**RIA M&A Intelligence Platform - Complete Business Plan & Technical Spec**

**👤 Team & Background**

**You (Technical Co-Founder):**

* **ML Engineer with experience in data pipelines and dashboards**
* **Proficient in Python, Tableau (your existing strength), data engineering**
* **Corporate job (looking to quit for entrepreneurship)**
* **Want a "quick win" business to start entrepreneurial career**
* **Have capital to invest in startup costs**
* **Located in New York City**

**Your Dad (Domain Expert & Sales):**

* **30 years building his own RIA business**
* **Deep understanding of RIA industry dynamics and M&A signals**
* **Incredible network in the space (knows PE firms, consolidators, advisors)**
* **Can spot acquisition signals that data alone won't reveal**
* **Will be full-time on sales/business development**
* **Key Role: Trains the LLM with his expertise, then sells to his network**

**🎯 The Opportunity**

**Market Context:**

* **RIA consolidators control $1.5 trillion in assets**
* **105,887 advisors plan to retire in next decade (37.4% of industry, 41.4% of assets)**
* **PE firms and roll-up platforms desperately need quality acquisition targets**
* **Current data providers (RIA Database, FINTRX, Dakota) just show raw data - no predictive intelligence**

**The Problem We're Solving:**

**PE firms and RIA consolidators need to:**

* **Identify acquisition targets likely to sell**
* **Prioritize thousands of potential targets**
* **Understand succession risks and cultural fit**
* **Get ahead of competitors in deal flow**

**Current solutions require 40-80 hours/month of analyst time to:**

* **Download messy SEC data**
* **Clean and structure it**
* **Calculate derived metrics**
* **Read narrative documents**
* **Score and rank targets**

**💡 Our Solution: RIA M&A Intelligence Dashboard**

**Product Overview:**

**Tableau Cloud-based dashboard that combines:**

1. **Part 1 Data (Quantitative): AUM, growth, employees, geography from SEC filings**
2. **Part 2 Analysis (Qualitative): LLM-powered analysis of narrative disclosures**
3. **Combined ML Scoring: Predictive "likelihood to sell" scores (1-10)**
4. **Dad's Expert Layer: Industry insights baked into LLM system prompt**

**Two-View Dashboard Structure:**

**View 1: Market Overview (The "Shopping" View)**

**Purpose: Help buyers quickly scan the market and identify targets**

**Layout:**

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**│ FILTERS: │**

**│ State: [CA ▼] AUM: [$100M-$500M ▼] Score: [7+ ▼] │**

**│ │**

**│ SHOWING: 47 targets | Total AUM: $18.3B | Avg Score: 7.8 │**

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**│ RANKED TARGET LIST │ GEO HEATMAP │ QUICK STATS │**

**│ │ │ │**

**│ Rank | Firm | AUM | Score │ [US Map] │ [Charts] │**

**│ 1 Smith $350M 8.7 🔥 │ │ │**

**│ 2 Bay $420M 8.5 🔥 │ CA: 12 │ Score dist. │**

**│ 3 Legacy $280M 8.2 ⭐ │ NY: 8 │ AUM ranges │**

**│ ... │ TX: 6 │ │**

**│ │ │ │**

**│ [Click any firm for details→] │ │ │**

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**View 2: Individual RIA Profile (The "Due Diligence" View)**

**Purpose: Deep dive on specific target - everything buyer needs**

**Tab 1: Overview**

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**│ QUICK STATS │ AI ANALYSIS │**

**│ │ │**

**│ • Founded: 1995 │ 📊 Likelihood to Sell: HIGH (8.7) │**

**│ • Custodian: Schwab ✓ │ │**

**│ • Fee Model: AUM-based │ ✅ Strong Sell Signals: │**

**│ • Avg Client: $2.3M │ • Founder age 67, no succession │**

**│ │ • AUM declining 5% YoY │**

**│ [AUM Trend Chart] │ • Language focused on "legacy" │**

**│ [Client Growth Chart] │ │**

**│ │ ⚠️ Red Flags: │**

**│ │ • Aging client base │**

**│ │ • No tech investments │**

**│ │ │**

**│ │ 💡 Integration: EASY │**

**│ │ • Same custodian (Schwab) │**

**│ │ • Standard portfolios │**

**│ │ • 2-4 week timeline │**

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**Tab 2: Detailed Metrics**

* **Client composition breakdown**
* **Services offered**
* **Investment approach (ETFs vs. individual securities)**
* **Fee structure details**
* **Compliance history**
* **Contact information**

**Tab 3: Part 2 Insights (THE GENIUS PART - LLM Analysis with Quotes)**

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**│ NARRATIVE ANALYSIS (FROM PART 2 ADV) │**

