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FROM PRACTICE TO ENTERPRISE

How the Enterprise Advisory Model Closes the Transition Gap and Compounds Firm Value

Why succession, recruiting, and valuation in wealth management all trace back to one variable — and the ownership structure built to solve all three at once.

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EXECUTIVE SUMMARY

The Transfer Already Underway

Within the next ten years, 105,887 advisors — 37.4% of the industry's headcount, controlling 41.4% of its client assets — plan to retire.[1] More than a quarter of them are unsure of their succession plan, and DeVoe & Company's own surveying finds that only 22% of RIA leaders believe their next-generation successors can actually afford to buy them out at today's valuations.[2] That is not a distant planning exercise. It is a structural, dated, already-in-motion transfer of a large share of this industry's revenue, and most firms are not built to survive it intact.

The reason so many firms are unprepared is structural, not personal. Wealth management is one of the few professional industries where the most valuable asset — the client relationship — is typically owned by an individual advisor rather than by the firm itself. This paper calls that exposure **Advisor Dependency Risk**: the degree to which a firm's revenue, client relationships, and ultimate value depend on one person's continued presence. High Advisor Dependency Risk is what turns a routine retirement into a revenue event, what makes recruiting harder, and what caps what the business is ever worth. It is the largest common driver behind the three problems this paper documents in detail: succession, recruiting, and valuation.

A growing share of the industry is moving to a different structure: the **enterprise advisory model**, in which the firm — not the individual producer — owns the client relationships, brand, infrastructure, and economics, while advisors build careers as employees, partners, or equity holders inside that structure. The enterprise model is, in effect, a systematic program for driving down Advisor Dependency Risk. This paper lays out the data behind why that shift matters, and walks through a detailed, illustrative case study of how it works in practice. Part Six speaks directly to advisors who have no intention of building one.

At a Glance

Dimension	Traditional Model	Enterprise Model
Succession	Personal goodwill; revenue at risk when the founder exits	Enterprise goodwill; relationships institutionalized before exit
Recruiting	“Build your own book”; high early-career failure rates	Defined career ladder; inherited infrastructure and client base
Valuation	Owner-dependent; multiple capped by succession and concentration risk	Institutionalized; commands a premium tied to transferable cash flow
Client Experience	Tied to one advisor's style, availability, and tenure	Standardized service delivered by a team, not one person

Each comparison is developed and sourced in the sections that follow.

PART ONE

Where the Traditional Model Breaks Down

WHY A RETIREMENT WAVE IS BECOMING A REVENUE EVENT

The traditional independent model is simple and has worked for decades: the advisor owns the clients, keeps the payout, hires their own staff, and is responsible for their own exit. Its weaknesses only show up at the moments that matter most: retirement, a health event, or a sale. Underneath all three sits the same variable.

DEFINITION

Advisor Dependency Risk: the extent to which a firm's revenue, client relationships, and enterprise value depend on the continued presence of a specific individual advisor, rather than on the firm itself. The higher the dependency, the more a single retirement, departure, or health event behaves like a revenue event rather than a staffing change.

One distinction matters before going further: by that definition, Advisor Dependency Risk runs highest in a true solo practice; there is no one else for the relationship to depend on. That describes most of the profession, not a fringe of it. The **deliberate lifestyle practice** — an advisor who has chosen, on purpose, to run a smaller, simpler business sized to the life they want rather than to maximum scale — describes a real and common share of the industry, though a headcount statistic alone can't separate the firms that are small on purpose from the firms that simply never had the capital, partners, or growth playbook to get bigger. The Investment Adviser Association's most recent industry snapshot puts the typical SEC-registered advisory firm at about eight employees and roughly $393 million in assets, with more than two-thirds of all firms managing less than $1 billion.[3] Run well, and run on purpose, that is not a failure mode. It is a legitimate, common, and often highly profitable way to spend a career, and nothing in the rest of this paper argues otherwise.

WHO THIS SECTION IS (AND ISN'T) ABOUT

The question this paper is actually asking isn't whether Advisor Dependency Risk exists: in a small practice, it always does. It's whether that risk was chosen deliberately, with eyes open about what it means at retirement, or whether it simply arrived by default because nobody ever decided otherwise. A lifestyle practice in the first category isn't who the rest of this section is written for. A practice carrying the same risk profile without ever having made that choice is. Part Six speaks directly to the first group.

