



Advisor

# Insights

*Monthly insights and ideas on building an elite advisory practice*

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## Profiles of Success:

### **Steve Richardson**



Steve Richardson has accomplished a rare feat in the world of financial services. He has combined a successful financial planning firm under the same roof as a CPA practice. But he is the first to acknowledge that putting the two professions under one roof has been a major challenge.

Richardson became a CPA more than 20 years ago and built a successful tax and audit practice in Medway, Massachusetts. As a CPA, he had always been involved in some aspect of financial planning. He was part of a team, which might include an attorney, a life insurance specialist and an investment advisor. "We would try to put together a comprehensive plan for our client, but it would inevitably fall apart, because there were too many people contributing and no one in charge," says Richardson. "In 1998, after a series of frustrating experiences, we decided to take control and build a financial planning practice." Why not simply refer to an outside financial planner? "At that time, there was not a lot of comprehensive fee-based financial planning going on in this area. It was still mostly a commission-based industry."

Today, his CPA firm has 14 professionals and focuses on tax, accounting and business consulting. His financial planning firm, which was financed by the accounting practice, is a separate entity that employs five professionals. Much of his financial planning business is referred from his CPA practice. But there were some missteps along the way. "The people we originally hired were more product-oriented and didn't pay a lot of attention to detail, so they weren't the right fit for us," he says. "Now, we employ financial planners who used to be in their own practice. They're doing a great job for us."

One of his financial planning employees goes way back with him – he was Richardson's high school soccer coach. "He came to me years ago and said he wanted to change careers. I said, 'Brian, I think you'd make a great financial planner. You've got a great personality and you deal with people well.' After spending five years with American Express, which had a great training program, he came to work for me to run our financial planning practice. He does a wonderful job."

Richardson says the key to his success is creating two separate firms with CPAs in one and financial planners in another rather than trying to have CPAs try to work as financial planners when it's not tax season. The reason: there is no way for one person to stay current in audit, tax and GAAP on the one hand and investments, insurance and financial planning on the other. "It's virtually impossible to be a tax person and a financial planner at the same time," he says. In addition, Richardson says financial planning is a much more intimate relationship with clients than the typical CPA relationship. "I think there are a lot of CPAs who aren't comfortable with getting that involved in areas outside of their comfort zone," he says.

The one drawback of Richardson's arrangement is that he has essentially cut off other CPAs as a referral source. "Another CPA firm would be reluctant to refer someone to our financial planning practice for fear that we would try to take their CPA work," says Richardson. "I understand that."

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