

# Strategy and Planning

Human Capital Center Toolbox Series



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### **What is the PCPS Human Capital Center Toolbox Series?**

The Toolbox Series is designed to highlight the learning and tools available in the Human Capital Center (HCC), including templates, action plans, checklists and more. The HCC serves PCPS members by focusing on staffing best practices and providing the resources to master and implement those recommendations. Contributions to the Toolbox Series were made by the AICPA's Specialized Communities, including the Personal Financial Planning, Information Technology, Forensic and Valuation Services and PCPS sections. Visit the 11 segments of the Human Capital Center at [pcps.aicpa.org/Resources/Human+Capital+Center/](https://pcps.aicpa.org/Resources/Human+Capital+Center/) to discover more.



This tool icon refers to Tools that are available in the PCPS Human Capital Center.

## Strategy and Planning

Strategic planning is an essential process for growth and sustainability. To achieve success when attracting, retaining and developing CPA firm personnel, firm members must agree on why the firm exists and where it is headed. In the Strategy and Planning section of the PCPS Human Capital Center, PCPS has teamed with Boomer Consulting, Inc., to provide CPA firms with a simple process and related tools to construct a one page strategic plan. This One Page Plan will act as the basis for all firm objectives, which includes the process of deriving recruiting and performance management goals.

A firm's One Page Plan will include:

- Vision statement
- Mission statement
- List of core values
- Strategic objectives
- Action plan to meet objectives

The PCPS Human Capital Center provides member firms with the **Guide to Strategic Planning**. This learning document, created by Boomer Consulting, Inc., is embedded with the tools necessary for drafting your firm's One Page Plan, which specifies initiatives, tasks, assignments and due dates. Via a firm-retreat-like setting, CPA firms can follow the steps and advice to achieve documented consensus on where the firm is going.

The guide includes an eight-step Strategic Planning Process Outline that is designed to complete the firm's strategic plan within six to seven hours. The steps in the outline are as follows:

### Introduction to Strategic Planning

In the accounting profession, many firms consist of little more than several sole proprietors, sharing overhead but not the same vision. Strategic planning brings key people together in order to build a process that will save time, ensure results and hold those involved accountable in order to achieve goals and objectives.

Involving as many people as possible is imperative, as the process will create enthusiasm and excitement when shared with everyone in the firm. All owners, managers and staff should be involved in the planning process. This will ensure buy-in and improve the quality of the plan. If partners are not aligned, it may be necessary to have a preliminary meeting with outside counsel.

Other considerations include appointing a facilitator, who will act as an external party, to keep the group thinking strategically about the future of the firm. Remember, too, that the purpose of the meeting is to determine the desired direction of the future of the firm.

The strategic planning meeting can get started with two exercises:

- **Exercise One:** *Accomplishments* – have each participant consider the past year and write down the firm's major accomplishments. All of the accomplishments should then be reviewed and all of the participants need to be asked to describe how they feel about the past year's accomplishments.
- **Exercise Two:** *Perception Survey* – this indicates how much participants agree with statements on a scale of 1 -10, and should be completed by each of the participants. The results will then be calculated by the facilitator.



## Documenting Your Firm's Dangers, Opportunities and Strengths (D.O.S.)

It is critical to be brutally honest about where the firm is today and where it should be in the future. Most people try to focus on the present, but the problem is that the present does not last. It is important that firms focus on the future in order to see progress.



Dangers are often associated with the fear of losing money, health, clients or relationships. Opportunities are driven by clients and the market and result from fostering relationships, creative planning and visionary leadership. Strengths are found in the firm's processes and relationships. As part of the meeting, all dangers, opportunities and strengths should be listed, with reasons cited for each. Then the top three for each category should be listed.

## Growth Models

Rapidly growing firms have a different attitude than those that remain stagnant. There are several growth models that can be used as benchmarks for future performance:

- **10x Growth Model:** forces firms to benchmark where their firm is today and what it might look like if it were 10 times as large as it is today.
- **Upside-Down Budget:** so named because most accountants budget for what is left after expenses (Net Income Before Partners' Salaries). This model has five primary functions:

- o Demonstrate the firm's current performance
- o Document the firm's assumptions for growth and staffing
- o Define the impact of no-growth on owner income
- o Demonstrate staffing and partner requirements based upon growth strategies
- o Increase the firm's confidence in reaching its goals

- **No-Growth Model:** demonstrates that firms are unable to remain stagnant and grow on owner income.

