

# Strategy isn't just for exits: what's your plan?

## The first step in developing a succession plan is choosing the right strategy

Whether you are building your book of business or starting to think about retirement in the future, it's never too early to develop a plan to ensure your business and clients are set up to succeed when you decide to exit. Planning starts with an understanding of the three succession strategies and determining which one best fits your practice and time horizon, whether it's developing a long-term succession plan with an internal successor, merging practices with another advisor or outright selling your practice. At Raymond James, you get to decide the best strategy for your business, clients and family members based on your specific situation.

### 1. DEVELOPING A LONG-TERM SUCCESSION PLAN WITH AN INTERNAL SUCCESSOR

If you're five to 10 years from retirement, and value the need to have a smooth continuity of your business processes, client support, investment philosophy and maintaining staff is a priority, developing an internal successor could be the right approach for you. This strategy involves thoughtfully choosing or hiring a team member for the purpose of purchasing your practice when you're ready to let it go. You'll need to invest in training and mentoring this team member on the front end, but as you get closer to transitioning you'll rest easy knowing your clients feel comfortable with your chosen successor. You may even feel more confident with the future of the business as you build trust with your successor through years of working closely with them. Developing a long-term team succession strategy with an internal successor ensures you have a built-in continuity plan to protect the value of your business.



**BENEFITS:** Continuity for clients and staff, peace of mind your business will be in good hands

**CHALLENGES:** Finding the right successor, longer time commitment required

### 2. MERGING WITH ANOTHER ADVISOR

Merging practices is an attractive strategy if you are three to 10 years from retirement and your focus remains growing your practice. You may enjoy increased value due to new staff members, partnering with advisors with different service models and client strategies, and sharing best practices. New perspectives and an increase in resources can be a catalyst to grow the merged practice significantly. If and when you plan to retire, you may be able to benefit from a higher payout if the merged branch grows before you retire. Choosing your partner wisely is critical, since you'll likely need to work closely to negotiate a partnership agreement that withstands the test of time. Another challenge is that fully integrating your processes and staff into the new merged environment can be tricky. It's important to think through this strategy and develop clear responsibilities and expectations of both partners before diving in.



**BENEFITS:** New perspectives, positioned for growth

**CHALLENGES:** Integration can be challenging, finding the right business partner

### 3. OUTRIGHT SALE

In an outright sale strategy, you choose to sell 100% of the business to another advisor – whether they are in your network or unknown. The full liquidity of an outright sale can be attractive, particularly if you know you are ready to leave the business for good to pursue other hobbies, for health reasons, or to spend time with your family. With a well-thought out deal structure and an attractive payout, this exit strategy can be relatively quick. An outright sale also works well for advisors on an accelerated timeline, usually with less than 12 months until they want to sell and retire. Selling your practice outright can potentially disrupt your clients and staff, as change happens more rapidly and less organically than the other strategies. A transition period is necessary to ensure clients will be comfortable with the new advisor.



**BENEFITS:** Full liquidity at sale, compressed timeline

**CHALLENGES:** Potential disruption for clients and staff



Questions? We can help. Call a Succession Consultant at 727.567.7097 or email us at [succession@raymondjames.com](mailto:succession@raymondjames.com).

