

# “What if...?”

RESEARCH REPORT

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# SUMMARY

## What would happen to your business if you were not there tomorrow?

It's a confronting question - but one that every advice business owner inevitably faces. While much of our industry is focused on growth, client outcomes and regulatory change, this research highlights a critical blind spot: preparedness for the unexpected.

This "What If...?" Research Report draws on insights from Australian advice practices to examine how well businesses are positioned to respond to the sudden death or permanent disablement of a principal. The findings reveal a consistent and concerning theme - most businesses are not as prepared as they perhaps should be.

From limited succession planning and undocumented agreements, to the absence of regular valuations and clear transition pathways, the research uncovers significant vulnerabilities that could rapidly erode business value, disrupt client relationships and place undue pressure on staff and families.

At the same time, the report identifies a clear opportunity. With relatively straightforward planning, structured agreements, and a proactive approach, businesses can significantly reduce risk, preserve value and ensure continuity (not to mention peace of mind).

This report is designed to challenge assumptions, prompt reflection, and most importantly, encourage action. Because the real question is not if the unexpected will happen - but whether your business is ready when it does.

# INTRODUCTION

## “What if...?”

During May 2026 Business Health conducted a research project aimed at better understanding how prepared Australian advice firms were in the event of the unexpected death or permanent disablement of a business owner.

We asked questions around 6 key areas to determine the level of preparedness.

These areas included:-

- Licensing
- Succession agreements
- Business valuations
- Estate plans
- Advisers
- Staff

The findings highlight a clear and urgent gap between awareness and action across the industry.





# EXECUTIVE SUMMARY

## What we learned

While most principals recognise the importance of planning for unexpected events, very few have taken the necessary steps to protect their clients, staff and the value of their business.

### 1. Planning exists - but it's rarely formalised

Although succession planning is widely acknowledged as important, execution is lacking:

- 67% of principals do not have a documented (succession, buy/sell or partnership agreement for example) to maintain and/or buy your business in the event of their sudden death or suffering permanent disablement in place.
- Only a small minority (what %) have comprehensive, regularly reviewed plans covering all contingencies.

This creates real risk, not just operationally but financially - particularly for the family of the owner and the clients who may be left exposed.

### 2. Business value is often unknown

More than half (56%) of practices have never had their business formally valued. Without this;

- Owners may hold unrealistic expectations of value.
- Opportunities to optimise capital value, within the current regulatory framework are missed
- Beneficiary equalisation through effective, objective estate planning can be overlooked
- Executing a sale under pressure becomes significantly more difficult.

### 3. Licensing structures carry different risks

Our research included a near-even split between self-licensed businesses and those using external third party licensees:

- Self-licensed principals face greater operational risk, particularly around who can legally service clients.
- External licensees can provide support, but only if terms and responsibilities are clearly understood and planned for.

In both cases preparedness, not structure, is the deciding factor.

### 4. Adviser and staffing gaps create immediate exposure

- 41% of practices rely on a single adviser, creating immediate continuity and key person risk.
- While most businesses employ staff, there is uncertainty around whether staff are prepared, informed or capable of maintaining operations during a crisis.

Without clear communication and contingency plans, even well-staffed businesses remain vulnerable.

### 5. Size and structure influence preparedness

- Practices with higher revenue (\$2M - \$3M and \$3M+ ) are far more likely to have succession agreements in place, suggesting awareness increases with financial stakes.
- Businesses with a single owner are often the least prepared, despite carrying the greatest individual risk.

### 6. Estate planning is incomplete

While 66% of owners report having some estate planning in place, alignment between estate plans and business succession arrangements is often unclear - potentially undermining both.

## What this means

There is a consistent theme across all findings: ***Advisers are not practicing what they preach.*** Many professionals who guide clients on risk management and continuity have not applied the same discipline to their own business. The consequences of inaction can be severe;

- Loss of client relationships
- Rapid decline in revenue
- Erosion of business value
- Financial and emotional stress on families

## The path forward

To mitigate these risks, businesses should prioritise:

- Documenting a buy/sell and succession agreement
- Having the business regularly and independently valued
- Developing clear operational contingency plans
- Implementing formal arrangements with other advisers or practices to continue servicing clients
- Open communication with staff regarding roles in a crisis

## Final thought

Preparedness is not about expecting the worst, it's about protecting what you've built. The research makes one thing clear:

The businesses that plan ahead will preserve value, continuity and client trust. Those that don't are leaving too much to chance.

