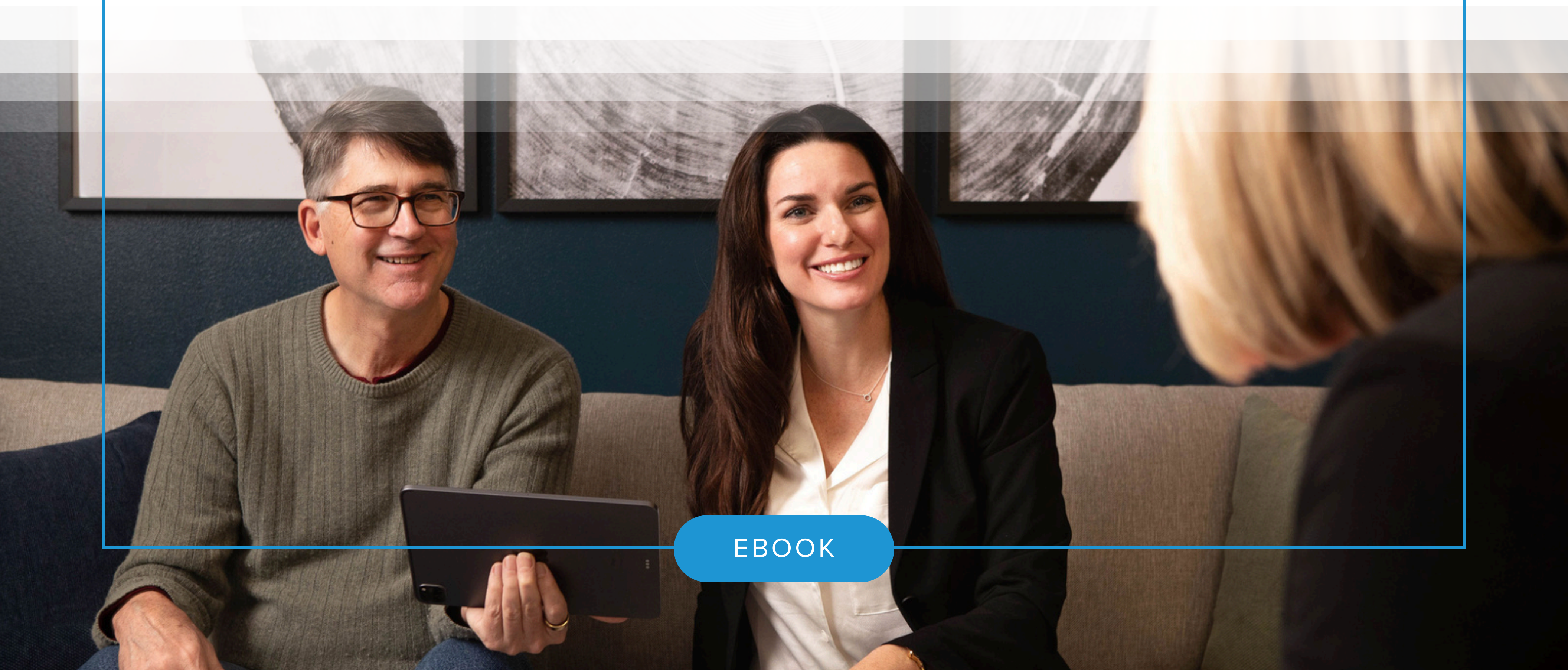
FP TRANSITIONS®

BUILDING AI-ENABLED VALUE

A Practical Guide for Advisory Firm Owners



EBOOK

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AI is already changing how advisory firms operate, serve clients, and prepare for future growth. With industry conversations often focused on which tools firms are using and whether they’re worth the hype, not enough owners are looking deeper at what AI might mean for the business itself.

So how should advisory firms be leveraging AI right now, and how will it impact the long-term value of the business you've built?

Nothing in this guide requires you to be an early adopter or a technologist. What separates firms that get real value from AI from firms that don't has very little to do with which tools they pick and more to do with how the business uses them.

