

A Checklist for MPs: Can You Answer All of These Issues?

Your managing partner is the place to look if your firm is undergoing a management crisis. So observes consultant Joel Rose, president of Joel A. Rose & Associates of Cherry Hill, N.J. Rose works closely with law firms on practice management issues, though his observations about where the problems begin in troubled firms applies equally well to any professional services firm.

"When a firm finds itself in the midst of a management crisis, the place to begin to search for the source of the problem is at the top of the management hierarchy," Rose said. "The root of the problem will most likely lie within the uppermost reaches of the organizational structure."

For your firm to be healthy, it needs to be built in an orderly and systematic manner, Rose explained. "The values that are important to a firm have to be identified, defined, organized and centrally placed. The responsibility for achieving these goals must ultimately be someone's responsibility." If things go wrong, it is usually when someone or some group has failed to recognize and address fundamental responsibilities.

Responsibilities checklist. Rose offers this checklist for managing partners to use to identify all areas of the firm's operation and well-being. Answering the questions will help MPs to know whether all the components of firm management are adequately and properly in place and the concerns of the firm's CPAs and other staff are being met.

- **Communications**

1. Are the firm's methods of internal communication functional?
2. Do all professionals attend meetings, dinners or luncheons? Are they invited?
3. Does the firm use announcements or newsletters?
4. Does the firm hold retreats to disseminate information or address special topics?
5. Does the firm provide adequate feedback, particularly to junior partners and staff CPAs?

- **Organization**

1. Are CPAs and others informed on lines of organizational responsibility?
2. Are they aware of the functions of various committees, departments, or practice groups?
3. Do any younger CPAs serve on committees? Does representation on committees reflect all firm members?
4. How is committee membership determined? Who serves on the committees? How are they selected? What is their tenure?
5. How are the departments organized? Are the areas of practice adequately staffed and supervised?
6. Is the firm too bureaucratic? Too departmentalized?
7. Does the administrative staff function support the CPAs' needs and requirements?
8. Is the secretarial and clerical support staff properly and adequately trained?
9. Is the firm's equipment and office technology up to date?

- **Firm culture**

1. Is the firm a congenial place to work? Is it democratic? Team spirited?

2. Is the firm humanistic? Is it sensitive to the quality of life, particularly the family life of staff and partners?
3. Has the firm maximized profits at the expense of quality of life?
4. Is the firm independent? Innovative? Competitive?
5. Is the firm too aggressive in its effort to maintain the status quo?
6. Has the firm grown too fast, without adequate planning?
7. Does the firm have too many unproductive partners? Not enough experienced CPAs?
8. Is firm leadership adequate and evident in all facets of the organization? Is it accessible to firm members across the line?

- **Dissemination of information**

1. What kind of information is considered appropriate to disseminate? Why and how is that determination made? What is circulated and when? How often? By whom? To whom? Why not other types of information?
2. Are all staff aware of the firm's history and projections for long-term growth?
3. Are they cognizant of the firm's plans for the future?
4. Do CPAs and other staff have access to financial data concerning the firm?
5. Are CPAs and other staff fully informed concerning the firm's billing policies?
6. Do CPAs and other staff know the hourly rates of partners and staff, and the policy concerning expenses?
7. Have CPAs been informed about the income distribution structure for partners and staff?
8. Does the firm have an established policy concerning new clients?
9. Are the criteria for accepting and rejecting clients known to all?
10. Does the firm have established standards and criteria for hiring?
11. Does the firm conduct evaluations on a regular basis? Are the evaluation criteria meaningful? Are staff CPAs and other staff informed of the results?
12. Are the criteria for becoming a partner or member of the executive committee known? Are they reviewed on a periodic basis?
13. Has the firm established policies regarding nonbillable activity such as pro bono, state societies and AICPA, business development and client relations, community activity, and firm administration?
14. How are problems within the firm handled? Is there recourse or support within the firm? Is a senior partner or mentor available for advice and guidance?
15. Has the firm established policies and procedures regarding administrative matters concerning secretarial and support personnel?
16. How does the firm handle news regarding accession or separation of personnel?

- **Work assignments**

1. How are work assignments determined? By whom?
2. Can a young CPA seek specific types of work? With a particular client? Within a specific area of practice?
3. Does the firm offer a variety of work? Experience with different types of clients? Experience with different partners?
4. Who does a CPA turn to when, or if, there is a problem or a complaint regarding workload or work assignment?
5. At what stage can a CPA become a specialist in a department? Does the firm have adequate mobility to handle individual client needs? Shifts in market trends as they may affect the areas of practice?

- **Continuing Professional Education & community activity**

1. Is there a coordinated program for CPE? For the firm? By department? By subdivisions within a department?
2. Who makes the decisions concerning CPE attendance?
3. Is there an annual, or other, limitation regarding attendance at meetings?
4. Are CPE and state society and AICPA activities related to long-range plans? Of the firm? Department? Subdivision of a department? Individual?
5. Does the firm conduct internal seminars? How are they developed? Who provides them? Who attends?
6. Are community activities guided in any way? Are they encouraged?

- **Planning, decisionmaking & practice development**

1. Do staff CPAs participate in decisionmaking?
2. Are staff CPAs involved in the billing process, particularly the individuals responsible for the client and for performing work on client engagements?
3. Are staff CPAs' views and input encouraged? Tolerated? Considered inappropriate?
4. Are decisions effectively communicated? Are they understood? Is there an open door for constructive dialogue?
5. What is the extent of staff CPAs' participation in meetings? Firm social functions?
6. Are staff CPAs informed about events and planning regarding the number of CPAs and other staff to be hired? Department expansion or contraction? Major or interesting new engagements? Honors? New space? Long-range plans? Office automation or reorganization?
7. Does the firm have an ongoing program for practice development? Are staff CPAs involved in these activities?
8. Does the firm advocate and encourage cross-selling of services of its departments? Are staff CPAs aware of one another's expertise in various practice areas?
9. Does the firm sponsor activities to enhance its image among clients, the public, state societies, etc.?

- **Compensation**

1. How are draws and salaries determined? Bonuses?
2. What criteria are used to evaluate an individual's total contribution?
3. Do CPAs have any say in determination of criteria? What they feel they are worth?
4. Are CPAs satisfied with the process for allocating profits?

- **Social & attitudinal changes**

Are the expectations regarding CPA firm practice different from those held 10 years ago? Consider how these expectations may have changed in regard to:

1. Hours of work
2. Specialization
3. Subject matter of work
4. Income
5. Risk and independence
6. Ethics

7. Decisionmaking: Desire to know the reasons; desire to participate.

Consider how the social, educational, and economic backgrounds of newer CPAs may have changed over the past 10 years, and how these changes may be reflected in:

1. Attitudes
2. Expectations
3. Needs

Ultimately these changes will be reflected in the firm's:

1. Recruiting activities
2. Turnover
3. Work product
4. Specializations/niches

Rose noted what brings MPs "full circle to the work that binds and unifies the various components of the firm": your CPAs. "The prudent managing partner will recognize the need to chart a course that mediates between the requirements of the practice and the needs of those who perform the work."

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