

TODD STEINBERG

**Securing Your Firm's Future:
Succession Planning Insights for
Accountants & Advisors**





Securing Your Firm's Future:
**Succession Planning Insights for Accountants &
Advisors**

Todd Steinberg
Founder & Managing Partner
Thrive Financial Group

Elite VFO Collective



Thrive Financial Group

Specialized Advisory for Accounting Firms



We help accounting firm owners:

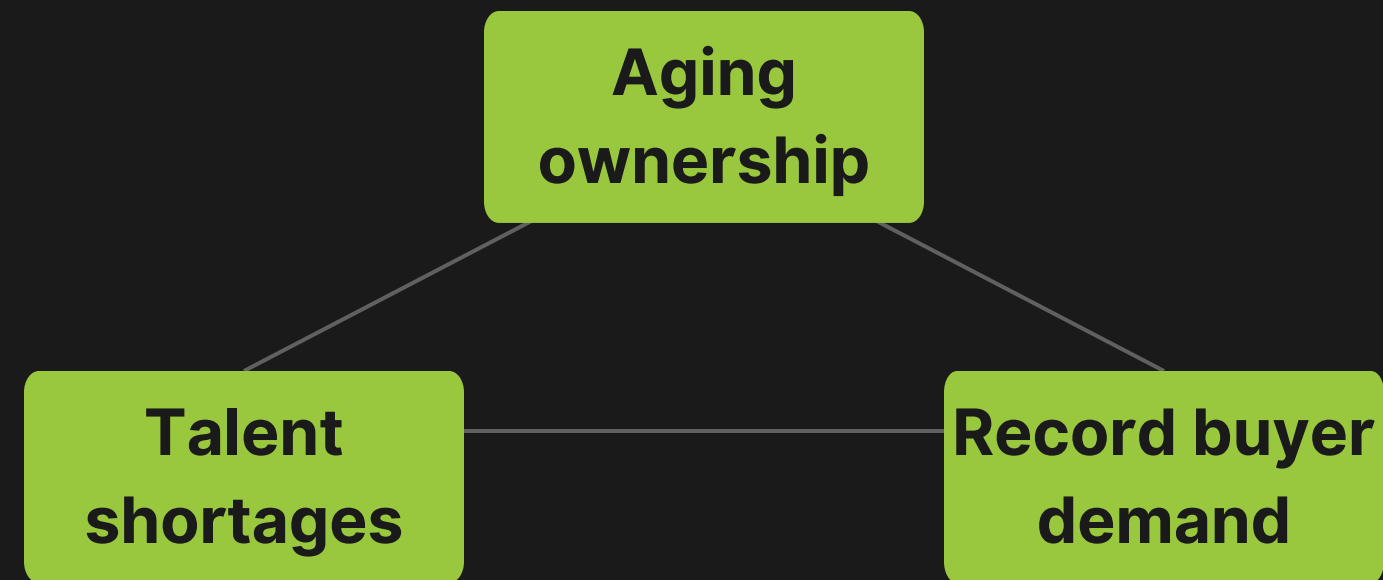
- Understand firm value
 - Prepare for transition
 - Identify qualified buyers
- Structure successful transactions
- Maximize legacy and client continuity

What Makes Us Different

100% focused on accounting firm transactions

Why This Conversation Matters

Three Powerful Forces Are Reshaping The Profession



Bottom Line

Many firms have never been more valuable.
Succession has never been more challenging.

Today's Discussion

State of the Profession

Succession Crisis

Buyer Landscape

Valuation Trends

Why RIAs Are Acquiring CPA

Real Transaction Examples

Exit Planning Framework



Audience Poll

Raise your hand if:

- ✓ **You expect to retire within 10 years**
- ✓ **You have a written succession plan**
- ✓ **You know your firm's current value**



State of the Profession

What We're Seeing Nationwide

- ✓ More work than firms can handle
 - ✓ Capacity constraints
 - ✓ Staffing shortages
- ✓ Increased compliance burden
 - ✓ Growing M&A activity

Key Observation

Demand for accounting related services remains exceptionally strong



The CPA Succession Crisis

The Industry's Biggest Challenge



- Many owners are approaching retirement
- Fewer younger professionals want ownership responsibilities
- Internal succession is becoming harder to execute

Key Question

Who takes over the practice when the owner is ready to leave?

