



PROFESSIONAL ISSUES/CASE STUDIES

Two firms that have made minority recruitment a priority tell how it has helped them.

Diversity Is Good for Business

BY CATHERINE L. CARLOZZI

EXECUTIVE SUMMARY

- **MANY COMPANIES AND FIRMS ARE DISCOVERING** that staff from different ethnic backgrounds bring valuable perspectives to the table and are effective in working with a wide spectrum of customers and clients. At the same time, businesses are finding that achieving and maintaining diversity is a complex undertaking.
- **FOR ROGOFF ERICKSON DIAMOND & WALKER**, New Mexico's largest privately owned CPA firm, the area's diversity translates into a client base that includes minority-owned businesses and Native American tribes. Serving these clients requires a diverse workforce, which, in turn, brings in new clients of similarly varied background. The firm partners look for employees who can approach different groups of people with understanding and who also share an appreciation of cultural differences.
- **RAFFA & ASSOCIATES IS ONE OF** the largest independent accounting
- **THE FIRM HAS FOUND INTERNSHIPS EFFECTIVE** as a means of attracting minority job candidates, and it is also active in a mentoring program
- **ACCORDING TO TOM RAFFA, FOUNDER** and managing partner, achieving diversity is all about making adjustments. He says you have to go that extra step: consciously targeting a different group of candidates, addressing their concerns and making them feel comfortable.

firms in Washington, D.C., specializing in the nonprofit sector. About 40% of the staff are black, Hispanic or Asian. The Southern Christian Leadership Conference has honored the firm for supporting national civil rights and humanitarian endeavors through its hiring and employment practices.

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Positive reinforcement is the name of the game, and corporate America is finding compelling business reasons to strengthen the nation's workforce diversity. Beyond the obvious need to comply with directives of the Equal Economic Opportunity Commission and the laws it enforces, many companies are discovering that staff from different ethnic backgrounds bring valuable perspectives to the table that are effective in working with a wide spectrum of customers. At the same time, businesses are recognizing that to achieve and maintain diversity is a complex and demanding ethic.

Qualified minority candidates are in limited supply. As recently as 1998, Fortune magazine reported that African-Americans received only 7.5% of the bachelor's degrees, 6% of the master's degrees and 3.8% of the doctorates awarded in the United States in 1995. With nationwide unemployment under 2% for all college graduates, competition for top degree holders from African-American, Hispanic, Native American and other minority backgrounds is fierce.

The pool of candidates is even smaller in accounting (see "Still Seeking the Ideal," page 75). To provide perspective on the benefits and challenges CPA firms face in diversifying their professional staffs, the JofA asked two managing partners to share their experiences and strategies on the subject of recruiting and retaining minority employees.

Cultural Convergence in the Desert

SEEKING COMMON GROUND

New Mexico's largest privately owned CPA firm, Rogoff Erickson Diamond & Walker, LLP (www.redw.com), was formed in 1997 through the merger of Rogoff Diamond & Walker and Erickson Allen. The Albuquerque-based firm employs 73 accountants, including 16 Hispanics, 3 African-Americans and 4 Native Americans. Two of the nine partners are Hispanic. According to Steve

Erickson, managing partner, the merged firms contributed to diversity more by evolution than conscious decision.

"We're in a rather unique area," Erickson observes. "Almost half of New Mexico's population are members of minority groups—largely Hispanic and Native American. In trying to hire the most qualified individuals and be as fair as we can, we end up with a work group that reflects our area. Our firm might be a little more diverse than others here, but I imagine the larger firms are fairly diverse."

The evolution has been circular: The area's mixed population offers a client base that includes many minority-owned businesses and Native American tribes. Serving these clients effectively requires a diverse workforce, which then brings in new clients of similarly varied backgrounds.

Tax and audit each currently account for roughly 40% of REDW's business, but consulting services are growing. Tribal work—audits, consulting and training—is a specialty.

"When we started doing tribal work, I found big differences in cultural and world views," Erickson says. "Our auditors frequently get invited to Native American feasts and ceremonies. Matching traditional cultures with the practices of the business world requires understanding and patience. You have to be willing to look for common ground on which to communicate effectively. Individuals who stay in this firm share an interest in people and an appreciation of cultural differences."