**│ │**

**│ KEY QUOTES: ← THIS IS THE DIFFERENTIATOR │**

**│ 💬 "John Smith founded our firm in 1985 and continues to │**

**│ personally serve all client relationships..." │**

**│ 💬 "Over our 30-year history, we have built lasting │**

**│ relationships with families in the Bay Area..." │**

**│ │**

**│ SUCCESSION ANALYSIS: │**

**│ ⚠️ HIGH RISK - No succession plan mentioned, no junior │**

**│ partners identified, founder-centric language │**

**│ │**

**│ GROWTH POSTURE: │**

**│ 📉 MAINTENANCE MODE - Retrospective language, no mention of │**

**│ service expansion or technology upgrades │**

**│ │**

**│ CULTURAL FIT: │**

**│ ✅ GOOD FOR PASSIVE ACQUIRERS - Index/ETF approach │**

**│ │**

**│ ESTIMATED VALUATION: $2.8M - $4.2M │**

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**Tab 4: Deal Notes**

* **Customer's private notes and tracking**
* **Status tracking (Researching → Initial Outreach → Due Diligence)**
* **Next steps checklist**

**🚀 Competitive Advantages**

**1. LLM-Powered Part 2 Analysis with Direct Quotes**

* **Key Innovation: Pull actual quotes from Part 2 narratives**
* **Show exact language that signals exit intent**
* **"Legacy language" vs. "growth language" detection**
* **Nobody else is doing this level of text analysis**

**2. Custodian Compatibility Intelligence**

**Critical Discovery: Custodian is HUGE for M&A**

* **Same custodian = seamless integration = 20-30% valuation premium**
* **Mixed custodians = integration nightmare = discount or deal-breaker**
* **We score this explicitly and show integration complexity**

**Key custodians to track:**

* **Schwab (50% of market)**
* **Fidelity (30%)**
* **Pershing (10%)**
* **TD Ameritrade (being absorbed)**
* **Multiple/other = red flag**

**3. Investment Approach Analysis**

**From ADV Section 5.K - "Securities Issued by RICs/BDCs":**

* **High % in mutual funds/ETFs = easy integration (scalable, standard)**
* **High % in individual securities = harder (custom portfolios, advisor-dependent)**
* **Factor this into integration complexity score**

**4. ML-Powered Predictive Scoring**

* **Competitors show raw data; we predict likelihood to sell**
* **Trained on your dad's 30 years of expertise**
* **Real differentiator in market**

**5. Domain Expertise Baked In**

* **Your dad's insights on what really predicts a sale**
* **"Reading between the lines" on firm narratives**
* **Network validation of model accuracy**

**6. Curated for M&A (Not Generic Data)**

* **Not "here's 40,000 firms" - we show top 500 acquisition-ready targets**
* **Specific to buyer needs, not general purpose database**
* **Actionable intelligence, not raw data dumps**

**💰 Business Model**

**Pricing Tiers:**

**Standard: $4,000/month ($48K/year)**

* **Up to 5 users**
* **Weekly data updates**
* **Standard dashboards**
* **Email support**

**Premium: $7,500/month ($90K/year)**

* **Up to 10 users**
* **Daily updates**
* **Custom scoring models (e.g., "only Schwab custodians")**
* **Priority support**
* **Quarterly strategy calls with your dad**

**Unit Economics:**

**Costs per customer:**

* **Tableau Cloud Explorer licenses: ~$175/month (3-5 users per customer)**
* **Infrastructure/database: $50/month**
* **Total COGS: ~$225/month**

**Gross Margin:**

* **Standard: $4,000 - $225 = 94% margin**
* **Premium: $7,500 - $225 = 97% margin**

**Target: 5 customers = $25K MRR = $300K ARR (90%+ margins)**

**🛠️ Technical Architecture**

**Tech Stack:**

**Data Pipeline:**

* **Python (pandas, BeautifulSoup, requests, PyPDF2)**
* **SEC bulk CSV downloads (free, public data)**
* **PDF scraping for Part 2 narratives**
* **SQLite for local development → PostgreSQL for production**
* **OpenAI/Anthropic for LLM analysis**
* **scikit-learn/XGBoost for ML scoring**
* **Automated with Airflow/cron**

**Dashboard:**

* **Tableau Cloud (you already know it - key advantage)**
* **Direct connection to database**
* **Multi-tenant with project isolation per customer**
* **Mobile access included**
* **Your existing Tableau skills = fast execution**

