

Thought Provoking Reprints

Originally, this article by Troy A. Waugh, CPA, outlines very simply the characteristics that can lead to a practice failure. If this was good advice during good times, might it not be even better advice during troubled times? We at AccountingMalpractice.com thought our members might benefit from this interesting perspective on success.

CRISIS OF SUCCESS

By Troy A. Waugh, CPA

Business is great, income is at an all-time high, and new clients are knocking on our doors again. The euphoria of business success, a stock market high, or an undefeated season tends to lull one into the mistaken notion that the good times will last forever.

I admit it: Our profession is in a crisis of success. My practice has grown rapidly over the last five years. The last time I felt this good about business was in late 1985. Then along came the 1986 tax act that devastated real estate, savings and loan, and banking businesses. Revenues dropped like a stone. You may recall the number of accounting firms that retrenched or crashed from 1986 through 1992.

During crises of success, many business managers become complacent, arrogant, and greedy. We are working hard to eradicate those maladies from our practice. What about you?

Complacency. During good times, even the best business managers fall into a groove of complacency. They don't work as hard at marketing, training, or reorganizing our processes. I hear many CPAs say, "We have more business coming in than we can handle, why should I market now?"

Are you sure that the business coming in is the kind that will sustain you during a downturn? Do your new clients allow you to create value using your core competency? Are you able to obtain premium fees from your new clients because they value your advice and counsel? If not, then you should be selective when accepting clients. And you should target clients that will meet these standards.

Now is a good time to add a marketing director or coordinator to your firm. Now is a good time to develop rainmaking skills in your managers and owners. Now is a good time to refocus your mission and vision, position statement, marketing materials, advertising campaign, and services.

Arrogance. During a crisis that slips up on you, overconfidence can turn into arrogance. Repeated success leads to a false sense of invincibility.

Greed. The excitement of high earnings during good times can be overwhelming. High earnings tempt owners to forget to reinvest in the business. But, allocating a portion of high earnings into marketing, training, and technology will enable the successful CPA firm to remain successful in the future.

At a recent management summit, a presenter predicted that starting salaries for new recruits will be over \$50,000. A noticeable groan came from the room from partners remarking how this would lower their earnings--their first thought was greed.

Examine your heart, examine your mission, and examine your practice. Are you experiencing complacency, arrogance, or greed? If so, what can you do to change the game so you can continue to be successful? *

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Troy Waugh, CPA, MBA**

An innovator of dynamic marketing systems, Troy has more than 30 years of experience in marketing professional services. In 1991, he founded [Waugh&CO](#) to serve the accounting profession. He draws on his experience as the National Sales Manager for a major investment firm, the CEO of a publishing company and a manager with Price Waterhouse. Recognized as an industry leader, Troy has impacted clients around the world with his dynamic programs.