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PFP Practices, Managing Millennials, & More: MAP Ideas From the AAA Conference

CPA firms are always looking for ideas on ways to improve MAP, or management of an accounting practice. One of AOMAR's favorite resources for inspiration is the breakout sessions by firm size at the Association for Accounting Administration's National Practice Management Conference that took place in June in Dallas.

This year's conference, as always, provided great suggestions and discussions about universal MAP concerns. We sat in on the session for firms with 81 to 120 people; the information shared, however, will be of interest to leaders of firms of all sizes.

Highlights from the discussion:

- **Pay for performance.** Slightly more than half the firms that responded to a brief survey conducted prior to the session are using a pay-for-performance approach to compensation. How to apply the principles of PFP, which seeks to reward in whole or in part for performance, including achieving preset goals, brought a number of views from the session attendees.

One firm links PFP to billable hour goals. If staff exceed their goal, they get an individual reward based on a percentage of the number of hours over goal. They also receive a team-based reward for excess over a preset realization goal.

Another firm limits the PFP reward to supervisor and manager levels, based upon elements including profit, client satisfaction, staff development,

practice development, contribution to the firm and to the success of others, and hours.

A similar model for manager and higher positions is used at still another firm, based upon realization, overtime, and billable and charge hours. At the senior level, compensatory time is used as a reward.

A bonus program is part of the career track plan in another attendee's firm. There are three options for the plan: technical, growth (development), and blended. Goals are set that mesh with the various tracks, and achieving goals and performance brings a bonus.

- **Managing millennials.** Suggestions on how to manage the newest generation of staff in CPA firms included:

- Get them involved in management, several participants suggested.

- Be more transparent about operations so staff can learn more about how the firm runs. This creates involvement and a sense of ownership and can help retain staff.

- Have a career development program.

- Establish accountability teams that include partner, manager, and senior staff.

- Get involvement beyond the partner level in the business—not just in the work.

- Hold regular meetings of the firm and share information with staff.

— Involve young staff in recruiting and interview processes.

— Start staff on billing work, even as soon as entry level. This lets staff see how it works and how important their time really is.

● **Partner compensation.** Most attendee's firms rely on a formula or committee-set compensation system, but there is a wide variety of approaches.

Some ideas that can help with this always sensitive and ever-changing area include considering both subjective and objective criteria, setting goals and measuring progress towards those goals, and including factors other than just billed time and new business generation in compensation. For instance, a firm that wants partners involved in mentoring needs to make participation a factor in compensation to encourage follow-through. If your firm uses a committee to set partner compensation, rotate the participants periodically.

If your firm has a one-firm instead of an entrepreneurial approach, your criteria and the weighting of those criteria will vary, as partner rewards will be skewed more toward firm contributions rather than individual achievement.

Above all, be flexible and be sure to change the system as your firm changes. Also remember that what works for another firm may not be a good approach for your firm—it is in partner-compensation systems that CPA firms tend to be more different than alike.

● **Firm governance.** About two-thirds of attendees indicated they have a managing partner as opposed to committee governance. (This is not an executive committee, rather a firm that is run by a committee, not an MP.)

Some firms have both an MP and a committee in charge, depending on size and other factors, including whether the MP continues to maintain a book of business. In such cases, the MP and each committee member may have one equal vote apiece, or the MP may have a more dominant voice

than other committee members when it comes to making decisions.

● **Glass ceiling for women.** Though there are more women than men entering the profession, attendees agreed there is a definite problem in retaining women staff through the high-level years of staff into partnership.

One attendee noted, "If a firm has no women partners, women staff have no reason to stay." Considering the role model situation is something this attendee encourages other firms to do.

Other steps that can enhance the retention of all staff, not just women, include:

— Open your firm retreats to all staff, or at least to those on the supervisor and broader management level.

— Consider a flex partner path. This will be attractive to women and to men because it is about work-life balance.

— Focus is on value, not the hours worked.

— Consider part-time partnerships.

— Value your people and let them know what their potential is.

● **Online survey tools.** A question was raised during the session about the use of such survey tools as SurveyMonkey, Zoomerang, or a contact manager. About half the attendees at the session use these tools for employee surveys, client surveys, exit interviews, and independence checks. Partners asked to speak at conferences can use them to find topics, and they are also helpful for cross-department and upward reviews.

● **Social networking tools.** Few attendees are making much use yet of My Space, Facebook, or related sites on the Web for recruiting or hiring, though a couple of attendees confessed to having used these to "screen out people with crazy pages."

Several firms are trying to consider what to do with them and with blogs.

● **Unusual but appreciated benefits.** Above and beyond the ordinary are some different benefits that have worked well for attendees at the session:

- beach house for summer use;
- new cars for purchase at cost (at the firm that does this, an owner owns car lots);
- onsite oil changes during busy season;
- Wii for break room stress breaks;
- Wii bowling tournament during busy season (later, the firm raffled off the Wii system); and
- weekly massage.

● **Disaster recovery.** Attendees suggested that CPA firms cast a wide net when it comes to planning for disasters. It is important to consider data recovery and physical office restoration, of

course. But firms must also include issues such as the effects of a death in the partnership, workplace violence, how to locate staff and partners in the event of a disaster such as a hurricane, and the effects that illnesses such as bird flu could have on the firm.

● **Other issues:**

— **Gas-crisis solutions.** Flex-time or four-day workweeks are helpful. Some firms offer a half day of work on Friday, work-from-home options, or every other Friday off.

— **Green CPA firms.** Attendees define this as less-paper operations, choosing energy efficient light fixtures and light bulbs, recycling, and telecommuting.

— **Multioffice management.** It is best to aim for consistency among various offices as much as possible, one attendee noted. □

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