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same is true when it comes to your practice. Have you prepared your firm for the future by cultivating a realistic succession plan?

Mar. 01, 2021



Strategy

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If 2020 taught us anything, it's that you never know what can happen in life, and the same is true when it comes to your practice. Have you prepared your firm for the future by cultivating a realistic succession plan?

Many firms don't have a realistic succession plan because it's too expensive or they don't have enough partners to support firm growth. This creates a situation where succession plans typically fall short by paying deferred compensation over a shorter time period than what a firm can afford and not instituting a mandatory retirement age.

The biggest issues with a lack of succession planning are the inability to transfer

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dialogue. You can't create a succession plan that includes individuals who aren't interested in becoming a partner one day.

Identify Potential Leaders

In order to identify future firm leaders, so you can include them in the succession planning dialogue, you need to determine what qualities you want your firm leaders to have. Partners at firms in the twenty-first century look a lot different than they used to.

One might argue, especially during a global pandemic, that leaders must be flexible, but what other qualities does your firm value in its leaders?

It's important to consider firm ideals versus actual firm culture. This can change over time and often what you started creating many years ago has morphed into something else. This is relevant when identifying potential leaders, because it will tell you if potential leaders are already at the firm or if you'll need to hire externally.

Your firm needs a partner job description which includes the qualities and roles expected of all partners, including current partners. The job description needs to be well communicated and updated over time.

Highlight Firm Opportunities

The opportunities your firm presents are the intersection of leadership development and succession planning. Your firm should be seen as appealing to potential leaders, and if it isn't, you need to figure out why.

The Rosenberg Survey is a tool that allows you to measure your firm's success based on key performance metrics. Benchmarking using this survey allows you to see what

you're doing well along with where you can improve. By understanding these aspects

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competitors. At least, not quantitatively.

That's where the Rosenberg Survey can help. It provides hard data so you're not going off hunches when growing your firm in a profitable and effective manner and presenting it as a great opportunity for tomorrow's leaders.

Knowing how you compare to other firms is a key piece of information when crafting a succession plan. Great firm leaders are often lost to competitors. Don't let this happen to you.

Plan for the Worst but Hope for the Best

If you've read this far and you're still not convinced of the importance of leadership development and succession planning, think about the year we just had in 2020. Could anyone have predicted a global pandemic and what it would do to the economy? Life is unpredictable, and that's why you need to plan for the worst, but hope for the best.

Succession planning isn't just about having new partners ready to go when existing partners are ready to retire. Firms may not want to replace partners on a one-to-one basis, because a lot of firms are over-leveraged with partners. It's being ready no matter what. It's about acknowledging various scenarios then planning for the short term and the long term.

If you have a firm that could continue without one of its key partners, congratulations! It doesn't mean your firm doesn't need those people; it's a sign you've done the work, so you're prepared for anything. Your clients and employees rely on you—be prepared for the future, whether that's tomorrow or twenty years from now.

As you think about your succession planning and where your firm's at, consider your

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Charles Hylan CPA, MBA is a Managing Director at The Growth Partnership, where he serves as a trusted advisor to clients within several areas of The Growth Partnership's service offerings, including marketing, strategic planning, partner compensation, partner buy-in/out, partner succession, and leadership development. He has been recognized as one of the "Top 100 Most Influential People" in the accounting profession by Accounting Today. The Growth Partnership offers the accounting profession's premier partner development program, [The Partner Institute](#), and the Rosenberg Survey, which is a tool that allows you to measure your firm's success based on key performance metrics. If you have any questions about choosing a leadership development program or creating a succession plan for your firm, Charles may be contacted through his [website](#).

Firm Management

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