David Haybron Financial Advisor Business Plan

Showing evidence of multiple revenue streams in your financial advisor business plan presents a more sound investment to potential investors and a safer risk to potential lenders. Any business which depends entirely on the work of the founder is, by its very nature, high-risk. If that founder should become sick or unable to work, there is generally no succession plan in such a company.

Advisor Revenue Streams

Advisors can charge fees in a number of ways. The manner that most clients would prefer is for fees to be performance-based, paying the financial advisor only when their investments and holdings increase in value. Of course, few financial advisors would agree to such a fee structure, as holdings will almost inevitably decrease in value during a market downturn. A second best model for clients, and better model for advisors, is to charge a fee that is a percentage of assets under management. If assets increase in value the advisor is rewarded with a higher fee. If the value would drop, the revenue to the advisor would decrease, but not become zero. This represents that, even in bad market times, an advisor can potentially be doing better for a client than he would be doing without the help.

When clients do not have significant assets or are interested in testing out the expertise of working with an advisor, the best fee structure might be an hourly rate for consultations. This is preferable for the advisor, and leaves it up to the client to decide if he or she got the expected value out of the conversations and advice given. Offering an hourly rate as well as an asset-based fee expands the market of who you can work with as an advisor.

Other Revenue Streams

Revenue streams for your business could be from a number of other sources. They could be from the sale of products you have created, such as reports, guides, worksheets, and programs to help clients, from the proceeds from seminars or webinars to multiple clients and potential clients, or from commissions on the sale of insurance or other financial products.

Notice that with each additional revenue stream that is added, there is potential for a conflict of interest. For example, if you seek to sell a certain report, you may have the incentive to withhold the information in it from advisory sessions with clients you work with. Whether or not you do so, there is the appearance that it might be in your interest. Also, if you receive commissions from certain financial products, clients may feel you will encourage them to buy those products even if it is not in their best interest, reducing the value of the advice you give in their minds. You have to be careful to uphold your reputation as a trusted advisor at all costs, and recognize the difficulties in adding potentially conflicting revenue. David Haybron Best Financial Advisor Best. To know more about David Haybron please visit here: - http://about.me/davidhaybron