

**For Immediate Release**

## **Findings of DeVoe RIA M&A Outlook Study™ Signal Record RIA Valuations Affect Decisions to Sell**

### **Plus, Few Advisors Have the Conviction that G2 Can Afford to Buy Out the Founders**

San Francisco, September 9, 2019 – DeVoe & Company, a leading consulting firm and investment bank serving the RIA industry, today released its [2019 DeVoe RIA M&A Outlook Study™](#). The results reveal that high valuations are playing a key role in bringing an increasing number of RIAs to the negotiating table. According to the study, nearly 40% of RIA principals report that valuations are affecting their decision to consider a sale. For respondents of firms over \$1.5 billion in AUM, the number jumps to a significant level of 62%. As announced in *the Q2 DeVoe RIA Deal Book™*, RIA valuations have reached an all-time industry high.

“Record valuation levels are not lost on RIAs as they contemplate potential sale timing and the possibility of expediting plans”, said David DeVoe, Managing Director at DeVoe & Company. “We know that advisors don’t put economics as the top decision driver, it’s still a factor.”

The results also paint a bleak picture of the potential for internal transition whereby only 32% of RIAs are confident that next-gen advisors at their firm can afford to buy out the founders. “There’s a new revelation that succession planning needs to start much earlier to account for timeframes when next-gen advisors can work up to an ownership stake,” said DeVoe. “If advisors wait too long, an external sale often becomes the only answer, like it or not.”

DeVoe & Company believes advisors should make these critical business decisions based on a variety of strategic elements. Still, for advisors that want to execute an internal sale, they will need to start much sooner than they may think. “These findings provide a wake-up call for those who seek to maintain independence. Start planning today. Start selling shares tomorrow,” said Tim Kochis, Special Advisor, DeVoe & Company.

As advisory firms grow, this dynamic escalates. The inability to afford to buy out the founders increases with firm size: 56% of firms managing \$1 to \$1.5 billion say this is the case, compared to just 27% for firms with \$250 to \$500 million. “With a growing firm, a buyout by the next gen is now nearly impossible,” said a survey respondent representing an RIA managing between \$750 million to \$1 billion in assets.

#### **Additional Key Findings:**

- 60% of respondents expect RIA M&A activity to continue to rise for more than five years. Advisors in the \$1 to \$3 billion segment have an even more upbeat perspective: Nearly three-quarters of these principals (74%) expect the momentum to continue for the next five years.
- Willingness to sell to an external party has increased significantly from two years ago, with 50% of respondents saying they are open to it today vs. only 33% indicating in this year’s survey that they were open to this option just two years ago.
- Fear of a stock market decline is not influencing consideration of a sale: Only 17% say it is affecting their decision.

Download a copy of the [full report here](#).

### **Study Methodology**

The DeVoe RIA M&A Outlook Study is an annual survey of RIAs to gauge current and shifting perspectives about M&A within the industry. DeVoe & Company surveyed 168 RIAs in April and May, and at its RIA M&A Summit in June. Respondents were senior executives, principals, or owners of firms ranging in size from \$100 million to over \$5 billion in assets under management.

### **About DeVoe & Company**

DeVoe & Company is a goal-based consulting firm and investment bank focused exclusively on guiding wealth management and investment management companies to a higher level of success. The firm provides consulting, merger and acquisition guidance, and valuation services to help RIAs accelerate the achievement of their business goals. For additional information, please visit [www.devoeandcompany.com](http://www.devoeandcompany.com).

#### Media Contacts:

David DeVoe

415-813-5066 ext. 1

David.devoe@devoe-co.com

Stacy Orff

415-813-5066 ext. 8

Stacy.orff@devoe-co.com