**Infrastructure:**

* **Development: Local SQLite database**
* **Production: Railway or Supabase PostgreSQL (free tier, then ~$20/month)**
* **S3 for PDF storage (optional)**

**Data Processing Flow:**

1. **Download SEC ADV bulk CSVs (40,000 RIAs)**
2. **Clean and structure Part 1 data (quantitative metrics)**
3. **Download Part 2 PDFs for high-value targets**
4. **Extract text from PDFs (PyPDF2/pdfplumber)**
5. **Run LLM analysis with expert system prompt**
6. **ML scoring on quantitative features**
7. **Combine scores (40% Part 1 quant, 60% Part 2 qual)**
8. **Load to database**
9. **Tableau auto-refreshes dashboards**

**LLM Processing:**

**Time & Cost:**

* **40,000 firms × 3 sec/call = 33 hours sequential**
* **With parallel processing: 2-4 hours total**
* **Cost: ~$0.01-0.02 per firm = $400-600 one-time**
* **Monthly updates: 500 changed filings = $7.50/month**

**Smarter approach:**

* **Process high-AUM firms first ($100M+) = 8,000 firms = 30-60 min**
* **Rest of database overnight**
* **Incremental updates going forward**

**Critical: Must tune prompt BEFORE bulk processing**

* **Start with 20-30 firms dad reviews**
* **Iterate on prompt based on accuracy**
* **Validate on 100 firms**
* **THEN run bulk (don't waste $500 on bad prompt)**

**LLM System Prompt (Trained on Dad's Expertise):**

**You are an M&A advisor with 30 years of RIA experience specializing in**

**identifying acquisition targets.**

**Analyze this RIA's Form ADV Part 2 and provide:**

**1. LIKELIHOOD TO SELL SCORE (1-10)**

**- 10 = Highly motivated seller (clear exit signals)**

**- 1 = Growth mode, not interested**

**2. KEY QUOTES from Part 2 that influenced your score**

**- Extract 2-3 direct quotes showing exit signals or growth mode**

**- Use quotation marks for exact text**

**3. SUCCESSION RISK ASSESSMENT**

**- Founder age 60+ with no named successor = HIGH RISK**

**- Recent junior partner additions = LOW RISK**

**- Language: "building legacy" vs "expanding services"**

**4. GROWTH POSTURE**

**- Adding services/tech = GROWTH MODE (lower score)**

**- Maintenance language = EXIT MODE (higher score)**

**- "30-year history" = retrospective (exit signal)**

**5. INTEGRATION COMPLEXITY**

**- Custodian compatibility (Schwab/Fidelity = easy)**

**- Investment approach (ETFs = easy, custom = hard)**

**- Fee structure (clean AUM-based = easy)**

**6. RED FLAGS**

**- Disciplinary issues**

**- Complex fee structures**

**- Aging client base**

**- Multiple custodians**

**Output format: JSON with score, quotes, reasoning, red\_flags**

**📊 Critical Data Fields & Insights**

**From ADV Part 1 (Structured Data):**

**Section 5: Advisory Business (THE BIG ONE)**

* **5.D: Total AUM (discretionary vs. non-discretionary)**
* **5.E: Number of clients by type**
* **5.F: Client types (HNW, institutions, etc.)**

**Section 9: Custody (CRITICAL FOR M&A)**

* **Which custodian(s): Schwab, Fidelity, Pershing, other**
* **Multiple custodians = red flag**
* **Same as acquirer = huge value add**

**Section 5.K: Investment Types (INTEGRATION SIGNAL)**

* **% in "Securities issued by RICs/BDCs" = ETFs/mutual funds** 
  + **High % = easy integration, scalable model**
* **% in individual securities** 
  + **High % = harder integration, advisor-dependent**

**Section 11: Disciplinary History**

* **Any violations, fines, sanctions = major red flag**

**From ADV Part 2 (Narrative - LLM Extracts):**

**Item 4: Advisory Business**

* **Founder age/background**
* **Succession mentions (or lack thereof)**
* **"Legacy" language vs. "growth" language**

**Item 5: Fees and Compensation**

* **Fee schedule (premium vs. competitive)**
* **Revenue quality (AUM-based vs. commissions)**

**Item 8: Methods of Analysis**

* **Investment philosophy (passive vs. active)**
* **Cultural fit indicators**

**📅 Revised Go-to-Market Strategy**

**CRITICAL CHANGE: Prototype First, Then Engage Dad**

**Week 1: Build Impressive Prototype (Solo)**

**Goal: Working Tableau dashboard to get dad excited**

**Day 1-2: Get Real Data**

* **Download SEC bulk CSVs (all 40,000 firms)**
* **Load into SQLite database**
* **Just Part 1 data initially**

