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Sandra Collins, CPA & Teresa Mason, CPA

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Succession planning is a task faced by almost every small business, sole proprietorship and partnership, particularly professional service businesses founded by someone who decides to hang out his or her own shingle.

Sometimes, succession planning takes care of itself when a family member decides to join the profession *and* the business, but this isn't always the case. As a result, many firms must come to terms with this issue by creating a viable succession plan. However, if the owners cannot find staff (family or otherwise) internally to take control of the firm, then an external buyout or acquisition should be considered.

In this issue, we profile three firms that are owned by family members who work together. All three firms are different in geographic locale, owner composition and services offered. Still, they share one common trait: Each one is fortunate to have succession plans in place.

Collins, Mason & Cote: Mother/Daughter in Northern California

Just ask Teresa Mason, CPA, about her family's business. Teresa is managing partner of Collins, Mason & Cote, LLP, an Oakland, Calif.-based accounting practice founded by her mother, Sandra Collins, also a CPA.

"Growing up, being a CPA was the last thing I wanted to do," says Teresa. "All I saw was how hard my mom worked. As a kid, you don't see that the reason she worked hard was because she loved what she did. It took some real-world experience for me to see the impact a CPA can have on your clients' lives, both professionally and personally."

After graduating from high school in 1983, Teresa began working administrative and office support jobs that required bookkeeping and planning—and she quickly realized accounting was calling *her* name. She went back to school, became a CPA and worked at a local firm for two years before joining forces with her mother. At the time, Sandy, described by Teresa as the firm's "matriarch," was not doing any attest work in California ... and Teresa needed attest work to become certified. Teresa is now studying for an MBA and is the head of the Emerging Business Department, along with being the managing partner of the practice.

"My mom always said I was her built-in succession plan, and it has actually worked," says Teresa. To add to the family connection, Teresa's husband, Keith Mason, works part time at the company as network administrator and IT go-to guy.

For technology, the firm uses CCH's Prosystem *fx* and Lacerte for tax, and recently added Prosystem's new scanning solution, Scan. The firm uses both Prosystem and Lacerte because the practice recently was involved in a merger and decided to keep both systems to avoid losing information. The practice also uses Prosystem Practice Management and the electronic storage solution. For accounting, the firm uses QuickBooks.

Sandy started her career at Touche Ross. In the '70s, a group of five individuals broke off to form their own firm, and in 1986, that firm sold to Deloitte & Touche. Sandy decided she would rather go out on her own than join, at that time, the Big 6. Sandy founded the practice that year with a client base following her from the previous association, and after one tax season working alone, she began to add staff. Over the next 10

Experts Give 9 Tips on Family Working Together

By Scott H. Cytron, ABC, and David Kirkpatrick

years, the staff grew to seven, including Teresa, and Keith came on board in 1997.

In 2003 the practice began sharing space with another CPA, and in 2005, the firm merged with that business to form Collins, Mason & Cote. After another merger, with one more in the works, the company is now a firm with 18 employees, including three partners, two directors, three managers, six staff members and four administrative support employees. The new practice is organized into three departments: Tax, Audit and Emerging Business.

Today, Sandy heads up the Tax Department and her work is centered on providing services to high-wealth individuals and complex family groups, meaning she often deals, along with other advisors, with multiple generations. During tax season, she supervises around seven tax preparers, and year-round, manages the day-to-day finances of the firm.

"What makes this situation work for us is that we all bring something different to the table," says Teresa. "In our current partner group, we all get to do what we are good at doing and what we like. For example, my mom loves working with her clients, while I get the most satisfaction out of running a business."

Teresa does admit things haven't all been rosy. Early on, the mother-daughter relationship was a challenge, particularly in relinquishing control. "It took us a while to find our 'groove,'" explains Teresa. "It's taken patience, understanding and focusing on the end goal. One thing we still struggle with is leaving work at the office. When we get together for dinner, we still find ourselves talking shop."

The two did understand early on that Teresa was *the suc-*



Sandra Collins & Teresa Mason

cession plan for Sandy's practice, so mother/daughter worked to position Teresa's role with clients and staff very early on. "We started slowly by me joining her on client meetings and having more direct client contact," says Teresa. "Eventually, we reassigned some of her clients to me and things have gone well with that."

