



CPA PLAYBOOK



BECOME THE MARKET LEADER WITH BUSINESS OWNERS



Table of Contents

2

A NOTE FROM SCOTT SNIDER
Vice President of Exit Planning Institute

3

A \$50 MILLION OPPORTUNITY FOR THE MOST TRUSTED ADVISOR
How CPAs Benefit from the CEPA Credential

7

CPAs and CEPAs BY THE NUMBERS
Statistics about the Exit Planning Industry

9

INTEGRATING BUSINESS OWNER ENGAGEMENT TACTICS INTO YOUR FIRM
Accounting Firm Exit Planning Strategies

17

HOW ARE CPAs UTILIZING THE CEPA CREDENTIAL
Interviews with Three CPAs in the Exit Planning Field

21

RESEARCH APPENDIX
A Collection of Resources for CPA Statistics

22

WHERE DO WE GO FROM HERE?
How to join the EPI Community

A note from Scott Snider, Vice President of Exit Planning Institute

Upon reviewing the Exit Planning Institute's State of Owner Readiness Survey, we found that 61% of owners strongly agreed that having a transition strategy was important to both their personal future and the future of their company. However, business owners continue to not do anything about it. In the same survey we saw that nearly 50% of owners have done no planning at all. Most owners do not really understand the value of their business, they are not taking on any value growth or risk mitigation projects, and have not formed a formal exit advisory team. This sets up a massive opportunity for the advisor already in the most trusted seat. The CPA.

Nearly 40% of owners indicated that the CPA was in fact their most trusted and closest advisor they have. Many CPAs have been alongside the business owner since the beginning and have advised the business owner along their entrepreneurial journey. They have performed audits, tax analysis, planning, and filings. CPAs have conducted financial performance analysis, given the business a formal valuation, or even served the client in other functional ways in technology services, wealth management, M&A services, staffing, or retirement solutions.

But as our aging business owners start to slow down and look to ambitions outside of the business, this presents a new challenge for the CPA. How do we help our business owner clients build something significant and align the owner's personal and financial goals? How do we help them to get enough out of the business so that they can enjoy life for years to come? And how do we as the accounting firm continue to hold the prestigious "most trusted advisor" role with the new owners of the company or the next generation?

The accounting firm has the opportunity to position themselves with future owners by implementing exit planning services into their robust and diverse offerings today. In some cases, firms will have a \$50 million revenue opportunity with their existing clients. Clients that already gave them the stamp of approval as the most trusted advisor. The Exit Planning Institute helps the firm position themselves in this way and provides them with the resources they need to grab the opportunity.



- **Scott Snider**

Vice President, Exit Planning Institute

A \$50 MILLION OPPORTUNITY FOR THE MOST TRUSTED ADVISOR

HOW CPAs BENEFIT FROM THE CEPA CREDENTIAL



Exit
Planning
Institute.

“CPAs secure that relationship for generations to come because they invested in owners by utilizing the Value Acceleration Methodology”.

Scott Snider
Vice President, Exit Planning Institute

Business owners work with a variety of advisors, consultants, and coaches in their exit planning processes. The CPA is considered by many business owners as their most trusted advisor. Given this and given how integrated they typically are with the business owner and their company, CPAs are put in an advantageous position to provide owners with the guidance and support needed to successfully transition their company. It is likely, that the business owner will turn to the CPA for guidance, allowing the overall accounting firm to open a new service line in exit planning. A potential significant return for the firm, leading them to deepen their relationship with clients and their companies.

The \$50 Million Opportunity

Exit Planning provides CPAs with roughly a \$50 Million opportunity for growth. According to national statistics, 60% of your corporate or owner clients are Baby Boomers. As our State of Owner Readiness Survey shows, 50% of Baby Boomer owners are looking to exit in the next 1-5 years. Through research done by our Owner Engagement Members, we discovered that 10% of these owners have already started exit planning and 30% will never do anything at all. This leaves 60% that are interested in exit planning and have yet to begin the process. Of that 60%, half of these owners are “ready now” and will actively do something with you if you approached them in the right way. Of those companies, 20% are lower middle market companies, making between \$5 million and \$100 million in revenue.

CPA: The Most Trusted Advisor

As a client’s most trusted advisor, a CPA has valuable insight into their business practices and financial needs. According to Scott Snider, “Given the CPA is the most trusted advisor it is likely that the owner will turn to you, if they have not already, and ask the question, ‘I’d like to sell my company can you help me?’ Question for the CPA is: can you? Are you going

76% of owners plan to transition over the next 10 years (representing 4.5 million businesses and over \$10 trillion in wealth).

