



Harvesting Success: Cultivating Growth for Independent Financial Advisors

Introduction

Financial advisors are increasingly recognizing opportunities beyond the confines of the traditional wirehouse model, leading many to pursue independence. This shift is fundamentally motivated by their quest for strategic autonomy, enabling them to build a client book that reflects their ideals while maximizing their earnings. Central to this transition is a desire for strategic autonomy to cultivate growth on their own terms. In this evolving landscape, advisors typically seek the support of broker-dealers for essential services such as diverse financial products, administrative and compliance assistance, robust clearing and trading platforms, and advanced technology tools for client management, financial planning, and reporting. However, it is important to acknowledge that opting for independence is not a cure-all; advisors continue to grapple with significant challenges to meet the evolving needs of clients and to grow their books in a very competitive market.

Growth-minded independent advisor practice owners face a central dilemma: balancing the competing priorities of growing their practice, nurturing their individual client books and

responding to shifting market conditions, and managing the increasing complexities of a larger business. As practices expand, owners often find themselves overwhelmed by administrative tasks and business management responsibilities, leaving less time to focus on client interactions and external growth opportunities. This tension can hinder the overall growth and efficiency of the practice.

Deloitte and Wells Fargo Advisors Financial Network (FiNet) conducted a study with over 500 independent advisor practices to understand the initiatives and characteristics of advisor practices that have exhibited significant growth. This white paper offers leading practices for practice owners to successfully navigate their growth journey, obtained by examining organizational structures, strategic planning, client service models, and marketing approaches at leading advisor practices in the market. Our findings highlight the importance of fostering organic growth, preparing a strategic business plan, and setting the structure for inorganic growth while maintaining high levels of client service.



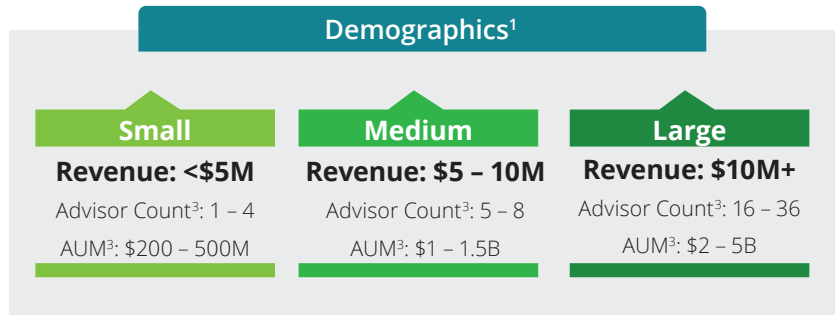
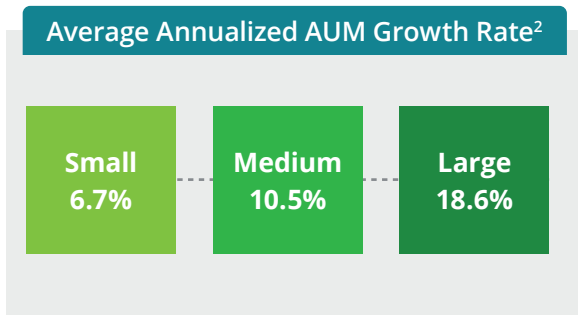
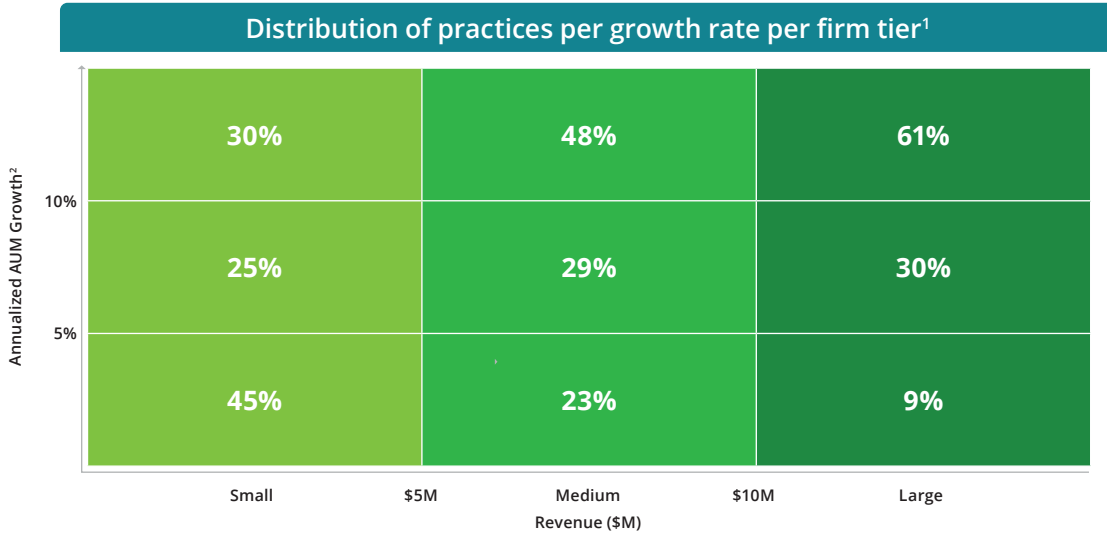
Contents

Introduction	2
Key Findings	4
Driving Foundational Organic Growth	7
Defining Ambition and Architecting Strategy	13
Building the Structure for Inorganic Growth	18
Conclusion	22
Methodology	23



Key Findings

Examining historical growth data of independent advisor practices demonstrates the broad range of growth rates across firms of all sizes. Defining a set of leading practices for achieving growth requires examining those firms, typically on the larger end of the spectrum, that have been able to drive outsized growth consistently.



While the concept of “growth” is a key priority for most practices, it is crucial to recognize that practices may have varying views of their own growth aspirations and objectives, which in turn influence their strategic approaches. Some firms may prioritize growth through an internal apprenticeship model, fostering a culture of mentorship and gradual development of talent.

This approach focuses on bringing in junior advisors early in their careers and pairing them with seasoned individual advisors aligned with the practice’s philosophy. On the other hand, there are firms that aim to accelerate their growth trajectory by acquiring new advisor teams or merging with other practices.

¹ Firm size groupings are defined by the given revenue ranges, each firm size group equals 100%; outlier firms omitted

² Represents 3Y CAGR from 2021-2024 when data available, otherwise represents 2Y CAGR from 2022-2024

³ Range represents the 25th to 75th percentile range for firms within the size grouping



This strategy can rapidly expand their client base and market presence, albeit with different challenges and integration efforts. Understanding these diverse growth methodologies is crucial for tailoring support and resources to meet the unique needs and goals of each practice.

