

Ready to buy a practice?

Not so fast... have you taken the necessary steps to prepare?
Our Succession Planning Expert, Todd Doherty, has developed this guide to help advisors ensure the best outcome possible before buying a practice.



10 STEPS TO PREPARE YOURSELF FOR A PRACTICE ACQUISITION

1. START WITH WHY

Have a clear understanding of why you are pursuing an acquisition.

- It should go beyond “wanting to grow” – how does it fit into your long-term strategic goals? Will it improve the quality (value) of your business?

2. DEFINE A SUCCESSFUL OUTCOME

Define the ideal practice you would like to acquire.

- Use a “best-case scenario” as a measuring stick for future opportunities. This will keep you focused on the correct fit and prevent you from pursuing opportunities for their own sake.

3. MEASURE YOUR CAPACITY

Take inventory of your current capacity to service new clients. Develop a thoughtful plan on how you could realistically service 200-300 new clients.

4. GET TO KNOW A LENDER

There are several banks that specialize in funding practice acquisitions.

- Contact these lenders so that you understand their programs and the borrower’s requirements. KMG can refer you to the best lenders.

5. KNOW YOUR OWN WORTH

Savvy buyers will have completed a valuation on their own practice to gain meaningful insights into valuation for future acquisitions.

- This is especially useful as you will learn how value is applied to a practice you know “very” well.

6. COMMUNICATE TO SELLERS

Write a letter explaining why you are great candidate to take over a seller’s legacy. Consider the seller’s concern for his/her clients, not your growth.

- Reassure the seller that their clients will be taken care of. Try to tell personal stories rather than making statements.

7. GET ACQUAINTED WITH YOUR P&L

Many advisors don’t work on the business often enough: this is the time to start.

- Before entering a significant financial obligation, you should have a thorough understanding of your current business finances.

8. CONSIDER ENGAGING A COACH

A good coaching relationship will help you better prepare yourself and your practice for an acquisition and can also be instrumental in managing your quantum growth after the deal closes.

9. KNOW THE RULES

Schedule time with your BD’s succession department to fully understand their requirements and process.

10. START NETWORKING!

While there are resources like our Advisor Legacy Platform to bring sellers to market, most deals are still made through good old-fashioned direct contact. Get out there and schedule a lunch each month with grey haired advisors in your region.

Join Advisor Legacy – Visit: www.advisorlegacy.com



About The Author

Todd Doherty has extensive personal experience in business ownership and franchise operations including retail stores and service-based businesses. He has direct experience in two large practices as VP of Mergers and Acquisition and COO and has since helped hundreds of financial professionals value, sell, acquire, merge and transition practices. Attend one of his upcoming webinars: www.keymanagementgrp.com

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