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HOW SHOULD OUR PROFESSION RESPOND?

By Leslie A. Murphy

About the author: Leslie A. Murphy is a group Managing Partner at Plante & Moran, the nation's 11th largest public accounting and management consulting firm. Murphy has consistently used her leadership skills to effect positive change at the firm, within the accounting profession and in the realm of community service. She co-founded the firm's Personal Tightrope Action Committee, whose groundbreaking policy recommendations helped to gain Plante & Moran a place on FORTUNE magazine's "100 Best Companies to Work For" list for the past nine years.

Murphy's leadership and influence within the CPA profession include serving on the AICPA Board of Directors and numerous committees for the past five years, as well as serving on the Michigan Association of Certified Public Accountants (MACPA) Board of Directors. The MACPA gave her its "Outstanding Visionary" award in September. CPA magazine named Murphy one of the Top 100 Most Influential Practitioners for 2005, and ACCOUNTING TODAY declared her one of the Top 100 Most Influential People for 2005. Recently, Murphy was named one of CRAIN'S DETROIT BUSINESS's Who's Who in Detroit as well as one of BUSINESS FINANCE's 2006 Influencers: 60 Authoritative Voices.

Murphy devotes her time and leadership to the boards of the Detroit Regional Chamber of Commerce, St. John Health System and United Way for Southeastern Michigan (UWSEM). In June 2008, she will become Chair of the Board of Directors of the Detroit Regional Chamber of Commerce, and in March 2009, she will also become Chair of UWSEM.

"Come gather round people wherever you roam, And admit that the waters around you have grown. And accept it that soon you'll be drenched to the bone, If your time to you is worth saving. Then you'd better start swimming or you'll sink like a stone, For the times, they are a changing."

When Bob Dylan wrote "The Times They Are A-Changin'" back in 1964, I'm fairly certain he didn't anticipate that it would be used more than 40 years later as a metaphor for the accounting profession. Yet, I believe it's a valid one. The demographics of our profession are changing; baby boomers are quickly approaching retirement age, which will leave a significant gap in the workforce that new entrants simply can't contain. Add to that labor force stagnation, advances in life expectancy and generational issues, among other change drivers, and it becomes obvious that our profession as we know it will never be the same. As leaders of the profession, we need to introduce the necessary adjustments --in a word, change.

This isn't as daunting as it sounds. This type of far-reaching change cannot be accomplished

overnight, and that's okay. Although there is a sense of immediacy surrounding this need, we must approach these changes in a deliberate, incremental manner. Every action has an equal and opposite reaction, and the way that we react to the demographic changes within our profession will determine our success into the future.

Drivers of change

By 2020, it is projected that there will be a shortage of 14 million skilled workers. This is a classic supply and demand problem, as the baby boomers are exiting the workplace at a much higher rate than the next generation is entering it.

To be fair, the profession has done a great job of addressing the reduction in accounting majors that developed in the late 1990s, when information technology and investment management firms were attracting a so much of the strong talent from America's business schools. Thanks to the dot-com bust around the year 2000, the initiation of the AICPA's highly effective "Start Here Go Places" campaign and increased efforts by the state societies to visit high school and early college classrooms, the graduation rates and numbers of declared accounting majors have increased by approximately 25 percent from 2000 to 2005. In short, it's "cool" to be an accountant again.

We also cannot expect workforce growth to fuel economic growth. While the workforce grew 54 percent between 1980 and 2000, we only expect growth of 3 percent between 2000 and 2020. As an offset to these factors, life expectancies are projected to increase each year and new entrants to the workforce are likely to remain employed, out of choice or necessity, until the centurion mark. All things considered, without significant change to the immigration policy, competition within the profession will only continue to intensify, and we'll find ourselves increasingly in competition with other professions for talent.

How should we respond?

The staffing issue looms large for all types of employers who hire accountants, especially CPA firms and middle-market companies. Time and again, employers identify the staffing issue as the greatest concern to management. As an observer and participant in the profession for more than 30 years, I can see plenty of good reasons for their concern. I also believe that conditions are perfect to drive major change in the relationship between employers and their staff.

