



Cantella Quarterly

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Keep an eye out...

for an invitation to the upcoming regional conference we're hosting on April 28th and 29th at BNY Mellon in New York City.

While this event will be held at BNY Mellon, the conference itself is clearing-firm agnostic and all advisors are encouraged to come, regardless of where you custody your business.

From the President

The problem with “hot” industry trends is that we hear about them so much we start to lose interest. But that doesn’t make them any less real.

I was grappling with this problem as I considered topics for this newsletter – I wanted to raise the issues of millennials and succession planning, but my first reaction was, “Ugh, these are just buzzwords at this point.”

But they really aren’t. These are critical and difficult issues that every advisor needs to face.

Let me give you an example. We lost two advisors this year, both unexpectedly and both far too early. One had brought his son into the business years earlier, and so his family and clients, while devastated, were able to mourn his passing without the strain of business confusion and stress.

The other, unfortunately, hadn’t implemented a succession plan. The result was a scramble to find a suitable replacement advisor to serve his clients and protect the business he had worked so hard to build.

These were both committed, hard-working advisors who had built prosperous businesses that supported their families. The legacy of each, however, will be very different.

This situation is not uncommon, and the issue will only become more pressing as we all get more gray hair. We’re seeing a rising need for younger advisors to step into our shoes, while our advisory businesses will be increasingly serving younger clients who inherit their parents’ wealth and build their own.

The question is: how can we accomplish that?

Sincerely,
Jennie Devlin
President and Chief Revenue Officer





Cantella & Co., Inc. is an independently owned, Boston-based broker/dealer and RIA that has been an innovator in the financial services industry for more than 65 years.

Founded in 1952 as a specialist on the floor of the Boston Stock Exchange, Cantella made markets in hundreds of New England-based companies and was one of the largest execution providers for institutional investors and asset owners based in Pacific Rim countries.

Always forward looking, the firm's business lines evolved to remain relevant as the landscape changed. Today, Cantella provides solutions to financial advisors, broker/dealers and RIAs. Staying true to our roots of loyalty and innovation, we continue to help our clients realize their unique visions.

Don't Fail to Plan: Succession Planning Initiatives

Reassigning a new advisor to a book of clients on the fly will result in a loss of clients. At the same time, failing to forge relationships across generations will result in attrition as wealth transfers to younger heirs.

Start with succession planning, which takes a fair amount of time and energy. An appropriate succession plan will ensure that your clients know and are comfortable with what will happen to your business in the worst case scenario – or what they can expect as you head towards retirement.

One great way to build a natural succession plan is to bring a junior advisor into your business to learn the ropes and get to know your clients and their families. This is a great time to attract talent, especially if you have existing office space a new advisor could move into.

The independent model is a natural fit for many young advisors: thanks to quotas, payout hurdles, and payout rate crunches, the wirehouse route is off-putting to many professionals. At the same time, being independent brings a fear of the unknown, especially for those new to the field.

We think a “plug and play” opportunity that gives young advisors the chance to learn the ropes and leverage an existing advisors' infrastructure could be the way forward. It builds a natural succession plan into your business, helps ensure that your clients will be served with the methodology and philosophy that you believe in, and gives a sense of guidance and structure. It can also give you the bandwidth and support to think about ways to preserve your clientele across generations.

We're working with several branches to implement these kinds of opportunities. If you're considering your future and the future of your business, we strongly encourage you to reach out. We'd be happy to provide guidance on best practices and offer a helping hand in attracting and retaining talent.

To ensure that we can provide support for your succession planning and business development initiatives, we've established a few key roles and initiatives at the home office.

What we're doing to protect your business

One of our top priorities for 2019 is to reach out to those of you without succession plans to start the process. We have the capability to navigate this, including connecting you with another Cantella advisor or seeking out a junior advisor to add to your practice. Again, this is a process that takes time – so the sooner you start, the more likely you are to have a suitable plan in place if and when it ever becomes necessary.

We've recently made two additional key hires to help support these efforts.

Meredith Shaw will be working with branch offices to prospect and transition new advisors. She's worked with independent advisors at LPL, Commonwealth, and Signator Investors, and we're very excited to welcome her to Cantella and to leverage her wealth of experience in these areas.

Kerry Tubbs will be joining us as our new Director of Marketing. His efforts will help bolster our visibility and the marketing support that we can provide to our branch offices. This doesn't just impact your visibility with prospects: a strong marketing program can help you attract talented advisors to your practice and build traction with your existing clients' heirs.

Cantella & Co., Inc. provides services to the following:

- Financial Advisors
- RIAs and Hybrid RIAs
- Broker-Dealers
- Technology Acquirers



Looking towards the future

A natural question that you might be asking yourself is what Cantella's succession plan looks like.

As you know, there is growing consolidation in the financial industry. This past year was notable for the number of acquisitions among our peers, both on the independent side and with banks selling their wealth management businesses to each other. At least 100 firms closed in 2018, many through buyouts by larger firms; even those with tens of billions of dollars under management, such as Signator, have found buyers.

This is not part of our long-term plan for Cantella

In fact, we have spent an enormous amount of time, energy, and resources to ensure that we are competitive and cutting edge – not to mention adaptive to the shifting client demographics that we'll all be facing soon.

We've invested not just in our technology and infrastructure, but in our people. From our college-age interns to our senior hires, we have a talented and committed team that can make us competitive and sustainable for the coming decades.

Cantella is in it for the long haul, and we think that this sets us apart with independent advisors, whose businesses are often very disrupted by the acquisition process. We're staying right where we are, and we're excited about the future.

As we look ahead to 2019, we're proud of the investments we've made in technology, talent, and service offerings, and we're looking forward to continuing the journey with you.