

PARTNER'S REPORT

THE MONTHLY UPDATE FOR CPA FIRM OWNERS

ISSUE 09-02

WWW.IOMA.COM/CPA

FEBRUARY 2009

Succession Planning

Is your CPA firm making these common mistakes in succession planning? While succession planning remains a key initiative for the future success of your firm, it is important to do it right. William J. Rothwell, Ph.D., professor at Penn State (www.rothwell-associates.com), identifies the following mistakes to avoid:

Mistake 1: Assuming that success at one level of the firm will guarantee success at higher levels. The reason is simple: The competencies required for success at each level are different. It is important to separate thinking about how well someone does his or her current job and how well that person might do a job at a higher responsibility level.

Mistake 2: Assuming that partners are always the best judges of who is promotable. For purposes of succession planning, this is not always true. Owners have a stake in the firm's future, and that could color some of the decisions that are made about succession. In fact, some partners may not want to see their best people move for fear that the work at the manager or supervisor level may not receive the same care by more junior staff. Consider using more objective assessments, such as multirater assessment, to help in identifying those who truly have owner potential.

Think of
implementing
systematic
succession in a
phased way.

Mistake 3: Assuming that promotions are rewards. Some staff have an entitlement mentality: They feel that long service with an organization should always be rewarded with promotions. However, business decisions must be based on who will do the best job, not who is "owed" a promotion because of the greatest seniority.

Staff must be reminded that each level of the CPA firm requires different competencies, and the best way for them to compete is to prepare for future challenges rather than expect promotions for past performances at a different level of responsibility.

Mistake 4: Trying to do too much too fast. The strong results-orientation of many firms today emphasizes quick results. Senior leaders expect to see all the components of a comprehensive succession system in place immediately—but that is not always realistic. Think of implementing systematic succession in a phased way—either from the top down or starting in the divisions or locations that have the greatest need.

Mistake 5: Giving no thought to what to call the succession program. As any marketer knows, product names matter. Many organizations choose alternative names—such as "leadership-development program," "human capital-management

program," or "talent program." A popular name at CPA firms now is "partner-in-training program." This clearly identifies the nature of the program.

Mistake 6: Assuming that everyone wants a promotion. That is not always true today. Staff may not want to assume the responsibilities of ownership in a CPA firm after seeing the pressures that partners currently face. Don't assume that your

best and brightest necessarily want to move up.

Find out what people want to do. A career planning program that starts with the first junior year can help both staff in determining their career goals and the firm in identifying those with the potential—and the desire—to move toward ownership.

Source: *PR* staff

This article was originally published in IOMA's monthly newsletter, *Partner's Report*, and is republished here with the express written permission of IOMA. © 2009. It is a violation of federal copyright law to reproduce all or part of this publication or its contents by any means. The Copyright Act imposes liability of up to \$150,000 per issue for such infringement. Information concerning illicit duplication will be gratefully received. To ensure compliance with all copyright regulations or to acquire a license for multi-subscriber distribution within a company or for permission to republish, please contact **Jonathan Wentworth-Ping** at IOMA's corporate licensing department, 973-718-4703, or e-mail jpings@ioma.com. For more information about IOMA or to subscribe to any IOMA publication, go to www.ioma.com.