Succession is a documented blind spot, not an edge case

Written succession plans among RIAs fell to 42% in 2024, the lowest share recorded since DeVoe & Company began tracking the metric in 2019, according to DeVoe's annual Talent Management Report.[4] That gap matters because of timing: Cerulli Associates' U.S. Advisor Metrics 2024 report found that 105,887 advisors are heading toward retirement within the next decade, and that more than one in four of them are unsure of their succession plan — a share that climbs to 30% among independent RIA-affiliated advisors specifically, this paper's core audience.[5] The affordability math makes the picture worse, not better: in DeVoe's separate M&A Outlook research, only 22% of RIA leaders believe their next-generation successors could actually afford to buy them out at current valuations, which is exactly why DeVoe's own report describes succession as having reached a breaking point industrywide.[6]

BY THE NUMBERS

42% of RIAs have a written succession plan — the lowest since tracking began. 105,887 advisors plan to retire within ten years. 30% of independent RIA-affiliated advisors are unsure of their succession plan. 22% of RIA leaders believe their successors could even afford to buy them out.

Mercer Capital's valuation research links that uncertainty directly to revenue risk: when a founder exits without a working succession process, client attrition and AUM loss tend to rise materially, since the relationship was never institutionalized in the first place.[7] Cerulli's own research puts a number on it: a firm with no succession plan in place can see 20% to 30% of its clients leave within the first few years after a founder's retirement.[8] Scale appears to be protective: Schwab's 2024 RIA Benchmarking Study found 82% of top-performing firms had a written succession plan, versus 44% of firms under $250 million in AUM.[9] That is a correlation, not proof that either one causes the other, but the two clearly travel together, and it is the smaller, single-owner practices the traditional model is built around that land on the wrong side of it most often.

Recruiting is constrained by a model the next generation doesn't want

The industry is short of advisors and getting shorter. Cerulli Associates has separately reported that rookie-advisor failure rates run at roughly 72%,[10] which compounds the more than 105,000 advisors already heading toward retirement; the industry is not replacing talent as fast as it is losing it. McKinsey's 2025 wealth management research points to a structural reason why: the industry's commission-driven, build-your-own-book entry point is less appealing to new graduates than comparable fields like investment banking or consulting, which offer a defined career path and guaranteed income from day one.[11] McKinsey's research suggests firms should rethink the traditional entry point, reimagining it as a team-based role rather than a solo-practitioner one, with a clearer career path and more guaranteed income early on.[12]

Rookie failure has more than one cause: inconsistent training, weak screening for sales aptitude, and plain market timing all play a role, and no single study isolates the build-your-own-book model as the sole driver. But it is the one factor present in every failure regardless of the others, because it sits underneath the entry structure itself: even a well-trained, capable new advisor still has to survive on commissions from clients who don't yet exist. That is the structural gap the traditional, advisor-owned model cannot close on its own. A practice that asks a new hire to originate their own clients is, by design, offering the opposite of what the data says the next generation is looking for.

Owner-dependence weighs on the price of the business

Inside wealth management specifically, institutionalized firms with multiple advisors, recurring revenue growth, transferable client relationships, and scalable infrastructure are widely reported to command materially higher valuation multiples than founder-dependent practices of similar size.[13] The traditional model, by keeping the relationship tied to the individual advisor, structurally caps how far up that range a firm can move. Part Five develops exactly why a buyer prices that gap the way it does.

KEY TAKEAWAY

Succession risk, recruiting friction, and a valuation ceiling are not three separate problems. They are three symptoms of the same underlying variable: how much of the firm's value depends on one person.

PART TWO

What the Enterprise Model Changes

FROM OWNING A BOOK OF BUSINESS TO OWNING A BUSINESS

The enterprise model is a different ownership architecture, not just a different payout grid. The firm owns the client relationships, the brand, the technology stack, the marketing, and the recruiting and service infrastructure. Advisors operate inside that structure as employees, partners, or equity holders rather than as standalone businesses.