Depending on a practice’s growth objectives, there are different ways to measure growth and evaluate the success of the business.

Practices typically track the growth in their Assets Under Management (AUM), revenue, advisor headcount, and advisor productivity. The analysis across these metrics shows, once again, how the faster-growing practices are achieving better results, reinforcing the opportunity to look at common characteristics that may be inducing this faster growth.

Growth can come through a variety of organic and inorganic means

	AUM Growth ⁵	Revenue Growth ⁵	Advisor HC Growth ⁵	Productivity Growth ^{5,6} (AUM per Advisor)
Faster Growing Firms⁴	16.3%	22.7%	8.8%	8.9%
Slower Growing Firms⁴	-0.6%	7.1%	1.1%	1.2%

Our findings indicate that inorganic growth has emerged as a key priority across all firm sizes: 83% of large firms, 58% of medium firms, and 61% of small firms (for an average of 67% across all firm sizes) responded that they plan to grow through acquisition within the next two years.

While defining an inorganic growth strategy is likely key to driving outsized growth, it is important to recognize that it cannot be achieved in a vacuum. The wealth management business is built on people, relationships, and trust. Firms that seek to acquire and/or recruit additional advisors should consider the appeal of their own platform to potential acquirees to win in the market.

Our findings indicate that the key to unlocking inorganic growth is to first create an environment in your practice that allows your advisors to fulfill their organic growth potential.

We have listed a set of strategic growth initiatives that seek to stimulate growth across both organic and inorganic approaches. Our consideration is that all practices should implement the initiatives related to driving foundational organic growth and defining their strategic ambitions. We have also listed initiatives designed for those firms who will seek to grow through acquisition.

⁴ Faster growing is above median annualized AUM growth over the last two years, slower growing is below median; median growth rate is 8.8%

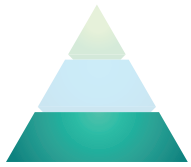
⁵ All rates shown are averages of annualized growth from 2021-2024 when data available, otherwise CAGR from 2022-2024 used

⁶ Productivity growth is calculated as the CAGR from AUM per advisor in from 2021-2024 when data available, otherwise CAGR from 2022-2024 used



Key Growth Steps:





Driving Foundational Organic Growth

Stimulating organic growth is foundational to the long-term health of an independent practice – it insulates practices against fluctuating markets and it can create a self-sustaining “flywheel” of satisfied customers that in turn brings in more referrals. 70% of financial advisors say organic growth is “very important” however, the majority of advisors are not able to achieve that growth. 78% of advisors cite that generating leads and referrals is their key roadblock to growth, while 64% say that time limitations associated with serving their existing clientele is their greatest challenge⁷.

Our research indicates that there are a number of productive initiatives that practices can employ to stimulate organic growth for the financial advisors.

A key focus here is to address the time limitations cited by advisors by limiting the ever-increasing number of administrative tasks they are forced to complete as part of their day-to-day duties. Our findings indicate that by appropriately staffing the firm with key administrative and support resources and relying more on centralized investment management, advisors are free to spend more time focusing on value-added activities, such as engaging with and seeking new clients. Additionally, practice owners can address advisor’s most significant organic growth challenge by boosting the profile and brand of the overall practice, thus increasing the number of referrals and organic leads generated for advisors in the practice.

Reducing Administrative Tasks for Advisors

As advisors explore opportunities to move to an independent model and take their clients with them, they are more likely to be attracted by practices that allow them to be productive and to focus on serving their clients and growing their books. Advisors expect technology to support the way they conduct business, receive operational support, access their individual performance metrics, and more without taking away their time to be in the market. Practices can achieve this state by hiring support staff to own these processes, outsourcing tasks to third party providers, or by leveraging resources provided by their broker-dealer partner.

Still, the survey shows that many administrative responsibilities are typically performed by someone who shares that responsibility with the management of their own book of clients. The functions that are most often performed as part time responsibilities by advisors are day-to-day operations (e.g., branch manager),

business development (e.g., advisor recruiting), and risk (e.g., compliance and risk management). This situation is more frequent at midsize practices that have grown enough to become a more complex business but have not reevaluated their supporting operating model to account for the new growth and additional complexity.

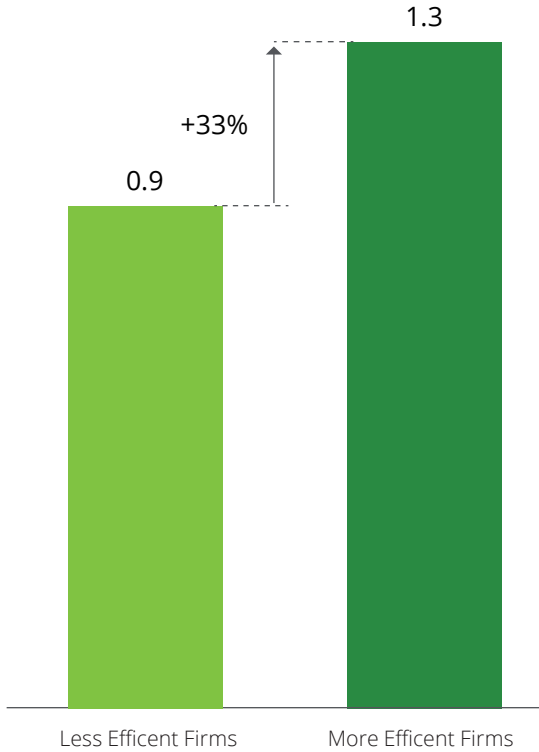
Many practice owners are initially reluctant to hire support staff because these roles do not directly contribute to revenue generation and represent a fixed cost in a capital-light business. Additionally, because these owners built their businesses themselves, often wearing many hats along the way, there can be cultural inertia to delegating tasks. Our findings indicate that by hiring appropriate non-advisor staff, practices can make their advisors more productive by effectively centralizing administrative tasks and allowing advisors to spend more time with their clients and in the market drumming up new business.

