



# 2021 RIA SURVEY

*The impact of 2020  
on RIA Business Management*

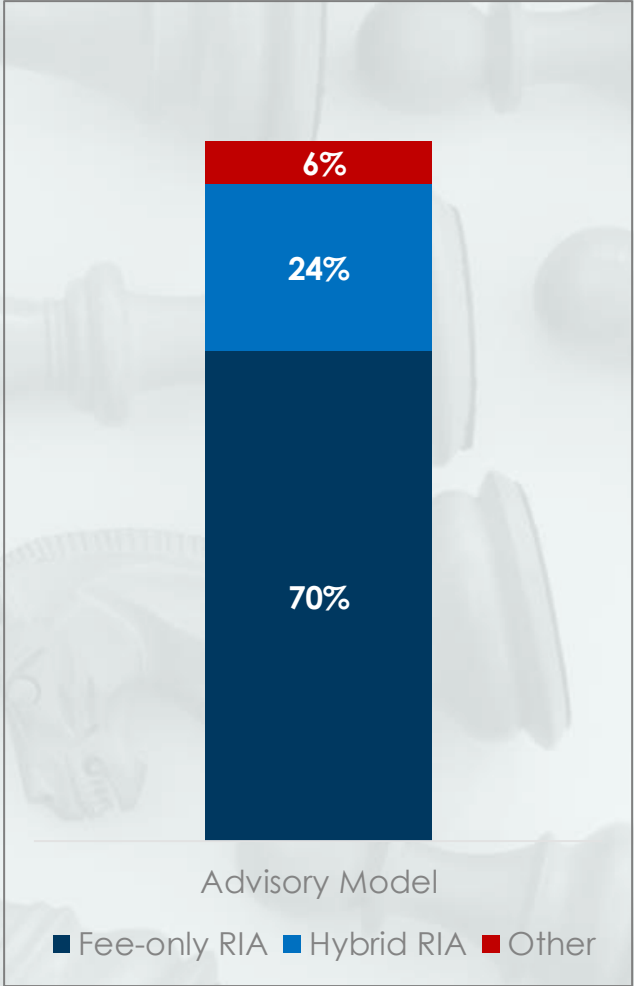
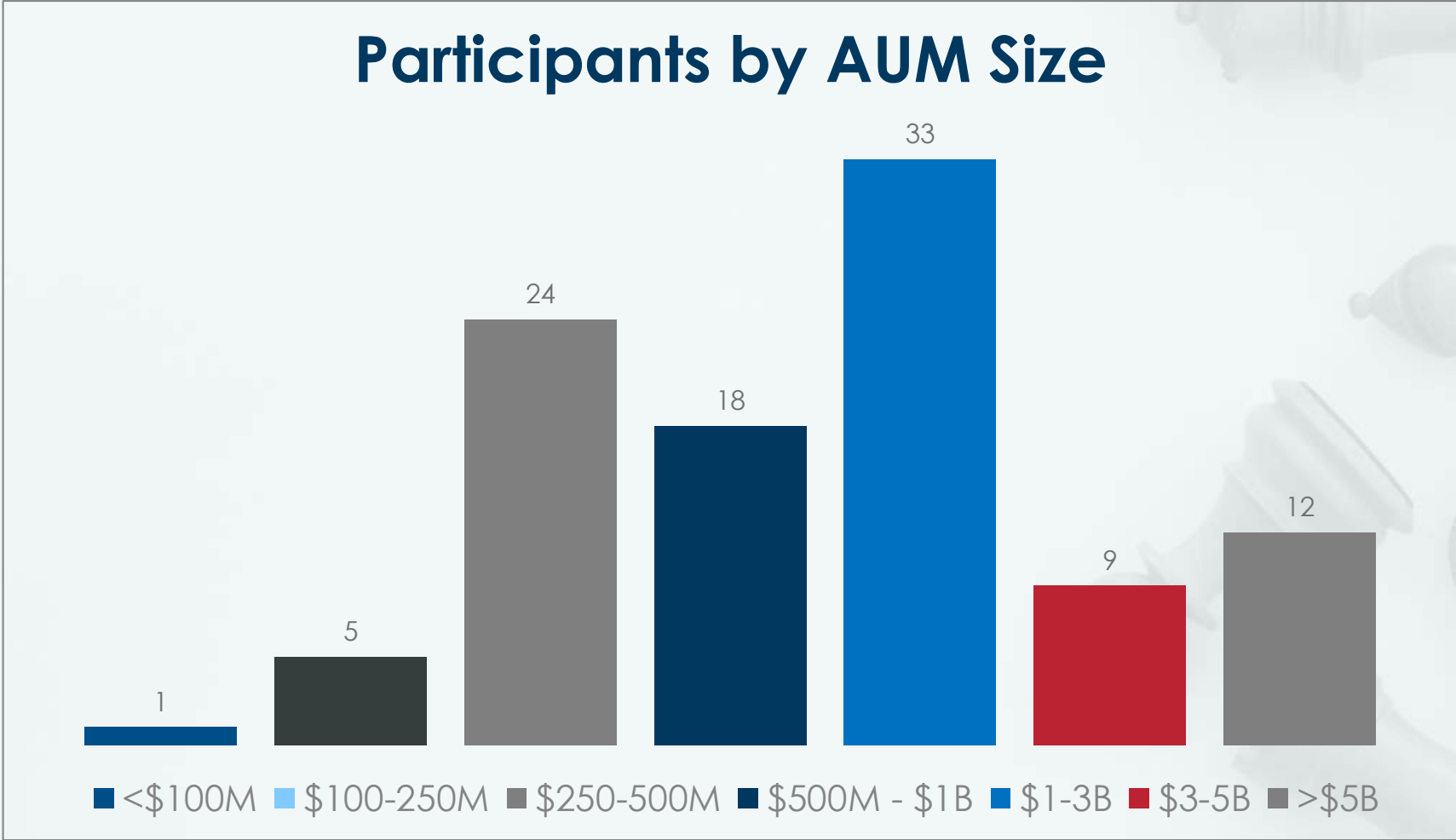


