Sample Business Plan

Careful planning can help make your transition to independence more successful. The Sample Business Plan is just one of the resources available in the Start-up Tool Box designed to help you build a strategic plan.

Learn from the experiences of other advisors who went independent. View this sample business plan that’s based on actual business plans used by advisors who recently launched their own firms.

The Sample Business Plan and Business Plan Template provide you a starting point, but more customized assistance—including a Forecasting Model to complement your overall planning process—are available by contacting Schwab Institutional.

Call us at 877-687-4085. All calls are confidential.

Resources

- Find online resources in the Start-up Tool Box section, including our Go Independent Planning Tool.
- For further assistance and customized support, call Schwab Institutional at 877-687-4085. All calls are confidential.
Confidentiality Agreement

The undersigned reader acknowledges that the information provided by BEST RIA, LLC in this business plan is confidential; therefore, reader agrees not to disclose it without the express written permission of BEST RIA, LLC.

It is acknowledged by reader that information to be furnished in this business plan is in all respects confidential in nature, other than information which is in the public domain through other means and that any disclosure or use of same by reader may cause serious harm or damage to BEST RIA, LLC.

Upon request, this document is to be immediately returned to BEST RIA, LLC.

___________________
Signature

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Name (typed or printed)

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Date

This is a business plan. It does not imply an offering of securities.
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1. Executive Summary

We believe wealth management goes far beyond investment consulting or asset management. We recognize the critical importance of investment performance, but our primary goal is to achieve this performance while also delivering services and solutions that make our clients' financial lives easier. Our objective is to have our clients think three things about BEST RIA: 1) They exceeded my expectations; 2) They made my life easier; and 3) I am glad I met them.

The connective theme among all of our services is a best of strategies philosophy. If we are unable to service our clients’ requests in-house, we objectively seek an external solution we believe can fulfill the specific need. We feel this philosophy has been a critical factor in BEST RIA’s success.

BEST RIA’s clients typically have three primary goals: 1) to enjoy the lifestyle they desire; 2) to achieve specific legacy or dynastic objectives with respect to heirs and/or philanthropy; and 3) to minimize taxes. Each investor places different emphasis on these three objectives, and one of our initial challenges is to identify the unique set of goals for each investor and develop a wealth plan accordingly.

We segment our service offerings into three broad categories: a) Wealth enhancement; b) Wealth stewardship; and c) Wealth administration.

This category encompasses our investment services, and includes the creation of investment policy statements, Monte Carlo simulation risk analysis, asset allocation recommendations, portfolio construction and transition, and ongoing manager search, selection, and monitoring. BEST RIA offers either a discretionary or a nondiscretionary investment model. Under the discretionary model, BEST RIA is granted authority by the client to make portfolio and investment decisions on his/her behalf. Under the nondiscretionary model, we require direct client approval of any and all investment decisions. Regardless of the investment model chosen, we want our clients to take a strong interest in the ultimate portfolio implementation. We believe it is in both the client's and BEST RIA's best interest that the client be fully informed, fully engaged, and fully educated on all investment decisions.

BEST RIA firmly subscribes to the concepts of asset allocation and diversification of risk, and we pride ourselves on our investment thinking. Specifically, BEST RIA practices an integrated wealth management approach to investing.

This means the integration of three separate but related aspects of portfolio creation and implementation:

- Asset allocation, or the segmentation of your investments into multiple asset classes and strategies, in an attempt to create a diversified portfolio that maximizes your expected return for a specific level of assumed risk (or, conversely, minimizes your assumed risk for a desired level of expected return);
- Asset location, or the placement of your investments into the appropriate estate planning and wealth transfer entities, in order to increase tax efficiency and meet dynastic wealth goals; and
- Emotional and behavioral aspects; we recognize that any investment strategy created must fit within the investor's unique frame of reference with respect to risk tolerance, goals and personal wealth motivators.

