

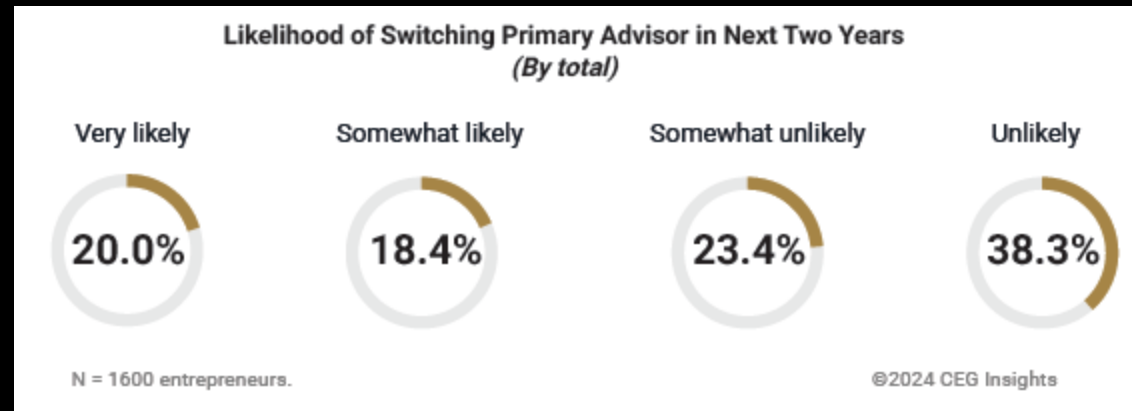
# **The Winning Edge:** **Attracting and Retaining** **High-Net-Worth** **Entrepreneurs**

Unlocking the Potential of the Affluent  
Entrepreneurial Market



# The Entrepreneur's Advisory Market

## Assessing the Shift in Financial Advisor Relations

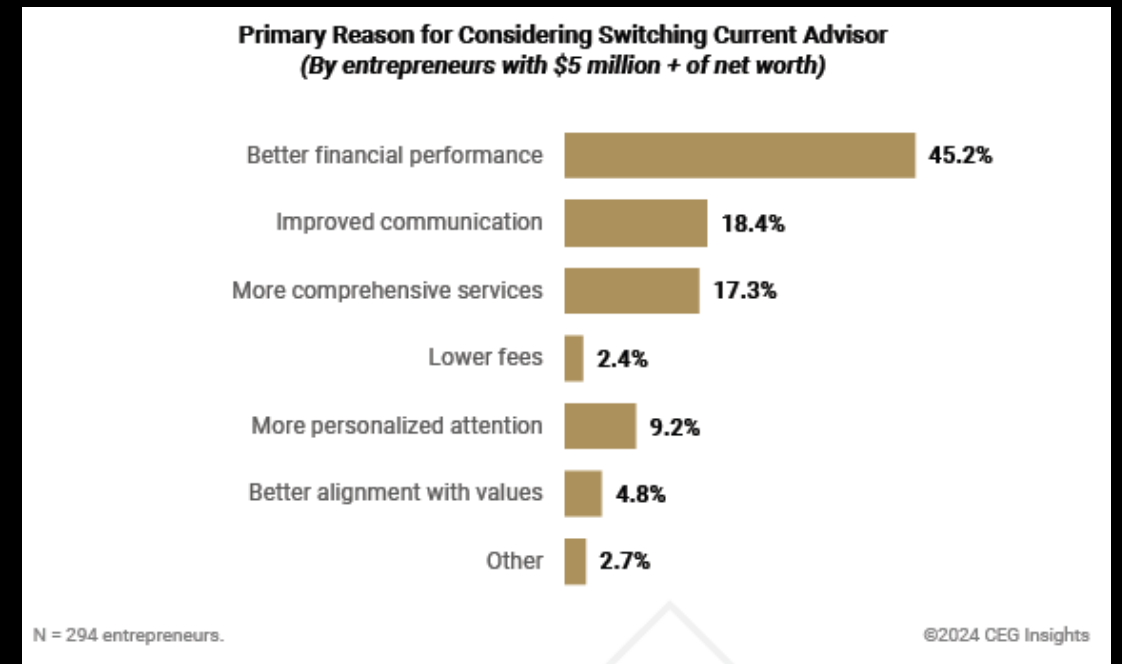


- **Client Dynamics:** 20% of high-net-worth entrepreneurs will likely switch advisors in the next two years, highlighting the evolving nature of these relationships.
- **Growth Opportunity:** This presents a significant opportunity for financial advisors to grow their practice by attracting entrepreneurs seeking change.
- **Strategic Positioning:** Advisors must position their services to capture the interest of entrepreneurs looking for superior advisory experiences.
- **Drivers for Change:** Understanding the motivations behind entrepreneurs' likelihood to switch advisors is crucial for effectively addressing these factors.
- **Building Trust:** Financial advisors must build trust and demonstrate value to retain their entrepreneur clients and prevent switches.

