



2016 MDRT Annual Meeting e-Handout Material

Title: Grey Hairs to Young Bucks: How to Find a Successor or Be One

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Presentation Date: Tuesday, June 14, 2016

Presentation Time: 3:30 - 5:00 p.m.

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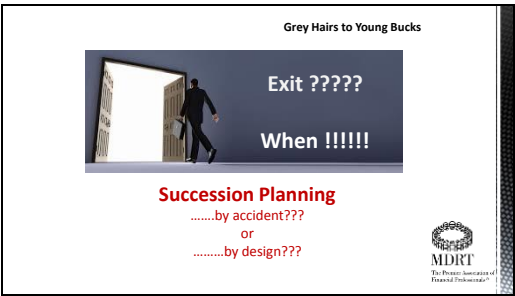
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Succession Planning

Where are the successors??




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Relational Equity.....



Trust that matters



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“Relational Equity” is the currency of relationship

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Six steps to succession planning

Closing


Integration

Agreement

Recruiting

Planning

Feasibility



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Objectives of a succession plan



- Meet client's needs and expectations
- Honor and reward the retiring advisor
- Transition ownership and control





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Succession plan derailments.....





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Becoming a successor.....




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A succession plan is a partnership.....




....designed to terminate intentionally!



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Finding a successor.....



....not an easy task!


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Engaging a prospective successor

Issues to address

1. Mutual expectations

2. Each others work habits

3. Joint work


4. Client relationships

5. Systems and processes


6. Carriers and compliance

7. Economic considerations

8. Time frames



See Succession Planning Workbook



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Six steps to succession planning

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Variables that impact a succession plan

(See workbook for more details on all 25)

Top 5

1. Competence, capabilities and experience of both parties


2. Compatibility

3. Recurring Revenues – Historical & Current

4. Non-recurring revenues – Historical & Current

5. Carrier and Broker Dealer Relations including compliance

See Succession Planning Workbook for more details



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1. Feasibility Study – Critical Questions

- Can I find a legitimate successor?
- Is it worth the time & resources required?
- What's the alternative?
- What is the cost & benefit?
- How would I want to structure my succession?
- Am I willing to be flexible in building a succession plan?

See Succession Planning Workbook for more details



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2. Planning Phase – Key issues to address.....

- Create a successor profile.
- Establish a value for the business.
- Design a transfer structure.
- Build a recruiting game plan.

Planning Phase – strong suggestions.....

- Set boundaries and limits with flexibility
- Leave room for negotiation
- Be realistic
- Be committed

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3. Recruiting phase

Steps in the recruiting process.....

- Create a profile
- Conduct a market search
- Identify candidates
- Evaluate candidates based on "profile"
- Interview "qualified" candidates
- Offer a "draft" agreement
- Spend time getting to know each other

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4. Agreement Phase – Two Agreements

1. Legally binding transfer document

a. Terms and conditions

b. Asset transfers

c. Financial terms

d. Legal liability consideration

2. Integration plan document


a. Day to day operational responsibilities

b. Performance Standards

c. Transfer of control

d. Account transition planning

See Succession Planning Workbook for more details



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Integration Phase – working through the plan

• Notify all parties

• Run the business

• Do joint calls


• Transfer cases

• Transfer "relational equity"

• Adhere to agreements

• Remain flexible

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Time frames to execute a successful succession plan

Short.....6 months


Average3-5 years

Long10 years

→

→

→



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Family Succession Plans

Passing on the business as a legacy

- All the succession planning phases still apply.....
- **PLUS>>>>>Family dynamics and politics**
- Don't impose the succession opportunity on a family member out of "obligation".
- Put everything in writing.
- Recognize difference in skills, talents and behaviors
- Give the next generation room to fail.



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Family Succession Plans

4 investments required to leave a family legacy

Moral Capital
Intellectual Capital
Social Capital
Financial Capital






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Examples of Succession Plan Deal Killers

No candidate profile
No well defined transfer process



Flawed integration plan
Ambivalent about retiring




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What happens when a succession plan works?

All stakeholders win!



Relational Equity has been perpetuated
and multiplied!!!!




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Final question for the Grey Hair?

*How hard have you worked during the course
of your career to build the "relational equity".*

Is it worth the time and effort to pass it on?






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Final question for the Young Buck?

*How hard are you going to work during the
course of your career to build the "relational
equity" for yourself?*

*Is it worth the time and effort to work with a
Grey Hair to "accelerate" your success?*






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Final question for the Young Buck?

How hard are you going to work during the course of your career to build the “relational equity” for yourself?

Is it worth the time and effort to work with a Grey Hair to “accelerate” your success?





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Thank you!

Questions & Discussion


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