

Partner Unity and Accountability

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Outline

- ▶ Introduction – Why is accountability important?
- ▶ Organizational building blocks
- ▶ What does trust have to do with it?
- ▶ Do your partners have what it takes?
- ▶ Introduction
- ▶ Why don't CPA partners embrace modern management techniques
- ▶ A culture of accountability
 - Small firms – less than 3 partners
 - Large firms – greater than 3 partners
- ▶ Examine your firm's culture
- ▶ Lack of accountability
 - Real impact on firm's profits
 - Firms/business with low trust and accountability have lower profits
- ▶ Why Accountability Now?
- ▶ Changing Environment
 - Scarcity of people
 - Pressure to produce results for clients
 - Profit squeeze
- ▶ Accountability Is Hard to Implement
- ▶ Common Errors
 - Make it into a checklist
 - Just create a list of obligations
 - Capture more production information
 - Tinker with isolated elements
 - No clear framework
 - Accountability Is Hard to Implement
- ▶ Accountability must permeate the culture of the entire organization
- ▶ It becomes a way of doing things
- ▶ It affects the way the firm is
 - governed and managed;
 - structures policies and systems;
 - allocates and accounts for resources;
 - engages stakeholders.
- ▶ What is Culture?
- ▶ Culture is a system of beliefs about the behavior that is appropriate to attain goals
- ▶ Culture is the “way we do things around here”
- ▶ Firm members need to have shared goals and values
- ▶ The more tightly aligned our firm is, the better our performance will be
- ▶ PART ONE
- ▶ Organizational Building Blocks
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- ▶ Seven Critical Building Block:
 - Strategic Leadership

- Performance Culture
- Clearly Defined Authority and Responsibility
- Embedded Core Values
- Transparency
- Shared Ownership
- Engaged Owners
- ▶ Strategic Leadership
- ▶ Do we have a clear, compelling and realistic mission and vision?
- ▶ Are our decisions based on achieving our mission and vision?
- ▶ Do we ensure that we have the right capacity (human, financial, infrastructure) to effectively implement new services and activities?
- ▶ Performance Culture
- ▶ Do we regularly and rigorously evaluate the right measures?
- ▶ Do we take prompt and corrective action in response to the performance information?
- ▶ Do we reduce barriers to higher levels of performance?
- ▶ Do we generate new and better ways of doing things and approach challenges creatively?
- ▶ Clearly Defined Authority and Responsibility
- ▶ Are the responsibilities and authority of each stakeholder clearly stated and understood throughout the organization?
 - Define partner roles and responsibilities
 - Set expectations
 - Tie compensation to performance
- ▶ Embedded Core Values
- ▶ Are we driven by a set of core values?
- ▶ We will turn down work if we would have to break or bend a core value?
- ▶ Do we annually evaluate owners and staff on living the core values?
- ▶ Is compensation tied to living the core values?
- ▶ Transparency
- ▶ Do others clearly feel by the things we do that we really have their best interests in mind?
- ▶ Is the information we provide clear, consistent, truthful, relevant and thorough?
 - ▶ Do we disseminate the right information to the appropriate stakeholders?
- ▶ Shared Ownership
- ▶ Do we do what we say we are going to do?
- ▶ Have each of our staff bought into what they have clearly and specifically promised to achieve?
- ▶ Are all owners and staff members recognized and held responsible for achieving what they said they would accomplish?
- ▶ Engaged Owners
- ▶ Does our engagement of critical stakeholders inspire passion and motivate commitment to the organization?
- ▶ PART TWO
- ▶ Trust
- ▶ Who Can You Trust?
- ▶ Wall Street?
- ▶ Bernie Madoff?
- ▶ Warren Buffet?
- ▶ Your boss?
- ▶ Your fellow partners?
- ▶ Who Do You Trust?
- ▶ Think of a person you trust?

