



EMVISION

CAPITAL ADVISORS

SUCCESSION PLANNING WORKBOOK

THE EMVISION TEAM

will get you up to speed
and set you up to succeed

JOIN THE FINANCIAL
MANAGEMENT REVOLUTION!

#TeamEmVision

Revenue quartile based on LOS	4th quartile	3rd quartile	2nd quartile	1st quartile	
Recurring revenue	<30%	30-50%	51-80%	>80%	
Profit margin	< Industry average	Industry average	> Industry average	>20% of industry average	
Internal staff compensation and split arrangements	Significantly below industry average	< Industry average	Industry average	Slightly above industry average	

Personnel Analysis	1pt	2pt	3pt	4pt	Score
Level of experience and personality	< Experience	Similar experience	Similar experience and similar personality	More experience and similar personality	
Complementary talents and skills	Same as lead financial professional	Complementary in 1 area	Complementary in 2 areas	Complementary in 3 areas	
Philosophical alignment personally and professionally	Fundamental disagreements	Basic agreement	Total agreement professionally	Total agreement personally and professionally	
Team members' experience and compliance record	Compliance challenges	Experience challenges	Experienced and clean compliance	Experienced, clean compliance and well-delineated roles and responsibilities	
Team member compensation and career aspirations	High compensation and low career aspiration	Low compensation and high career aspiration	High compensation and high career aspiration	Industry average compensation and high career aspiration	

Total score:	
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Score <50 = <1X multiple

Score 50 – 70 = 1X multiple

Score >70 = >1X multiple

Note to seller/buyer: A higher score dictates a higher multiple for the seller but less “work” for the buyer to get the practice where it needs to be.

The reverse is also true: A lower score dictates a lower multiple for the seller but more work for the buyer to get the practice where it needs to be.

LOS = Loan origination system

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Use the following questions to get to know your prospective partner both personally and professionally.

These questions are designed to be answered individually by both of you prior to the meeting, and then you are encouraged to sit down and share the answers with each other. You're looking for philosophical congruence and tactical complements.

1. Why did you choose this profession?

2. Why did you decide to form a team, who are working team members, and what critical roles do they fulfill?

3. What is your succession timeline? Do you want to retire or move into senior emeritus status¹ for some period of time?

4. What is the plan to integrate you into the practice and with the clientele?

5. What are the 3-5 things that you do in the practice that have the greatest impact on productivity and growth?

6. What will be (have been) your greatest challenges in working within a team structure?

7. How are decisions made on the team on issues such as guiding the evolution of the practice and dealing with short-term and long-term business challenges?

8. What is the current team meeting structure (e.g., daily huddles, weekly strategy and semiannual developmental meetings)?

9. Are there any particular niche markets that have contributed to your success and productivity?

10. Is there anything else you need to know?

This tool is designed to allow you to assess the tactical capabilities of individual practices within the “4 rooms of the house,” then see the new combined capabilities and uncover any critical gaps that might need to be filled in the years ahead. Given the optimal time frame of 5 years to fully implement a succession plan, initially introducing your prospective successor based on how his/her experience and specialization might expand the team’s capability to solve the complex challenges facing your best clients potentially allows the successor to ease into a relationship with the clientele.

	Partner 1	Partner 2	Partner 3
Wealth Management Room			
Separately managed account specialist			
Portfolio manager/analyst (style)			
Fixed income manager			
Mutual fund and exchange traded funds (ETF) manager			
Certified financial planner (CFP) review, present, orchestrate implementation			
Organize supporting documents, input critical data and summarize highlights for the CFP			
Risk manager (estate planning and trust services)			
Insurance specialist			
Corporate services and executive benefits			
Banking services (personal and business financing)			
Philanthropic services			
Client Service Room			
Client service coordinator			
Client education and recognition coordinator			
Run the team CRM (input notes, coordinate schedules and acknowledge important client events and milestones)			
Organize, schedule and manage annual client reviews			
New Business Development Room			
Rainmaker			
Seminar manager and coordinator			
Seminar speaker			
Strategic alliance manager and liaison			
Marketing and communication manager			
Referral reciprocity monitor and manager			
Practice Management Room			
Integrated technology specialist			
Business planning, tracking and monitoring			
Chief of staff			
Business administration and operations			
Client service coordinator and administrator			

Likely every firm, complex, team and even family has built a culture that reflects the philosophy and core tenets of the people in charge. We have seen more strife, discord and dissolutions occur due to incompatible philosophies and culture than any other business or personal challenge. People who are philosophically aligned and share a common worldview and core tenets are likely capable of sticking together through all kinds of challenges and disruptions.

