

# INTRAPRENEURIAL *Excellence*

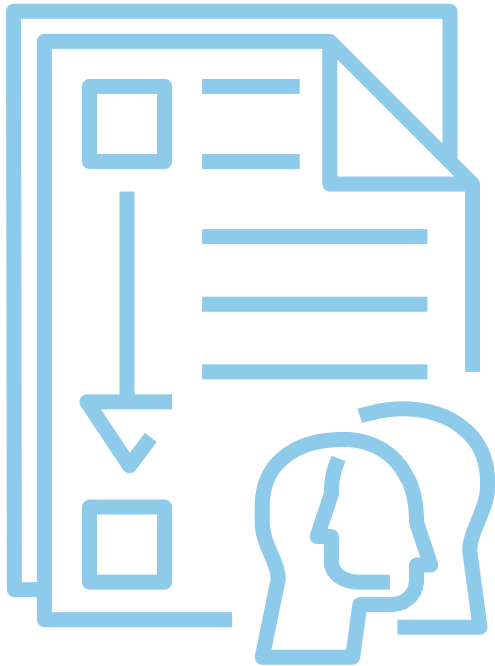
ALIGNING ENTREPRENEURIAL  
VISION WITH **INTERNAL TALENT**



FP TRANSITIONS®

# INTRAPRENEURIAL EXCELLENCE

---



## Aligning Entrepreneurial Vision with Internal Talent

Once you've built your business and established your team, it's time to start building your legacy. Succession planning—or the process of gradually transitioning ownership and leadership within your business to the next generation of advisors—creates long-term, sustainable business growth that goes beyond the length of your own career. Powered by multiple generations of collaborative ownership, successful internal succession planning not only increases your business's value, it protects it for years to come.

Remember, potential successors don't necessarily need to be another "you." They simply need to have the drive, potential, and ingenuity to build upon what you've already created. Allow ten or more years for your succession plan to be fully implemented as a **gradual transition** over an extended period of time not only allows new owners to ease into the obligations of ownership, it also gives founding owners the ability to slow down while still receiving income.

# 3 Tips for Succession Success

1

## Give Yourself Enough Time

Time is a crucial element in the succession planning process. Not only must you account for a gradual, incremental transfer of ownership, you must also consider the time it takes to lay the foundation to support your transition in the first place. The bottom line is: Start early. By starting your internal transition early, you give yourself time to fine-tune your plan and achieve the exit and retirement you envision.

But before you decide that it's too late to start, take time to learn and explore all of the potential solutions. Most advisors are pleasantly surprised to learn what is possible—even in a short time frame. In the end, the fact-finding process itself can accomplish some important succession goals.

# 2

## Choose Your Successor Team Wisely

When it comes to choosing successors, determine the essential leadership qualities you're looking for and consider the candidates on your team: Do they see the big picture?

Do they contribute to growth? Do they focus on the success of the business as a whole rather than their own production?

Remember to identify your potential successors years ahead of implementing your plan to allow time for building trust.

When developing your successor team:

- Carefully evaluate your potential successors' commitment to the business as well as their desire to be owners prior to starting the ownership conversation.
- Ensure **all** ownership goals and expectations are in alignment before moving forward.
- Include your successors in business strategy decisions.
- Nurture their focus on overall business success by including them in benchmarking and goal-setting sessions.

# 3

## Work with the Right Experts

Developing an effective and individualized succession plan is not a small undertaking. There are countless ways to achieve your retirement and exit goals and they almost always require the help of a skilled and experienced group of professionals. The advantage of using succession consultants is that they can evaluate the facts of your plan objectively and take into account the perspectives of all parties.

When looking for an expert, evaluate the following roles:

- Appraiser (business valuation)
- Consultant (fact-finding and education)
- Analyst (cash-flow modeling and compensation restructuring)
- Tax Advisor (tax and payroll implications)
- Legal Advisor (documentation and contract review)

