

ACCOUNTING OFFICE MANAGEMENT & ADMINISTRATION REPORT



ISSUE 08-09

WWW.IOMA.COM/CPA

SEPTEMBER 2008

Build a Fun & Profitable Culture for Your CPA Firm

Does your culture nurture and develop staff? Are your partners and other leaders accountable for building a healthy and positive culture? Are you having fun at your firm?

If you can't honestly answer yes to all of these questions, you will want to learn from the experiences of Heinfeld Meech & Co., which was named No. 4 on the 2007 list of the 25 Best Small Companies to Work For In America by the Great Places to Work Institute.

Getting to that level of recognition is about having a positive culture—and continuously working to improve it. The very desirable results of such a positive culture include high morale, productivity, quality work, and profitability.

Ideas on how to create a positive culture were shared by Nancy Meech, co-founder of Heinfeld Meech & Co., in a presentation at the AICPA Practitioners Symposium in Las Vegas. She also shared some of the questions that the Great Places to Work Institute asks as part of its assessment of an employer for inclusion in its list—questions that can be very helpful in building your firm's culture (see the sidebar).

The \$8 million, 70-person firm with three offices in Arizona has experienced phenomenal growth in the past six years: 19 percent each year. During that same period, the firm's average annual profit margin was 42 percent. And the firm has an enviable 90 percent retention rate for its staff.

What's the secret? A strong and, from all accounts, very happy culture underlies the firm's

success, a culture that has been part of the firm since its founding in 1986. The firm focuses on government and not-for-profit audit and accounting work, plus some consulting work.

Serious core culture. Meech and her fellow founder wanted from the early days to establish a series of values as the basis for the culture. To make it easy to remember and as a launching pad for all sorts of cultural initiatives, they selected Accountants With HEART (honesty, excellence, attitude, respect, and teamwork).

Many firms have core values that are written down and then put into a drawer, but Meech's firm takes theirs seriously—and they are very much in evidence at the firm and in its operations. "It's really important to incorporate the values into the daily activities of the firm," she explained. An action plan that puts the values into daily application is intrinsic to the firm's success.

Incorporating the values into the firm's everyday life starts with the questions used to interview potential hires and goes all the way through an active recognition and reward program to an accountability requirement of partners and leaders that is tied to their compensation. "To display HEART" is the first goal listed on every individual's annual professional development plan.

Recognition of a job well done is central to the HEART concept, so a quarterly HEART award is given to an employee. It is staff that nominate each other for the award, rather than the partners—and the firm also recognizes the staff who put forth the names of

Questions to Consider in Assessing Firm Culture

Here are some questions that the Great Places to Work Institute asks about workplaces it considers for its lists. Nancy Meech, co-founder of Heinfeld Meech & Co., shared them during her presentation on building a positive firm culture at the AICPA Practitioners Symposium in Las Vegas.

Credibility. How would your staff rate your firm if asked:

- Is management honest and ethical?
- Do management's actions match its words?
- Are people given a lot of responsibility?
- Is management approachable?
- Does management trust people to do a good job without watching over their shoulder?
- Does management share information on important issues?

Respect. How would your staff rate your firm if asked:

- Does management show appreciation for good work and extra effort?
- Does management show sincere interest in you as a person, not just as an employee?
- Is this a psychologically and emotionally healthy place to work?
- Are you able to take time off from work when you think it is necessary?
- Are you offered training or development to further yourself professionally?

Fairness. How would your staff rate your firm if asked:

- Are you treated as a full member regardless of your position?
- Do people avoid politicking and backstabbing as ways to get things done?
- Do promotions go to those who most deserve them?
- Are people treated fairly regardless of age, sex, and race?
- Are people paid fairly for the work they do?

Pride. How would your staff rate your firm if asked:

- Do you feel you make a difference here?
- Does your work here have special meaning?
- When you look at what the firm accomplishes, do you feel a sense of pride?
- Are people willing to give extra to get the job done?
- Are you proud to tell others where you work?
- Do you feel good about the ways you and the firm contribute to the community?

