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RIA Succession

DESIGNING THE ENDURING RIA

THE FOUR COURNERSTONES THAT PUT RESILIENCE OVER ROLL-UPS & RE-CENTER RELATIONSHIPS.

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Executive Summary

If you need proof the RIA industry is at an inflection point, you need only look at the mergers & acquisitions beat of any industry publication. The pressure to consolidate has never been higher with rising valuations, disruptive technology changes, and the looming talent scarcity, to say nothing of evolving client expectations.

Despite growing consolidation, there are nearly 16,000 Registered Investment Advisors firms active as of 2025. While we all know the few behemoths at the top and admire the scrappy entrepreneurialism of the new shops pushing technology and niches to new heights, there's a gap in the middle that is often overlooked.

Firms between $250M-$1B AUM are wedged between two truths: they've become too large to stay simple, but aren't quite large enough to absorb the inefficiencies of a growing team or leadership gaps. The solution? If you believe what you see platformed at industry conferences lately you may believe the only option is to sell.

This whitepaper introduces a different, comprehensive framework: the four pillars of an enduring RIA: client care, leadership, governance & ownership.

MEET THE AUTHOR: CHRIS KERCKHOFF

Chris joined Plancorp in 1997 after graduating from Kelley Business School. Starting as one of five employees, he became an Advisor and eventually President in 2010, overseeing a successful succession plan and leading the firm to organically grow from $1B to over $8B AUM by 2026. He attributes this growth to blending the founding generation's wisdom with the innovation of over 85 employees. He serves on the boards of Plancorp and BrightPlan, and is active in St. Louis charities. In his free time, he enjoys spending time with his family skiing, sports and studying geopolitical issues.

Why now?

Industry Context

Start ⟶ Scale ⟶ Maximize ⟶ Sell?

This guide focuses on “the middle” of the industry, but I’d be remiss if I didn’t mention the pressure to sell is hitting firms earlier and earlier in their lifecycle. Ask the leaders at firms what happened once they topped $100m under management. The relatable flow of emails and cold calls from consolidators and M&A consultants is equally flattering as it is annoying. The cornerstones still apply to this group, but with more time to plan.

Mid-sized RIAs—those managing between $500 million and $1 billion in assets—are operating in one of the most complex and fast-evolving environments the industry has ever seen. While these firms have moved well beyond the simplicity and flexibility of a small practice, they often lack the deep infrastructure of larger national organizations. This middle-market gap is becoming increasingly visible as the forces reshaping wealth management accelerate, and the consolidation conversation is leaving a lot of important factors out.

Consolidation continues at record pace, fueled by private equity capital and the promise of outsized valuations. This dynamic has created inflated expectations—particularly for firms in the middle tier—and added new pressure to “grow fast or get left behind.” Yet behind the headlines, a different story is unfolding.

Organic growth has slowed industrywide, and firms that historically relied on referrals now find that investments in marketing and client experience are no longer optional—they are strategic imperatives. Simultaneously, advisors working within consolidators increasingly report declines in autonomy, cultural cohesion, and sense of purpose. The very attributes that once defined independent RIAs—control, clarity of mission, and deep client relationships—are being eroded in pursuit of scale.

At the same time, regulatory and compliance demands continue to intensify. Founder-led firms often hit complexity ceilings where the skills, systems, and workflows that supported early-stage success no longer sustain the enterprise. Add to this the escalating competition for talent: firms are being forced to rethink compensation models, equity pathways, and leadership development to attract and retain the next generation of advisors. For many mid-sized RIAs, the question is no longer whether change is needed but how quickly they can evolve without jeopardizing the culture and client care that fueled their growth.

Common Vulnerabilities

Within this context, several structural vulnerabilities consistently surface for RIAs in the $500M–$1B range. Many experience bottlenecks at the founder or principal level, where key decisions, relationships, and institutional knowledge remain centralized. As the firm grows, this concentration of responsibility begins to constrain capacity, limit adaptability, and create risk.

Client experience often becomes uneven across advisors, especially when values and expectations are not codified into consistent processes. Without documented workflows, formal governance structures, or scalable organizational design, small inefficiencies multiply into larger systemic issues. Day-to-day operations become more fragile, and decision-making becomes more reactive.