PRACTICING A DIFFERENT WAY

Last year the firm recruited Sean McCabe, a Navajo who had just received an undergraduate degree in accounting. To win someone like McCabe, now a staff accountant working on his CPA, the firm must compete not only with other CPA firms doing tribal work—some of them Native American owned—but also with industry and the tribes themselves. The 1975 Indian Self-Determination and Education Assistance Act allows tribes to give preference to Native Americans in filling jobs, bidding contracts and selecting contractors. Successfully competing with tribal employment opportunities depends not only on being able to put your best possible offer on the table, says Erickson, but also on providing the best training ground.

Retaining minority employees in the face of intense competition can be even more difficult than attracting them. REDW's strategy includes providing

- Rigorous on-the-job training.
- Challenging work.
- Competitive compensation.
- Semiannual employee surveys—"to understand what we are and aren't doing right," according to Erickson.
- An employee-focused corporate culture and work environment.

Erickson began his 25-year career in public accounting at a Big Eight firm, moved to a local firm and then "burned out." After teaching college accounting courses for two years, he was ready to return to public accounting but decided there had to be a different way to practice. In founding Erickson Allen a decade ago, his primary objective was to create a culture based on respect and dignity.

"I wanted to create a place where people were excited every day when they came through the door," he

says. "We have an open office concept—no big corner offices here. And we're working hard to address work and life issues. For example, we're making it easier for women to participate in our profession by eliminating stereotypes about what it takes to make partner. I'm interested in keeping good people involved. I'd much rather have them part-time than not at all."

Corporate culture and value systems were key issues in merger discussions with Rogoff Diamond & Walker, a CPA firm founded in 1954. "We talked more about that than business issues," Erickson recalls. "They were looking for a culture and environment like ours, to improve morale and reduce turnover."

BUILDING THE POOL

Another key to successful minority recruiting is building the talent pool. Partner Ron Rivera, who has long been active in the local Hispano chamber of commerce, is involved in the Hispanic scholarship committee, the Education Excellence Program and the National Hispanic Scholarship Fund, all of which raise college scholarship funds for Hispanic students. REDW contributes \$10,000 in annual scholarships, sponsoring up to six accounting and four math majors. The firm has established scholarships at various universities for Native Americans it serves who pursue degrees in accounting. It has also established an internship program through the University of New Mexico. Although it is not specifically aimed at them, the program has helped to bring minority employees into the firm.

At the high school level, REDW is a partner in Albuquerque's Join-a-School program, sponsoring awards for accounting student of the year and sending firm members to the schools to discuss CPA careers and encourage students to elect an accounting major in college.

"It's nice to see that more members of minorities are becoming involved in the profession in New Mexico," says Rivera. He attributes this to the profession's positive reputation, portable skills and versatility in providing rewarding, lifelong employment. "You can be a CPA just about anywhere. It opens a number of doors to you," he observes. "And educational opportunities for minorities are increasing. That's where our firm comes in. I went to school on scholarships, so I feel an obligation to give back by providing similar opportunities for other people. I want other kids to have the same chances that I had."

International Blending in the Nation's Capital

FEEDING THE DIVERSITY CYCLE

Raffa & Associates, PC (www.raffa.com), a full-service accounting, tax and consulting practice established in 1984, is one of the largest independent accounting firms in Washington, D.C. Although it serves a variety of industries, its special area of expertise is the nonprofit sector. In the past two years, the firm has doubled its size to just under 70 employees. About 40% of the staff are black, Hispanic or Asian. The Southern Christian Leadership Conference honored the CPA firm last year for supporting

national civil rights and humanitarian endeavors through its hiring and employment practices.

According to Tom Raffa, founder and managing partner, achieving diversity is all about making adjustments. "It's hard to begin the process of diversifying in an established firm," he observes. "You have to go that extra step—consciously targeting a different group of candidates, addressing their concerns and making them feel comfortable." Raffa believes small firms have an edge over larger ones, because it's easier for them to be flexible. Once achieved, he says, diversity should be self-perpetuating. "If, over time, the partnership ranks don't reflect your diversity, you have to make more adjustments. Firms that can't succeed at diversification aren't trying."

