

Transition models integral to succession

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By Krystine Lumanta

Accountants should consider the various transition models that are available when it comes to passing their practices over to their next owners, rather than simply closing up their businesses, according to a specialist business exit advisory executive.

“When you look at your businesses, I’m not sure what kind of plans you have to exit yourselves, but I think what we’re going to see, partially as a result of the baby boomer business exit tsunami, is [a need to] look at different ways of transitioning businesses,” GRG Momentum founder and managing director Geoff Green told the Institute of Public Accountants 2016 National Congress in Melbourne in November last year.

“The idea of just going out there and putting up a ‘for sale’ sign and hoping for the best is not going to work so much anymore, no matter what industry you’re in.

“One of the things I’m starting to work on with advisory organisations is looking at ways to transition ownership within businesses – this concept [is nothing new], the family business model of passing it onto the next generation is basically transitioning within effectively a close work group of people.”

However, Green revealed there was a struggle for accountants to do this within their profession.

“I talk to a lot of accountants and small to medium-size practices who believe it’s too hard and when they finish up, they just want to shut the door,” he said.

“But you’re turning your back on a lot of value and you’re also turning your back on clients that you’ve worked on for years and years.

“It’s really traumatic to walk away from your client base without feeling like there’s a future for them as well, so there’s a huge advantage in looking at different transition models within advisory practices.”

He added that part of a successful business transition was to ensure the company was actively trying to stand out and was representing itself as a smart business that embraced changes such as technology.

- See more at: <http://www.smsmagazine.com.au/articles/transition-models-integral-to-succession?sthash.Qk4sp4el.mjjo#sthash.Qk4sp4el.Dj1v8X5a.dpuf>