

THE DEALS & DEAL MAKERS SUMMIT BY ECHELON PARTNERS PROVES TO BE HUGELY VALUABLE “BUYERS BOOTCAMP AT THE BEACH”

Proving the boardroom isn't necessary for wealth managers to conduct serious discussions about M&A, Dan Seivert and Tyler Resh of ECHELON Partners hosted the Deals & Deal Makers Summit beachfront in Santa Monica, CA in September 2013. Leading wealth management executives, deal advisors, financiers, and service providers gathered to network and learn from seasoned industry experts on topics such as deal structuring, M&A strategy, the psychology of change and other essentials for consummating successful deals.

An overarching theme was how well-balanced each facet of the conference was. The content; dense, yet engaging. The networking events; plentiful and well dispersed without detracting from the educational value. The attendees; diverse, yet cohesive. The careful blend of wealth managers and deal advisors in attendance showcased the full spectrum of M&A experience (in advisors) and sector coverage (from deal advisors).

Creating the Deal Makers Network

The theme of this year's event was “Creating and Educating a Network of Deal Makers.” Upon arrival at The Huntley Hotel in Santa Monica, ECHELON Partners facilitated meetings between deal advisors and wealth management executives. These 30 minute meetings allowed wealth managers to initiate relationships and learn about resources valuable to their deal-making efforts. Many of these discussions continued into the cocktail reception and the dine-around dinners that followed.

Julie Cooling, CEO of RIA Database, noted the direct benefit of these pre-conference networking meetings “The team at Echelon clearly put important time and thoughtfulness not only into a quality agenda with experienced speakers, but also into an inter-connected attendee line-up. The boutique-size conference and one-on-one meetings yielded quality conversations that will undoubtedly lead to new business for my company.”

Paul Murphy, CEO of Spire Investment Partners added: “There is great value being in a room full of very smart people all talking about how to move an industry to its next iteration. That was the opportunity provided by Echelon Partners.”

The second day of the event took place at the Annenberg Beach House, a historical Santa Monica landmark set right on the sand. Attendees were welcomed by the crisp azure of a 75-degree Southern California day. The idyllic stage was set so that attendees could focus on deal making for the day. With the Hollywood Hills setting the backdrop, it was only fitting that a touch of Hollywood was tied into the deal making process. “Stand out deal makers write stories with the deals they make and deals they break.” Seivert shared during his opening remarks. He outlined the four key aspects to a great story – 1) the hero, 2) the obstacles, 3) the rollercoaster, and 4) the epiphany – before then sharing insights for each element based on his own deal making experience.

To acknowledge the important role service providers play in deal making, ECHELON included everyone – wealth managers, deal advisors, and service providers - in all the events at the conference and made sure the

speakers' topics addressed each of these constituents. The 12 session speakers boasted impressive credentials, each with over 20 years of experience in their field and having advised on hundreds of deals.

Along these lines Dustin Mangone, an Associate with PPC loan noted, "Our team gained a better understanding of the many important factors associated with an RIA deal that will be beneficial to our ability to better serve the market as we move forward."

