



STAYING COMPETITIVE: A GAME PLAN FOR BUSINESS SUCCESS

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If accounting professionals have learned anything in this post-recessionary economy, it's that size does not always matter. In today's business climate, a large, multinational company can lose market share by the power of one tweet or inappropriate photo posted on social media. On the other hand, the public's perception, a successful ad or a simple celebrity endorsement can make a small, niche company an overnight success. Competing in today's complex business environment presents unique challenges for CPAs and their clients. Growing business, staying one step ahead of the competition, and attracting and retaining staff have become top priorities.

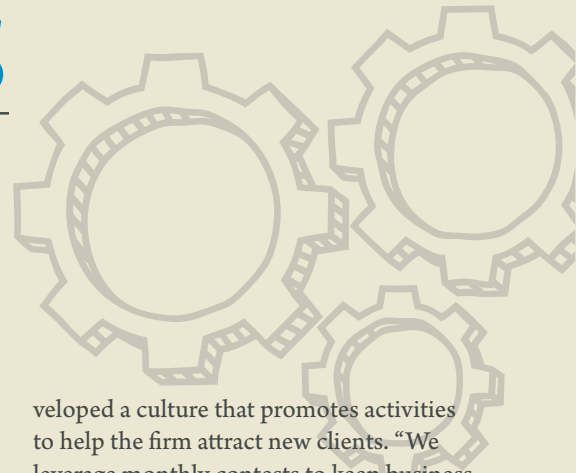
BUSINESS DEVELOPMENT

Growing a CPA firm or corporate accounting department today involves a lot more

than just expanding geographically; it involves a strategic plan that's implemented across the entire firm. And relationship building is a key part of that. "The ability to build and maintain key business relationships is a team effort," says Kurt Simmons, CPA, audit senior manager at Grant Thornton LLP. "We encourage people to try to develop relationships throughout the organization at all levels. More contacts, and the right ones, provide a better opportunity for success in the marketplace."

Growing relationships through external networking events, seminars, workshops and community service, for example, is an important way that CPAs can contribute to growth in their firms. Though there are various ways to approach the use of networking to build a client list, some have chosen a novel approach.

Take John Murphy, head of business development at Sax LLP. His firm has de-



veloped a culture that promotes activities to help the firm attract new clients. "We leverage monthly contests to keep business development fun, engaging and supportive for all levels. Points are awarded for activities completed not business won," he says. That means attending a networking event or joining a nonprofit board all add up to points. "We feel if we reward activities, we'll get better participation from the entire firm, especially inexperienced team members who aren't quite sure where to start when looking to build their book of business. These activities are designed to show the necessary steps needed to bring on a new client," he explains.

Internal staff activities, such as transitioning clients to work with younger employees, can also help a firm grow, or, at the very least, ward off potential client losses. For example, it may be a challenge for both the older and younger genera-

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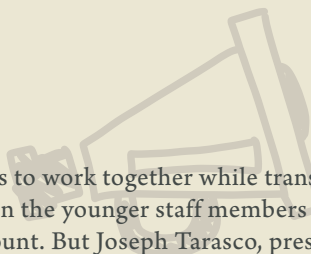
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tions to work together while transitioning in the younger staff members on an account. But Joseph Tarasco, president of the Accountants Advisory Group LLC, notes that this process of enabling a client who may have only worked with a more senior contact in the past get used to younger staff can help a firm ease through any retirement challenges that come along.

“A client transition plan is not a process that should take place a few years before client service partners are about to retire. It should be an ongoing, daily occurrence that takes into account transition planning and holding partners accountable for implementing transition plans and compensating them accordingly,” says Tarasco. To make that process even more seamless, two partners, if possible, he explains, should be assigned to each major client so that future transitioning of the client relationship and trusted advisor role continues.

And that process should involve accountability, he adds. “Each year, senior partners should prepare a list of clients that can be transitioned to more junior partners (or senior managers designated to be partners in the short-term) and they should be accountable for transitioning clients within an agreed-upon time frame regardless of retirement dates.”

Though approaching business development as a team has its advantages, CPAs should still know how to effectively follow up on a lead or make an individual call by themselves. As Grant Thornton’s Simmons puts it, “business development is always evolving. Today, there is a larger focus on building one’s individual brand. Understanding a few basic yet effective

techniques to conduct business development is critical.”

