

# Successful Succession Planning

Prepared by Gilt Edge Investment Consultancy

*1st May 2017*



## **Succession Planning – How feasible is this option?**

Succession planning is becoming ever more important for IFAs due to the changing financial advice sector. Since the implementation of RDR, increasing regulatory fees, more advisers reaching retirement age and client banks getting older, many firms are now in the process of evaluating what to do next.

When considering providing succession planning for your firm, client bank or advisory service there are two main options available:

1. Internal Succession
2. External Sale

Both options are feasible for most business and when factoring which is right this will be determined on specific factors for each individual sale.

In a recent survey conducted by Nucleus it found that '57% of IFA firms do not have a succession plan in place'. It also found that of the firms already planning to sell that '40% expect to sell to another IFA, 13% to a consolidator and 7% to a family member'.

## **What can firms do to become more appealing?**

What we do know is that a business with a robust bulletproof investment proposition is far more valuable for the IFA planning their succession.

A robust investment proposition does not just create a more valuable proposition for your clients now but a more profitable business in the future.

When a proposition is already in the use which ever succession plan is undertaken, an internal or external purchaser will offer far more for this type of business. It is far easier for them to continue to run this proposition, evolve the proposition for their business and swiftly undertake the running of clients.

All of this is done in a more seamless way which is far more beneficial for clients and the IFA that is looking to move away. Clients are already involved in a well-run proposition so minimal change will be required. Client continuity is key which this will provide.

Owners can have more say in how much hands-on experience they require in the future.

At Gilt Edge, we provide external consultancy to help IFAs bullet proof their investment propositions. All propositions are designed bespoke and incorporate the values of the individual IFA.

We help in the evaluation, design and implementation of new and existing propositions including the running of internal and external model portfolios.

If you would like more information on how Gilt Edge can bullet proof your investment proposition to make it more desirable from a succession planning point of view, please do get in contact today.