	Partner 1	Partner 2	Partner 3
Comprehensive Wealth Management: "I commit to incorporating a comprehensive, in-depth, written and ultimately implemented financial planning process with all clients."			
Client Management: "I will segment our clients both quantitatively and qualitatively, and the higher the average assets per client, the fewer clients we will retain."			
Client Engagement: "I will introduce my partners into all my client relationships based on their unique roles and specialization in fulfilling our wealth management approach."			
Client Service: "I am committed to building a truly exceptional and highly personalized client service platform for our platinum-level clients."			
Investment Philosophy: "I commit to collaboration with our team that allows us to work together in a uniform manner. By doing so, it creates cohesiveness within the team's investment philosophies, allows us to create models to streamline investment management, and establishes a succession plan within my asset management that I know our team can pick up where I leave off."			
Financial Professional Compensation: "Once we complete the "dating phase" and become a fully operational team, we will combine all assets under one joint production number."			
Succession Plan: "I commit to the evolution of my role from full-time financial professional to senior emeritus status and ultimately to the retirement timeline that we agreed upon."			
Staff Compensation: "I am willing to bonus support staff members based on their unique critical objectives and growth components."			
Communication and Collaboration: "I will foster an open and collaborative environment through the use of daily huddles, weekly strategic meetings and semiannual developmental meetings."			
Roles and Responsibilities: "I will help establish roles, responsibilities, goals and accountabilities so each team member can potentially play to their strengths and contribute to the overall performance of the team."			
Delegation: "I am willing to delegate tasks and authority (some of which I currently perform effectively) to the appropriate team members so I can remain focused on my critical roles, responsibilities, strengths and objectives through each phase of the succession plan."			
Professional Model: "I am committed to managing a professional practice where client meetings are well-structured, highly systematized and scheduled a week or more in advance."			
Technology: "I will consistently utilize a networked CRM system, a comprehensive planning tool and automated investment management process, each to its full capacity."			

HIGHEST AND BEST USE EXERCISE FOR ALL PERSONNEL

This exercise is designed to create an “at a glance” snapshot of all team members and provide a tool to help guide individual interviews with each member.

Team member	
Current role	
Strengths	
Weaknesses	
Career path	
Career aspiration	
Current compensation	
Aspirational compensation	

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Each team member fills this out.

We have found that the single greatest challenge in leading and managing people is to ensure that they're all focusing on the 3–5 things that only they can and should do that will have the greatest impact on the practice, their clientele and their teams. The larger and more complex the practice, the more challenging this becomes. Size breeds complexity, and complexity diffuses focus. The ultimate goal for any team, in our view, is to have members spending 60%–70% of their week on the 3–5 things that only they can and should do.

Step 1

Have each member of your team list what they believe to be their 3–5 critical objectives.

Step 2

Have them list any obstacles standing in their way and possible solutions.

Step 3

Meet with them to review their 3–5 things (make modifications where appropriate) and remove obstacles where possible.

Step 4

Work together to finalize an individual action plan.

3–5 things that only I can and should do Just because you can do it doesn't mean you should.	Current hours per week	Ideal hours per week
1.		
2.		
3.		
4.		
5.		

Each member of the team should strive to spend 60%–70% of his/her week doing these 3–5 things.

OBSTACLES AND POTENTIAL SOLUTIONS

Each team member fills this out.

Individual obstacles and potential solutions		
Obstacles	Potential solutions	When
1.		
2.		
3.		
4.		
5.		

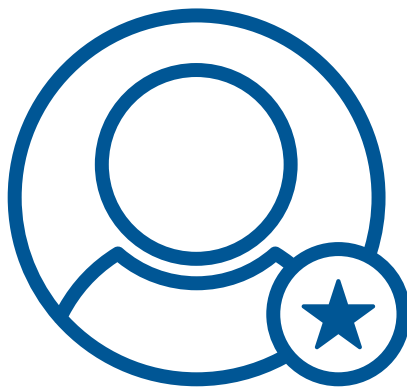
Final individual action plan		
Obstacles	Finalized potential solutions	When
1.		
2.		
3.		
4.		
5.		

DEFINE YOUR IDEAL CLIENT

Client demographics	Primary challenges/concerns
Minimum assets/revenue	Centers of influence/annual referrals
% recurring revenue	Niche market
% non-investment revenue	Primary needs

IDEAL CLIENT (explanatory notes)

- Client demographics (age, gender, ethnicity, marital status, etc.): Many financial professionals have basic client demographics at the center of their ideal client definition.
- Minimum assets/revenue: This number could reflect where you are or where you aspire to be.
- % of recurring revenue: All businesses with a higher recurring revenue stream likely receive a higher multiple.
- % of non-investment revenue: This is a key indicator that wealth management strategies are being implemented.
- Niche market(s): We have seen that a HNW niche market strategy fosters a higher level of relationships and recurring revenue. Is your skill set aligned with the needs of the niche market represented in the practice currently?
- Centers of influence/annual referrals: Our experience has been that the #1 driver of new business development for HNW practices is formalized strategic alliance relationships and that the #2 driver is referrals from delighted clients.
- Primary challenges/concerns: Given the demographics and niche focus of the practice, are you equipped and will you enjoy addressing their unique challenges and concerns?



MAPPING EXERCISE FOR BUYER

Once you've completed this exercise, take these variables and overlay them against the practice you're considering purchasing. Look to see how closely that practice aligns with your definition of an ideal client. The closer the practice is to the ideal client, the likely better the ROI and the likely higher the multiple that you may be willing to spend. Use the tool below to assist you with this process.