**Day 3-4: Simple Scoring Model**

**def simple\_acquisition\_score(firm):**

**score = 5 # baseline**

**# Basic rules dad would agree with:**

**if firm['num\_employees'] <= 5:**

**score += 2 # Small = easier**

**if firm['aum'] < 500\_000\_000:**

**score += 1 # Not too big**

**if firm['aum\_growth'] < 0:**

**score += 2 # Declining = motivated**

**if firm['custodian'] == 'Schwab':**

**score += 1 # Most common = easier integration**

**return min(score, 10)**

**Day 5-7: Build Tableau Dashboard**

* **Market Overview (ranked list, maps, filters)**
* **Individual Firm Profile (metrics, trends, basic analysis)**
* **Use placeholder text for "LLM analysis coming soon"**
* **Make it look professional**

**Deliverable: Working demo with real data and basic scoring**

**Week 2: Demo to Dad, THEN Get His Help**

**Monday: The Big Reveal**

***"Dad, check this out. I built a tool that scores every RIA in America for acquisition likelihood. Here are the top targets in California with your criteria..."***

**Show him:**

* **Real firm names and data**
* **Geographic filters working**
* **Scores and rankings**
* **His reaction: "This is cool! But that score is wrong for XYZ..."**
* **NOW he's engaged and wants to help**

**Tuesday-Friday: Dad Trains the LLM**

**Now that he's excited:**

1. **"Can you spend 2 hours reviewing 30 firms?"**
2. **"Tell me what signals you look for"**
3. **"What am I missing in these scores?"**
4. **Use his feedback to write LLM system prompt**
5. **Test prompt on 100 firms**
6. **Dad validates accuracy**

**Weekend: Integrate LLM Scoring**

* **Replace simple scores with LLM analysis**
* **Add "Key Quotes" feature**
* **Polish dashboard**

**Week 3: Launch & First Demos**

**Monday-Tuesday: Polish**

* **Final dashboard improvements**
* **Create demo script**
* **Sales collateral (one-pager)**

**Wednesday-Friday: Dad Starts Selling**

* **Call his network (target: 5 demos scheduled)**
* **Show working product**
* **Offer: "$2K/month pilot for first 3 customers"**

**Goal: 2-3 pilot customers by end of month**

**Week 4-8: Iterate & Close**

* **Pilot customers give feedback**
* **Improve product based on usage**
* **Dad continues demos (target: 10 more)**
* **Convert pilots to paid ($4-5K/month)**
* **Get testimonials**

**Goal by Month 2: 3-5 paying customers = $12-25K MRR**

**Week 9-12: Scale or Quit Job Decision**

**Success Metrics to Quit Job:**

* **5+ paying customers**
* **$25K+ MRR**
* **Clear pipeline of 10+ prospects**
* **Dad fully committed and closing deals**
* **Product-market fit validated**

**If below metrics:**

* **Keep iterating**
* **Don't quit yet**
* **Reassess in another 90 days**

**⚠️ Key Risks & Mitigations**

**Risk 1: Dad's Network Not Strong Enough**

* **Test early: Week 2, dad lists 20 people he can call**
* **Mitigation: Make 10 exploratory calls before building more**
* **Pivot: Partner with M&A advisors who have buyers**

**Risk 2: LLM Accuracy Insufficient**

* **Validate: Dad reviews 100 LLM outputs, needs 80%+ agreement**
* **Fallback: Manual curation of top 200 firms instead**

**Risk 3: Can't Build Fast Enough**

* **Mitigation: Ship ugly-but-working, iterate based on feedback**
* **Fallback: Hire Upwork contractor for $3-5K to accelerate**

**Risk 4: Customers Don't Use Product**

* **Monitor: Track Tableau login analytics from day 1**
* **Pivot: Add more hands-on service if self-service doesn't work**

**Risk 5: Dad Not Fully Committed**

* **Pre-validate: Have explicit conversation about time/effort before building**
* **Confirm: He can list 20 people to call RIGHT NOW**
* **Trial: 2-week test before you quit job**

**💡 Key Strategic Insights**

**Why Free ADV Data Is Valuable:**

**The Paradox:**

* **Data is free/public (SEC provides it)**
* **But processing/interpreting is HARD**
* **Most people can't turn it into intelligence**

**Your Value Chain:**

* **Data: FREE (SEC)**
* **Processing: YOU (clean, structure)**
* **Intelligence: DAD (domain expertise)**
* **Delivery: TABLEAU (easy consumption)**
* **= $5,000/month value**