⁷Source: Investnet - 2024 Advisor Perspectives Survey



Additional support staff makes advisors more productive

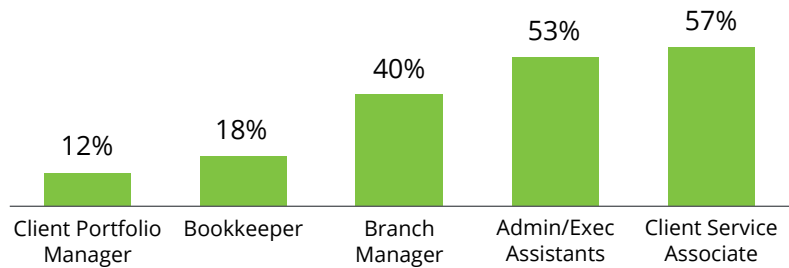
Average Support Staff per Advisor⁹



There was broad consensus around the most important (and more frequently occurring) non advisor roles across size cohorts:

The most important support roles are executive assistants, client service associates, and branch managers

Top 5 Most Frequent Roles⁸



For smaller practices and those operating on a tighter budget, the delegation of administrative tasks can also be accomplished by hiring third-party providers. Often, smaller firms employ third-party providers and make the calculated decision to move these dedicated roles in-house as they scale. These third-party providers are most leveraged for technology support, Human Resources and payroll administration, legal advice and services, and practice bookkeeping.

An additional option for practice owners to obtain support is to leverage resources provided by their broker-dealer partner. Leading broker-dealers have been experimenting with providing shared services such as virtual client associates, paraplanners, and supervision resources, as well as enabling access to firm-developed investment models.

⁸ Represents percentage of firms in tier with in-house hire dedicated to the given role

⁹ Less efficient firms are defined as below median revenue per advisor; more efficient firms are defined as above median revenue per advisor



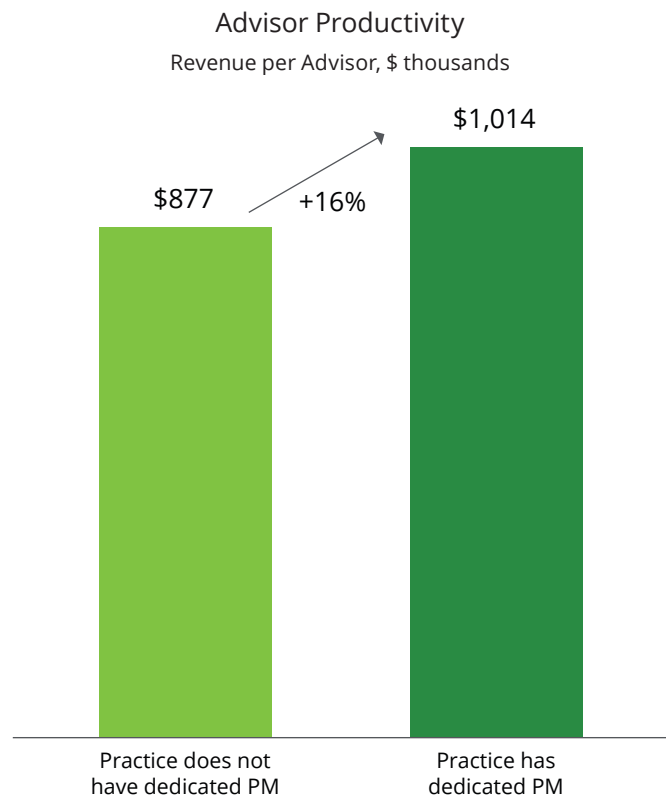
Centralizing Portfolio Management

Advisors are increasingly expected to do “more with less” as clients continue to demand a growing set of value-add services (e.g., estate planning, household budgeting, retirement advice, and tax services), while remaining price conscious. These evolving client expectations coupled with a shift toward more holistic financial planning and advice require that the advisor spend more time getting to know each of their client’s full financial situation and objectives to deliver more personalized advice. This recent trend is causing advisors to evaluate how to spend their time in activities that generate more value to their clients and makes the ability to manage investment portfolios and generate alpha relatively less important than previously. Therefore, centralizing portfolio management is another, potentially highly effective, area of opportunity for practices to free up time for advisors and improve overall productivity.

Interestingly, survey results from practice owners and client sentiment data indicates a disconnect between where clients and practice owners see value in the financial advisor-client relationship. 47% of the survey respondents expect to see advisor-driven investment management (“rep as PM”) models drive higher growth, while 45% expect to see models or home-office-directed investments drive growth. Many advisors may believe that centralizing portfolio management will harm their ability to directly impact their clients’ investments and, therefore, muddy their value proposition. Market data indicates that this is unlikely to be true: according to Cerulli, clients are more likely to value the portfolio management skills of a dedicated team of home-office professionals (47%) compared to that of their own personal advisor (35%)¹⁰.

Our own survey also indicates that practices that have centralized portfolio management via the hiring of a dedicated practice portfolio manager have 16% higher productivity than those practices that do not have that role. As clients continue to demand and expect increasingly personalized advice, advisors will need to shift to spend their time on high-touch activities that benefit that customized advice delivery like financial planning, relationship management, and succession planning.

Practices that centralize their investment management have reaped rewards



¹⁰ Source: The Cerulli Report | U.S. Managed Accounts 2024



While the option of hiring a dedicated CFA to manage client portfolios may be prohibitively expensive for smaller businesses, they can attempt to drive similar results by leveraging model portfolios and home-office-driven advisory solutions. Advisors that outsource via model portfolios grow faster in terms of AUM (+300-500 bps) and revenue (+200-400 bps) according to a study prepared by Dimensional Fund Advisors.¹¹

The potential benefits associated with centralizing portfolio management include more than productivity gains for advisors. Limiting variability in investment approaches across the practice allows practice owners to create a smaller range of outcomes for their clients, thus creating a stronger value proposition at the practice level. Additionally, it aids in mitigating risks associated with investment management decisions by individual advisors.



¹¹ Dimensional Fund Advisors: What Drives Growth for Financial Advisors? Evidence from a Multi-Year Survey. 2023



Adopting Digital Marketing Tools

Marketing represents a significant, yet underutilized, avenue for practice owners to stimulate organic growth within their practices. Historically, advisor practices have relied heavily on “legacy” channels for generating client leads, with referrals and traditional prospecting being the most impactful methods. While these approaches may have been effective in the past, they are performed by each individual advisor, most times with little support from their practice.