The staff was a tougher nut to crack than working with clients, says Teresa. "In the beginning, everyone was used to going to Mom when they had questions or needed a decision on something. It took a bit of retraining. More recently, with the new staffing additions, we've been very clear with everyone as to each person's role and responsibility within the firm."

Now that the practice has grown to three partners and multiple mergers, succession planning is a bit more challenging than a simple hand-off from Sandy to Teresa. The firm has a strategic plan in place to grow the business to six partners and around 40 total employees over the next seven years.

For example, Teresa says her mother will most likely still be working, but not as a full-time partner. The firm currently has two people in line for partnership and will be looking for two more.

"Our preference is not to bring people in at the partner level because corporate culture is so important to us," she says. "We want to make sure we all get along before we make the leap to admitting a new partner. One thing that I think will make our succession plan work is the fact that we share with all the staff what it takes to be partner. Once someone is hired, we develop the steps to get to the next level and clarify expectations on both sides of the table. This is all done with the employees' input and not in a partner vacuum."

After successfully working with Sandy for more than 10 years—and helping to grow a thriving practice—Teresa offers four pieces of advice on family members working together:

1. In the beginning, treat each other as business associates and not relatives.

Once you develop the working relationship, you can let the personal side back in. "In the beginning, it was important to position ourselves as professionals first, and relatives second. Now everyone calls Sandy 'mom' on occasion—this is now part of our corporate culture."

2. Be very clear on expectations and roles within the business.

In order to avoid stepping on each other's toes, and because mother/daughter have very strong personalities, the firm was very clear on who is responsible for what and shared this with the rest of the team.

3. Always be honest with each other and deal with issues as they arise.

"If you sweep stuff under the rug and let it fester, it gets worse. You may think you are hiding it from others in the office, but this isn't true. An employee may not know the substance of the issue, but he will know there is a problem and how it affects the entire office until it's dealt with."

4. Make time for personal time.

"Knowing when to shut it off and just be a family is important. We tell our employees to take time off and rejuvenate. We need to take our own advice. This most definitely means not talking shop at the family picnic."

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Showing Gratitude is Winning Formula for Father/Son Firm

9 Tips, continued from page 21

In Beaumont, Texas, W. Tim Edgar, CPA, understood the importance of family in succession planning when he hired his son, Robert Tim Edgar, CPA, CFP®, to join him in the early '80s at Edgar, Kiker & Cross. After college, Robert interviewed with a number of accounting firms in the Dallas/Fort Worth area, but also considered returning to Beaumont by interviewing



W. Tim Edgar and son Robert Tim Edgar

with his father. On behalf of the firm, Tim made an offer to Robert as a staff accountant ... and Robert took the "best offer" on the table.

"How can you go wrong beginning at the *bottom* of a firm that already has your name?" asks Robert, who admits he had a difficult time coming to terms with the profession. "I always promised myself that I would never be an accountant," he says. "I saw the hours my Dad worked and the time he had to spend away from the family."

When Robert started college at Baylor University in Waco, he

was on track for a bachelor's degree in Nursing, for lack of a better alternative. After he earned his degree and began working as a registered nurse, he realized nursing was not going to fit his long-term plans. After going back to college to attain his accounting degree, he says, "That may have been my greatest moment of insanity or sanity, though now I would side with sanity."

Although Tim retired in 1991 as a partner, he remains active in the community and still retains an active relationship with the firm. During his career, he served on the Texas Society of CPAs' Ethics Committee and served as president of the Southeast Texas CPA Chapter. Hanging out his first shingle in Beaumont in 1952 with a staff consisting of himself and a secretary, his first client—an oil field service contractor—still uses the firm's services.

Tim has a simple work philosophy: "Do the best work you can and treat your personnel and clients right." That advice, coupled with hiring good people and showing gratitude to those who've helped you, remains a winning formula for business.

The firm gradually grew, and in the 1980s, back in the days of basic DOS and personal computer CPE, the technology arena began to accelerate. To meet demand, Edgar, Kiker & Cross offered information technology services, accounting software support and began staffing a computer department. In the early '90s, the firm added a network administrator, and

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A Simple Philosophy: Leave the Office at the Office

After leaving a large accounting firm, George Tamiyasu, CPA, CVA, founded Tamiyasu, Smith, Horn and Braun in 1980. Back then, and still today, his family is a large part of the Fresno, Calif.-based firm.

