



SUCCESS FACTOR #7

Minority

Shareholders

Valued & experienced fee earners that hold minority equity positions

The **lack of suitably qualified staff** is a continuing growth constraint.

Small to medium size practices spend significant resources developing their staff and are often devastated when a 'future successor' or 'experienced fee earner' leaves to establish their own practice or joins a larger practice that has offered more money.

'I want to transition client relationships to my key staff. My biggest worry is one of my staff may leave our practice and take my clients with them.'

To attract, retain and motivate experienced fee earners, accountants are implementing **innovative management and ownership successions plans** that will see an increase in the number of minority shareholders in an accounting practice.

'We set up a finance company separate to our practice trading entity. We used this entity to fund the exit of an existing partner. We then created a funding platform to allow our experienced staff to acquire minority interest shareholdings in our practice/trading entity.'

Minority interest shareholder programs include:

- Major banks funding up-to-seventy percent of the goodwill purchase price of an interest in an accounting practice, with limited existing partner guarantees;
- A mix of dividend and equity shares so staff can be rewarded for both performance and ownership;
- Options and minority interests to reduce investment risks for future successors.

Providing a management and ownership succession plan that includes minority interest opportunities creates a level of certainty for the practice's current Partners/Directors.

Having a secured, formal commitment from staff means existing Partners/Directors are more willing to transfer client relationships and work flow opportunities to new shareholders. This increases existing Partner/Director time and capacity to implement growth strategies like the Advisory Services Tax Program Strategy and target new clients.

'We see the minority interest opportunity as a way to differentiate our practice when recruiting specialist staff.'





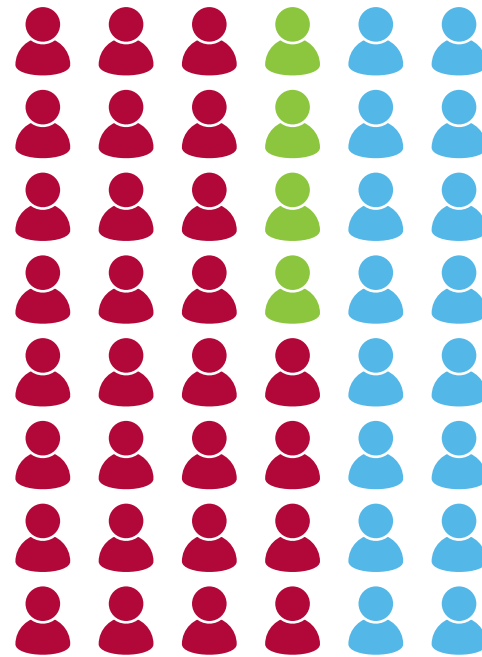
SUCCESS FACTOR #8

Multi-Disciplinary Staff

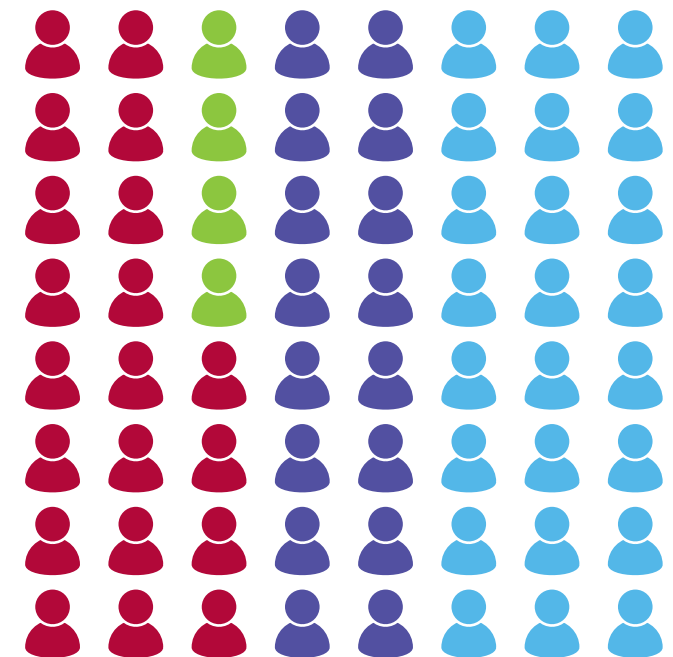


Gender diverse 'Red', 'Green', 'Purple' & 'Blue' teams

2020



2023



 Accounting, tax & compliance

 Tax planning

 Client relationship managers

 Business advisory

Shortage of skills to provide advisory services

Practices don't have enough staff with skills to provide operational business advisory services, and they lack plans to fill these gaps (refer to **Specialisation** section).

Using teams to deliver services can successfully leverage the specialist technical and relationship skills within practices, and provide staff with opportunities for career development. By emphasising collaboration, teams can strengthen understanding of individual roles and different types of contribution, building internal trust.

Develop teams with mixed skills to provide services

Support staff engagement and productivity, by identifying employees' individual strengths and skills. For example, we have used a colour scheme such as Red, Green, Blue and Purple skills (see box) to identify different skills needed to deliver services effectively. Not every employee has, or can develop, every skill. Instead, use teams to blend the different skills within the practice, and have the team deliver services.

Use Red, Green, Blue and Purple Teams

Identify each staff member's strengths and skills, then place staff in a role that leverages those skills:



Red & Green: staff who are technically skilled, who will enjoy the challenge of improving the efficiency of compliance work, will deliver quality advice and grow this core service;



Blue: have strong technical capabilities and specialised skill sets, e.g. advisory services, sounding board programs;



Purple: have specialist relationship management skills and experience. Their key objective is to act as the client point of contact - deepening client trust and improving the number of services per client. Their skills create new revenue within the client base.

How can teams support the transition to the ideal 2023 practice mix?

Teams increase leverage

Rather than relying on a single person to deliver new or specialised services, build a team to distribute the workload, using all the skills within your practice. By creating a team with a diverse skill set, employees can collaborate to deliver services, with each team member focusing on their strengths. Effective working relationships increase internal trust and increase productivity.

Teams provide staff development and retention strategies

Offering flexibility and career paths for your staff is essential for attracting and retaining quality staff. Teams provide skill development opportunities for existing staff who can be mentored by other team members and upskilled. Further experience can be gained by moving within and between teams. Effective teams provide a supportive environment for personal growth and positive outcomes.

Accept strengths and differences

This strategy allows practices to understand and support individual staff strengths and accept differences. 'Purple' team members enjoy interacting with clients. 'Red' & 'Green' team members are most comfortable and productive as technical specialists. 'Blue' team members enjoy advice services and thrive on assisting clients to respond to new opportunities or challenges. By emphasising positive experiences for employees, rather than taking a 'one size fits all' approach, practices can maximise productivity, morale and staff engagement.

Recognition and rewards

Teams can be used effectively for regular communication of feedback and progress. Recognising successes at the practice, team and individual level will promote a positive and collaborative culture enabling everyone to work collaboratively towards achieving practice goals.