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Transitioning To A New MP: Experts Define The “Right” Way To Fast-Track The Process For Success

While President Obama [excerpted from 2008] is being flooded with advice, recommendations, white papers and policy statements from a team of advisors in the weeks and months after he takes office, new CPA firm leaders face a unique transition process of their own. The expectations for all firm leaders are high; but for some new MPs, the vision may not be clear. New MPs may not know what the partners want until after they take over the reins. As the talk of transition is very much in the air, IPA talked with two CPA management consultants and asked them to share their insights into this important change in leadership.

Planning for a change in leadership at least a year in advance is one of the keys to creating a smooth transition from one MP to another, say two experts in the field. Incoming MPs should use the transition period to gather information and ask lots of questions, and once they take over the top job, they should not hit the ground running, but “hit the ground listening,” says CPA management consultant Patrick McKenna.

Years ago, a new MP was chosen based on “whose turn it was.” That individual, usually the oldest partner, may not have had the skills or the emotional intelligence to lead the firm. Today, smart firms are thinking more strategically, laying the groundwork for a new MP months in advance. IPA asked McKenna and consultant Robert Gallagher to share their insights into this important change in leadership.

Gallagher, of Pittsburgh-based R.J. Gallagher & Associates, is a former MP and has consulted hundreds of firms over the years. McKenna, of Edmonton, Canada, is the author of the e-book, First 100 Days: Transitioning A New Managing Partner, and the leader of a bi-annual master class for new MPs held at the University of Chicago. IPA asked both consultants to share their insights into the following questions.
What are some of the most common mistakes new MPs make? New MPs who believe they already know the issues and the solutions are taking the wrong approach, McKenna tells IPA.

That attitude is practically a guarantee that partners and staff will be discouraged from sharing important information needed to succeed. New MPs should also be aware how their relationships are perceived. MPs coming to the top leadership position after heading a practice area or leading a branch office will likely be perceived as someone with obvious loyalties to old, established friends and staff, McKenna says.

Gallagher says the most common mistake is probably not determining the expectations of the partner team. “It’s a matter of really delineating what the roles and responsibilities are and the measures of success – that takes upfront planning, and not enough of that is done prior to the actual takeover,” he says. He adds that another problem is the new MP not stating the vision for the firm and letting everyone know the necessity of buying into it.

What are the challenges new MPs face? New MPs will likely go through distinct emotional stages, McKenna says. The first stage is “anticipation.” This is where the new MPs have just learned about the appointment or selection, they’re excited, proud at being chosen, and busy making to-do lists. The traps they fall into at this stage include not understanding what they’ve said yes to, failing to properly prepare, underestimating their own need to change, and perhaps not beginning the transition soon enough. The second stage is “adjustment.” This is when the reality of the daily tasks do not align with the individual’s picture of being the MP. This is the time when the new MP begins to realize that the position requires new capabilities and skills.

Can you think back on any transitions that didn’t go well? “Transitions that aren’t planned are the ones that don’t go right,” says Gallagher. Once the new MP steps into the job, that person should meet with partners individually within the first 90 days and then continue to maintain a constant stream of communication.

McKenna concurs. He also advises conducting one-on-one interview sessions with the partner group (and other key professionals in the firm), asking each the same questions to get their insights, solicit their advice and see what themes emerge. Clarify what they want and what they expect a new MP to shake up and what they want preserved.

What is the outgoing MP’s responsibility during the transition? The outgoing MP can help create a smooth transition by fixing problems ahead of time, Gallagher says. If something’s not working in HR, IT or marketing, don’t wait for the new MP to step up to the plate. Sometimes, new MPs serve as the COO partner within the firm first. If that’s the case, it’s a great opportunity to work with the outgoing MP, says Gallagher.
McKenna Points To Five Responsibilities of The Outgoing MP

✓ Don’t believe you are indispensable. Compose your 30-second ‘elevator speech’ to tell people, in a positive way, why you are making the move and to convey your excitement about the future – yours and the firm’s.
✓ Deal with annoying operational problems or troublesome personalities before stepping down from the position.
✓ Codify and share, with the new MP, the information that you wish you knew when you first took over the position.
✓ Do all you can to assure the success of the new MP.
✓ “Let go.” The sooner you get out of the way, the sooner the new MP can get down to business.

What is the biggest surprise new MPs face? McKenna and Gallagher both say new MPs are overwhelmed by the sheer volume of work and the time it takes to do the job right. Many of them are not full-time MPs, so they struggle with finding a balance between the time needed to manage the firm and the time required to maintain some kind of personal practice.

If you were to think about best practices, what advice would you offer to the MP? It’s critical to meet individually with partners and key staff in the first 30 days to find out the shared vision and their thoughts about the firm, Gallagher advises. In the first 90 days, gather all the partners in an off-site meeting for a day to share visions and expectations. “Client service is our hallmark, so it’s important to get everyone on the same page, particularly when you’re going to the next level as a firm, say from $5 million to $10 million.”

McKenna agrees that new MPs should spend the bulk of their time listening and asking questions, obtaining feedback and insight on what is right – and wrong – with the firm’s operations, etc. Settle on a few major priorities at first. Make time during the initial 30 days to meet with clients. Ideally, within the first 100 days, you need to target a few early wins, he says. Pick some problems your firm has not been able to address and figure out a way to fix them quickly.

Any particular challenges/advice for the MP who is taking over for the founding partner? “Founding partners [who] have started their firms from zero and built it up to be very successful and usually have had the leadership for quite a long time,” Gallagher says. “The founding partner many times has had the authority to do some things others might question, but they’ve been successful.” A new MP might want to go in a completely different direction – a consensus-builder rather than an
authoritative figure – but Gallagher warns against extremes. A new MP should be mindful that accountability is still important. Don’t relax the rules, he says.

Gallagher adds that it’s tougher to bring in someone new when an outgoing MP still wants to be involved. “If the departing MP remains as chair of the firm, but hands over the daily operations to the new MP, in my opinion, it doesn’t work,” he tells IPA. In most firms, when the new MP assumes responsibility, he or she should be allowed to lead the firm; otherwise, too many mixed signals can be sent. Gallagher has seen some firms split the MP responsibilities between two co-managing partners, which can work well. He does not recommend that the executive committee run the firm, a model that is often put in place after an autocratic MP leaves and the partners are looking for more consensus. “I believe a firm needs a final decision-maker for accountability. Managing by committee went out many years ago for a reason,” he says.

McKenna shares, “Whether hand-picked or elected, you must honor the success and ideals of the managing partner you’re replacing. It is important to communicate that you are setting your own course, and make it clear you’re up to the challenge.”

Gallagher emphasizes these four traits for the new MP: trust, communication, inspiration and accessibility. “The leader in a CPA firm has to have high emotional intelligence. A strong structure should be in place, and you’ve got to have a strong team. If you’ve got ‘A’ players, then it allows the COO and the MP to do their jobs. In order to be successful, new MPs need a solid structure, a strategy, shared vision, a strong culture and an unyielding focus on execution.

McKenna tells IPA that new MPs should not lose sight of the fact that everyone at the firm wants to know the new MP cares about them. “What can a new MP do to let every partner know that you believe they can become even more successful?”

When you’re looking at President Obama in this difficult time, he’s meeting with important people and trying to inspire everyone. In a firm, you’re doing the same thing. The new MP has to have high emotional intelligence. A strong structure should be in place, and they have to have a strong team. ■IPA