

RedZone Play of the Month

Taking Successful CPA Firms to the Next Level

ACCOUNTANTS ADVISORY GROUP, LLC
PRACTICE MANAGEMENT • MARKETING • HUMAN CAPITAL

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Succession Planning—A Daily Routine

Recent Survey

Many of the CPA firms that we speak to throughout the country wish to remain independent firms, but few of them have completed and implemented formal plans to ensure their legacy. In fact, in a 2008 survey conducted by the Private Companies Practice Section (PCPS) of the AICPA, only 35% of those firms surveyed said they have started a succession plan and will soon complete it. However, 63% of these firms said they would have succession planning challenges in the next three to five years, and 80% said in the next 6 to 10 years. To make matters worse, two-thirds of the firms surveyed don't plan to fund the retirement buyouts of their owners, and of the remaining one-third, only 4% stated they are funding 91%-100%.

Beyond a Strategy

Having a strategy to remain an independent firm is not good enough. Firms need to implement a succession plan that insures the transition of clients and leadership of the firm along with funding the future pay-outs to retired owners.

Succession planning is not a program that should take place a few years before client service partners and/or leaders are about to retire. It should be an ongoing daily occurrence that takes into account partner governance and compensation, marketing, and human resources.

Implementation

Some of the issues to consider are:

- Succession planning needs to start from the top. Holding partners accountable for implementing the firm's succession plan and compensating them accordingly is key to the success of the plan.
- Reviewing and updating the succession plan at the annual partner's meeting is not enough. A firm succession plan must be practiced daily and taken seriously by all the partners, young and old.
- Recruiting and retaining the best entry level and experienced professionals that the firm can identify.
- Establishing formal staff career development programs, partner-in-training programs, and mentoring programs.
- Establishing a staff-centric culture, including compensation and reward program that retains your most talented professionals.
- Establishing relationships and dialogues with smaller and larger firms for possible merger transactions.

These are just a few of the many initiatives to consider when developing a succession plan. We will discuss other succession planning ideas in future RedZone articles.

Executing the right
"game plan" to ensure
future success.



Accountants Advisory Group, LLC is a strategic consulting firm that incorporates state of the art practice management, marketing, and human capital strategies to assist CPA firms in achieving long-term success and profitability. Our **RedZone Practice Management** is designed for accounting firm partners who are ready to take their firms to the next level of success. For more information contact Joseph Tarasco.

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