



FP TRANSITIONS®

UNLOCKING
**DATA DRIVEN
SUCCESS**



PRESENTED BY



SCOTT LEAK, CFP[®], CEPA[®]

SENIOR CONSULTANT



We help independent advisors
identify, grow and unlock the value of
their businesses.





FP TRANSITIONS®

END-TO-END CONSULTING SOLUTIONS



CONSULTING



M&A



SUCCESSION



BENCHMARKING



MULTI - GEN GROWTH



ENTITY STRUCTURE



COMPENSATION DESIGN



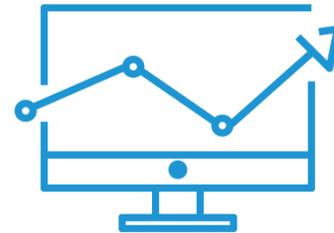
DEFINING KPIs & WHAT TO DO WITH THEM



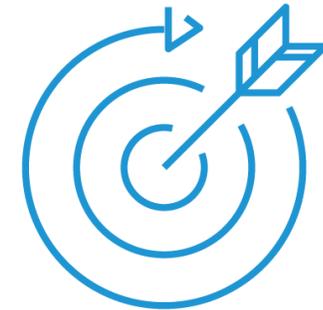
MARK



MEASURE



MONITOR



MASTER

What KPIs Should Your Firm Be Monitoring?





REVENUE STRENGTH KPIs

- Recurring vs. non-recurring revenue percentages
- Average revenue growth rate
- Net new client growth rate
- Average fee charged
- AUM, Revenue, Profit per client
- Average client tenure

ENTERPRISE STRENGTH KPIs

- Occupancy cost
- Number of owners, of employees, of professionals
- Pay per employee
- Expense per client
- Profit per professional, per owner
- Clients per professional, per owner
- % of Revenue on marketing, on tech

COMMON KPIs BASED ON BUSINESS STAGE

For You



SOLE PROPRIETOR

- Revenue
- Recurring Revenue %
- Recurring Growth %
- New Client Growth %
- Average Fee
- Profit per Client



PRACTICE

- Client Affluence
- Expense Percentage
- Revenue per Client
- Clients per Professional
- Profit per Professional