49% have no transition plan.

More than **70%** of businesses that are put on the market **do not sell.**

Only 30% of family-owned businesses transition to the second generation and only 12% survive to the third...

to be prepared with the process, the tools and resources, and the right team to make that a massive success for your existing client? I would challenge you today and say you are likely ill prepared for this question”. To gain significant knowledge about the exit planning process and how it impacts business owners, CPAs should invest in themselves and use the Value Acceleration Methodology by obtaining the CEPA credential.

Scott Snider says, “A CEPA credential holder has been trained inside of the Value Acceleration Methodology. It allows an advisor to move from transactional work and conversations to more holistic solution-based and consultative conversations. We turn an exit conversation into a business strategy conversation including a deeper personal connection. This allows the advisor to look at an owner and their company more holistically. How ready is the company? How personally prepared is the owner? What does the owner’s personal financial plan look like? By approaching the owner this way, we connect much better and deeper to the owner and potentially the owner’s leadership team

and family. This allows the CPA to develop a much more entangled relationship”.

A CPA with a CEPA designation gains more than an additional four letters after their name in an email signature. The Value Acceleration Methodology is a proven process to help an owner rapidly build value and sell at a premium. This means the firm gains revenue opportunities across the board. In helping your client’s get the most out of their exit plan you will build a strong relationship with them as well as the future owner of the company. Scott says, “You secure that relationship for generations to come because you invested in them by utilizing the Value Acceleration Methodology”.

What Is Your Opportunity?

Owner Clients – _____

60% Baby Boomers – _____

50% looking to exit in 1-5 years – _____

Middle 60% – _____

50% are ready to exit now – _____

20% lower middle market – _____

Total Clients: _____

Assuming a Business is worth \$8 Million, what are your firm’s associated Fees:

Accounting - \$ _____

Financial Services - \$ _____

M&A - \$ _____

Exit Planning - \$ _____

Total = \$ _____

\$ _____ x _____ clients =

\$ _____ Opportunity

Look at it this way:

Estimate that an accounting firm had 2,000 business owner clients

60% Baby Boomers – 1200 clients

50% looking to exit in 1-5 years – 600 clients

Middle 60% interested in exit planning – 360 clients

50% are ready to exit now – 180 clients

20% of those owners are lower middle market companies (\$5 million - \$100 million in revenue) – 36 clients

Out of your 2,000 business owner clients, **36 provide an opportunity for around \$30 million**. The average company sells for \$8 million. Multiservice accounting firms have multiple opportunities with this \$8 million company.

The following fees are likely while working with the \$8 million sale:

Accounting - \$40,000

Financial Services - \$80,000

M&A - \$500,000

Exit Planning - \$140,000

Total = \$760,000

\$760,000 x 36 clients = \$27 million

The larger your total client base, the larger the financial opportunity exit planning provides. Estimate you have 5,000 owner clients; if you follow this math you will have a **\$54 million revenue stream from conducting exit planning with just 72 of those clients**.

CPAs AND CEPAs BY THE NUMBERS



Exit
Planning
Institute_™

CEPA STATISTICS

10%
of Active
CEPAs are
CPAs

+2,600
CEPAs as of May
2021

1,200
CEPAs joined EPI
Community in
2020

+25
Local EPI
Chapters in
our Network

43%
of advisors want
deeper education
on Marketing

52%
of CEPAs work
with businesses
with 5-25MM in
Annual Revenue

CPA STATISTICS

38%
of Owners listed
a CPA as their
Most Trusted
Advisor

50%
of Owners
listed a CPA on
their Transition
Team

30-40%
of Accountants
are CPAs

10%
Increase in
demand for CPAs
in the next 5
years

654,375
Actively
licensed CPAs*

*in 2019

10-15%
salary increase
for CPAs over
non-CPA
accountants

INTEGRATING BUSINESS OWNER ENGAGEMENT TACTICS INTO YOUR FIRM IN 2021

ACCOUNTING FIRM EXIT PLANNING STRATEGIES



Exit
Planning
Institute.

Exit Planning Institute, through CEPA program, teaches CPAs and their firms how to effectively engage and build deeper relationships with business owners. All while introducing value added services such as exit planning, succession planning, value growth and other consultative services.

