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Economy, Staffing, & More Lead CPA Firm Retreat Issues for Summer 2008

The owner and firm retreat season will be arriving soon, so now is the time for CPA firm leaders to begin to prepare by planning and collecting information about the issues that are most in need of management and strategic attention.

To help in the preparations, AOMAR is providing "talking points" as well as other retreat-related resources to streamline your preparation time (see the accompanying sidebars).

The changing economy. This issue will probably be at the top of most retreat lists, as it may affect the plans that your firm will be making and/or updating for the rest of 2008 and beyond.

Firms with a strategic plan are well positioned to shift gears if needed, but leaders will want to review the status of their niches, available talent, and the balance of services and products as part

of considering how your firm may want or need to adapt to the economy's current challenges.

Your firm's data on revenues, realization, and profitability will be the starting point, of course. But you may also want to do some talking with key clients in specialty areas to make sure that you are keeping up with changes. This also presents a fine opportunity to reassure nervous clients that your firm and its services will be available to help clients through the changing economy.

Staffing resources. If you think the economy will take care of this issue, you may want to reconsider. The continued extreme shortage of midlevel CPA staff is not likely to be "solved" by economic cutbacks. And firms will continue to have a need for the best staff—and those are the staff who will always be able to find another job no matter

Should You Bring in a Facilitator for Your Retreat?

Some firms prefer to "do it themselves" when it comes to the firm retreat, structuring and running the meeting with the owners in charge. Others like to bring in a neutral third party with expertise in facilitation to manage the meeting.

What to consider:

- **The planning process.** If the managing partner and firm administrator (the logical choices) are too busy for much of this activity, it may be a sign that an outsider's assistance is warranted. Obviously, these leaders plus other partners and managers will need to provide input about issues and data to review and discuss during the retreat.

- **Think about the contentious issues.** If there is disagreement in management ranks over key issues, you may find the retreat will be more harmonious if a consultant or other facilitator is there to keep things moving and productive. Snags related to changing compensation structures and partner retirement may also be eased by a facilitator who can share expertise from best practices at other firms.

- **If you decide to go it alone, choose retreat leaders with care.** Partners who are proven leaders and communicators are best. Retreat leaders should also know about the firm and its issues, be objective, and be able to generate and control the discussion. You might want to have partners from different groups or "generations" involved to cover more perspectives to lead discussions.

what the economy, so don't ease up on your firm's retention initiatives now.

While recruiting pressures at the entry level have started to ease in the past 12 to 18 months, the headache about how to fill mid-level staff CPA slots persists. Retention is also an issue of succession for firms facing the coming wave of first-generation owner retirements. As a result, guard your best staff and let them know they are your firm's future.

As well, firms' recognition is growing of the recruitment and retention challenges they face in obtaining and keeping the best administration staff. These individuals are playing an increasingly important part in the success of your CPA firm, so having a plan for these staff is important. If your firm has not yet addressed this, now is the time to look at how staff CPA initiatives may or may not apply and to explore what your firm needs to do, for instance, to make sure your firm administrator doesn't start to pine for new horizons. One way to begin: career paths in your administration functions. Another concept to explore if you haven't already: non-CPA nonequity owners.

Sharing resources with other CPA firms, either independently or through a firm association or state society, is something that has worked well in recent years as a way to expand staffing resources on an as-needed basis. This is especially true for engagements such as Sarbanes Oxley-related audit and other work.

It is an answer that can go on working for your firm during belt-tightening times, and is a good way to continue to strengthen your relationship with clients. If clients know that you can always lead them to the best solutions (even if your firm itself is not necessarily performing the work), you will go a long way to tying those clients ever more tightly to your firm.

Your firm's culture remains a crucial factor in attracting and keeping the staff you want. Now is a good time to get an employee survey going, re-examine retention practices in the profession, and take a hard look at your turnover numbers to see what actions may be warranted.

Mentor and coaching programs. Mentoring is an issue that is related to staffing—yet it is also a technique that can be equally helpful at the executive level of a CPA firm in the form of coaching. Everyone can use a mentor or a coach, including partners. While the managing partner tends to fill this role traditionally for the partners, it doesn't have to all fall into his or her lap. Partners can mentor peers, you can seek mentoring from experts outside the firm, etc.

Getting staff at all levels involved in mentoring is a great way to build connection to the firm, relationships, and management skills. Even first-year juniors can help by hand-holding interns, for instance.

CPA firm practice has never been more complex than it is today. Getting some help in maximizing your capabilities and coping with the stress is starting to become a more accepted practice, part of the trend toward leadership and accountability initiatives in the partner and leadership levels of firms.

Though many firms still leave mentoring to an informal and highly flexible program, getting some structure into the process can be a great way to focus on internal training, retention, and leadership—and these are likely to be key staff goals right now in many firms.