For example, George's wife, Rose, is now semi-retired, but served as the office manager for many years. His daughter, Liane Tamiyasu, CPA/ABV, CVA, is a partner and assists with the



George Tamiyasu

company's administration, particularly with payroll and working with vendors. Both George and Liane specialize in business valuation and litigation consulting.

George says the company succeeds with family involved in the firm because family members never "pulled rank" and simply acted as regular employees, helping to create a positive company culture at the firm. Because the firm has a number of partners with a stake in the business, the succession plan involves transitioning control to the partners, but George's family is a large part of the business.

George offers his wisdom on family members working together: "Leave the office politics at the office and don't bring it home with you. That's one piece of advice, and all that you really need."

by the end of the decade, opened an affiliated firm devoted to providing financial services. Looking to the future, the business expects to have a total staff of 29 by January 2007.

Currently, the firm assists its clients with the selection and purchase of new computer hardware/software, and provides clients with QuickBooks training, support and implementation. Sheri DelMage, CPA, is a Certified QuickBooks Professional Advisor and has taught QuickBooks training seminars, as well as one-on-one training. The firm also is a Sage MAS200 reseller and provides clients with ongoing support of the product. Software used in the firm includes ProSystem fx Practice Management, ProSystem fx Engagement and Lacerte tax.

Today, Robert is an active shareholder and serves as managing partner of the affiliated firms, EKC Advisors, LLP and EKC Financial Group, LLP. Both Tim and Robert have extensive experience in real estate taxation and planning, and

the development of the financial planning practice affiliate fulfilled one of Robert's long-time visions.

Tim and Robert have their own perspectives on working with family members. Tim says working with family can be challenging because people tend to be harder on family employees; it's important not to show any partiality and to be fair, but still be proud of what the family member accomplishes.

Robert knew that as an SOB—"son of the boss"—he didn't want to be seen as riding his father's coattails, so in response, he pushed himself in the workplace. However, things weren't always smooth between father and son.

"I know that many times I challenged my father's patience with new ideas and thought," says Robert. "We did not always see things the same."

9 Tips, continued on page 24

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Describing the two as dominant “type A” personalities, Robert says, “We can, and have, definitely disagreed. But on the whole, we developed a core commitment over time to work together, focus on our strengths, and to respect each other, even in the midst of our differences. The presence of the other core partners and shareholders helped us keep our relationship on a working business basis.”

Because Edgar, Kiker & Cross has a number of partners and shareholders, succession planning is already handled.

Tim still manages a number of businesses and will eventually need someone to assume those roles. Robert says that, over time, Tim has deliberately involved him in the operations and management issues with those entities. As Tim’s role decreases over time, it is anticipated that Robert and one of Tim’s daughters will transition to those positions.

Robert offers five pieces of advice on family members working together:

1. Remember what is most important.

“If it will not matter in 30 years, then it truly is not that important today. Maintaining a good relationship in and

outside the office is more important than being right, getting your own way and making the final decision.”

2. Get experience and training outside the family business, first.

“I firmly believe that my working relationship with my Dad would not have worked if I had gone straight into the firm out of high school and/or college without an intervening period; a time in which I was able to live apart from my parents and develop many of my own views and practice philosophy.”

3. Keep the relationships in the office on a business level.

“Utilize others in the office to help you keep the relationships on a business basis. Responsibilities and compensation should be earned based on ability and performance, not based on blood or marriage. Without this business judgment criterion, family and personal problems/issues override and create dysfunctional relationships within the family, and with coworkers and clients. Make sure all parties agree with bringing family members into the firm.”

4. Work at maintaining good communications and spend time planning for the present and future.

“As CPAs, we are not generally accused of communicating ‘too’ much and often want to solve today’s problems, but are slow in planning for tomorrow’s issues. The younger generation sees things differently. Respect those differences and talk about them. Plan for the future in order to keep everyone aboard the same ship.”

5. To the parents—be honest with yourselves, not all children have the same abilities and cannot be treated the same.

“Not all of the children should be in the family business. Those who are allowed to come into the family business should be treated like adults, not as your little girl or your little boy. If the parent cannot make the transition to treating his or her child as an adult coworker then he or she should be honest with the child and probably encourage the child to work elsewhere.”

Lastly, Robert says, “The parents must be willing to let go and transition the business over time; this process involves accepting the reality that your child probably will not do everything like you did and may fail at times. That is simply the risk of successful succession.”

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