See where your firm ranks in terms of readiness to conduct Exit Planning work by completing the following three questionnaires.

EPI has the process, methodology and systems to help CPAs continue to hold a seat at the owners table as their most trusted advisor.

Attend our Accounting Firm Webinar Series for a deeper understanding of these topics.

How CPAs can Gain and Grow Business Owner Clients: An Intriguing and Empowering Strategy

The award-winning Value Acceleration Methodology is the leading process to help businesses rapidly grow value, align goals, and harvest the value from their company. Exiting not just successfully but significantly. According to State of Owner Readiness research, 80% of owners have no formal value growth or transition team, 90% have done no personal planning and nearly 50% of owners have done no planning at all.

If the CPA wants to actively begin the conversation with business owners around growth and exit, their behavior must change. Talking to a business owner about exit strategy encompasses business, personal, and financial aspects, as well as goals. To get the business owner actively engaged, the CPA must adopt a conversation strategy that is intriguing and empowering with a proven process that aligns their business, personal, and financial goals.

10 Quick Questions You Can Ask and Rate Yourself

When answering the following question utilizing a 1 to 6 scale. 1 is poor, 6 is best in class, 3 is slightly below average, and 4 is slightly above average.

CPAs who rate high likely have the capabilities and strategy in place to engage business owners effectively in exit planning conversations and engagements. Thus, will see a value-add and high return.

Rating:

Category

When talking with a business owner instead of giving them the right answers, you ask the right questions

When talking with a business owner you empower them by sharing your insights early rather than withholding them until they become a client

You have adopted a formal exit planning process to put the owner through

Someone at your firm has been formally trained and certified in an exit planning process

The process is clearly communicated and designed on your firm's website

The process you have adopted has two concurrent paths. One business and one personal/financial

The process you have adopted defines the three major gaps every owner has. Profit Gap, Value Gap, Wealth Gap

The process you have adopted has clear 90-day deliverables for the business owner

You have defined clear advisor partners for the work you do not do at the firm

You have actively engaged the next generation of ownership or management at your client's company

Total Score

Percent Total

The CPAs Opportunity: Sale Funnel Management, Marketing, Business Development and Client Retention

Moving from transactional services to consultative services is a different strategy and approach. When engaging owners to actively grow value in their companies and position for an effective exit, the CPA must understand not only what generation their owner or the owner's family members are a part of, but understand the ways in which the owners mindset needs to shift and what effectively makes it shift.

We help CPAs identify their exit planning prospects, and show the opportunity in cross-selling (exit planning identifies multiple services from valuation, to audit, wealth management, technology needs, etc.). You'll also see examples of marketing and business development tactics that have had major success.

Once the process is in place the accounting firm can now go to market and begin to better engage their business owners through new sales and marketing tactics. These tactics are educational in nature and allow the business owner to learn about the exit planning process. The tactics also allow the CPA to identify revenue producing engagements along the way.

Through EPI research, we have determined that when looking at business owners at any given firm, it is likely the 60% of them would actively engage the firm to help them plan for exit if they were just approached and engaged in a different way. A way that educates them about the process while allowing them to implement and gain small wins in 90-day sprints. We call this group of owners "The Middle Sixty".

10 Quick Questions You Can Ask and Rate Yourself

When answering the following question utilizing a 1 to 6 scale. 1 is poor, 6 in best in class, 3 is slightly below average, and 4 is slightly above average.

CPAs who rate high likely are positioned to rapidly educate business owners and increase their exit planning and core services offered to them.

Rating:

Category

The firm has completed a sales funnel management exercise and has clearly identified their target group of business owners who need these services

The firm has a marketing and business development budget

The firm has a defined marketing and business development strategy

The firm has clear goals and objectives around business owner segment growth

You have a defined and clear value proposition for exit planning and value growth

The firm has created valuable exit planning, value growth, and accounting content for owners

You have a knowledge base of information readily available to business owners on your website

You host virtual or in-person educational events for business owners

Your referral partners clearly understand your exit planning process and would readily refer business owners, who are looking to transition, to your firm

The firm has dedicated business development, salespeople, or relationship managers that help to drive new business from business owners

Total Score

Percent Total

Delivering the Service: Setting up the Accounting Firm to Effectively Deliver Client Work

You have now effectively educated the owner, triggering action! The owner now wants to proceed with exit planning services. But how do you deliver the work, what process do you follow, what advisors are around the table, what tools and resources do you use and how should this be priced?