CHAPTER 1

WHERE THE INDUSTRY STANDS

AI adoption varies across the industry, but certain tools have become common starting points. In a recent FP Transitions Survey across our ecosystem, 90% of respondents said they're already using AI in their business, often starting with AI meeting notetakers.

Adoption is increasing across other tools and capabilities as well: document analysis tools can extract structured information from tax returns, wills, and account paperwork in a fraction of the time of a manual review, and some AI-powered planning solutions can already model multiple scenarios and variables that could not realistically be tested manually.

Emerging AI agents are beginning to identify clients who may need attention, whether because of changes in their circumstances or new regulations, although these capabilities are still in their early stages.

90% OF ADVISORS ARE ALREADY USING AI IN THEIR BUSINESS.

"Firms that are using AI in ways that help them provide greater depth of service, are freeing up more time, which they can devote to client development and continue to grow at a faster pace."

— BRAD BUEERMANN
CEO and Principal
FP Transitions

The problem with adoption happening this broadly, this fast, is that it's easy to mistake activity for progress. Just because a firm is running tools across multiple areas doesn’t mean it’s getting real value from any of them. The same survey mentioned above found advisors are using AI most heavily in client service and advice, operations and back-office work, and marketing, and over half are already using AI in three or more distinct parts of the business.

AI IS BECOMING INTEGRATED ACROSS THE FULL ADVISOR WORKFLOW.

JUST BECAUSE A FIRM IS RUNNING TOOLS ACROSS MULTIPLE AREAS DOESN’T MEAN IT’S GETTING REAL VALUE FROM ANY OF THEM.

What clients need from an advisor hasn’t changed. They need someone who understands them, and who they can trust to help them make difficult decisions. But there’s so much operational work that sits between understanding a client and delivering value to them. AI can help close the gap fast.

For years, advisory firms have been managing more assets with proportionally fewer staff, as software and workflows had already improved to let smaller teams manage more. AI is simply speeding up a trend that we were already seeing.

TAKEAWAY

Adoption isn't limited to one category of tool, and breadth of adoption isn't the same as depth of use.

CHAPTER 2

AI AND THE CLIENT RELATIONSHIP

A common fear is that AI will catalyze the fee compression the industry has been predicting for decades, ever since robo-advice platforms first threatened to make human advisors optional. The industry hasn't fully seen that compression happen yet, at least on an advisory level, for a simple reason: clients aren't only paying for information. They're paying for:

- A relationship with a human expert they trust.
- Someone who knows their family.
- Someone who tells them when they're making a mistake.
- Someone who's accountable if something goes wrong.

If all clients wanted was investment recommendations and retirement calculations, perhaps AI would drive advisory fees down, but all indications point to clients who still value human connection.

How AI impacts the client relationship depends upon how it's being used. Reinvesting in more frequent, more specific client contact, for example, reinforces the human relationship and the fee that comes with it. Of the advisors already using AI, many say it enables them to spend less time on busy work and more time with clients. If AI is used purely to reduce headcount with nothing given back to the client experience, however, it could erode the same trust that's kept advisory fees stable for twenty years.

ADVISORS ARE USING AI TO IMPROVE MEETINGS.