Case Study: Crestmont Wealth Partners (Illustrative)

ILLUSTRATIVE · COMPOSITE FIRM

Crestmont Wealth Partners is a fictional, composite firm used here purely to illustrate how the enterprise model works in practice. Crestmont was founded ten years ago by three partners (Owen Castellan, Diane Marchetti, and Thomas Reyes) around a single shared goal: build something bigger than any one of them. Year one looked unremarkable on paper: three advisors, one office, and a modest book of relationships built mostly on personal networks. Over the following decade, the firm recruited five additional advisors, built a centralized service team, and put a real succession process behind each senior relationship rather than leaving it to chance. Today, in this illustration, Crestmont oversees approximately $430 million in client assets, serves more than 2,000 households, and generates nearly $5 million in annual recurring revenue across its eight advisors, planners, and client service professionals — all operating inside one centralized business structure.

The defining characteristic of Crestmont is ownership. The client relationships, brand, technology infrastructure, marketing systems, recruiting function, and operating platform belong to the firm, not to individual advisors. A newly hired advisor does not arrive and build a separate practice inside someone else's office; they join the existing enterprise, serve clients through the firm's systems, and are supported by centralized operations and planning resources within a standardized client experience.

Revenue follows the same logic. Rather than each advisor collecting revenue directly and running an independent business inside the firm, all revenue flows through the enterprise, and leadership allocates compensation through a combination of salary, incentive pay, revenue participation, and equity. A Lead Advisor might draw a salary and participate in the revenue generated from their own client relationships; a Senior Advisor might add leadership incentives on top of that; Equity Partners participate in firm profits and in the long-term appreciation of the enterprise itself.

The distinction matters more than it sounds. In a traditional advisory practice, a $1 million producer is often running a small business in addition to serving clients — responsible for hiring, staffing, technology, office space, succession, and day-to-day operations. At Crestmont, those responsibilities sit with the enterprise. Advisors spend their time on client relationships, planning, and business development, while centralized leadership manages infrastructure, recruiting, compliance coordination, technology investment, and long-term strategic growth. That structure creates three compounding advantages:

- Clients build a relationship with a team rather than a single advisor, which is precisely what converts personal goodwill into enterprise goodwill over time.
- The firm can recruit next-generation advisors with a defined career path, salary support, and access to an established client base, rather than asking them to start from zero.
- Ownership can reinvest retained earnings into staff, technology, acquisitions, and recruiting, creating a compounding growth effect that individual practices struggle to replicate on their own.

How Crestmont Hires

When Crestmont recruits a new advisor, the pitch is different from the traditional “come build your own book.” A new Associate Advisor joins with a salary already in place, an existing service team, and a defined runway: shadow senior advisors in year one, take on client-service responsibility in year two, and begin co-managing relationships by year three. They are not asked to find their first hundred clients on their own; they are asked to prove they can serve the clients the firm already has. For a CFP candidate two years out of school deciding between Crestmont and a wirehouse training program, that is a fundamentally different value proposition: one offers a guaranteed paycheck and a team on day one; the other offers a draw against future commissions and a phone book.

Role	Illustrative Tenure	Illustrative Pay Structure
Associate Advisor	Years 1–3	Base salary plus performance bonus; no equity yet
Lead Advisor	Years 4–7	Base salary plus revenue participation on managed relationships
Senior Advisor	Years 8–12	Base salary, revenue participation, plus leadership incentive
Equity Partner	Year 10+	Base, participation, profit distribution, plus equity appreciation

Illustrative compensation progression at Crestmont. Figures are simplified and hypothetical, not a benchmark, survey result, or actual pay scale.

How Crestmont Handles a Retirement

Contrast that with what happens when a founder retires. At a traditional firm, a founder's retirement is a single, often rushed transaction: find a buyer, value the practice, transfer client files, hope the relationships hold. At Crestmont, the same event unfolds differently because the groundwork was laid years earlier. In this illustration, when Thomas Reyes began planning his exit, he spent the prior several years gradually shifting day-to-day relationship management to a Senior Advisor who already knew his clients, had attended their annual reviews, and had been introduced along the way as part of the team rather than as a future replacement. By the time Reyes actually stepped back, clients had already been working with that successor for years. The firm did not lose a relationship; it reassigned a title. That is what it looks like, in practice, for client goodwill to be enterprise goodwill rather than personal goodwill — the distinction Part Three develops in full.

