

The Client-Accounting Firm Employee Evaluation: Good for Growth and Good for Retention

By Scott H. Cytron

Ah, the dreaded performance appraisal. Most any accountant would rather perform an audit on an oil rig in the middle of the Atlantic Ocean than go through the rigors of evaluating an employee—or better yet, be the employee who is being reviewed.

Years ago, when I was still working for an organization rather than for myself, I had a manager who would not allow me to give direct reports any 10 ratings on a scale of 1 to 10, where 10 was the highest rating. She said that no one deserved a 10 and that everyone had to have some room for growth. Does this kind of cock-eyed thinking sound familiar?

The bigger issue—beyond the fact that she never got any 10s herself from her own supervisor and was deeply bitter about this—was that the company's entire performance-appraisal system was flawed from the get-go. Employees were rated on the opinion of one person instead of the job the employee performed for the organization—and how that job impacted bottom-line growth.

The situation made me wonder whether there was a better way to conduct a performance appraisal. Some 13 years later, I was involved in just this sort of activity with one of my accounting firm clients who turned to me to figure out a way to incorporate the communications process into their appraisal system. They knew there had to be a better way—and there certainly was.

What do clients think?

An employee at an accounting firm has an internal and external audience. Internally, you report to your immediate supervisor, who measures and evaluates your performance. Externally, you answer to the client. You can't really say that clients are your "bosses," but they can weigh in fairly heavily on your performance and influence an outcome, especially if you make a major mistake or don't pay enough attention to them.

It's up to the accountant to establish a solid rapport with his or her clients, and even at a junior level, there is some kind of client interaction. As a result, a better performance appraisal starts with what clients think (external), complemented by what the firm thinks (internal).

Another reason to ask clients for an evaluation of an employee is to use the activity as a touch point for re-

ention purposes. While I do not have any textbook statistics to evaluate this theory, I do have feedback from my own accounting clients and 24 years experience working in this industry. I believe the stronger the connection a firm has with a client, the more likely the client will remain with the firm. There are reasons for clients to go elsewhere, of course, and sometimes that can't be helped. Similarly, there are reasons for firms to sever relationships with clients.

Setting up the survey

We've all conducted surveys, but asking a client his or her opinion on an employee's performance isn't as simple as sending out a generic survey. There are too many variables, and there has to be some kind of organized process that ties back to the performance appraisal itself.

A better approach than using generic surveys is to send personalized surveys that have the same questions as the firm's internal performance review form. However, you won't ask clients all the questions in the entire appraisal because some questions are based on internal matters only. What you want to avoid is bogging down your time by trying to analyze two sets of evaluations—internal and external—with two different sets of criteria. Keeping the evaluation criteria the same will save hours of time and headaches.

The following are the steps to set up an accounting firm's survey.

Obtain universal agreement. In a firm that is sizeable enough to have its own human resources department, the first step is for the HR director to agree to use the survey process and then sell the idea to management. If your firm is smaller, then a presentation at the next partner meeting or even something more informal will suffice. Regardless of how you go about it, you must have management's buy-in for the evaluation process to occur.

Obtain employee agreement. Employees will feel they make a difference if you ask for their buy-in too. This works quite well with younger generations, who thrive on being part of the team.

I promise you won't get much resistance. No one is going to say they don't want to be evaluated by the clients

