

Successor Advisory: Start with a beginner's mindset



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We are nearing the end of our [Accountant Advisory Services series](#), and have covered some in-depth opportunities to build out your practice with advisory service offerings that can grow your business and best serve your client's unique needs. We dove deep in the previous articles on why accountants should consider offering advisory services, including the following:

- [Financial Advisory](#)
- [Process Advisory](#)
- [Apps Advisory](#)
- [Compliance/Forensic Advisory](#)

What's even more exciting about these offerings is that you can choose one, or even all, of these as areas to expand your business. Reason being is that depending on which you are most passionate about, one option may be more of an add-on to your existing service offerings, while another, such as Successor Advisory, could be a complete stand-alone niche on its own. In this article, we will go deep into the world of Successor Advisory; however, we recommend you go back and review the full article series to see all the exciting opportunities in their entirety.

One area that is less commonly on the forefront of starting and/or restructuring your accounting firm is succession planning. As a business owner with more than 20 years under my belt, I am also guilty of not having this on the top of my list, and I do not believe I am alone in this misconception.

That is why we were thrilled and incredibly honored to have had the great opportunity to interview one of the most recognized business and accounting consultants in the profession, [Allan Koltin](#), CPA, CGMA, and CEO of Koltin Consulting Group. For the 20th consecutive year, Allan has been named by Accounting Today as one of the Top 100 Most Influential People in the Accounting Profession, and in 2020, was ranked as the [third most influential](#). This is just one of the many accolades that has been bestowed on Allan, who has impacted our profession for decades. He generously provided the Intuit® accountant community with his insights on succession planning. I will be weaving his powerful advice throughout this article, so we can learn first-hand from a Successor Advisory expert.

Let's break down this topic of succession planning from a beginner's mindset, since the strongest insights I received from our interview with Allan focused on **the when, the what, and the why**. Let's also take the perspective that we can use these insights not only as a guidance to teach our clients about this topic, but also more importantly to prepare our own firms for this very important and inevitable situation we will face in our practices.



When should succession planning start?

Let's begin with a conversation that really hit home from this interview about how we should be thinking about our businesses from the very beginning: **the when**. Allan broke this concept down simply and clearly for us when he shared the following business insights.

“There are two kinds of firm models out there. One where everything clears through you, and the client relationships and business are all on your shoulders. You may have some additional help, but it's mainly to do the administrative/compliance work that you know that you are better off not doing. **The second model is the one where succession planning starts the day you bring the first client in, which is really a growth-oriented firm.** The goal is to go out there, bring your client in, and then hire loyal (culturally aligned) talent that can grow from back-office technically-skilled to becoming frontline providers of handling client relationships. We call that the Leverage-Staffing Model; this is how you build a firm.”

Before I could even ask the question, Allan had just answered the #1 interview question that I wanted answered for our community: **When should we start thinking about succession planning?** His answer was crystal clear: **Start the day you bring the first client in.**

It now also made perfect sense why I had not considered succession planning as a strategic priority for my firm in all these years. Over the past decade, I had been building my solo-operated business as Model Number One all along. From obtaining new clients to servicing the entire client load myself, I was doing it all alone. As renowned author, Michael E. Gerber, from [“The E Myth Revisited”](#) would call it, I was in a state of an “Entrepreneurial Seizure,” playing all three business roles: entrepreneur, manager, and technician.

In addition, I had been too busy *working in* my business to make time to learn and expose myself to the growth mindset and succession opportunities of Model Number Two, where succession planning starts the day you bring the first client in. As our clients come in, we build out our growth-oriented, equipped team and business processes to become our frontline for handling client relationships, while we continue to focus on the bigger vision and ultimate end in mind goals for our entrepreneurial journey, one important goal being our succession plan.

In my case, it took me almost a decade in entrepreneurship to learn this important lesson. A fellow financial professional and colleague began to ask me the deep questions about my succession plan that, at the time, I had no answers for. However, this newfound awareness drove me to take this area of my business much more seriously.

How does this translate to advising your clients?

Can you relate to this situation of being stuck in the “doing it all” business model and not being able to focus on critical business areas, such as succession planning, for your firm? Is this an area that your clients have asked you about and/or are struggling with?

If your answers were yes to either of these questions, then you have just discovered a critical need to assist yourself and your clients with this end in mind clarity, and this may just be your opening to begin providing Successor Advisory services in your practice.

What is succession planning?

Before we get into the next expert insight from this interview, let’s take a quick step back and define **The What**.

As defined in a recent [Investopedia article by Will Kenton](#), “Succession planning is a strategy for passing on leadership roles, often the ownership of a company, to an employee or group of employees. Also known as replacement planning, it ensures that businesses continue to run smoothly after a company’s most important people move on to new opportunities, retire, or pass away. Succession planning can also cultivate a new generation of leaders, thereby providing an exit strategy for business owners who want to sell their stake.”