MARKETING AND SOCIAL MEDIA’S DOMINANCE

Marketing, in all forms, has taken on a more prominent role in obtaining new accounting clients, whether it is used to highlight a unique service offered or bring attention to a well-regarded partner. As Eileen Monesson, CPC, founder of PRCOUNTS, notes, “while marketing services might be outside of the scope of a traditional consulting engagement, it should be considered as a viable option to grow your practice, gain clients, cross-sell services and improve a client’s lifetime value.”

Randall Paulikens, CPA, a partner in the Forensic, Litigation and Valuation Services Group at Friedman LLP, agrees that marketing is necessary to set individual services apart. In his specialty of litigation support, “there is far more competition now than there was even five years ago. Many times, more than half of the vendors at networking events are accounting firms offering various type of services.”

When is the best time to engage employees in marketing? When they are young, he explains. Since employees tend to embrace the use of marketing when networking to gain new business, Paulikens suggests the younger generation may benefit the most from starting early. “We try to get our younger staff involved in marketing as soon as possible since developing long-term relationships is the key to being successful at marketing,” he says.

And failing to use marketing effectively can have dire repercussions. A 2016 *InvestmentNews* research study¹ showed that 54 percent of the 222

corporations surveyed failed to meet their growth goals, which it attributed to poor marketing and sales methods. More than 60 percent of the companies in the study said they do not track the leads they generate: “They do not know how many leads they had last year, nor from where those leads came.”

Social media, in particular, has become a necessity in building a source or contact list. From informal event photos to professional industry blogs, social media has come into its own as a way to nurture and increase a CPA’s business prospects. “Leveraging technology to maintain communication with one’s contacts helps relationships grow,” adds Grant Thornton’s Simmons.

Sean Stein Smith, CPA, assistant professor at Rutgers School of Business, also sees the benefits of social media for CPAs. “Especially for Millennials, and even more so for Gen-Z, if a company or person is not on social media, and is not using it at least semi-frequently, the organization seems dated, behind the times and not an ideal fit for these growth-oriented individuals.”

According to “Branding in the Age of Social Media²,” a 2016 *Harvard Business Review* article, social media is what binds communities that were once geographically isolated together, “greatly increasing the pace and intensity of collaboration.” It explains, “now that these once-remote communities are densely networked, their cultural influence has become direct and substantial.”

BEATING THE COMPETITION

Exemplary client service. What is it? How does a CPA achieve it? And how does it



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make a firm stand out from the pack? The answers vary by size, commitment, the kind of plan that is put into place and what method is chosen to implement those plans. To beat the competition, some firms focus on enhancing services offered and others look to expand the overall quantity. Whichever path is chosen, one thread is common to both — the customer has to come first.

INTEGRATED CLIENT SOLUTIONS

Many CPA firms compete on revenue, number of clients, size of the firm, geographic locations, the number of partners, or the amount of CPAs versed in a particular specialty, such as tax or audit, for example. Others compete on non-technical advisory services such as divorce consultation, financial and retirement services, or running family businesses.

But surviving and thriving in a world of consolidation and challenging economic times means bringing a cohesive set of service offerings to the client's table. "Delivering quality compliance-type services is no longer enough to be considered a firm that provides quality service. Clients and the marketplace are demanding much more. They want their accounting firm to be an integrated solution services provider," says Accountants Advisory Group's Tarasco. And firms that don't adapt, he says, could end up buried in volumes of low-profit work.

NONTRADITIONAL OFFERINGS

Agile may not be the first word that comes to mind when describing staff at a CPA firm or accounting department but it does best describe the trait that employees should have in competing for new business today. Offering a new or unique service to clients can revive a practice or help it to shine brightly amid a sea of other firms. "What better way to differentiate a firm in its marketplace than to be at the leading edge of a new and appealing service that integrates with current services and is value added?" asks Tarasco.

While small and mid-size CPA firms may not be embracing every new trend just yet, they are increasingly looking towards nontraditional areas of service to compete. Cloud consulting, human resource compliance, eldercare solutions, retirement preparation and family business planning are all services that are now offered on a

regular basis at CPA firms.

Sax LLP, for one, saw the value in expanding into family office services that help manage daily financial activities for high-net-worth families. Last July, Sax expanded its team to include experienced family office staff from HMK Associates in Morristown.

In another innovative offering, Geltrude & Company has a dedicated practice area for the LGBT community. The Geltrude LGBT Community Practice Group was established so that same-sex married couples would be able to take advantage of many of the benefits previously available only to heterosexual married couples. It provides services to LGBT individuals who are single, married, registered domestic partners, cohabitated or divorced.

