

Case Study 6 - Solo RIA: Streamline Business for Future Ownership

Advisor was managing \$34 million in approximately 150 accounts. As a fee-only sole practitioner with his own RIA, he was doing everything—including managing assets, performance reporting, daily reconciliation, quarterly fee calculation and billing, document storage, and technology upkeep—on his own. Advisor recognized he was spending way too much time in the day-to-day minutiae of his business and not with his clients. He was also looking to set his business up so that a) he could choose to easily sell it at a later date or b) if something unexpected were to happen to him, another RIA would be able to acquire it. Advisor's other top priority was to be able to spend more time with his family.

Advisor consulted with FocusPoint and identified the main business goals he was interested in achieving:

- Delegate most non-revenue-producing activities and improve on current technology without hiring staff.
- Move client accounts to a third party manager to oversee a tactical ETF investment management strategy.
- Make the business as valuable and potentially easy for another advisor to plug into down the line.
- Create a lifestyle practice in order to spend more time with family.

FocusPoint worked closely with the advisor to develop a transition plan and strategy to accomplish these goals:

- 1** Advisor was looking to streamline and grow his business without having to worry about the daily hassle of his business's back office activities. He also had no desire to keep up with all the newest technology needed to run the business. After consultations it became clear that advisor did not want to hire or manage any staff to handle these responsibilities. Rather, he chose to outsource these activities (reporting, trading, billing, rebalancing, etc.) to FocusPoint as his virtual back office partner. Advisor was also able to plug into the suite of integrated technology offered and managed by FocusPoint so that he no longer had to maintain it on his own.
- 2** Advisor decided he wanted to outsource the investment management component of his accounts, while at the same time eliminating some of his smaller client accounts. As advisor chose to hire a private label third party investment research firm/signal provider, specializing in a tactical ETF strategy, FocusPoint created a plan and operationally implemented the move of advisor's client accounts into the new strategy. During this process, advisor was able to achieve his goal of eliminating his smaller accounts.
- 3** Due largely to the efficiencies gained through his partnership with both FocusPoint and the private label third party manager, advisor's business is now more valuable to potential buyers; it would also be a fairly seamless process for another RIA or advisor to plug into and service clients without disruption.
- 4** By deciding to outsource/delegate most everything besides his client-facing and planning activities—and streamlining his business in the process—advisor was able to free up a significant amount of his time to spend with his family.

Through his partnership with FocusPoint to handle the majority of his daily back office responsibilities, including the trade execution of signals provided by a third party investment research provider with a strong track record, advisor has successfully created his ideal business. By getting very clear about his goals and vision for his practice, then seeking out and finding the right virtual partners to help get him where he really wanted to go, in a short period of time, advisor achieved everything he was looking to accomplish—and then some. Only one year after partnering with FocusPoint, advisor was able to grow his practice, now over \$40 million, by ~15%, without having capacity concerns. Even more importantly, he is now able to spend quality time not only with his clients, but also with his family.



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