Exhibit 1: Sample Client Survey	Score 1 to 5
<p>Knowledge Capital & Technical Abilities</p> <p>Analytical Skills & Decision Making Proactively demonstrates a willingness to learn and attain greater knowledge on a continual basis. Understands basics of client systems environment in context of any client project. Makes well-thought-out decisions and considers all facts prior to making final conclusions. Asks appropriate questions and requests supervision when in need of assistance:</p> <p>To my knowledge, Dick Jones had the necessary technical acumen and/or knowledge of my organization to work on my engagement.</p>	<p>___</p>
<p>Dick Jones demonstrated flexibility with his decisions by considering all sides of a situation.</p>	<p>___</p>
<p>When necessary, Dick Jones was not hesitant to ask questions and seek more information.</p>	<p>___</p>
<p>Client Service & Engagement Management</p> <p>Focus on Client Service Responsive, attentive, anticipates and understands client’s needs, and exceeds client’s expectations. Responds timely and accurately to internal team and client requests. Works flexible hours in response to client and firm needs. Demonstrates professional interest in providing clients with top quality service; earns the respect of clients and their staff.</p> <p>Dick Jones took the initiative to understand my business, thereby demonstrating a commitment by himself and the firm to ensure the long-term viability of my company or organization.</p>	<p>___</p>
<p>Dick Jones listened to my needs and provided reasonable solutions with options.</p>	<p>___</p>
<p>Based on working with Dick Jones throughout my engagement, I have a positive impression of Sample Firm LLP.</p>	<p>___</p>
<p>Follows Quality Control Procedures Ensures quality control procedures are being executed under direction of engagement supervisor. Respects the confidential nature of the client relationship.</p> <p>I trust Dick Jones to continuously maintain confidentiality.</p>	<p>___</p>
<p>Relationship Building Skills Maintains positive client relationships. Appropriately communicates difficult situations encountered on engagements to supervisor.</p> <p>Dick Jones fostered a positive attitude and working relationship during the engagement.</p>	<p>___</p>
<p>People Management & Professional Leadership</p> <p>Effectively communicates with coworkers and client personnel, as necessary, through oral and written dialog and e-mail. Recognizes appropriate vehicle (i.e., in person, phone call, e-mail, or letter) for client and interoffice communication. Proper usage of grammar with only occasional corrections to written material. Letters, reports, workpapers, and memos convey work, analysis, and opinions in an adequate fashion, sometimes requiring assistance from others. At all times, communicates with tact and an appropriate tone in a professional manner. Seeks feedback, is receptive to constructive feedback, and acts upon recommendations.</p> <p>All verbal and written communications during the engagement were delivered on time and were clear in message and scope.</p>	<p>___</p>
<p>Dick Jones communicated sensitive and nonsensitive information in the most appropriate manner, either in person, in writing, by e-mail, or through letters.</p>	<p>___</p>
<p>During the engagement, Dick Jones sought input, listened to feedback and/or criticism, and provided recommendations for action.</p>	<p>___</p>
<p>Other Comments</p>	<p>___</p>
<p></p>	<p></p>
<p></p>	<p></p>
<p></p>	<p></p>
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because this runs contrary to being part of the overall solution. So, obtaining employee agreement is more a matter of being **considerate** toward your employees than anything else. Nevertheless, obtaining employee agreement will go a long way toward further solidifying the relationship between them and their employer.

Determine the criteria. This may be the most complicated step because it requires analyzing the appraisal form to determine which categories are the most appropriate for the client to evaluate. Not every category will apply, but if you review these based on the interaction the employee has with the client—either annually for a special project or multiple times throughout the year—you can identify the most applicable areas. Here is a list of titles and categories for a typical firm:

- **Audit Associate:** Client service, professional leadership;
- **Audit Experienced Associate:** Client service, professional leadership;
- **Audit Senior Associates:** Knowledge capital, client service and engagement management, people management and professional leadership;
- **Audit Manager and Senior Manager:** Knowledge capital, client service and engagement management, people management and professional leadership;
- **Tax Associate:** Knowledge capital and technical abilities, client service and engagement management, people management and professional leadership;
- **Tax Senior Associate:** Client service and engagement management, people management and professional leadership, technical knowledge and learning, practice development, communication, engagement management and economics; and
- **Manager/Senior Managers:** Technical knowledge and learning, practice development, communication, engagement management and economics.

As you can see, the higher the title, the greater the number of categories and the more intensive the evaluation. This is appropriate; more experienced staff have more responsibility and are paid more; so, there is more to evaluate.

Write the survey questions. This is where pen meets paper, but it really is a fairly simple activity. All you have to do is obtain a copy of the existing internal performance appraisal, decide which criteria can be evaluated by the clients, and then write your questions based on these points.

Exhibit 1 (see page 11) is a sample client survey for Dick Jones, a Tax Associate—the lowest level of employee on the tax side of the firm. This shows the

employee's title, the categories, and the questions. Because there is quite a bit of overlap between all the titles and categories, the easiest place to start is with your lower levels and build the rest of your categories and questions from there.

In order to keep this simple, clients are asked to rate employees on a scale of 1 to 5, and there is room at the end of the survey to write in any other feedback. Your own set of questions will be different from those in Exhibit 1 because there may be nuances particular to your firm and other areas you may want to evaluate. Also, note that every question or statement is phrased in a positive manner; this prevents the client from having a negative attitude about the survey.