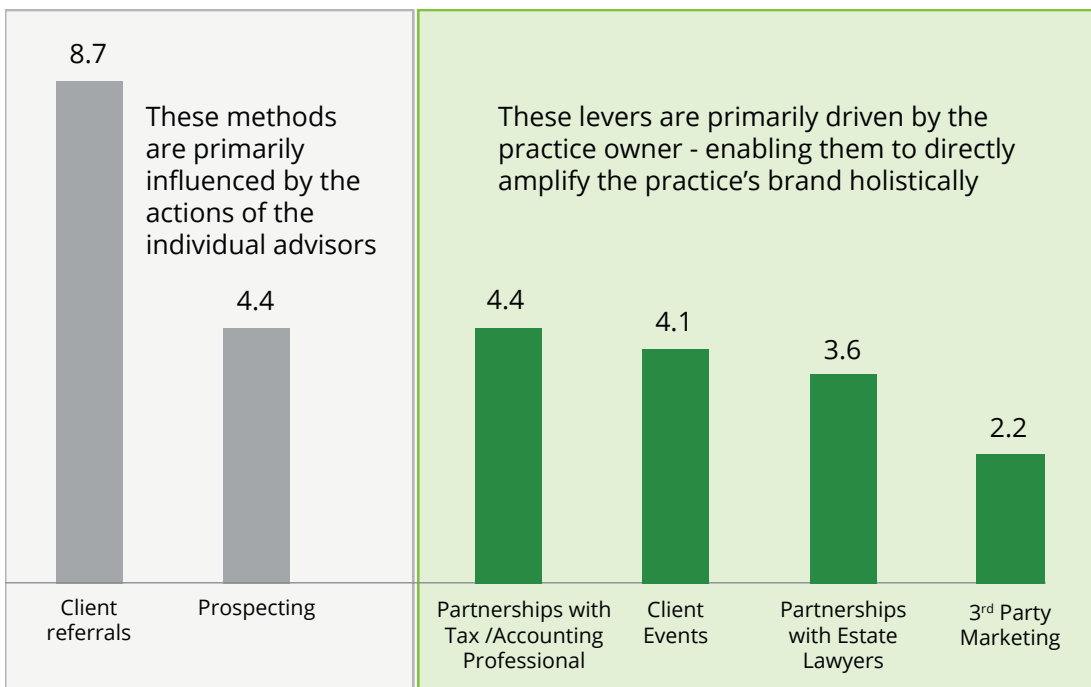
To address this gap, practice owners have the opportunity to leverage more digital marketing strategies to boost the overall brand of their practices and thus benefit both the overall practice and the

individual advisors. By adopting modern marketing techniques, practices can create a cohesive and compelling brand presence that attracts new clients and advisors alike. These strategies have the added benefit of being relatively low cost and can typically fit into the budget of practices of all sizes.

Current usage of digital marketing strategies is very limited. On average, practice owners rated their usage of local online advertising, pay-per-click advertising, and search engine optimization as less than three out of 10. Owners rated their use of professional networking sites (e.g., LinkedIn) marginally higher at 4.8 out of 10 on average.

Organic Growth is Overly Reliant on Tried-and-True Methods Like Client Referrals

Impact of the Following Methods on Attaining New Clients¹²



¹² Impact score on a scale from 1-10, values shown represent the average response

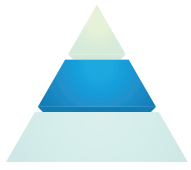


The leading digital marketing techniques that can be used to strengthen the brand and increase the number of client leads include:

- ✓ Hiring a third-party marketing firm to run outsourced, customized marketing campaigns.
- ✓ Developing an engaging, professional, and user-friendly website to serve as the digital storefront for the practice and providing potential clients with a positive first impression.
- ✓ Optimizing the practice's website for search engines (SEO) can increase visibility and attract organic traffic from potential clients searching for financial advisory services.
- ✓ Investing in paid search advertising and ensuring accurate map listings can drive targeted traffic to the practice's website and physical location.
- ✓ Creating and sharing valuable content, such as blog posts, articles, and videos, can demonstrate the practice's expertise and establish it as a thought leader in the market.
- ✓ Utilizing professional networking sites for targeted private messaging campaigns can attract high-quality leads.
- ✓ Sending regular email newsletters and marketing campaigns to prospects can keep the practice top-of-mind and nurture potential client relationships.

By incorporating these digital marketing strategies, practice owners can amplify the brand of their entire practice, attract a broader audience, and stimulate organic growth for their advisors. This holistic approach to marketing not only benefits individual advisors but also enhances the overall visibility and reputation of the practice in the marketplace.





Defining Ambition and Architecting Strategy

To effectively prioritize and invest in the foundational strategies for organic growth, it is important for practice owners to articulate their long-term ambitions—what they envision their business, and importantly their day-to-day responsibilities, to look like in the next five to 10 years.

For those whose overarching goal is to maintain and nurture the culture they have cultivated, continue their apprenticeship model, and minimize the administrative and operational burdens they encounter daily, pursuing inorganic expansion may not align with their vision. Conversely, for those who aspire to sustain aggressive growth trajectories and embrace new challenges, inorganic expansion could present a viable and rewarding path.

Regardless of the chosen path, practices will likely benefit from dedicating time to architecting a strategic plan that aligns with their goals.

This exercise allows practice owners to think through the core components and priorities of their business, signals to employees the strategic priorities of the practice, and allows co-owners to reach explicit consensus on the strategic direction for the coming years. Importantly, this plan must be kept fresh – owners should revisit the plan on a periodically basis to ensure alignment on tactics and strategic direction. Today, only 58% of practices have a strategic plan and of that group, 63% update it on a yearly basis.

The core elements of a strategy plan include understanding and articulating a practice's value proposition, establishing the future state ambitions, developing a short list of key priorities, and documenting a succession plan.





Defining the elements of this plan will require practice owners to ask themselves difficult questions:

1. Understanding and articulating the practice's value proposition:

- What unique services or expertise do we offer that differentiate us from our competitors?
- How do our services specifically address the needs and pain points of our target clients?
- What tangible benefits and outcomes do our clients experience from working with us?

2. Establishing the future state ambition:

- What do we envision our practice to look like in the next five to 10 years in terms of size, services, and market presence?
- What are the key milestones we need to achieve to reach our desired future state?
- What potential challenges and opportunities do we foresee in achieving our future state ambition?