Why Internal Succession Is Breaking Down



Traditional Model



Today's Reality



Why?

- Capital requirements
- Lifestyle priorities
- Risk concerns
- Burnout

Common Value Killers

Issues That Reduce Value

- ✗ Owner dependency
- ✗ Weak management team
- ✗ Client concentration
- ✗ Outdated technology
- ✗ Staffing instability
- ✗ No documented succession plan

Important

Most value killers can be fixed before going to market



Why Accounting Firms Have Become Highly Desirable

Buyers Love:

- ✓ Recurring revenue
- ✓ Strong retention
- ✓ Predictable cash flow
- ✓ Trusted client relationships
- ✓ Fragmented marketplace

Translation

These are exactly the attributes sophisticated buyers seek



The Evolution of the Buyer Pool



10 Years Ago

Mostly local CPA firms
Individual buyers

Today

CPA firms
Regional consolidators
Private equity groups
Wealth management/RIAs
Individual buyers

Who Is Buying Accounting Firms Today?



Strategic Buyers

Regional Accounting Platforms

PE-Backed Rollups

**Wealth Management Firms / RIAs / Family
Offices**

What Buyers Really Want

Acquisition Scorecard



Recurring Revenue

Very High

Staff Quality

Very High

Growth/Cross Selling Opportunity

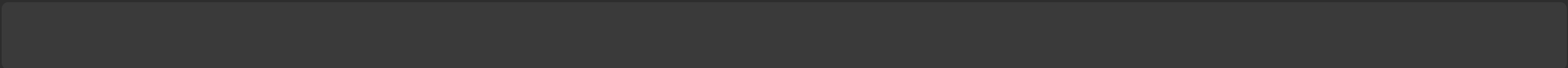
Very High

Technology

High

Transition Plan

High



Valuation Fundamentals

What Drives Value?

Revenue

Profitability

Growth

Staff

Technology

Client Mix

Transition Risk

Reality

Revenue alone does not determine value



Accounting Practice Valuation

Illustrative Market Ranges



Typical Market Ranges

Valuation Method Typical Range

Revenue Multiple 0.8x – 1.5x Revenue

SDE Multiple 2.0x – 4.0x SDE

EBITDA Multiple (larger firms) 4.0x – 7.0x EBITDA

What Drives Premium Multiples?

Highest Impact Factors

- ✓ Strong leadership team
- ✓ Recurring advisory revenue
- ✓ Growth
- ✓ Modern technology
- ✓ Strong client retention
- ✓ Diverse client base



Why Advisors Are Acquiring CPA Firms



The Strategic Logic



Why It Works

The CPA often sits closest to the client

What Advisors See

Strategic Benefits

Client acquisition

Increased AUM

Higher retention

Better referrals

More comprehensive advice



Why CPA Owners Are Interested

Seller Benefits

- ✓ Succession solution
- ✓ Liquidity
- ✓ Expanded resources
- ✓ Client continuity
- ✓ Reduced management burden



