

What makes a business attractive to potential acquirers? Different acquirers value different things!

The consistent items are;

1. Available information, the more the better

Clients

- Numbers by service segment
- By recurrent revenue segment
- By FUM segments
- By age brackets
- Locations/ Geographic spread i.e. Postcodes

Sales History

- New Clients per year and the sources
- New business revenue generated
- New FUM written split between existing clients and new
- New recurrent revenue created split as above

2. Well communicated advice offer and service proposition

- Documented for clients and staff
- Sits inside client communications

3. Transferable clients

- Happy for staff to respond to inquiries
- Clients of the business
- Accept other advisers in the practice can assist if your away
- Advisers on commercial contracts with restraints

4. Profit / EBIT

- Most adviser buyers will use bank funding and require profit/cashflow to cover loan servicing costs – banks look for the ability to service up to 2 times loan service costs
- Institutional buyers look to optimize revenue and profit across advice, platform and investment management.

5. Referral sources that will continue post sale

- Buyers are buying future revenue and profit. They look at the past to identify where the business revenue and profits have been however are banking on the future being at least the same or better

6. Terms for the transaction that help a buyer to mitigate perceived risk and aid integration