Ideal client profile	Your practice	Prospective practice	Degree of alignment* (rate 1-3)
Client demographics			
Min. assets/revenues			
% Recurring revenue			
% Non-investment revenue			
Niche market(s)			
COIs/referrals			
Primary challenges/ concerns			

*Use 1 – 3 scoring system based on level of alignment: 1 = below your practice, 2 = aligned with your practice, 3 = exceeds your practice

Dear [first name],

Thank you for putting your trust in my financial guidance over the years. I truly value your business.

Many clients have inquired about my retirement and the future of their financial management. To that end, I'm reaching out to share my succession plan, which will provide you with added value and ensure that your interests are covered.

I have worked diligently to define an approach and align with a firm that embraces my values—one that will treat you with the same respect, diligence, and compassion that I have strived to provide. I have been seeking a true partner that cares for their team and clients like family and will do the same for you, me, and our families.

I am pleased to say that I have finally found that partner in EmVision Capital Advisors. EmVision is a comprehensive wealth management practice focused on EmPowering clients to plan for their desired future. My intent is to increase value for you by enabling you to tap into their team's experience and leverage collaboration between tenured financial advisors. You can rest assured that your financial future is in expert hands.

I look forward to introducing you to the new team who will continue to provide you with the extraordinary service and support to which you're accustomed. EmVision will continue to build the relationship with you long after I have retired, taking care of your family for generations to come. In the meantime, you can learn more about the seasoned team at EmVision Capital Advisors on their website: <https://emvisioncapital.com/>.

As always, feel free to reach out with any questions or concerns.

In your service,

EXAMPLE ANNOUNCEMENT LETTER

Dear [name],

As your financial professional, over the many years we have worked together, I have truly enjoyed helping you plan and prepare for your future. As you have prepared for your future, I too have been preparing for my future and retirement. So, while this will not be an issue for many years to come, I do think that it is important that we discuss it early so we can make sure you and your family feel secure for the long term.

With that said, I have gone through a very thoughtful process in determining who might bring complementary skills to the group. We will be adding a new team member, Maria Sanchez. Maria's experience and specialization have really stood out to me. She has served several clients whose financial goals are similar to yours and has a track record of success. We believe that Maria will not only be a great fit for our team, but she will bring a complementary skill set such as generational planning, Social Security and tax-smart strategies.

With Maria working alongside me, we'll not only be able to continue the services that we have always offered, but expand our services to help you accomplish your financial goals. Maria respects what we've tried to build together. We share the same beliefs on investing and financial planning, and I feel confident that we will continue the mutually beneficial relationship that we have had over the years. It's important to me that you meet Maria at our next planned meeting. I'll be reaching out to see if you would be interested in scheduling an introductory meeting.

Best wishes,

[name]

CLIENT FAREWELL EXAMPLE LETTER

Dear [name],

I wanted to contact you regarding some important news. As we have talked, I'm approaching a new stage in my life and after 25 years in the business, I will be retiring in the coming months. I am only taking this step because of the confidence I have in the hard work that you, Maria and I have done during our time together, and I firmly believe that you and your family are well positioned for the future.

We have all experienced the complementary skills that Maria has brought to our practice. Going forward, although Maria will be your primary contact, I will also be available if there are any questions I can answer. You will be in capable hands with Maria.

We have taken every step possible to make sure this is a smooth and seamless transition for you. On a personal level, I want to thank you for the privilege of serving as your financial professional. I hope that you and your family have felt cared for during our years of working together and wish you the very best.

Best wishes,

[name]

NEW TEAM MEMBER ANNOUNCEMENT LETTER

Dear [name],

As you know, Jim has retired after a long and rewarding career. We wish him well in the next chapter of his life. Since joining the firm several years ago, I have grown to respect the work that he has done with clients like you. Our priority has always been to help you achieve your financial goals. I see my job as all about you and I want to learn more about your portfolio, your goals, and your concerns.

I'm here to listen and hear more from you, especially about elements of your relationship with Jim that have been positive that you'd like to see me continue. I really admire the relationships Jim has with clients like you, and I want to make sure I'm honoring them.

I know you have a choice in who you work with, and I want to earn your trust to make that choice easy for you. Jim and I have worked hard to ensure a seamless transition:

- Our approach to your investments will not change
- We will continue to provide the same level of service you have grown accustomed to.
- There are no plans to increase our costs

We will be calling shortly to schedule a meeting.

Best wishes,

[name]

ANNOUNCEMENT CONVERSATION GUIDE

Our research indicates that your scripts should: 1) be client-focused, 2) indicate that the change complements your existing practice/offer and 3) indicate a continuation of the benefits that you work to provide to your clients. Use the space below to create your verbiage following those three elements.

Client	
Complementary	
Continuity	

Now, use the space below to create your whole Announcement script. Be sure to incorporate the three elements you've isolated above.



CLIENT



COMPLIMENTARY



CONTINUITY

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COMPLIMENTARY



CONTINUITY