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# The 2021 RIA Survey included 102 RIAs

Over 50% of survey participants had over \$1B in AUM



Responses collected between January and March 2021

# Key Findings

## Pandemic Impacts

- Most firms emerged from the pandemic in a better overall position.
- The pandemic resulted in a modest increase in M&A (34%), but the majority appear focused on internal objectives.

## Challenges and Priorities

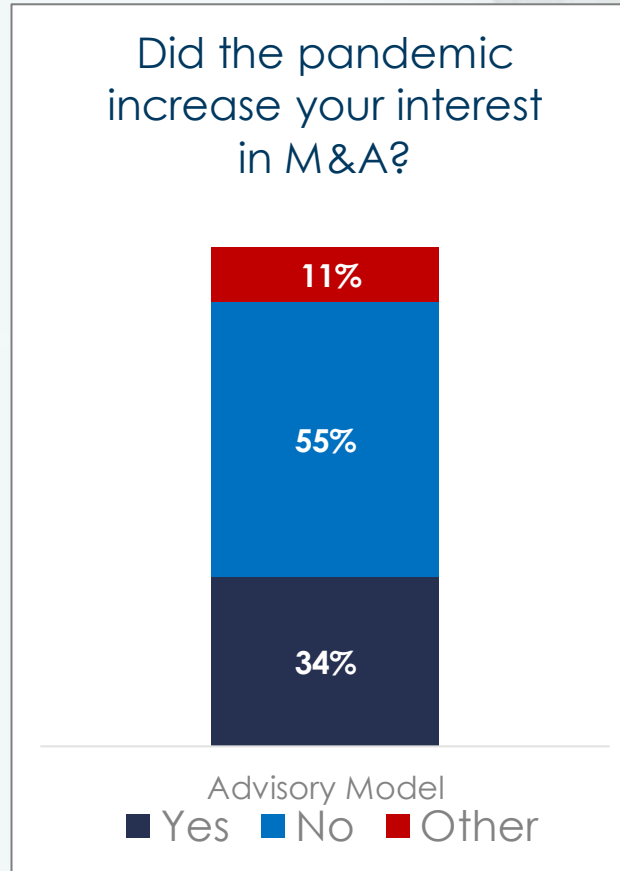
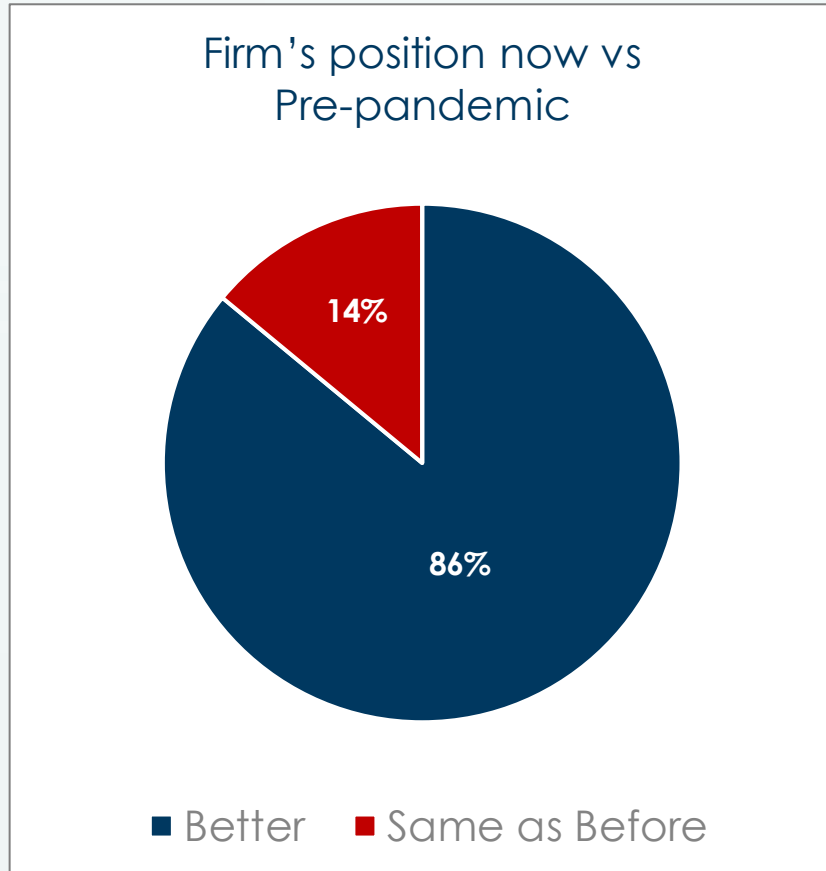
- Talent and infrastructure are the biggest challenges for RIAs.
- RIAs are focused on the key challenges, citing talent, organic growth, and technology as top 2021 priorities.
- Internal succession isn't a top priority for many, and most feel unprepared to transition the business internally.

## M&A Preferences

- M&A readiness is still low with 53% citing they are unprepared for M&A.
- Participants prefer local or regional activity versus alternatives.
- While participants prefer local or regional partners overall, those closer to retirement are targeting national brands.