Too often, owners get caught up in line item expenses and fail to see the economics of the big picture. This model, however, asks for desired owner income and then projects the necessary revenue. The model demonstrates what has made the firm successful in the past won't necessarily get it to the next level.

## Vision, Mission and Core Values

A firm's Strategic Plan is a comprehensive document of the firm's vision, mission, core values, strategic objectives, strategies and an action plan with responsible agents and due dates. The biggest mistake most firms make is to focus too few resources on too many initiatives. The Strategic Plan empowers the firm to focus its capital and team members on priority opportunities. It should:

- Serve as a guideline for actions and decisions
- Communicate, inform, motivate and involve others
- Assist in benchmarking and monitoring performance
- Stimulate change and future focus

Vision statement – defines the benefits that clients, employees and owners can expect from the firm. It should be clear and concise and should capture the firm's purpose and values. The development of a vision statement is dependent upon a clear understanding of a firm's dangers, opportunities and strengths and knowledge of competitive activities within the industry.

Mission statement – a written statement of purpose or what a firm does to exist. It serves as a vehicle to coordinate actions and efforts and should inspire commitment to a firm’s vision.

Core values – the principles by which the firm will conduct business. They mirror your beliefs.

A certain level on consensus is suggested while capturing your firm’s vision statement, mission statement and core values.

## Strategic Objectives

### Measurement characteristics include:

- Accuracy
- Objectivity
- Ease of communicating and understanding
- Timeliness

Strategic objectives are defined as what needs to be done in order to put a game plan into action. Too many variables exist for one set of measures to work across the profession. Measurement priorities should be determined by strategic priorities.

A firm’s strategic objectives should be identified and narrowed down by a group. Common strategic objectives include:

- *Increased revenues and profits*
- *Client retention*
- *Employee retention*
- *New services*
- *Communicating, informing, motivating and involving others*

## Measurements, Initiatives, Due Dates and Assignments

Measurement - ultimately about management, not accounting. Many firms still focus on charge hours and realization. By doing so, they force staff into reducing the number of hours they can charge to clients. According to statistics accumulated among member firms in the Boomer Technology Circles, most are less than 50% chargeable. Measurements must be:

- *Accurate*
- *Objective*
- *Easily communicated and understood*
- *Timely*

Initiatives, due dates and assignments – execution of the strategic plan requires clearly articulated initiatives with specific due dates and responsible agents. Strategic planning often fails because it is not well executed. The firm must hold all personnel accountable to the Strategic Plan by communicating it thoroughly and requiring everyone to have a role in its execution. Execution is ultimately the responsibility of the firm’s leadership. Collectively, thorough communication of strategic initiatives and holding all personnel accountable is the only reliable way to ensure its completion.

## Documenting the Plan

After all firm members have filled out the plan, it should be reviewed the next day. Following everyone’s approval, a laminated copy is to be provided to each member of the firm. The key to a successful plan is holding all owners and staff accountable. The plan will remain current for a period of one year.



## Annual Update

This step occurs one year from the completion of steps 1-7. The firm should conduct an annual, overnight meeting at a unique location with all firm employees. The purpose is for team-building and accurately communicating firm culture. The prior plan's results will be reviewed and updated accordingly.

In the Performance Management section of the PCPS Human Capital Center, firms will learn to use specific tools that will ensure team members are following through with initiatives that support the One Page Plan. The challenge represents where the firm is today, while results indicate where the firm wants to be.

Visit [aicpa.org/pcps](http://aicpa.org/pcps) and become a member for access to an array of strategy and planning tools and resources. To find out if your firm is already a member, email [pcps@aicpa.org](mailto:pcps@aicpa.org).



## Access These Tools at [aicpa.org/PCPS](http://aicpa.org/PCPS):

Strategic Planning Video Clips by Boomer

Strategic Planning Guide

Perception Survey

D.O.S. Worksheet

10x Growth Model Worksheets

Upside-Down Budget and No Growth Worksheets

Sample Strategic Plan

Blank Strategic Plan



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