

INSIDE Public Accounting

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March 2007
Volume 21, Number 3

Lack Of Clear, Concise Direction And Communication Can Lead To Unnecessary Attrition In Today's CPA Firms

Is it possible that with a little more communication and setting of expectations we can win the talent wars? Across the accounting profession, “keeping qualified staff” has been one of the top concerns for years. An obvious question arises when considering this challenge: Is this a problem that is inherent to the infrastructure of the profession, or does it manifest itself in the way we go about doing the “business” of accounting – the hiring, training, communicating, rewarding and coaching of staff?

CPA management consultant **Steve Erickson** believes it's the latter, and he's got the numbers to prove it. Last fall, Erickson conducted a survey of more than 1,400 CPA firm employees, representing 30 states and approximately 200 firms across the nation. He wanted to get a better understanding of how the staff of these firms feel about the profession and the firms they work for.

Employees Enjoy The Work, But Don't Know How To Succeed

What he discovered was surprising. First, employees stated that they really like the people they work with, the work itself, and the clients of the firms they work for. In fact, 85% of the respondents rated their relationships with clients and fellow employees at *seven* or more on a scale of *one* to *nine*. However, 60% of the respondents revealed that they never want to be owners of their current firms and 40% indicated that they do not plan to stay in the profession for more than three to five years. So why the discrepancy?

The survey results point to the fact that many firms do not manage their employees well. A significant percentage of employees revealed that they do not know what it takes to advance within their firms. They don't know how to get promoted. They don't know how to make more money. And they don't know how to feel successful in public accounting. Erickson believes that if staff understood the answers to these questions, they would stay longer at the firm. Period.

Work-Life Success, Not Work-Life Balance Is The Goal

Erickson points out that employees are yearning for “work-life success” – the opportunity to “win” in a career and “win” at home, as opposed to “work-life

balance,” which implies simply that one does not dominate the other. He wants to help frame the debate and help change the professions goal to achieve “work-life success” so employees don’t feel they have to compromise one part of their life to be successful in the other.

Defining Success Leads Directly To Staff Satisfaction

Erickson concludes from the survey that defining success is a key factor to staff satisfaction in a firm. First, owners must acknowledge that today’s employees don’t necessarily want to do what their parents had to do to be successful, and frankly, they don’t have to. Second, they need to show employees what success looks like in their firm, and then confirm that’s what they want.



Steve Erickson
Steve Erickson, CPA, LLC

Once success is defined, it needs to be effectively communicated, and a roadmap provided on how to get there. Surprisingly, a significant number of employees – more than 40% of survey respondents – don’t have a clear understanding of what it takes to get promoted within their firms. They are putting in long hours, doing a lot of work, yet have little feedback and direction on how they are being evaluated. Adding to the confusion is different views of success within the firm. “Different expectations by different partners are very confusing for staff,” adds Erickson. “And the after-the-fact evaluation process is usually not effective,” he adds, pointing to an Achilles’ heel of the profession for both employees and partners.

It is up to the firm to define and manage the partner career track, and accelerate the development of those employees who really want to be owners of the firm.

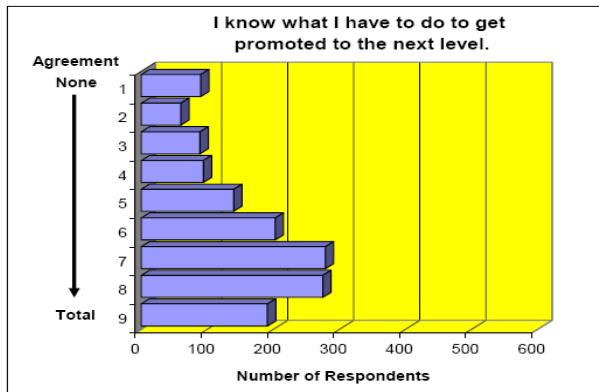
“We have to stop treating everyone as if they were the same,” Erickson acknowledges of those who choose the partner track in today’s firms. Equally important, it is critical for the firm to define and develop a non-partner track as well. “Many firms have a dual career track now – they just don’t acknowledge it,” adds Erickson.

If an employee does not want to be on the partner track (about 60% of the respondees to the survey indicated they do not want to be an owner), the firm must first acknowledge this and then determine how the employee can best serve the firm, today and in the future. The key to success here is to determine just how much time a person is willing to devote to the firm while giving

100% of his/her efforts. If employees can commit to giving their all for only 10 hours a week, it is up to the firm to determine if they want to hire them and how to schedule those people for 10 hours. If the commitment is for 30 hours, then it is the firm’s responsibility to schedule them for 30 – not 35, not 40.