# Most feel better positioned post-pandemic

The confidence has lead to a modest increase in M&A interest



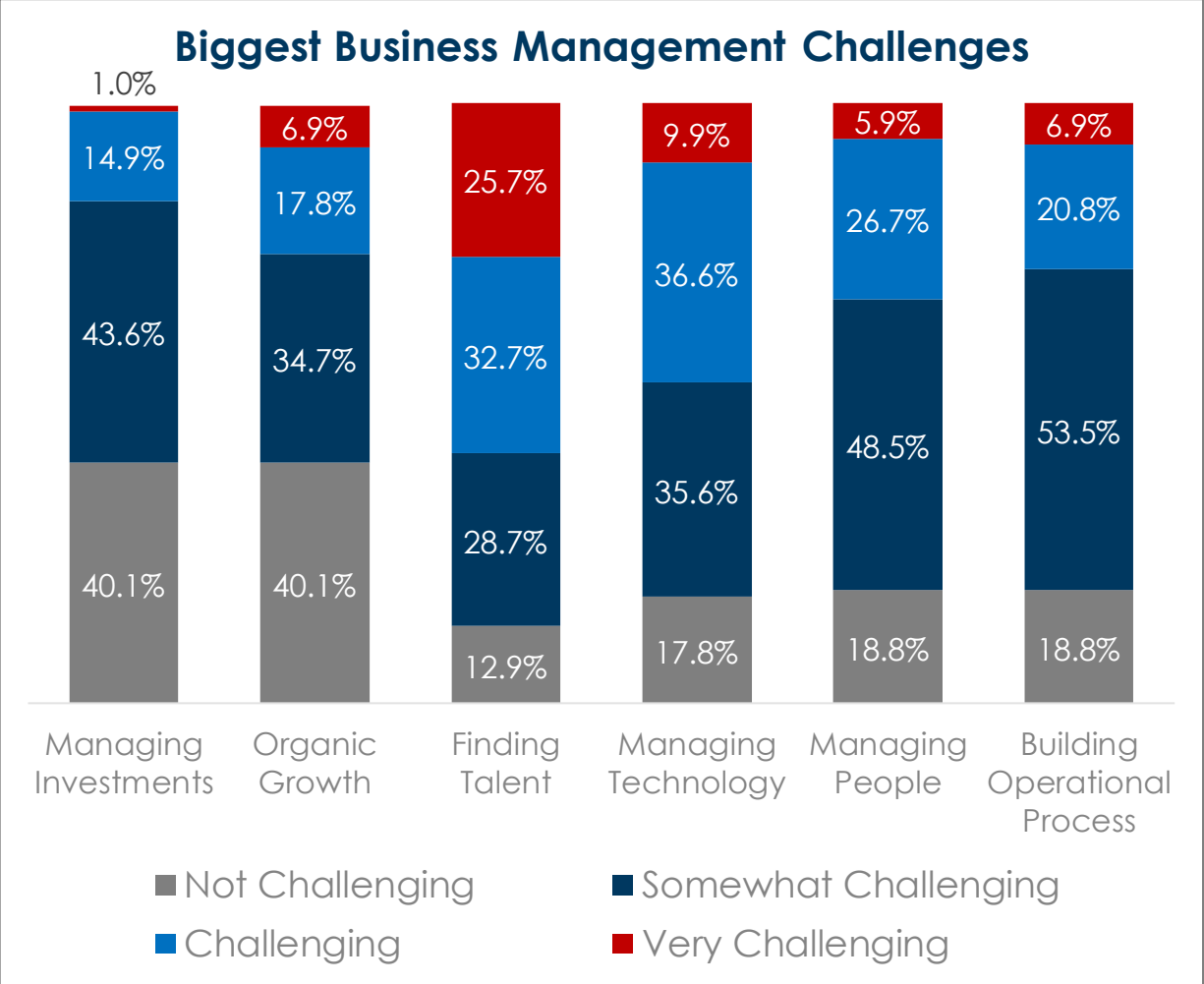
### Key Considerations:

- The pandemic tested advisory platforms, and the majority emerged in a better position
- The number of M&A transactions increased in 2020, and 34% are more interested in M&A (buying or selling)

