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SUCCESSION & GROWTH · PERSPECTIVES

What is this "like-mindedness" everyone keeps talking about?

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In South Africa we have an ageing advisor profession needing succession solutions, and thriving financial practices needing growth partnership. Ask an IFA what matters most in choosing that partner and the answer that comes up again and again is "like-mindedness".

But what does that actually mean? And how do you assess it when your team, your clients and your hard-earned reputation are all riding on the answer?

In my work supporting IFAs with succession and growth, I've found it comes down to three things.

1 Philosophical alignment

A mismatch here is usually fatal. If you've spent decades telling clients that you believe you can give them better advice because you aren't compelled to advise them to use any particular financial product, you cannot then sell to or merge with a business that compels vertical integration into its own products. To fiercely independent IFAs, that feels like selling their clients out, and the damage to their reputation with clients would be irreparable.

Independence isn't the only philosophy that needs to line up. Just as fundamental is whether a business is advice-led rather than product-led, and client first rather than asset-gathering first. A practice that measures success by the quality of advice delivered to each client sits worlds apart from one that measures it purely by assets under advice, even if both are technically independent.

In many succession conversations I have, the outcome that matters most to the IFA is not the number on the term sheet. It's whether they will still be able to hold their head up high in their community and with their clients after the transaction. Many of those clients have become life-long friends. That relationship doesn't end on the effective date of a deal.

In my experience, when philosophies don't line up, nothing else on the list ends up mattering much.

2 Trust, but the hard-edged kind

The whole underpin of a financial advisory business is being trusted. But "trust" gets interpreted in many ways, and for this purpose I find Stephen Covey's view on the Speed of Trust useful. Covey argues that trust is not only a soft social virtue but a hard economic driver: teams and businesses with high trust are more profitable over the long term.

He anchors trust in credibility, built on four pillars:

Integrity

Honesty, character, and matching actions to values.

Intent

Your motives and genuine concern for others.

Capabilities

Your talents, skills and ability to deliver.

Results

Your track record and actual performance.

Seen this way, trusting a like-minded partner isn't a fluffy feeling. It's about a partner who does what it says on the tin, over and over, to a high standard, so that you can rely on them to do the same for you. If you're tying your future to a partner, the speed of trust pays a dividend twice: once economically, and once in whether the partnership actually works day to day.

In a partnership, credibility can even be earned when something goes wrong. Everyone will at some point make a mistake or drop a ball. There is enormous credibility in how that mistake is owned, repaired and prevented from happening again. A partner that learns from its worst delivery has a growth mindset, and that makes them more credible, not less.

Some of the most revealing conversations I've had with prospective partners weren't about their successes. It was hearing how they talked about a time they got it wrong.

3 Cultural compatibility

If you're going to tie your future to a partner, my measure for this one is simple: do I think we can really enjoy working together?

Taking on a succession or growth partner is scary, and the emotional side of transitioning towards retirement is always underestimated. Top IFAs are exceptional at what they do. They've built strong client bases and delivered real value in a tough market. Giving up the daily validation of being excellent at your work is genuinely hard, and taking on a new partner, even a minority one, raises an uncomfortable question: what will this mean for how much I enjoy my business?

So look at how a prospective partner actually behaves. How do they treat their team and their service providers? The best businesses I've worked with have all, at some point, chosen to "fire" a client who treated them or their staff badly.

Is their style hierarchical and dictatorial, or collaborative? Our dining table at home has no seat at the "head". It wasn't planned, but it means that when we gather with friends or family, nobody is subconsciously assigned a rank. I think about partnership the same way. Top IFAs are sturdy in the value they bring. They aren't looking for someone to come in and dictate how things are done. They're looking for a partner with specialist skills they don't have themselves, a safe pair of hands they can genuinely trust to hand things over to, who then works alongside them to drive the business forward.

Where the choice is a direct successor on a client book, there's the added question of whether your clients will gel with this person. That doesn't have to mean they'll braai together on weekends. It means: will this person do right by my clients? Will I be embarrassed because my clients have to chase them to get serviced? Does their work ethic and technical capability hold up to what my clients have come to expect?

We are wired to belong. Back in history, those who didn't belong within a tribe got eaten. So ask yourself honestly: can I see myself belonging with this team, this practice, this successor? Will we have fun together building, growing, or transitioning into retirement?

What matters less than you'd think

We tend to spend a lot of time kicking the tyres on practical matters that carry far less weight than the three above:

- Do our practices use the same CRM and tools?
- Do we use the same DFM and key platforms?
- Are we both digitised or is one of us still paper-based?

These are all solvable. Systems can be migrated and processes aligned. Philosophy, trust and culture cannot be retrofitted.

The real question

If you're considering a succession or growth partner, spend your time establishing whether you're comfortable being associated with them. Are they there to lift you and your business and leave your reputation intact? Or could their involvement become a source of friction: philosophically at odds with how you believe advice should be done, slowing the speed of trust inside your own practice, or damaging a hard-won reputation for excellence through cultural misalignment?

Top IFAs are typically exceptional at doing a lot, which usually means doing too much themselves. Taking on the wrong partner can be severely painful. Taking on the right one can be the game changer that grows your business to new heights, while having fun doing it together.

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Carmel Wealth is a long-term, collaborative capital, growth, and succession partner to leading independent financial advisory practices.

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