

On taking over

How a next generation of leaders at Boyum & Barenscheer found their footing — and prepared for the future

BY JOHN P. PALEN

For many reasons, founding leaders of a company exit without grooming a new generation of leaders. Without the benefit of mentorship and time, new leaders are forced to create something new and sustainable from the old guard and old ways of doing things. They have to adapt or die.

A fixture in the Twin Cities for more than 35 years, Boyum & Barenscheer underwent a significant transformation like this in 2002, when the firm's second generation of partners bought out the founding partners. At the time, the firm was at \$4 million in revenue. The five buying partners were not only new to ownership, but also new to planning and strategy. Struggling with internal and external perceptions, plus a lack of experience, their dream of doubling the firm's revenue seemed almost impossible.

"We needed a crash course in how to run a CPA firm," says managing partner Tom Margarit. "We needed to learn how to plan and execute. And we had to build trust with our whole team. They lacked confidence in us because we were new."

In addition to the lack of internal trust, Boyum & Barenscheer was dealing with outside acquisition pressures. "Bigger firms were aggressively trying to buy us," Margarit says. "The CPA community

didn't think we could make it."

As a crucial first step, the leadership team brought in consultants who could help them get organized and work through their strategy. They held their first company retreat in 2004 and hired a marketing director that year.

The retreat began a number of strategic initiatives for the firm, Margarit says. "We examined the age of our team and realized we needed more balance so that we would have enough younger people to succeed our older employees. We brought in new, high-level partners. We started doing individual mar-



Tom Margarit



Randy Feld

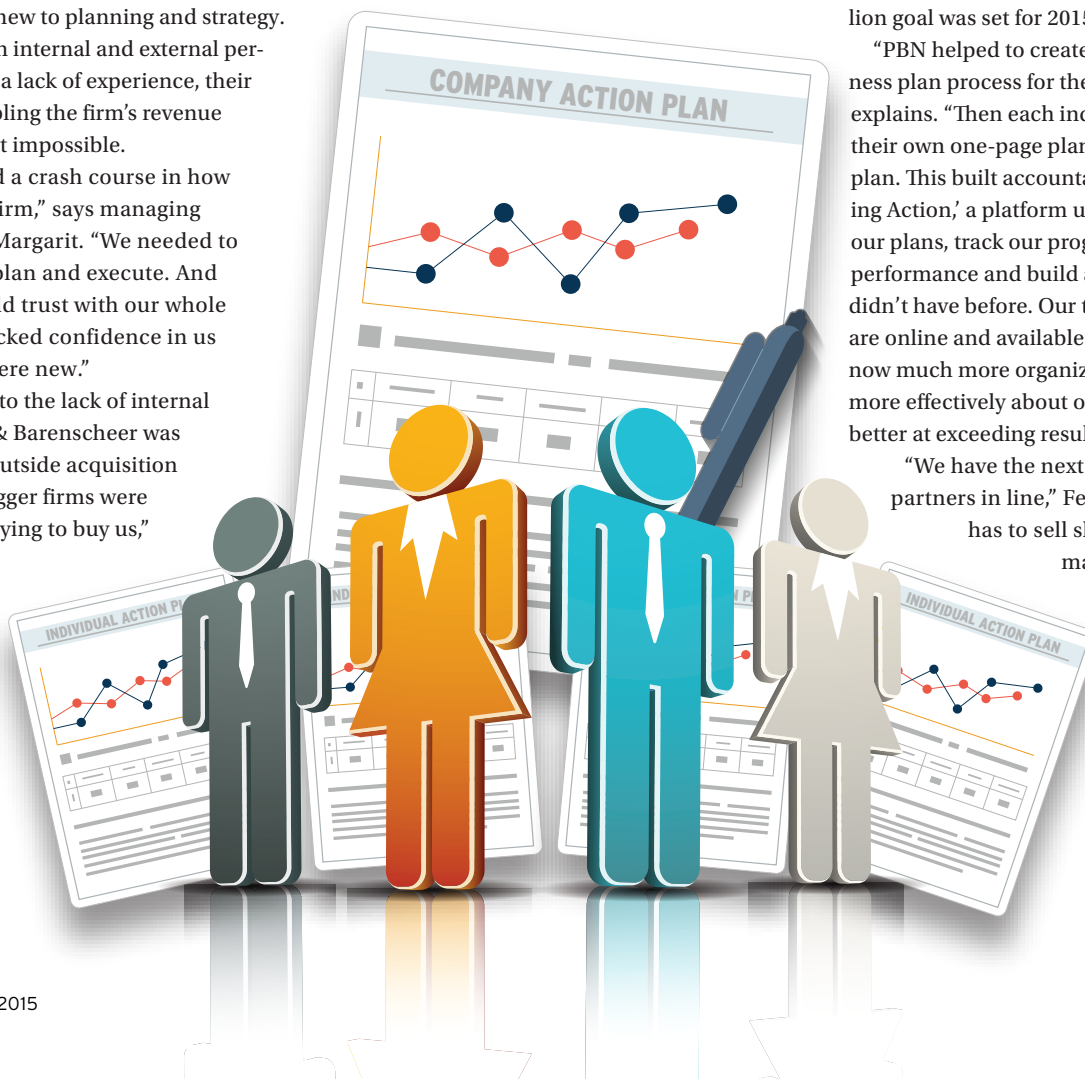
keting plans. We began doing sales training in 2005."

Partner Randy Feld adds, "We were a flat company without a vision. We added high-level people and learned to plan and execute more effectively. In 2003, the new owners together created a vision for the first time that we could be an \$8 million company."

Growth had begun, but the leadership team wanted to take the firm to the next level. In 2011, they brought in Profit Builder Network (PBN), a consulting firm that helps closely held businesses drive processes and execute short- and long-term objectives. Their \$8 million goal was set for 2015.

"PBN helped to create a one-page business plan process for the company," Margarit explains. "Then each individual employee had their own one-page plan tied to the company plan. This built accountability. We use 'Tracking Action,' a platform used by PBN to identify our plans, track our progress, rate each other's performance and build accountability that we didn't have before. Our training and systems are online and available as needed. We are now much more organized, communicate more effectively about our progress, and are better at exceeding results."

"We have the next generation of partners in line," Feld says. "Each partner has to sell shares at age 65; they may continue to work, but the shares must be sold to the



BIZ BRIEFING

BOYUM & BARENSCHEER PLLP

Headquarters: Bloomington

Inception: 1975

Employees: 60

Revenue: \$8.5 million (2014)


Description: CPA firm providing accounting, tax, audit and consulting service to small and midsize companies

Leadership: 12 partners including Tom Margarit, managing partner, and Randy Feld, partner

Web: boybarcpa.com

shares must be sold to the company or a new partner. We also recently promoted four new partners from within, including three women."

The net result is that Boyum & Barenscheer has become the acquirer rather than an acquisition target. It acquired two smaller firms last summer for a 20 percent increase in overall volume. In 2014, the firm met and exceeded its goal of \$8 million in revenue — one year early.

The departure of founding partners doesn't have to trigger a business failure. New leaders who understand their limitations can seek outside experts and expand their skills to drive growth, taking those lessons and grooming the next generation for their own departure, some day. 

TAKE NOTE

1. Bring in outside consultants to help with vision, strategy, and execution
2. Track accountability through all organizational levels
3. Ground strategies in practical, measurable action steps
4. Create a culture of growth by hiring and internally fostering leadership



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