

Improving Cash Flow

In Your Financial Advisor Practice




PPCLOAN®



During good financial times, positive revenue fueled by strong portfolios makes it easy to hide weak financial management within the firm. But those same financial mistakes and mismanagement which are unnoticeable in good times can mean life or death for a firm as cash flow becomes constricted due to fluctuating markets and unforeseen events. No matter what state the economy is in, smart advisors can employ a few tactics to improve their cash flow and strengthen the financial position of their business.

The Basics

Cash flow is simply a function of revenue in and expenses out. As long as incoming stays greater than outgoing, the firm will enjoy positive cash flow. When market fluctuations shrink client assets and reduce recurring revenue, expenses can add up quickly. In those situations there are two approaches a leader can take. One, increase incoming (revenue) or two, decrease outgoing (expenses).



Increasing Incoming (Revenue)

Bring In More Clients

The first and most obvious way to increase revenue is to increase the number of clients you serve. You can grow your client list through traditional networking and marketing efforts, but to truly accelerate the growth of your client roster its best to leverage Centers of Influence (COIs) such as CPAs and lawyers. By building referral partnerships with the professionals who are already serving your target audience, you can tap into a larger pool of clients quicker than going after clients one by one.

Engage Future Generations

Current clients have spouses and heirs that are natural referrals for the firm. Actively working to build relationships with future generations keeps the client's assets under your management, as well as brings in additional clients that will grow with the firm. Also leverage junior team members and technology to attract younger generations outside of your client's family in order to tap into the growing demand for financial services among Millennials and Generation Z.

Expand Product and Service Offerings to Existing Clients

Another way to increase revenues while expanding your value proposition at the same time is to expand the services offered to your clients. Asset Allocation is no longer a differentiator, so the ability to offer more services (i.e. financial planning, tax planning, etc.) can generate new and additional revenue streams resulting in an improved revenue per client and stickier client. As the recurring revenue stream increases, so does the value of the firm.

Decreasing Outgoing (Expenses)

Cut Expenses

Eliminating any unnecessary expenses that don't directly contribute to client acquisition or revenue generation is the first step toward reducing expenses. The most important of these are those "set it and forget it" charges such as memberships, subscriptions, and other automatic charges that can add up quickly. Often times these services are no longer needed and can be cancelled. For other fixed and recurring expenses that can't be eliminated, contact your vendors and see if you can downgrade, negotiate better terms, or find a lower cost competitor who can provide the same service or product for a better price.

Refinance Debt Obligations

Often advisors forget to look at their existing debt obligations to identify cost savings opportunities. Interest rates are always changing, and competitors are always looking for ways to gain new business. Shop around for refinancing options for both credit card debt and loans. A lower interest rate can significantly reduce your monthly debt service as well as your total debt obligation. Usually there are opportunities to consolidate your debt, which can also streamline your debt management and strengthen your relationships with a single lender.



Evaluate on a Regular Basis

Sound practice management requires that you regularly stop and evaluate your firm's expenses and revenue. An expense that was necessary a year ago might not be useful anymore. Clients who were once profitable may now be diverting time and energy away from high value clients. As your practice grows and evolves, you will need to continually evaluate how you are allocating resources and where your revenue is coming from, so you can continue to grow and scale in a profitable way.

Looking to Refinance Your Debt?

For many investment advisory firms, financing is key to expanding their business. Loans can ease financial pressure and working capital needs. But not every loan arrangement is always favorable to firm owners and their individual needs - whether it's multiple monthly repayments or higher interest fees.

Debt refinancing can be an effective strategy to safeguard your firm's financial health and drive growth at the same time. PPC LOAN's Refi Loans™ are designed to help advisors get lower interest rates and flexible loan terms.

Debt refinancing enables you to focus on what's most important: your firm. We carefully tailor our services to your firm's state of affairs through detailed analysis of your finances and debt related issues. Refi Loans™ can help your business with:

Effective debt consolidation

If you have multiple financial liabilities, we can provide a loan that consolidates them and simplifies debt repayment.

Flexible repayment terms

We can help alter the terms of your existing loan to meet your needs and reduce the negative impact on your overall cash flow.

Better business planning

With Refi Loans™ designed to support your needs, you will be able to focus on your firm's growth strategy - from important financial decisions to operational changes.

Learn more and apply by visiting

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

About PPC LOAN

PPC LOAN has been serving financial advisors since 1998. 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.



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