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By integrating these three aspects of wealth management, we develop investment plans that not only work quantitatively, but also maximize the tax effectiveness and the personal comfort level within the specified plan.

**BEST RIA** is not bound to a specific investment approach. In adherence to our best of strategies philosophy, we evaluate each investment opportunity on its own merits. The result is an open architecture investment model, the use of both passive and active investment managers, the incorporation of alternative investment strategies when and where appropriate, and a continuous search for ways to improve the performance and effectiveness of our investments.

Stewardship refers to enabling our clients to have a healthy relationship with their wealth, and to use their wealth to fulfill personal goals and objectives. Toward that end we incorporate the following services into our offering.

- **Education:** We believe that education of family members is critical to both the success of the family wealth planning process and our relationship with that family. We bring internal and external providers of customized wealth education programs together with our families (or their family offices) to create appropriate curriculums aimed at increasing knowledge of the many aspects of investing and wealth.

- **Independent review of clients’ estate planning techniques:** We help clients understand their existing estate planning structures, as well as determine whether the documents already in place meet their current goals. We offer advice on cutting-edge estate planning methods and will work with their attorneys to implement suitable solutions.

- **Philanthropy planning:** Many of our clients have ambitious charitable goals, but are unsure of the best way to implement and achieve their objectives. We work with several outside experts in this area to assist our clients in developing and activating “wise giving” plans. We are also very active in advising on the overall investment strategies of the foundations and endowments with which our families are associated.

- **Family governance:** **BEST RIA** uses both internal and external resources to design and implement solutions to grow and preserve the human, intellectual and relationship capital of our clients. Our role is to assist families in implementing integrated strategies to keep a balanced focus on all aspects of our families’ true wealth management.

- **Personal coaching and mentoring:** Although our clients have achieved significant financial wealth, many seek personal growth and fulfillment. We have developed close relationships with several expert providers of services aimed at assisting our clients in identifying their personal motivators and developing strategies for achieving their objectives.
In addition to long-term investment and overall wealth plans, our clients are faced almost daily with individual financial decisions. Our goal is to be the one phone call our clients need to make to address these decisions and develop appropriate solutions. Some of these services, such as our state-of-the-art consolidated performance reporting, are delivered in-house, others are outsourced to service providers we believe deliver superior solutions.

- **Consolidated performance reporting:** We provide our clients one-stop shop reporting on all their investment assets. Using a proprietary reporting platform, BEST RIA tracks and reports on all of your investment assets, even those on which we are not advising. We are agnostic with respect to custodian, and gather and consolidate all investment information into one comprehensive and easy-to-read performance report. This is a highly effective tool for evaluating performance against overall wealth objectives, and has proven invaluable to our clients, who simply cannot duplicate it with other service providers. As a result, we believe it is an important component of our historically high client retention rate.

- **Collateralized loan services:** Because of our collective asset size and bargaining strength, we have negotiated highly competitive collateralized loan rates from multiple credit providers. In many cases we are able to facilitate significant savings in interest costs. In many cases, the savings enjoyed by our clients have been sufficient to cover in perpetuity the overall BEST RIA advisory fee.

- **Mortgage financing:** We keep track of the interest rates and loan terms for all of our clients’ existing mortgages. We watch interest rates and lending rates closely and notify our clients when more beneficial financing opportunities are identified.

- **Private travel:** We have developed relationships with private travel firms and luxury vacation/leisure organizations. With many of these firms, we have negotiated membership deals and special offerings that are available to our clients. We are happy to introduce our clients to these organizations.

- **Other services provided:** BEST RIA offers advice and consultation on concentrated wealth strategies. In addition, members of the BEST RIA team have provided complementary lifestyle services such as the development of a safety plan in the event of domestic and international turmoil, recommendations for the efficient gifting of stock and cash to charitable organizations and family members, the purchase of gold bullion, and the arrangement of financing for the purchase of airplanes, luxury yachts, real estate and antique cars.