To sum it up, succession planning is the integral business strategy that ensures your company has planned and prepared for the future. This end in mind mentality can help keep your mission, goals, and company culture aligned with your long-term vision for your company, how you will build your team, and, most importantly, what your plan is to “unlock this asset” you have built through entrepreneurship.



Why does Successor Advisory matter?

This brings us back to our powerful conversation with Allan when I asked him about **the why**: Why did he feel that building a business off the Leverage-Staffing Model, a.k.a., Model Number Two, will provide a stronger succession plan for his consulting clients? Here’s how Allan broke this down for us.

“There’s nothing wrong with not doing that, but if you don’t do that, at some point you can only work so many hours, and you can only push your rate so much. You then can only realize so much. What happens is that you

stall out! Now, some will say to me, 'I know, but I am making a great living and, even with a lot of pressure, I'm OK with it.' My only comment to them is, 'You won't have a sustainable firm and, someday, you will have created an asset, and what will be your plan to unlock that asset?'"

There was the answer, in the simplest form, as to why succession planning is so important for our firms and for our clients that we serve. We, as business owners, have chosen the path of entrepreneurship and sweat equity to build an asset for our financial future. And, just as important as it is to build a sustainable business that provides us profit and builds our net worth, we need to have a defined strategic plan on how to "unlock this asset" when we are ready to move on to the next chapter of our lives, or when that chapter comes sooner than expected. **Those three profound words, "unlock this asset," have completely changed my mindset on how I want to continue building my business model.** Even after a decade as a business owner, I am open to taking on a beginner's mindset, so I can learn more about succession planning and build clearer, actionable steps within my firm to "unlock my asset" when the time comes.

Four actionable strategies to implement Successor Advisory

We have trickled Successor Advisory advice throughout this article, but let's wrap up with **four actionable strategies** you can implement today to not only build up this specialized skill set within your practice, but if you choose to do so, also begin providing Successor Advisory services to your clients.

#1: Start with a beginner's mindset. We learned that the best time to start succession planning is "the day you bring the first client in." I think it's safe to say that the second best time is today. If we start with a beginner's mindset, we can take the expert insights from this article, as well as the ones you will learn in your own succession planning journey, and take a step back from our business today to evaluate how we can rebuild our own business models to be more closely structured as Model Number Two.

We can also apply these actionable learnings to assess our current clients' situations and begin to share these learnings with our client community. Consider sharing your passion for succession planning at your next client consultation through online communication (i.e., blogs and newsletters), or how about inviting your top 10 clients to a private in-house workshop, where you can go deep into this Successor Advisory topic in a more intimate workshop experience. Are you not sure which client to start with? No worries. I have the best first client for you ... that's YOU!

#2: Start the conversation by asking the BIG question to your most loyal clients. It has been said many times over that the most loyal, revenue-generating clients are those that know, like, and trust you. They are also the clients that value your work, seek your professional advice, and are willing to pay for your additional expertise when you bring it to the table. Make a list of who those clients are in your business, and start the Successor Advisory conversation by asking them the BIG question, "What is your plan to unlock your asset."

#3: Learn common succession planning strategies. There are several common succession planning strategies you can begin to start learning today that you can either apply to your own practice, or begin to implement as Successor Advisory services for your clients. Let's mention a few below:

- **Cross-purchase buy-sell agreement:** Each partner purchases a life insurance policy that names the other partner as the beneficiary and allows the surviving partner to continue business operations.
- **Cross-training employee roles:** The opportunity to shadow fellow employees to build multiple skill sets, identify future leadership roles, and/or develop a stronger management team, based on employee's strengths and performance.
- **Targeted recruitment:** Targeted hiring and development of leadership to prepare for executive-level positioning and/or possible employee buyout opportunities.

#4: Accelerate your growth by self-educating from the best of the best. We have powerful leaders and influencers in the Successor Advisory space, like Allan, who have provided these services for decades to thousands of businesses, and they have made their advice accessible to our community in several ways.

Not only can you learn from their expertise through social media, publications, blogs, and their live speaking events, but, today, many of these leaders also host their own professional conferences and powerful masterminds. In these more intimate experiences, you will learn expert insights that will help you build out these services for your practice, such as how to monetize this specialized work in your firm and how to help your clients to understand the explicit value of the advice you are providing. I like to call this “cutting a check to go faster!”

Let’s end this article with Allan’s final message to our Intuit Accountant community.

“If you really want to ensure succession, know who you are [as a company] and have a strategy to create young [hungry talent] that you can teach about your client base, how to serve your client base, how to grow your client base, and maybe, in the end, they will be able to buy you out. Or, at least when you merge the practice [in the case of an emergency], there are other people that can carry out the day for you.”

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