**Real-world analogies:**

* **Bloomberg: Public data + tools = $24K/year**
* **Zillow: Public property records + algorithm = billions**
* **LinkedIn: Public work history + network = $26B acquisition**
* **Your product: Public ADV data + M&A intelligence = $300K ARR**

**Information vs. Intelligence:**

**Information (what exists):**

* **40,000 RIA firms in CSVs**
* **Millions of data points**
* **Complex, messy, overwhelming**
* **FREE but useless in raw form**

**Intelligence (what buyers pay for):**

* **"Top 50 firms most likely to sell to YOU"**
* **"Score 8.5 because founder is 67 with no succession"**
* **"Easy integration - same custodian"**
* **"Here's the exact quote from their ADV showing exit intent"**

**The Real Moat:**

**Not the data (anyone can download it)**

**Not the technology (LLMs are commoditized)**

**The moat is:**

1. **Dad's 30-year expertise → LLM system prompt**
2. **M&A-specific curation (deep not wide)**
3. **Custodian compatibility intelligence**
4. **Key quotes extraction from Part 2**
5. **Time savings (5 min vs. 80 hours/month)**

**🔧 Current Progress**

**Environment Setup: ✅ COMPLETE**

* **Project structure created**
* **Virtual environment configured**
* **All packages installed (pandas, sqlalchemy, openai, tableau connector, etc.)**
* **Local SQLite database set up**
* **Database schema designed**
* **Git initialized**
* **Located: C:\Users\jbsim\ML\_Projects\ria-intel**

**Next Immediate Steps:**

**TODAY:**

1. **Explore actual ADV data (understand structure)**
2. **Download SEC bulk CSVs**
3. **Load into database**

**TOMORROW: 4. Build simple scoring model 5. Connect Tableau 6. Create Market Overview dashboard**

**THIS WEEKEND: 7. Build Individual Firm Profile view 8. Add placeholder for LLM analysis 9. Demo to dad → get him excited**

**📝 Important Decisions Made**

**Technical Decisions:**

* **✅ Use Tableau Cloud (you already know it = fast execution)**
* **✅ SQLite for development (simple, local)**
* **✅ Build prototype BEFORE perfecting LLM (get dad excited first)**
* **✅ Start with simple rule-based scoring, upgrade to LLM in Week 2**
* **✅ Two-view dashboard (Market Overview + Individual Profile)**

**Business Decisions:**

* **✅ Target price: $4-7K/month (test $2K for pilots)**
* **✅ Dad is sales team (must validate his commitment)**
* **✅ Focus on M&A buyers only (not general RIA database)**
* **✅ Custodian compatibility is major feature**
* **✅ Key quotes from Part 2 = differentiator**

**Go-to-Market Decisions:**

* **✅ Build impressive prototype first (Week 1)**
* **✅ Show dad working product to get buy-in (Week 2)**
* **✅ THEN get his help training LLM (Week 2)**
* **✅ Start demos Week 3 (not earlier)**
* **✅ Don't quit job until 3+ paying customers**

**🎯 Success Criteria**

**By End of Week 1:**

* **[ ] Working Tableau dashboard with 40K firms**
* **[ ] Basic scoring model (rule-based)**
* **[ ] Can filter/sort/explore data**
* **[ ] Looks professional enough to demo**

**By End of Week 2:**

* **[ ] Dad has reviewed 30 firms**
* **[ ] LLM prompt written and tested**
* **[ ] Key quotes feature working**
* **[ ] Dad is excited and ready to sell**

**By End of Week 3:**

* **[ ] 5 customer demos completed**
* **[ ] 2-3 pilot customers signed up**
* **[ ] Product feedback collected**
* **[ ] Iteration priorities identified**

**By End of Month 3:**

* **[ ] 5+ paying customers at $4-7K/month**
* **[ ] $25K+ MRR**
* **[ ] Pipeline of 10+ prospects**
* **[ ] Ready to quit corporate job**

**🚀 The Billion-Dollar Insight**

**Your dad said: "There's a lot of useful data in Part 2"**

**What he really meant: "I can read between the lines and know who's ready to sell"**

**The opportunity:**

* **Scale his intuition with LLMs**
* **Show the actual quotes that reveal intent**
* **Automate what took him 30 years to learn**
* **= Predictive M&A intelligence that nobody else offers**

**This is your edge. This is the business.**

**END OF DOCUMENT**

***Save this entire document. Paste it at the start of any new chat to get me (or any AI) fully up to speed on your RIA M&A Intelligence Platform project.***

***User notes:***

* **Let’s make sure the LLM system prompt considers the age of the advisors.**

**SYSTEM\_PROMPT = """**

**You are an elite M&A advisor with 30 years of experience analyzing RIA (Registered Investment Advisor) firms for acquisition opportunities. Your specialty is reading between the lines of Form ADV Part 2 narratives to identify firms likely to be open to acquisition.**

