

# OPTIMIZING YOUR BUSINESS FOR GENERATIONAL TRANSFORMATION

**TideForce Consulting, LLC** 

#### **AGENDA**

- Introduction
- Primary Objectives
- Business Plan Diagram
- Capitalizing on Your Structure
- Summary

#### INTRODUCTION

There is a prolific change and opportunity developing in the financial services industry. A significant shift in advisor demographics will affect a third of financial advisors and investment managers transitioning out of the industry over the next 10 years. This, along with a massive change in intergenerational wealth asset transfer, is creating a unique business strategy need.

#### 10 years

"Over 100,000 advisors will sunset their careers and \$11.9 trillion will transition to other advisors."

#### 37%

"A staggering 37% of advisors are expected to retire in this next decade, representing 41% of the industry's assets."

#### **55%**

"More than half of all practices, or 55%, rely on their own investment research and portfolio or model construction. But only an estimated 7% of advisors are capable of doing it effectively."

#### 12%

"Only 12% of advisors outsource investment management entirely and just 38% use third-party model portfolios at all."

#### 26%

"26% of advisors have no clear retirement plan, a figure that rises to 30% in the independent RIA channel."

#### 67%

"Practices managing over \$500m in AUM control 67% of the industry's assets \$31.3 trillion in retail advisor-managed assets."

"Nearly half of these larger practices are considering acquisitions, signaling ongoing consolidation trends."

"Key obstacles to succession planning include:

- Finding a qualified buyer (86%)
- Structuring deal terms (63%)
- Accurate practice valuations (53%)."

<sup>\*</sup>Source - Cerulli Report Highlights Advisor Headcounts Stagnation and Succession Planning Challenges. 1/25

#### 90,000 - 110,000

According to McKinsey, "The industry could face a shortage of 90,000 to 110,000 advisors, or 30-37 percent of current head count, by 2034 at current productivity levels."

#### \$500k

"This while the number of affluent households, those of at least \$500k will grow at 4 to 5 percent per year. In fact, the number of investors seeking more holistic advice grew from 29 percent in 2018 to 53 percent in 2023. Almost 80 percent of affluent households surveyed indicate that they would rather pay a premium of 50 basis points or more for human advice than use a customized digital advice service priced at 10 basis points."

29%

"29 percent said are willing to pay a premium of 100 basis points."

10-20%

"Firms will need to increase productivity by 10 to 20 percent and attract new talent to the industry at a faster rate of 30,000 to 80,000 net new advisors over the next ten years."

Advisors will have to rethink a new operating model to unlock productivity.

# PRIMARY OBJECTIVES

Path to Success

### BUILD A MODEL THAT PROVIDES A TOP-DOWN AND BOTTOM-UP ENGAGEMENT FOR CLIENTS AND ASSETS MOVING THROUGH INTERGENERATIONAL WEALTH TRANSFER

Based on specific advisor profiles

# WHILE BUILDING A STRATEGY THAT CAN PROVIDE A MORE HOLISTIC APPROACH TO THE CLIENT ENGAGEMENT

Based on specific client profiles

#### HOW YOU GET THERE

#### ROI

- Focus on "net worth" improving the client's financial profitability
- Provide the components of wealth management:
  - Estate Planning
  - Legacy Planning
  - Retirement Planning
- Customize, personalize and optimize

#### **NICHE MARKETS**

- Pursue each generation with generational priority
- Meet them at their life cycle transfer point
- Provide them support through specific access to: Legal, Retirement, Estate

#### SUPPLY CHAINS

- Top 20% of client base
- Identify specific profiled client
- COI Legal and Tax
- Family connectivity

# BUILD A BUSINESS PLAN DIAGRAM

Path to Success

#### THE TIME MACHINE

Accumulation Preservation

Distribution

#### THE PERFECT PROFILE

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55-75 – Top 20% of affluent client base - \$IM+ investable assets