MARKETING AS A DIFFERENTIATOR

Marketing those new services remains a big part of helping firms stay competitive. Monesson of PRCOUNTS says it's imperative for marketers to present the unique value their firm can bring to a relationship or they have to fall back on price. "Since accounting and tax services are considered a commodity, most firms compete on price instead of value. Unless you can truly differentiate your firm from the competition, a prospect or client may not see how they will benefit from working with you and therefore decide on price," she says.

The Big Four, for example, have been at the forefront of navigating the competitive landscape due to their sheer size and amount of resources. By offering to expand advertising and marketing services by purchasing creative firms and digital consultancies, they have upped the bar on service offerings for accounting clients. The Big Four are also now interested in offering more encompassing legal services. A few have already jumped on this bandwagon; others are still considering its return against more traditional litigation support services.

When CPA firms invest in marketing services or form their own marketing services group, the value the firm can deliver is clearly demonstrated and measurable, adds Monesson. Marketing automation and new IT software has helped put a price tag on content and other marketing

services. Monesson says this is particularly useful when it comes to client relationship management (CRM). Analyzing data about client interaction, including marketing, is growing in importance to CPA firms.

However, even traditional client evaluations still assist firms in determining competitiveness. "From consistent client surveys to regularly scheduled meetings to a formalized client service delivery model, we're always looking for feedback from our clients on how we can better serve them and their business," explains Sax's Murphy.

For Grant Thornton's Simmons, personalized service is what helps his firm remain competitive. "We understand our clients' business environments and are nimble and responsive to them. We strive to provide clients with an experience that is personalized with a deep understanding of each client's business objectives and needs," he says.


Other firms look inward when it comes to positioning themselves against the competition. According to Paul Peterson, CPA, managing partner at Wiss LLP, his firm "revolutionized" how it carried out tasks. "We stretched outside our comfort zone to produce top-quality results. Fortunately, all generations at Wiss understand that maintaining a competitive edge means transforming our environment to fit the needs of all," he explains.

RECRUITING NEW STAFF

Determining the right number of new hires for a CPA firm is an inexact science. Some firms may stick to a more traditional approach and hire a certain number of new graduates annually, while guiding them through established training routes; others choose a more ad hoc mechanism to determine where new hires, if any, could contribute, or there may be no hires in a given year.

Accountants Advisory Group's Tarasco notes that hiring varies across staff levels. Hiring considerations, he says, should take into account "the number of retiring partners over the next five years, potential new business in the pipeline for the next six months, and hiring talent that are experts in niches or industry groups."

And costs determine who gets hired, too. "Hiring decisions should also take into account controlling direct labor costs and the



ability for a firm to provide client services at maximum realization rates by delegating work to the lowest levels possible,” explains Tarasco. Existing staff who may have become stagnant in their role should also be included in the mix when considering whether to hire replacements, he says.

NEW DYNAMICS

Getting the word out that a firm is hiring can be a daunting task. A recent *Accounting Today* “Secrets of the Top 100 Firms” webinar cited recruiting and retaining qualified employees as one of the biggest challenges facing firms.

Job boards, networking events, college/graduate school meetings, headhunters and social media posts all have their value in recruiting new accounting staff. But, as Edward I. Guttenplan, CPA, managing shareholder at Wilkin & Guttenplan, P.C., notes, “one size does not fit all.”

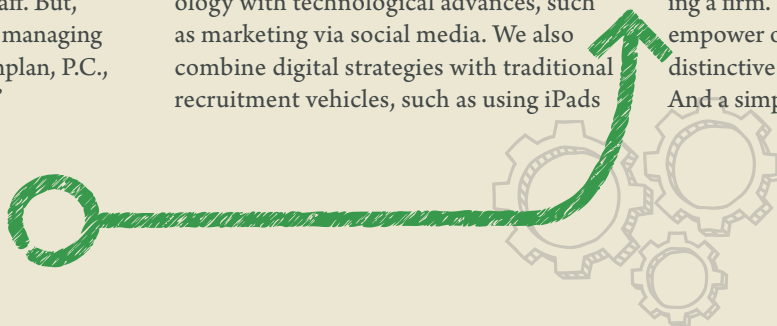
Using the right mixture of these methods (along with old fashioned “word of mouth”) should simultaneously help attract more mature hires and those new to the job world. Guttenplan explains that having a multigenerational approach to hiring helps both sides of that fence. “We continually talk about the strengths of each of our generational constituencies. In addition, most motivating of all to encourage multigenerational thinking is to warn our youngest to get ready for Generation Z,” he says.

