



Survey: Independent Advisors Flounder in Search for Talent and Succession

Advisor Growth Strategies annual survey of RIAs reveals the urgent need for next-gen advisors driving a historic M&A climate

By Mark Grandstaff for Business Wire

PHOENIX--(BUSINESS WIRE) --The struggle for independent advisors to find and keep the right people fuels a record-setting merger and acquisition climate. In its 2022 RIA Survey, Advisor Growth Strategies polled 101 independent firms to uncover their perspectives on business management and M&A. More than half of this year's respondents manage greater than \$1 billion in client assets, and 77% are fee-only RIAs. Their answers reveal an industry that is anxious about talent even as it gears up for more deal-making.

Key findings include:

- **The hunt for talent outweighs all other challenges.** For the third year in a row, RIAs listed "Finding Talent" as their biggest challenge, with 23% citing it as "very challenging," and more than 50% of firms across every size segment describing it as "very challenging" or "challenging." In years past, talent shared the spotlight with tech and growth as primary hurdles in the RIA industry. This year, RIAs are focused almost exclusively on talent, demonstrating the acute pressure of our current labor market.
- **More RIAs are ready to deal...** For the first time in its annual survey, Advisor Growth Strategies found that the percentage of buyers or sellers who were "not prepared" for M&A had decreased to 42%, from 53% in 2021 and 51% in 2020. More firms are willing to entertain conversations around deal-making, putting pressure on all participants to clarify how their firm will stand out from the competition.
- **...but they prefer internal succession.** Seventy-seven percent of respondents have identified the next generation of owners they hope will succeed them. But a fifth of those have no plan for the transition itself, and the external pressure of soaring valuations continues to complicate internal succession. Only 30% of surveyed firms said they would completely rule out a sale. 40% said they would prefer to sell to a local partner, but an increasing number would consider an Acquisition Brand as their preferred partner.

"Talent is the key to more than just a good valuation in a transaction. We are in the middle of a transformational growth period that is driven by recruiting and retaining talent. The next ten years will be defined by a sharp split between those who execute, and those that do not," said Brandon Kawal, principal at Advisor Growth Strategies.

On April 14 at 3 p.m. ET, Mark Bruno of Informa will moderate a panel of industry experts in a candid discussion on the limits of M&A in the realm of independent advice and the “conventional wisdom” that advisors are getting wrong about the M&A market. The panel will include Marty Bicknell of Mariner Wealth Advisors, Rush Benton of CAPTRUST, and John Furey of Advisor Growth Strategies.

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 300 independent financial advisory firms, representing over \$400 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.