Succession Readiness Assessment Tool
Multi-Owner Firm

This tool was designed to help you understand your firm's readiness for succession. There are several options for succession; Sale, merger, internal transition, practice continuation with other firms, or just turning out the lights. The assessment tool prompts you with questions to help you evaluate different aspects of your firm and identify systems, processes and policies needing improvement in order to create a culture of operating that positions your firm for succession regardless of your exit strategy. For questions where you answered 'NO', please refer to the 'Further Guidance' which directs you to the appropriate resources and tools to help you understand the topic at hand and tips to **improve your succession readiness.** Please note several of these questions were identified from the material provided in the *PCPS Succession Resource Center* on our website. We encourage you to review all of the material on this site to help create a better context for your decision making process.

POSITIONING YOUR FIRM FOR SUCCESSION READINESS

Overall Firm Strategy and Business Model	YES	NO	If NO - Further Guidance
Do all owners recognize the need to plan NOW?			PCPS Succession Survey
Do all owners recognize that succession planning is an everyday activity that involves many areas such as leadership, recruiting and retention, strategy and more?			Succession Resource Center - Ch 1, Pg 3
Is it clear where your firm is headed over the long run (e.g. a written strategic plan)?			Strategy & Planning (PCPS Human Capital Center)
Are all owners willing to go along with the overall direction of the firm?			Succession Resource Center - Ch 3, Pg 6
Have you discussed your current business model and determined how it compares to the desired future business model (e.g. in three years)?			Succession Resource Center - Ch 3, Pg 7
Are the owners the client account managers who oversee client satisfaction and provide high-level advisory services, while the rest of the work is leveraged through the rest of the team, with owners pushing down manager-level work to managers and managers pushing staff-level work to staff?			Firm Competency Model (PCPS Human Capital Center)
Do you have a written succession plan?			Writing a Succession Plan
If yes, does the succession plan address leader development?			Action Plan: Writing a Succession Plan - Coming Soon!
If yes, have you documented it in writing to help hold owners accountable?			
Do you have written policies addressing retirement and sale of ownership interests?			
Do your retirement policies address competing against the firm, taking staff, or other practices that could harm the firm?			
Do your retirement policies require partners to transition client relationships in an orderly fashion prior to leaving?			
Do your retirement policies address death and disability, as well as voluntary and involuntary withdrawal?			

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PCPS PRIVATE COMPANIES PRACTICE SECTION

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Performance Metrics	YES	NO	If NO - Further Guidance
Do you regularly review your firms statistics?	☐	☐	Succession Resource Center - Ch 3, Pgs 3-5
If so, do you give weight to these statistics and try to figure out how to build a better, faster, stronger organization and guide your process improvement?	☐	☐	Financial Ratios and What They Say
Do you regularly compare your firms statistics to benchmarks (e.g. annual budget and compare to other similar firms)?	☐	☐	PCPS National MAP Survey

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Management & Governance	YES	NO	If NO - Further Guidance
Do the owners embrace a corporate governance model? (e.g. The owners act as the board of directors who hold the managing partner accountable for overall firm results and the managing partner holds each individual owner accountable.)	☐	☒	Succession Resource Center - Ch 3, Pg 8
Does the FIRM own the clients?	☐	☒	
Do the owners act as the Board of Directors?	☐	☒	Management & Governance (PCPS Human Capital Center)
Do the Board of Directors elect a managing partner and hold the managing partner accountable for the overall firm results?	☐	☒	
Does the managing partner hold each individual owner accountable for individual goals as well as for supporting the firm goals and direction?	☐	☒	Succession Resource Center - Ch 6, Pg 7-8
Are there established roles with assigned responsibilities as well as clear powers and limitations in the board and managing partner roles?	☐	☒	Succession Resource Center - Ch 6, Pg 9 Sample Role and Responsibilities of the Board Sample Role and Responsibilities of Managing Partner
Are owners held accountable for defined roles and responsibilities and does the compensation system enforce accountability?	☐	☒	Succession Resource Center - Ch 6, Pg 10 Reward, Compensation and Incentives (PCPS Human Capital Center) - Coming Soon!
Have partner/retirement agreements been recently updated?	☐	☒	Recommended Issues to Include in Retirement Agreements
Is the managing partner selected because of leadership skills rather than by seniority?	☐	☒	"How to Choose a Managing Partner" - Coming Soon!

