



Owner Agreement Evaluation & Design

Introduction

Firms that have an existing owner agreement (partnership, member or shareholder agreement) may not be sure it compares well with best practices in the accounting profession. The valuation utilized may be substantially different or the treatment of capital or other terms may be out of the norm. More importantly the owners in the firm may not be comfortable the agreement is affordable as exiting owners leave. There are a plethora of problems these agreements can cause and objectives they can fail to accomplish.

Worse, if a firm with at least two owners doesn't have an agreement at all, the firm is setting itself up for significant problems as owners leave, retire, die, or become disabled.

Objectives

Transition Advisors will assist firms that need a new agreement or a review of their existing owner agreement and provide recommendations for modifications by:

- Identifying in conjunction with firm management what the critical issues are the firm needs to address regarding the transition and buy-outs of their owners
- Addressing other important issues the firm may face regarding ownership such as the admission of new owners, governance, and owner compensation
- Assist in execution of the adoption of a new agreement

Process

Transition Advisors will interview the owners and management of the firm. Key operating, financial and owner demographic information will be obtained and analyzed. The firm's long term strategies will be identified through the interview process. The interview process also provides Transition Advisors an opportunity to discuss preliminary alternative approaches to the key issues that will be addressed in the agreement. The firm's existing agreement will be obtained and reviewed comparing the agreement to best practices used in the profession and in relationship to the firm's financial environment and strategic objectives.

Transition Advisors will submit a memorandum outlining its recommendations for the initial design or modification of an existing owner agreement. The recommendations will be reviewed with management and the owner group as appropriate to gain agreement on how to proceed. Transition Advisors will assist the firm as necessary to gain such approval from the owner group.

Then depending on our client's preference, Transition Advisors will draft a new agreement, draft modifications to an existing agreement, or review drafts prepared by third parties.

Deliverables

- The interview process allowing the owners to provide input into the modified or new owner agreement
- Insights into best practices for owner agreements in CPA firms
- A memorandum regarding recommendations for the owner agreement
- Assistance with gaining approval within the owner group on how to structure the owner agreement
- A new owner agreement for the firm