KEY TAKEAWAY

An enterprise doesn't eliminate the need for great advisors. It removes the requirement that every great advisor also be a small-business owner, a recruiter, a landlord, and a succession planner.

PART THREE

How the Enterprise Model Solves the Transition Problem

THE DIFFERENCE BETWEEN SELLING A PRACTICE AND BUILDING AN INSTITUTION

Personal goodwill versus enterprise goodwill

This distinction is the most important idea in this paper, and it is well established in valuation literature. Every advisory practice carries goodwill — the value of its client relationships above and beyond its hard assets — and the question is who that goodwill is attached to. Mercer Capital's research draws the line explicitly: *personal goodwill* is tied to an individual advisor, is difficult to transfer to a successor, and depresses valuation in a sale, because a buyer is effectively betting that clients stay loyal to a firm rather than to the person who served them. *Enterprise goodwill*, by contrast, is built into the firm itself through team-based service and institutionalized client relationships, and is transferable, supporting both AUM retention through a transition and a higher valuation multiple.[14] A firm that has transitioned the bulk of its client relationships to next-generation advisors before a founder's exit — so that clients already know and trust the team and not just the founder — should maintain or even increase its valuation multiple relative to a firm still reliant on a single founder with no clear successor.[15] The enterprise model is, in effect, a structural mechanism for converting personal goodwill into enterprise goodwill continuously, rather than rushing it in the last few years before retirement.

- **Traditional model:** the relationship is personal goodwill. The advisor retires, and a meaningful share of that goodwill — and the revenue attached to it — is at risk of leaving with them.
- **Enterprise model:** the relationship was institutionalized as enterprise goodwill from the start. The advisor retires; the client, the data, the service team, and the revenue stay with the firm.

Depth matters more than a single handoff, too. MarshBerry's research on RIA succession notes that as valuations climb, as MarshBerry puts it, “it may take four new owners to replace two departing ones,” making a one-to-one succession plan insufficient on its own.[16] A career ladder that continuously produces Lead and Senior Advisors is, functionally, a continuously renewing succession bench, which a single-advisor practice has no structural way to replicate.

KEY TAKEAWAY

Personal goodwill is rented to a firm by whichever advisor happens to hold the relationship today. Enterprise goodwill is owned by the firm permanently. Only one of those is for sale.

PART FOUR

Recruiting as a Growth Engine

WHY “BUILD YOUR OWN BOOK” STOPPED WORKING

The traditional pitch to a recruit — “come here and build your own book” — asks a new advisor to take on the very risk the firm itself is trying to engineer away. Part Two showed what the alternative looks like in practice at Crestmont; the data explains why it works.

McKinsey's research found that wealth management's commission-driven entry point is a significant deterrent for new graduates relative to peer industries, and recommended firms shift toward team-based, salary-supported entry roles with a defined career path.[17] That lines up with the broader industry shift Cerulli has documented toward team-based practices, which are more likely to employ dedicated planning and administrative staff and offer a structured path for newer advisors to grow into client-facing roles.[18] This audience includes a growing pool of wirehouse breakaways and CFP professionals who are drawn to independence but not to running a small business on top of advising clients — exactly the support gap the enterprise structure is designed to fill.

KEY TAKEAWAY

The traditional pitch asks a 25-year-old to take on the risk the firm itself is trying to engineer away. The enterprise pitch hands them the infrastructure instead.

PART FIVE

The Valuation Case

WHY ADVISORS AND BUYERS ARE LOOKING AT TWO DIFFERENT NUMBERS

Every advantage above eventually shows up in what the business is worth. It is tempting to reduce that to a single multiple comparison, but real-world RIA valuations overlap heavily across firm types and depend on growth rate, margin, client concentration, revenue quality, and succession depth — not ownership structure alone. The more defensible argument is about which structure puts a firm in control of those underlying drivers.