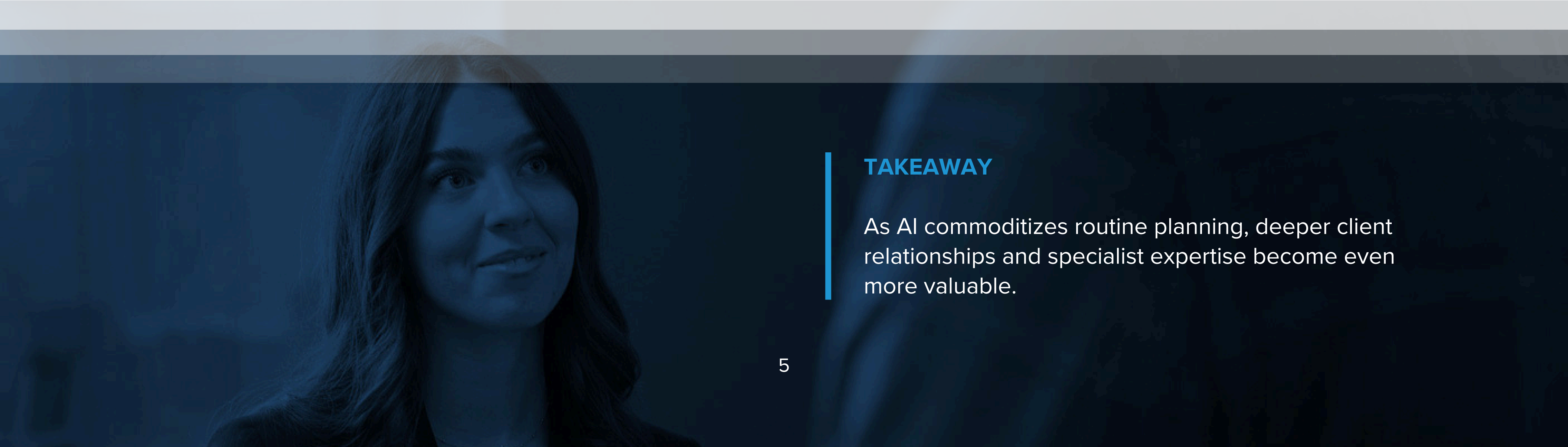
CHAPTER 2

Client expectations are also shifting, particularly among next-generation clients who are used to fast, proactive service from every other part of their lives. An annual check-in used to be enough for many clients, but now the bar is rising, partially because AI makes more frequent, more informed contact realistic for a firm that previously didn't have the staff capacity for it.

CLIENTS ARE PAYING FOR A RELATIONSHIP WITH A HUMAN EXPERT THEY TRUST.

There's something else worth noting in terms of client relationships. As AI makes tasks like document review and basic planning available to any advisor in seconds, general financial planning becomes less of a differentiator. A generalist advisor may be able to discuss many topics, but they may not deeply understand the unique challenges of a specific client group.

Specialization has always paid off in this industry, but the trade-off was often a great deal of time and staff needed to build genuine depth. Now, a specialist firm can deliver the in-depth understanding that makes them stand out, while AI takes care of much of the heavy lifting behind the scenes. Instead of spending hours reviewing documents and gathering information, advisors can focus their time on the advice and relationships that clients value.



TAKEAWAY

As AI commoditizes routine planning, deeper client relationships and specialist expertise become even more valuable.

CHAPTER 3

OPERATIONAL READINESS

Most firms don't fail at AI adoption because the technology doesn't work. They fail because the business underneath it isn't built to absorb the change.

A firm that's running on vague, undocumented processes will struggle to get value from most AI tools, because the tools need something structured to work with. If key workflows and client processes only exist in one advisor's head, there's nothing to plug into, and the result is the same inconsistency the firm already had, just faster.

The challenge for advisory firms is that AI adoption is more than a technology decision, it's an organizational one. The firms that benefit most will be the ones that understand where AI can genuinely improve the client experience, removing friction from existing workflows and being intentional about which problems the firm is trying to solve before adding more tools.

Most firms don't fail at AI adoption because the technology doesn't work. They fail because the business underneath it isn't built to absorb the change.