**Your licensing arrangement will influence your decisions.**

**Being self-licensed brings more risk, even more so if there are no other advisers or staff**

**Irrespective of your licensing situation, be prepared.**

# LICENSING

The licensing arrangements for firms that participated in this research were approximately evenly split between those holding their own AFSL and those authorised under an external licensee.

## Self-licensed

Operating under your own AFSL offers your business significant autonomy. However, it also introduces critical risks in the event of your unexpected death - specifically, how your clients will be transitioned or advised. Who will advise your clients?

This challenge becomes even more complex if you have no other authorized advisers or support staff in your business.

Failing to quickly install a replacement Authorised Representative can cut off revenue, drive clients to competitors, and significantly reduce the capital value of the business.

## Externally licensed

Being an authorised representative of a larger licensee may mean there is more support available in the event of the unexpected death or disablement of the working principal.

While it may be easier to determine who will assume responsibility for clients in the absence of a formal agreement, the process can still become protracted and may result in delays in delivering appropriate solutions.

It is therefore advisable to discuss and agree with your licensee how these critical matters (including the ongoing servicing of clients and the preservation and realisation of the capital value of your business within your estate) will be managed if you were unable to continue in your role.

This does not occur automatically, and it is encouraging to note that more than three-quarters of principals operating under external licensees advised us that they have a comprehensive understanding of the terms and conditions of their agreements. A good starting point but importantly, having this understanding is not sufficient in itself - proactive steps must also be taken to ensure appropriate arrangements are in place that provide for the ongoing advising/servicing of your clients.

Irrespective of your licensing situation, be prepared.



# SUCCESSION AGREEMENTS

Do as I say, not  
as I do

Believe it or not,  
Principals that  
own 100% of the  
business are far  
less prepared than  
others

Succession planning in general has been, and continues to be, poor in the Australian financial services landscape. There is a real concern that family, staff and clients would be left exposed if something unexpected were to happen to the sole owner or a partner of the firm.

According to our Future Ready IX Industry Whitepaper, only 24% of Australian advice businesses have a Succession Plan, with only 5% having a documented plan, reviewed regularly, covering all contingencies, with a successor identified and agreed, and with appropriate funding in place.

By way of further emphasis, **among businesses with a single principal holding 100% ownership, only 5% have established a Succession Plan.**

While the results of this research show a slightly higher proportion of principals have a documented agreement in place to address their death or permanent disablement, this still remains a serious issue for our industry.

What is interesting to note however is that older principals are more prepared (perhaps not surprisingly), with 45% of those aged over 60 having a plan. Still nowhere good enough, however.

For the majority of the industry, irrespective of when (or how) the owner intends to exit the business, it is vital to think about, and then put down in writing, very clear plans as to what will happen. The closer to exiting the business, the more detailed your succession plan needs to be.

While it is important to plan for contingencies such as retirement and resignation, unexpected death should be regarded as the primary planning priority. In the absence of a clear plan, the consequences can be severe, potentially resulting in significant disruption for clients and considerable distress for family members, as the value of the business may be materially diminished.

An interesting pattern emerges when examining the presence of formal agreements in relation to practice revenue. All practices with revenue exceeding \$3 million, and more than 80% of those generating between \$2 million and \$3 million, reported having written agreements in place - perhaps reflecting a greater perceived need to protect higher-value businesses.

The business often represents a significant financial asset, and without a formal plan in place, this value is exposed to substantial risk. The consequences of inadequate preparation can therefore be considerable, both financially and emotionally.

**56% of practices have NEVER had a business valuation.**

**Again, 100% Owners are in a worse position.**

**Unfortunately, this is somewhat mitigated if there is no agreement in place to service clients and/or sell the business.**



# VALUATION

Over half of the participating indicated that they have never had their business formally valued.

Warning bells should be ringing. Firstly, a formal external valuation ensures there is not an unrealistic expectation as to the value of the business. It can also identify what areas of the business need to be worked on to maximise its value. Getting an independent valuation is a very positive move.

As a matter of best practice, it is advisable to obtain a regular valuation of your practice (we recommend every two years). By adopting this approach, you will not only maintain an up-to-date assessment of your business' value but also develop a deeper understanding of current market conditions. In addition, a formal valuation report can provide valuable marketplace intel, particularly in the event of an unsolicited approach from a prospective merger partner or purchaser.