Valuation Driver	Traditional / Owner-Dependent	Enterprise / Institutionalized
Source of goodwill	Personal: tied to the individual advisor	Enterprise: tied to the firm and transferable
Owner-dependency risk	High: revenue exposed if the owner steps away	Low: service team and client relationships are institutional
Succession depth	Typically one designated successor, if any	A career ladder continuously produces multiple ready successors
Buyer pool at sale or transition	Narrower; next-gen buyers often can't finance a full buyout	Broader; institutional buyers and PE actively compete for scaled platforms

Actual valuation multiples depend heavily on firm-specific factors (growth rate, margin, client concentration, and revenue quality) and vary widely even within each structure. The framework above describes directional differences in valuation drivers, not a guaranteed multiple outcome.

Industry research consistently finds that institutionalized firms with multiple advisors, recurring revenue growth, transferable client relationships, and scalable infrastructure command materially higher valuation multiples than founder-dependent firms of similar size.[19] The sections below walk through why that is true, and what the deal market's own behavior says about it.

What the Multiples Actually Show

The gap shows up directly in what buyers actually pay. RIA valuations carried a median of roughly 11.6x EBITDA in 2025, but that median hides a wide spread driven by exactly the factors this paper has been describing. Firms showing aging-owner or key-person dependency typically see a discount of roughly 1.0x to 2.5x off their baseline multiple; firms with an engaged, developed next-generation team typically command a premium of roughly 0.5x to 1.5x on top of it. Recurring, fee-based revenue above 80% of the total adds another 0.5x to 2.0x. Scale compounds all of it: sub-$2 million EBITDA practices — the segment where the traditional model is most heavily concentrated — typically trade between 8x and 11x; platform-quality firms in the $5 million to $15 million EBITDA range trade between 12x and 17x; scaled platforms above $15 million in EBITDA can reach the high teens to 25x or more.[20] None of that is guaranteed to any individual firm, and the ranges overlap. But it is a real, quantified spread, and every driver behind it — succession depth, team structure, and revenue quality — is a variable the enterprise model is built to move in a firm's favor.

Two paychecks, not one

Most advisors are taught to think about a single number: payout. What percentage of revenue do I keep? The enterprise model asks advisors to think about two numbers instead. The first paycheck is the familiar one: salary, bonus, and revenue participation paid out year by year for the work of serving clients. The second paycheck doesn't arrive annually; it accumulates quietly in the value of the equity an advisor holds in the firm itself, and it is only realized when that equity is sold, transferred, or paid out at retirement. A compensation grid that maximizes the first paycheck by routing essentially all revenue directly to the producing advisor — with nothing retained or reinvested by the firm — is usually the same grid that leaves nothing behind for the second paycheck, because there is no enterprise left to be worth anything once the advisor walks out the door.

Advisors think in payout. Buyers think in EBITDA.

This is where the traditional and enterprise models talk past each other. An advisor evaluating an affiliation option almost always starts with the payout grid: what percentage of revenue do I keep this year? A buyer evaluating the same firm asks a different question: after every advisor, every staff member, and every operating expense is paid, how much sustainable profit (EBITDA) is left over, and how much of that profit depends on one specific person staying in their chair? A firm can have a generous payout grid and a weak EBITDA story if most of the revenue would walk out the door with the advisor. A firm can have a less generous payout grid and a strong EBITDA story if the advisor's eventual departure barely moves the firm's profitability at all. Buyers pay a premium multiple for the second firm, not because its advisors are paid less, but because the cash flow being purchased is more durable. Put bluntly: the model that pays an advisor the most this year is not always the model that leaves the most value to sell later. The same logic holds whether the “buyer” is an outside sponsor or the junior partner financing an internal buyout: both are underwriting how much of that profit survives the current owner walking out the door, they just price that risk with different capital and different patience.

Consider two firms, each generating $5 million in annual revenue today. Firm A pays its advisors a high percentage of revenue directly, has no centralized service team, and has no documented plan for what happens when its two largest producers eventually retire. Firm B, structured along the lines of Crestmont, pays its advisors a base salary plus participation, retains a meaningful share of revenue at the firm level to fund a service team and a career ladder, and can show a buyer several years of client relationships that have already survived a transition from one advisor to another. Both firms report identical top-line revenue. They are not remotely the same asset. A buyer underwriting Firm A has to discount for the real possibility that a meaningful share of that $5 million leaves when the founders do. A buyer underwriting Firm B is underwriting cash flow that has already demonstrated it survives a transition. That difference in perceived risk is exactly what separates a firm that trades at a discount from one that trades at a premium — before either firm grows another dollar of revenue.

