

Use Career Development as a Succession Plan

By Joseph A. Tarasco

A decade ago, accounting firm partners seldom discussed the business issue that now keeps them awake at night: the challenge of attracting and retaining staff to fulfill their succession plans. Many of today's CPA firm partners began their careers when accountants were plentiful in the public accounting world. Those were the days of "up or out," "survival of the fittest" and a high supply of low-cost labor. As a result, there was little emphasis on staff relations, retention and succession planning.

The public accounting firm environment has changed, however. Today's accounting world is characterized by increased competition, an ever-accelerating pace of change, a growing number of mergers and acquisitions, and a declining pool of qualified candidates. Talented accounting professionals are scarce, and no relief is in sight. Accounting firm partners must meet the challenges of the staff crisis by retaining and developing the most talented accountants available. If the necessary changes are not implemented, firms may not be capable of achieving their short- and long-term strategic goals and future succession plans.

In the next 10 years, thousands of baby-boomer partners will be at or near retirement age in firms that are experiencing an inverted pyramid structure. To make matters worse, most firms have not funded baby-boomer partner pensions. Therefore, developing the next generation of

partners and firm leaders is critical to the future of most firms.

When studies are conducted to determine high retention factors for employees, career development and opportunity for achievement always appear at the top of the list. In addition, when firms focus on career development goals and objectives for their staff, significant benefits are experienced, such as:

- Staff members feel valued when partners place a high priority on their career development. Results improve in proportion to the level of self-esteem and attitude of the staff.
- A foundation for a high-achievement culture forms when the career goals and objectives of the staff are linked to the firm's strategic plans. Profitability improves when staff members understand their roles and embrace the firm's goals and objectives.
- Staff members feel more enthusiastic, challenged and motivated when they have a clearly defined career plan. Productivity, creativity, commitment and the quality of client service increase.

Plan goals and objectives

The goals and objectives of a career development program differ in firms of various sizes, cultural environments and strategies. However, there are many common characteristics:

- retaining the best performers and key personnel;
- developing future managers, partners and leaders who will be an integral part of the firm's succession planning;

- attracting talented accounting professionals in a very competitive market;
- cultivating a highly desirable work environment that will increase morale;
- increasing staff productivity and creating a high achievement culture;
- holding partners accountable in implementing a successful career development program; and
- increasing client satisfaction and the profitability of the firm.

Competency models

For an accounting firm, the use of customized competency models is one of the best methods to establish a foundation for key behaviors required for outstanding performance and successful career development. Competency models should be tailored to each firm's culture, type of clients, industries served, training resources, the number of partners and staff, and the goals and objectives of the firm. It is a comprehensive performance formula that empowers talented professional staff members and future partners to attain personal success and achieve the firm's strategic vision. This is accomplished through the following core competencies:

- exceptional technical accounting and taxation knowledge;
- managerial and supervisory abilities,
- leadership capabilities,
- practice development and marketing skills,
- client service and retention skills,
- attention to firm management and profitability.

- professionalism and business acumen, and
- partner and staff relations and team work.

At their core, competency models are the foundation for advising and motivating the best team of professionals that a firm currently has available. With the proper coordinated training and mentoring, competency models can modify a firm's culture to achieve higher levels of staff performance. This is accomplished by providing staff with the necessary comprehensive knowledge, skills and tools to recognize career aspirations, identify developmental needs and understand how to pursue career objectives within the organization and within the accounting profession.

Partner involvement

The career development process should commence with training at the partner and manager levels. This is the group that will effectively implement the process by mentoring, coaching and evaluating a staff person's progress in a career development program. For the program to be successful, mentors should be trained to provide constructive ongoing developmental feedback to staff.

As a first step, partners and human resource professionals must develop the competency model performance standards and key competencies for each staff level in the firm. It is critical that partners play a considerable role in defining and communicating to staff the factors and results that are vital for a successful career and for implementing the firm's strategy and operational goals.

Secondly, partners should attend workshops or professional training sessions on mentoring techniques. At a minimum, mentoring and career counseling should take place on a semiannual basis to review the status of staff members' goals and their progress in achieving performance standards.

Training and development

For a firm's career development program to be successful, staff members need to gain an in-depth understanding of the competency model concept. One of the best methods to orient staff with the firm's career development program is to hold workshop-type meetings. At these meetings, staff will review the components of their performance standards, obtain an understanding of their role in the career development process as well as the potential benefits, and begin to develop their career goals and objectives. In addition, staff members need to make a personal commitment to achieve the desired goals and objectives.

Another critical aspect of successfully implementing a career development program is a comprehensive training curriculum centered on the competency model performance standards. Career development training should be provided in a workshop format, and real-world case studies relative to the culture and service environment of the firm should be utilized. For example, staff would benefit from presentations and workshops given by partners who have been successful in practice development, networking and building a referral base. In addition, partners can provide examples of real-life experiences throughout their ca-

reers, discuss best practices in client service techniques and cite examples of relationship-building techniques. However, for certain topics, such as team-building and leadership skills, it may be more productive to engage experienced training consultants.

Mentoring and coaching

Talent builds talent. The ongoing mentoring and coaching process is vital in a culture where employee development is supported and where growth and learning are high management priorities. Mentoring and coaching is a two-dimensional process: formal mentoring and coaching.

In a formal mentoring and coaching program, the mentor and mentee meet on pre-determined periodic dates throughout the year. Discussions normally include the status of achieving the competency model performance standards and progress made in achieving the staff's personal goals and objectives. The discussions should be documented on a formal, standardized form and forwarded to human resources.

Formal mentoring and coaching programs are designed to:

- promote staff accountability for their career development through achieving the competency model performance standards;
- provide a forum for seasoned mentors to share their experience, knowledge and wisdom with the mentee;
- assist mentees in learning how to contribute to their own development;
- coach mentees in creating effective action plans that are specific and result-oriented; and

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- provide a forum where mentors offer appropriate, constructive feedback on an ongoing basis.

Informal mentoring and coaching can take place at any time and can focus on any appropriate subject. However, impromptu "off-the-cuff" mentoring requires a high level of awareness of the mentee's needs and should not be taken lightly.

Summary

At CPA firms today, many accountants are being managed with an emphasis on hours alone. The time has come to manage quality output and client service through career development programs that will benefit both the firm and the staff in the long run.

There is no template for a career development program that effectively works across all firms of all sizes. However, failure to retain and develop future partners and key personnel will be very costly to all firms. Making the in-

vestment in a career development program will be far less costly and will enable firms to have more control over their destinies.

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