**You will analyze a firm's ADV Part 2 brochure and provide comprehensive M&A intelligence.**

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**## ANALYSIS FRAMEWORK**

**### 1. FOUNDER/PRINCIPAL AGE ESTIMATION**

**Extract age signals from biographical information:**

**\*\*Look for:\*\***

**- Firm founding year: "founded in [YEAR]" or "established in [YEAR]"**

**→ Assume founder was 25-35 years old at founding**

**→ Calculate current age range**

**- Years of experience: "X years in the industry/business"**

**→ Assume started career at age 22-25**

**→ Calculate current age**

**- Education dates: "graduated from [SCHOOL] in [YEAR]"**

**→ Assume age 22-24 at graduation**

**→ Calculate current age**

**- Career milestones: "VP at [FIRM] from [YEAR] to [YEAR]"**

**→ Assume age 30-40 for VP/Partner level positions**

**→ Calculate current age from those dates**

**- Previous employment timeline**

**→ Piece together career history to estimate age**

**\*\*Output:\*\***

**- Estimated age range (e.g., "65-70", "55-60")**

**- Confidence level (HIGH/MEDIUM/LOW)**

**- Supporting evidence (quote that led to estimate)**

**\*\*Scoring Impact:\*\***

**- Age 65+ with no succession = MAJOR sell signal (+3 points)**

**- Age 60-64 with no succession = Strong sell signal (+2 points)**

**- Age 55-59 with no succession = Moderate signal (+1 point)**

**- Age 65+ WITH succession plan = Lower urgency (neutral)**

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**### 2. SUCCESSION PLANNING ASSESSMENT**

**\*\*POSITIVE SIGNALS (Succession Plan Exists):\*\***

**- Explicit mention of succession plan**

**- Named junior partners/next generation**

**- "Prepared to transition leadership to..."**

**- Ownership transition plans described**

**- Buy-sell agreements mentioned**

**- Clear continuity plan**

**\*\*NEGATIVE SIGNALS (No Succession Plan - SELL INDICATOR):\*\***

**- "Continues to personally manage all..."**

**- "Founder remains actively involved in..."**

**- No mention of succession planning**

**- No junior partners identified**

**- Only lists the founder/one principal**

**- "No plans to retire" (but founder is 60+)**

**- Silence on future leadership**

**\*\*CRITICAL RED FLAGS:\*\***

**- Age 65+ AND no succession mentioned = URGENT SELLER**

**- "Personally serves all clients" = Founder dependency**

**- Solo practitioner with no team = High exit likelihood**

**\*\*Scoring Impact:\*\***

**- No succession plan + Age 60+ = +4 points (HIGHEST SIGNAL)**

**- Explicit succession plan = -2 points (staying independent)**

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**### 3. LANGUAGE TONE ANALYSIS (Exit vs. Growth Mode)**

**\*\*EXIT MODE LANGUAGE (Retrospective, "Legacy" Focus):\*\***

**- "Our [X]-year history of..."**

**- "The legacy we've built..."**

**- "Established reputation over..."**

**- "Time-tested approach..."**

**- "Maintaining the relationships we've developed..."**

**- "Continuing our tradition of..."**

**- Past-tense heavy language**

**- Focus on what they've accomplished (not future plans)**

**\*\*GROWTH MODE LANGUAGE (Forward-looking, Expansion):\*\***

**- "Expanding our services to include..."**

**- "Recently hired [X] new advisors..."**

**- "Investing in new technology/platforms..."**

**- "Growing our client base in..."**

**- "Adding capabilities in..."**

**- "Developing new offerings..."**

**- Future-tense language**

**- Innovation and change mentioned**

**\*\*Scoring Impact:\*\***

**- Heavily retrospective language = +2 points**

**- Equal past/future balance = neutral**

**- Growth-focused language = -2 points (not selling)**

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**### 4. CLIENT NICHE & SPECIALIZATION**

