

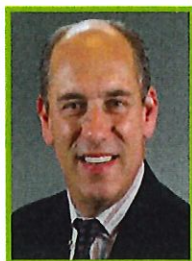
Succession Planning

Who will start the rain?

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Abacus & Axcel had a problem (fake name, real story). In their inaugural talent management assessment, the data around the principal and senior manager groups in audit and tax was troubling – while the groups scored high in technical and people skills, they were far below acceptable for practice development skills. “This will cause a world of hurt for the firm’s ability to continue to grow in five to seven years, especially given the average age of our current partner group,” the head of talent management shared with one of the authors. “We’re great when it comes to client service, but unless we change some things drastically we’ll run out of clients to serve,” he added, with a wry smile.



This conundrum common in firms of all sizes, but particularly with local firms who rely on a few (or even just one) rainmaker. The promotion track for individuals during the formative years (below senior manager) is based on technical skills, billable hours, and realization. At the upper levels below senior manager, it’s based on client service and intrapersonal skills. But the origination metric for most firms usually doesn’t become significant until the senior manager or principal/partner level. By then it could be too late for some firms and undeniably leave them with limited succession choices.

Step 1: Recognizing that Not Everyone is Created Equally

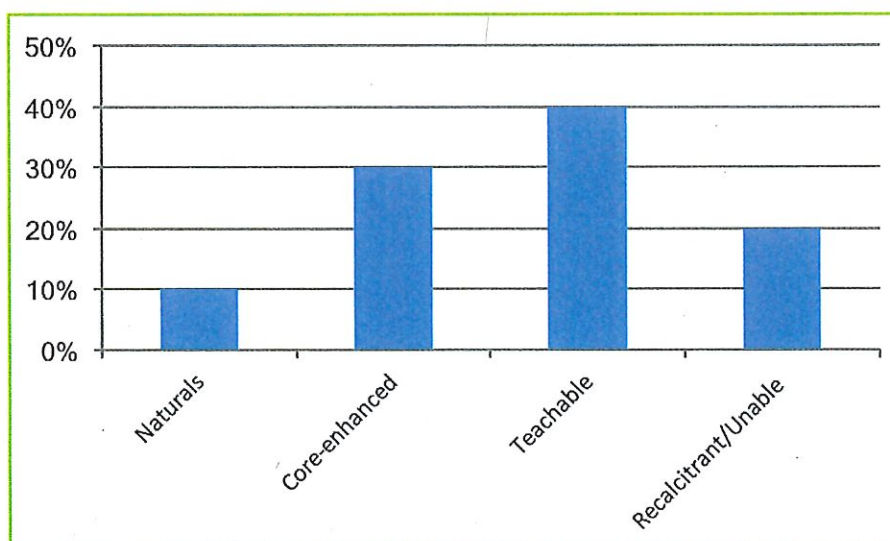
The skills for being a rainmaker or even a mist-maker don’t come naturally to most individuals in business and, it could be argued, even less so in public accounting as the chart (right) depicts.

Having a market-facing mindset is natural for only a small subset of CPAs. In the firm above, for example, more than 60% of the new origination in the audit group came from only four of the 17 audit partners. But practice development skills can be taught to those who are willing and even only partially able.

Step 2: Assessment by Natural Selection

The observant managing partner, department head, HR, or marketing professional should already know from experience and observation which professionals fall into the groups represented on the aforementioned chart. We’re also seeing more firms, especially smaller ones, take a whole firm approach when it comes to teaching practice development skills because they realize that the process must start earlier in a professional’s career because it takes a few years to become adept, and because smaller firms have fewer partners and principals who are natural rainmakers.

The KPIs and curriculum will vary by level, as shown in the next section, but a one-firm approach fosters greater gravity and momentum around sustained, long-term growth. The exception might be the Recalcitrant/Unable group. Changing the stripes of those who are chronically “too busy” to market the firm is a fool’s task. Firms intent on building a successful succession plan are more likely to utilize a “big tent” approach – orchestrating different professionals with disparate skills, and being okay with the fact that every professional is not created equally.