Case Study #1

\$1.2M Tax Practice

Owner nearing retirement

Strong client retention

No internal successor

Outcome

Successful sale to strategic buyer

Lesson

Preparation increased value



Case Study #2

\$3.5M CAS + Tax Firm

Strong team

Recurring revenue

Growth trajectory

Outcome

Premium valuation achieved



Case Study #3

Wealth Management + CPA Integration

RIA acquired accounting practice



Results

Expanded service offering

Improved retention

Increased AUM opportunities

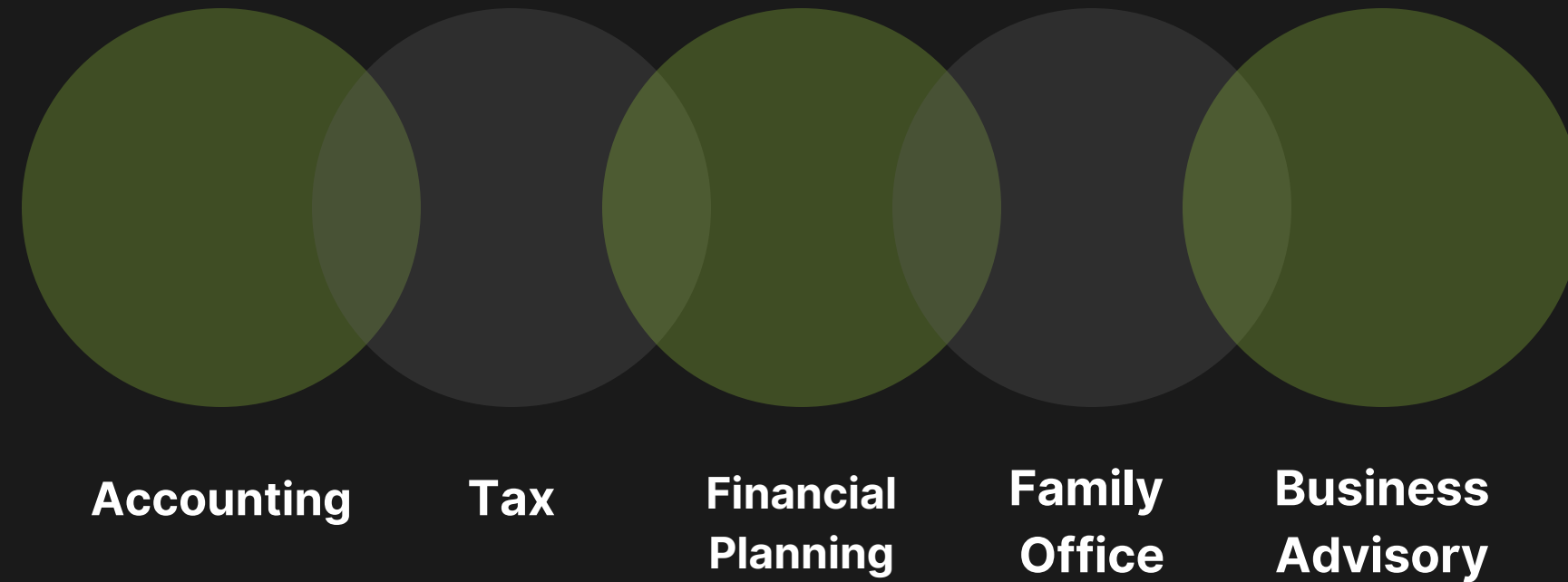
Questions Advisors Should Ask Their CPA Partners



- 1. What is your succession plan?**
- 2. What is your firm worth?**
- 3. When do you want to retire?**
- 4. Who could acquire the practice?**
- 5. What risks exist today?**

Future of Professional Services

The Lines Are Blurring



Accounting

Tax

Financial
Planning

Family
Office

Business
Advisory

Future: Integrated client relationships

Key Takeaways

Five Things To Remember

1. Succession pressure is real
2. Buyer demand remains strong
3. RIAs are increasingly active
4. Preparation drives value
5. Early planning creates options



Complimentary Firm Valuation & Succession Readiness Review



For attendees — Includes:

- ✓ Estimated valuation range
- ✓ Succession readiness assessment
 - ✓ Buyer landscape discussion
- ✓ Exit planning recommendations

Questions & Discussion

Open floor discussion

Thank You!

Todd Steinberg

Thrive Financial Group

todd@thrivefinancialgrp.com

609-870-8116

www.thrivefinancialgrp.com

"The best time to plan your exit is before you need one."