- Why do you trust them?
- Think of a person that trusts you
- Why do they trust you?
- What Is Trust?
- ▶ According to Steven M. R. Covey “trust means confidence”*
 - Confidence in the individual’s:
 - Integrity and Intent – Character
 - Capabilities and Results - Competence
- ▶ Trust is a function of character and competence.
 - Both are observable

**The Speed of Trust* (Free Press, 2008),

- ▶ How Does Trust Impact a Firm?
- ▶ **Low trust organization**
 - More meetings
 - More time to get things done
 - More hallway conversations
 - More closed door meetings
 - Higher cost to the firm
- ▶ **High trust organization**
 - Fewer meetings
 - Shorter meetings
 - Less time to accomplish projects
 - Fewer or no hallway conversations or closed door meetings
 - Higher profits for firm
- ▶ You Can See Low Trust
- ▶ Micromanagement
- ▶ Unhappy employees
- ▶ “Cover you’re a@#” behavior
- ▶ Wasting time defending decisions
- ▶ Hidden agendas
- ▶ Little collaboration
- ▶ A lot of bureaucratic rules
- ▶ Systems and structures not aligned
- ▶ What to Measure*

Trust consists of:

- ▶ Character
 - Integrity
 - Motives and Intent
 - Competence
 - Capabilities and Skills
 - Results and Track Record

* Source: *The Speed of Trust*, Stephen M.R. Covey

- ▶ Measuring Trust
- ▶ Integrity –
 - I am honest with my interactions with others
 - What I say and do is what I think and feel
- ▶ Intent –
 - I am aware of my motives
 - I make sure I do the right things for the right reasons

- Measuring Trust
- ▶ Capabilities –
 - I upgrade and increase my knowledge and skills
 - There is a high match between my talents and the work I'm doing
 - Results –
 - I have a good track record
 - I often finish what I start
- ▶ Trust – It all begins with YOU!
- ▶ Self Trust – our own confidence in our ability to set and achieve goals, to inspire trust in others
- ▶ Are you credible?
- ▶ Do I trust myself?
- ▶ Do others trust me?
- ▶ PART THREE
- ▶ Do your partners have what it takes?
- ▶ Partner Key Competence
- ▶ Achieving Accountability
- ▶ Align owner and staff goals with strategic plan
- ▶ Develop clearly defined partner tiers
 - Competence
 - Character
- ▶ Create a pay for performance system
- ▶ Align Goals to Strategic Plan
- ▶ Goal Alignment
- ▶ Knowledge workers want to make contributions
- ▶ Do your people know how they contribute to the firm's success?
- ▶ Leading causes of work complexity and inefficiencies:
 - Unclear goals and objectives
 - Lack of alignment of goal
- ▶ Alignment provides a line of sight for all employees back to the lofty goals in the strategic plan
 - Develop Written Partner Plans
- ▶ Develop individual partner plans that reflect:
 - the unique strengths
 - and weaknesses of a partner
 - their role in their department or line of service
- ▶ Plans should be explicit as to:
 - what you expect the partner to do during the current year
 - the career trajectory over the next 3 years
 - what they need to demonstrate to move on to the next level
- ▶ Create Partner Tiers
- ▶ All partners are not equal
- ▶ Design a partner growth path
- ▶ Partner Key Competence Areas
- ▶ Technical Expertise
- ▶ Personal Production
- ▶ Client Service
- ▶ Builds the team/ Lives the mission
- ▶ Business Development
- ▶ Business Management
- ▶ People Development
- ▶ Firm Leadership

- ▶ Sample Partner Tiers – Mid Size Firm
- ▶ Sample Partner Tiers – Large Firm
- ▶ Part Four
- ▶ Pay for Performance
- ▶ Pay for Performance
- ▶ **Elements of a PFP System**
- ▶ Character vs. Competence
- ▶ Partner Key Character Values
- ▶ Straight Talk vs. Spin
- ▶ Shows Respect vs. Don't Care
- ▶ Transparent vs. Withhold Information
- ▶ Rights Wrongs vs. Cover Up Mistakes
- ▶ Loyalty vs. Sell Others Out
- ▶ Partner Key Character Values
- ▶ Deliver Results vs. Deliver Activities
- ▶ Get Better vs. Deteriorate
- ▶ Confront Reality vs. Bury Head in Sand
- ▶ Clarify Expectations vs. Create Vague Expectations
- ▶ Practice Accountability vs. Don't Take Responsibility
- ▶ PART Five - Concluding Thoughts
- ▶ An environment with more:
 - Trust
 - Communication
 - Empowerment
 - Buy-in
 - Motivation
- ▶ What Leaders Do
- ▶ When you assign someone the job, they need to know that you don't do it any more
- ▶ It is now their responsibility (That's what stewardship is)
- ▶ Set up a system for accountability (weekly, monthly reporting)
- ▶ Let them know you are there to help if they ask you
- ▶ They will have total authority and responsibility for the results
- ▶ You will ultimately judge them on how well they do
- ▶ Questions and Answers
- ▶ What did I forget to say?