Advocating Sides in The Thought Leader's Debate

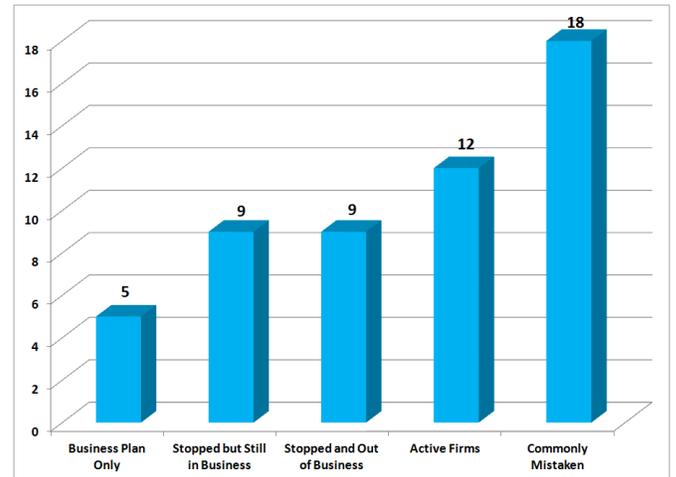
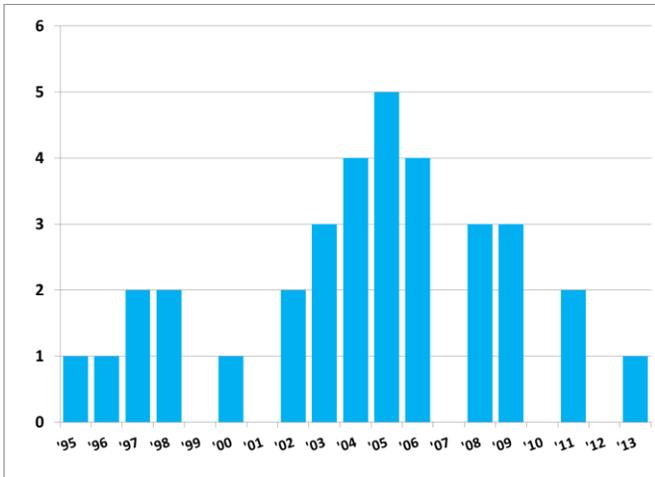
A Keynote Debate between Seivert and Mark Tibergien, CEO of Pershing Advisor Solutions, followed. The two industry luminaries engaged in a friendly point-counterpoint debate on seven key topics and exposed many of the ambiguities that challenge strategic decision making. Topics debated included: 1) is the rollup business model a great match or a poor match for this industry, 2) is it a buyer's or a seller's market, and 3) is the flow of breakaways going to be high or low in the next five years.

Roll-up obituaries

Seivert looked at roll-up progression through the years and showed the status of the firms. For example the list of roll-up firms that are now out of business includes: Clearbrook Financial, Exos Partners, Fusion Advisor Network, MESA Holdings, National Retirement Partners (NRP), Stanford Financial, Stillpoint Advisors, Summit Wealth Management, and U.S. Fiduciary.

Seivert noted that success as a roll-up required a delicate balance of: 1) a quality plan and management to raise the capital, 2) the capital to conduct large numbers of transactions, 3) a compelling business vision and economic proposition to attract prospective advisors to join or sell into the platform, 4) a continual progression of deal closures, and 5) the ability to balance the prevailing business model between what's best for the scale and profitability of the business, and what advisors want lifestyle wise.

While NRP was sold to LPL and Stanford Financial succumbed to broader business challenges, the other aforementioned firms struggled with the requirements necessary to maintain balance and sustain the business. He went on to note that the key difference between deal dabblers and roll-up firms is that deal making is a core competency and therefore roll-ups have meaningfully higher average deal volume each year.



The debate format was a unique way to introduce and discuss key M&A themes in the industry today, deftly covering both sides of each issue and allowing the audience to ask questions and share insights. The moderator, Tyler Resh of ECHELON Partners, added levity and structure to the debate and was quick to point out that Seivert and Tibergien often presented the side of an issue that didn't necessarily represent their opinion. It was a debate where those in the audience were the true winners as they were treated to a wealth of knowledge, data, and anecdotes about the key topics facing wealth managers involved in deal making.

Reflecting on the session, Greg Friedman, chief executive of Private Ocean and president of Junxure, noted "the opening key note was one of the best sessions I have seen in all my years as an advisor because Mark and Dan creatively presented a ton of valuable information in an entertaining and interactive format."

A topic Seivert and Tibergien seemed to agree on is the industry's transformation toward more regional competitiveness. "RIAs used to compete with either wirehouses or other RIAs of equal size," Seivert mentioned. "Now you're beginning to see a new dynamic, larger RIAs with assets (under management) approaching \$2 billion or more assert themselves in a region." Tibergien seemed to concur saying he "anticipates true mergers of wealth management firms" and he sees "larger firms with regional dominance" over the next several years.

Business Brilliance is More Than "Who You Know"

For the morning's final session Lewis Schiff, executive director of Inc. Business Owners Council, engaged the audience to showcase findings from his research and new book, *Business Brilliant*. Schiff's thought provoking research reveals how successful entrepreneurs truly think, and how they see the world differently from less successful individuals. "It's not just serendipity that produces success," was one of the more poignant comments made by Schiff to encourage the audience to think more like successful entrepreneurs. To conclude Schiff's session, Greg Friedman of Junxure and Private Ocean and Neal Simon of Highline Wealth Management joined him on stage for a panel discussion about how they achieved success as wealth management entrepreneurs. While both Friedman and Simon took vastly different paths to attain success, it became clear they both share common characteristics, further corroborating Schiff's research.