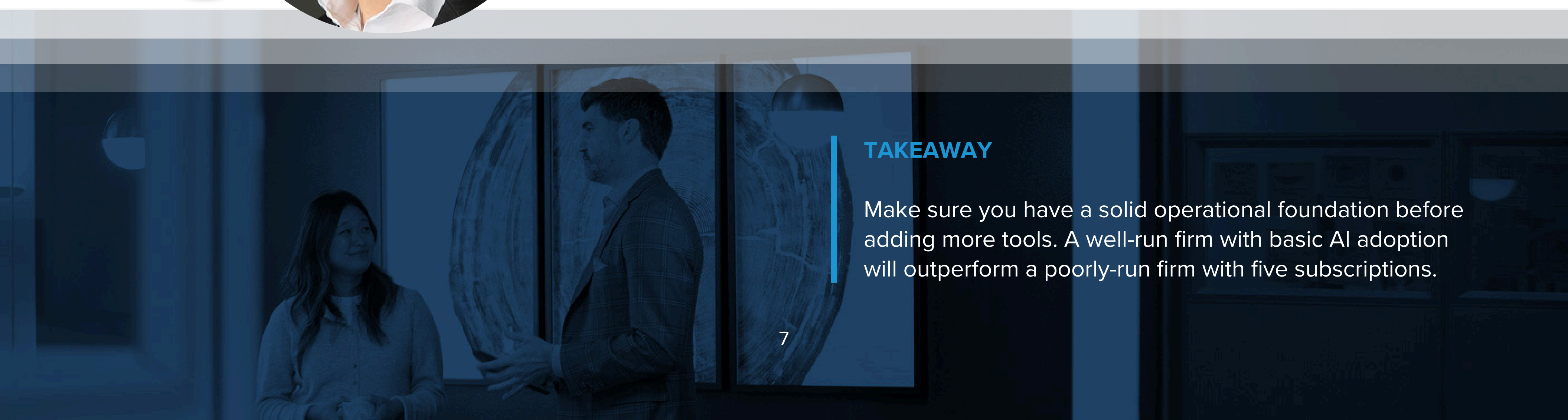
"You need to be getting full benefit of these tools, integrating them into your organization before you move on to the next. Because many of these tools are very, very complex."

— JAMES FISHER, JD
VP of Mergers & Acquisitions, FP Transitions

IS YOUR FIRM READY FOR AI?

Ask these questions before adding more tools to your stack:

- **Do we have consistent processes?** If workflows are fragmented and tasks handled differently depending on who's doing it, AI will highlight the inconsistency rather than solve it.
- **Who owns adoption?** Someone internally needs to be responsible for training, monitoring, driving staff engagement, and improving how tools are used.
- **Are we measuring value?** A tool should deliver a clear benefit, like improving service or saving money. Your firm needs to be able to measure how well it delivers on set metrics.



TAKEAWAY

Make sure you have a solid operational foundation before adding more tools. A well-run firm with basic AI adoption will outperform a poorly-run firm with five subscriptions.

CHAPTER 4

AI, COMPLIANCE, AND RISK

This is a high-risk industry, and that means a human needs to remain in the loop for anything client-facing or advice-related, regardless of how capable AI technology becomes.

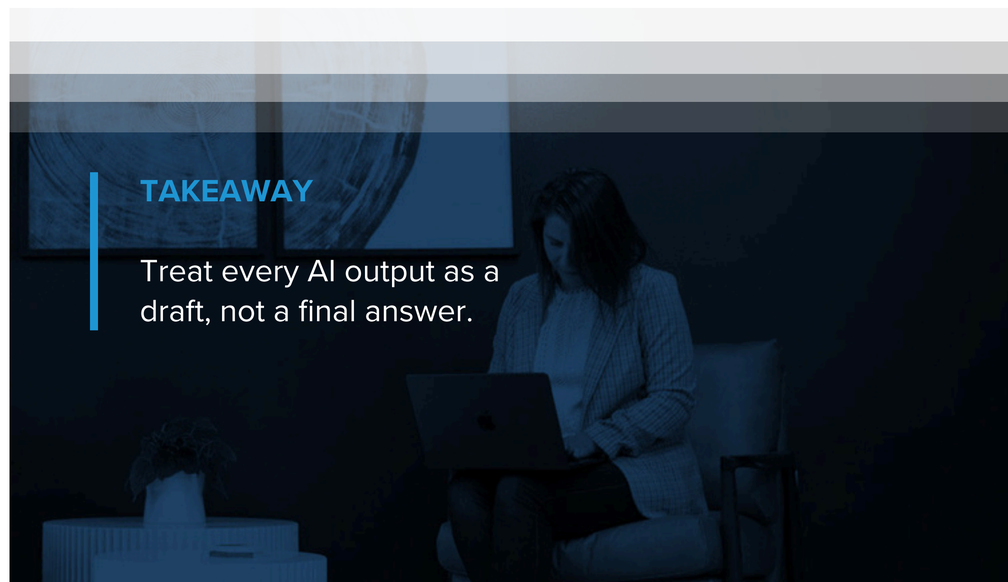
The standard of care and the accountability that come with giving advice still sit with a licensed, regulated individual, not a tool. AI can save time when it comes to drafting, summarizing, meeting workflows, planning prep, and gaining insights from existing data, but it can't take on the fiduciary responsibility for the advice that follows.

