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How to Help Small-Business Owners

Advisers who can guide growth and transition phases for local merchants bring value

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James D. Maher is the founder and chief executive of Archford Capital Strategies in Swansea, Ill. Voices is an occasional feature of edited excerpts in which wealth managers address issues of interest to the advisory community. As told to Jacob Meade.



James D. Maher, founder and chief executive of Archford Capital Strategies in Swansea, Ill. ... by guiding the growth and transition of a privately run business, you can deepen your relationship with the client as you become closely involved with an asset they worked to build and operate over the years *PHOTO: GARY LUTTRELL PHOTOGRAPHY*

Private company owners approaching retirement age stand to benefit greatly from advisers who can guide them on the financial implications of a business sale. Yet we needn't enter the discussion only right before or during the transaction. Since any seller must ultimately appeal to a buyer seeking a strong return on their investment, advisers can help sellers in the preceding years to view their organization from the potential buyer's perspective.

At my practice I have created a consulting arm to help local business owners explore acquisition and transition options. I recommend other advisers focus on this area as well, as we have found it a rewarding client category and a viable means of enhancing wealth-management relationships.

Advisers can support business owners in the years ahead of a sale by compelling them to view their assets within the broader framework of financial planning. For instance, an owner of a thriving business may decide to invest all of their savings back into the company, reasoning that it generates a better rate of return than any traditional investment would. Yet this is tantamount to a normal investor putting their entire portfolio in just one stock—it carries considerable risk no matter the circumstances. As advisers, we can impress on them how important it is to diversify and protect against the unexpected by setting some money aside in other investment vehicles.

Understand that to succeed in this client area, you will often need to operate as one member of a team of outside experts. Financial advisers can't typically take a complex

acquisition or transition to the goal line without the involvement of other professionals. Plan to partner with attorneys, investment bankers, certified public accountants, insurance professionals, bankers and others who will come into play in advancing the transaction.

Working with this type of client offers your practice business-development advantages that extend beyond simply managing a client with a higher net worth. By guiding the growth and transition of a privately run business, you can deepen your relationship with the client as you become closely involved with an asset they worked to build and operate over the years. And after helping them navigate the sale, you can then advise on their pursuit of new financial endeavors such as philanthropy and gifting assets to the next generation.

Retiring business owners are emerging as a potentially major market segment. Many who would have approached retirement over the past decade were forced by the 2008 financial crisis and recession to take a step back. With markets and the economy recovering, a number of business owners are again in position to consider retiring, placing advisers in a good position to expand their practice and enhance their services by offering support to these individuals.

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