*Note: No participants cited being worse-off after the pandemic.*

# Talent and infrastructure are primary challenges

Managing investments and operations are least concerning



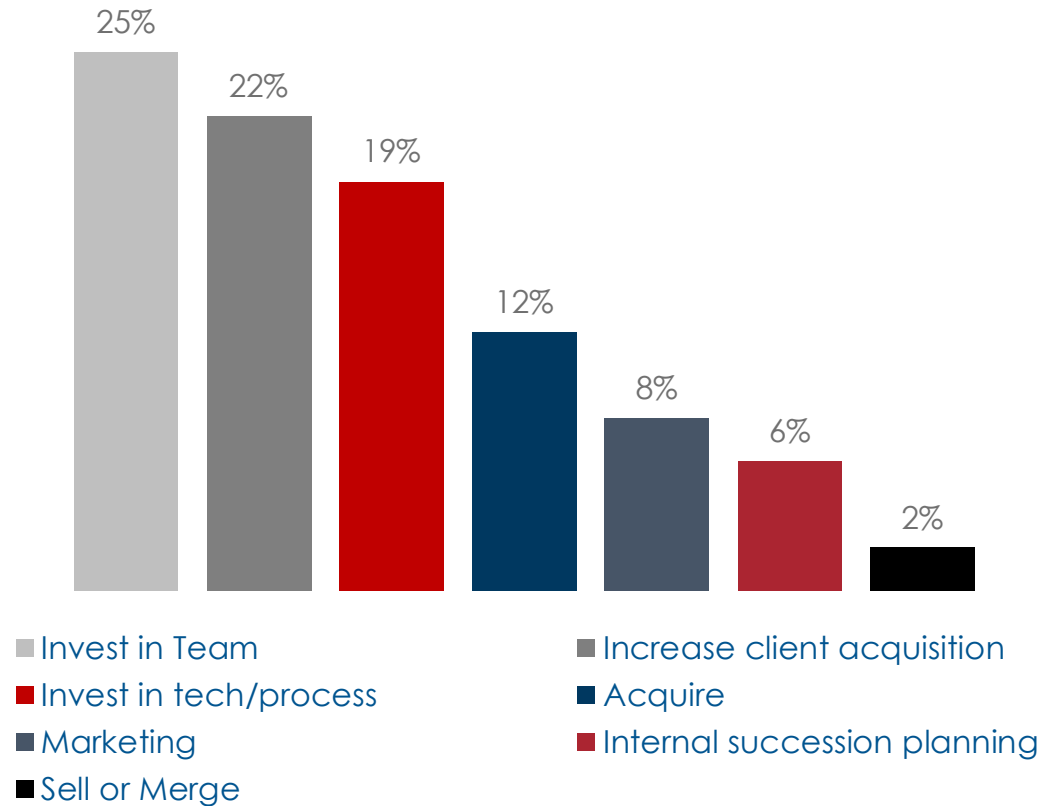
## Key Considerations:

- Organic Growth is a challenge for firms of all sizes. 52% of those who found it Challenging or Very Challenging are over \$1B.
- 61% of firms who reported Finding Talent as Challenging or Very Challenging are over \$1B in AUM. Large firms require talented professionals to continue to grow, including functional experts who can be difficult to recruit.

# Top priorities match key business challenges

Talent, organic growth, and technology are the focus

## What is your top priority for 2021?



## Key Considerations:

- Across all size groups, team, client acquisition and tech/process are the priorities for 2021.
- 2020 tested the strength of platforms and teams, but most focused on investing internally to drive the next wave of success.



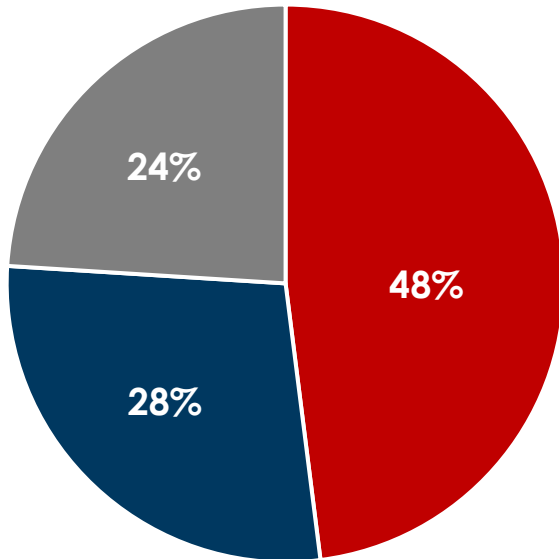
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# External transactions are a growing succession tool