So where should we begin? Below are a variety of areas that I believe we must consider going forward.

Mentoring systems. We know from well-documented research that employees leave supervisors, not companies or firms. Mentoring systems, if properly implemented, form bonds and accelerate development. Younger generations may be more articulate about expectations for mentors, but at Plante & Moran, we've found our buddy and team partner systems to be effective since the early days of the firm, more than 50 years ago.

Immediately upon arriving at our firm, each new staff member is assigned a buddy and a team

partner, regardless of prior experience or role within the firm. A buddy for new graduates typically has three-to-five years of experience and functions as a big brother or big sister to help the new staffer become acclimated. The buddy is always available to answer questions, serve as a sounding board for ideas or offer advice. Buddies undergo training to learn how to best help new staff at the firm.

The team partner, on the other hand, assumes the mentor role. Team partners are responsible for career coaching and planning and performance evaluations. In short, all new staff automatically have two people assigned to their care and career development, which begins developing loyalty and builds staff morale from day one. New staff members frequently cite the buddy program as their favorite thing about joining the firm.

Orientation and on-boarding systems . With younger work groups expecting multiple careers, patience with adjustment to a new environment will likely be tested. If expectations are not met early and often, greener pastures may call at alarming rates.

That's why effective on-boarding and orientation systems are so crucial. Plante & Moran's buddy program is one example, but there are several others:

- We hold a variety of orientation sessions to explain our processes, benefits and how to use technology at the firm. (This includes everything from submitting timesheets to navigating our firmwide intranet.)
- All new hires go out to lunch with their buddy and team partners on their first day. We've found this informal setting to be an effective way to help new staff get to know, and begin developing close personal relationships with, the people they'll be working with most closely.
- All new staff members go through a highly rated one-day training course titled *Plante & Moran Spirit and Principles* within their first six months at the firm. In this session, senior-level management, including the managing partner, interact with new staff to tell the Plante & Moran story and to define and maintain the Plante & Moran culture and spirit. At the end of these sessions, the facilitators ask for any feedback or suggestions new staff may have in terms of how to better acclimate them to the firm. All suggestions are recorded and presented to management for consideration.

In the future, all of these types of programs will need to be refined and individualized for specific new hires in order to better acclimate staff and provide greater opportunity for development and evaluation of their particular talents.

Re-recruiting . Differentiation between employers will continue to be challenged in this transparent, tech-savvy world. That's why it's so important to re-recruit staff. When it comes to

recruiting, most firms roll out the red carpet and pull out all the stops. Once staff members are on board however, it's a different story. Staff will likely not be courted that way again until they're fielding offers from other firms.

Re-recruiting is the practice of making staff feel important, valued and part of the team --on a consistent basis. It's a matter of thinking about how you'd react if a valued staff member were to leave, and acting proactively. At Plante & Moran, we hold workshops to educate our supervisors about re-recruiting and our "high touch system" --a system that invests in mentoring, performance management programs and re-recruiting --leads to higher staff morale, which leads to lower turnover and better client service and teamwork, which leads to happier clients, which leads to a better bottom line and provides us the resources to invest in our high touch system and benefits the firm overall. All partners attend these workshops. And the system works. Our turnover rate has averaged less than 13 percent over the last 10 years --among the lowest in the profession.

Flexibility taken to a new level . The individualized expectations of workers will continue to accelerate. They will reward employers who master the art of flexibility with loyalty and commitment, but it will need to be earned. No longer will selecting between a schedule of 7-to-4, 8-to-5 or 9-to-6 be "flexible." Flexibility as we know it will likely appear rigid by standards the youth will demand in the future, and new, innovative systems will likely evolve to allow individuals to customize their work experiences and schedules.

Work process changes . Newer workers aren't content with repetition of tasks and quickly want to move to more impactful work requiring professional judgment and intellectual challenge. In short, they want to make a difference --immediately.

