

Accountability Is Achievable if . . .

By August Aquila

One of the most pressing issues facing CPA firm leaders today is lack of accountability in their firms. “Now,” you may be thinking, “that’s not the main issue. We’re much more worried about client retention and getting new clients.” But without top-down accountability at your firm, you won’t be able to be as successful as you address your other problems. The kind of accountability I’m talking about won’t happen overnight. In fact, it may take several years for your firm to change its current culture to one of accountability. But it can happen, and it does happen, when firm leaders are committed to change.

The process begins once the leadership of the firm makes the commitment to follow a regimen that allows for the processes of accountability to be put into place. Many managing partners I’ve met argue that they don’t really need a process; they can make people accountable with just a few tweaks to what they’re doing. Unfortunately, these partners believe that accountability is easy to implement. It’s not.

Common mistakes

Firms that try using shortcuts generally find themselves in a difficult position. Here are some of the common errors firms make:

- **Make it into a checklist:** Let’s face it, accountants love checklists. They make sure that nothing is missed. Unfortunately, accountability is

much more than just creating a new checklist. Rather than making another checklist, firms should work on the behaviors that are important for a culture of accountability.

- **Capture more production information:** Some firms believe that accountability only relates to being productive—more billable hours, better collections, *etc.* This may be an outcome of accountability, but capturing more information does not change how or why things get done.
- **Tinker with isolated elements:** Adapting partner-compensation systems to penalize partners for not doing certain things is probably the first place firms tinker. While partner-compensation systems need to change to accommodate a culture of accountability, making this kind of change as a standalone item doesn’t work.
- **No clear framework:** Accountability needs to be part of the firm’s DNA. If there is no sound foundation upon which to build the culture of accountability, there will be no strong structure.

Implementing a culture of accountability is not about making a new checklist; it’s about changing how people in the firm behave. It’s about developing new behaviors in your people. It affects the way the firm:

- governs itself;
- develops policies and systems;
- allocates its resources; and
- engages partners and employees.

Surely there is more than one way to create a culture of accountability, but I’ve found the following seven-step approach the most successful.

Seven steps to accountability

Build a culture of trust. The first step in building accountability is to understand the current trust level in a firm and identify what needs to be done to increase it. Trust is the foundation of every strong organization and relationship. The less trust there is, the less accountability you will see. Most, if not all, partners need to believe that all of the partners are acting for the greater good of the firm. They need to believe that their fellow partners have the necessary skills to get the job done and have shown through actual results that they get it done. They also need to believe that their fellow partners have a high degree of integrity; that is, they do what they say they are going to, and they have no hidden agendas.

Develop strategic leaders. I first came upon the term “strategic leaders” when I read *WHEN PROFESSIONALS HAVE TO LEAD* (Harvard Business Press 2007). While most firms have a “leader,” fewer have a strategic leader. Strategic leaders set the firm’s direction—its vision and mission. They help define objectives and specific measures that align with the firm’s strategy. Perhaps even more important, they gain commitment from others in the firm. They don’t lose site of the bigger pic-

ture—the firm’s vision—by getting too involved in the day-to-day minutia. Finally, they take personal responsibility for what happens and what doesn’t happen at the firm.

Create a shared mission and vision. One of the biggest errors in firm management over the last 10 years has the proliferation of missions and visions that don’t mean anything, and worse yet, don’t motivate owners and staff. They become empty words on some plaque or

Web site. If you doubt this, just ask your fellow partners whether they can tell you the firm’s mission and vision. A good vision should drive the direction of the firm and motivate partners and staff. If it doesn’t do these two basic things, go back and rework it.

Embed core values into the firm. Similar to mission and vision, the term “core values” has become very popular among accounting firms. And, like these terms, simply stating a firm’s

core values doesn’t drive actual behavior. They are not yet part of the firm’s DNA.

There is some positive here, though. Firms that have taken the first step in identifying their values are on the right path. The challenge lies in making them part of the living, breathing firm. Once that happens, they can be incorporated into the evaluation process for partners and staff.