ENTERPRISE

- EBITDA
- EBOC
- Expense Ratios
- Compensation Ratios
- Client Acquisition Cost



RULE OF THIRDS



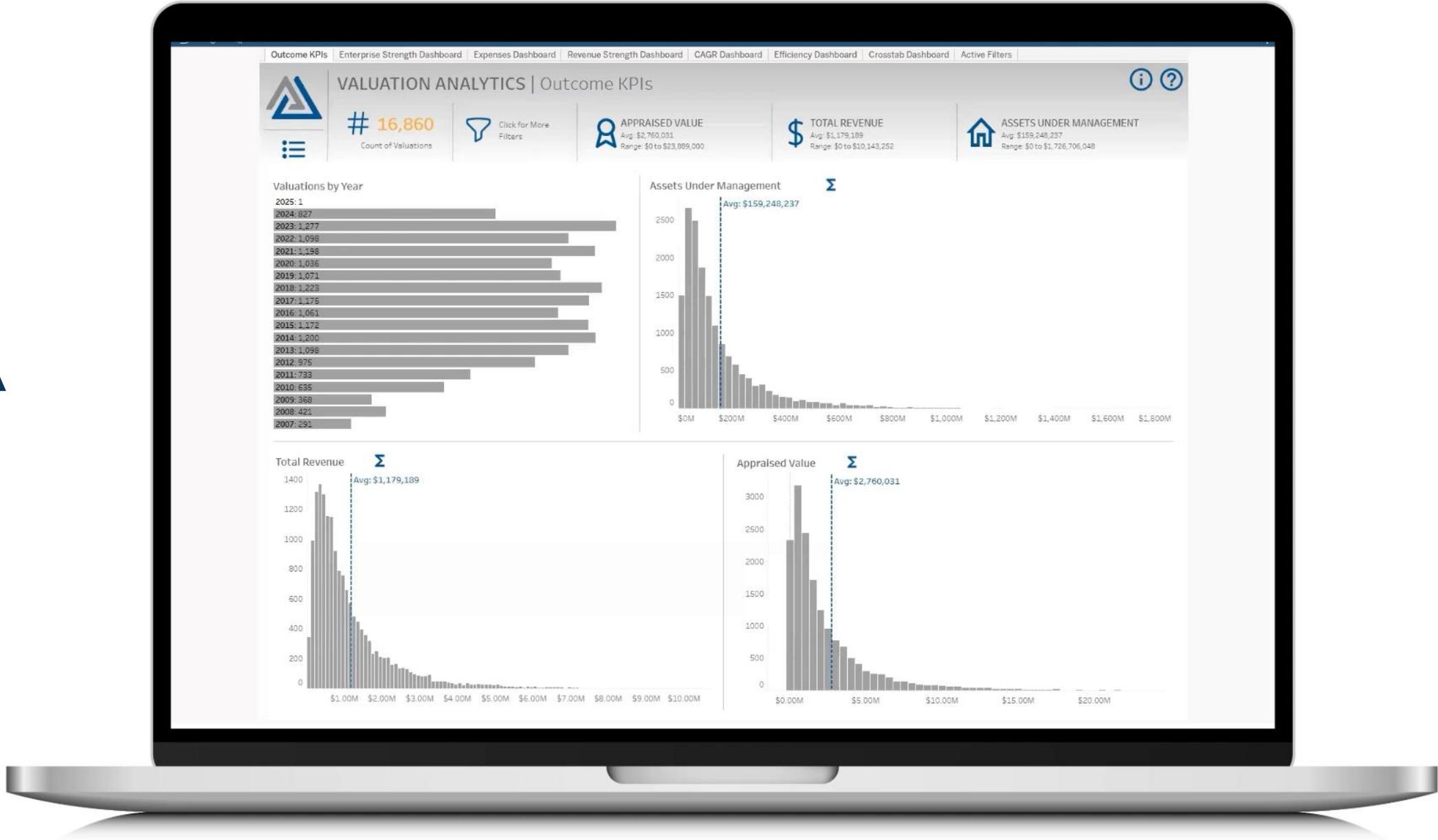
1/3 OWNER + ADVISOR COMP.

1/3 ALL OTHER OVERHEAD

1/3 PROFIT



THE DATA

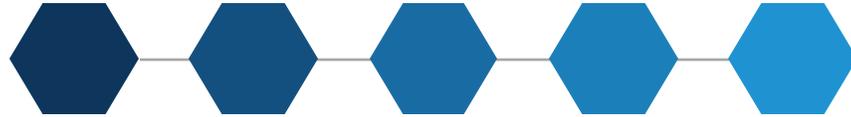




11 COHORTS



**FEE FOR
ADVICE**



HYBRID



TOP 5 INSIGHTS

Where to invest in your business



**Technology
Investment**



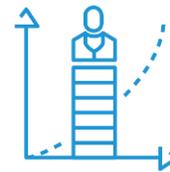
**Marketing
Investment**



**Talent
Investment**



**Add
Partners**



**Recurring
Revenue**

#5 Recurring Revenue

Above Ave. Recurring Revenue Group

Tailored Service Model:

- Fewer, larger clients with fewest HH per professional.

Affluent Client Focus:

- Higher AUM, revenue. Highest profit per client.

Strategic Investments:

- Above ave technology and payroll spending support affluent clientele.

Tradeoffs:

- This group underspends on marketing:
- Lowest NNC Growth rate of 5% - below the overall median

Key Insight: *Intentional focus on solely fee-based service model fosters deeper relationships, wealthier clients, and strong profits.*

#4 Talent Investment

Above Ave. Licensed Employee Group

Higher AUM and Revenue:

- Consistently outperform their peers in many key financial metrics.