Based on consultations with dozens of CPA firms, the authors estimate that only 10% of partners have the natural skills for practice development; by building on the existing core skills of the next tranche, a firm can more than double the number of successful market facing partners and principals.

Step 3: Creating a Systemic Approach and Accountability

When considering a more deliberate approach to creating rain, firms often choose between two distinct strategies. The first strategy should be to focus only on those you'd categorize as "High Potential" (the naturals and core-enhanced group) to enhance their performance. The thinking is that it may be a waste to bother with those who will never be mist-makers or rainmakers, and that definitely has some validity. This approach targets resources only toward the highest-potentials in your firm, so it still leaves a wide swath of your firm behind, which may only exacerbate your growth and succession problem in the coming years.

The second approach teaches the concepts of marketing and business development to everyone in the firm, giving each person a role and responsibility. The benefit of the second approach is that you leave nobody behind and engrain rainmaking into the culture at every level. While some of your pupils may in fact be technically unable to participate in traditional rainmaking, everyone can play a role in delivering great client service worthy of referrals; knowing the services the firm offers and when they are needed; and building meaningful relationships with clients that create longevity and client retention.

Of course the strategy chosen usually depends on the people in the firm. Every firm is different and that should play a role in the path you choose to follow. If your firm lacks a bench, has limited future partners in its ranks, and has an abundance of grinders, you may choose to focus on your small-sub set of "Hi-Po's". However, if your firm has an abundance of high potential leaders at the staff/senior/supervisor level, it might be best to go with the second strategy and take an all-inclusive approach.

Firms choosing to pursue the first strategy will usually create individual business development plans for each participant. These will include specific goals in several key areas of personal business development like client development, referral source development, personal brand building, and prospect development. This plan will include a revenue goal for generating cross-serving revenue and new clients. These participants will also be required to attend a monthly pipeline meeting to discuss their results and explore opportunities. They will usually receive specialized training and coaching, including deliberate programs to shadow rainmakers and "ride-along" opportunities. And they will be held accountable for results. If any of these criteria seem to be excessive, you may simply wish to prune your list of participants. Ultimately, you're trying to invest heavily in a small population of the firm who can drive more revenue. If they can't be held to these standards, they may not yet be ready.

For those firms choosing to pursue the second strategy, they will take a slightly less aggressive approach. It's usually necessary to avoid igniting fear and concern amongst your associates. The first thing the firm will do is outline roles and responsibilities for everyone at every level. That's right – even first year staff have marketing responsibilities. As an example, the list may include getting to know all of the firm services and the go-to people for these services. It may include a responsibility to complete a LinkedIn profile and connect with clients, former classmates, and family who are in the business world. It may suggest that you bring some snacks to an audit client a few times a year. As one gains more experience within the firm, the responsibilities elevate. A first-year manager may be responsible for bringing in four clients to the firm and cross-serving \$10,000 worth of services. The point with this strategy is to develop your people from day one so they are ready to hit the ground running when they have the right maturity to contribute to business development and rain making.

In addition to roles and responsibilities, the firms will usually provide a level of marketing and business development training on a wide variety of topics including developing meaningful relationships with clients, cross-serving, building a strong personal brand, finding great referral sources, and asking better questions in the sales process. The firm may also form a marketing club, which gets together to talk about their successes and struggles as they move down the path that includes more marketing and business development. The list of tactics can vary significantly, and again, depends on the people within the firm and the speed at which the firm wants or needs to move.

In conclusion, someone will need to make rain for your firm as your rainmakers begin to retire. When Abacus and Axcel realized they had a problem, they sprang into action and began developing their next generation of rainmakers. This action solidified their succession plan for another generation of their firm. The only question left to ask is, will you?

About the Authors

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