CPA Practice Advisor



making transitions successful.

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*By Rick Dennen.*

Leadership transitions in accounting practices happen for many reasons, including retirements, resignations, deaths, buyouts, or simply having a new partner leading the practice, yet owners often put off planning for these types of changes. The time for transition will come, though, and when it does, you'll want to hand over the reins smoothly. We underwent a recent leadership change (along with several others



If you're running a successful CPA practice, you probably experience frequent changes, from partners entering and leaving the practice, to investing in new technology or expanding into new practice areas. Promoting change as part of your company culture – a necessary element for growth – builds an expectation among your staff. It helps them see change as good for the firm and ultimately good for their jobs. When the time comes for a big transformation like transitioning to new leadership, it's less likely to feel like it comes from left field.

**2. Prepare your staff for transition to new leadership**

Leadership change can be a frightening prospect for staff, especially accountants, who may have concerns about job security or working conditions under new ownership. Talking about transition well before it's likely to occur can help alleviate those fears. Your staff members know you'll leave the practice at some point. Maybe you can't share the details of your plan with all the staff but giving them some idea of what your transition strategy is can reduce jitters and build loyalty.

Maintaining the loyalty of your team helps reduce the risk of key staff departing during ownership changes. If the transition involves an earnout provision, maintaining that continuity can make a big difference in how many years the earnout requires.

**3. Think about management dynamics during transition**

Last year we named a new president at Oak Street Funding, while I moved into a larger leadership role with our parent company, First Financial Bank. For a while, I was doing two jobs: running OSF day to day while taking on new companies and divisions of the bank. As time passed, I've slowly stepped back from routine operations to allow the new leader the opportunity to learn while I'm still there.

Accounting practice sales involving a two-stage succession plan or other phased-in



and communicated. Some staff may want to go around your successor when they know you're still on board – perhaps out of habit or perhaps because they're more accustomed to your management style. Staff must be trained to transfer their reporting (and sometimes loyalties) to the new leadership. If your successor will be assuming your roles over time, it's especially important that staff know when various responsibilities change hands.

**5. Let the new leader lead**

Transitioning out of a practice you've built can be difficult, but it's important to let go of the wheel and let your successor develop their own management style. Mistakes will happen, but that's how we all learn. Decisions might be made, and you won't agree, yet that's part of stepping back to let the new leader lead. The transition period is an ideal time to be a mentor, serving mainly as a backstop against major problems and as a source of institutional knowledge, but staying out of day-to-day operations.

Planning for your practice's next chapter doesn't have to be intimidating. Laying the groundwork early and keeping the firm's future top of mind can go a long way toward making transitions successful.

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