In this final section, we will show you, through studies, how many accounting firms are incorporating exit planning services into their practice model, how they engage effectively and how you can set up an exit planning service line and deliver work for your own clients.

The “Middle Sixty” has come true! You now have business owner clients actively engaging you in the exit planning process. The process starts with an assessment of value, leads to prioritizing an action plan, and is implemented in 90-day sprints with deliverables along the way. This engagement can be completed in-house entirely by the accounting firm or portioned off and implemented through exit planning partners, like Value Advisor and Financial Advisors. This process will undoubtedly drive multiple service opportunities for the accounting firm if executed correctly.

10 Quick Questions You Can Ask and Rate Yourself

When answering the following question utilize the 1 to 6 scale. 1 is poor, 6 is best in class, 3 is slightly below average, and 4 is slightly above average.

CPAs who rate high likely are positioned to execute exit planning work when the owner engages the firm.

Rating: **Category**

The firm has identified their exit planning engagement deliverables and has a pricing model for their services

The firm utilizes a tool to identify and assess the value of intangible capital. Human, Structural, Customer, and Social.

The firm utilizes a tool to clearly define and calculate the owner's wealth gap, profit gap and value gap.

The firm has identified if they will run this process entirely in-house or outsource it to advisors; the partners are well defined

The firm has identified the way in which to deliver the assessment once completed to the business owner and their team

The firm has a process to prioritize action plans for the business owner giving them a 90-day roadmap to success

The firm believes in operating in 90-day sprints focusing on 2 paths: business and personal/financial

The firm has identified the advisor(s) who will run this exit planning process and engagement with the business owner.

The firm actively educates the business owner on their multiple exit options


The firm's business owners have actively taken on a value growth project

Total Score

Percent Total



How are CPAs Utilizing CEPA



As a CPA, it is likely that when the owner begins to think about their exit, gets a unsolicited offer to sell, or falls to tragedy through something like stress on the business or partner disagreement, they will turn to you for that exit planning advice. Are you ready?

The CEPA Credential will allow you to deepen your client relationships and increase your retention rate for the next generation of owners.





*Partner, Advisory
BPM*

Rich, how are you utilizing the CEPA designation?

"I currently am running an exit planning practice so having a CEPA designation definitely helps!"

How have you been utilizing EPI as a resource?

"I have been using EPI as a resource for being able to attend chapter meetings throughout the country since they are virtual right now. Along with that, I really enjoyed the webinar series that covered the Triggering Event and Value Enhancement."

What would you like to see more of from EPI from a resource standpoint?

"Personally, I would love to see more webinar series. I really enjoyed the two that happened over the summer and I really thought that more series like that would be beneficial to the entire EPI Community." "I also need to spend more time going through the member center and getting more acquainted with the materials that EPI offers."

Was it difficult to get to buy in from your business partners or from your firm in general?

"I wouldn't say it was difficult to get them to buy in. It was more along the lines of letting them know that this is EXIT Planning and preparing a business owner for an exit, not transitioning them out of their current role. I had to explain that business owners are not exiting yet, but helping prepare for an exit when the time comes. We are currently putting together an advisory team as well based around Exit Planning. It is one of our main marketing goals for 2021 to have a more targeted and professional looking campaign. We are utilizing Christine Hollinden and looking more into how much social media data can help us."

Outside of traditional accounting, what other services do you provide?

"Right now, we are mainly focused on tax services and exit planning. Currently it is right around 95% tax and 5% Exit Planning. Our goal is to get more towards 30% of business working on Exit Planning."

Are you currently charging for Exit Planning?

"At first, after I received my designation, I started with a low fee or now fee to help my clients understand what I am doing. Now that Exit Planning is picking up steam, I have been charging actively. All of my clients understand what I am discussing with them and are happy to pay for it."



PAUL WEISINGER

*Principal, Director of Valuation & Transaction Advisory Services
Rea & Associates*

How are you utilizing CEPA in your current role?

"I have been utilizing the designation in my role since I received the designation. I had some issues with what the next steps were after getting my designation though. I wasn't sure which direction to go and how I could get my company to buy in."

What would you like to see more of from EPI?

"I definitely think it would be beneficial to have some sort idea of what you get other than a designation. I think you should be able to go over the Launch Tool Kit without charging for it. Cleaning up the member center would be ideal since it is a hodge podge of different materials. I think it would be beneficial for all CEPA's to be able to see more deals that have happened with an exit and how the deal would have been structured. The more first hand knowledge, the better off a CEPA will be. It be helpful to see that one piece that stands out that CEPA's can always go to."