Firms need to validate AI outputs before relying on them, reviewing them before anything reaches a client or informs a recommendation. It's also wise to carefully consider what client data is being shared with which tools, and whether those tools meet the same privacy and security standards the rest of the practice is already held to.

AI CAN SHORTEN THE TIME IT TAKES TO REVIEW A DOCUMENT OR DRAFT A SUMMARY, BUT IT CAN'T TAKE ON THE FIDUCIARY RESPONSIBILITY FOR THE ADVICE THAT FOLLOWS.

Just as clients used to arrive at meetings having Googled their situation, some are showing up having already chatted with an AI platform, which might mean they're coming prepared with confident, specific, and occasionally wrong conclusions. The right way to respond is the same way advisors always have: engage with what they've found, explain where it's right and where it's incomplete, and use it as an opening to get into their situation in more detail.

We're not compliance attorneys, and this guide isn't a substitute for a conversation with your own compliance counsel about specific tools and use cases. But the general principle holds across every conversation we've had on this topic: AI is an accelerant for the work advisors already do, not a replacement for the judgement and accountability that work requires.



TAKEAWAY

Treat every AI output as a draft, not a final answer.

CHAPTER 5

AI'S GROWING ROLE IN M&A AND SUCCESSION

We know that buyers are already looking at existing technology when they evaluate a potential acquisition or partnership to make sure a firm's tools and workflows will integrate cleanly with their own. That's happening now, in real conversations. It may not formally move deal terms or valuation multiples, but could AI become a serious factor in how deals get evaluated as adoption becomes the norm rather than the exception?

A firm without baseline CRM competency, let alone AI tooling, represents a real integration cost to a buyer. That gap can impact the terms of a deal, or even affect a buyer's willingness to move forward at all. Buyers are increasingly thinking not just about the book of business they're acquiring, but about the team, systems, and workflows that come with it, since those determine how quickly and smoothly the acquired business can be absorbed.

The firms best positioned for a future transaction are treating technology readiness as part of succession and exit planning now, well before a deal conversation starts, rather than as a separate IT decision to sort out later. That's consistent with how we've always advised firms to think about enterprise value generally: the things that make a business easier to run without its founder, easier to onboard a new owner into, and easier to hand off cleanly are the same things that tend to make it more valuable, whether or not AI is part of the conversation.