The information provided above summarizes not only the services offering of BEST RIA, but also captures our philosophy of comprehensive wealth management and client service.
1.1. Objectives

Objectives for the next two years:

1) Create an investment service–based company that will focus primarily on exceeding customer expectations.

2) Increase the number of clients/families served (AUM) by an average of 40% per year through superior service, performance and referrals.

3) Develop a sustainable financial management company that generates value for its customers.

1.2. Mission

Preservation and Expansion of Wealth

Our mission is clear: the enhancement of our clients' financial lives. We understand that each client has many options when it comes to choosing between financial advisors and investment opportunities, and therefore we believe that in making financial decisions it is helpful to have a disciplined and objective partner who delivers advice based solely on an intimate understanding of one’s needs and objectives. We believe BEST RIA can be that partner, making our clients' financial lives easier and allowing our clients the freedom to live their lives as they choose.

We segment our service offerings into three broad categories:

1) Wealth enhancement

2) Wealth stewardship

3) Wealth administration

1.3. Keys to Success

1) Deliver top-tier service and maintain existing clients with little client turnover.

2) 3 P’s: Platform, Process, People

3) Prospecting and referrals
2. Company Summary

BEST RIA is a comprehensive wealth management service company for individuals and families with $3 million plus in investable assets. BEST RIA is an LLC currently owned by John Doe. BEST RIA will continue to expand its existing families and add new families that will enhance our business. It is our goal to reach the $500 million asset mark in 2009. The wealth management business continues to evolve, and this will allow us various opportunities such as acquisitions, breakaway brokers and new product offerings.

2.1. Company Ownership

BEST RIA is an LLC owned by John Doe (99%) and Jane Doe (1%).

2.2. Company History

As president and founder of BEST RIA, John Doe brings a long history and understanding of the financial services business. John began his career as an intern working the switch board at [name of firm]; he worked his way up and eventually assisted in the growth of one of the largest high-net-worth teams in the country. He was able to work in various offices, which allowed him the means to better address continuous industry changes. In addition, John has learned from both his mistakes and his successes and feels well equipped to lead BEST RIA onward.

BEST RIA was formed in the fall of 2002 as an SEC Registered Investment Advisory Company, focused on bringing total transparency to existing clients and prospects. In the first year there was a struggle, both with business partners and a suitable investment platform, but these issues were resolved. The other partners in the business were bought out of the LLC and BEST RIA moved away from the brokerage model altogether. As the company moved to the Schwab platform and relocated from [name of city] to [name of city], John began the hiring process and worked to establish the BEST RIA in the [name of city] community and [name of state]. Bringing in the right people has allowed the company to serve our existing clients and has sparked some business growth at the same time. We currently have a team of four employees and great strategic partners who add value and continue to develop and grow along with the company.

During the first half of 2006, we formalized our Advisory Board and are very pleased that four extremely qualified individuals have joined the Board. Each Advisory Board member brings a unique perspective drawn from his personal experience and contacts in the industry. The Advisory Board provides our management team with advice and guidance on a variety of topics related to the wealth management business and helps add to our client base by providing referrals.

In 2006 BEST RIA was recognized by Wealth Manager Magazine as one of the top wealth management firms in the country. We were ranked [insert number] out of nearly 500 firms.
3. Services

Investments

All BEST RIA portfolios are customized for each investor and investment entity. We employ an open architecture platform, where managers are selected on a best of breed basis and where the only decision criteria are performance and fit within the overall portfolio.

Concentrated Wealth Strategies

BEST RIA believes in diversification and our clients benefit from our breadth of experience with risk management strategies, especially the diversifying of concentrated equity positions. In addition we have a strong strategic relationship with [name of firm]. The founder and CEO is [Name].

Since 1991, [Name] has served as an adjunct professor at [name of university], teaching a course on applications of arbitrage theories. He has been involved with the [name of university] since 1979, starting as a student, becoming a lecturer in 1983, and serving as chairman in 1994 and 1995. [Name] is also active in [name of association], having served as an SOA director, treasurer, chairman of the [name of committee] and chairman of the [name of association]. He is a member of the [name of association]. [Name] is on the board of the [name of association] and on the Executive Committee of the [name of association].