Why Private Equity Keeps Buying Enterprise Firms

That pattern is reinforced by where deal capital is actually flowing. ECHELON Partners' 2025 RIA M&A Deal Report — the industry's benchmark tracker of wealth management transactions — found that financial sponsors, combining direct private equity acquisitions with sponsor-backed strategic platforms, were involved in 75.8% of all 466 RIA transactions announced in 2025, even as direct PE acquisitions fell to 9.4% of deals, their lowest share in six years — a sign of how much deal capital is now concentrating in platforms rather than one-off transactions.[21] Deal volume in that same report rose 27.3% year-over-year to a record 466 transactions, with deals involving firms over $1 billion in assets climbing to a record 185 — roughly two-fifths of total volume — which lines up with the multiple data above: scale is not just where deal volume is concentrating, it is where the pricing actually sits highest.[22]

> **KEY TAKEAWAY**
>
> **Revenue tells you what a firm made last year. EBITDA tells you what's left after the firm pays for itself. Advisor Dependency Risk tells you how much of that EBITDA disappears if one person leaves. Buyers price the third number, not the first.**

PART SIX

What This Means If You're Not Building an Enterprise

BORROWING THE PARTS THAT LOWER YOUR RISK, SKIPPING THE REST

Most of this paper makes the case for institutionalizing a practice into something closer to Crestmont. That is the right move for an advisor who wants to recruit, scale, and eventually transfer a multi-advisor business. It is not the only legitimate way to run a practice, and this section is not an attempt to talk a deliberate lifestyle practice out of being one.

The useful question for a lifestyle-practice owner isn't “should I become an enterprise?” It's “which of these ideas are worth borrowing regardless of how big I ever intend to get?” A few are:

- **Document the handful of things that only exist in your head.** A one-page summary of how you run client reviews, what you tell people in a downturn, and which households need extra attention turns a sliver of personal goodwill into something a successor, an assistant, or a buyer could actually use, without changing how you run the practice day to day.
- **Build minimal succession depth, even if it's one person.** You don't need a Lead Advisor, a Senior Advisor, and an Equity Partner track. You need one person — a junior advisor, a paraplanner, even a well-trained assistant — who has met your top twenty households face to face and could keep things running for ninety days if you suddenly couldn't.
- **Decide your endgame before it decides for you.** Part One's 42% figure on written succession plans isn't mainly a statistic about large institutional firms; it's mostly a statistic about practices exactly this size. A one-page written plan, even an informal one, is the difference between a transition and an emergency.
- **Know roughly what the practice is worth, and why.** Part Three's distinction between personal and enterprise goodwill still applies at small scale. Knowing whether your value lives entirely in your own relationships, or whether some of it has already transferred to someone else, tells you what your real options are when you eventually want out, even if that's a decade away.

None of that requires a career ladder, a recruiting function, or the kind of scale Part Five describes. It requires picking the two or three ideas in this paper that lower your own risk at the lowest cost to the practice you deliberately built, and ignoring the rest. The enterprise model and the lifestyle practice are not competing answers to the same question. They are answers to two different questions about what an advisor wants out of the business, and only one of those questions is dangerous to leave unanswered.

> KEY TAKEAWAY
>
> **An enterprise and a lifestyle practice can both be the right call. What's never the right call is carrying enterprise-level succession and continuity risk inside a practice that never decided to take it on.**

PART SEVEN

Where the Enterprise Model Can Fail

THE RISKS A PITCH DECK LEAVES OUT

Everything above makes the case for the enterprise model. None of it makes the model risk-free, and a paper that only shows the upside would not be giving advisors the full picture they need to decide well. Three failure modes are real, and worth naming before anyone builds toward Crestmont.