Develop partner standards. In preparation for the book

	Strongly Agree	Agree	Disagree	Strongly Disagree	N/A
Authority is delegated to individuals so they may act on their own					
We have clearly-defined core values					
People are evaluated on how well they live the firm’s core values					
The firm has a clearly-defined mission					
The firm has a clearly-articulated vision					
The firm has a clearly-outlined strategic plan					
There is good alignment between the strategic plan and goals throughout the firm					
Owners have a high degree of trust amongst themselves					
We are not afraid to take risks, do things differently					
Owners do what they say they are going to do					
Almost nothing falls between the cracks at our firm					
Owners agree on the firm’s overall goals					
Firm leaders are trusted by employees					
Owners are passionate about what they do					
We have a strong cadre of strategic leaders in the firm					
Owners do not let others down					
Owners have a set of shared values					
Owners have written goals					
Individual owner goals are aligned with the firm’s strategic initiatives					
Owners are evaluated at least annually					
Owner compensation is tied to individual and team performance					

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COMPENSATION AS A STRATEGIC ASSET (AICPA 2007), Coral Rice and I surveyed more than 400 firms. Eighty-five percent of the respondents thought it would be a good idea to have written partner goals and standards. Unfortunately, the same eighty-five percent reported that they did not have written partner goals or standards. It's hard to have a culture of accountability if you don't know the performance and behavioral standards. Partners and staff just tend to do what they think needs to be done.

Embrace a culture of accountability. Think of a continuum: at the far left is the word "entitlement," and at the far right is the word "performance." These two words can

capture the firm's compensation philosophy or the culture in general. The more a firm has a culture of entitlement, the less it has a culture of accountability. And the more it has a culture of performance, the more it has a culture of accountability.

Adopt a culture of change. There is a strange thing that happens to any business, and it's called market change. While a firm may try to continue to do things the way they always have done them, the external market continues to evolve. A firm with a high degree of accountability will be more in sync with the external market than one with a lower degree of accountability. Firms have to embrace change and innovation in order to survive.

As with any change initiative, the devil is in the details. The seven major areas that you need to embrace are outlined above. The best way to start the process is to survey partners and even employees to get a benchmark as to where the firm is today. The sidebar provides you with such a survey. It will help you identify specific areas in your firm that need to be addressed.

About the author: August Aquila is a well-known consultant to the accounting profession. He assists firms in the areas of compensation plan design, mergers & acquisitions, succession planning and over firm operational issues. You can reach August at aaquila@aquilaadvisors.com or 952-930-1295. +

Nominations Open for 2011 Marketer of the Year Award

CPA PRACTICE MANAGEMENT FORUM is proud to sponsor the 2010 Accounting Firm Marketer of the Year (MOY) Award. Submit your nomination by **January 21, 2011**. Self-nominations are accepted.

To nominate yourself or another marketer, e-mail marsha.leest@wolterskluwer.com and include:

- the nominator's name, title, firm name, phone number and e-mail address;
- the nominee's name, title, firm name, phone number and e-mail address; and
- the phrase "Marketer of the Year Award" in the subject of the e-mail.

Both nominator and nominee will receive applications after the **January 21** nomination deadline. These applications must be filled out by both individuals for the nominee to be eligible, unless he or she is self-nominated. The deadline for completing applications is **February 25**.

The Marketer of the Year Award will be presented at the **Association for Accounting Marketing's 2011 Summit: Take Your Firm to New Heights**, which will be held **June 7-10** in Chicago, Illinois.

Nominees must have held a senior-level marketing position in public accounting for at least three years, although not necessarily at the same firm. Criteria for selection focus on leadership and impact rather than on conceptual or theoretical work. Strong candidates will have made a major contribution to their firm by:

- strengthening an existing marketing program;
- creating/introducing a new marketing program; or
- significantly increasing a firm's marketing orientation.

Please call **Marsha Leest** at **845.369.3224** with questions about the MOY award. For information about the Association for Accounting Marketing and its annual summit, call AAM at 856.439.0500 or visit www.accountingmarketing.org.