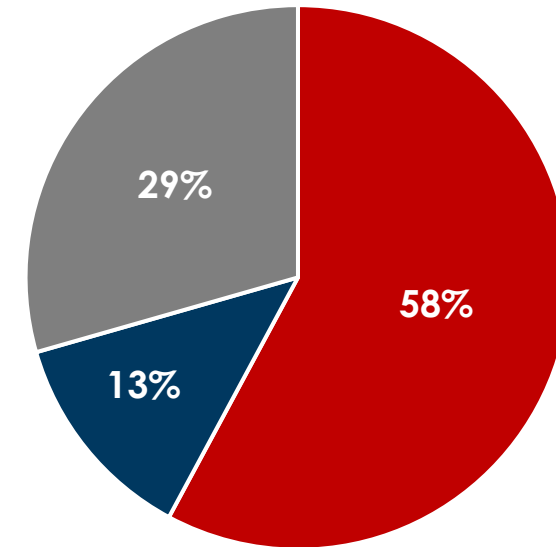
48% still focused on transitioning internally, but readiness is lacking

## Ideal Future Plan



■ Transition to next gen    ■ Sell externally  
■ Take on a minority partner

## Readiness to Transition to Next Gen



■ Not Ready    ■ Somewhat Ready    ■ Ready



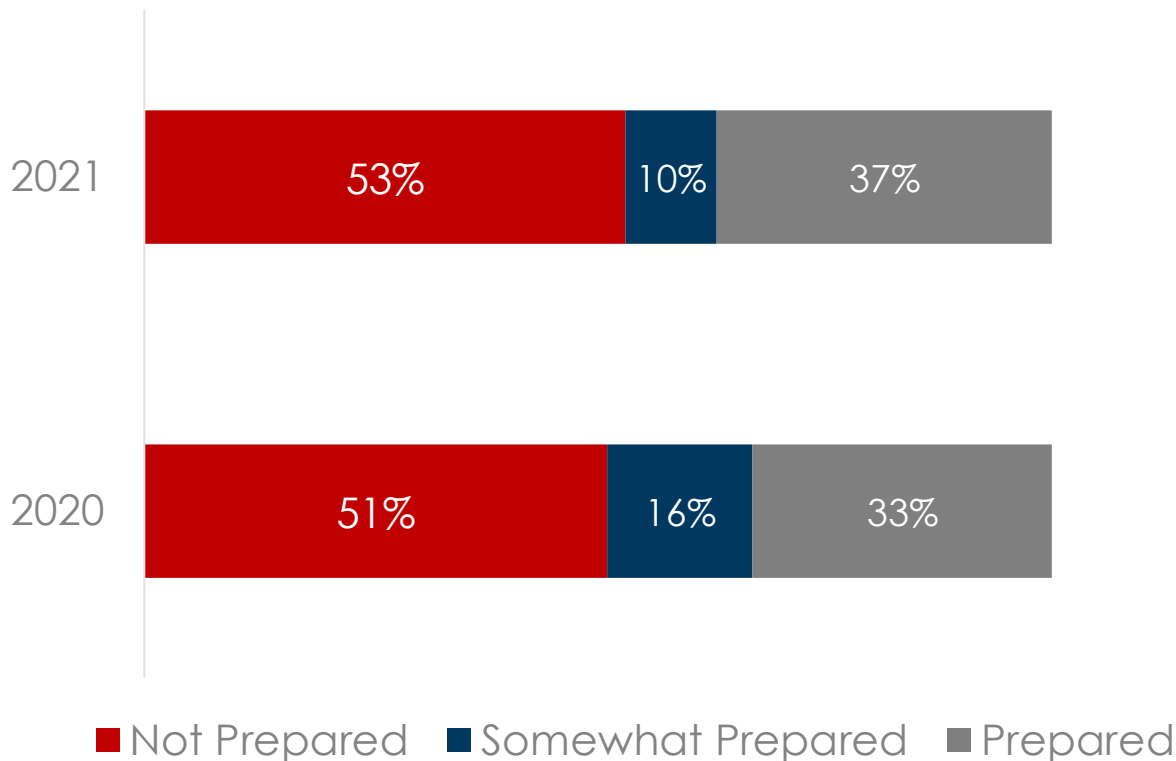
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# RIAs continue to feel unprepared for M&A

