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**Managing Partners and Core Values**

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"Now the hardness of this world slowly grinds your dreams away  
Makin' a fool's joke out of the promises we make And what once  
seemed black and white turns to so many shades of gray We lose  
ourselves in work to do --work to do and bills to pay" "Blood Brothers"  
--Bruce Springsteen

Net income per partner. Workload Compression. Standards Overload.  
Recruiting. Billable hours. Mergers. Technology. Succession planning.  
Leadership training. Client retention. Practice development.

These are just some of the diverse and challenging issues that managing partners face in today's CPA firms. Whether we work at a large regional or a small local firm, we all share a wide range of common management concerns. And our profession is constantly changing! As such, we have more demands placed on us than ever before as we endeavor to find new and innovative ways to both serve our clients and nurture our employees. Our firms are continuously growing more complex and sophisticated, offering a myriad of services beyond the profession's core competencies. The result is that the managing partner has the added responsibility of assuming the role of "visionary," acting as the one who helps to guide the firm through uncharted waters.

**Managing Partners Inspire Greatness**

While these are key roles for every managing partner, I also believe that there is one additional, but equally important, function that should never be overlooked. As a managing partner, I am convinced that a critical part of

my job includes serving as the moral compass for my firm. It is my obligation as the partner-in-charge of the firm's future to not only ensure our financial health and well-being, but to also create, and continuously support, an environment that is founded on principles such as integrity, trustworthiness, ethics, compassion and honesty. These platitudes are more than just words that appear in our brochure --although every firm includes them in their collateral materials, Web content or proposals. Indeed, these are words that should influence the way we behave every day. And as the managing partner, I assume responsibility for making this happen and for reminding my firm what we are really all about and what our values are.

The concept of values goes back to the days of Moses, who came down from Mt. Sinai with ten for his people to live by. (I am sure you know them well.) It isn't new to modern society, our profession or our firms.

### **Know What You Stand For**

Living our core values means embracing a series of valued characteristics and finding ways to exemplify these in everything we do. Several years ago, I attended a managing partner conference for our association PKF-NAN. Bob Bunting, the managing partner of the very successful Moss Adams, was the keynote speaker, and one of his comments completely resonated with me. He basically shared that the tremendous success of his firm occurred when everyone in his organization clearly understood the core values. He went on to share how he worked to brand the core values in his firm and communicated them continuously throughout his organization.

Well, imitation is the highest form of flattery, and I left the meeting motivated to more effectively and clearly communicate and brand our firm's core values. I started with the values and went on to create the acronym "ENCOURAGE" to assist in identifying what we are committed to as a firm. These are:

- *Ethical and trustworthy behavior*
  
- *No compromise on quality*
  
- *Care about your people*

- Outstanding client service
- *Understand diversity*
- *Reach for responsibility*
- Allow yourself to be passionate about your career
- Growth and learning
- Encourage each other to fulfill these core values

The *Merriam-Webster Dictionary* defines the word encourage as "to inspire with courage, spirit, or hope." As a result, the word itself forms the basis for our second most important message: that it is not only important for each of us to be personally committed to live our core values, but that we should also act to inspire each other to do so as well. In this way, our actions go far beyond individual efforts and are even stronger and more powerful because we uphold these values collectively.

### **Foster an Environment that Holds People Accountable to the Values and Celebrates Success**

Beyond the acronym, our firm's leadership team has spent a significant amount of time finding ways to incorporate the values into our culture so that they become a daily routine. During our annual strategic planning retreat this year the leadership team spent a good part of the agenda discussing how to live by the standards we established in our core values. Many suggestions were made. These included having the core values as a part of our mission statement, talking about them frequently at work and pointing out those instances when an individual's behavior has clearly been impacted by the firm's core values.

We have incorporated core values into our development and evaluation process. Whether on assignment reviews, annual reviews or as part of individual development plan, people are asked to consider instances where the values are demonstrated effectively and where further work is

required.

Tri-annually, we encourage (there's that word again) colleagues to nominate fellow colleagues for our "True Professional Award." This employee recognition opportunity asks fellow workers to identify instances of work behavior that go above and beyond the call of duty, whether in client service, helping a fellow colleague, service to the community or personal achievement. Nominators are asked to link the events that lead to a recommendation with our core values. While, as managing member, I select only one "True Professional" winner each period, every nomination is read out loud at our staff meetings and the nominee receives a round of applause from the firm.

