Survival of the Fittest:

How Can Your Firm Adapt to the Changing Business Environment?



Agenda

To review 9 questions:

- How has business changed?
- Is there an Accounting Firm evolution?
- If so, what triggered it?
- What do clients want?
- How do you expand a practice and what can you offer?
- How do you measure a client relationship?
- Must an Accounting Firm offer all services in house?
- What are some examples of evolution?
- Where is this going?



HOW HAS BUSINESS CHANGED?



How has business changed?

- New Technology
- Culture and Employee benefits
- 24/7 Client Needs
- Workspace & Environment

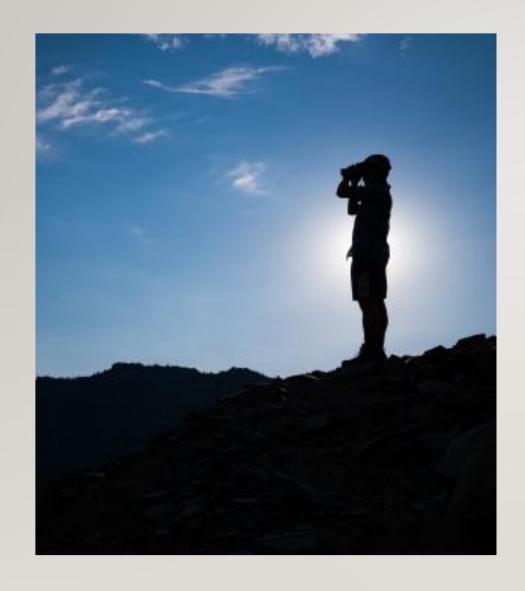


An Accounting Firm is a group of people singularly committed to being more and doing more to help clients.



IS THERE AN ACCOUNTING FIRM EVOLUTION?





Look around

- Mergers and Acquisitions
- Roll Ups
- Expansion of Services
- Audit Tax Consulting



WHAT TRIGGERED THE ACCOUNTING FIRM EVOLUTION?



As always, clients triggered it.



WHAT DO CLIENTS WANT?



Exactly what you would want...



A deep, connected relationship with their financial team.



4 KEY CHARACTERISTICS OF THE ACCOUNTING TEAM

(1) Technical mastery

- You don't need to be the world's foremost expert
- You do need to know your area

(2) Communicating the complex simply

- Fewer words are better than more words
- Smaller words are better than bigger words



4 KEY CHARACTERISTICS OF THE ACCOUNTING TEAM

(3) Follow through

- Do what you say you'll do
- Every. Single. Time. ("at bats")
- It builds trust

(4) Care

- Genuine
- Cannot fake it



No one cares how much you know, until they know how much you care...

- Teddy Roosevelt



HOW DO YOU EXPAND A PRACTICE AND WHAT CAN YOU OFFER?



Can You Enter Through...

- Estate planning?Yes
- Litigation Support?Yes
- Tax Planning?Yes

- Attest Function?
 - Yes
- Succession Planning?
 - Yes
- Business Valuation?Yes

- Investments?
 - Yes
- Life Insurance?
 - Yes
- Family governance?Yes

Any area that will help the client is the place to start!



HOW DO YOU MEASURE A CLIENT RELATIONSHIP?





With one simple question:

Did you **help** a client today?



If you've seen one client....you've seen one client.



MUST AN ACCOUNTING FIRM OFFER ALL SERVICES IN HOUSE?





NO,

However, they <u>should</u> offer a seamless experience



WHAT ARE SOME EXAMPLES OF THE EVOLUTION?



The Estranged Son



The Estranged Son

- > Who:
 - 78-year-old patriarch
 - Two sons
 - One in family business
 - One employed struggling with addiction
 - \$100 million net worth
- ➤ What he said: Lack of business succession plan and significant estate taxes
- ➤ What he meant: I am embarrassed and don't want to talk about it, but I need help as I've lost my son to addiction



The Estranged Son continues

- > The "at bat":
 - New Estate plan
 - FLP & Recapitalization
 - Premium financed life insurance plan
- > The evolution:
 - Built relationship with estranged son
 - Engaged professionals to provide treatment
 - After care program for regular monitoring
 - Implemented "incentive provisions" consistent with therapists' treatment
- > What it evolved to:
 - Full family office



The Minority Business Owner



The Minority Business Owner

- ➤ Who: 42-year-old 15% owner of a Broadway staging company
- What he said: "I want more financial guidance from my accountants along with better tax planning"
- ➤ What he meant: How do I obtain the other 85% of the stock of the company from the founding members. How do I accomplish that in a way that's advantageous to me from a cash flow, funding, and tax position?



The Minority Business Owner continues

- > The "at bat":
 - Tax Planning
 - Periodic Meetings
 - Correct Team of Professionals
- > The evolution:
 - Introduced client to a valuation provider
 - Assisted in negotiating the transfer of shares
 - Secured financing for the transaction
- > What it evolved to:
 - Maintained the current client and retained the previous business owners as family office clients.



WHERE IS THIS GOING?



Where is this going?

- It's not enough to stick to our core competency.
- Clients expect and need more.
- Those who can thrive will need to be more and do more.
- We need to adapt to changing times, technology and philosophy.



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