3. Developing key strategic priorities:

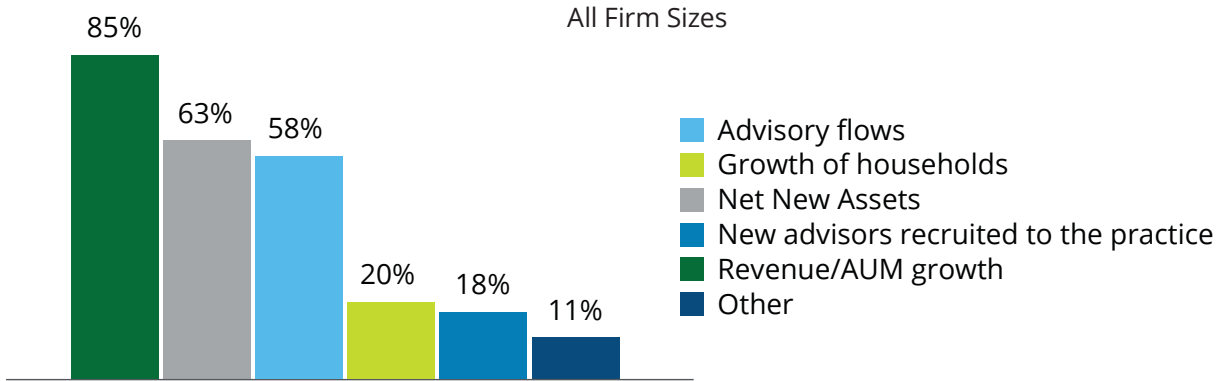
- What are the most critical areas of our business that require focus and improvement to achieve our long-term goals?
- How can we align our resources and efforts to maximize impact in these priority areas?
- What specific initiatives or projects will we undertake to address these strategic priorities?

4. Documenting a succession plan:

- Who are the potential successors within our practice, and what skills and experience do they need to develop to take on leadership roles?
- What is our timeline for succession, and how will we manage the transition to minimize disruption to our clients and operations?
- What steps can we take to ensure that our practice's values, culture, and client relationships are preserved during and after the succession process?
- What are contingency measures to enable continuity of the business in the case of an unforeseen emergency?

Measuring the success of a strategic plan through Key Performance Indicator metrics is a good way to drive accountability and alignment and identify any potential opportunity areas in the execution of a practice’s strategy. Practices use a variety of different metrics to measure their performance, as shown in the chart below:

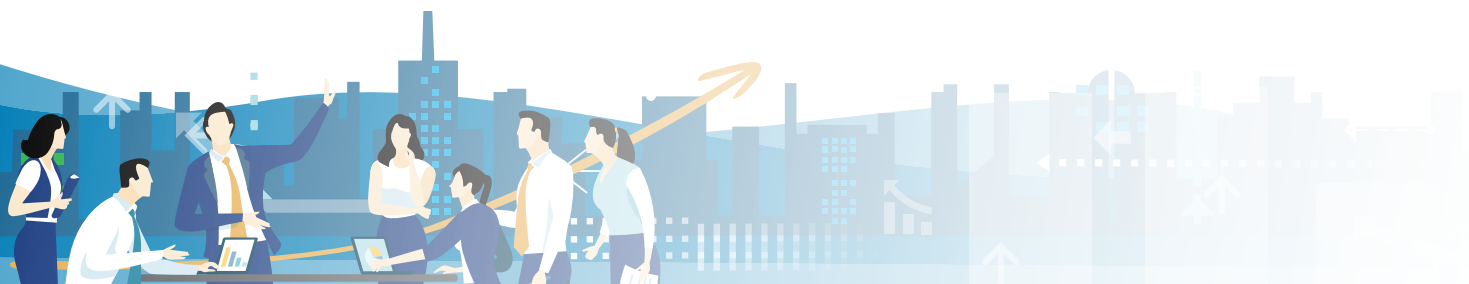
Accountability & Performance Metrics used by Practices



For practice owners determined to grow via inorganic means, the strategic plan should incorporate the details that are essential to any expansion strategy:

Practice owners should determine the level of influence and support they intend to exert over acquirees

	Level of Influence from Acquiring Practice	
	Least influence	Most influence
Description	Aggregating Economic Scale Practices that focus on achieving scale through acquisition of smaller practices, creating a loose coalition of affiliated practices that leverage a unified operating platform	Building a Cohesive Network Practices that seek to create a unified network of affiliated advisors that have similar approaches to brand, client targets, client management philosophies, etc.
Value Proposition for Advisors	Shared Independence “We’ve built a platform that will enable you to remain independent while reaping the benefits of scale”	Growing Together “Our philosophical alignment will allow you to grow and learn with us as we seek to build the best experience for our advisors and clients”
Level of Central Influence	Low Typically, these practices allow their advisors a great deal of independence to serve their clients	High Typically, these practices seek to create a cohesive approach to client & investment management
Affiliation Structures	Many Implement different affiliation structures focused on getting deals done to build scale	1 - 2 Recognition that advisors are joining a growing practice with a select set of standard operating procedures
Branding	Independent Often operate under different brand names	Aligned Aligned brand strategy to create identity in the market
Location	Disparate Aggregators are often agnostic to their acquirees physical location	Concentrated Networks typically seek to grow within a state or region they know well



Practice owners should carefully determine the level of influence and support they intend to exert over their acquirees, recognizing that this is not a binary choice between two extremes but rather a spectrum of possibilities. On one end, practices focusing on aggregating economic scale allow for a high degree of advisor independence, implementing many different affiliation structures and possibly allowing their advisors to operate under distinct brand names.

On the other end, practices aiming to build a cohesive network seek to create a unified approach to client and investment management, with aligned branding and concentrated geographic growth. Our research found that the level of influence from the center can vary significantly, and practice owners should make a deliberate decision about how much influence they want to imbue on their acquirees. This decision will shape the practice’s strategic direction, operational cohesion, and overall growth trajectory.

