TOP of the TABLE
ANNUAL MEETING 2019 | AUSTIN • TEXAS • USA

2019 MDRT Top of the Table Annual Meeting e-Handout Material

Title:	**Simple Ways to Double Your Practice through Strategic and Unexpected Practice Mergers**
Speaker:	Brian Heckert
Presentation Date:	Friday September 27, 2019
Presentation Time:	1:15 p.m. -2:00 p.m.
Session Room:	Lantana

Million Dollar Round Table
325 West Touhy Ave.
Park Ridge, IL 60068 USA


BRIAN HECKERT, CHFC, CLU
SIMPLE WAYS TO DOUBLE YOUR PRACTICE THROUGH STRATEGIC AND UNEXPECTED PRACTICE MERGER
MDRT
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ACQUISITION
SALE
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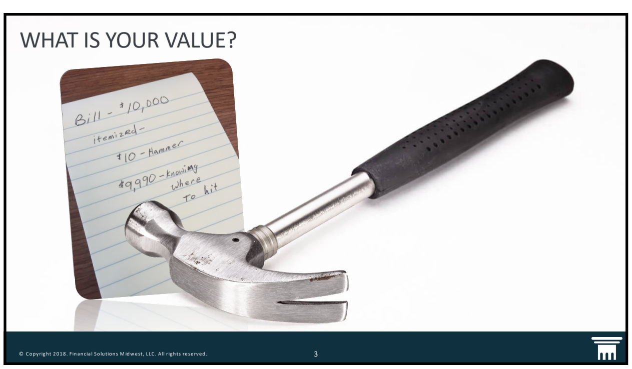
WHAT IS YOUR VALUE?
Bill - $10,000
itemized-
$10 - Hammer
$9,990 - knowing where to hit
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3

ARE YOU REPLACEABLE?

ROBO ADVICE FROM RoboAdvisorpros.com

Robo-Advisors with the Most AUM - 2019

Robo-Advisor	Assets Under Management	Number of Accounts
5. Personal Capital	$8.5 billion AUM	19,000 paid users (over 2 million using the free tools)
4. Wealthfront	$11 billion AUM	250,000
3. Betterment	$16 billion AUM	400,000
2. Schwab Intelligent Portfolios	$37 billion AUM	300,000
1. Vanguard Personal Advisor Services	$115 billion AUM	Not available

RoboAdvisorPros.com

2018 HEADLINES


FinancialPlanning All Sections

NOW READING: The Latest | Leading robos go dark during stock market plunge | Voices Volatility? Bring it on | Robo advisor websites crashed, cutting clients off from accounts | List 10 of the most disruptive trends in wealth management

Leading robos go dark during stock market plunge

By Sean Allocca

Published February 06 2018, 4:09pm EST

Print | Reprint

A handful of wealth management websites went dark after a turbulent two days of trading — a possible early warning sign that even relatively new digital platforms can

More in

Discussion Points

1. Determining Value
2. Building a firm for sale
3. Finding Sellers/Buyers
4. The Offer
5. The Agreement
6. Successes and Results

#1- Determining Value

- Many different formulas
- Net vs Gross
- Is there chemistry and synergy
- Growth potential- Discovering new assets
- AUM vs Sales
- All revolve around recurring revenue sources

#2- Building a Firm for Sale

- Product Sales
- Solo
- Advanced Solo
- Ensemble
- Firm Ensemble

Source- The Ensemble Practice- Philip Palaveev

Ensemble Defined- Philip Palaveev,
President- The Ensemble Practice

Ensemble = A firm with multiple professionals
who practice together as a team and
who share resources, budgets, brand
and ultimately equity value.

Ensemble Defined- Philip Palaveev,
President- The Ensemble Practice

Vertical ensemble – a firm where the senior professionals, leverage their time by working with associates in the way in which doctors work with nurses.

Business developers leverage their skill by working with service focused advisors.

Ensemble Defined- Philip Palaveev,
President- The Ensemble Practice

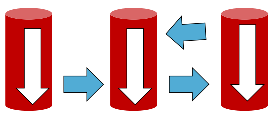
Horizontal ensemble – a partnership where multiple advisors work together to complement each other's skills and share resources.

Advisors with different skill sets work together.

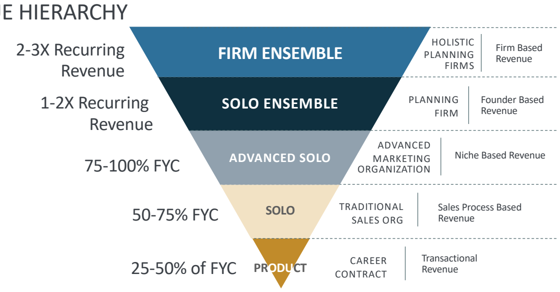
Ensemble Defined- Philip Palaveev, President- The Ensemble Practice

Complex ensemble – a firm that uses both horizonal and vertical teams

Advisors use a Silo approach to client service and development



VALUE HIERARCHY



Source: Brian Heckert, 2016

#2- Building a Firm for Sale

1- Increase Recurring Revenue or Referral Sources

2- Reduce Overhead

3- Secure Staff or Sales Personnel

4- Secure Client Relationships

5- Start Early

#3- Finding Buyer/Sellers

- MDRT
- NAIFA
- SFSP
- Succession Link
- Existing Clients
- COI

#4- The Offer

- Do the Due Diligence
- What is the Net Revenue?
- Meet with best clients
- Where is revenue generated?

#5- The Agreement

- 2.5x Recurring Revenue
- 3 Year Transition Period
- Life Clients servicing included
- Staff and Office Included
- Option to Stay
- Revenue Split for Selling Advisor

#5- The Agreement

$200,000 Recurring Revenue
$100,000 Sales Revenue

Before Sale

Gross			$300,000	
FICA @ 15%			$15,000	
Income taxes at 25%				$75,000
Staff		$60,000		
Overhead		$50,000		
Net	$100,000			

#5- The Agreement

$200,000 Recurring Revenue
$100,000 Sales Revenue

After Sale

Sales Revenue	$40,000
Sales Price- 3 Years	$166,667
Income taxes at 20%	$41,334 (Includes Tax on Sales)
FICA (on sales)@ 15%	$9,000
Staff	$0
Overhead	$0
Net	$156,333 vs $100,000

#5- The Agreement- Buyer

$200,000 Recurring Revenue
$100,000 Sales Revenue

After Sale

Sales Revenue		$60,000		
Recurring Revenue				$200,000
Payments-3 Years			-$166,667	
Staff		-$60,000		
Overhead		-$50,000		
Net	-$16,667			

Finding Additional Value

- **Upselling additional benefits**
- **Additional Staff**
- **Refresh on services offered**
- **Excited once again**

#6- Successes Stories and the Rest of the Story…

Advisor #1- Older merger

Advisor #2- Change merger

Advisor #3- Offloading merger

Advisor #4- Merge and sale

WHAT IS YOUR TIMELINE?

Is there TIME left to change
Is there the DESIRE to change
Are there enough RESOURCES to change?


HOW?
IDENTIFY
EXPLORE
PLANNING
NEGOTIATE
MERGE
Identify prospective mergers
Explore market options
Do an extensive financial report
Start with end goal in mind
Think 1+1=3
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THANK YOU!
ALL THE BEST
FSM Wealth, Inc.
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