Sending the survey

Surveys should be customized with the employee and client's name, and can be sent via SurveyMonkey with instructions and a suggested return date. However, sending something via e-mail has its disadvantages because it could often be overlooked or discarded. The likelihood of the e-mail being treated as spam should be minimal because the clients are used to receiving e-mail from the firm.

Another suggested step is for the employee to call his or her clients receiving the survey to tell them it is coming and why it is important to complete. This provides another touch point and preempts any reason for **not** completing it other than the fact that the client may not want to go through the process. You can't force someone to do something they don't want to do; so, employees should be advised as to when to politely thank the client for his or her time instead of creating something unmanageable.

All clients related to a particular employee should not receive the appraisal form; that would be too many to track. A representative sample of a handful (4 to 5) clients should suffice. The receiving clients should be chosen based on a supervisor's conversation with the employee.

Subliminal retention messages

Most of the time any kind of performance appraisal shouldn't be a surprise. When we go to a restaurant and complete an evaluation card, it's logical that the restaurant **knows** when it performed well and when it offered subpar food and service.

Similarly, there will be hits and misses with any client-based appraisal. Firms must account for this and carefully evaluate client opinions. More than that,

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People, Firms & Promotions

In addition, **Reagan Farr** and **Matt Kisber** have joined LBMC as “Of Counsel” advising in the areas of economic development, incentives, and state and local tax. Farr previously served as the Revenue Commissioner for the State of Tennessee. Kisber previously served as the Commissioner of the Tennessee Department of Economic and Community Development for the State of Tennessee. Both were appointed by Governor Phil Bredesen and played a key role in creating more than 190,000 new jobs and attracting over \$33 billion in new capital investment to the state over the last eight years.

Grant Thornton LLP announced that effective August 1, 2011, **Michael Bennett** will serve as the new Houston Office Managing Partner, succeeding the retiring **Justin Gannon**. Bennett most recently served as Business Advisory Services Managing Partner for the Central Region of Grant Thornton LLP. Gannon retires August 1, 2011, with 40 years of experience in public accounting, most recently serving as the Managing Partner of the Houston Office and the Central Region.

Also effective August 1, 2011, **Wayne Kaplan** will serve as the new Philadelphia Office Managing Partner and **Rick Gebert**, currently Philadelphia Office Managing Partner, will now oversee GT’s operations in the Southeast region.

Sean Muller has joined **Weaver** as a partner in Tax and Strategic Business Services in the firm’s Houston office. Muller brings more than 18 years experience in tax services for publicly-traded corporations and non-public entities. His practice focuses on mergers and acquisitions, corporate restructurings, and tax compliance.

Sikich LLP/Aurora, Ill., announced that **Mary O’Connor** has joined the firm as Partner of Valuation and Dispute Advisory Services. O’Connor specializes in business valuation and the appraisal of tangible and intangible assets for litigation. She also possesses extensive experience with fairness and solvency opinions.

Contributions: Please submit news items for consideration to Terry Vaughan at terry.vaughan@wolterskluwer.com.

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however, if an employee receives a truly awful client review, red flags blow in the wind. The firm must be prepared to deal with any negativity quickly and efficiently. Oftentimes a simple phone call from a supervisor or even the managing partner is all that is needed. Minor matters can be cleared up in a short amount of time.

More complicated situations require more communications, but, as with performance appraisals, they should not come as a surprise. If there are surprises, then there is a larger breakdown in communications between the employee and firm that also must be quickly addressed. In addition, firms **should** continue sending out annual or semi-annual firm surveys to all clients. This is a very different kind of measurement that always should continue.

No performance appraisal is perfect—and certainly this kind of system has its advantages and drawbacks. Although the bottom line is to find a system that works for your firm, a client-based review is as good for the firm and employee as it is in your retention efforts.

About the author: Scott H. Cytron, ABC, is president of Cytron and Company, known for helping companies and organizations improve their bottom line through strategic public relations, communications, marketing programs, and top-notch client service. An accredited consultant, Scott works with companies, organizations, and individuals in professional services (medical, legal, accounting, engineering), high-tech, and B2B/B2C product/service sales. Contact him at scott@cytronandcompany.com and visit his blog, www.absolutecytron.com. †