Holistic Engagement

End-to-end experience - The wealth planning fly wheel

Investment Management

Address the lifecycle – Customize, prioritize, synchronize

**Platform** 

Aggregate everything to you – Provide comprehensive experience

#### DECIDE HOW OPEN YOU WILL BE

#### FLEXIBLE PLATFORM

- Multi-custodial access
- Larger investment management menu –
   Strategic and tactical management access with passive and active manager selection
- UMA, SMA and direct business access Model development availability

#### **CURATED PLATFORM**

- Single custodian
- Curated managers and specific investment strategy – Strategic or tactical with active or passive manager or investment vehicle selection
- UMA, SMA model delivery

#### OUTSOURCED CUSTOMIZATION / PARTNER FOR SUCCESS

#### STRATEGIC MODELING

- Model allocation provided MPT
- Investment vehicles passive and active
- Rebalancing
- Manager due diligence

#### TACTICAL MODELING

- Model allocation provided Various active strategies
- Investment vehicles passive and active
- Rebalancing and re-allocation
- Manager due diligence
- Alternative, ETF, Mutual Funds, SMA

# CAPITAL INVESTMENT AND ACCESS TO SHARED SERVICES MODEL FOR SCALE AND EFFICIENCY

# CFO MODEL SUPPORT

- Business strategy management
- Valuation improvement
- Capital infusion event
- Partnership model for succession

# ADMINISTRATION AND OPERATIONS

- Scale to maximize business functionality
- Back-office operational enhancement
- Financials and reporting to build efficiency

#### **HUMAN RESOURCES**

- Employee benefits
- Health and welfare
- Human capital management and improvement

# CAPITALIZING ON YOUR STRUCTURE

#### WHAT YOU WILL NEED

- Make the move from investment management to wealth management Focus on net worth
- Reimagine your digital ecosystem Client readiness and business efficiency
- Prioritize efficient growth Faster, smarter onboarding and enhanced digital experiences
- Shift into offense for long-term success Manage client value / insure business value

#### BUILD AND MAINTAIN INTEGRATED PROCESS

- Segmentation Profile driven acceptance
- Return/Risk profiles selected
- Transferrable and ready

- Life-Cycle strategy realized
- Accumulation –
   Cheap beta
- Preservation Tactical/Strategic
- Distribution Income

- Tax management strategies for nonqualified assets
- Personalized strategies
- Income/Cash management strategies

- Mutual funds
- Separately managed accounts
- ETF's
- Individual securities

#### **Optimization**

Strategic

#### Model

Strategic and Tactical

#### Customize

Qualified/Non-Qualified

#### Individualize

Personalized and Customized

#### TOP-DOWN INVESTMENT MANAGEMENT DELIVERY

## OPTIMIZATION MANAGER

- Quantitative and qualitative optimization
- Institutional pedigree
- Flexible model delivery
- Advanced proprietary analytics and investment management capability

## PLATFORM EXECUTION

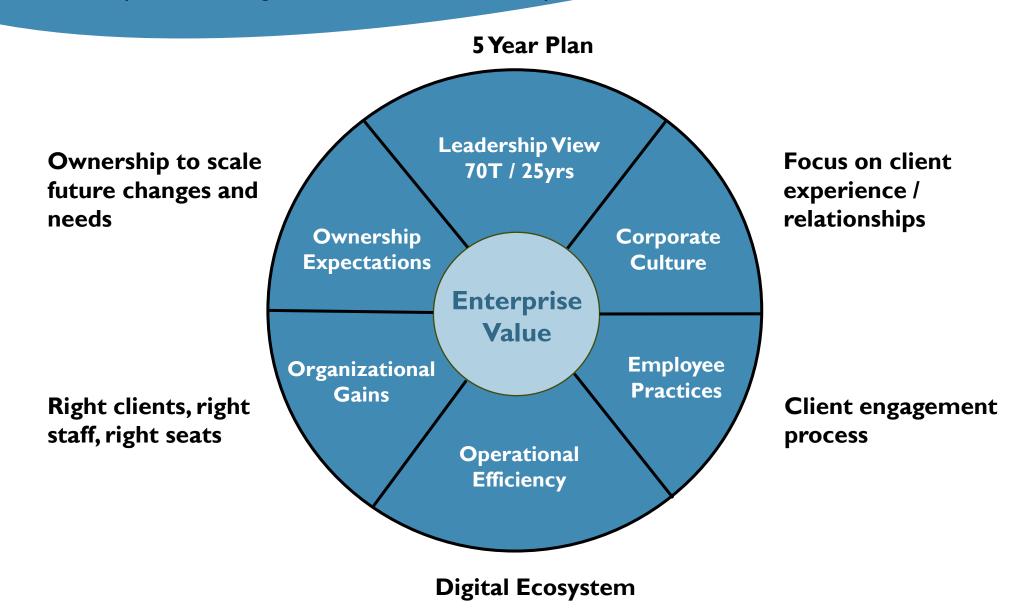
- UMA/SMA
- Front-end return/risk profiling
- Front-end administration
- Account reconciliation/rebalancing
- Back-end reporting

