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TRANSITION TALK

7 Acquisition Tactics You Can Implement Today

Posted by [Elise Rogers](#) on Aug 16, 2016 8:24:12 AM



I rarely meet a financial advisor who doesn't immediately mention that they want to buy a practice. It seems to be every advisor's goal. Of course it is. And in my eight years in the industry, I have seen why.

One of the fastest ways for a firm to grow is to acquire another book of business. However, the [process is more nuanced](#) and competitive than most advisors seem to think. Most assume they will figure it out as they go along. If you take the unguided DIY approach, however, mistakes will be made—perhaps big ones—and you're likely to leave money on the table.

Like every aspect of business ownership, acquiring a book of business takes advanced consideration and preparation. These are a few steps you should be taking now, prior to developing and executing your acquisition strategy.

1. Develop Your Buyer Profile

[Membership to \[fptransitions.com\]\(http://fptransitions.com\) is free.](#) We don't believe there should be a series of hoops to jump through before you can explore the largest open market of M&A opportunities; or even to access our library of business building, acquisition, and succession [resources](#).

Step one to taking advantage of your fptransitions.com membership is to complete your buyer profile. This series of basic questions gives the team at FP Transitions an overview of your company and team so we can best help you find acquisition opportunities that would be a good fit.

Pro tip: FP Transitions uses the information provided in your profile to search our database of 25,000+ advisors to find the right buyers for private sales, [continuity partner matching](#), and successor searches.

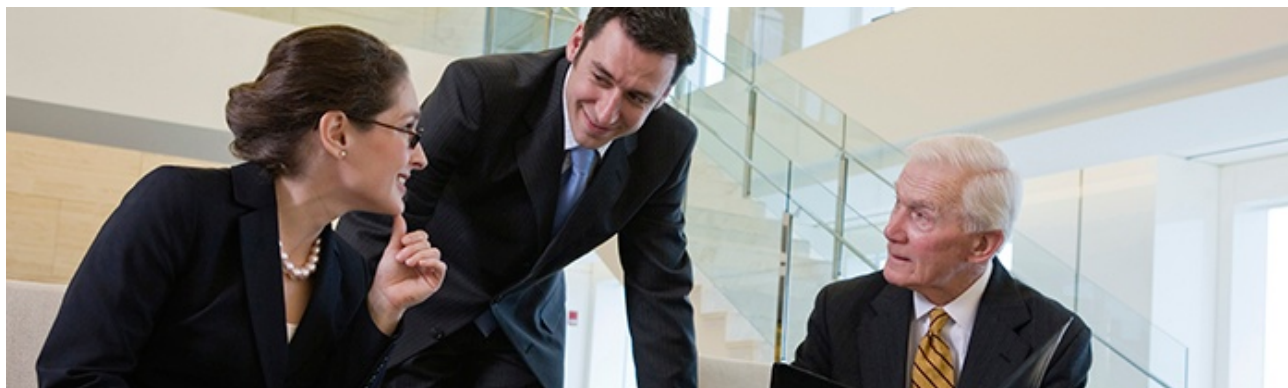
The buyer profile is your opportunity to offer information that makes you stand out from your peers. The Practice Description field especially. If you offer a few concise thoughts on what makes your practice unique, you're already setting yourself apart.

2. Draft a Standard Inquiry Message

Each time you [inquire on a practice](#) you will be asked to include a message to the seller. This is your first impression. Make sure to clearly convey your value proposition – and don't forget to be professional and check your spelling. Of course, you will want to tailor your message further for each unique inquiry, but that doesn't mean you can't spend some time crafting the perfect base message to save time.

Think of it like your baseline resume. These are things you'll want to tell every seller. Include the relevant facts about you and your practice, as well as some unique details that make you an excellent choice of buyer. From there you can address specific concerns or facets of each unique practice you inquire on.

3. Create an Acquisition Strategy



Today's acquisition market is competitive. With a 72 : 1 buyer to seller ratio, you can't use a shotgun approach and hope the right seller will choose you. Focus on finding the right opportunity that fits into your long-term strategy. Then you can spend a little more time presenting yourself as the right buyer for the specific target acquisition.

Take a look at your current client base. Are the demographics skewed toward a certain age range? Profession? Gender? There are a number of reasons why a diversified client base is important for value and business growth.

Identify the areas in which you would like to diversify and target acquisition opportunities that would strengthen your business in strategic ways.

On the flip side, however, it is also a good idea to balance these goals with the value add that can come with demonstrating experience with niche groups and products. Make sure your acquisition target is realistic and that you have the capacity to acquire the targeted business, clients, and expenses.