Another thing we have done at Sobel & Co. is to include a column each month in our internal newsletter, *Encouraging News*, highlighting someone who has acted in way that exemplifies our values.

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When we launched the branding of ENCOURAGE, we also had some fun by having a design a logo contest. Many staff participated with submissions, and everyone got to vote on the submission they wanted to represent the firm's values. The winner was an apple core. We began to put these on various items in the office, including a mouse pad, which we gave to each employee, a wallet size laminated card with our mission statement and core values imprinted on it, and even having core value tattoos made --which we handed out at our busy season kick-off meeting this year. After all, what better way to show support for core values than having an ENCOURAGE tattoo? While the fake tattoo was easily washed off, we hope the values create a lasting impression!

By singling out special initiatives, daily, weekly, monthly, quarterly and annually, we are helping to ensure the smooth integration of these values into everything we do at the firm.

- When we step away from a very lucrative new engagement because we are uncomfortable with some of the tax positions the company is using, that exemplifies the "E" in "Ethical and Trustworthy Behavior"
- When we subject the firm to the highest standards of peer review, whether through the AICPA Center for Public Company Audits or the PCAOB, we demonstrate the "N" in "No Compromise in Quality"
- When we act as informal mentors, taking a staff person to lunch and guiding their career, we are displaying one of the firm's core values, which is the "C" in "Care about people"
- When we take time to go beyond technical skills to share insights and benchmarks with clients making tough business decisions, we are upholding the "O" in "Outstanding client service"
- When we provide flexibility in staff work hours for people with primary care responsibility at home, we are living the "U" in "Understanding Diversity"
- When staff members volunteer to run a task force within the firm, or with some professional or community activity, they exhibit the "R" in reach for responsibility
- When professionals study and pass the CPA exam, or achieve some other accreditation, they show the "A" in "Allow yourself to be passionate about your career"
- When people seek stretch assignments, they illustrate the "G" in growth and learning
- When colleagues nominate each other for True Professional awards, they "Encourage" others to achieve the core values

In every one of these specific instances, and in countless more that occur every day in every firm, we have had the chance to be courageous and put our core values into action, or abandon our principles and do what is expedient, or take the road that is more convenient. By taking the right path, we confirm for each other that our core values are qualities we sincerely adhere to --and not just words that we give lip service to.

No one said this would be easy. There are far simpler ways to manage a CPA firm than spending one's time watching for prime examples in the firm's daily behavior just to illustrate how important it is to uphold core values. There is a *simpler* way, yes, but I am not convinced there is any *better* way than for me to spend my time helping us to stick to those values that *encourage* us to do our best.

It is difficult, if not impossible, to legislate ethical behavior. Our own profession's experience with SOX legislation further emphasizes the obstacles we face when companies, and individuals, do not want to do the "right thing." But as managing partners, we have the authority and duty to help our firms stay on the right course.

### **Lead by Example**

Outside of our profession, there are many companies with compelling core values, organizations that truly hold themselves to a higher moral standard. For example, Johnson & Johnson is known for its unshakeable trust in the company's credo as a guiding force throughout the industry. The Ritz Carlton, Disney Corporation, Nordstrom's, Jet Blue Airline and many other less-famous institutions have all defined themselves through their core value --and have successfully woven these into every activity without compromising their moral passion for profitability.

Much like the leaders at these companies, I, too, do my best to set the tone at the top, to give direction and to be passionate in representing what is best about Sobel & Co. If the managing partner does not believe that the firm's values are a top priority, the rest of the staff will quickly get the message and behave accordingly. I am convinced that those CPA firms that are going to thrive in the years ahead will have to do the same. We will each have to find those characteristics that reflect our own firm's unique approach and it will be our role as managing partner's to help our fellow partners, managers and staff to consistently act in accord with these principles.

As Springsteen writes in his song "Blood Brothers," it is easy to let the cynics eat away at your values and your dreams. The core values that appear on paper as black and white can often times become gray as the reality of economics become considered. However, it is our responsibility to influence others, to act as a steward on behalf of the firm, to inspire everyone so that we collectively uphold those values that best define us and bring an economic success we can all be proud of.