# Funding Your Succession Plan

## Understanding Seller Financing

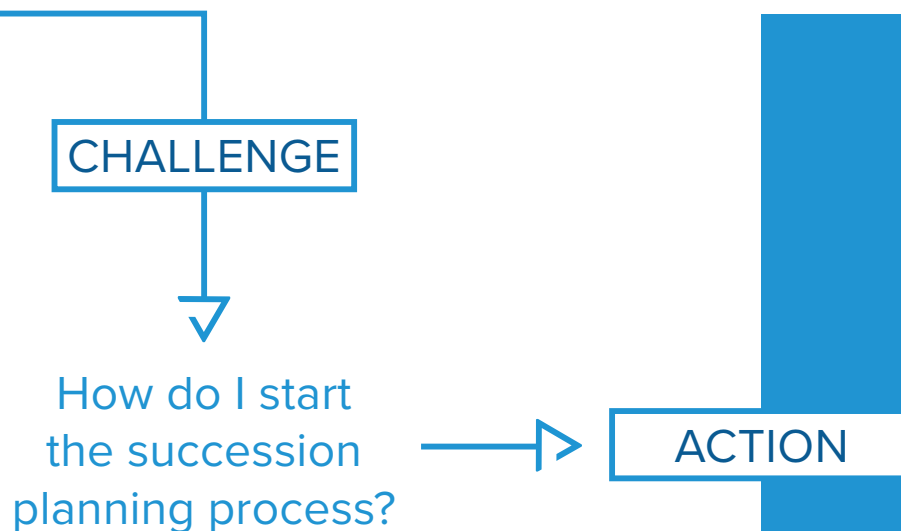
Because next-generation advisors are in the early stages of their careers and often don't have the capital to buy stock from founding owners outright, seller financing is common. In a seller-financing arrangement, a founding owner carries the paper of the transaction and the successor uses their profit distributions to make payments on the promissory note or earn-out agreement that defines the payment terms, interest rate, and length of the transition.

## The Value of Bank Financing

In addition to seller financing, bank financing—either through conventional or SBA loans—is an option. A bank loan helps to derisk the transaction for the founding owner. Bank financing can be used to facilitate a partial buy-in, and is an especially popular choice if the transition team decides to initiate a full buy-out.



# Turning Challenges into Actions



- Determine what your ideal exit and retirement look like.
- Forecast your expected workweek hours between now and your projected retirement date.
- Establish benchmarks that trigger the start of your plan.
- Start hiring talented advisors as potential successors.
- Set up a formal continuity plan.

- Build enough time into your plan to cultivate trust and transparency.
- Sensitive information (like compensation) can be accounted for without disclosing specifics.
- Remember that a clear financial picture is necessary for successor advisors to make informed buy-in decisions.

ACTION

CHALLENGE



What if I don't want to share sensitive business information with my successors?



Watch our webcast:  
[Synergy of  
Multigenerational Ownership](#)



CHALLENGE



What if my transition isn't going as planned?



ACTION

- Evaluate the areas that are falling short and determine what is fixable.
- Assess your timeline and make the necessary revisions.
- Work with your succession consultants to adapt your plan (add/remove successors, adjust repayment terms, or update projections).
- Consider Plan B: an external sale.

# THE CHALLENGES OF CREATING A SUSTAINABLE AND GROWING BUSINESS ARE INTERCONNECTED AND THEY REQUIRE A STRATEGIC GROWTH TEAM.

While you solve for one challenge you may soon discover a new and reliant opportunity in its wake. Developing a growth strategy is not a linear process and it requires an end-to-end perspective with fully integrated solutions.

As with any complicated plan, it is important to work with a skilled and experienced team of experts to help implement your growth strategy and achieve your business goals. Enterprise consultants, cash flow analysts, compensation specialists, attorneys, and M&A experts are all well-versed in the highly-regulated financial services industry and should play essential roles in your growth plan.

Once you identify the opportunities and challenges around [Growth & Profitability](#), [Talent Retention](#), [Succession Planning](#), and [Mergers & Acquisitions](#) on your own, leverage a professional, integrated team who can provide strategies for sustained and profitable business growth.

# FP TRANSITIONS: YOUR STRATEGIC GROWTH PARTNER

We are the only firm of our kind offering end-to-end solutions with all of the necessary tools and experts under one roof.

Our **ENTERPRISE CONSULTING** program is designed to adapt to your needs, your goals, your time frame, and your budget to provide effective and cost-efficient solutions. Together we'll explore your immediate objectives, and we'll develop a comprehensive plan complete with a timeline and an accurate cost projection to reach your unique goals.

We listen first in order to offer an informed solution, then we plot the course forward—together.

[Schedule a Consultation](#)  
to learn more.



**FP TRANSITIONS®**

[fptransitions.com](https://fptransitions.com)