**\*\*Extract:\*\***

**- Geographic concentration: "serving families in [SPECIFIC REGION]"**

**- Professional niche: "physicians", "tech executives", "retirees", "business owners"**

**- Wealth level: "typical client has $X-Y million"**

**- Client age demographic: "families ages 50-70", "retirees", "pre-retirees"**

**\*\*Strategic Value Indicators:\*\***

**- Strong geographic concentration = Easier integration (+1)**

**- Specific professional niche = Strategic fit for certain buyers**

**- AGING client base (65+) = Risk factor, reduces value (-1)**

**- Young/growing client base = More valuable asset (+1)**

**\*\*Integration Notes:\*\***

**- "Serves physicians in Boston" = Great for acquirer targeting that niche**

**- "Retirees 70+" = Aging book, attrition risk**

**- "Tech execs in SF" = High-value, younger demographic**

**---**

**### 5. INVESTMENT PHILOSOPHY & APPROACH**

**\*\*EASY INTEGRATION (Scalable, Standardized):\*\***

**- "Passive indexing approach"**

**- "Low-cost ETF portfolios"**

**- "Model-based allocation"**

**- "Primarily use mutual funds from..."**

**- "Vanguard/BlackRock index funds"**

**- % in "securities issued by investment companies" is high**

**\*\*COMPLEX INTEGRATION (Custom, Advisor-Dependent):\*\***

**- "Individual security selection"**

**- "Fundamental analysis of stocks"**

**- "Custom bond portfolios"**

**- "Actively managed strategies"**

**- "Proprietary research"**

**- Heavy use of individual securities**

**\*\*Scoring Impact:\*\***

**- ETF/index approach = +1 (easy to scale/integrate)**

**- Individual security selection = -1 (harder integration)**

**- Hybrid approach = neutral**

**\*\*Integration Complexity Notes:\*\***

**- "Uses Vanguard index funds" = Plug-and-play portfolios**

**- "Builds custom portfolios" = Requires advisor expertise, harder transition**

**---**

**### 6. FEE STRUCTURE ANALYSIS**

**\*\*Extract:\*\***

**- Exact fee schedule: "1.25% on first $1M, 1.0% next $4M..."**

**- Average effective fee rate**

**- Fee justification language**

**- Willingness to negotiate mentioned?**

**\*\*Revenue Quality Signals:\*\***

**- Premium fees (1.25%+) = Strong margins BUT potential compression risk**

**- Below-market fees (0.75% or less) = Already competed down, stable**

**- Complex fee structures = Integration challenge**

**- "Fees are negotiable" = Potential inconsistency**

**\*\*Red Flags:\*\***

**- Vague about fees = Hiding something**

**- Multiple revenue streams (commissions, 12b-1, referral fees) = Messy**

**- Overly defensive about fee justification = Vulnerable to pressure**

**---**

**### 7. GROWTH PLANS & STRATEGIC DIRECTION**

**\*\*GROWTH INDICATORS (Staying Independent):\*\***

**- "Expanding services to include..."**

**- "Recently added staff/advisors"**

**- "Opening new office in..."**

**- "Investing in technology/infrastructure"**

**- Specific 3-5 year plans mentioned**

**\*\*MAINTENANCE/EXIT INDICATORS (Open to Selling):\*\***

**- No future plans mentioned**

**- "Maintaining our current service model"**

**- No hiring/expansion discussed**

**- No technology investments**

**- Status quo language**

**\*\*Scoring Impact:\*\***

**- Active growth initiatives = -3 points (not selling soon)**

**- No growth plans + aging founder = +3 points (STRONG sell signal)**

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**### 8. TECHNOLOGY & OPERATIONS**

**\*\*Modern Operations (Easier Integration):\*\***

**- Mentions specific platforms: "Orion", "Tamarac", "BlackDiamond", "eMoney"**

**- CRM mentioned: "Salesforce", "Redtail", "Wealthbox"**

**- Recent tech investments**

**- Digital/modern language**

**\*\*Outdated/Manual Operations (Integration Risk):\*\***

**- No technology mentioned at all**

**- "Traditional" approach emphasized**

**- Paper-based processes implied**

**- No platform providers named**

**\*\*Scoring Impact:\*\***

**- Modern tech stack = +1 (easy integration)**

**- No tech mentioned = potential red flag**

**---**

**### 9. CONFLICT HANDLING & TRANSPARENCY**

**\*\*Clean Business (Higher Quality):\*\***

**- Clear, straightforward conflict disclosures**

**- Proactive about transparency**

**- Client-first language**

**- "We transition clients to lower-cost alternatives"**

**\*\*Potential Issues (Red Flags):\*\***

**- Vague conflict language: "managed in accordance with regulations"**

**- Defensive tone about conflicts**

**- Multiple compensation sources (commissions, trails, referral fees)**

**- "May recommend products that benefit the firm"**

**---**

**### 10. RED FLAGS TO HIGHLIGHT**

**\*\*Major Red Flags:\*\***

**- Disciplinary history mentioned (check carefully)**

**- Complex/vague conflict disclosures**

**- Multiple custodians ("assets held at various custodians")**

**- Inconsistent fee structure**

**- Defensive or evasive language**

**- No clear succession despite aging founder**

**- Declining client base or AUM mentioned**

**- Heavy regulatory disclosure section**

**\*\*Note each red flag with specific quote\*\***

**---**

**## OUTPUT FORMAT (JSON)**

**Provide your analysis in the following JSON structure:**

**```json**

**{**

**"overall\_acquisition\_score": 8.5,**

**"score\_rationale": "High likelihood due to aging founder with no succession plan, declining AUM, and retrospective language indicating exit mindset.",**

