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Making the Difficult Decision to Sell My Practice



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How Will My Clients React to My Practice Sale?

Of all the challenges that come with selling a practice, client reactions are often the most emotionally taxing. The fear of disrupting relationships that have been built over decades can weigh heavily on an advisor's mind—sometimes even delaying retirement long past the point of financial readiness.

Looking back, I realize that concern over my clients' responses was likely the biggest reason I postponed my retirement. My financial plan was solid. In fact, it supported an earlier exit even without factoring in the value of my practice. And yet, the thought of informing my clients and navigating their reactions kept me up at night.

Facing the Fear

When I started considering my practice sale seriously, my consultants at Advisor Legacy helped frame the process in a way that finally clicked. They compared selling my practice to selling my house while my family still lived in it. That was exactly how it felt—like I was uprooting something deeply personal, rather than executing a necessary business transition.

For years, I avoided having "the conversation" because I feared the unknown. But avoidance is never an effective strategy; instead, it allowed my apprehension to grow unchecked. The team at Advisor Legacy reassured me with a hard truth: my clients would be OK without me. On some level, I wanted to believe that. But more often, I convinced myself that my clients needed me to complete the financial journeys we had started together.

Eventually, with the unwavering support of my team, I built up the courage to take the first step in the selling process. I was told that emotional resistance was normal, and my team kept everything on track while I processed those feelings. I hadn't realized how much I would come to appreciate that balance.

The Conversation I Feared the Most

When the moment finally arrived to begin informing clients, we had prepared a structured client communication script. Still, I was terrified to make the first call.

But my team predicted exactly how the conversations would unfold:

- 1. Clients would first want to know how the change would impact them.**
- 2. Then, they would be happy for me and supportive of my next chapter. And that's precisely what happened.**

With each phone call, my fear lessened. What started as a daunting task transformed into meaningful conversations and a sense of closure. By the time I had spoken to everyone, I was genuinely enjoying the discussions—even cherishing the kind words my clients shared as they thanked me for my service and wished me well in my post-career life. I will never forget those calls.

How Can You Make the Difficult Decision to Sell?

Should you sell to the advisor down the street, groom an internal successor, or open the opportunity to a broader market? Are you ready to sell today, or is retirement still years away?

These decisions can feel overwhelming, and as a result, many advisors avoid them altogether. But the simplest way to tackle uncertainty is to take the first step: educate yourself about your options.

Succession planning isn't one-size-fits-all. There are many strategies available, and one will be perfectly suited to your personal and professional goals. Without proper planning, you risk following the path of least resistance, which often leads to suboptimal outcomes. Selling your practice is one of the most significant milestones of your career—it deserves thoughtful preparation.

Why Are So Many Advisors Delaying Retirement?

Advisors spend their careers guiding clients through financial decisions, yet many fail to apply the same principles to their own retirement. Is this the classic “cobbler’s children” syndrome at play? Perhaps, but the reasons are often more complex.

A prolonged period of revenue growth and market stability has eliminated the typical pain points that spur action. For Baby Boomers at or past retirement age, this inertia places them in a position like maintaining an aggressive investment portfolio close to retirement—an unnecessary risk.

The average practice valuation exceeds \$3 million, often making the business an advisor's largest personal asset. Just as advisors tell their clients to de-risk their portfolios, they must consider de-risking their practice equity before market conditions shift.

Key Considerations When Selling a Practice

A well-executed sale must achieve both qualitative and quantitative success.

- Qualitative Success: Confidence in choosing the right successor and ensuring clients and staff are well cared for.
- Quantitative Success: A strong price, favorable terms, and the agreements that structure the deal effectively.

We emphasize three priorities when executing sales:

1. Fit (Most Important)
2. Terms
3. Price

All three should align with the advisor's personal and financial objectives for a successful outcome.

How Do You Start the Process?

For most advisors, the first step is a professional valuation and consultation. This provides critical insight:

- Does your current practice value support your financial plan?
- Is your practice value likely to decline as you approach retirement?
- How will you be paid for the sale, and how is it taxed?

After valuation, we conduct in-depth reviews of succession options, industry best practices, and system-specific considerations—particularly for financial advisors, where close adherence to industry requirements are essential.

You will only sell one business in your lifetime. You will have one chance to achieve your lifetime goal. The process is far too important to leave to chance.

Please contact me today to schedule time to discuss your succession goals.

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