Camaderie. How would your staff rate your firm if asked:

- Are special events celebrated?
- Do people care about one another?
- Is this a friendly place to work?
- Is this a fun place to work?
- When you joined the firm, were you made to feel welcome?
- Is there a family or team feeling?

their fellow staff. All nominees are also recognized. Winners receive a plaque and a gift certificate.

Meech shared some of the questions that the Great Places to Work Institute explores when it considers contenders for its best-places list. A number of these questions are good ones to help your firm develop its culture, and they help illustrate the firm's success in becoming a great place to work and building a positive culture.

● **Credibility.** Much of credibility is about how—and how much—information is shared around the firm. As Meech's firm grew, this became an important policy area.

The firm has quarterly day-long meetings where everyone from the three locations convenes (the firm is shut for the day). The agenda includes updates on divisions and departments, recruiting events, and community projects. The quarterly HEART award is given at the meetings, as well as awards for length of employment. A team building activity is included (responsibility for this task is rotated to bring in fresh ideas). Guest speakers address topics varying from technical updates to more general issues such as eating right and personal safety.

A state-of-the-firm address is given by the managing partner during one of the quarterly "Firm Days." It includes information about the firm and individual employee successes, client satisfaction information from survey results, employee retention rates, staff survey results, and strategic plan goals and status. The firm shares financial information such as expenses, realization, revenue growth, and profit margins.

Regular staff forums happen throughout the year so staff can meet with firm leaders. New this year is a staff advisory council, which seems to help communication flow up, Meech noted. Participants are elected and meet regularly with the managing partner to air staff issues, ask questions, and quash rumors.

The firm also has internal newsletters, delivered electronically every other Friday. A mailed newsletter is sent quarterly to the homes of staff.

In addition to all these communication methods, Heinfeld Meech surveys staff regularly on multiple topics and quantifies results to compare survey to

survey. An annual staff satisfaction survey is also conducted.

- **Respect.** This includes professional development, appreciation and recognition, and work-life balance. Staff want to be personally involved, Meech explained, so the firm strives to provide that opportunity. Everyone is encouraged to establish written goals for achievements, including training and certifications. The goals are reviewed quarterly.

It is helpful if the firm can set specific training opportunities including technical, soft skills, and leadership. Identify internal trainers and set up a training calendar for classes.

Written goals are also encouraged for teams and are updated annually during Firm Day. The goals should align with the firm's strategic plan on such issues as employee retention, certifications, promotions, and client satisfaction.

Get staff involved in the firm's strategic planning sessions, Meech suggested. This helps to identify future leaders—and usually provides great insights.

This is also a way to work on your firm's succession plan so you can develop an orderly transition, she noted.

- **Appreciation and recognition.** Awards and rewards come in the form of recognition for a job well done, as well as monetary bonuses for recruiting achievements, passing the CPA exam, and obtaining additional certifications.

"Make it a big deal," Meech said. An example of how her firm does so: It enlarges the bonus check given to those who have passed the CPA exam, and the supersized check is presented to the individual in front of everyone. Another easy step that means so much to staff: Get promotions published in the state society newsletter.

Recognition begins very early with an annual award for new hires. Not coincidentally, this is a retention strategy, and most of the recipients of that award are still with the firm, Meech said.

Track any and all accomplishments and events and document them. An annual state-of-the-firm video or slide show is a nice touch.

Try to extend rewards wherever you can. Heinfeld Meech now gives rewards for participation in its wellness plan, ranging from gift certificates to health food stores all the way up to a spa day with personal training session.

- **Work-life balance.** A lot of firms talk about it, but Meech's firm takes this very seriously as a cultural issue. Flexible work schedules and part-time positions are standard—even at the partner level. Meech noted that the firm has just named its second part-time partner.

Give staff and partners the technology so they can deliver the behaviors you want and make the best use of flexible work arrangements, she said.

Heinfeld Meech takes flexibility to the point of offering an extended leave of up to 16 weeks during spring and summer, which can be taken annually if staff wish to do so. They receive paid health insurance and professional education, and paid time off continues to accrue during the leave.