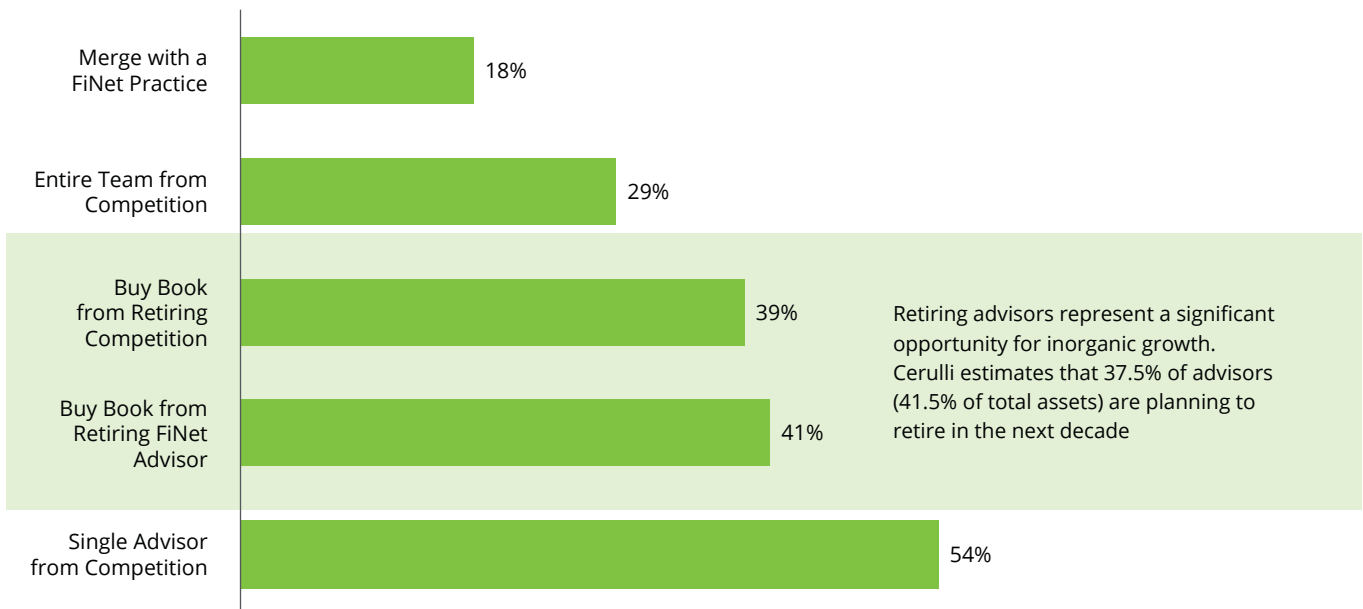
Target Strategy

Before diving into the process of finding acquisition targets, it is important to align on the strategy from the outset. Having a clear and agreed-upon approach will guide the efforts and ensure that everyone involved is working toward the same goals.

Potential Acquisition Options

- a. Buying assets from retiring advisors: acquire the client books of advisors who are planning to retire soon.
- b. Creating a merger of equals: merge with another practice affiliated with the same broker-dealer to combine resources, expertise, and client bases.
- c. Lifting out entire teams from competition: bring in a full, existing team from competing firms.
- d. Recruiting single advisors from competition: hire individual advisors from competing firms.

How practices plan to accomplish upcoming inorganic growth (percentage of practices):



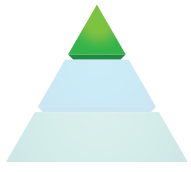
Regardless of the approach for finding acquirees, our interviews with successful acquirers identified critical success factors for acquisition:

- a. Alignment of values and vision
- b. Cultural fit
- c. Clear communication and planning
- d. Transition support and resources

Developing an acquisition mechanism also requires practice owners to refine their pitch for potential targets. If the acquirees are currently aligned with a larger wealth manager or financial institution, practice owners should be able to clearly articulate the benefits (both financial, operational, and cultural) of going independent.

Regardless of acquiree status, the pitch should also highlight the value proposition of the acquiring firm for the acquiree – showcasing the administrative, operational, and marketing support available, allowing advisors to focus on client service and driving growth. The pitch should also demonstrate the acquiring firm's values, vision, and client management practices to help ensure a seamless transition.





Building the Structure for Inorganic Growth

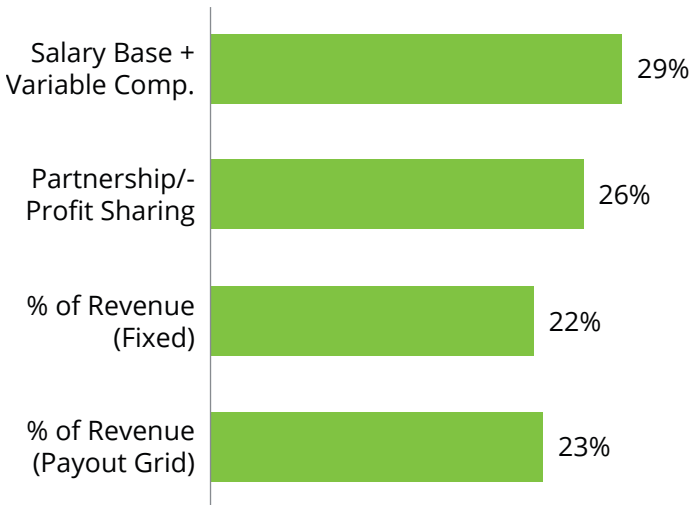
Developing Acquisition Methods

A prevailing myth we encountered in our research related to there being a single “silver bullet” affiliation model that represented the secret to success for firms that have been able to sustainably drive growth through M&A. Our interviews and survey data indicate that this is not the case. While the particular affiliation model, or models, that a practice uses may be important for how they approach recruits, we found that multiple different models can lead to success. Across the firms we surveyed, four payout affiliation structures and three expense affiliation structures were most prevalent.

Larger aggregator firms are more likely to leverage multiple payout and expense structures to get their deals done. In interviews with successful acquirers, it was stressed that the ability to mechanically get the deal done was often more important than the ultimate form of those deals. These “aggregator” firms leverage flexible affiliation models to appeal to a wider range of potential targets and signal a problem-solving and adaptable nature versus adhering to an affiliation model orthodoxy.

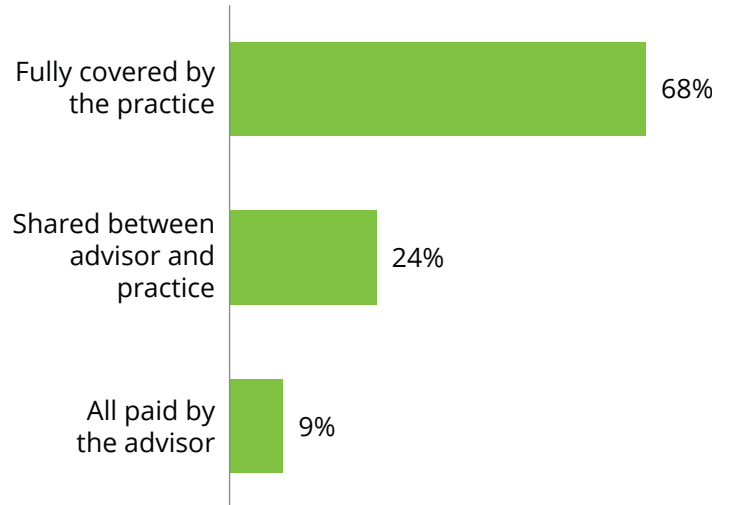
Payout Structure (percentage of practices)

All Firm Sizes



Expense Structure (percentage of practices)

All Firm Sizes



“Cohesive network” firms tended to establish a targeted set of 1-2 affiliation models for 1099 advisors while often leveraging a W2 model for junior practitioners as part of their apprenticeship model. The targeted set of affiliation models allowed “cohesive network” firms to align behaviors and establish shared incentives across their advisor network.