# ESTATE PLAN

It's pleasing to see that 66% of practice principals have given clear direction in their estate planning as to who to contact and/or what your family should do in the event of your unexpected death or disablement. This is a positive outcome and should ensure continuity, speed, and certainty in the aftermath of an unexpected death.

If you have an agreed sale amount already in place, this is a large and very important issue the family does not have to worry about. Unfortunately, this is somewhat mitigated if there is no agreement in place to service clients and/or sell the business.

However, if you fall within the 34% (no estate plan), how will those you hold closest be placed in the event of your untimely passing? If there's a will, then the executor can appoint someone to run the business as your estate sorts itself out. But it is important that the executor has the capacity to manage the practice in the interim or, at the very least, knows who to turn to for this support.

Preparing a 'What if' (in the event of my death) instruction document will certainly be appreciated by those you've left behind.



# ADVISERS

**The unexpected death or disablement of an Adviser can cause serious issues for a business.**

The unexpected death or disablement of an Adviser can cause serious issues for a business if there is no one immediately ready to advise clients.

Unfortunately, the research results show that 41% of the participants have not addressed this issue.

These principals should not wait for the unexpected, they should plan ahead and reach an agreement with another practice/adviser. Consider an arrangement where owners agree that in the event of the death of one of them, the other (surviving practice) will purchase the (deceased's) business. The benefits of such an arrangement are patently obvious but careful consideration and planning is paramount.

While such an agreement will incorporate the clauses and conditions which are standard for most sale situations, a 'What if' housekeeping checklist will be of great benefit as it will help the surviving party, so nominated, to simply step in and continue to manage the deceased's business in the period leading up to finalisation of the sale.



# STAFF

More than 90% of practices employ at least one staff member in addition to the adviser and, as such, this provides a certain level of comfort and a degree of continuity, increasing the likelihood that client servicing (but not advising) can continue in the event that the adviser is suddenly unable to do so.

**Are your staff aware of your plans should the unexpected happen?**

However, it is important to ensure that staff are aware of your contingency plans should an unexpected event occur. Do they possess the capability to execute those plans and manage the associated administrative detail? Equally, are they willing and prepared to take on this responsibility? In the absence of clear communication and planning, staff may feel uncertain about their position and seek alternative employment, further compounding the risk. To mitigate this, ensure that your plans are clearly communicated and that staff have access to the detailed information required to maintain ongoing operations. Regular updates and open information sharing will help foster a ‘business-as-usual’ environment.

For practices without staff, the situation presents a heightened level of risk. The absence of personnel raises critical questions regarding continuity; who will service clients, manage operational obligations such as payments and administration, and ensure the business remains viable?

Without appropriate arrangements, the business may face operational disruption and a decline in capital value, with direct implications for the estate. In light of these risks, it is prudent to establish a formal plan at the earliest opportunity.



# CONCLUSION

**If there is no plan,  
there is no  
protection.**

The findings are both clear and confronting. Across the Australian advice landscape, there is a strong awareness of the need to plan for the unexpected - yet a consistent gap remains between intention and execution.

Too many businesses are operating without documented agreements, without clarity on valuation and without a practical plan for continuity. In the event of sudden death or permanent disablement, this lack of preparation can have immediate and lasting consequences - not only for the business itself, but for clients, staff, and the families who ultimately rely on its value.

The reality is: **if there is no plan, there is no protection.**

Encouragingly, the path forward is neither complex nor out of reach. With the right structure in place - clear agreements, defined succession pathways, regular valuations, and aligned licensing and staffing strategies - business owners can significantly reduce risk and safeguard what they have worked hard to build.

## Call to action

**Preparation isn't  
optional - it's  
essential.**

Now is the time to move from awareness to action.

Take the opportunity to critically assess your current position:

- Do you have a documented and enforceable agreement in place?
- Is your business regularly valued and positioned for transition?
- Are your staff, clients, and licensee aligned with your contingency plans?

If the answer to any of these questions is uncertain, the next step is clear.

**Commit to putting a robust “What if” plan in place today.**

Engage with a specialist, formalise your strategy and ensure your business can continue to operate and retain its value - no matter what the future holds. **Because when it comes to protecting your clients, your legacy, and your family, preparation isn't optional, it's essential.**



# HOW WE CAN HELP

The findings of this research highlight a clear pathway for advice businesses to strengthen their preparedness and protect the long-term value of what they have built. While the risks are evident, so are the practical steps that can be taken to address them.