Ownership structures at this stage are typically narrow and concentrated among one or two senior leaders with no clear transition plan. This may not be intentional, as governance may have been set years ago without review, but it can discourage rising professionals who want a long-term future with the firm and makes internal succession far more difficult. Meanwhile, competition for next-gen talent is fierce—firms without a defined growth path or leadership development program struggle to attract and retain high-caliber advisors.

Ultimately, these vulnerabilities create a widening gap between where the firm is today and what is required to thrive in the next decade. The ability to close that gap—to build a foundation that supports resilience, independence, and sustainable growth—begins with acknowledging these pressures and intentionally designing for a more durable future.

Key Takeaways

- The industry is at an inflection point, but axioms of running a business remain.
- Growth comes with unique challenges that not all firms survive.
- PE & ballooning valuations have small and mid-size firms believing their only option is to sell to the highest bidder, but alternatives are emerging.

Our industry isn't the first to cycle through consolidation, and we won't be the last. Consider the cycle banking went through starting in the 90's when banks transformed from local institutions to regional and national powerhouses. Even with enormous players in the game, regional and specialty institutions still exist and thrive, serving unique populations as independent players. That said, there are real challenges of operating in this type of marketplace in that middle gap.

The Framework for Sustainable, Enduring firms

As mid-sized RIAs mature, the strategies that fueled early success often begin to strain under increased complexity. Firms that once relied on founder intuition, informal processes, and strong individual advisors now need intentional structure, shared leadership, and consistent client experience to keep growing.

The following framework outlines the four cornerstones required to build a resilient, scalable, and truly enduring advisory firm.

CORNERSTONE 1: CLIENT CARE

Client care is the foundation on which trust, loyalty, and long-term enterprise value are built. Yet as firms expand, the client experience often becomes inconsistent unless it is intentionally defined and documented. Even worse, when succession comes up, client care can get buried beneath the weight of maximizing multiples, no matter who's buying.

By contrast, enduring firms establish:

- Clear, repeatable service standards for every client
- Defined communication and review cadences
- Scalable workflows that prevent over- or under-servicing*
- Training and development pathways that equip next-gen advisors

Formalizing client care ensures consistency, protects the brand, and creates capacity as the firm grows. Advisors reinventing the wheel every time they meet a new client is not scalable, and inconsistent experience stifles referrals that generate growth.

Additionally, I believe enduring firms establish the client experience as part of their key differentiators. Why is that important? If you continue to grow on your own and acquire new advisors or new firms, an established baseline of client care becomes a platform to grow upon. If you eventually decide to merge into another firm, a strong client experience is an integral part of the acquisition.

*If you aren't investing in technology that enhances either the advisor experience or the client experience, you're likely focused on the wrong thing.

CORNERSTONE 2: Leadership

Growth introduces operational and managerial challenges that require dedicated leadership—not just strong advisors. Once a firm approaches 20–30 team members, leadership must shift from a part-time responsibility to a core role focused on building and running the business itself.

Where many firms misstep is prioritizing these leadership roles incorrectly, rushing to fill executive seats before there is scale to justify it, or lingering in the mindset of everyone needing to wear multiple hats for too long. It's a great example of what got you here won't necessarily get you there. The scrappy entrepreneurial "I'll do whatever the firm needs" mindset is critical to launch, but becomes a hinderance at the mid-size level.

Effective leadership drives:

- **Day-to-day operations and** accountability and execution across teams
- Clear prioritization and communication
- Compliance, risk, and operational discipline
- Sustainable progress on strategic initiatives

Whether promoted from within or hired externally, **leadership capacity** is often the biggest determinant of whether a firm can scale without losing its identity.

CORNERSTONE 3: Governance

Governance is the quiet engine behind stable, high-functioning firms. As soon as a firm has more than one owner, there must be clarity around how decisions are made, who has authority, and how disagreements are resolved.

Strong governance defines:

- Which decisions belong to ownership vs. leadership
- How new partners are added
- How partner retirement, exit, or buyouts are handled
- The process for major financial, strategic, or structural decisions

Good governance eliminates reactive decision-making, reduces internal friction, and keeps the firm aligned on long-term direction—especially during periods of stress or transition. The mistake I see many firms make is waiting too long to establish governance or mixing what should be leadership into governance, creating confusion instead of clarity. Multi-billion dollar firms with no governing board or a board made up only of employees may be missing out on the benefits and therefore stalling their long-term growth.