TECHNOLOGY READINESS IS BECOMING PART OF DEAL READINESS

TAKEAWAY

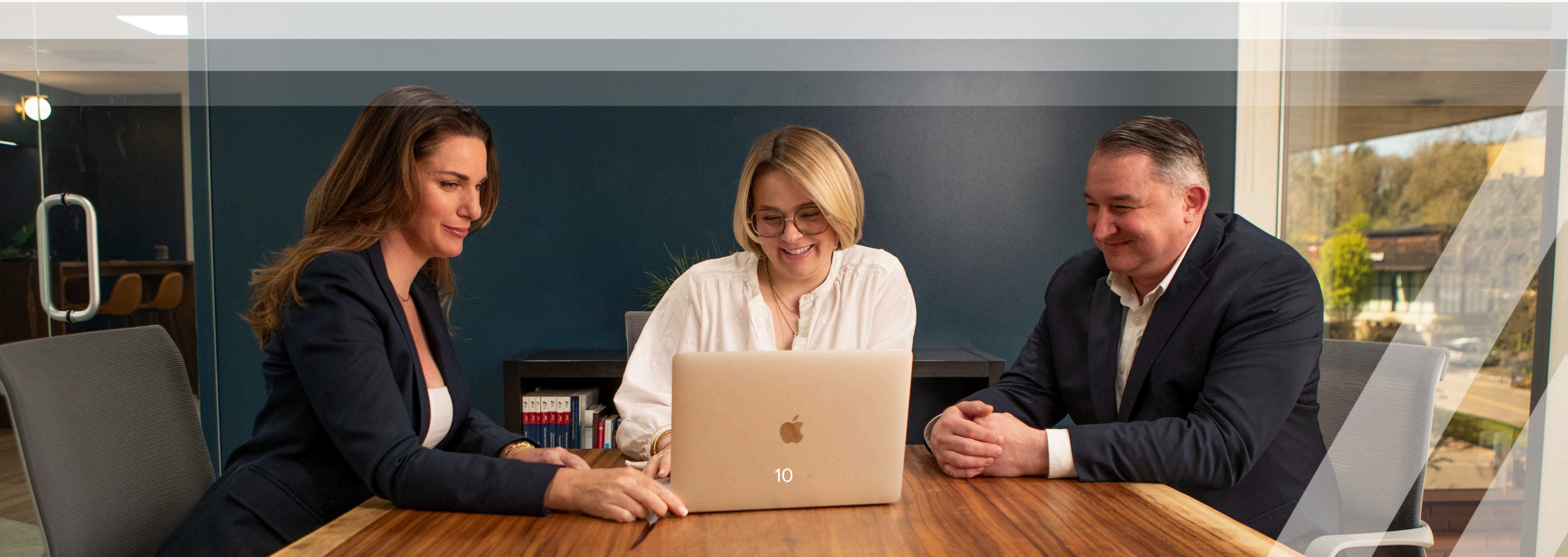
Technology readiness is becoming part of deal readiness. Firms preparing for a future transaction should treat AI adoption as part of that preparation, not a separate track.

CHAPTER 6

BUILDING A MORE VALUABLE ADVISORY BUSINESS IN AN AI-ENABLED INDUSTRY

Understanding the impact AI could have on your firm, from client relationships to business value, is only the first step. The next is turning that understanding into a practical approach that helps improve how the business operates and prepares for the future.

Not every firm is there yet, and that's fine. In our survey, the small number of advisors not currently using AI said they still plan to adopt it, citing reasons like wanting more time to evaluate the technology, questions about accuracy, and compliance concerns as what's holding them back rather than a lack of interest.



5 STEPS TO SUCCESSFUL AI ADOPTION

1. **Capture better data**
   AI is only as useful as the information it can access. Start by making sure you can capture all of the data about a client that's relevant to solving their problems.

2. **Turn data into insight**
   Use AI to identify patterns and opportunities, giving advisors greater insight into client needs.

3. **Automate repeatable actions**
   Once insights are available, use AI to support workflows, reduce manual tasks, and help teams act more efficiently.

4. **Keep improving the client experience**
   The goal isn't adopting AI for the sake of having new technology. It's using it to help advisors spend more time on the work clients value most.