Business Health works with practices to move beyond awareness and into structured, actionable planning—ensuring that in the event of unexpected death or disablement, there is clarity, continuity, and protection for all stakeholders.

Our approach is designed to support principals at every stage of the “What If” journey:

**If there is no plan,  
there is no  
protection.**

## **Diagnostic and Readiness Assessment**

We begin with a structured “What if” diagnostic, designed to assess your current level of preparedness and identify critical gaps. This provides a practical roadmap outlining the actions required to ensure your business can respond effectively when it matters most.

### **Business Valuation**

An independent and up-to-date business valuation establishes realistic expectations of value and provides a solid foundation for succession planning. Regular valuations also assist in identifying opportunities to enhance business performance and market positioning.

### **Succession and Transition Planning**

We assist in the development of comprehensive transition plans, documenting the operational, client, and administrative steps required to ensure continuity. This includes clear guidance on how the business will be managed and ultimately transferred in the event of an unforeseen trigger event.

**Preparation isn't  
optional - it's  
essential.**

## **Successor Identification and Partner Matching**

Through our network, we can facilitate access to qualified, value-aligned successors or partners, helping to ensure the right fit for your clients and your legacy. This includes screening, introductions, and support throughout negotiation.

**Our approach is designed to support principals at every stage of the “What if” journey.**

**What happens next?**

## **Legal and Structural Support**

Well-constructed agreements are essential. We support the development of buy/sell agreements and legal frameworks, working alongside your legal advisers (or through our network) to streamline documentation, reduce complexity, and minimise delays.

## **Information Memorandum and Execution Support**

A professionally prepared Information Memorandum (IM) provides a clear, confidential overview of the business, including client demographics, revenue make-up, staffing, and compliance considerations. This forms a critical component in any transition or sale process and supports informed decision-making.

## **Bringing It Together**

Ultimately, effective “What If” planning is about ensuring that there is a clear answer to the question “What happens next?”—for your clients, your staff, and your family.

By taking a structured and proactive approach, principals can significantly reduce uncertainty, preserve business value, and ensure continuity in even the most challenging circumstances.

The first step is simple: understand your current position and commit to a plan.

We invite you to take that step by engaging in a confidential discussion to assess your readiness and begin the process of putting the right structures in place.

## **Disclaimer**

Business Health makes no representations or warranties as to the validity, relevance or accuracy of the information contained herein. It further accepts no responsibility whatsoever for any loss or damage suffered by any user of our services.



# SURVEY RESULTS

IN DETAIL

## BUSINESS OWNER

	%
No	9%
Yes - 100%	54%
Yes - majority owner	23%
Yes - minority owner	14%

## BUSINESS STRUCTURE

	%
Other	13%
Pty Ltd Company	88%

## LICENSING

	%
I have my own license	56%
I use an external licensee	44%

## ADVISERS

	%
I am the only Adviser	41%
More than one	59%

## STAFF

	%
1 or more	91%
None	9%

## BUSINESS VALUATION

	%
No	56%
Yes – 12 - 24 months ago	6%
Yes – in the last 12 months	28%
Yes – more than 24 months ago	9%

## ESTATE PLAN – CLEAR DIRECTION

	%
No	34%
Yes	66%

## RESPONSIBLE MANAGER

(IF SELF-LICENSED)

	%
More than one	33%
One – I am the Responsible Manager	67%

## UNDERSTAND TERMS AND CONDITIONS (EXTERNAL LICENSEE)

	%
<b>No</b>	8%
<b>Not Sure</b>	15%
<b>Yes</b>	77%

## DOCUMENTED AGREEMENT

	%
<b>No</b>	67%
<b>Yes</b>	33%

## SEPARATE DETAIL?

	%
<b>No</b>	60%
<b>Yes</b>	40%

## PRACTICE REVENUE

	%
<b>Less than \$500K</b>	11%
<b>\$500K - \$1M</b>	29%
<b>\$1M - \$2M</b>	29%
<b>\$2M - \$3M</b>	20%
<b>\$3M+</b>	11%

## AGE OF BUSINESS OWNER

	%
<b>40 or Under</b>	0%
<b>41-50 Years</b>	20%
<b>51-60 Years</b>	46%
<b>60+ Years</b>	34%

## LEVEL OF BUSINESS OWNERSHIP

	%
<b>Yes - 100%</b>	59%
<b>Yes - majority owner</b>	25%
<b>Yes - minority owner</b>	16%

## GEOGRAPHY

	%
<b>City</b>	86%
<b>Regional</b>	14%