CORNERSTONE 4: Ownership

Ownership may receive the most attention in today's valuation-driven environment, but I wouldn't put it at the top of your priority list. Without strong client care, leadership, and governance, ownership transitions become fragile or financially untenable.

The trap I see many smaller firms fall into is thinking ownership is a substitute for solid leadership and governance. Just like how multi-tasking can degrade the quality of individual tasks, trying to force ownership to solve the problems of governance or leadership is short-sighted.

Healthy ownership structures create:

- Clear pathways for next-generation equity
- Incentives for long-term retention and stewardship
- Multi-generational continuity
- Fair liquidity opportunities that don't require a sale
- **Alignment among all shareholders around purpose rather than short-term gain**

Thoughtful ownership planning gives firms true optionality: the ability to stay independent, pursue an internal succession, or choose a transaction on their own terms. The worst outcome is to neglect one or more of the cornerstones and then get forced into a position to sell as a fix.

Are These Really Different? The Conflation Risk

I've refined my thinking on this subject based on our first-hand experience at Plancorp while witnessing the consolidation of the industry. One of the most common things I hear when I share the cornerstones is whether things like leadership and governance are truly different or should be separate functions.

For example, at first glance, leadership and governance appear closely related. Both involve decision-making, accountability, and direction. In practice, however, they serve fundamentally different purposes within an advisory firm—and conflating them often undermines both. If leadership is concerned with how the firm operates day-to-day and who is accountable, governance is focused on who has authority to make those decisions. Leadership drives, Governance sets the rules of the road.

- Failing to establish a scalable level of client care is an early mistake to avoid.
- Leadership and governance considerations should be separate if you have more than one owner.
- Setting these cornerstones early can help build alignment around the long-term vision and value, not a short-term need.

The RIA Maturity Lifecycle

Understanding your lifecycle stage can help you identify what you need to focus on now and preparing for in the near future. Keep in mind that you may be in a stage one firm but addressing the succession of a founding partner or some other concern that benefits from a more advanced cornerstone. This is common, but the

Stage 1: Craft Practice (>10 employees)

- Firms at this stage typically have fewer than 10 employees and are still founder-centric. They may rely on informal processes, pulling on personal relationships, and everyone is wearing a lot of hats. They're most flexible, but also lack scale.

Stage 2: Early Firm (10-25 employees)

- You'll know you've hit this stage when you somewhat regularly hire to keep up with growth and the founder starts to shed some of their hats to focus on leadership. Strain begins to show up in the form of defining the client experience and questions arise about career path and longer-term opportunities. Leadership has been identified but maybe not fully formalized and you're likely considering expanding ownership to retain talent.

Stage 3: Growing Enterprise (25-74 employees)

- If you've hit the 25 employee mark, you're likely starting each year with specific goals on professional roles you'd like to fill like HR, technology, and marketing. The need for dedicated leadership is no longer a question, but a necessity. Ideally you're documenting your client experiene and holding the team accountable and identifying the right balance between leadership and governance.

Stage 4: Enduring Organization (75+ employees)

- At 50 employees, you should be entering a new phase of exhibiting many if not all of the cornerstones. You have dedicated leadership, expanded ownership with a path for more, established governance, and a scalable client care platform. In a world dominated by firms with thousands of employees this may seem small, but the reality is a firm with 50 employees needs these cornerstones to avoid a forced sale.

Reality Check:

- Where do you fall in the lifecycle breakdown?
- Have you established the cornerstones expected for your stage?
- Look to the stage ahead of you. Are you on a roadmap to get to that stage within the next 2-3 years if growth continues? What's holding you back?

Self-Assessment:

All of this sounds great, but how do you know where you stand? This is a simple five part self-assessment to help you level set whether your firm is ready to endure. Rate you and your firm on a scale of 1-5 where 1 is not true at all and 5 is very true.

Client Care & Continuity:
Our clients receive a consistent experience regardless of their advisor. Client relationships are not dependent on a single advisor and we have clearly defined serviced. We have experienced advisor attrition and survived or expect we could.

Leadership Capacity:
The firm has leaders who spend the majority of their time working *on* the business, not just in it. Decision making doesn't regularly bottleneck with one person and strategic initiatives move forward without constant intervention with leadership responsibilities clearly defined and supported.