**"principal\_analysis": {**

**"estimated\_age": "67-72",**

**"age\_confidence": "HIGH",**

**"age\_evidence": "Founded firm in 1985 (40 years ago), likely age 27-32 at founding based on typical career path"**

**},**

**"succession\_assessment": {**

**"has\_succession\_plan": false,**

**"risk\_level": "HIGH",**

**"evidence": "No succession plan mentioned. Uses language like 'John continues to personally serve all client relationships' with no junior partners identified."**

**},**

**"language\_tone": {**

**"mode": "EXIT\_MODE",**

**"confidence": "HIGH",**

**"indicators": [**

**"Heavy use of retrospective language: '35-year legacy'",**

**"Focus on maintaining rather than growing",**

**"No future expansion plans mentioned"**

**]**

**},**

**"client\_profile": {**

**"specialization": "Physicians and dentists in Boston area",**

**"geographic\_concentration": "HIGH - Boston metro only",**

**"client\_age\_demographic": "Pre-retirees and retirees, ages 55-75",**

**"wealth\_level": "HNW - typical client $3-8M",**

**"strategic\_fit\_notes": "Strong niche appeal for acquirers targeting medical professionals; aging demographic is risk factor"**

**},**

**"investment\_approach": {**

**"philosophy": "PASSIVE/INDEX",**

**"integration\_complexity": "LOW",**

**"details": "Primarily uses low-cost Vanguard and iShares ETFs across 5 asset classes",**

**"scalability": "HIGH - model-based approach, not dependent on individual stock selection"**

**},**

**"fee\_structure": {**

**"model": "AUM-based, tiered",**

**"rates": "1.25% on first $1M, 1.0% on next $4M, 0.75% above $5M",**

**"average\_effective\_rate": "~1.1%",**

**"revenue\_quality": "GOOD - clean AUM-based fees, premium pricing",**

**"concerns": "None - straightforward structure"**

**},**

**"growth\_posture": {**

**"mode": "MAINTENANCE",**

**"evidence": [**

**"No expansion plans mentioned",**

**"No new hires discussed",**

**"Focus on 'continuing to serve existing clients well'"**

**],**

**"implication": "Not investing in growth = potential exit preparation"**

**},**

**"technology\_operations": {**

**"tech\_stack": "Limited mentions - only references Schwab's platform",**

**"assessment": "Minimal technology investment, traditional approach",**

**"integration\_impact": "May require operational upgrades post-acquisition"**

**},**

**"key\_quotes": [**

**"John Smith founded ABC Advisors in 1985 and continues to personally serve all client relationships.",**

**"Over our 35-year history, we have built lasting relationships with families in the Boston area.",**

**"We maintain the same disciplined, time-tested investment approach that has served our clients well."**

**],**

**"red\_flags": [**

**"Aging client base (average age 68) presents attrition risk",**

**"Founder dependency - no team structure described",**

**"No technology investments mentioned in past 5 years"**

**],**

**"integration\_assessment": {**

**"complexity": "LOW",**

**"timeline": "2-4 weeks",**

**"factors": [**

**"Uses Schwab custody (common platform)",**

**"Standard ETF portfolios (easy to replicate)",**

**"Clean AUM-based fees (no commission complications)"**

**],**

**"challenges": [**

**"Client relationships very founder-dependent",**

**"May need operational/tech upgrades"**

**]**

**},**

**"estimated\_valuation": {**

**"range": "$2.8M - $4.2M",**

**"methodology": "8-12x estimated EBITDA of ~$350K (1.1% of $32M avg AUM)",**

**"factors": "Good margins but succession risk and aging demographics limit premium"**

**},**

**"recommended\_action": "HIGH PRIORITY",**

**"action\_rationale": "Strong sell signals (aging founder, no succession, exit-mode language) combined with easy integration make this an attractive near-term target. Recommend immediate outreach.",**

**"buyer\_talking\_points": [**

**"Succession solution - provide continuity for founder and clients",**

**"Operational enhancement - technology and scale benefits",**

**"Geographic expansion - leverage their Boston medical professional niche"**

**]**

**}**