# Entrepreneurs are Seeking Superior Services

## Key Drivers for Considering a Switch in Financial Advisors

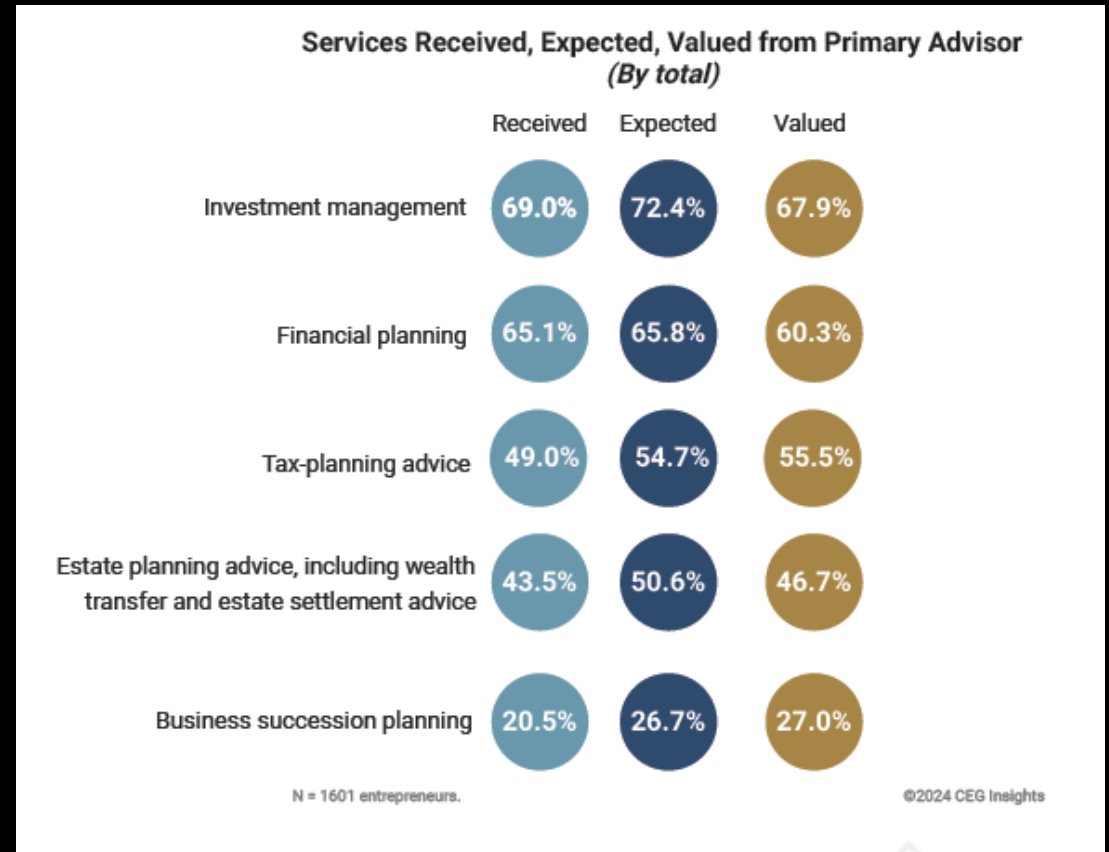
- **Financial Performance:** Better financial performance tops the list at 45.2%, indicating entrepreneurs' focus on investment results.
- **Communication is Key:** Improved communication (18.4%) and more personalized attention (9.2%) highlight the importance of effective advisor-client relationships.
- **Comprehensive Offerings:** More comprehensive services (17.3%) emphasize the need for advisors to provide a wide range of solutions.
- **Cost Considerations:** Lower fees (2.4%) play a relatively minor role, suggesting entrepreneurs prioritize value over cost.



