

Play of the Month

NOVEMBER 2012

RedZone
Practice Management

*Taking Successful CPA
Firms To The Next Level*

Is Your Firm Using A "Prevent Defense" Strategy?

Is your firm's strategy similar to a "Prevent Defense" used in football to back-up the defensive coverage so far that it will often give up long yardage to avoid the risk of the opposing team from scoring? In the world of public accounting, giving up "long yardage" to your competition by not playing aggressively can significantly hurt your chances to win the game.

Winning teams play to "win the game" by implementing a well-defined and aggressive offensive strategy that is often the difference between success and mediocrity. To an accounting firm, it can mean the difference between merging into a larger firm or remaining an independent firm and controlling your own destiny. CPA firms that are willing to redefine themselves and make investments in their future for long-term benefits are playing to "win the game, not to just play the game."

Invest in an offensive strategy

Many firms struggle to find the proper balance between running their organization as a practice versus a business. During the boom years, firms grew organically at more than ten percent per year and they had the luxury of being able to make poor business decisions without significant consequences to partner earnings. However, times have changed, and firms no longer have that luxury. Making smart, oftentimes difficult, business decisions over the next five years could determine a firm's survival. As in football, you are playing against the clock, so be careful not to procrastinate or fall into a state of denial.

Hold Partners accountable for practice development results and profitability

Firms should strive to constantly upgrade their client base with higher quality and more profitable clients. All partners should be held accountable to increase realizations on existing clients and to replace low-profitability clients with more profitable ones. Often, poor growth and profitability is not a result of the firm marketing program or the Marketing Director, but rather a failure of the process as to when marketing ends and sales begins. Selling is a contact sport that requires numerous communications with prospects by partners and managers. Marketing supports the selling process; it does not close the sale.

Develop and retain partners and staff

Accounting firm partners must meet the challenges of the

competitive and consolidating marketplace by making an investment in developing and retaining the most talented accountants available. Firms may not be capable of achieving their short- and long-term strategic goals and future succession plans if Human Capital programs are not implemented successfully and quickly. Developing and retaining the next generation of partners and firm leaders will determine a firm's future and the ability to remain independent.

Use mergers and acquisitions as part of a growth strategy

Growing at a pace to constantly increase profitability at aggressive and sustainable rates is extremely difficult due to the sluggish economy and lack of new start-up businesses. Using mergers and acquisitions as a growth strategy may no longer be an option, but rather an essential strategy to grow at a rate necessary in order to maintain a competitive edge in the marketplace. For the past several years, the accounting profession has been dealing with depressed markets and hunkered-down clients. The rebound in growth emerging from this recession is much leaner than in previous economic recoveries requiring an investment in mergers and acquisitions to complement organic growth.

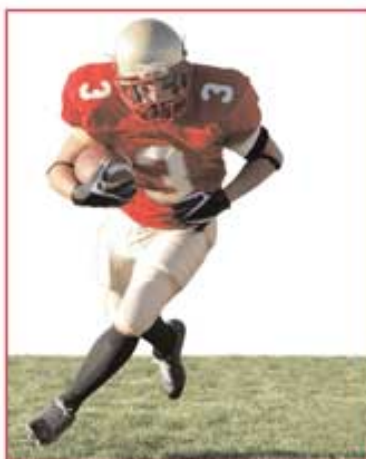
Empower strong leaders

It is important to have strong leaders that have the ability to make tough decisions and are held accountable for ensuring that the partners are a united, cohesive group that achieve the goals and objectives of the firm in a timely fashion. Leaders need to manage and implement change

consistently throughout the year including peak busy seasons.

Strong leadership is one overwhelming and essential factor as to why some accounting firms flourish into large and very profitable organizations. Successful leaders adapt to client and staff changes in the accounting environment and are proactive to anticipate market changes. They insist that partners invest in their firms and motivate their staff to be thought-leaders to gain an edge on their competitors.

It's time to invest in your firm's future and play aggressive offense and take Prevent Defense out of your playbook.



*You play to win the
game—you don't play
to just play it.*



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