Affluent Client Base:

- Wealthiest client base but handle more HH per advisor than last group.

Higher Operational Costs:

- Pay well per licensed advisor too
- Increased spending on payroll (#1), technology, and marketing = second highest expense ratio group

Key Insight: *licensed employees drive revenue directly, attracting high value clients, while the firm maintains robust financial metrics*

#3 Tech Investment

Above Ave. Tech Spend Group

Improved Scale and Profits:

- #2 group in profit per client.

Talent Investment:

- Interestingly, they pay well: Highest average employee compensation.

Strategic Spending:

- More than double median on tech spend.
- And with #2 marketing spend drives #3 most affluent clients

Improved Valuation:

- EBTIDA multiples vs median were higher by 1.5x. 3rd out of 5

Key Insight: *tech expenses increase scale, profits, and valuation.*

#2 Marketing Investment

Above Ave. Marketing Spend Group

Growth Results

- Impressive annual NNC Growth of 16%

Talent Investment:

- Relative to AUM, largest teams - anticipating rapid growth?

Clients:

- Most clients total, most HH per advisor, but only average size client

Improved Valuation:

- long term growth rates fuel this group to #2 EBITDA multiple

Key Insight: *near perfect correlation b/w % marketing spend and % NNC Growth.*

#1 Invest in Partners

Multi-Owner Firms vs Single Owner

Low Spending on Tech, Marketing, and Payroll:

- Insignificant difference in tech and marketing.
- Lowest of any group in % revenue on payroll

Larger AUM, Revenue, Profit, Growth:

- Better in all categories vs single-owners. NNC Growth is 2x.

Improved Valuation:

- Highest EBTIDA multiples!!

Key Insight: *Succession Planning is Value Growth Planning.*

Level 5 Firms

What if you invest in all 5?

Expense Management:

- Double the marketing spend, triple the tech spend, double % of revenue on payroll

Strong Growth:

- Focus on client acquisition and client service yields industry leading 3 year CAGR

Ideal Clients:

- Tops in AUM, revenues, and profit per client and client affluence.