4. Get Pre-Qualified for Financing

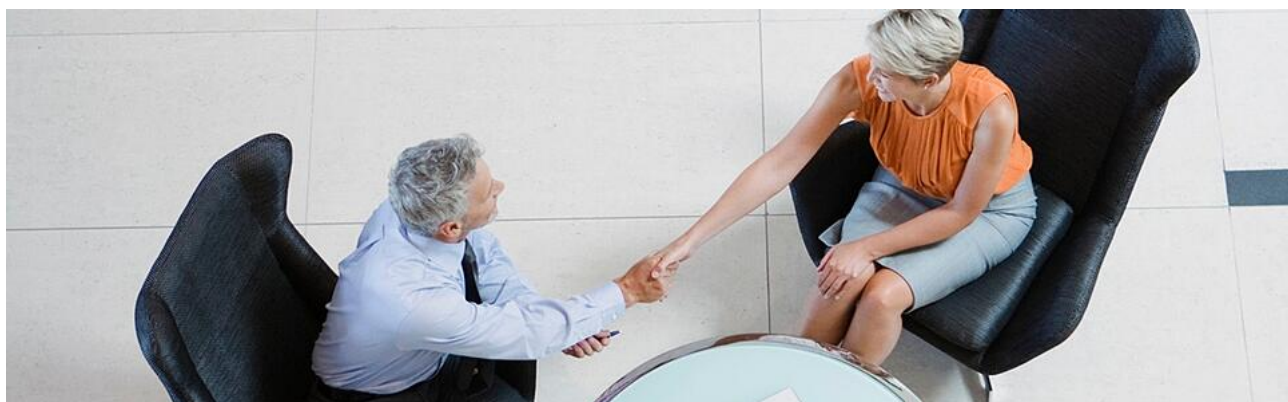
Bank financing is a relatively [new tool in our industry](#), and it has opened many doors for financial services businesses to grow through acquisition. Even if you don't intend to use bank financing, a pre-qualification indicates to a seller that you're financially equipt to purchase a business without any issues.

Additionally, by getting pre-qualified you avoid the risk that the acquisition may go to another buyer while you're spending time getting your financial ducks in a row.

Financing can be worth taking advantage of even without personal financial impetus. It expedites the acquisition process by taking a note that typically ties buyer and seller for 5-7 years until paid off and ascribes it to the bank instead. The loan pays the debt to the seller in one sum and the buyer pays the loan. This eliminates a drawn out relationship and allows the seller to get on with the next phase of their life – a point that is often especially attractive to sellers.

There are a few banks that have developed loans specifically tailored for financial services business. These banks understand the uniqueness of advisory practices as well as the nuances of the industry. FP Transitions can introduce you to a banking partner for your unique goals, as well as help you get a head start on the paperwork.

5. Create Opportunities Through Continuity Partnerships



Sellers choose buyers based on who they trust to take care of their clients after they exit. What better way to build trust than to establish relationships with other advisors before they even think about selling. One of the most effective ways to do this is to [become a continuity partner](#). While you can only have one continuity partner poised to take care of your own business, you can serve as that safety net for multiple advisors.

Continuity is a huge concern for advisors, and for their clients who are asking, “What happens to me if something happens to you?” But while the need is apparent, it has historically been difficult for advisors to [find a continuity partner they feel comfortable with](#).

On the same token, it might seem difficult to know who's looking. While you could put an ear to the ground within your own community and professional circles, there are larger networks designed to pair advisors looking for a continuity partner they're comfortable leaving their clients with. The FP Transitions network is over 25,000 strong. With your [fptransitions.com](#) membership and completed buyer profile you've already put yourself in a prime position to make a good continuity match.

However you make a continuity connection, it's an effective avenue to develop a trusting, professional relationship that might one day lead to a smooth and successful acquisition.

6. Prepare Your Business for Growth

Acquisitions are typically made by firms that are at least twice the size of the selling practice. This is because these firms have grown to the point where not only do they have the means to buy, but their infrastructure is capable of handling an influx of new clients.

As you consider your acquisition strategy, think about what [areas you need to focus on in order to grow](#). The best way to identify and stay on top of these areas is by performing annual valuations. With a formal and comprehensive valuation you can know how much your business is growing and why; and when you pair that

with an annual benchmarking report you can get an idea of how your growth stacks up to your peers and leaders in the industry.

Knowing how and why you're growing is one thing, but being proactive about jump starting growth is another. Take advantage of [resources and tools available](#) to you through your fptransitions.com membership to boost growth where you need it the most. In doing so you will position yourself for a successful acquisition.



7. Know What You Have to Offer a Seller

We've talked a bit about your value proposition already in terms of showing the strengths and organization of your business as [a good match to buy](#) a business. There are other things that could tip the scales in your favor, however:

- Utilizing bank financing to remove the burden of the loan from the seller which can be an attractive detail—not only showing stability with pre qualification, but actually taking advantage of the financing offered.
- Offering potential acquisition targets a comprehensive valuation—which is included with an Equity Management System membership—is an early sign of goodwill and can help build trust from the start.
- Demonstrating compassion and consideration of the fact that selling a business is an emotional process can put a nervous seller at ease and solidify your relationship.
- Showing a seller you're informed, capable, and eager to make the process as smooth as possible paints you in a more attractive light than predatory buyers who are likely to provide resistance at every turn. Remember, actions speak just as loud as words.
- Envisioning yourself in the seller's shoes. Help cultivate a deal and transition process in which you would still feel comfortable in even if the tables were turned.

By taking advantage of every resource available to you, preparing your business for growth, and developing key interpersonal skills before you even submit an inquiry will help ease anxiety for both you and seller as you dive into the exciting process of buying a financial services business.

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