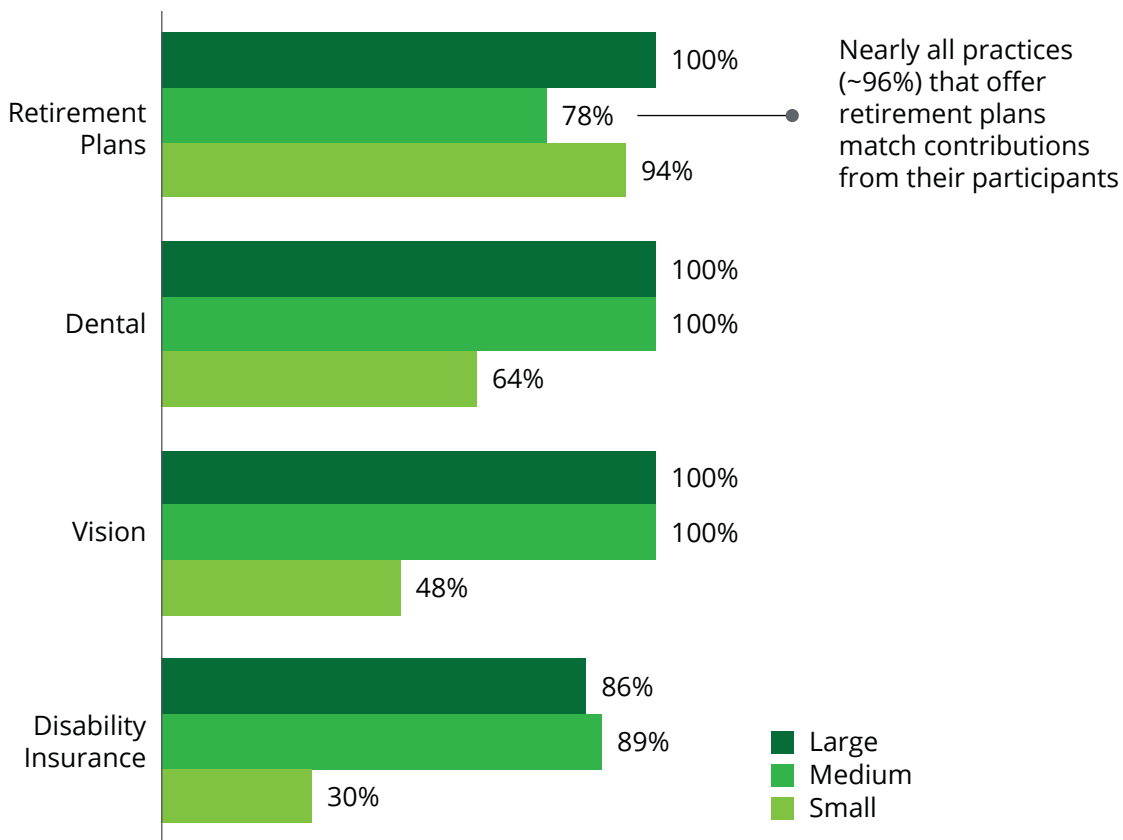
As part of the strategic planning process, practice owners must develop a set of acquisition methods and structures that work for them – emphasizing flexibility and adaptability.

Offering Competitive Benefits

Offering a competitive benefits package to potential acquirees is a foundational aspect of helping to ensure your practice is enticing to new joiners. Often, advisors are being targeted from large financial institutions that offer strong benefit packages, and independent advisor practices should be able to approximate similar coverage or risk harming the potential acquisition. As firms hit a certain size threshold, these benefits become non-negotiable table stakes.

The administration of benefits was frequently cited as a key operational pain point for practice owners, thus offering an opportunity to efficiently leverage third-party support. 73% of practices offering health insurance leverage outsourced support for health insurance administration.