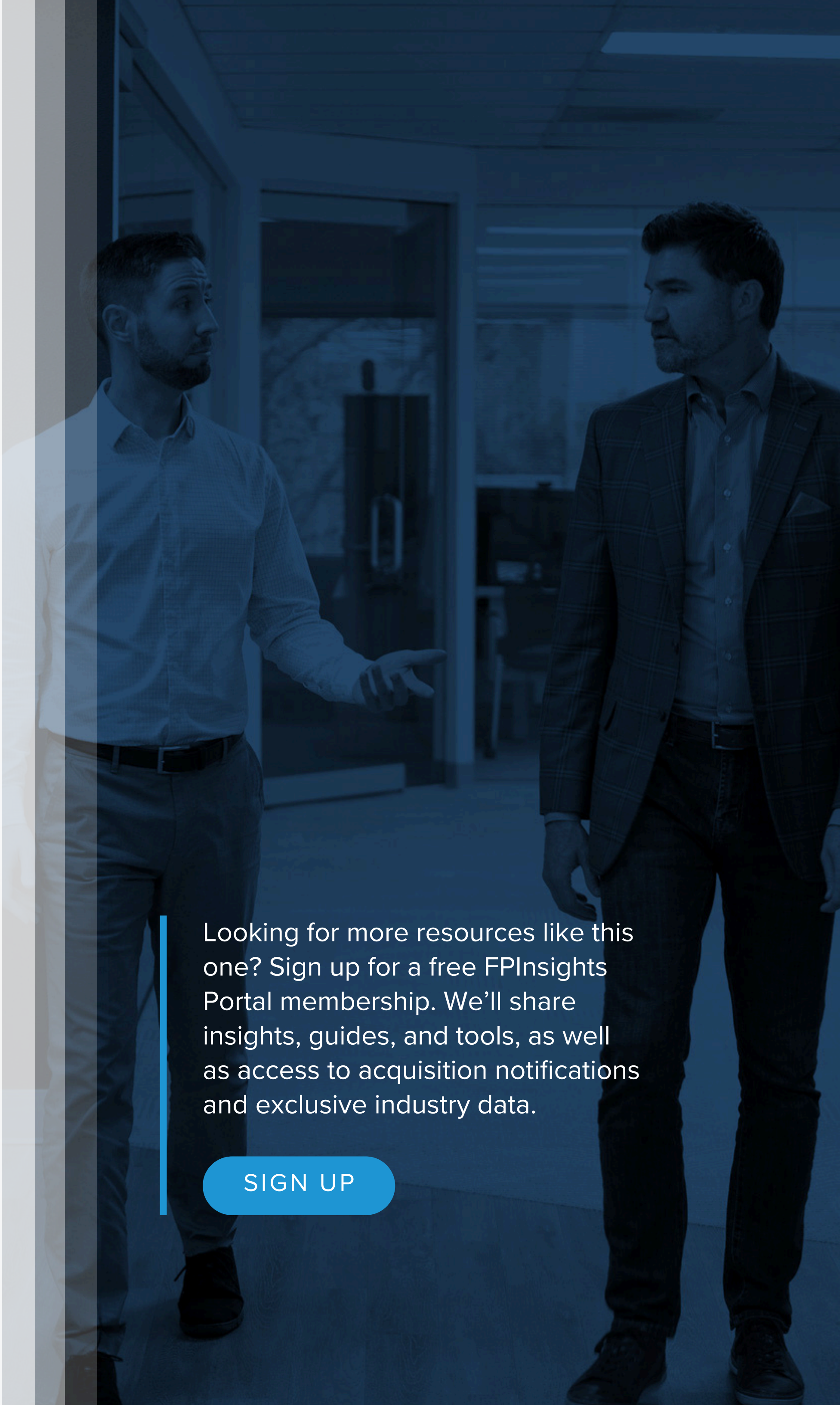
5. **Build on what works**
   Evaluate what's delivering real value, refine the approach, and expand adoption gradually rather than adding tools without a clear purpose.

The firms that benefit most from AI will be those that approach adoption deliberately: using technology to enhance the expert, human element of financial advice, and continually measuring whether it improves the client experience. The competitive advantage won't come from having the most tools, but from using the right ones effectively.

YOUR NEXT STEPS

No matter where your firm is in its AI adoption journey, now is the time to turn ideas into action. A clear, phased approach to firm-wide AI readiness can help you build enterprise value and deliver more value to your clients.

- **Assess your current workflows.** Before adding a new tool, make sure you have a clear picture of what your processes look like. You can't measure the impact of a new tool against a baseline you haven't established.
- **Identify one practical use case.** Pick a single, specific problem AI could help solve, not a category of problems. "Reduce time spent on meeting documentation" is a use case. "Use more AI" is not.
- **Assign internal ownership.** Choose who will be responsible for evaluating the tool, training the team on it, and checking that it's actually being used consistently.
- **Consult compliance early.** Compliance is key before using a new tool with any client data or client-facing work, not after it's already part of the workflow.
- **Measure the results.** Set a clear, specific measure of success before you start, and check back against it.