#### **TECHNOLOGY**

- Aggregation capability
- CRM and advanced analytics
- Proposal generation
- Fee-billing and collection
- Financial management

#### **BULLET-PROOF YOUR BUSINESS**

Virtuous Business Cycle & Planning for Generational Wealth Impact



#### BUILD A MODEL THAT PLANS FOR CONTINUITY & SUCCESSION

# PERCENT OF OWNERSHIP

- Early control
- Build success model
- Define timeline
- Shared services
- RIA model integration

#### **REVENUE SHARING**

- Participate in growth
- Adoption of success model

#### **FULL ACQUISITION**

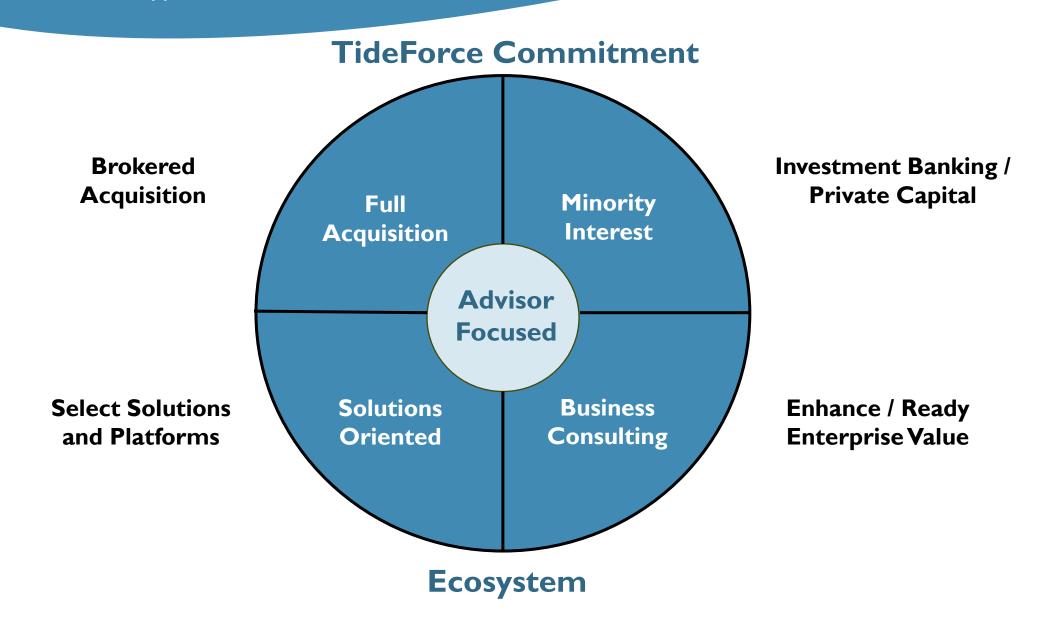
- Buy-out to earn-out –
   Valuation driven
- Realization of growth goal
- Full adoption of model
- Ownership structure –5yr

#### **SUMMARY**

- \$70T will transition over five generations over 25 years
- One-third of advisors retiring over next 10 years
- Monetization of assets and clients creates an opportunity for value optimization
- A once in a century event for those that build the "right" model for success

#### NAVIGATE. GROW. PROSPER

A Unique Process and Approach



#### INTERESTED IN LEARNING MORE?





#### THANK YOU

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