# Bridging the Gap: Aligning Advisor Services with Entrepreneur Expectations

## Key Insights into the Demand for Diverse Financial Advisory Services

- **Investment Management Takes the Lead**
  - 69.0% of entrepreneurs receive investment management services
  - 72.4% expect this service, while 67.9% consider it valuable
  - Advisors should prioritize strong investment strategies to meet expectations
- **Financial and Tax Planning Highly Valued**
  - 60.3% value financial planning, and 55.5% value tax planning advice
  - However, only 65.1% receive financial planning, and 49.0% receive tax advice
  - Opportunity for advisors to expand these offerings to align with entrepreneur needs
- **Estate Planning Advice Gap Exists**
  - 46.7% of entrepreneurs value estate planning advice
  - Yet only 43.5% report receiving this service from their primary advisor
  - Advisors can differentiate by providing comprehensive estate planning guidance
- **Business Succession Planning Often Overlooked**
  - 27.0% of entrepreneurs value business succession planning
  - But a mere 20.5% receive this service from their advisor
  - Significant opportunity for advisors to address this critical need



# Succession Planning Strategies

## Insights into Entrepreneurs' Preferred Approaches

- **Family Succession Dominates**
  - 45.1% of entrepreneurs favor passing the business to family members
  - Reflects the desire to maintain a family legacy and ensure continuity
  - Advisors should facilitate smooth transitions and help navigate family dynamics
- **Internal Succession Gains Traction**
  - 31.6% prefer self-funded internal succession, while 11.4% opt for external funding
  - Combined, internal succession is the second most popular approach
  - Advisors can assist in identifying and grooming internal talent for leadership roles
- **Sale to Third Parties Less Common**
  - Only 6.4% of entrepreneurs plan to sell their business via an investment banker
  - Asset sale (liquidation) is the least popular option at 1.7%
  - Advisors should still explore these options to ensure entrepreneurs make informed decisions
- **Unique Approaches Emerge**
  - 3.8% of entrepreneurs indicate "other" succession planning strategies
  - Highlights the need for advisors to think creatively and tailor plans to individual needs
  - Personalized guidance is crucial in navigating the complexities of succession planning

### Current Business Succession Plan (By total)

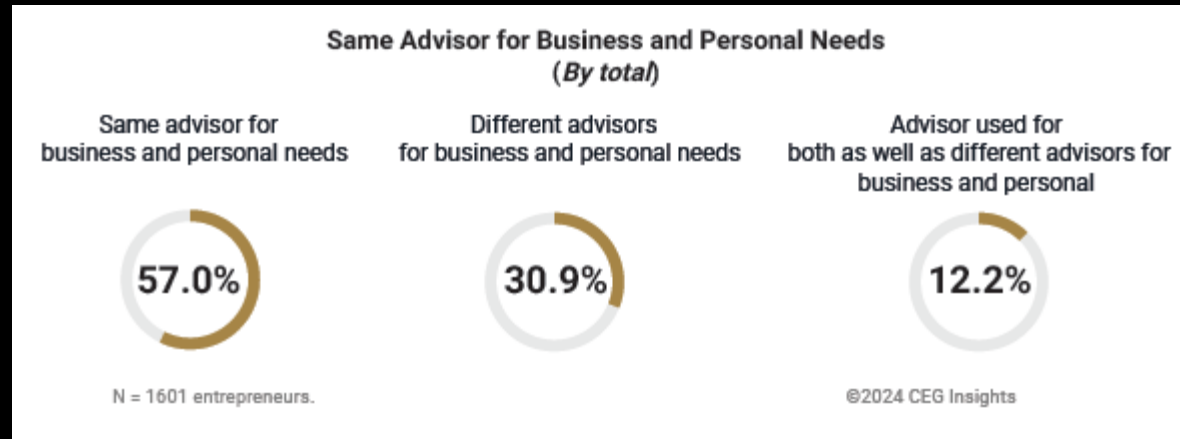
Family succession	45.1%
Internal succession (self-funded)	31.6%
Internal succession (externally funded)	11.4%
Sale via investment banker	6.4%
Asset sale (liquidation)	1.7%
Other	3.8%

N = 754 entrepreneurs.

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# Advisory Preferences of Entrepreneurs

