



A BROOKS MACDONALD STRATEGIC PARTNERSHIPS GUIDE

Brooks Macdonald

Working with the end in mind

A practical guide to building a more valuable,
transferable advice business

*Realising Ambitions.
Securing Futures.
We are Brooks Macdonald.*



THE STARTING POINT

Everybody exits

Every business owner leaves their business eventually.

For some, that means a trade sale. For others, management succession, family succession, employee ownership or a gradual reduction in involvement. The destination will be different for every owner.

But one principle remains the same:

The earlier you prepare, the greater the control you retain over the outcome.

“

The question is not simply whether you will exit. It is what type of exit you want, when you want it, and whether the business will be ready when you are.



Different time horizons require different priorities



3–5 YEARS

Grow up

Build a scalable, valuable and transferable business.

- People & operating model
- Proposition & client segmentation
- Technology & recurring income
- Reducing owner dependency



C. 2 YEARS

Glow up

Position, polish and tighten.

- Embed previous changes
- Strengthen management information
- Evidence processes
- Protect revenue quality & retention



C. 1 YEAR

Get ready

Prepare for scrutiny, due diligence and negotiation.

- Documentation & client files
- Recurring revenue analysis
- Key-person dependencies
- Evidence the business runs without you

Time creates options. The closer an owner gets to exit, the fewer fundamental changes can realistically be made.

THE FOUR AREAS THAT DRIVE TRANSFERABILITY

Where clients, revenue and know-how come to rest

A transferable business is one in which clients, revenues, processes and intellectual capital increasingly belong to the firm rather than to individual owners.



People

- Build a management team that can run the business without the founder
- Develop adviser capacity & succession below shareholder level
- Move client relationships from adviser to firm

If the owner disappeared for six months tomorrow, what would stop working?



Proposition

- Segment the existing client bank
- Build propositions appropriate to each segment
- Create a consistent annual review experience

Can the proposition be delivered consistently regardless of adviser?



Process

- Document core client & operational processes
- Standardise repeatable workflows
- Build effective management information

Is the way the business operates documented, repeatable and measurable?



Technology

- Reduce unnecessary systems and duplication
- Automate repeatable activity
- Establish clean, complete, reliable client data

Does technology remove work – or just create more systems to manage?

WHAT CHANGES AS EXIT GETS CLOSER?

Priorities narrow as the destination approaches

	3–5 YEARS	2 YEARS	1 YEAR
People	Build management structure & reduce founder dependence	Embed leadership responsibilities & demonstrate delegation	Evidence relationships sit with the business, not the owner
Proposition	Redesign segmentation, proposition & charging where required	Embed and evidence consistent delivery	Avoid change; demonstrate recurring revenue & retention
Process	Redesign and document operating processes	Improve efficiency and consistency	Make documentation due-diligence ready
Technology	Transform architecture and automate	Optimise and complete migration	Prioritise stability, clean data and evidence

You cannot compress a five-year value creation programme into the twelve months before a transaction.

What is the buyer — or successor — really acquiring?



Owner-dependent

- ☒ Clients belong psychologically to individual adviser
- ☒ Founder makes most important decisions
- ☒ Processes live in people's heads
- ☒ Revenue can be inconsistent
- ☒ Adviser capacity constrains growth
- ☒ Technology is fragmented
- ☒ Limited management information
- ☒ Succession represents operational risk



Transferable

- ☒ Clients identify with the firm
- ☒ Strong management structure
- ☒ Documented and repeatable processes
- ☒ Predictable recurring revenues
- ☒ Capacity to grow
- ☒ Scalable technology
- ☒ Reliable data and management information
- ☒ Business operates successfully without the founder

The objective of value creation is to move value from the individual into the enterprise.

Turning ambition into a plan

Within BMSP, Brooks Macdonald works with partner firms to understand where the business is today, what its owners ultimately want to achieve and what needs to change to bridge the gap. This can form the basis of a multi-year Value Creation Plan.



The plan starts with the owner's objectives — not with a predetermined exit route.

The plan to consider	The destination may mean
• Growth ambitions • Client segmentation • Adviser productivity • Profitability & recurring revenue • Investment proposition • Operating model & technology • Marketing • Management structure • Succession & enterprise value	• External succession • Internal management succession • Broader employee ownership • Shareholder dilution • Acquisition-led growth • Independence for another generation • Simply a better-run, more valuable business

Brooks Macdonald is a founding partner of the Succession Alliance, reflecting our commitment to helping business owners engage earlier with succession and long-term planning.

More than investment management

In a market characterised by consolidation and increasingly scaled competitors, independent advice firms need partners capable of bringing broader capabilities to the table.



Investment

Market-leading portfolios, performance and client experience – including support developing an effective, scalable CIP and CRP.



Business consultancy & value creation

Support building and implementing a Value Creation Plan around the ambitions of the owners – revenue, profitability, capacity and succession readiness.



Technology

A technology-first approach informed by our own advice business – reducing administration, improving capacity and data.



Marketing & client engagement

Support engaging your existing client base, increasing share of wallet, generating referrals and reaching new clients.

Start with the destination

1

When would you ideally like to step away from the business?

2

What would you like your role to look like in three years' time?

3

Could your business operate effectively without you today?

4

What needs to be true for you to feel comfortable handing responsibility to someone else?

5

What aspects of the business would a future owner or successor find difficult to replicate?

6

If you had five years to materially increase the value of the, where would you start?



The best time to start preparing for succession is long before you need it.

BMSP is designed to help ambitious independent advice businesses build stronger, more scalable and more valuable businesses — whether their owners want to grow, compete, transition ownership or ultimately exit.



Start a strategic conversation with Brooks Macdonald



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