Governance & Decision-Making
We have clarity on which decisions belong to owners v leaders. There is a documented process for resolving disagreements among owners and major decisions are made proactively, not reactively. You could navigate an owner exit without major disruption.

Culture & Retention:
High-potential team members see a clear future with our firm. Career paths are well-defined and our culture is intentional, not assumed. We retain talent because of opportunity, not just compensation.

Ownership & Optionality
We have a clear vision for what ownership should look like in 5-10 years and a realistic path to get there with next-gen owners. Our firm has multiple long-term options (independence, internal succession, merger etc.) and we aren't relying on a future sale to solve problems.

- **Mostly 4's & 5's:** You're likely in a later lifecycle and well positioned for the future!
- **Mix of 2's & 3's**: You're likely seeing success, but carrying a lot of latent risk in the form of decision fatigue or team lynchpins.
- M**ostly 1's & 2's**: You're likely in an early lifecyle stage and rapidly approaching a complexity ceiling where growth becomes harder.

Why Resilience Matters More Than Ever

Much like we recommend diversified portfolios for clients so their financial plans are resilient in all conditions, firms must not fall into the trap of assuming our current marketplace will last forever. Consider if a client started investing in late 2009. If you tried to have a discussion with them in early 2020 about why they needed to diversify to reduce risk, they'd think you were crazy. Their experience only knows growth, but we know volatility still exists.

Truly resilient RIAs don't simply weather a storm as it comes, they intentionally build to absorb the stress. What's key to takeaway here is that **resilience is an outcome of design, not luck.** Firms that lack the structural clarity brought by the four cornerstones may be forced into reactive decision-making during a downturn. Let's dig in on the two times these weaknesses are exposed most clearly.

Market Volatility, a Level One Test

Down markets are disruptive in our industry for a variety of reasons from client experience to billing, but they also expose firm weaknesses behind the curtain as well. A down market has a way of exposing what was built to succeed versus what has just been working by circumstance. Take that prolonged bull market mentioned above, many operational and leadership gaps may remain hidden behind a green balance sheet. Revenue growth masks inefficiencies and allows key individuals to think informal decision-making is sufficient.

I call this a level one test because it puts immediate but temporary pressure on firms across multiple dimensions. Clients require more communication and reassurance at the same time revenue may be declining. Advisors and staff experience heightened stress while leadership is forced to confront difficult decisions around capacity, compensation, and investments. Past decisions regarding debt for the business may need to be re-evaluated, but there are no clear governing policies to reference etc.

Firms that lack clearly defined leadership roles, consistent client care, and operate with a governing body focused on long-term stability can seriously struggle if market volatility is prolonged. By contrast, firms built with the four cornerstones in mind respond differently. When leadership responsibilities are defined and supported by firm governance, the process and mindset is usually already in place to handle the disruption as well as provide the path for decision-making as needed.

Volatility does not create these outcomes, but it does reveal them.

Transitions, the Ultimate Stress Test

If market cycles test resilience, transitions test durability. Leadership changes, partner retirements, ownership shifts, and succession events introduce a level of complexity that no amount of organic growth can compensate for. These moments force firms to confront questions they may have deferred for years:

- What happens to clients, employees, and equity when a key individual steps aside?
- Who is empowered to decide?
- How are disagreements resolved?

For many mid-sized RIAs, transitions are where structural weaknesses become most visible. Without formal governance, decisions become personal rather than procedural. Without leadership depth, operational responsibility falls back on founders who may already be preparing to step away. Without clear ownership frameworks, uncertainty spreads—often first among high-potential next-generation advisors who are evaluating whether the firm truly offers a long-term future.

Well-designed firms experience transitions very differently. Governance frameworks provide clarity before emotions enter the equation, establishing processes for partner exits, ownership transfers, and strategic decisions long before they are needed. Leadership teams are prepared to absorb responsibility without disruption to clients or staff. Client experience remains stable, even as internal roles evolve behind the scenes.

Importantly, successful transitions do not rely on goodwill or heroics. They rely on intentional design. Firms that plan for transitions as a matter of course—not as an exception—are able to move through them with confidence, continuity, and minimal disruption. In doing so, they preserve culture, protect enterprise value, and reinforce trust with both clients and employees.