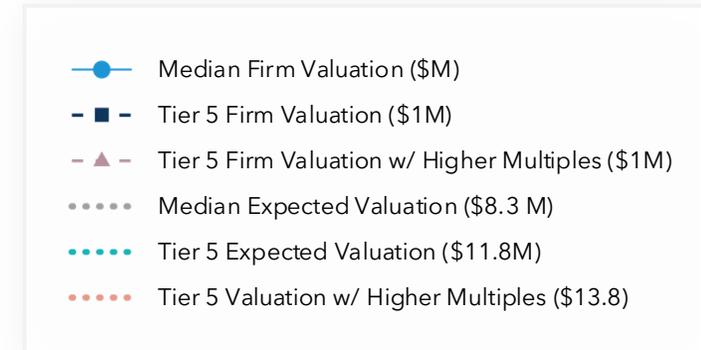
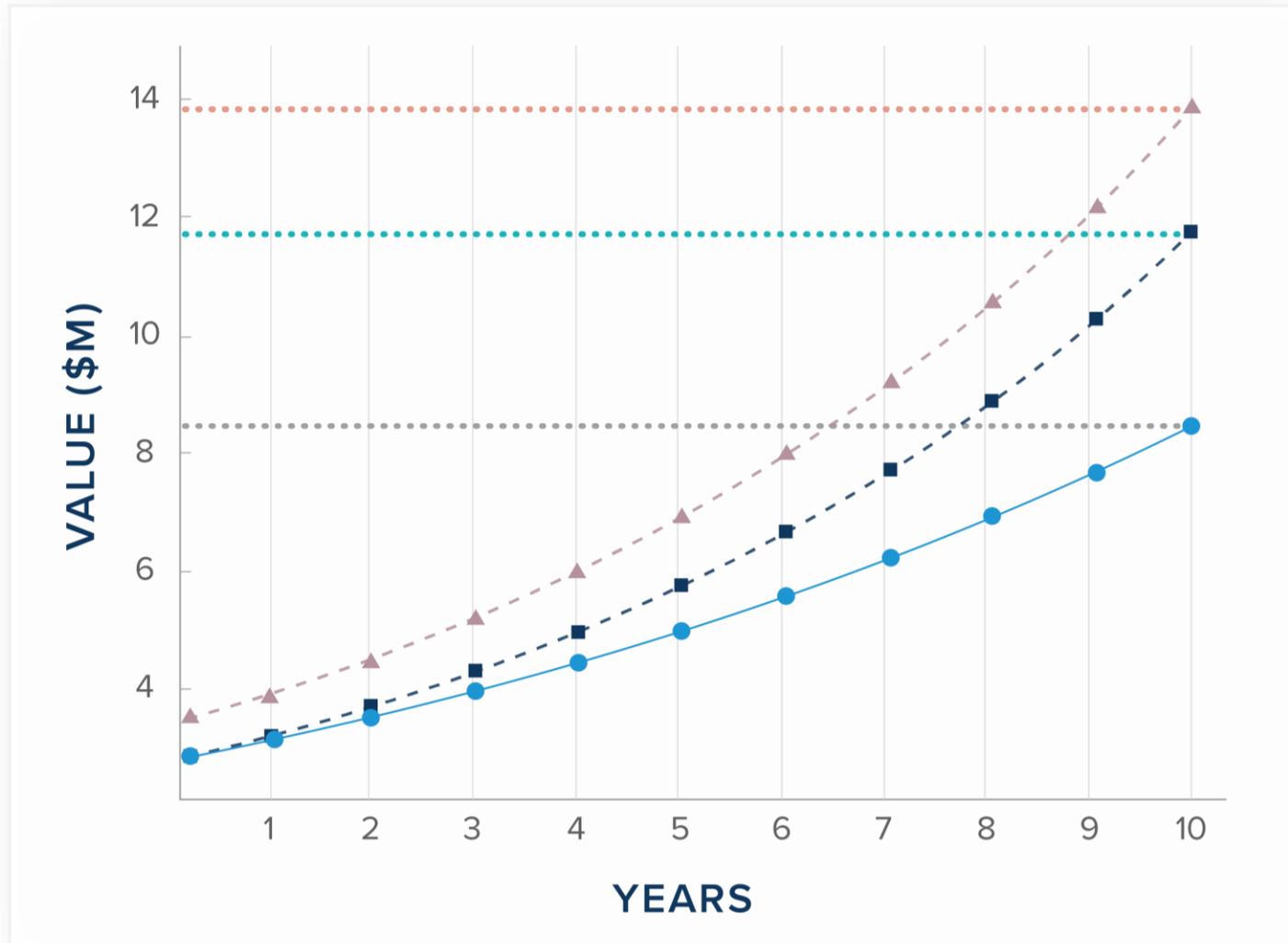
Improved Valuation:

- Highest Revenue multiple of any group
- 50% higher EBTIDA multiple than the industry median