- **Integration can destroy the goodwill it was meant to protect.** Folding an advisor and their clients into a centralized platform is a culture change, not just a paperwork change. Advisors who lose real autonomy, or clients who feel handed off to a system instead of a person, can produce exactly the attrition the model exists to prevent — just on a faster timeline and at a worse moment.
- **The second paycheck is only real if the firm actually grows.** Equity in a firm that stalls is a number on a statement, not cash. An advisor who traded a higher current payout for equity participation is underwriting the firm's future growth and leadership whether or not they have a say in either one, and that bet can go years without paying off, or fail to pay off at all.
- **A capped first paycheck is a real cost, not just a perception problem.** A talented advisor who could have built and kept a large book independently gives up real, current income for salary and participation. If the firm's growth doesn't clear that bar, the trade looks worse in hindsight than it did at hire, and the advisor has no easy way to get that upside back.

None of this argues against the enterprise model. It argues for treating it like what it is: a structural decision with real execution risk, not a comp-plan upgrade with no downside. The firms that get it right manage that risk deliberately, with real vesting schedules, real autonomy for senior advisors, and real proof of growth before asking the next advisor to make the same trade.

KEY TAKEAWAY

The enterprise model doesn't remove risk. It trades personal-goodwill risk for execution risk. The job isn't picking the option with no risk. There isn't one. It's picking the risk your firm is actually built to manage.

CONCLUSION

The Enterprise Model Is a Risk and Value Decision, Not Just a Comp Plan

FROM BUILDING A PRACTICE TO BUILDING AN INSTITUTION

Reduced to its mechanics, the enterprise model is a four-stage discipline, repeated continuously rather than executed once:

- **Build:** recruit and develop advisors inside a shared platform rather than as standalone businesses.
- **Institutionalize:** move client relationships from a single advisor to a team, converting personal goodwill into enterprise goodwill before a transition is forced.
- **Transfer:** let succession happen as a scheduled handoff inside the firm, not an emergency sale outside it.
- **Compound:** reinvest retained earnings into recruiting, technology, and acquisitions, so the next cycle of Build starts from a stronger base than the last.

The case for the enterprise advisory model doesn't rest on a single advantage, and it doesn't rest on a specific multiple. It rests on the fact that three separate, well-documented industry problems — succession risk, recruiting capacity, and a valuation ceiling tied to owner dependence — trace back to the same largest common driver: Advisor Dependency Risk. The enterprise structure is a systematic, repeatable program for driving that risk down, advisor by advisor, year by year, and the deal market has already told us how it prices the difference.

The objective of the enterprise model is not to maximize any single advisor's payout. It is to maximize what the enterprise itself is worth — and, by extension, what every equity holder inside it eventually walks away with.

A book of business is worth what it produced last year.
An enterprise is worth what it can produce without you.

WHERE DO YOU STAND?

A Five-Minute Gut Check, and an Invitation

Everything in this paper reduces to one question for your own practice: how much of what you have built depends on you personally showing up tomorrow? Five questions get at it directly. There are no trick answers, and a deliberate lifestyle practice can reasonably answer “no” to several of these and still be exactly the business its owner wants. What matters is whether the answer was chosen or inherited by default.

- ☐ If you were unexpectedly out for 90 days starting tomorrow, is there someone who already knows your top twenty households by name and could keep their accounts running without calling you?
- ☐ Could someone else in your firm run a client review meeting today using only what you have actually written down, not what is in your head?
- ☐ If you tried to sell or transition the practice tomorrow, is a buyer pricing your revenue, or pricing you?
- ☐ Has anyone you have hired in the last three years joined with a salary and a service team behind them, or with a phone and a list of names to call?
- ☐ Do you know roughly what your practice is worth today, in a multiple you could defend to a buyer, and what specifically would move that number?

Proso Capital works with advisors and firm leaders on exactly this decision: assessing where Advisor Dependency Risk actually sits in a practice today, and building whichever structure — succession, recruiting, or growth — moves it in the direction that owner has chosen. Not every answer above should point toward Crestmont. Every answer above should be a choice, not a default.

Talk to Proso Capital

If two or more of the questions above landed on “no” or “not sure,” that is worth a confidential conversation.

Talk It Through With Paul →

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