

WHAT DOES IT TAKE TO HAVE A SUCCESSFUL STRATEGIC PLAN?!

By Allan Koltin

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This is the second in a bimonthly series of comments by Allan D. Koltin, CPA, CEO, PDI Global, Inc. and founding member of The Advisory Board.

CPA PMF — *How effective are CPA firms' strategic plans?*

Koltin — It depends! Quite candidly, there are so many factors that affect strategic planning that it is virtually impossible to simply look at a firm's strategic plan and determine whether or not it will be successful.

CPA PMF — *Do any of those factors have to do with partner issues?*

Koltin — Good question. Clearly, the partners have to be in line in terms of their vision, mission and core values. That is probably a nicer way of saying "They have to be on the same page." All too often firms develop a wonderful-looking strategic plan, but if the partners don't wholeheartedly buy into the plan up front, the probability of success is minimal. Secondly, it is critical that the compensation program or system reward individual and team performance as it relates to the strategic plan. The best strategic plans clearly find a way to link individual and team performance to that of the overall firm's strategic plan.

CPA PMF — *I see a lot of firms spending a lot of time on developing core values. Do most firms really live by those core values?*

Koltin — Interestingly, most do a really good job of developing the core values, but then do nothing more than create a nice picture frame for them so they can hang them on the wall. Firms that excel in living and breathing their core values integrate them into a lot of discussions as it relates to the firm. Evidence of this would take place at annual firm meetings when firm leaders give specific examples of how team members lived the core values over the prior year. Also, it is not unthinkable for a managing partner to walk down the hall and offer to give someone a twenty-dollar bill if they can recite the firm's core values and also give a specific example of one that they have embraced over the past month.

CPA PMF — *Is developing a firm's strategic plan the most important part of the exercise?*

Koltin — Interestingly, it is important, but quite candidly it is probably not the most important ingredient. The most important ingredient involves getting firm leaders and partners to develop individual strategic plans. (You could also call these individual goals or strategic initiatives for the upcoming year.) These goals should be developed based on the goals of the industry team or departmental group of which they are a part. The rollup of these industry or team goals is essentially the firm's strategic plan. All too often firms develop a firm-wide strategic plan and they conclude the exercise is over. Nothing could be further from the truth. My guess is that 90% of firms that commit to firmwide team/individual plans experience great success, whereas 90% of the firms that only develop a firmwide strategic plan essentially fall flat on their face. I think firms need to determine up front why they are developing a firmwide strategic plan. If it is simply to have a unifying document that everyone at the firm can point to and say, "Here is our vision, here is our strategy," I guess that is fine. But if it is truly to execute the plan and achieve the goals within the plan, nothing could be a better insurance policy than tying it to individual and team goals.

CPA PMF — *Some managing partners have said to me that they don't like to create five-year visions of where their firm will be, especially as it relates to metrics like gross fees. What are your thoughts on this?*

Koltin — I have had some managing partners tell me the exact same thing. They say that they don't want to have to force certain goals to happen, but rather take things as they come. With all due respect to some of these firms and to some of these firm leaders, I believe your people today not only want, but also demand, to know what the vision of the firm is, and want to know that there is an executable plan in place (with accountability) that will increase the likelihood of the firm reaching its goals. What's the old saying – "If you don't know where you are going, you will never know if you get there"?

CPA PMF — How comprehensive should a strategic plan be, and to whom should it be distributed?

Koltin — I am a big advocate of the expression “simplified strategic planning.” Over the past decade, I have walked into too many firm leaders’ offices, only to see the big binder sitting on the credenza collecting dust almost as if it were a fully depreciable asset. My friend, Gary Boomer, likes to talk about a one-page strategic plan. Basically, he believes that sometimes simplicity is critical, especially if you want to get results. Here, firms condense their strategic plan to one sheet of paper (two sides) and have it laminated, and have all team members carry it, and more important, talk about the goals within the plan. I think this is an excellent suggestion and allows firms to not get lost in the forest (based on the details of the plan), but rather to focus on a handful of strategies that can have a real impact.

CPA PMF — Do strategic plans really have a lot of proprietary and confidential information, and is this why some firms are resistant to share the details of their plans with firm members and other interested parties?

Koltin — Vince Lombardi, the great former head coach of the Green Bay Packers, said it so eloquently a couple of decades ago when he said, “If the opposing team we are playing next Sunday wants a copy of our game plan, I’ll give it to them. Come Sunday, it won’t be about the plan; it will be 100% about the execution.” I think Vince hit it right on the head, not only for the Green Bay Packers, but also for the accounting profession.

CPA PMF — Are there things that firms can do during the year to increase the likelihood of success with their strategic plan?

Koltin — One of the best examples I have seen of raising the bar on accountability has to have been the strategic vision document created by UHY Advisors. They created a four-color magazine called *Fortunate* (a takeoff on *Fortune* magazine) and dated it five years in the future. It discussed what their vision and strategy would be and gave examples of specific benchmarks and metrics that they would need to reach each year

to know that they were truly achieving their plan. The most amazing part of the process was when their CEO, Steve Samek, developed an updated magazine six months into their strategic planning process. He did this simply to send the message to his people that this would not be a silly exercise, but rather be one that they would measure and hold each other accountable for every six months of the journey. My guess is that most firms would never dare to do this, for fear that they would actually have to be accountable to get things done!

CPA PMF — Any other comments or thoughts as they relate to strategic planning?

Koltin — Yes, I think one can’t talk about strategic planning in a vacuum without also talking about firm culture. Part of firm culture includes talking about what the partners want to become, and how satisfied they are with where they’re at today. Some firms have told me (to use a David Maister term) that they simply want to cruise and almost in essence milk their position in the marketplace. Others have said that they truly want to take the firm to the next level and continue to raise the bar on individual and firm performance. This is where strategic planning can break down if we haven’t determined how hard “we’re going to push the gas pedal,” in terms of future growth and performance. We can’t have a handful of the partners saying “Let’s go hard” and the other partners saying “We prefer simply driving on cruise control.”

Editor’s note: If you have any questions about this article, or any other issues facing your firm, please feel free to e-mail them to AKoltin@pdiglobal.com and Marsha.Leest@WoltersKluwer.com.



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