

# Phasing Into Ownership

An Advisory Firm's Journey



  
PPCLOAN®



For more than thirty years, Financial Synergies Wealth Advisors has served the financial needs of individuals, families, and businesses from around the world. Many of the advisors “grew up” in the business, joining founder Mike Booker as interns in college and eventually transitioning to full-fledged advisors capable of helping Mike lead the firm. After ten years with the firm, Heath Hightower and his colleagues were able to earn ownership in the firm through bonus compensation. But as the firm grew, so did the capital requirements necessary to continue transferring equity ownership to the junior partners.

## Need for Capital

As Hightower explains, “In order to purchase the next percentage of the business, we would have to borrow.” But Hightower and his colleagues came against an issue that many advisors face. “Because our value was in our client relationships, we didn’t have business collateral or assets you would normally use to secure a loan. So we couldn’t go to a traditional lender.” They spoke with colleagues they trusted, who directed them to PPC LOAN.



## Funding Opportunity

### Lending Partner Who “Gets It”

“PPC recognized the stability of a business like ours,” says Hightower. “We had revenue and we had clients that were sticky.” PPC LOAN’s experience working with financial advisors allowed them to see the value in the firm and structure loan terms that made sense. “We did speak to another lender,” adds Hightower, “but PPC LOAN was able to offer us a 10 year term while the other lender could only offer us 7. We thought that would give us better flexibility.” Hightower explained how the longer loan term “helped with the payments so much so that we could remain cash flow positive on the note day one. It’s nice to start off in a place where you’re slightly positive.”

### The Process

Hightower and his colleagues engaged with PPC LOAN, who requested tax returns, background information, and other key documents. Due to the nature of the transaction, they also had to involve the firm’s founder, Mike Booker. “They were good to him,” notes Hightower, “and answered all of his questions.”

## Making It Happen

It was a sizeable loan and for many advisory firms, traditional banks or local lenders are not an option as they lack the understanding of how these businesses are operated and valued. Furthermore, the absence of tangible assets available for collateral is typically the largest hurdle to overcome if you aren’t working with a specialty lender. Fortunately, “PPC LOAN knew exactly what needed to be done and they made it happen.” adds Hightower. “And that’s what we needed was someone who understood our business and would do everything possible.” When thinking about how the loan has impacted the practice, Hightower says, “Its really gotten us to the next stage.”

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## A Path To Firm Ownership

### Opportunities for Young Advisors

Hightower shared the opportunities available to young advisors looking to buy an ownership stake in their firm. "When it comes to ownership structure, compensation, everyone is really different." Hightower and his colleagues were able to earn ownership in the firm, but as the firm grew, so did the cost to purchase the remaining shares. "You don't always need to do financing," notes Hightower. "But this worked really well for us because it made the transaction really clean. Mike was paid once and didn't have to worry about a pay-out over time."

***"I will be calling PPC LOAN to help us with that next level transaction."***

Having an ownership stake in the business changed the game for Hightower and his colleagues. "I'll tell you as an owner, you definitely think differently. Once we had some skin in the game we've gotten more aggressive with our marketing and prospecting. Now our prospect list is several pages long."

### Looking Ahead

"This continues to be a big part of our business plan," shares Hightower. "We will eventually transition to junior partners and other key employees. So we have a more complicated transaction ahead of us."



When asked how they plan to handle future transitions, Hightower states, "I will be calling PPC LOAN to help us with that next level transaction."

Financial Synergies Wealth Advisors is a fee-only Financial Advisor in Houston, TX. They specialize in wealth management services, including comprehensive financial planning and investment management. To learn more about them visit [finsyn.com](http://finsyn.com).

# Looking for a NextGen Loan?

Are you considering buying an equity interest or acquiring more equity in your investment advisory firm? Whether you're an employee or part-owner of the firm, equity financing can equip you with the flexibility to increase ownership in the business without becoming strapped for cash.

PPC LOAN's **NextGen Loans™** allow you to grow your stake in the firm while maintaining a strong financial base. Our team works with you to design a personalized solution that complements your purchase goals - be it partial equity or a complete partner buy-out. So if you are looking at a one-time equity purchase or have ongoing needs for future equity purchases, we can be the capital partner you can count on.

Conversely, if you own an investment advisory firm and you want to sell your business, we can help facilitate succession planning. Our investment advisor funding experts take the time to learn about your firm and recommend financing strategies that can prepare the new owner for a seamless transaction while preserving the legacy of your achievement.

## Faster path to financing

We strive to get you funding quickly. Our investment advisor funding experts have the knowledge and experience to help you acquire the equity you need.

## Tailored approach

Traditional banks rarely understand an advisor's business. But at PPC LOAN, we understand your business and can tailor a financing package to suit your specific needs.

## Reasonable rates and flexible loan terms

We offer competitive rates paired with flexible loan terms designed to meet the unique needs of your firm and the deal.

Learn more and apply by visiting

<https://investment-advisors.ppcloan.com/service-offered/internal-equity/>

## About PPC LOAN

PPC LOAN has been serving financial advisors since 2007. We offer competitive rates and flexible financing for a variety of needs. We are committed to your firm's success, which is why our specialists ensure the quality of your financing option is second-to-none. Transparency underpins every interaction you have with PPC LOAN. We're upfront with you about any concerns or issues that might emerge, because we value the trust you place in us. Let us be your lending partner and help your practice grow.



Contact us today to learn more. | [www.ppcloan.com](http://www.ppcloan.com) | 800.456.2779