Make technology work harder for your firm. Technology can bring more efficiency to the firm—but only if you use what you have. Consider

6 Steps to Prepare for Your Firm Retreat

1. Start with a list of major issues that need to be addressed.
2. Survey or interview partners to get input about these issues and make sure you have included the major topics that need to be addressed now.
3. Draft an agenda. Include dates, times, location, description of meeting format, who will lead discussions, and who will attend discussion sessions.
4. Decide whether the retreat will be for owners only or whether staff will be permitted to attend certain sessions.
5. Choose leaders for the retreat sessions.
6. Establish a follow-up plan. This includes a written summary of the meeting, identified courses of action, assignment of responsibilities, and a time frame.

whether it would help to bring in your vendors for updated training later this year.

Some firms have succeeded in assigning a “champion” to each piece of software and arranging for extensive training, so that there is always an in-house expert to call upon. If you prefer to use the vendor for assistance, you may want to revisit the terms of customer service provisions in your license—do you need to renegotiate to ensure that the firm is getting the help needed to maximize the use of your software? Would an in-house trainer with technology expertise be helpful and affordable? Or is this a function that your current MIS or network manager can take on?

Review and renovate marketing. More, not less, marketing may be the best way to go right now, depending on the changes you foresee in your practice and service mix.

Additional Retreat Issues to Consider

In addition to the firm- and practice-management issues suggested in the main story, you may want to tackle some of the questions presented below during the retreat. Try to limit your choices, however—attempting to address 20 issues in the context of a retreat is just too much! If you have a long to-do list, consider starting with more global firm issues this summer and schedule another session for later this year. Even a short quarterly session with owners only may provide the opportunity to work on additional challenges.

- **Succession and leadership.** These tend to be ongoing issues now for firms with a succession plan in place, and so they are likely to be reviewed at retreat time. If your firm does not have a succession plan yet, this should definitely be on your retreat issues list for 2008.

- **Client feedback.** Do you have a system to collect and analyze client feedback? Are you actually using it? Are you making use of good feedback for referrals and other marketing purposes such as testimonials?

- **Fee structure.** This is probably worthy of an entirely separate meeting among the partners, but you may choose to address it during retreat time as part of the larger fiscal planning picture for the firm.

- **Eliminate unprofitable and problem clients.** Again, this may or may not have a place on the retreat agenda. A regular review and round-up of troublesome clients or those that no longer fit with your practice is a good approach to institute, so you might want to get that mechanism going during this year’s retreat.

Even if you believe that your firm will continue to be extremely busy, marketing will help to cement your brand in the market and will attract the kinds of clients that your firm wants. Be sure to get your marketing director or whoever leads your firm’s marketing efforts involved in a discussion about tactics, budgets, and resources at this year’s retreat.

Manage your money. It is even more important for CPA firms to watch how they bill, collect, and track accounts receivable and WIP if the economic picture gets bleaker. Leadership will likely revisit these issues anyway during the retreat, but it is important to build in procedures to identify clients who are having trouble paying their bills sooner than later, and to keep an eye on the days outstanding on your accounts receivable.

The economic situation doesn’t mean that your firm should be cutting rates. Remember that the expertise of an outstanding CPA firm will be in great demand by clients seeking to adjust their own businesses to the changes in the economy, and your firm is providing tremendous value to your clients. Now is not the time for firms to abandon the strides they have made in finally “billing what we are worth” rather than what you simply think you might be able to get.

While cost control is always in fashion, difficult economic times usually revive more interest in this. A little more attention to what you spend will be particularly important now. Be ready to take a look at technology costs, rents and other office-space costs, and interest rates if your firm borrows.

Invite staff to the retreat. Staff need not, nor should they, be invited to every session. But many firms are holding firmwide retreats and involving staff in many of the meetings and activities, so they can learn more about firm operations, the role their contributions are playing, and the management that goes into building a CPA firm. It is a learning experience—and a way for the entire firm to get together and celebrate success.

Types of information to share with staff may include:

- Billings and revenues for this year compared to last year.
 - Performance of niches and practice groups.
 - Selected capital and operating expenses.
- Demonstrate what it costs to run a CPA practice and why is instructive for staff to learn. Staff should understand that technology and healthcare are expensive perks that the firm is providing.

Even if you decide that this is not the year to invite staff, certain key administration people should always be part of and in attendance at your retreat. These include your firm administrator or director of administration and your marketing

director or coordinator.

Formalize delegation. Whether you are a managing partner, a firm administrator, or other firm leader, you have probably noticed that you have more and more work to do—but no more hours in the day to accomplish your many goals.

Prioritizing your responsibilities and managing your time are the obvious jumping-off points. However, there are other solutions as well: Let staff take on more responsibility. They crave it. It trains them. It eases your workload. It retains them. Consider whether your firm can begin to develop a firmwide program of delegation as part of your training and retention initiatives at this summer's retreat. It's a favor to your leadership that will keep paying off for years to come. □

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