Have you had any troubles with buy in at your firm after getting the designation?

"The buy in was difficult at first because there wasn't really an area or materials I felt that could have been beneficial to take the next steps to show co-workers how we could implement exit planning into our service line. I didn't have enough buy in at all to start. Internally, I worked on creating my own exit planning education to help everyone understand more in detail what the designation was and what goes into being a CEPA."

How much have you integrated Exit Planning into your firm?

"I would say that about 85% of our business right now is Exit and Succession planning. The other 15% is based around divorce. With COVID hitting, so many business owners are really starting to focus on making sure that if this happens again, they're prepared and ready to exit. I wish we could hire five more people we are so busy right now with clients."

How much has your marketing changed?

"We're still getting a lot of it together. I would say in 2021 we are planning to take what we did during COVID in terms of offering free webinars on the PPP and other programs available was beneficial for everyone. The reason we made them free is because we want to be the neighbor that gives back so to speak. Offering those types of benefits are things people will remember when they're looking into succession planning."



SETH WEBBER

*Principal
BerryDunn*

How are you utilizing the designation?

"I have been utilizing the CEPA designation mostly by working on valuation. I have been trying to use as many tools offered by EPI to make my Exit Planning as best I can. The biggest thing for me is to work on getting to know the owner more than just crunching numbers. Working on having a greater awareness of time frames, prepping for what comes next."

Was there any issue getting anyone else from your firm to buy in to Exit Planning?

"The buy in wasn't an issue really, everyone understood or got the 'gist'. The problem was that after attending Chris Snider's 'Mastering the Triggering Event' at the EPI Summit, I did too much focus on the Triggering Event alone. I spent too much time in the first gate of the TE and I am still working on trying to find that sweet spot of what is best for me and the firm."

How have you integrated Exit Planning into your practice?

"We set it up as a separate service offering. We differentiate by how it comes in from the business owner. We all support and work on the projects but if the main focus is on Trust and Estate planning, we would have it go to the Trust and Estate Lawyers."

How many clients are actively involved with the Process? What do you call it? Value Growth, Exit Planning?

"The business owners we're working with right now are focused purely on value acceleration. I would say about ¼ of our clients are working on that and most of our active clients are focused on ESOPs. We are noticing that Exit Planning works the best right with succession planning and the lightbulb that has been going off for our clients is more of the 'why' am I doing something different for my business."

What is the game plan for marketing moving forward?

"COVID has accelerated this process. Mr. Rogers wrote each episode of his show for one kid and focused on them. We are taking a piece that and working on creating more focused marketing that our target audience will receive a piece of marketing that is more focused on them and shows the more personal touch. We want to focus on making sure that our clients are gaining control of every one of their opportunities."

What is one thing you would suggest to everyone who has gone through the CEPA Program in 2020?

"I would encourage everyone at some point to go through the 'Mastering the Triggering Event'. This was a great refresher for me and it helped me have a plan to roll out the TE and dive deeper into each stage."

Research Appendix

Nebraska 2019 State Of Owner Readiness Research- Exit Planning Institute

AICPA 2019 Trends Report

Beat the CPA - Exam Stats and Facts

EPI LinkedIn Polling Data

About the Author



Colleen Kowalski

Marketing Coordinator, Exit Planning Institute
ckowalski@exit-planning-institute.org

Colleen is responsible for creating engaging and unique content for the EPI website. She generates organic communication between EPI and the Exit Planning community and conducts targeted market research.

Where Do We Go From Here?



The CEPA Credential provides CPAs with the knowledge they need to deepen their relationships with business owners. According to Scott Snider, Vice President of EPI, “Trusted advisors like CPAs play a significant role in value growth and understand business value”.

The Exit Planning Institute is the leading authority on exit planning and value acceleration. Having credentialed more than 2,600 Certified Exit Planning Advisors and worked with more than 30,000 advisors and firms across the US, EPI has the process, methodology and systems to help CPAs continue to hold a seat at the owners table as their most trusted advisor.



www.exit-planning-institute.org

216.712.4244

 epiglobal@exit-planning-institute.org

 www.linkedin.com/company/exit-planning-institute

 [@beyondCEPA](https://twitter.com/beyondCEPA)

