

CLIENT SUCCESS STORY

Third Times the Charm

CHALLENGE:

Neil McInnis was a 61 year old an advisor in Massachusetts with \$81,000,000 AUM and three staff. In 2015, he was not ready to sell his business and retire, but he was aware of his need for a succession/exit strategy.

His original plan was to gradually transition the business and phaseout over a period of time. However, with several false starts and a less than enthusiastic Gen2 successor, Neil decided that a move to a larger national RIA would support both his short term and long-term goals. He could utilize their national brand for marketing purposes, and leverage resources not available to smaller RIAs, all while still remaining independent.

In addition, like most larger RIAs, Neil's chosen RIA had a buy-out option which Neil thought would be a guaranteed retirement solution when he was ready. While he was initially pleased at the prospect of being affiliated with a large RIA, as he quickly approached retirement, he had concerns about the price and terms they proposed for the practice he had spent a lifetime building. Neil began some due diligence to evaluate the offer and his options, and after conversing with SRG executives, gained perspective on what more reasonable offers and deals looked like. But, Neil had a real offer in hand and the alternatives provided by SRG seemed almost too good to be true.

SOLUTION:

Neil decided to trust SRG and hired them to represent the sale of his business – an easy decision given that there SRG's service has no cost for sellers. He realized he could use the additional support from a team who specializes in advisor M&A, who would provide unlimited support, and who would advocate on his behalf.

HIGHLIGHTS

CUSTOMER PROFILE

With over thirty years of experience, Neil McInnis began working as a financial advisor in 1986. Closely aligned with comprehensive wealth management practices, he received is CFP and AIF designations. Neil is also a passionate cyclist and skier.

TERMS

April 30, 2019 Close Date
2.80 Multiple, 70% Cash Down

The other benefit was that the RIA firm he was currently affiliated with could remain part of the process and pool of buyers, vetted in the same way as the other buyers and that Neil could continue operating business as usual as he would maintain neutral throughout the process with all negotiations of price and terms being handled exclusively by SRG leveraging the 9 Steps to Success process.

SRG's initial asking price and terms were based on their most current deal data for similar firms, which was significantly higher than the offer Neil had in hand from his RIA.

OUTCOME:

Neil received seven offers in total from RIA firms in the Northeast region. Six of which were approximately 6% or more above asking, with a post-sale solicitor agreement for all new business Neil could generate for his successor.

Neil carefully assessed each of the buyer's credentials, expected "fit" for his clients, and the financial components of each offer. Given the competitive bidding situation and qualified buyers at the 'table', even Neil's existing RIA significantly improved their offer.

In the end, Neil accepted an offer from George Webb and Drasko Kovrlija of Kastel Capital Advisors, despite their offer not having the highest purchase price, but Neil highlighted the strong cultural fit with his clients as being the component that sealed the deal, in addition to the mostly cash offer not requiring them to involve a third-party lender.

TESTIMONIALS

WHAT OUR CLIENTS SAY

"The evolution of the advisory business can be daunting or rewarding. My experience has led me to believe that who you partner with is a major predictor of that outcome. To this end, SRG was instrumental in their partnering with me. They were also able to find me a great successor team to build Pension Wealth into an enduring enterprise. On the ground level, [SRG was] instrumental in vetting high quality options for a successful succession plan for Pension Wealth."

— **Neil McInnis**
Seller

"Working with SRG was a high-quality experience from start to finish. The team has a deep knowledge of the business and were very effective in managing the transaction from the initial inquiry all the way through the completion of the transaction. We look forward to using them in the future for additional acquisition opportunities.."

— **George Webb**
Buyer



About Succession Resource Group

Succession Resource Group, Inc. (SRG) is an award-winning succession consulting firm with decades of combined industry experience. SRG possesses a unique combination of skills, resources, and expertise to provide turnkey solutions helping advisors understand the value of their business, develop strategies to improve that value, protect the value with proper agreements and plans, grow through M&A, and create/execute their exit strategy.



Seller Advocacy

Looking for a suitable successor to take care of your clients and grow your business? No risk and no cost — we help advocate for your business, find and filter through potential buyers, negotiate, and close the deal.

Learn More:

<https://successionresource.com/seller-advocacy/>

Questions? Need Assistance?

Schedule A Call With Us
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