



SUCCESSION PLANNING BEST PRACTICES

Succession planning today is more complex for professional services firms than it was 15 years ago. Practices have become more complicated, the traditional business model that served firms so well in the 20th century, no longer works today, and clients have become more sophisticated, especially with the advent of the Internet.

Fifteen years ago, it seemed that succession planning was nothing more than having the current firm leader announce who was going to take over the firm. And for the most part that process seemed to work. Today the process is more complex. Through my work with many accounting firms in this area, I have identified the follow succession planning key best practices.

1. Deploy a Succession Management Process

There needs to be a process that the firm will follow. Different size firms require a different process. The key element is that firms need to make succession planning an integral process by linking succession planning and the firm's overall business strategy. This link is critical since it gives succession planning the opportunity to affect the firm's long-term goals and objectives. Furthermore, in case of an unexpected event, the firm should know how the next leader will be selected. Otherwise, the firm may be open to civil war or implosion.

2. Identify Future Leaders

The smart firms don't wait until its time to elect a new managing partner or other key player in the firm. They use a continuous identification process to focus on future leaders. They have developed for their firm a unique set of technical, professional, client and leadership competencies.

3. Develop Future Leaders

Best-practice firms create specific, individualized development plans for each employee. These plans identify which developmental activities are needed. In larger firms this is handled through the human resource group. The HR group will help develop or purchase training programs and will also monitor employee follow up in the developmental areas. Many smaller firms look to their State Society or National CPA firm associations for executive type programs in leadership and personal development.

In addition to the developmental activities described above, I have noticed that the best practice firms embrace daily mentoring and coaching. Finally, the best way to develop future leaders is by on the job training. Future leaders are involved in key firm projects either as team members or team leaders. These projects range from developing new services, new internal business processes to having P&L responsibility.

4. Measure Results

Best-practice firms realize that if it is not measured it is not important. These firms develop measures and targets for success. Targets are specific and may include the number of employees and partners that have completed a specific training program and can effectively utilize the knowledge from the program in their daily work schedule.

5. Keep it Simple

The best succession management process is simple and logical. Everyone has enough to do as it is without creating a bureaucratic and cumbersome practice.

6. Align Succession with the Firm's Overall Strategy

When you align succession with the firm's overall objectives, it makes it more real and present. Partners can visualize how and why succession is important. They are also more likely to support the process that ties into the firm's goals.

7. Support the Process

I've seen many firms that are in dire need of a succession plan, but the managing partner becomes the biggest restraining force. He simply does not support it. Unless you have the high level support and endorsement for the process, none of the above best practices will work. From a managing partner's perspective, the best practice is know when to step down.

The goal of any good succession plan is to get the right person in place for tomorrow's job. The way to accomplish this is get a match between the firm's future needs and the aspirations of individuals.

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