## The Demand for Unified Personal and Business Financial Advice

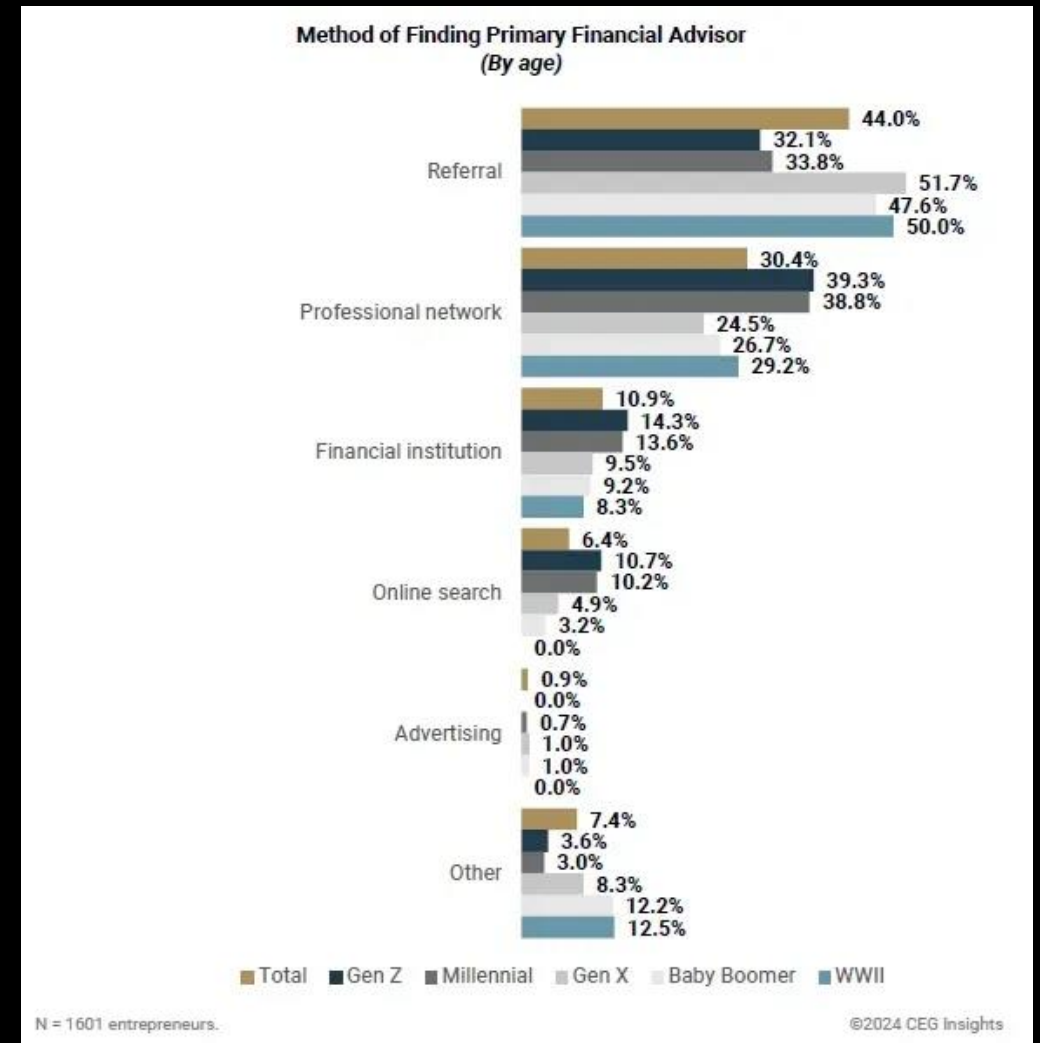


- **Single Advisor Preference:** A majority (57.0%) of entrepreneurs prefer having the same advisor for personal and business needs.
- **Separate Advisors:** 30.9% of entrepreneurs opt for different advisors for personal and business finances, suggesting a need for specialization.
- **Hybrid Approach:** 12.2% use a combination of the same advisor and different advisors for personal and business matters.
- **Integrated Planning:** The preference for a single advisor highlights the importance of offering integrated wealth planning services.

# Deciphering the Route to Engagement

## How Entrepreneurs Find Their Financial Advisor

- **Referrals Dominate Across All Ages**
  - Consistently the top method, ranging from 32.1% (Gen Z) to 51.7% (Baby Boomers)
  - Underscores the importance of building a strong reputation and referral network
- **Professional Networks Gain Traction with Younger Generations**
  - Gen Z (39.3%) and Millennials (38.8%) rely heavily on professional connections
  - Presents an opportunity for advisors to engage with younger entrepreneurs through networking events and industry associations
- **Online Search Appeals to Younger Entrepreneurs**
  - 10.7% of Gen Z and 10.2% of Millennials find advisors online
  - Highlights the need for a strong digital presence and online marketing strategies
- **Traditional Methods Less Effective with Younger Generations**
  - Financial institutions, advertising, and other methods have limited appeal to Gen Z and Millennials
  - Advisors must adapt their outreach strategies to connect with younger entrepreneurs



# The Winning Edge:

## Attracting and Retaining High-Net-Worth Entrepreneurs



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