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CPA Firm Managers in Crisis

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A true story

Recently, I was attending an event at Wright Patterson Air Force Base in Dayton, Ohio. It is an annual event, held at dusk, involving flyovers by well-known military aircraft and ending with a huge fireworks display.

This year, being the 60th anniversary of the United States Air Force, the theme was "Heritage to Horizons" and featured about fifteen aircraft, from a replica of the Wright B Flyer to a B-52 Bomber, to the F-22A Raptor, the Air Force's newest fighter aircraft. As you can imagine, this event drew tens of thousands of spectators.

My husband and I have attended this event before, so we knew how to get there, when to get there, how to navigate the traffic, where to position our lawn chairs and when to leave to avoid the huge traffic jam that follows.

As we were awaiting the start of the event, a man, his wife and two daughters tentatively approached us and inquired: "Have you been here before?" "Is this a good place to see all the planes?" "Are you sure they will fly right over us here?" "Should we walk further to where the larger crowd is gathered?" "We made a last minute decision to attend and really don't know much about what will happen." "Is it okay to sit here next to you?"

What in the world does this story have to do with 'CPA Firm Managers in Crisis?'

This family wanted to be sure they had the most enjoyable experience possible. They wanted to benefit from someone with more experience and knowledge. They wanted validation that they were doing the right thing. And, most importantly, they wanted to walk away from the experience feeling fulfilled, feeling that their expectations had been met and they had made a good choice.

Now, simply change the players in this true story, and bring it inside your CPA firm. Firm leaders across the country are continually challenged to be the CPA firm employer of choice in their markets, challenged to build a culture where both experienced and beginning accountants want to stay and become owners in the firm.

Your staff, especially the new generation entering CPA firms, wants to be sure they have the most enjoyable experience possible. They want to benefit from someone with more experience and knowledge. They want validation that they are doing the right thing. And, most importantly, they want to feel fulfilled, feel that their expectations are being met and feel that they have made a good choice by joining the right firm.

All this is happening at the same time another generation of team members in your firm is suffering. This group of people wants exactly the same things that new generation entering the firm wants. While firms are intensely focused on finding, hiring and retaining the best and brightest new graduates and the three- to five-year people from other firms, the loyal, reliable and

proven manager-level people in your firm are seeking answers from a partner group that is often nonresponsive, and actually in denial that a problem exists.

How did we get here?

How did we get to this place? There are several reasons, beginning with the accelerated growth the profession has experienced over the past decade or more. The mostly Baby Boomer partners have worked hard to serve clients and build firms that are providing them with substantial and gratifying incomes. They have not been proactive in planning for succession in their firms.

Years ago --eight, fifteen and even twenty years ago --firms hired young people who were the more traditional personality type that excel at taking care of clients, but do not want to market and sell. Remember, the veterans and Baby Boomers are of the "work, work, work" mentality and needed people to perform the work that they brought in.

These employees tended to be female, younger Baby Boomers or older Generation X people who wanted flexibility and life/work balance. They were willing to work hard and evolved to excellent CPAs and client service people. They are trusted and appreciated by the owners. Many in this group made it very clear they did not ever want to be a partner in the firm. They saw the number of hours the partners worked and they preferred to have a life outside the firm.

Where we are now from the partner viewpoint?

Partners are now beginning to worry. They complain that the seasoned managers do not have the skills or the desire to become owners. They are beginning to understand that they have grown an entire generation of technicians who have made the partners' lives very comfortable, but who neither want to, nor have been groomed to, take over ownership of the firm. They are feeling pressure to reach down to the younger generations in the firm to find the all-stars who might some day pay for the partners' retirement.

Where we are now from the manager viewpoint?

Managers are feeling very frustrated, unappreciated and taken advantage of. They are at a time in their career where partners delegate huge client responsibility to them because the partners are enjoying the fruits of their labors. Partner billable hours in firms are declining and the managers are taking up the slack, plus they are being asked to train, mentor and grow the increasing number of new people entering the firm.

The sandwich generation

The "sandwich generation" challenge is getting a lot of attention right now. I did an Internet search and found two million links to information about people in this stage of life. They are a growing number of Americans who find they are caring for aging parents as well as their own children, plus maintaining stressful, demanding careers.

CPA firm managers are beginning to realize they are in the exact same spot. They are taking care of aging (and not so aging) partners, raising young children (new staff), plus maintaining stressful, demanding careers (taking care of clients). These managers are becoming more outspoken about their frustrations.

At a recent conference, an experienced senior manager, very passionate about her performance, described what I think could be applied to managers across the country. This is the situation she described:

A partner in her firm had recently died, unexpectedly. Her firm is bringing in significant numbers of new graduates. The unspoken, never officially communicated expectation was for her to actually

take over the partner's client responsibility, while at the same time having some client work actually delegated-up from the staff level because they want more "quality of life." "I'm working 90 hours a week in busy season and the partners and juniors are enjoying life/work balance," she said with bitterness. Yet, when she inquires about becoming a partner, they tell her she is "just not ready." Any of this sound familiar?

Others in the room joined in on her comments. They expressed similar situations within their own firms. Partners rely on long-term, loyal managers to be the backbone of the firm, but seem unable to address their growing frustrations.

It's time for open dialogue

While this problem has been growing and festering for several years, there is hope. What firm leaders need to do is provide fertile ground for open, honest dialogue, as well as a track for rewarding the loyalty of long-time managers.

Managing is a crucial skill and significant responsibility. Yet, inside CPA firms, it is a title for longevity that has nothing to do with a person's skill at managing anything. Many partners and managers are simply failing at the tasks of leading and managing. Seniors and managers are excluded from more broad-based training in skills such as supervising, counseling, marketing, time management and many more. At the same time, beginning accountants --the very people they are being asked to mentor --are seeking more guidance in how to excel and be successful.

The new generation wants the answer to a simple question: How do we do it here? But poor, or nonexistent, manager training makes it difficult for firm leadership to provide a good answer. The firm administrator and managing partner may have established efficient processes within the firm, but accountability for following the rules may be minimal, or even nonexistent.

You can confirm this in your firm by asking your administrative staff: "Do all partners follow the firm procedures?" Managers agree this is a huge issue, but basically have given up trying because of push-back from partners. It becomes a vicious circle of finger-pointing that can turn off new employees and push existing staff to the edge of their frustration level.

How to make immediate progress

Make the time to discuss this topic with your experienced managers. They are key to the success of your firm, yet they have been under-coached and under-developed. Now, they are doing the same under-coaching and under-nurturing to the next generation in your firm. In these times of "talent wars," you need a united effort to be sure that your entire team feels like your firm is a "best place to work."

Here are some ideas for your firm to try:

- Host roundtable discussions with all team members to identify areas where more training would be beneficial.
- Reach out to team members through confidential surveys to uncover areas that need attention from management.
- Take an inventory of all of your processes, and gather the written documentation that supports the processes. If you do not have written documentation, begin to document

process *now*. All processes a firm uses need to be on their intranet for easy access by all team members.

- Set aside a half-day for the partners to develop a partner commitment statement --a compilation of statements outlining what partners truly owe each other, their people and the firm.
- Give the managing partner the authority to enforce the partner commitments.
- Bring in an outside speaker/consultant to talk to the entire team (rather than just exclusively to the partners at retreat). Realize that most of your managers do not get this opportunity.
- Send your experienced managers, including your most important internal manager, your firm administrator, to MAP-type conferences.

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