

EDELMAN FINANCIAL WOULD CONSIDER ACQUISITION, FOCUSED ON ORGANIC GROWTH, CEO SAYS

3/28/2017 Originally Published by Karen Padley, Mergermarket.com

Edelman Financial Services, one of the nation's largest registered investment advisors, would consider making an acquisition although it remains focused on organic growth, said CEO Ryan Parker.

The company, based in Fairfax, Virginia, will be "disciplined but opportunistic" when it comes to M&A, he said.

Parker noted Edelman has expanded mostly through organic growth during its 30-year history, unlike some firms that have relied on roll ups.

He added the company is "comfortable" with its current footprint of 42 branches in seven major metro areas across the country.

Edelman has been adding more planners to those existing locations rather than expanding to second- and third-tier markets, Parker said.

The company also has been investing in technological upgrades for its accounting and marketing teams, he said.

That's not to say Edelman will become a robo-advisor anytime soon.

"I think every financial advisor, shop or company has to have a robotic part to it," Parker said. "What I don't believe is that the robotic part should supplant the actual interaction between people."

Edelman has more than USD 17bn in assets under management at year end. The company had 157 financial planners serving 31,000 clients.

Many are attracted by the radio show, seminars and books by Ric Edelman, who founded the company with his wife Jean, in 1987. Ric, the former CEO, became executive chairman in 2015 after private-equity firm Hellman & Friedman acquired a majority stake from Lee Equity Partners. Parker was named CEO in May 2016.

Edelman Financial had been publicly traded from 1999 until Lee took it private in 2012. Parker was non-committal when asked about whether the company would be willing to go public again or be sold.

"Our focus is on taking care of our current clients and working to serve the needs of additional clients, which will generate value for all stakeholders – both now and in any future eventuality," he said.

While an IPO may be a possibility, **Carolyn Armitage**, a managing director with **ECHELON Partners**, said the trend is to keep these companies private.

"There seems to be enough of the private equity money looking for some of these opportunities that I wouldn't think they'd go public in this market," she said. Armitage said private equity money also has tended to flip companies every four to seven years.

Parker said he expects the wealth management industry to keep consolidating as companies seek to gain the scale necessary to meet client expectations. He also said the industry increasingly will have to put the client's interests first, as would be required under a new Department of Labor rule that is currently in limbo.

Parker sees his role at the company as making sure Ric Edelman's standards continue to be part of its long-term mission.

"As we look 10, 15 and 20 years into the distance, my job is to make sure we can actually take the principles that the firm stands behind and have them be enduring," Parker said.

He noted the succession plan doesn't call for him to launch a radio show or podcast. Or put his name on the door.

"No plans to change it to Parker Financial anytime in the near future," he said.