People Deals Require Dealing with People

In keeping with the motif that “deal making” extends beyond financial transactions, the conference sessions were filled with insightful commentary about how to be successful in every facet of deal making. One prime example of this was the session conducted by Kathy Freeman of The Kathy Freeman Company and Jeff Warren of Russell Reynolds, which shared insights on how to recruit and hire executives. Seivert's added commentary following the session summed it up well: “recruiting executives may not seem like an integral piece of deal making to many of you, but when two firms come together it is vital to find someone who has the experience of running and managing a firm, and more often than not, this person is not going to come from one of the two firms, so you must turn to the outside world to fill this important position.”

Greg Heffington of Advantage Coaching and Training also took on the subject of human capital during his session. Heffington addressed the “psychology of change” in a thoughtful and engaging presentation about how to help people get “unstuck” during the transition period. Tyler Resh of ECHELON summed up the importance of Greg's perspective: “During the process of buying or selling a firm we can usually come to an agreement on the financial and legal parts of the deal, but unless we appropriately address the people-side of things, a transaction will not be consummated. This business is about people, and we have to keep this mind, especially in the deal making process.”

Legal and Tax: Stories and Facts

The tax session conducted by David Benz of Kothstein Kass illustrated the depth of knowledge requisite for powerful deal making. In addition to addressing where the current law stands, Benz was able to impart his incredible insights as to where the tax laws are likely headed - no small feat given that current government is in a perpetual state of flux. After attendees heard one the most comprehensive reviews of tax law and reform ever cited at a wealth management conference, they were educated on the subject of developing powerful legal contracts to consummate deals. Ted Cohen and David Mainzer of Spolin Cohen & Mainzer walked the audience through how to build contracts and shared legal tactics that every savvy deal-maker should employ when buying, selling, or merging.

To Hit the Peak You Have to be Unique

Sitting in room full of executives just yards from the Pacific Ocean listening to substantial discussions about buying, selling, and merging, it was clear that ECHELON had delivered something unique. Participants were sharing stories of “how it is done” as opposed to asking questions of “how do we do this.” The topics addressed, and the format in which they were presented seemingly touched – and challenged – the audience.

Greg Freidman, CEO of Junxure and Private Ocean noted: “This event was unique in the quality of the speakers and their material and the intimate setting helped facilitate great networking opportunities with a collection of professionals and advisors in M&A that I have never seen together before in one place.”

Dan Seivert closed out the day with a clear definition of “dabblers” versus “leaders” in deal making. He noted it was fine to be a dabbler in that they enjoy success, but that deal leaders enjoy far greater success so long as they implement the deal making axioms offered by the experts throughout the day. It was a great capstone to the event and provided attendees with another tangible take-away.

Going Broad and Deep Provides More to Keep

In the end, those that participated in the Deals and Deal Makers Summit were treated to the knowledge they have been seeking all along and now have a new appreciation for the intricacies involved in consummating successful deals. To this point, Seivert added: “We knew the subjects covered at the Deals and Deal Makers Summit were top of mind to many in the industry, yet had not been adequately addressed in the past.”

Dabblers in Deal Making	Leaders in Deal Making
1. Deal making is an art	1. Deal making is a core competence
2. Deals are projects	2. Deals are part of the strategy
3. Lament the difficulties and worry about failure	3. Build a capability that helps them win in the marketplace
4. Apply little focus and few resources	4. Apply the same focus and resources as other core capabilities
5. Look at anything and everything	5. Develop a pipeline around themes
6. Don't consider how they are perceived by targets or how they stack up to other buyers	6. Manage their reputation and credibility as an acquirer
7. Get too caught up in due diligence lists to collect the proper information	7. Collect data to confirm the strategic vision
8. Don't take advantage of what they learn in the deal integration phase	8. Actively manage the potential synergies

ABOUT ECHELON PARTNERS

ECHELON Partners (ECHELON) was formed in 2001 to offer investment banking and consulting to a subset of the financial services industry known as “investment product developers and distributors” (IPDADs). Since that time, ECHELON’s professionals have helped hundreds of senior executives envision, initiate, and execute a multitude of complex business strategies and transactions. ECHELON’s business is making companies more valuable through delivering advice and orchestrating transactions. Accordingly, ECHELON measures its success in the enterprise value it creates for its clients. Companies that strive to outperform their peers choose to work with ECHELON because we are as passionate about their results as they are.

Daniel Seivert

Managing Director

dseivert@echelon-group.com