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## Unprepared

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**Isaac M. O'Bannon** • Sep. 19, 2013

Although tax and accounting professionals help other businesses with sales and transfers of business entities, arranging for their own career end and transferring ownership of their own accounting practice is one of the most complex business decisions they are likely to face.

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One of the best ways to transmit one's legacy after retiring is to sell to the team members, partners, and partners-to-be. In this scenario, understanding how addressing the needs of both sides of the firm—the “family” inside and the family member who is exiting—is crucial in making the future of the firm more successful. Successful succession means creating a more attractive and profitable environment for everyone, not just the retiring or exiting professionals. With “firm as family” in mind, everyone has a better chance of finding ways to bridge the needs and wants of both sides, improving the chances of a win for all—including the clients.

Mark Fowler, in his succession article “Both Sides Now” in the National Society of Accountants magazine [Main Street Practitioner](#) of May-June 2013, sees the key stages of succession planning as:

1. Recruiting, developing, mentoring and grooming the right team members.

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1. The firm itself: The company can purchase the shares of the exiting owner.
2. The other partners and partners-to-be: These individuals can purchase ownership shares.
3. The external strategic buyer: This buyer is looking for locations, talent, niches, and technology to enhance their business.
4. The external revenue-oriented buyer: The singular focus of this buyer may be adding revenue. This type of sale often means rapid cost-cutting and very short transition periods.

No matter who the buyer is, new owners have their own goals and objectives, which could include enhanced profitability, an expanded client base and additional services, more appreciative clients and higher quality team members, and increased value out of the firm. The succession plan should include ways team members can accept and embrace these objectives.

Among other succession tips from NSA:

- Train individual talent and other team members in all areas of client history and general information, unique client characteristics and needs, and skills and technical information that will be required.
- Develop a working relationship between clients and team members — not just those with direct responsibilities to clients, but support personnel as well.
- Transfer in an orderly way any administrative duties the exiting professional, partner, manager, principal, or other key team members may have.
- Develop a much more robust administrative platform to begin to handle more duties that were handled by exiting partners or other revenue-generating professionals. It's not unusual to shift personnel from office manager position to firm administrator or from firm administrator to COO in order to more effectively handle the needs of the whole firm.

- Enhance the sales and marketing skills of all team members, including creating a

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