Generational Transition Means Confronting Fears and Assumptions

Carolyn R. Rodenberg and Lance D. Woodbury

"I don't have plans for five years from now—even a year from now! When I come into the plant each morning, I figure out the plan for that day." This was the response of an active 65-year old owner of a multimillion-dollar business in the Midwest when asked by a trained facilitator about planning for the future of his business. For several years, his 40-year old daughter and 42-year old son, both in the business for more than 20 years, and the company's long-time accountant had been waiting for the owner-manager to talk about transitions. The family trusts and estate plan were in place, but the "who and how" of future business operations was a topic that was avoided.

The businessman's children and accountant had not pressed the subject because they knew it would be a difficult and emotion-charged conversation involving personal and family issues. They were avoiding the conflict, which is common in family or closely held businesses, but the fear of possible conflict often prevents planning. Avoiding transitional or succession planning, however, is an almost certain path to delayed conflict.

**Initiation**

Since the fear of conflict leads to silence on the part of family members, who is going to take the difficult first step? Although the CPA may also fear causing conflict by broaching the subject of succession planning, it is his or her responsibility, as the company's primary business consultant, to overcome such fears and encourage clients to begin the planning process. Such an approach should be objective with the focus on separating the past from the present and pointing the business toward the future.

CPAs are well aware of the potentially devastating impact of a lack of planning. It is a "live volcano"—a disaster waiting to happen. An unexpected death or disability often results in turning a business's management over to a relative or employee whose inexperience and indecision can be debilitating to the business.

Because the CPA usually has a close, trusted relationship with the client, she or he is in an excellent position to advance the entire planning process from the initial conversations through the plan preparation. To be effective, however, the CPA may need to be trained in facilitation first. Another option is to "partner" with a professional facilitator or mediator, with the CPA sitting on the "same side of the table" as the clients and advising them.

Looking to the future requires that people face their fears and assumptions. A CPA aware of the issues most commonly encountered can
Web Sites and Contact Databases: Are They Effective?

Does your firm have a home page on the World Wide Web? Of course! Doesn't every CPA firm? A Web site leads the technologies that professional services firms use for external marketing. Yet, Web pages rank lowest in meeting the expectations that prompted their use. Another technology that most professional services firms use in their marketing programs is a contacts database, but most fail to tap the database's potential for mining and using valuable information. These are the findings of a nationwide study of professional services firms conducted by Expertise Marketing, Concord, Massachusetts.

Web Pages Are Popular

The study reports that such firms are "rushing" to use marketing technology, especially Web pages and generally report satisfactory results. A Web page is the most commonly used technology for external marketing: 71% of the respondents have one. Other technologies used include broadcast faxes (18%), online newsletters (14%), audio/video cassettes (13%), and CD-ROMs (12%). Accounting firms use Web pages more than other professional services firms (79%), but their use of broadcast faxes (19%) and online newsletters (13%) is about the same. Relatively few accounting firms used video/audio cassettes (6%) and CD-ROMs (4%). Although these other technologies are not used as much as Web pages, their users appear to be more satisfied with the results (see the chart below). In general, users are least satisfied with the technologies they use most (see page 8).

Expertise Marketing concludes that the firms are dissatisfied because they rush to implement the technologies without—
- Clearly articulating the expectations to be met for the technology to be considered successful.
- Having realistic expectations of the support required or the technology's ability to perform.
- Formulating a solid rationale for implementing the technology. (Doing it "because we should.")
- Knowing what would best attract clients and prospects and why.

Automation Yes, Data Mining Maybe

Overall, 78% of the respondents report using a contacts database. More than 70% use it to handle traditional marketing tasks:
- Automate marketing mailings (82%).
- Manage day-to-day marketing interactions with clients and prospects (71%).
- Communicate marketing-oriented account information between business units (35%).
- Track marketing successes for different departments by client type, help prepare proposals, and handle other activities (11%).

Only 30% of the respondents use the database to mine data.

CONTINUED ON NEXT PAGE
Use of and satisfaction with external technologies

Accounting firms use contacts databases somewhat more than others (79%), but not as much as law firms (86%).

The Real Opportunity
Suzanne Lowe, president of Expertise Marketing, says “Professional firms use marketing technology in a knee-jerk fashion. The real opportunity is to use technology to change the way firms go to market.” Rather than just using it to automate traditional marketing activities, firms need to recognize that the technology offers strategic advantages by helping to—

- Gain a deeper understanding of clients’ needs.
- Build historical and predictive perspectives of the similarities, differences, and shifts in clients’ buying patterns.
- Develop new value-added services to meet marketplace demands.

Expertise Marketing finds that firms generally meet their expectations in implementing technology, but the results are typically marginal. Dramatic improvements result if the firms—

- Define expected outcomes in terms of competitive advantage rather than cost reduction or improved efficiency.
- Plan and provide for necessary support.
- Make a long-term commitment with plans for continuous improvement.

The real benefit of technology is information about clients, prospects, and competitors that can cut the sales cycle and reduce the costs of acquiring new clients much faster than additional promotion. The first step in applying information as a competitive advantage: effective development and use of a contacts database.