Readiness declined from 2020 – 2021 as 53% feel unprepared

## M&A Readiness



## Key Considerations:

- Slight shifts in readiness for M&A from our 2020 survey.
- 58% of firms reporting being prepared for M&A are \$1B+. This is down from 63% in 2020.
- There is a tension building between prioritizing internal succession and preparing a firm for a transaction.



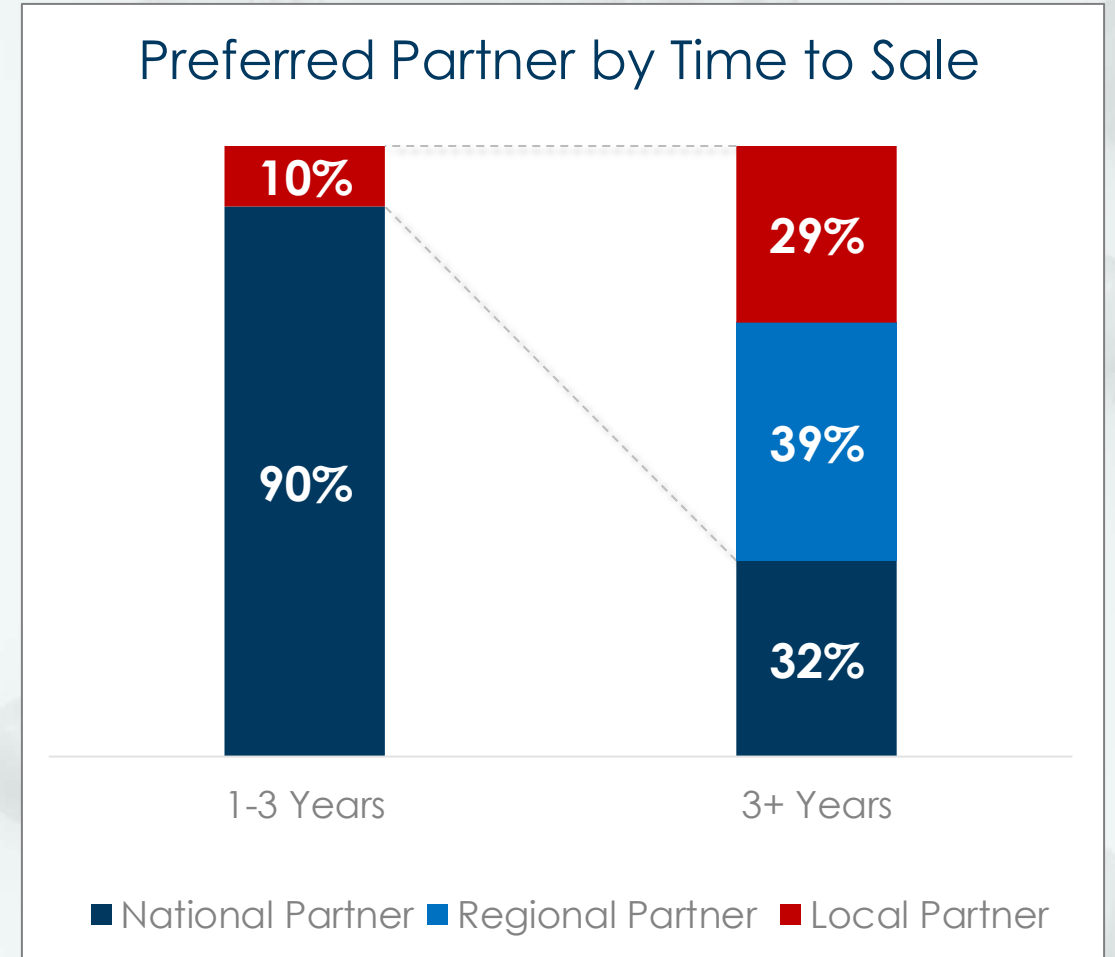
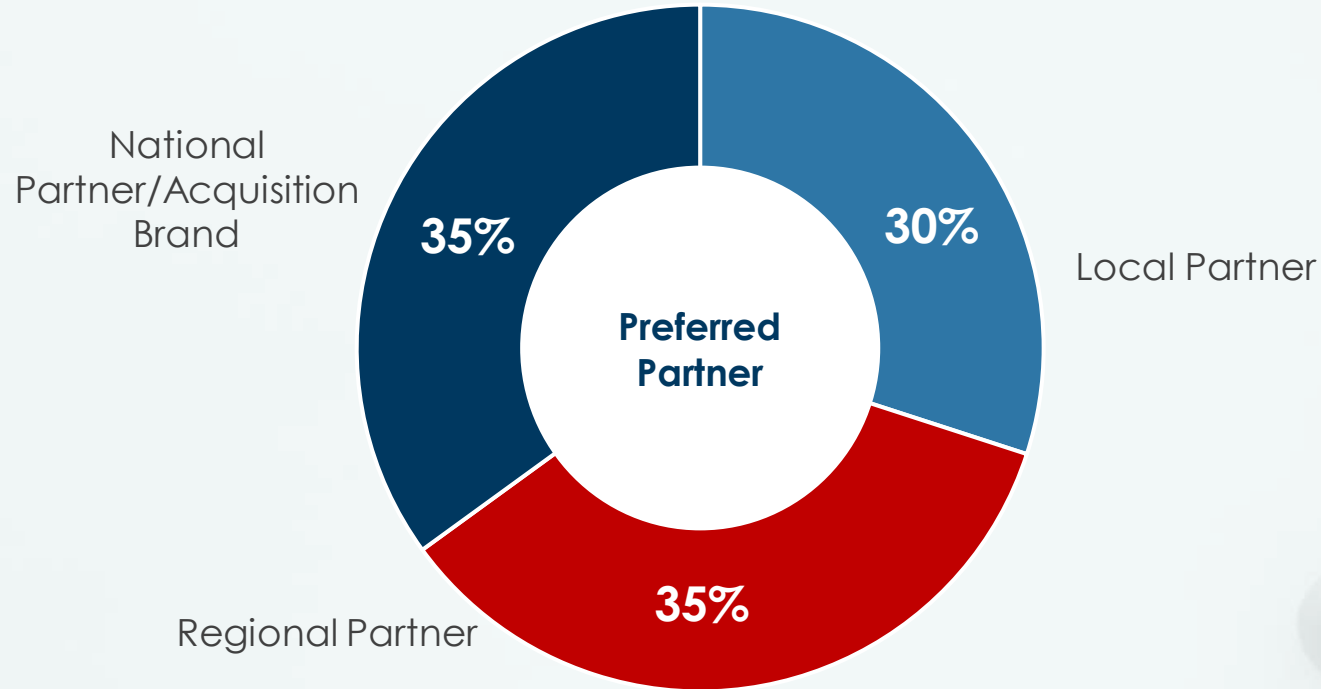
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# Potential sellers prefer local or regional options

National Acquisition Brands are positioned to capture short-term succession opportunities



# Here to help navigate strategic options

AGS consulting model is flexible to meet the needs of our clients

## AGS is in the business of business management

### How you can leverage our decade of experience working with leading firms:

- M&A readiness and deal consulting
- Recalibration or redesign of compensation and equity plans
- Strategic planning
- P&L management
- Capital structure
- Budgeting and net capital analyses

**Note:** This document is a summary of the 2021 RIA survey results. Expanded findings are available to participants only.



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# ADVISOR GROWTH STRATEGIES

## THE RIA DEAL ROOM 2021



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