serve clients even when you're not around as much. Whether that means preparing the firm for acquisition or extending ownership to the next generation, continued growth is essential to a successful transition."

When asked specifically about their long-term growth, a majority of advisors fall into one of two camps: those that want to acquire another firm, and those that want to grow their firm organically. About one-third (34 percent) of those surveyed have never acquired another firm, but plan to. An additional one-third (33 percent) said they want to grow their firm by bringing in a new generation. More than half (57 percent) of advisors who have been in

business less than five years have never bought a business, but think they can grow by buying other firms.

When asked about valuation, another key factor in the succession planning process, a majority of advisors were optimistic. More than one-third (42 percent) of advisors think their firm is valued at one to two times the last 12 months' revenue. An additional 43 percent think their firm is valued at two to four times the last 12 months' revenue.

Beyond succession planning, less than half (45 percent) of advisors polled have a continuity plan in place in the event of an unexpected departure or leave of absence. The data suggests, however, that most advisors have given thought to succession planning and continuity planning, even if they do not currently have all of the tools needed to execute a plan/strategy. Of those without a business continuity plan, nearly three-quarters (69 percent) plan to implement one over the next few years.

The results of the survey and a summary of the strategies detailed in the whitepaper will be the feature of an upcoming webinar, "Finding Your Path: How Advisors Can Grow Through Mergers, Acquisitions and Succession Planning," on Monday, June 30 at 4:00 p.m. ET. To register please go to: https://sei-events.webex.com/sei-events/onstage/g.php?t=a&d=645330398&SourceId=FinancialPlanningE-Mail.

To view an executive summary of the SEI whitepaper, "Acquisition and Succession: Shift Your Focus from Retirement to Growth," please visit http://www.seic.com/enUS/about/14065.htm?cmpid=ADV-PR-PATH14.

[1] Source = FP Transitions Research

About The SEI Advisor Network
The SEI Advisor Network provides financial advisors with turnkey wealth management services through outsourced investment strategies, administration and technology platforms, and practice management programs. It is through these services that SEI helps advisors save time, grow revenues, and differentiate themselves in the market. With a history of financial strength, stability, and transparency, the SEI Advisor Network has been serving the independent financial advisor market for more than 20 years, has over 5,700 advisors who work with SEI, and $42.8 billion in advisors' assets under management (as of March 31, 2014). The SEI Advisor Network is a strategic business unit of SEI. For more information, visit www.seic.com/advisors.

About SEI
SEI (NASDAQ: SEIC) is a leading global provider of investment processing, investment management, and investment operations solutions that help corporations, financial institutions, financial advisors, and ultra-high-net-worth families create and manage wealth. As of March 31, 2014, through its subsidiaries and partnerships in which the company has a significant interest, SEI manages or administers $582 billion in mutual fund and pooled or separately managed assets, including $239 billion in assets under management and $343 billion in client assets under administration. For more information, visit www.seic.com.

About FP Transitions
FP Transitions, based in the community of Lake Oswego, Oregon, just south of Portland, has a team of 30 people that specialize in building financial service businesses of enduring and transferable value. And if the building process isn't for you, FP Transitions also created and continue to operate the largest open market for buying and selling financial practices.

Either way, they are the experts at helping you manage the equity you've built over a lifetime of work in this industry. Their goal is to help you plan for your future, and to be ready when it gets here.

FP Transitions specializes in the valuation and analysis of the intangibles that make a financial services practice unique and valuable. But valuing over 5,000 independent businesses is only the starting point. FP Transitions' consultants guide owners and advisors in planning for the inevitable end of their careers, turning this into a positive event. They employ strategies and thinking that build upon a lifetime of work and trusting client relationships with a plan of succession designed to simultaneously realize value for the founder and perpetuate the business for the next generation of advisors.

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