



## Third aRIA Whitepaper Delivers First-of-its-Kind Independent Financial Advisor Valuation Manual

Paper pulls back the curtain to show advisors their firm's potential true worth to buyers, and explains why IBD firms are less valuable than RIAs from a transaction standpoint. Independent financial advisors given inside track to "command a premium" for their business, and a new term, the "Multiple Gap" is explained for financial advisors.

Phoenix, AZ (PRWEB) January 28, 2013

The Alliance for RIAs (aRIA) today released the third of a four-part whitepaper series for advisors called Creating Value and Certainty Within Your Independent Advisory Firm. The series of papers is based on the combined experience and observations of the six aRIA members, all RIAs who collectively manage over \$20 billion of client assets.

The third installment in the value creation series, titled "Myth vs. Reality: What is Your Independent Advisory Firm Really Worth?" outlines in detail how advisors can create a path to grow the value of their business, dependent on a number of variables. The paper uncovers the behind-the-scenes knowledge that both buyers and sellers can use to their advantage in examining any potential transaction. Referencing deals like the Luminous Capital sale to First Republic, among others, readers are provided a frame of reference that some in the M&A space would perhaps prefer to leave shrouded in mystery.

Paper #3 explains what the aRIA members are calling the "Multiple Gap" – the missing variables that cause many advisory firms to believe they are worth more than they really are. Does size really matter, and how much? How can an advisor implement best practices around the "key value drivers?" Why are there so many valuation models and who stands to gain by using which ones?

"This paper is for advisors looking to increase the sale value of their firm now, in the future, or simply curious about the behind the scenes assessment and analysis related to all of these deals we read about in the press" says **John Furey**, principal at **Advisor Growth Strategies, LLC** and Managing Member of aRIA. "This is our most detailed whitepaper yet, a guidebook for valuation that no advisor in any form, RIA, IBD, wirehouse, who is contemplating a transaction, should be without."

Is all revenue created equal? Paper #3 explains the difference in value to a buyer between recurring, non-recurring and "portable" revenue. It reveals how any advisor, at any stage of their development, can command a premium, or the maximum possible price, for their business.

"We had to make some tough choices, but they paid off tremendously for our business" says John Burns, President of Exencial. "We moved away from commission products and product types that are less transferrable years ago. We're now fee-based without any link to less portable products, which we feel is more valuable."

Paper #3 drills into valuation methodology and multiples via charts, graphs and a point-by-point breakdown of deals, including the Beacon Pointe Wealth Advisors model. This paper contains the case study of Beacon Pointe Wealth Advisors along with a detailed explanation of its model by BPWA President Matt Cooper.

"We feel we have a best-in-class growth rate, but growth is not enough to drive business value" says Brent

Brodeski, CEO of Savant Capital Management. "We have done quite a bit of work to limit the future risk to cash flow by diversifying our business lines, implementing a team-based approach to the client experience and pushing down relationship management responsibilities from owners to the team."

Also contained within the full whitepaper are details on how to close the "Multiple Gap", including how to assess: Size, Revenue Growth, Revenue Source, Client Demographics, Relationship of revenue to owner vs. firm, Compensation and expense management, Employee demographics, and Advisor affiliation model and legal framework.

Download the full, free copy of this whitepaper, in addition to all of aRIA's thought leadership, at: [allianceforrias.com](http://allianceforrias.com)

Part 4 will appear beginning in Q2 of 2013 entitled "Part IV: Navigating your path forward and achieving your ideal model."

aRIA (ah-ree-uh) group members include Brent Brodeski, CEO of Savant Capital; John Burns, Principal at Exencial Wealth Management; Ron Carson, CEO of Carson Wealth Management Group; Jeff Concepcion, CEO of Stratos Wealth Planning; Matt Cooper, President of Beacon Pointe Wealth Advisors; and Neal Simon, CEO of Highline Wealth Management. Each has proven his ability to build and grow highly successful advisory firms by industry standards.

#### About Advisor Growth Strategies

Advisor Growth Strategies, LLC (AGS) is a leading consulting firm serving the wealth management industry. AGS provides customized business management solutions for independent firms seeking to aggressively grow their business and for financial advisors in transition. Our services include strategic planning, recruiting and acquisition programming, compensation design, and succession planning. We serve established independent advisors, large breakaway advisor teams, and institutional level corporations. On the web at: <http://www.advisorgrowthllc.com>

#### About aRIA

aRIA Group, the alliance for RIAs, is a "think-tank" study group comprised of six elite RIA firms that collectively manage more than \$20 billion in client assets. The group, managed by **John Furey of Advisor Growth Strategies**, offers insight for advisors considering ways to enhance their firms' enterprise value. Members include Brent Brodeski, CEO of Savant Capital; John Burns, Principal at Burns Advisory Group; Ron Carson, CEO of Carson Wealth Management Group; Jeff Concepcion, CEO of Stratos Wealth Planning; Matt Cooper, President of Beacon Pointe Wealth Advisors; and Neal Simon, CEO of Highline Wealth Management. The group meets regularly, releasing thought leadership pieces of interest to both independent and wire-house advisors interested in exploring long-term growth strategies. On the web at: <http://www.allianceforrias.com>