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Exit Strategy Consideration and Planning	YES	NO	If NO - Further Guidance
Have the partners explored the different exit strategies?			Succession Resource Center - Chapters 4, 5, 6, & 7
If planning for internal transition, has the firm started developing new leaders?			
Have you identified the people with leadership talent and started the training and development process?			Succession Resource Center - Training and Development Checklist Owner Development Action Plan (PCPS Human Capital Center)
Have you established a formal partner-in-training program (supplemental to mentoring by senior management)?			Succession Resource Center - Shareholder In Training (SIT) Program Checklist
Are partners actively involved in mentoring promising leaders, giving them responsibility and introducing them to clients so they can develop entrepreneurial instincts and leadership talent?			Mentoring Guide (PCPS Human Capital Center)
Are junior staff provided the opportunity to be involved in decision making?			Succession Resource Center - Ch 6, Pg 18 Firm Competency Model (PCPS Human Capital Center)
Is there a timetable outlining when owners will be retiring and the timing for grooming the new leaders?			Tips to Set up a Timetable for New Leadership
Are there formal written requirements for admission as a owner?			Succession Resource Center - Ch 6, Pg 16 Example of Partner Admission Policy
Do you have a compensation system in place rewarding people for driving the firms strategy and demonstrating leadership?			Reward, Compensation & Incentives (PCPS Human Capital Center) - Coming Soon! Sample Compensation Plan

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People Management	YES	NO	If NO - Further Guidance
Do partners keep from doing non-partner work and push work down to the lowest level possible?	☐	☒	Succession Resource Center - Ch 3, Pgs 9-10
Does the firm have a strong staff training program and instill a culture that is dedicated to training in order to reverse the upside down staffing pyramid?	☐	☒	Learning Culture (PCPS Human Capital Center)
Is the firm involved in accelerating the growth and development of staff?	☐	☒	Succession Resource Center - Ch 3, Pg 12
Are key competencies that are required for success in a position identified and provided to staff members?	☐	☒	Firm Competency Model (PCPS Human Capital Center)
Does the firm have an effective formal mentoring program in place and is it regularly evaluated?	☐	☒	Mentoring Guide (PCPS Human Capital Center)
Are routine meetings held with staff to evaluate key competencies for a position and for career development?	☐	☒	Performance Management (PCPS Human Capital Center)
Does the firm work actively to recruit?	☐	☒	Team Recruitment (PCPS Human Capital Center)
Is every person at every level looking towards advancing developing and training his/her successor?	☐	☒	Team Development (PCPS Human Capital Center)
Does the firm retain top performers?	☐	☒	Succession Resource Center - Ch 3, Pg 13 Work/Life Balance & Retention (PCPS Human Capital Center)
Do you coach and counsel people to improve their performance and do you hold people accountable?	☐	☒	Succession Resource Center - Ch 6, Pg 20 Performance Management (PCPS Human Capital Center)

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Standardizing Procedures	YES	NO	If NO - Further Guidance
Does the firm have written best-practice standardized procedures for day-to-day operations (e.g. billings and collections)?			Succession Resource Center - Ch 3, Pg 15 Sample Billing and Collections Policy
Does the firm have written standardized procedures for firm administration?			Succession Resource Center - Ch 6, Pg 11 Sample Hiring and Firing Policy
Does the firm have written standardized procedures for client service and satisfaction?			Sample Client Services Plan Wksht
Does the firm have standardized client acceptance procedures to ensure services are sold at fair rates?			Pricing Your Services Sample New Client Acceptance Policy
Does the firm have procedures to evaluate and rank clients, raise rates and/or run off the undesirable clients at the bottom of the list?			Succession Resource Center - Ch 3, Pg 17 Client Evaluation (PCPS Firm Strategy & Planning)
Are there standardized procedures established for transitioning clients between partners?			Succession Resource Center - Ch 8 Pg 7-8
Are partners required to spend more time managing client relationships and less time processing the work?			Succession Resource Center - Ch 3, Pg 10
Are partners held accountable to written operating policies and procedures?			Succession Resource Center - Ch 6, Pg 10
Are books of business balanced throughout the firm?			Succession Resource Center - Ch 6, Pg 12-13 Succession Resource Center - Ch 3, Pg 16