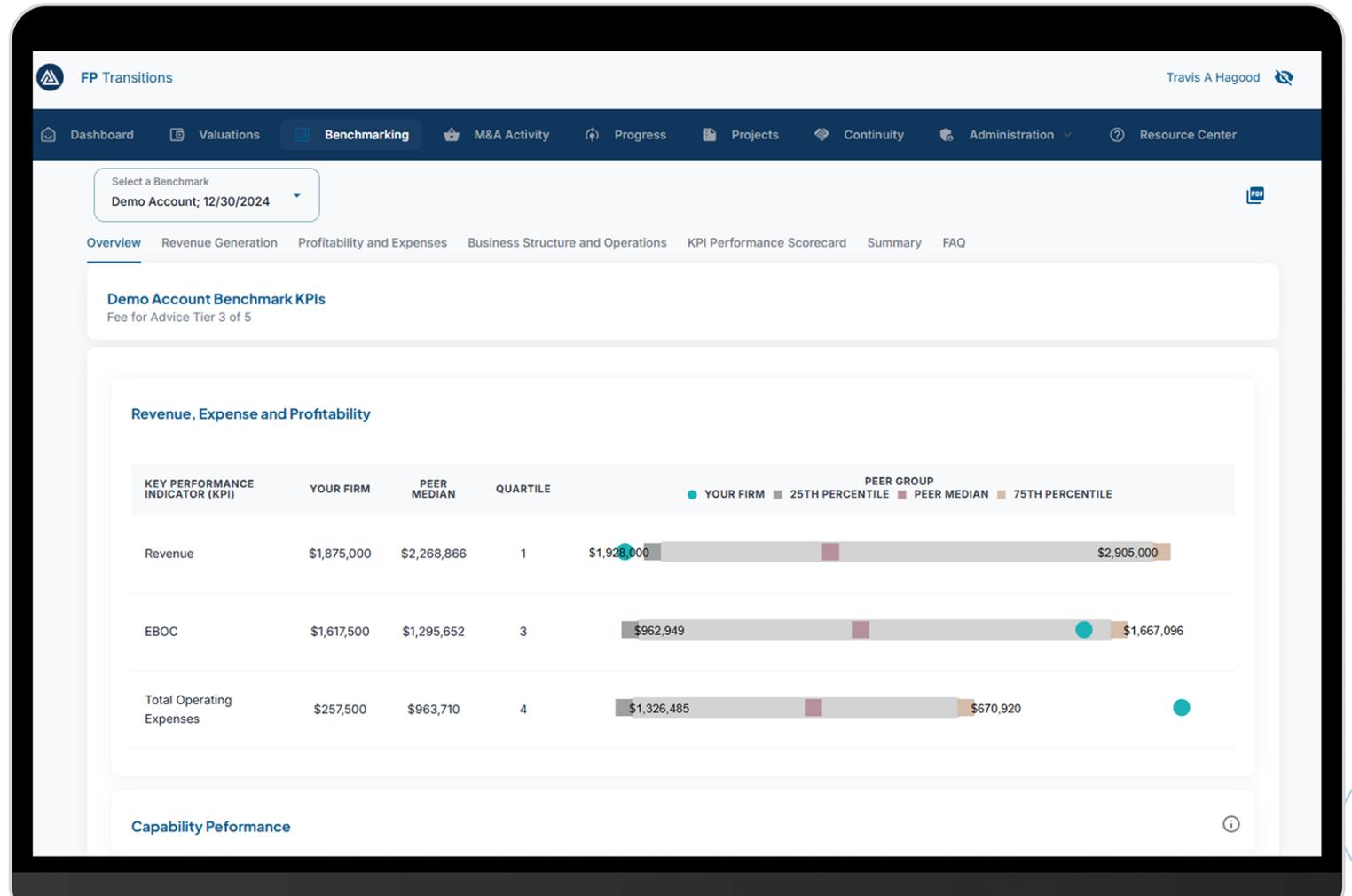
Key Insight: *They aren't expenses, they are investments in your business with huge ROI.*



ROI ON ALL FIVE INVESTMENTS OVER 10 YEARS



HOW TO MEASURE KPIs



EQUITY MANAGEMENT SOLUTIONS®

EMS™ GROW

\$295 per month

- Market Value Analysis
- Comprehensive Benchmarking Analytics
- Annual Continuity Plan with Updates
- Semi-Annual Coaching Calls
- Priority Acquisition Notifications +
- Exclusive Member Tools and Resources
- Annual Market Assessment of an Acquisition Target

EMS™ PROFESSIONAL

\$500 per month

- Assessment of Business' Equity Value
- Comprehensive Benchmarking Analytics
- KPI Consulting
- Quarterly Consulting Calls
- Priority Acquisition Notifications +
- Acquisition Readiness Tools
- Annual Market Assessment of an Acquisition Target
- Exclusive Member Tools and Resources
- Expert Industry Studies and Data



FP TRANSITIONS®

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