For firms that balk at what they fear is the excessive expense tied to these concepts, Meech says "Step back and say: Let's just look at the outcome." What your firm reaps is likely to far outweigh the costs of such programs.

- **Compensation and benefits.** These are part of your culture too. Offering competitive salaries, profit sharing, bonus programs, pension and health plans, paid time off, and tuition reimbursement sends a powerful message to staff about their importance to your firm.

- **Pride.** "Employees want to work for a company they are proud of," Meech said. Community service is one element of building that pride.

Her firm has an internal community service coordinator at each office. "Find someone in your firm to organize it, probably a Gen Y-er. They love this." The partners determine how much money or how many hours the firm will contribute.

Events that have been successful at Heinfeld Meech include charity runs and walks (the firm pays the participants' entrance fees) and food and toy drives. Consider organizing a joint project with student groups from a local university—this helps to build a relationship with potential hires and shows your firm's commitment to the community.

● **Camaraderie.** Meech's firm received its highest score in the Great Places to Work review in this area. The secret here, she says, is to have a welcoming atmosphere.

This starts with the recruiting process, and with an intern and extern program that has a "huge" waiting list. Externs visit for two weeks and go out on audits to client sites. The intern program is a part-time job for a semester. Both give students a taste of CPA firm life and give the firm the chance to see how the students would perform as working staff.

Once an offer is extended, Heinfeld Meech works hard to build the relationship with the new hire long before the job begins. "Bridge the gap between the offer and start date," Meech advised. "We begin contact after the offer is accepted and we stay in touch." Also, "it is important for them to see us doing all our activities."

Identify a mentor or buddy early as a way to maintain contact before the start date and throughout the first year.

An orientation program for new hires should make them feel welcome and help them transition from college to the firm. At Heinfeld Meech, the previous year's new hires host a question and answer session for incoming staff on what to expect.

Fun is the final—and perhaps most important—factor in the success of Heinfeld Meech's culture, Meech said. "We have a lot of fun!"

Celebrations of firm successes and milestones and individual achievements are one reason. Sporting events like firm teams and a spring picnic and inventive holiday parties, such as having a magician, a hypnotist, or holding a murder mystery game or costume party, provide lots of social interaction opportunities.

The firm also has a contest to set the "theme of

the year." The winner gets a certificate, and a tee shirt is created with the winning tag line.

In-office activities are also important. Meech's firm holds office Olympics in the spring and summer. It takes only 20 to 30 minutes during lunchtime to run games like a pack-your-audit-trunk event (scavenger hunt), audit-report-binding race, or 10-key calculator competition. Inexpensive gold-tone medals are awarded to winners, and Meech notes they are worn with pride. Team totals lead to trophies that are awarded on Firm Day.

Getting everyone to accept and develop the culture. How to do this? Meech says, "You need to work to change attitudes. Accountability and rewards help to do this."

Emphasize the one-firm concept, rather than book of business. And make partners and leaders accountable to your firm's goal of building a positive culture.

A financial reward works well—make a large percentage of the discretionary distribution the way to reward those who participate in creating and supporting the positive culture initiative.

Understand that changing your culture is a process, and it is one that should be ongoing, Meech emphasized.

Counter comments about the cost of culture initiatives with these suggested replies:

- We can't afford *not* to implement a positive culture.
- It will pay for itself in the long run.
- We can start small and implement gradually.
- Other firms make it work.
- Happy employees keep clients happy.
- We need a positive culture to attract the best and brightest from a shrinking talent pool. □

This article was originally published in IOMA's monthly newsletter, *Accounting Office Management & Administration Report*, and is republished here with the express written permission of IOMA. © 2008. It is a violation of federal copyright law to reproduce all or part of this publication or its contents by any means. The Copyright Act imposes liability of up to \$150,000 per issue for such infringement. Information concerning illicit duplication will be gratefully received. To ensure compliance with all copyright regulations or to acquire a license for multi-subscriber distribution within a company or for permission to republish, please contact **Jonathan Wentworth-Ping** at IOMA's corporate licensing department, 973-718-4703, or e-mail jping@ioma.com. For more information about IOMA or to subscribe to any IOMA publication, go to www.ioma.com.