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FREQUENTLY ASKED QUESTIONS

Will AI replace financial advisors?
Unlikely! Clients need to connect with a human being, someone who understands their situation and them as a person, not just a mathematically optimal plan. An AI bot can plan and analyze to a certain extent, but clients need human judgement that AI can't replicate.

How are financial advisors using AI today?
Most commonly for meeting notes and transcription, followed by document extraction from tax returns and estate paperwork, and increasingly for flagging which clients need proactive outreach.

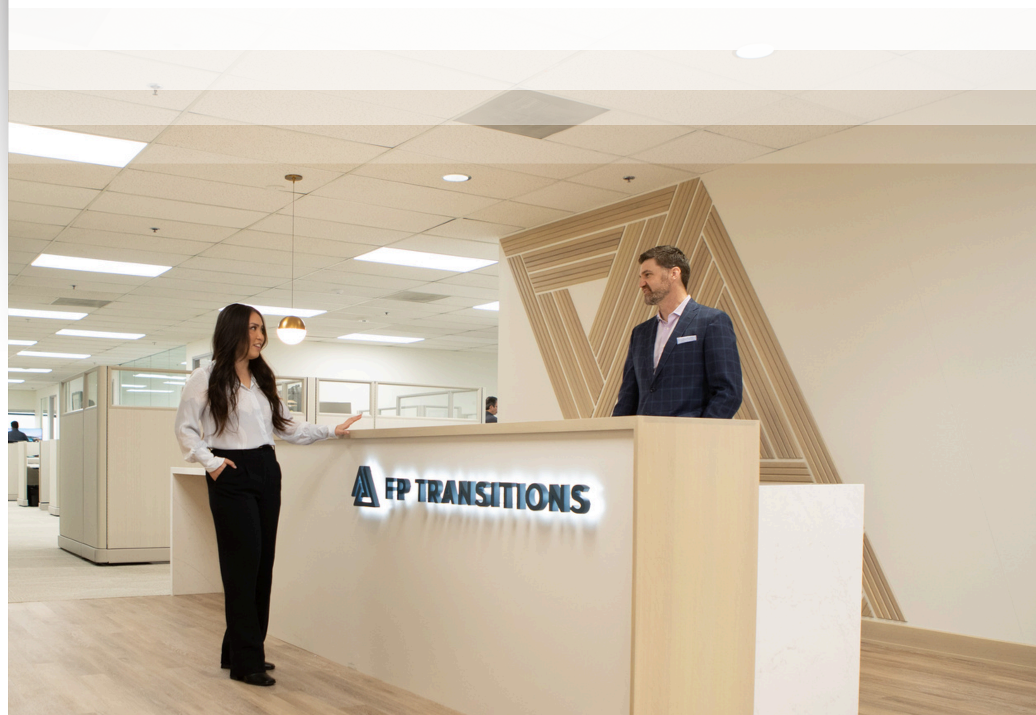
Is AI good for financial planning?
Used well, yes. It speeds up the mathematically optimal side of planning. The behavioral side, getting a client to act on that plan, still depends on the advisor.

What AI tools are financial advisors actually using?
Notetakers remain the most widely adopted, followed by document analysis platforms. Expect this category to consolidate significantly over the next few years.

Can AI improve client relationships?
Yes, when it frees up advisor time for more frequent, specific engagement. It weakens the relationship when it replaces personal contact instead of supporting it.

Should RIAs adopt AI now?
The M&A market is beginning to reward firms that use AI to improve internal processes. RIAs should assess their workflows and identify practical use cases before adopting it.

How should a multi-owner firm approach AI adoption differently than a solo practice?
By standardizing the rollout across all partners rather than letting each advisor adopt independently. Uneven adoption within a shared-ownership firm creates the same inconsistent client experience problem AI is meant to help solve.



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