



## FOUR STEPS TO A SUCCESSFUL TRANSITION

### STEP 1

#### Determine the Value of Your Practice

Independently owned financial service practices are often the single largest, most valuable asset that an advisor has in his or her personal portfolio. Don't make the mistake of guessing at the value you've built by applying a rule of thumb multiple—every practice is unique and demands a professional and experienced assessment.

Today, there is an extremely accurate and affordable way of valuing your business. Using a method developed specifically for financial service practices, FP Transitions' Comprehensive Valuation is the industry's best-selling valuation with over 4,500 satisfied advisors.

### STEP 2

#### Find the Best Match

Currently, the FP Transitions open-market system yields a 50-to-1 buyer-to-seller ratio. What does this mean for you? It means choice. It means you can focus on the "best match" for your clients; find the one person or firm, in the right location, that can replace you and earn the level of client trust you've enjoyed. It means that your succession plan will work for you and your family, as well as for your clients and their families, and even your staff.

Finding the best match in an outside third-party buyer is the goal. At FP Transitions, we make that goal a reality. You can rely on a proven system, a track record of excellence, and the best contract templates in the industry to help you quickly and efficiently close the deal and transition the clients.

### STEP 3

#### Structure the Transaction

Mastering the dynamics of the deal structure is complicated, yet crucial—FP Transitions makes it easy. The first mistake that many sellers make when approaching a transaction is to focus on determining the purchase price without fully considering the underlying deal terms and tax implications. In the acquisition or sale of a professional services practice, value starts and stops with the terms of the deal—the amount of the down payment, the use of contingent financing (such as an earn-out or an adjustable note), the duration of the financing period, the tax allocation strategy, and the interest rate the seller will charge to finance the transaction. FP Transitions builds these factors into the valuation process and ensures fair compensation and consideration in the transaction.

### STEP 4

#### Transition Your Clients

Successfully transitioning clients, assets, and staff members from one owner to the next is an essential step in the sales or acquisition process. Transferring the trust and loyalty of clients is best accomplished with a carefully coordinated transition plan. FP Transitions works with both buyer and seller, and with their support staffs, to choreograph a careful and professional hand-off of the trust built over time.

The methods that you will employ through our *Post-Closing Transition Guide* are those previously used by hundreds of advisors who have successfully sold or acquired practices while smoothly transferring clients, assets, and staff members. Rely on FP Transitions' proven strategies and expertise to do the job right.