Ultimately, transitions are not moments to be feared; they are moments that reveal whether a firm was built to endure.

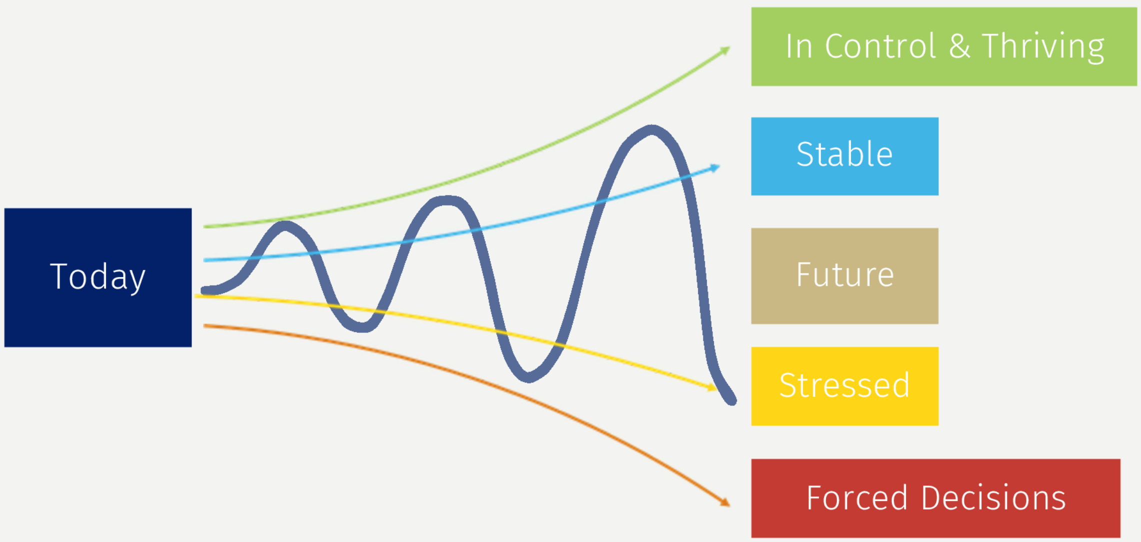
Personal Reflection

Think critically about the last few instances of market volatility. Did they add additional stress to your operating model? Were you prepared to move quickly on supporting clients?

What if the volatility lasted for more than a few weeks? Would a correction like Covid, the Financial Crisis, or the Dot Com Bubble change your response? Did you feel pressured to make short-term decisions that weren’t aligned with your long-term vision?

Who's Driving Your Next Decision?

When I speak with leaders at firms who are putting off one or more of the cornerstones for whatever reason, I tend to ask them **how long are you prepared to wait to be fully in control of the firm's future?** Through inaction you can drift into the future unsure if you'll end up in a position you're stressed or forced into decisions as a reaction. Comparatively, you can invest the time now to drive outcomes that leave you in control of your destiny for you, your team, and your clients.



What Creates Optionality?

It may sound complex at the onset, but the four cornerstones are designed to drive long-term thinking by aligning incentives across all groups. With distributed ownership and strong governance, firm leaders can make difficult short-term decisions that support long-term health with more confidence. Front line advisors can continue to focus on client care knowing firm strategy is on track.

Your goal should be to set up the system to facilitate prioritizing durability over urgency.

It's easy to delay working on the cornerstones out of fear. Will this uncover a need for a capital partner? A different succession path? It's normal to feel worried about this, but remember that whatever the outcome is, it's clarity, not a failure. The only way to fail is to do nothing and get forced into a situation down the road.

A resilient firm can remain independent, execute an internal succession with confidence, participate in selective M&A or identify strategic partnerships. In short, you're preserving your options instead of being rushed toward the fastest exit.

Grow Fast, Sell Fast: What the Industry is Getting Wrong

The promise of rapid growth and premium valuation has reshaped the advisory landscape – but often at a cost that is only visible after the transaction closed. Here are the four key ways I've seen post-sale regret surface.

