



Survey: Majority of RIAs Unprepared for the M&A Landslide to Come

*Advisor Growth Strategies Survey Reveals Education Gap in Deal
Landscape*

PHOENIX--([BUSINESS WIRE](#))--Much of the RIA industry is not ready to approach merger and acquisition deals from a position of strength, according to The 2020 RIA Survey released by [Advisor Growth Strategies](#), an RIA industry-leading management consulting and M&A expert.

Obtained between March and May 2020, the survey results represent a wide swath of the industry: 96 advisor firms, fee-only and hybrid, with assets under management (AUM) ranging from less than \$100 million to greater than \$5 billion. The survey reveals an industry worried about growth and next-generation talent, but intimidated by the complexity of the M&A landscape.

"We found the majority of RIAs want to build their own platforms and improve sustainability, preferring to outsource compliance, IT and due diligence," says [Brandon Kawal](#), Principal of Advisor Growth Strategies. "But we see a lot of apprehension from advisors who don't feel they understand the market well enough to command favorable deals."

Key findings include:

- **If opportunity knocks, more than half of respondents are not confident they could answer.** Among the RIAs surveyed, 51% said they are unprepared to engage in M&A opportunities and 16% said they are only "somewhat prepared." Almost a quarter — 23% — have no idea how a deal would be financed, but 73% said they are unlikely to seek external debt financing in the next 12 months.
- **It's a seller's market.** While a full third of survey respondents said they are "very likely" to consider acquiring, only 8% said they are just as likely to consider selling or merging with a partner.
- **RIAs feel an immense pressure to adapt and grow.** 56% of survey respondents cited finding talent as their biggest challenge, followed by organic growth at 32%.
- **Partner preference — where's the disconnect?** Most advisors (72%) want to partner with a local or regional firm instead of a national acquisition brand. Yet a look at 2019's deals shows that acquisition brands made up 66% of M&A.
- **Sometimes, gut intuition is right.** While many advisors rely on anecdotal information to determine their own value (21% just guess), they're close to the mark. The average surveyed estimate was a 6.71 EBITDA multiplier, while the actual median adjusted EBITDA multiplier for 2019 deals was 6.6.

"M&A is not a silver bullet to solve every RIA's challenges," says [John Furey](#), Managing Partner of Advisor Growth Strategies, and the founder and managing member of the [alliance](#)

[for Registered Investment Advisors](#). “Advisors don’t need to seek out deals to stay competitive, but education and an intentional approach will help them make the best choices, instead of someone else making those choices for them.”

Receive your copy of The 2020 RIA Survey e-book by [clicking here](#). For an in-depth look into recent RIA M&A transactions, download The 2020 RIA Deal Room Report [here](#).

ABOUT ADVISOR GROWTH STRATEGIES

Advisor Growth Strategies (AGS), a management consulting and transaction advisory firm, provides financial advisory firms and institutions with the tools and expertise to grow, develop or exit a firm. AGS partners with the fastest-growing and largest firms across the country to support them in becoming better business owners. AGS has consulted with over 275 independent financial advisory firms, representing \$325 billion in managed assets. AGS services include assisting advisors in transition, compensation and equity design, strategic planning, M&A and succession planning. For additional information, please visit www.advisorgrowthllc.com.

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