Percentage of Firms that Offer Various Benefits

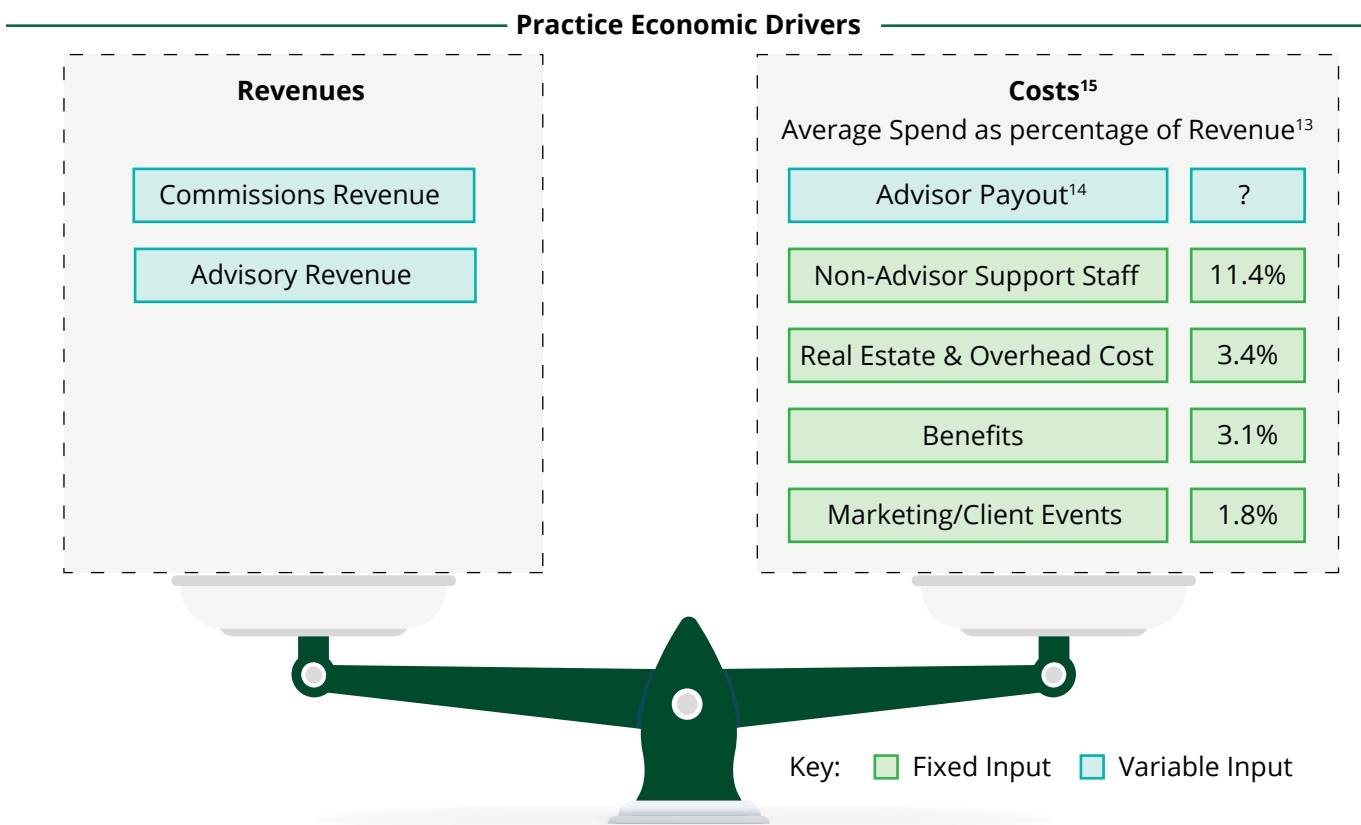


Control of Practice Financials

Before pursuing any inorganic growth strategy, practice owners should ensure robust financial control and transparency. Expansion requires adding new fixed costs (real estate, furnishing and equipment for new advisors, additional support staff, benefits for the new advisors and support staff, and additional marketing expense) to a model already imbalanced by a reliance on fixed overhead costs and on variable revenue streams (commissions and advisory revenues). Introducing significant fixed costs without a clear financial roadmap can strain cash flow and profitability, creating risks for the long-term financial health of the business.

To mitigate these risks, practice owners should develop detailed budgets and financial forecasts. This involves analyzing current financial statements, understanding revenue patterns, and projecting future financial performance under various scenarios. Practice owners can consider either hiring a dedicated or third-party bookkeeper and/or implementing and developing processes around small business accounting platforms to aid these pursuits.

Key Challenge: Given revenues are variable and vulnerable to market & competitive dynamics, growing fixed costs can become a threat to the economic health of the practice



¹³ Revenue defined as 1099 net income after asset-based platform fee

¹⁴ Advisor payout is typically designed as a percentage of revenue

¹⁵ Financials only include most relevant expenses and will not sum to 100%; Revenue defined as 1099 net income after asset-based platform fee



Defining the Role of the Practice owner

As practices grow, owners face a significant dilemma: they entered the business to nurture client relationships and manage assets, but as their practices expand and increase in complexity, their time spent on client engagement necessarily decreases. Data shows that owners of small practices spend 70% of their time on client-facing activities, of medium practices 55%, and of large practices only 35%. This shift in focus from client interactions to managing the day-to-day operations of the business can be challenging for many practice owners who value their client relationships.

In response to this challenge, the concept of a “practice CEO” is emerging to define the set of managerial responsibilities that come with leading a practice, including running the business day-to-day, setting the strategic ambition and future vision for the practice, engaging in marketing, and maintaining business development prospects. This role can be filled in various ways, each with its own set of trade-offs:

Owners can take on the CEO role themselves:	Owners can diffuse responsibilities across partners:	Hire an outside professional
<ul style="list-style-type: none"> • Requires deemphasizing client service role. • Requires business management skillset not native to most financial advisors/practice owners. 	<ul style="list-style-type: none"> • Can tailor roles to each partner’s inherent strengths. • Requires additional coordination, planning, and trust. • May result in disagreements/ clashes. 	<ul style="list-style-type: none"> • Can hire professional with business management experience and skillset. • Requires extensive vetting to determine alignment/fit. • Allows practice owners to focus on core strengths of client mgmt. • Requires handing control of homegrown business to outsider.

No single approach is inherently better than the others; each has its benefits and drawbacks. To determine the appropriate model for their practice, practice owners need to engage in some soul-searching to understand

their strengths and skills, determine their ambitions, and choose the model that best aligns with their personal and professional goals.



Conclusion

Independent practice owners face significant challenges as they navigate the complexities of growing their practices. These challenges include balancing the competing priorities of expanding their client base, managing existing client relationships, and handling the increasing administrative and business management responsibilities that come with growth. As practices expand, owners often find themselves overwhelmed by these tasks, which can hinder overall growth and efficiency. Our study focused on identifying productive initiatives to stimulate both organic and inorganic growth for financial advisors.

a. Driving Foundational Organic Growth:

To drive foundational organic growth, practices should focus on reducing administrative burdens by hiring support staff or leveraging third-party providers, allowing advisors to dedicate more time to client interactions and business development. Practices should also pursue centralizing investment management in order to streamline operations and provide a consistent value proposition to clients. Additionally, adopting modern digital marketing strategies can enhance the practice's brand and attract new clients and advisors, thereby expanding the client base and increasing market presence.

b. Developing Key Strategic Priorities:

Practices must clearly define their long-term strategic ambitions and develop a plan that aligns with these goals. Succession planning is also crucial, as identifying potential successors and planning for smooth transitions helps maintain client relationships and ensures the practice's continuity and stability. Additionally, practices should determine their long-term plans vis-à-vis inorganic growth and, if applicable, begin to build out those mechanisms.

c. Building the Structure for Inorganic Growth:

Preparing for inorganic growth requires developing acquisition methods that align with the practice's strategic goals. A key component of a successful acquisition growth strategy includes obtaining the financial control and transparency to execute transactions with limited risk. Practices must also offer competitive benefits packages to make the practice more attractive to potential acquirees. Finally, practice leaders must determine the shape and scope of their roles as they embark on these plans – ensuring that there is requisite focus on both the day-to-day operations of the business and the M&A growth plan.

By implementing these initiatives, independent practice owners can create an environment that supports both organic and inorganic growth, ultimately leading to a more successful and sustainable advisor practice.



Methodology:

The research for this paper focuses on the drivers of growth and causes of stagnation in investment advisor practices. The findings are based on quantitative and qualitative data from Wells Fargo FiNet independent practices of different sizes and profiles, covering diverse geographies across the United States.

The qualitative insights were derived from more than 15 interviews with FiNet practice leaders nationwide. These interviews focused on the independent practices' key growth decisions, largest challenges, and greatest curiosities. The quantitative insights were obtained from survey data collected from participating practices and supplemented with firm demographic data covering all practices. The survey data was gathered from more than 125 practices of varying geographies, firm sizes, and profiles, representing 30 states and covering more than \$61 billion in total advisory AUM. The survey consisted of 30 questions spanning financials, staffing, practice management, client service preferences, and marketing activities. The historical demographic data provided insights into AUM, revenue, and advisor growth across practices.

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