Erickson believes that there are plenty of the best and brightest in the profession today, but options are limited if they do not want the partner track. “Part-time employees generally don’t work well in this profession because we don’t manage the opportunity too well,” Erickson says. “More flexibility will keep many people in the profession who would otherwise leave.”

PROBLEM: STAFF DOESN’T KNOW HOW TO GET PROMOTED WITHIN THE FIRM.



Source: Steve Erickson
National Accounting Staff
Retention Survey

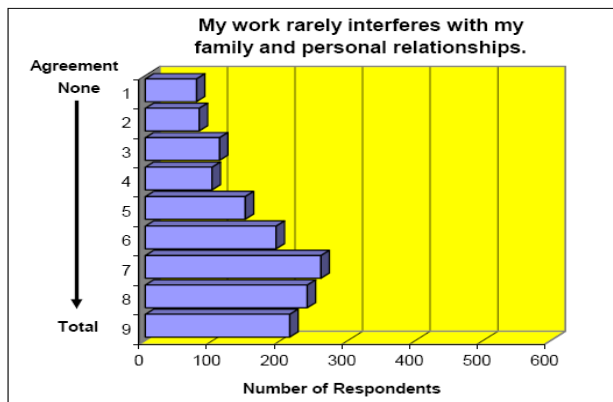
ITEMS TO CONSIDER:

➤ **Document and adopt a formalized career development path for every position in the firm.** Most firms lack consistency in career development planning, with different messages coming from different partners. Let your staff clearly know how they can succeed. There should be two career tracks, one for ownership and one for long-term employment.

➤ **Annual coaching and development planning is essential** with each and every employee. They need to know where they are going, how they can get there, and when their goals have been achieved.

➤ **Encourage open and honest communication** at every level in the firm. Successful outcomes are always possible when people are open and candid with one another.

PROBLEM: WORK INTERFERES WITH FAMILY/PERSONAL RELATIONSHIPS.



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National Accounting Staff
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ITEMS TO CONSIDER:

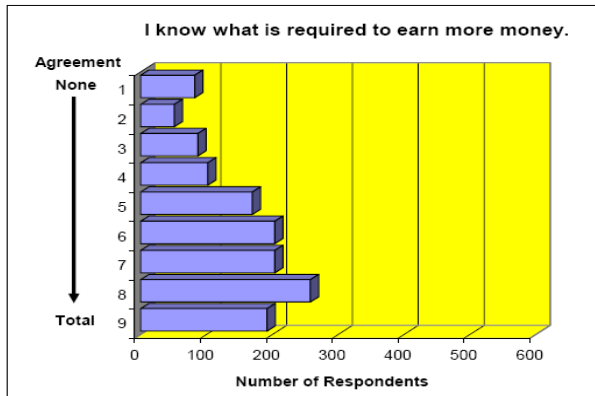
➤ **Involuntary overtime is a negative** for any employee in today’s competitive environment. Clearly define the expectations for every position prior to employment or advancement.

➤ **Today’s employees have more choices** for employment than ever before. View them as volunteers, willing participants in your firm’s

practice. The question to ask them is, “How many hours are you willing to work while giving a 100% effort?”

➤ **It is up to the management of the firm** to make sure that the firm is adequately staffed. Imposing hours and work on employees who do not want and have not agreed to work the extra hours will simply turn people away from the profession.

PROBLEM: STAFF DOESN'T KNOW WHAT IS REQUIRED TO EARN MORE MONEY.



Source: Steve Erickson
National Accounting Staff
Retention Survey

ITEMS TO CONSIDER:

➤ **Talk to your employees** about their compensation and how it has been computed. Be honest about your firm's expectations, career advancement opportunities and how they will be evaluated on a regular basis.

➤ **Clearly define your firm's expectations** and communicate how extra money can be earned. Whether it's client development,

overtime, management opportunities or something else, communicate this during bi-annual or annual goal setting meetings.

➤ **Be very careful about using an employee's realization percentage** as a basis for compensation as they usually have no control over how it is determined. Look rather at budgeted hours per job, per month, per year and compare to actual hours expended. Fees should be the responsibility of the billing manager, not the staff. ■

Steve Erickson is a nationally recognized consultant to accounting firms specializing in solving the partner and people issues that limit the success of today's firms. Contact Erickson at www.steveericksoncpa.com or (505) 331-9100.

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A publication of

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