Performance Reporting

BEST RIA recognizes the need for clients to have one master source of information with respect to their investment performance. To ensure that clients have timely access to accurate and relevant information, we prepare a detailed, comprehensive report of their entire portfolio performance each quarter, as well as a tax summary.

Family Office Services

BEST RIA offers a sophisticated suite of chief investment officer services designed to seamlessly complement single and multi-family offices. Families can make use of the entire array of services or select specific services on a project or a la carte basis.

Collaterized Lending

BEST RIA has both the expertise and the market position to assist high-net-worth clients with a variety of financing transactions. This competitive bidding process has historically allowed us to obtain rates below what most clients can achieve through their own efforts.
4. Market Analysis Summary

See Appendix titled "The Future of Securities" — [name of firm]

[Name] is the managing principal of [Name of firm] and a leading strategic consultant to CEOs, other senior executives, and boards of directors in the brokerage, investments, wealth management, banking, insurance and family office markets. Prior to forming [Name of firm] in 2000, [Name] served in similar capacities, first as a management consultant at [Name of firm], and later as the vice president of business strategy at [Name]. His particular expertise is that of corporate strategy for larger financial services firms, designing broad multifaceted strategies and making tradeoffs between alternative businesses, products and markets.

5. Competitive Edge

BEST RIA's competitive advantage is their comprehensive approach to research and services provided. We have formed great strategic partnerships to assist in our technology and research. Our "best of breed" platform has complete transparency and the leadership to maintain and lead this company in the ever-changing wealth management industry.

5.1. Marketing Strategy

BEST RIA was fortunate to start with great legacy families and looks to expand on the firm’s values and ability to add similar families to our platform. We will continue to prospect "money in motion," as well as to network through existing relationships and the added support of our advisory board.

Managing director, [Name], has made it her mission to prospect "women in transition" and has written for various newsletters and spoken to local organizations, getting her name and BEST RIA's name out to the community. [Name] has been networking with divorce and estate planning attorneys and is looking for other ways to gain access to women in these times of transition.

BEST RIA has leveraged its extensive relationships and many years of community involvement by attending numerous Chamber of Commerce and other civic events. BEST RIA is becoming a recognized name with a reputation for giving back to the community. Over the past year, we have been asked to represent Schwab in various webcasts and roundtable discussions, which have helped with brand exposure.

BEST RIA continues to look for additional strategic relationships that could help in the growth of the business. We believe that accounting firms, attorneys, banks and other institutions have relationships with the type of individuals we seek as clients, and we are looking for ways to obtain these referrals.

Our existing client base can be segmented into three major categories:

- Legacy clients. Clients who transferred assets to BEST RIA at the time of its formation and who have continued to move additional assets as they have seen the advantages of our platform, performance and exceptional service.
• Senior executives. Individuals with senior positions in major companies who have confidence in our ability to provide liquidity from their concentrated stock positions and to help them diversify.

• Business owners. Entrepreneurs who have built successful businesses and are now relying on us to help them to preserve and grow the wealth they have created.

With the large concentration of wealth in the [name of city] and its small town feel, we believe it is a great springboard for expansion throughout [name of state] and the [name of region].

6. Management Summary

BEST RIA’s greatest hurdle is bringing in new assets. We currently have approximately $120 million in discretionary assets and $40 million in nondiscretionary assets. We have doubled our assets over the past year and need to continue to build on that momentum.

We have the resources in place to serve additional clients without significantly increasing our costs. The margins will improve as we continue to add assets and clients for the foreseeable future. Our focus must be to leverage off the base we have created by bringing in more assets from existing clients, obtaining additional referrals from our clients and advisory board members, and establishing more strategic relationships.

7. Projected Profit and Loss

See Appendix titled Private Client Advisory Model