1. **Culture:** Many strike out on their own to create a culture they feel fully connected to. You can lose track of that culture in a rush to maximize value and sell to the highest bidder where assimilation isn't something you can negotiate.
2. **Client Experience:** Advisor churn can disrupt trust while you grow without guidance. Never setting the standard of care along the way can result in a fractured experience that is hard to scale, and most critically, an acquiring firm may not share the approach your clients deserve.
3. **Founder Burnout**: Growth without the structure of the cornerstones can lead founders to burnout and then rush to a sale that may leave them trapped in a deal tied to their personal financial needs.
4. **Post-Acquisition Turnover:** If you take the sell path, you and any other owners will be tied to the new firm, but other client-facing advisors may decide to leave rather than lose their autonomy or familiar practice, risking relationships.

All of these boil down to a forced loss of independence and identity, things that can be avoided by adopting the four cornerstones early. You may still end up at a table looking to sell, but in a position to choose your ideal path. Said another way, don't build to sell, build to sustain, and it will benefit you no matter how things change.

Prioritizing People Fuels Resilience

Resilient firms know client and employee care are not 'soft' priorities, but serve as backing for your durability and long-term value. How valuable can a firm really be if they risk a large portion of their client base every time the S&P dips in the red? **Client care isn't a cost center**. It's the centerpiece of your firm's core purpose and the backbone of the ability to continue growth.

Similarly, employee experience is a critical aspect of navigating through the 'mid-market' zone. There's a reason there's a ton of very small firms, few behemoths at the top, and a gulf in the middle. That is when the operational strain of needing career paths and defined paths to ownership become critical.

A key struggle for leaders of firms in the middle is identifying how to connect their growing teams into a mission. A mission-aligned employee on a stable career path at a growing firm is how RIA value is created.

Conclusion: What's Next?

Most advisory firms don't fail because of poor intentions, lack of talent, or insufficient demand. They struggle because growth introduces complexity faster than structure evolves. What once worked intuitively becomes fragile at scale. Leadership stretches thin. Decisions slow. Culture becomes assumed rather than reinforced. None of this reflects a lack of success—it reflects success outgrowing its original design.

The purpose of this paper is not to suggest that there is one "right" path forward, or that every firm should pursue the same outcome. Rather, it is an invitation to step back and look honestly at how your firm is built today—and whether that design supports the future you want to create.

Firms that endure over decades share a common discipline: they evaluate themselves with clarity, not defensiveness.

They are willing to distinguish between what is working because conditions are favorable and what will continue working when conditions change. They recognize that client care, leadership, governance, and ownership are not independent decisions, but interconnected choices that shape resilience, culture, and optionality over time.

This kind of reflection is not about being harsh or self-critical. It is about stewardship. It is about asking whether responsibility is distributed appropriately, whether next-generation leaders can see a future, whether clients would experience continuity through change, and whether the firm can absorb growth, transition, or disruption.

Importantly, independence does not require isolation. Many firms reach a point where their aspirations—to better serve clients, to protect culture, to develop people, or to plan for succession—exceed the capacity of their current structure. At that stage, the most thoughtful leaders do not ask how long they can hold everything together alone. They ask how to strengthen the foundation beneath what they've already built.

Whether the next chapter involves remaining fully independent, pursuing internal succession, or exploring partnership, the strongest outcomes come from intentional design—not urgency. Because the world continues to change, the work of building an enduring advisory firm is never truly finished. But firms that commit to reflection, alignment, and thoughtful structure put themselves in the best position to succeed—no matter what the future brings.

Want to keep the conversation going?

The RIA industry is unique in it's collegiality. I've found it incredibly helpful to meet with leaders at firms of all sizes throughout my tenure to talk shop, share stories, and learn. Whether succession is on your mind in the near term or not, I'd love to meet.

Use this link to schedule time with me directly. I'm always happy to share my experience and more about our unique approach to scale.

Learn more about the firm at plancorp.com.

The Plancorp Succession Story

Today Plancorp has over 25 employee shareholders, two outside minority capital partners, and a strong second generation of firm leadership ready to scale through acquisition. That story began over 15 years ago when the founding group of 3 partners began their succession journey by naming a new CEO, Chris Kerckhoff. Plancorp has since organically grown from $1B in 2010 to managing more than $8.5B today.

While growth is important, the Plancorp perspective has prioritized building what we see as an enduring firm using the four cornerstones, thoughtfully making decisions for the long-term success of our team, clients, and shareholder group.

Succession

DESIGNING THE ENDURING RIA

PLANCORP®
Your Financial Life Advocate.