

# A Blueprint for Building an Enduring Practice



The day-to-day responsibilities of running your firm and meeting the needs of your clients can naturally consume most of your schedule. Even if your to-do list is ever-growing, though, it's essential to think about the road ahead.

## What do you and your business need to thrive—now and for many years to come?

Certain considerations and steps you can take today will help you lay the groundwork for a successful future for your firm. Whether you're just starting out or looking to take your practice to the next level, having a clear plan to grow immediately—and create an enduring firm—is key. Let's begin!

### Getting Started

The tools and resources financial advisors select to build their practices are crucial for realizing both long- and short-term visions. These resources can help you effectively manage and grow your business and provide the foundation you need to achieve your long-term goals.

But, to make the decisions that will best benefit you, you need to really understand where you are. You can do this by:

- **Assessing your current situation:** Take stock of your current resources and capabilities, including your team, technology, and time.
- **Mapping out your goals:** What do you want to achieve with your business—now and a bit further down the line? Consider factors such as your target market, the services you offer, and your desired level of autonomy.
- **Identifying the gaps:** Decide where the right tools, additional resources, or firm partner could help you grow.

Having a deep understanding of your journey lets you think about growth in terms of now and the future—expanding to bring in more clients and revenue now, and planning for a forward-looking model that will support an enduring practice.

## Grow for the Now

When considering immediate growth for your firm, look to these approaches:



### Efficiency

With greater productivity, you can focus on growing your client base. You might find that certain aspects of business management are particularly challenging or time-consuming, for example. Spend your time where it matters most by bringing in a specialized third-party partner to help free your time and resources.

A firm partner that offers outsourcing opportunities can also help you identify which functions you should outsource to increase efficiency and ROI. Those may include:

- **Human resources:** Having a solid foundation for growing and nurturing your team is essential for the smooth operation of your business. This includes everything from onboarding, setting up compensation, and managing payroll to keeping a well-organized office space. For example, a virtual administration team can provide part-time support and serve as an expansion of your practice.
- **Finance and financial planning:** Get access to industry experts who can provide guidance on how best to use your financial resources. Or, get help with bookkeeping, payroll, expense management, and more.
- **Marketing:** Leverage a suite of tools, resources, and guidance to build your brand and grow your practice. You can even look to access third-party vendors that offer services ranging from proofreading and copyediting to seminar and workshop development.
- **Investment management:** Partially, or fully, outsource investment management duties. Get expertise in research, due diligence, model management, portfolio administration, trading, and cash flow management.
- **Technology and operations:** Save essential time and effort with consultants who can provide initial hardware and software setup, along with ongoing maintenance and troubleshooting.

- **Risk/Compliance:** Collaborate with experts in drafting and filing of registration documents, as well as policies and procedures, privacy policies, and a code of ethics.

Outsourcing business solutions can provide the talent you need without the burden of hiring, training, and paying additional staff. That way, you can remain focused on the most value-added activities—and what you do best.



## Affiliation

You also need to consider how you'll adapt to the needs of an ever-changing marketplace. Whether your practice is commission-based, fee-only, or somewhere in-between, it's likely that how you run your practice will change over time. Your business will have to evolve to meet the needs of your clients while staying aligned with your long-term goals.

One important consideration in the near term is having the support and flexibility to change your affiliation status. Whatever affiliation suits your own work style, having a strong infrastructure and effective business management solutions is key to positioning yourself and your clients for ongoing success. A trusted firm partner is ideal in this situation. There's no one-size-fits-all business model, so you need a partner who delivers more than one-size-fits-all service.

When evaluating potential firm partners to support you through changing your affiliation—or through major business milestones like mergers, acquisitions, or succession—look for a match that'll help you evaluate the benefits of your affiliation model and allow you to move seamlessly from one business model to another.



## Structure

Employing an equity ownership structure is one way to align everyone's interests and ensure long-term business continuation beyond the original founders. This structure does include both benefits and challenges, however.

**Pros:**

- Avoids silos and misaligned priorities
- Offers a smooth transition for new or retiring partners without disrupting the client experience
- Enables flexibility and a seamless client experience in case you or another advisor wants to scale back hours (e.g., for someone approaching retirement)
- Creates a sustainable structure that can last in perpetuity—long beyond the participation of the founding partner(s)

**Cons:**

- Creates mental hurdles for advisors used to having an individual book of business
- Diminishes individual control
- Presents a more complicated structure to establish your practice initially

Overall, equity ownership can be an effective path forward, but it's important to carefully consider all angles. It may be helpful to seek the advice of a business consultant to help you determine if equity ownership is the right fit for your career goals and financial situation.

If an equity ownership model is not the right choice for your firm, you can still incentivize a firm-focused outlook while maintaining ownership of individual practices. [What truly motivates your employees?](#) For those craving tangible incentives, consider offering performance-based bonuses that reward progress toward the firm's strategic objectives. You could use a profit-based formula for an incentive plan, ensuring that everyone at the firm is focused on strengthening the firm's bottom line. Many staff and advisors are also motivated by intangible successes—like helping a client navigate a challenging time or ensuring that a client can retire comfortably.