Raffa & Associates' diversification has been an outgrowth of its focus on clients in the nonprofit sector. "Nonprofits tend to have a broad employee base and want to hire firms that reflect their own diversity," says Raffa. "With so many nonprofit organizations represented in Washington, our clientele is not only diverse but also international. We have clients in Africa, South and Central America, Eastern Europe and Russia. They do things like establish loan programs, build low-income housing and set up vocational training programs."

The diversity of the clients and the nature of the firm's work—which includes computer and Internet consulting services, pension administration and business advisory services—has attracted job candidates of varied backgrounds and nationalities. Kim Robertson is one of them.

GAINING NEW EXPERIENCE

Robertson was very close to making partner at one of the firm's competitors when a headhunter piqued her curiosity about Raffa & Associates. "I wasn't looking for a new job," she says. "But I was immediately attracted by the cultural diversity of the people at Raffa. There were employees from Russia, Jamaica, Korea, India and Africa. The fact that there was a female partner, and that a second one was about to be named, strongly influenced me." Only one woman had ever been promoted to partner at her previous firm, and during her nine years there few other black professionals were hired.

The opportunity to provide more than traditional accounting, auditing and tax services was another powerful attraction. "When I heard the types and number of consulting services Raffa was offering, and how much opportunity there was to really help clients, I decided it was worth slowing my career down a bit to gain new experience," says Robertson, who joined the firm in 1996 as a senior manager. "It was the smartest career decision I ever made." She and Korean-born Elizabeth Eun became partners on January 1, 1999. Raffa currently has three female and two male partners.

ATTRACTING AND RETAINING TALENT

The firm actively recruits minorities, focusing on Howard University, a historically black university, as well as Georgetown and George Washington universities. According to Tom Raffa, Robertson has been an asset in this effort.

"When minority students talk to me about my career experiences and then visit the firm and see how diverse it is, it makes a real impact," says Robertson. She also notes that the chance to gain experience in computer and Internet consulting is highly attractive to today's accounting graduates. "I stress that at a

smaller firm such as ours, unlike at a Big Five firm, entry-level employees don't have to select a career track, like tax, audit or managing consulting services. And they have a chance to experience everything."

Raffa & Associates, like its New Mexican counterpart, has found internships an effective way to attract minority job candidates. The firm also is active in Georgetown's mentoring program, which Tom Raffa helped develop. "Minority students tend to be a little apprehensive about coming to a nonminority-owned firm, but once they experience our culture that quickly goes away," Raffa says.

Raffa believes job satisfaction is a key element in retaining good employees, including minorities. "Part of the reason we're so diversified is that we've tried to develop around the interests of our people," Raffa comments. "When employees are happy in their jobs, they do good work. Our clients recognize that, and everyone benefits."

Open communication and a commitment to career development are also essential. The firm gives performance evaluations for any job over 20 hours. "We're conscientious about it and try to be as instructive as possible," he says. "If people are slipping, we help them. If they need training to improve a particular skill, we provide it. When employees perceive you're really trying to help them, they stay."

Raffa notes that salary and benefits are factors, but not as important as quality-of-life issues. Recalling his own experience at one of the then Big Six firms, the managing partner says he set out to create an organization that broke down the stereotypes, creating an atmosphere that was more positive, dynamic and accommodating in terms of employees' needs. "If someone is doing a good job and needs to work under different conditions—part-time or at home—for whatever reason, we'll make it work rather than lose a good employee. I don't want employees to adapt to us; I want the firm to become different because of its employees."

This philosophy has paid off. According to Raffa, the firm rarely loses employees to other accounting firms. The real competition is business and industry. As part of the commitment to open communication and career development, he encourages employees to take advantage of a great opportunity. "I tell them they can always come back to public accounting, but I'm also comfortable telling an employee that he or she isn't ready to make the jump yet."

PROMOTING THE PROFESSION

All Raffa employees are encouraged to do pro bono work that stems from their personal interests. Many of these efforts result in staff members serving as role models for younger members of minority groups. Robertson, who currently chairs the minority affairs committee of the Greater Washington Society of CPAs, notes how few African-American women she sees at the society's meetings. She never misses an opportunity to encourage young African-Americans, especially women, to consider a career in accounting. "It's very important to go out into the community and actively recruit minorities for the profession."

"Achieving workforce diversity looks like it takes a lot of extra effort, but it really doesn't once you get started," Raffa observes. "It's not a matter of being philanthropic. The rewards are so great, it just makes good business sense."



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