

Broker Dealer Selection Process and Due Diligence Overview



The steps below outline the process utilized by Stathis Partners, LLC. to execute a selection and due diligence review of a third-party broker dealer partner.

1. Needs Assessment with executive team
2. Decide on BDs to be considered
3. Creation of project plan timeline
4. Establishment of baseline P&L
5. Conduct pre-screening three-year projection proforma exercise with BDs
6. Finalize and distribute RFP to BDs
7. Submission review
8. Conversion impact assessment
9. Load RFP results into Assessment Grid
10. Use Assessment Grid to score and weight 50+ Critical Decision Factors
11. Establish short-list of BDs
12. Due diligence and reference checking on short-list
13. Final recommendation
14. Executive team presentation

Assessment Grid Sample

Assessment Grid for Broker Dealer Selection (1 through 5 ranking - 5 being the best)											
Decision Factors	Weight	Broker Dealer 1		Broker Dealer 2		Broker Dealer 3		Broker Dealer 4		Broker Dealer 5	
		Rating	Score	Rating	Score	Rating	Score	Rating	Score	Rating	Score
Pre-screening	15	3	4.5	5	7.5	3	4.5	4	6	1	1.5
Impression of	2.5	4	10	4	10	1	2.5	4	10	2	5
Quality of	1	2	2	3	3	2	2	1	1	3	3
Impressions of	1.5	1	1.5	1	1.5	2	3	2	3	5	7.5
Broker dealer structure	1	2	2	4	4	3	3	1	1	2	2
structure	2	5	10	4	8	5	10	1	2	5	10
costs	1	3	3	1	1	2	2	2	2	2	2
Variable	1	3	3	2	2	2	2	2	2	2	2
Client account	1.5	2	3	1	1.5	4	6	3	4.5	4	6
leadership	2	5	10	1	2	5	10	5	10	5	10
offerings	1.5	4	6	2	3	2	3	2	3	2	3
offerings	1.5	4	6	2	3	3	4.5	2	3	3	4.5
offerings	2	1	2	3	6	2	4	3	6	4	8
structure	1.5	2	3	5	7.5	2	3	5	7.5	4	6
Training for	1	1	1	2	2	5	5	2	2	1	1
balance	1	1	1	5	5	5	5	2	2	2	2
procedures	1.5	2	3	2	3	4	6	4	6	1	1.5
record	2	2	4	2	4	3	6	5	10	1	2
resolution process	1.5	3	4.5	4	6	1	1.5	2	3	2	3
implementation	1	5	5	5	5	1	1	3	3	1	1
services	1	2	2	2	2	2	2	2	2	1	1
policies	1	2	2	3	3	2	2	2	2	2	2
Ease of	1.5	4	6	4	6	3	4.5	5	7.5	2	3
capabilities	2	5	10	4	8	5	10	5	10	3	6
offering	1.5	2	3	1	1.5	2	3	4	6	5	7.5
tools	1	3	3	2	2	5	5	3	3	2	2
Investor	1.5	2	3	1	1.5	2	3	1	1.5	2	3
optimization	2	2	4	1	2	2	4	4	8	3	6
Consolidated	1	5	5	2	2	4	4	4	4	5	5
reporting	2	5	10	2	4	5	10	1	2	2	4
reporting	1	4	4	3	3	2	2	2	2	2	2
system	1	3	3	5	5	3	3	1	1	3	3
services	1.5	1	1.5	2	3	4	6	1	1.5	5	7.5
offerings	1	4	4	2	2	4	4	2	2	2	2
offerings	1	4	4	4	4	1	1	2	2	2	2
Branch	1	1	1	5	5	2	2	3	3	4	4
review system	1.5	2	3	2	3	1	1.5	5	7.5	5	7.5
system	1.5	1	1.5	3	4.5	1	1.5	2	3	2	3
Financial	2	1	2	2	4	2	4	5	10	3	6
technology	2	2	4	2	4	1	2	2	4	2	4
Systems	1.5	2	3	5	7.5	1	1.5	2	3	2	3
Technical	1	3	3	5	5	2	2	2	2	5	5
security	2	5	10	4	8	2	4	3	6	5	10
due diligence	2	2	4	3	6	3	6	2	4	4	8
assistance	1	5	5	1	1	5	5	2	2	2	2
Advisor	1.5	2	3	4	6	2	3	5	7.5	4	6
review programs	1.5	2	3	4	6	4	6	5	7.5	5	7.5
support	1	4	4	5	5	3	3	4	4	2	2
development program	1.5	5	7.5	2	3	1	1.5	3	4.5	3	4.5
employees	1	2	2	3	3	4	4	3	3	3	3
Response to	1	3	3	2	2	4	4	2	2	2	2
results	1.5	2	3	2	3	1	1.5	2	3	1	1.5
process management	1	2	2	5	5	2	3	2	3	2	2
Totals			213		215		202		220.5		218