

## **Financial Advisor Game Plan for Going Independent**

**Powered by Coastal Financial Partners Group**

**Defining the Independent Financial Advisor (FA):** The FA who is committed to channeling all resources; economic, human and industry, to a practice that is client centric rather than employer, financial institution or product centric.

### **Characteristics of the Independent FA**

- **Ownership of practice**, regardless of broker dealer, insurance company or other affiliations.
- **Privately branded**, as a separate entity or as part of an independent third party firm.
- **Solution and Product neutral**, representing the client first.
- **Access to strategies, concepts, products and services** offered in the open market, without many of the limitations imposed by captive distribution.
- **Portability and ownership of client** relationships and files, regardless of future changes in broker dealer or insurance carrier affiliation.
- **Ability to sell**, transfer or otherwise capitalize their practice upon retirement or other appropriate event.

### **Top Ten Reasons for Declaring Independence**

- **Better service to clients** by offering objective advice from all appropriate sources, while rejecting vendor-engineered solutions that tend to influence product choices in their favor.
- **Current platform has served its purpose** and a change is necessary to achieve further personal growth and realize full potential.
- **An advisor owned practice** can be a valuable asset and may eventually be passed on to the successor of the FA's choice.

- **Personal growth** through access to entrepreneurial mentors who provide expertise, innovation and intellectual resources that tend to reside in the independent world.
- **Need to be an independent** business person, in control of all aspects of their practice.
- **Personal Choices**, in the areas of technology, financial planning formats, CRM and support tools from all available industry resources, rather than being limited to an employer's choices.
- **A full service, independent broker dealer** that competes favorably with the wire houses and supports the needs of the fully integrated financial planner.
- **Compensation tied to personal performance** with no firm revenues diverted to subsidize unprofitable or irrelevant relationships.
- **Selection of Structure** most conducive to the FA's financial objectives; affiliate, statutory employee, partner, DBA or Independent Broker.
- **Opportunity to implement wealth strategies offered to clients**, such as; qualified plans, succession planning, deferred compensation and executive bonus plans.

### **Seven Most Common Concerns/Obstacles to Achieving Independence**

- **The cost**, learning curve and transition time to achieving true independence are almost always underestimated.
- **Fear of the unknown**; what will clients think? Which clients will follow? How will I manage the additional expenses and functions involved with being an independent? Can I really do better or even make it on my own?
- **Locating the right platform** that effectively accommodates the independent advisor is difficult to identify, as most act simply as vendors rather than as partners and a coaching resource.
- **Lack of expertise** on the process of going independent leads to piecemeal vendor and product relationships resulting in fragmented sources for **client** solutions and advisor support.

- **Lack of knowledge** about support services needed, competitive payouts and necessary capital investment to set up an independent business lead to costly financial errors that, in turn, can hurt **practice** profitability.
- **Concern about setbacks** due to loss of the infrastructure, staff and especially the manager/mentors/ and teammates they are leaving behind.
- **Failure to realize that the price of independence does not have to mean being alone.** Those who succeed almost always identify a trusted mentor(s) with firsthand experience, who can guide and counsel them through the process.

### **If the decision is to go independent, the next Steps are critical**

- **Making the best choice** usually involves looking at all available options, talking to those who have gone before you (successfully) and finding knowledgeable coaches/mentors to help you through the process.
- **Once you've made your choice, make it the right choice!** Don't look back or let others force you to have second thoughts.
- **Timing is everything!** You cannot over prepare for the transition. The project involves careful planning with a schedule that, once underway, cannot be interrupted. Family, friends and non business relationships must all be put on notice that the advisor is in overdrive for at least 90 days.
- **Be prepared for setbacks** and delays that slow the process down. It will happen, so deal with it in advance. Prior to going public with your plan, ramp up your start with some solid cases that will be processed on your new platform. A fast start is essential to provide a cushion for the inevitable distractions and non revenue generating activities that are typical of a successful transition. A few good cases that are completed before you announce the move will provide that much needed cushion.
- **Put together a transition plan** with projects, accountabilities and deadlines. There's no getting around the fact that a change in platform and in broker dealers is an ordeal you don't want to go through again. If you have made the right choice, there will be resources, coaches and support at the new



firm to facilitate your move. Do it right and do it efficiently and the pain will be minimal, while the gain is immeasurable.

- **Design a roll out and marketing plan** for the new environment. This change should be presented as great news to clients. A necessary step in the evolution of your relationship that allows you to strengthen and expand your services to them. An occasion to visit with every client and review their situation using a new and advanced tool kit. A bonanza of referrals!
- **Create a detailed business plan and action plan** with your revenue projections, expense estimates and overall expectations for the first eighteen months (the usual time it takes to transition and begin seeing improved performance from the new model)

### **The Coastal Financial Partners Group Value Proposition**

**Coastal Financial Partners Group (CFPG) is an independent firm committed to providing advisors who share the views and ambitions cited above with an environment in which they can build their ideal practice. Our strength is in facilitating a smooth transition to an *advanced independent practice* with the flexibility and operating platform that meets or exceeds the FA's expectations.**

### **It's Your Practice and Your Decision**

If you make the right decisions in establishing your independent practice, it will, in one form or another, remain intact for the balance of your career. On the one hand, this means you cannot over research, analyze or explore your choices. Yet, as with all sophisticated matters, a first time learner, no matter how vigilant, is unlikely to make choices as sound as the seasoned professional. And the irony is that, even if you do everything right, the information acquired and learned may never need to be revisited. Logic and practicality suggest the engagement of expert counsel that is both credentialed and trusted.



Coastal had its genesis in the realization by its founders that “If we knew then, what we know now, we would have a road map to a nearly seamless transition in the creation of an independent practice. A practice that would immediately offer added value to clients and would be instantly profitable. We would know the key metrics of the model to be built, the pitfalls and how to avoid them, and most importantly, the relationships with carriers, vendors, coaches and mentors to be formed. Finally, we would have a clear vision of what the practice was going to look like five or more years down the road”.

That’s no longer a vision, it’s a promise! The delivery of that promise is based upon the same character trait of the truly independent advisor mentioned above; objectivity and neutrality regarding our recommendations. Simply put, we only invite FA’s into the firm when we are convinced that it is in their best interest to join us. Given the resources we put into new associates and the limited number we feel we can effectively serve, our mistakes can be as costly to us as to the advisor. In fact, our aversion to the industry term “headcount” is widely known among our competition. One of our many contrarian beliefs.

The three managing principals of CFPG have nearly a century of successful experience as FA’s, senior industry executives, consultants and authors. Their mission is to facilitate the transition of qualified, high-quality candidates to an innovative and diversified platform for the building of their ideal financial advisory practice. As the name implies, at the Coastal Financial Partners Group, member advisors are treated like partners, while at the same time are regarded by the management of CFPG as their customer. These values are but one example of how Coastal differentiates itself from much of the industry.

The decision is yours. For the qualified, quality FA the choices are many. Each firm or independent format has its strengths and weaknesses. All have similarities that accommodate the regulation and culture of our business. It is in the area of differentiation that CFPG stands out from the rest. Our model is as unique as each partner we invite into the firm, as diversified as the population of Los Angeles, where we are headquartered, as innovative as the state of our domicile and as unduplicated as the track records of our founders.