

NOVEMBER, 2020

SUCCESSION PLANNING PART 1 – IMPACT ON YOUR TEAM

by Vince Fertitta, President, Wealth Management,
Sanctuary Wealth

I recently published a [white paper](#) that examined the financial impact of the four options advisors face when considering succession. As a follow-up, I'm presenting a series of three brief articles on the impact of non-financial factors advisors should consider when planning their exit strategy. The first will focus on the advisor's team, then we'll look at the impact on their clients. I'll conclude with some thoughts on the benefits to the advisors themselves.

If you're a wirehouse advisor who's successfully run your own group for a number of years, you likely feel a great

sense of pride for what you've built, the client relationships you've nurtured, and the team members you handpicked, mentored and now think of as family.

You deserve every accolade for envisioning, creating and sustaining a thriving practice. It's no small feat. If you've surrounded yourself with a team of strong contributors, you're sure to want to reward them. You may have already thought about who on the team will fill your role when you choose to retire.

For all the opportunity that lies ahead for your team, however, they'll have some significant challenges. What you choose to do now can really help them in the long run.

The situation they'll face by 'inheriting' your practice may have no bearing on the financial ramifications of your 'sale,' but there will be a monetary impact on them as business 'owners' as well as individuals.

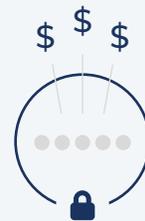
Let's first clarify some language that I just used to make a point:



Number one: your team at the wirehouse **will not 'inherit' your business** – technically they'll need to 'buy it' from the company.



When they do, **they will not be 'owners'** – the company will own the clients and your team will still only be employees.



In addition, those employees will be locked into long-term contracts, while struggling to **'pay for' your practice** in an environment where compensation packages seem to change less favorably year after year.

Let me say a word here about wirehouses, because there are many advisors who are quite content and can thrive as employees in a larger institution. The circumstances there, however, don't favor those advisors with an

If you want to do what's best for them, why not put the wheels in motion that will allow your team to share in those rewards in the long-term and carry on your legacy as an independent firm?

entrepreneurial mindset, or those who'd rather not spend their time navigating bureaucracy to get something done for their clients, or those who don't want to see their support staff bullied into meeting sales quotas on banking products. Whether the corporate agenda is about boxing in employees, reducing compensation, or pushing off-the-shelf solutions, the result at a minimum

will be distractions that keep your team from serving your clients' best interests. Just think of the hurdles you've had to deal with in the past, and imagine what awaits your team. Simply put, it won't get better for them.

It's likely that you mentored your team to share the belief that, by being the best possible advisor for your clients, your business will be rewarded. If you want to do what's best for them, why not put the wheels in motion that will allow your team to share in those rewards in the long-term and carry on your legacy as an independent firm?

By pursuing a transition to owning your own independent practice now, you will not only be setting yourself up to fulfill your true potential before your retirement, but you'll leave your team in a much better position to succeed on their own.

Furthermore, the flexibility inherent in being an independent firm gives you the option of retaining a small ownership interest post-retirement, allowing you to continue to mentor your team and provide comfort to clients who may be apprehensive about you completely leaving the practice. With mutual agreement from your team, the terms of your succession are in your control.

YOUR NEXT STEP

The road to your independence would lead to a next generation of advisors – again, handpicked and mentored by you – to offer continuity to your clients, but at a higher, more valuable level of experience. It would be a powerful decision for you – freeing you to spend more time with your clients – while empowering your team to embrace the opportunity to fulfill everything you taught them to become.

At Sanctuary Wealth, we partner with entrepreneurial advisors who want to be liberated from the wirehouse environment because they recognize the benefits of running to a situation where they can control... everything: their own business, their own compensation, their own client offerings, and the terms of their own succession.

If you'd like to discuss how we can help you plan a transition to independence in the near-term, with the goal of retirement and succession in the not-too-distant future, please call on me today.

I'd very much like to talk to you about the options you should consider.

SANCTUARY WEALTH | VINCE FERTITTA CFP®, CIMA®, CRPC®, President, Wealth Management

250 W. Nottingham Dr., Suite 320 | San Antonio, TX 78209 | Office: (210) 742-8894 | Mobile: (210) 602-6940
vfertitta@sanctuarywealth.com | sanctuarywealth.com

Securities offered through Sanctuary Securities, Inc., Member FINRA, SIPC.

Advisory services offered through Sanctuary Advisors, LLC., a SEC Registered Investment Advisor.