## Grow for the Future

What does your long-term vision look like? You'll want to make sure you have the infrastructure, team, and capital in place to take your firm to the next level—and be prepared for the next phase of your life and career as well.



### Build a talent pipeline

One way to do this is to attract the next generation of advisors and develop their skills to ensure a unified vision for your firm's longevity.

To attract and retain next-generation talent, you need to become a destination workplace—where advisors feel they can grow their careers and learn from the best. Here are some tips for coaching future leaders while ensuring business continuity for your clients:

- **Set expectations.** Everyone operates best with clear targets and parameters, so be sure to establish goals and benchmarks. Perhaps even more important, set clear expectations for coaching and mentoring, and ensure that you share—and accept—constructive feedback to help your newer advisors flourish.
- **Provide opportunities.** Your clients trust you because of your outstanding work, but also because they have been exposed to your expertise. Give your next-gen advisors similar chances to demonstrate their skills in direct interactions directly with clients.
- **Reward accomplishments.** By setting compensation and incentive targets for proven candidates, you can build a sustainable path to partnership for the next generation of talented leaders.

Having a clear development plan for next-gen advisors to become leaders helps ensure that your practice can continue as you envisioned and maintain your legacy of delivering a superior client experience.

Regardless of your timeline—whether you'd like to make someone a partner in the next few months or the next few years—it's wise to get started now. Having an influx of next-gen advisors not only broadens your firm's capabilities, but helps you plan for what's next for you.



It's never too early to think about succession, a consideration that having a multigenerational bench of talent makes easier. With a multigenerational firm, advisors not only benefit from colleagues' experience during distinct phases of their careers, but also gain greater trust with clients, who can feel assured that their unique needs will be effectively managed from one generation to the next.



### Ensure access to entrepreneurial capital

When you're looking to expand, consider aligning yourself with a partner that offers access to the funding you need to grow, evolve, or transition your business, without the time and effort of working with an outside lender.

Additional working capital can help you reach milestones sooner, getting your firm closer to its goals. Increased working capital can provide you with the flexibility to make choices such as expanding operations, hiring staff, consolidating debt, and more. These initiatives may call for more flexibility in terms of loan amount and duration. For example, having more office space in the near term could lead to growth in the long term, but an advisor might not have the flexibility to make the up-front investment.

Next-gen advisors might use additional entrepreneurial capital to take increased ownership of a practice when a partner retires. For advisors thinking about succession, having access to capital investments can help ensure a smooth transition to the next generation and build a legacy. Investing in infrastructure today can help ensure a comfortable transition to the next generation of advisors when the time is right.

Along with expanding business opportunity in the near term, access to additional capital can expand options for long-term legacy planning. With [37 percent of advisors projected to retire in the next 10 years](#), [succession planning](#) should be top of mind.



### Expansion

In addition, you may consider growing your practice through a merger or acquisition (M&A). With the [continued strength of the M&A market](#), the marketplace has no shortage of potential buyers. The imbalance has driven up valuation multiples and led to a trend of larger down payments. Having access to additional capital can help you make a compelling offer and stand out in a competitive market.

The market has also enabled some advisors to maintain a higher level of involvement in their business even after selling it. For advisors interested in leveraging their firm's increased value without giving up their independence, selling a preferred minority equity stake at a highly competitive valuation while maintaining control could be an option. Having this opportunity for M&A flexibility means that you don't have to completely give up control to gain increased capital. New deal structures could allow you to relinquish ownership without completely stepping away.

You can also investigate recruiting new advisors to join your firm or merging with a smaller firm. Maintaining a strong firm culture with clearly articulated mission, vision, and values can help guide the advisors on your team and motivate them to grow their books of business in ways that align with your firm principles. Having regular goal check-ins with all advisors and creating opportunities for collaboration can also foster a team-oriented approach that supports the ongoing success of the firm.

## Are You Ready to Act?

Once you've developed a road map for your firm's evolution, it's time to make that blueprint a reality. Whatever your next step is, the right partner can help you achieve your long-term objectives and adapt to changing market conditions. Commonwealth Financial Network is here to power your journey with advisor-focused business solutions, powerful technology, holistic investment solutions, and more.

### We offer:

- The flexibility to evolve your business the way you want to
- Business consulting services that provide proven practice management strategies, funding to grow your business, and solutions that help maximize your efficiency
- Planning guidance and research to help you rise to the challenge of complex client needs
- Marketing tools, resources, and support to help you differentiate your brand



- [Investment solutions](#) diverse enough to meet all of your clients' needs
- [Compliance experts](#) dedicated to collaborating with you to achieve clients' goals
- Technology that is [robust and flexible, powering your practice](#) from a single interface

Finding a partner that aligns with your values can be a key factor in helping you propel your practice toward success and make your vision a reality. You can count on Commonwealth to provide what you need, now and on the road ahead.

**Learn more** about how Commonwealth can help you get where you want to go.



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