This cross-generational approach to hiring is particularly prevalent at Grant Thornton. “We have a people-first mindset,” explains Simmons. “Grant Thornton continues to evolve its recruiting methodology with technological advances, such as marketing via social media. We also combine digital strategies with traditional recruitment vehicles, such as using iPads

for email registration during student career fairs.”

Sean Stein Smith also sees CPAs warming to the use of nontraditional methods of recruiting. “The biggest change or evolution that I have seen personally, and heard about from colleagues, is the importance of social media in attracting new staff, and keeping new staff informed of changes at the organization.” He adds, “Organizations might not routinely extend job offers over Snapchat, or at least not that I have heard yet, but the importance of social media to attract and engage with staff cannot be overstated.”

Office design, location and employee work space can also attract potential candidates or even prevent candidates from joining a firm. “The bottom line is, we want to empower our people, which helps achieve distinctive client service,” says Simmons. And a simple way to do that, he adds, is



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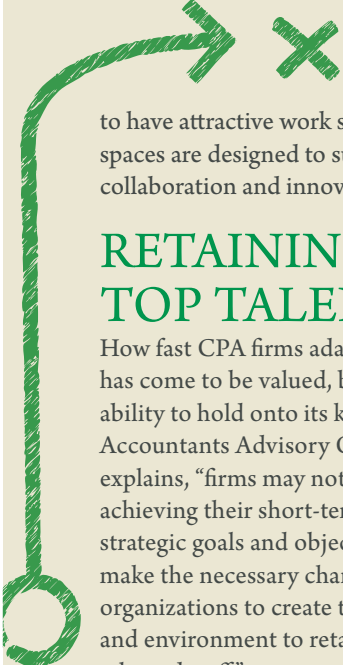
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to have attractive work spaces. “Our office spaces are designed to support employee collaboration and innovation.”

RETAINING TOP TALENT

How fast CPA firms adapt to change has come to be valued, but so is a firm’s ability to hold onto its key employees. As Accountants Advisory Group’s Tarasco explains, “firms may not be capable of achieving their short-term and long-term strategic goals and objectives if they fail to make the necessary changes within their organizations to create the proper culture and environment to retain quality and talented staff.”

FLEXIBLE WORK SPACES

An Institute of Management Accountants (IMA) survey of 85 senior finance professionals last July cited the most successful practices for retaining employees within the Millennial generation, for one, are those that address flex time. Almost 50 percent said flexible work arrangements were key to holding onto Millennials. This ranked even higher than having competitive salaries and benefits for that generation, with only 44 percent of respondents agreeing.

Considering that 49 percent of respondents in the IMA survey said Millennials stay at their company only one to three years, adding flexible schedules could help companies retain that group longer.

Peterson of Wiss sees the importance of offering a modern workplace as a retention tactic: “Technology continues to advance, client demands are shifting and employees are challenging primitive workplace norms that earlier generations had accepted as commonplace. This presents challenges for employers striving to retain the best talent.”

And younger generations, he says, need to be addressed critically: “Since younger personnel prove the toughest to retain, we’ve implemented initiatives to generate an appealing work environment. We have established freedom of choice, encouraging autonomy among employees so that they can dress for their day.” Wiss also exercises unlimited paid time off.

Adapting a flexible work policy has helped Grant Thornton to hold onto many of its staff, whether mature or young. “Our firm-wide turnover rate dropped 10 percent

in 2016. This was a result of the firm’s emphasis on its culture and retention and the introduction of new benefits, such as a flexible time off policy,” says Simmons. This, he explains, “...allows our employees to take time off as needed to meet their individual needs — instead of a predetermined set of paid time off days.” Satisfied employees, he adds, tend to stay put, providing clients with engagement team continuity and a consistent, positive experience.

Having a flexible work structure also applies to daily functions. Wiss’ Peterson says his firm uses a customized approach to retain employees. “As a young firm, we encourage our employees to hone in on their strengths and allow them to dabble in various areas until they find their true passion,” he says.

