

WHEN FREEDOM IS PART OF THE DEAL

Behind Cary Street Partners' acquisition of \$224m Waypoint Advisors

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For Virginia Beach, Virginia-based Waypoint Advisors, finding the right M&A partner was a labor of love.

Elizabeth Patterson, the \$224m firm's president, first began looking for a buyer in the fall of 2018. But by the time she met Cary Street Partners roughly a year later, she had already been burned a few times.

'We were kind of skeptical because we had already met with other firms. I like to call this The Dating Game. We had other suitors that were disappointing,' Patterson said. 'We came into it thinking: "Oh gosh, I hope we're not going to be disappointed again." We might have had a negative anticipation.'

So how did \$4bn Cary Street Partners sweep Waypoint Advisors off its feet? By offering something fundamental to any long-term

relationship: personal space. Cary Street Partners lets its affiliated offices operate mostly autonomously, a winning factor when it comes to convincing skeptical advisors to come aboard.

'We attempt to give people their autonomy – or their independence, I think is a better word,' said Joseph Schmuckler, Cary Street Partners' chief executive.

Richmond, Virginia-based Cary Street, which has 12 offices across five states, generally gives its acquired

firms latitude to run their practices as they see fit.

'We have very unique practices and each advisor has unique approaches to their clients,' Schmuckler said. 'All those advisor teams have a lot of experience; years of seasoning having built their practices. I think what we try to do – and what I think we do well – is listen to what the advisor's needs are. What does that advisor and their team or their firm need? What do they need solved?'

WHAT THE FUTURE HOLDS

In Patterson's case, the need was for an external succession-planning option. Her firm had a number of 'first dates' with RIA aggregators early on in the M&A process but found their offerings lacking and immediately turned them down.

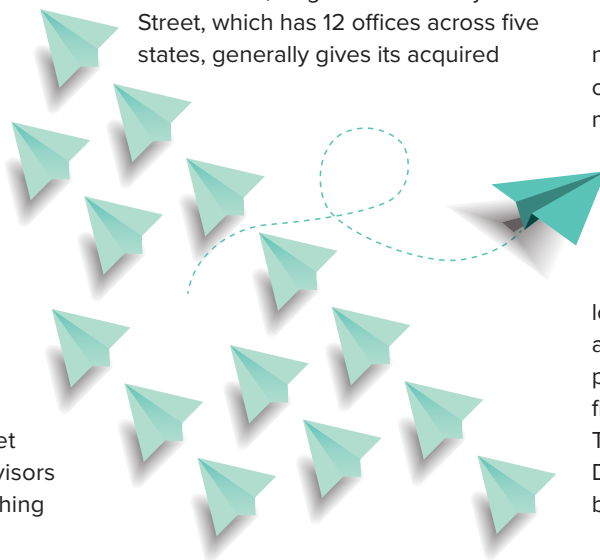
'We were approached by several firms that were aggregating investment advisors and rolling them up with the anticipated – from my point of view – intention to sell. That's not what we wanted to be a part of,' Patterson said.

'I'm one of those owners who may not want to retire – but may have to one day. [I wanted] to have a home for my clients and my work family, and some of my clients are family members and many of my clients are like family... it's much harder for a small firm to execute a transition plan.'

Still, the firm Patterson has cast her lot with does have high dealmaking ambitions. Cary Street Partners' purchase of Waypoint Advisors is its first transaction in more than a year. The firm took an investment from Ducera – a New York City investment bank – in August 2019.

'It's not necessarily that I like the "slow and steady" approach,' Schmuckler said. 'I think we would like to do more transactions and we'll continue to work hard to do more transactions.'

At the same time, 'we want to make sure we don't make mistakes,' he added. ♦



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ELIZABETH PATTERSON WAYPOINT ADVISORS