Technology has eliminated a great deal of the repetitious work in our field, but much remains. We'll need to leverage technology and paraprofessionals in new and different ways to allow more highly trained staff to function at their highest capacity during the time that they're working.

Moreover, employers will need to provide individualized development programs to accelerate staff's ability to contribute at higher levels sooner in their career. Each staff member will need to be able to progress at their own pace, replacing the "levels programs" that exist in many firms.

Communication and technology enhancements . The advent of social networks and globalization of workforces will challenge prevailing and historical methods of communication. Further, as workers increasingly perform work duties remotely and more and more of our work becomes digitized, the need for community building and connection becomes accentuated.

Technology will continue to evolve and will challenge us to continue to increase productivity to justify the ever-increasing investment it will require. Innovation will evolve and employers will be challenged to respond to the process changes it will demand and the security considerations of this ever-changing new world.

Aligning rewards with contribution . Expectation of constant recognition and reward for performance will drive employers of choice to modify pay systems to better connect short-term

performance with immediate rewards. More frequent bonus payments will likely replace the annual systems of today. Measurement of contributions, like people development, will become more difficult with shorter time horizons for evaluation.

Boomers Are Leaving, But Are They Planning for Their Exits?

In most cases, no; only 21 percent of small and medium-sized firms with baby boomer (or older) partners have business succession plans. That means that 79 percent have no idea what will happen to their practices when they're gone! For some firms, mergers or acquisitions are a possibility, but this won't be an option for all retiring owners. So, one thing is clear. Firm owners need to plan for their own succession within their firms. This will require new and more effective ways of developing the leadership skills of their employees. In addition, future owners will need to develop their own referral sources to keep the firms growing because many faithful contacts are aging out of their current positions, just like current firm owners.

Other Contributing Factors to Our Modified Workforce

- **Diversity.** Our workforce is becoming increasingly diverse with each passing generation, and the traditional "white majority" will soon find themselves in the minority. Cultural and language differences will soon become commonplace and will require us to find different ways to communicate and relate with one another if we are to capitalize on the benefits that rich diversity will bring. We'll need to develop new types of teamwork and mentoring to maximize the potential of each individual, a condition that will be necessary for organizations to thrive.
- **Family-centered workers.** The increase of women in the workforce will continue to grow, and males will continue to expand their influence and time commitment in family and home, with work-life balance a goal of all workers. It's simply not an option for work hours to expand the way they often did for "traditional" families. It is no longer the norm to have one stay-at-home spouse who is responsible for handling all the demands of children and home management.
- **Generational Issues.** Much has been written about the dynamics we're currently experiencing with four generations in the workplace. Suffice it to say that expectations within the workforce are distinctly different by generation and will require each member of the team to adapt. Younger workers will likely demand greater levels of flexibility and control over their schedules in order to "have a life" will expect up to date technology tools and will demand challenging and stimulating work in order to keep their interest and maximize their contribution. This new generation is expected to have multiple careers and employers, threatening long-term retention and stability of employees.

Other Areas to Consider

- **Niche Orientation and Deep Specialization** will continue to be demanded by our clients in order for them to derive greater value from investment in our services.
- **Global Influences** will affect demand for types of services, and multi-cultural issues and business needs will continue to change.
- **Community Involvement** will take on more focus as the new generations who have grown up with community outreach programs demand earnest commitment from employers.
- **Office Design** will change for workers who routinely access information from anywhere to include more group meeting space and common areas.
- **"Green" or Sustainable Initiatives** will increase. A recent study that one-third of new entrants into the workforce would not work at an organization that was not "green."

The Times They Are A-Changin'

Change is constant, and most of us accept that. It's the natural resistance to change that can be troubling. The good news is that demand for our services and competencies continues to grow, as does the understanding of, and appreciation for, the contributions we make toward our clients' success.

At the end of his song, Dylan sings, "And the present now will soon be the past, the order is rapidly fading; the first one now will later be last, for the times, they are a changing." His point? Change is what it is; we can't stop it. The best we can do is to react effectively, and hopefully proactively, as it occurs.

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