PARTNERSHIP PATH

Professional development can, at times, seem like a long and winding road that doesn’t lead anywhere. To retain key talent, CPA firms need to have a route to partnership mapped out and clearly presented to employees. This should eliminate any anxiety staff may have about what’s expected of them.

Having a formal process to determine who may be strong future partners is key to retaining talent, according to Deborah Norwicke, CPA, shareholder at Wilkin & Guttenplan and chair of the Pathway to Partner Program, the firm’s partnership assessment program. “A formalized program shows staff that we are investing in and guiding them to become partner someday. It further proves our current partner group’s commitment to firm continuity and, as a result, have an amazing leadership pipeline,” she says.

At Wilkin & Guttenplan, this partner development program is a two-step process: Step one is to identify strong future partners and step two is to determine an individual’s pathway for partner progress. However, it’s important to communicate that in an effort to become a successful partner, “one must excel in several areas and be proficient in most,” says Norwicke. “Some are technically strong, while others share business development successes. Some thrive in staff development, while others excel in client service.”

Developing an assessment tool, she says, helps determine where the individual stands in the process of becoming partner.

“It is imperative that this assessment not focus on the performance standards required to sustain the job — timely billing, networking and client service. Rather, it is important to focus on attributes such as business acumen, developing a specialization, empowering others and entrepreneurial spirit, as well as benchmarks for success,” she says. The firm also has a tiered committee structure that includes an Emerging Entrepreneurs Group, a network that connects emerging leaders with emerging entrepreneurs/peers in the business world, as well as Future Council, Advisory and NexGen programs.

Similarly, Grant Thornton has a training program in place for those bound for partnership. Its Senior Manager Academy helps build a pipeline of leaders at the firm who can learn from those already in partner-level roles.

Friedman’s Paulikens agrees that some of the old processes for professional development among CPAs are no longer suitable. “Staff retention is obviously a critical ingredient for long-term success. In the ‘old days,’ you used to have the ‘May Parade’ when the temporary help you hired during tax season was let go. Now, we realize how many resources are tied up in the hiring and retention of staff,” he says.

And losing talent is hard on managers, partners and support staff alike. “Some studies indicate that up to one year’s pay is spent between recruiting, training and ramping up of productivity. If that staff person leaves after a short period of time, you are continually starting over,” he adds.

WORK/LIFE BALANCE

A satisfactory work/life balance is favored by both mature and newly-minted CPAs alike. Accountants Advisory Group’s Tarasco says while fair and appropriate compensation, rewards, recognition and bonus incentive systems need to be included in the mix for retaining staff, so does allowing for a life outside the office. At the end of the day, there needs to be “respect for ‘quality of life issues’ including a generous personal time off policy,” he adds.

Firms must adopt a true staff-centric culture, he says. “Simply stated, a staff-centric culture is an array of interrelated comprehensive and customized policies, programs, attitudes and behaviors that create the best

possible environment to retain your most talented professionals.”

Nothing beats a well-deserved raise, but offering a dress code perk, such as dressing down when not in meetings or on Fridays, just may be another reason for both mature and new CPAs to stay on the job. As Rutgers School of Business’ Sean Stein Smith says, “It might seem like a small thing, but being able to ditch the tie can help employee morale and engagement.”

The same goes for “fun” activities in the work space, such as stations where employees can get up from their desk, gather together or even play a game. As Wiss’ Peterson says, “We place emphasis on office activities, like ping-pong tournaments and arcade games, and transforming our space, providing collaborative work areas to encourage brainstorming and creativity.”

Adds Friedman’s Paulikens: “Having fun events periodically, such as picnics and outings, is a great tool. The laughter and memories reverberate long afterwards. Any production that was lost is made up by higher productivity and less turnover.”

And keeping the office environment positive seems to go hand in hand with maintaining a positive work/life balance. Meetings are a perfect example, according to Guttenplan of Wilken & Guttenplan. He says excitement has to start at the top, with firm leaders and partners. “We start every meeting with success stories. Starting with positive energy influences the collective mindset. This excitement is enhanced by listening, being open to change and engaging the staff in how change takes place.”

Stein Smith agrees that employees need to be excited about coming to work. “Obviously, reconciling accounts receiv-

able schedules to cash flow statements might not excite everyone, but everybody is passionate about something. As managers, a primary responsibility is to match up employee aptitude with the work that maximizes their talents,” he says. ■■■

1 investmentnews.com/assets/docs/CI107014913.PDF

2 hbr.org/2016/03/branding-in-the-age-of-social-media



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