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report, many small and mid-sized firms are having trouble finding qualified applicants. If we dig a bit deeper, we begin to see why.

Jon Baron • Jun. 29, 2016



According to the [2015 Trends Report from the AICPA](#), the future for the accounting profession looks bright. Accounting enrollments for the 2013-14 academic year surpassed 250,000 for the first time and accounting firms hired 43,252 accounting graduates in 2014, a seven percent increase from the previous survey conducted in 2012.

Further, 91% percent of all firms said they expected to hire accounting graduates at

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degree is taking the CPA exam.

While the data on enrollments and hiring represent a continued upward trend and increase, the report showed a slight widening of the gap between the number of students who are graduating with accounting degrees and the number of candidates sitting for the CPA exam.

One reason may be the 150 hours that are required of students to qualify to take the CPA exam. With tuition prices increasing and students taking on more and more debt, the extra 30 hours is no doubt a turn-off. Plus, most schools have undergraduate accounting programs that require fewer hours, so students may choose to become an accountant without a CPA license because there are other specializations in the accounting field—many of which do not require 150 hours of college credit.

“The profession has shot itself in the foot with the 150-hour requirement because it requires a dedication beyond a normal four year accounting degree to start a career in public accounting,” says John D. Anderson, CPA.CITP.CGMA, CIA, MSA, and Founder of [7th Rule Accounting, P.C.](#) in Ann Arbor, Mich. “As a small to mid-size firm, we are having trouble finding applicants who want to dedicate their careers to public accounting. Unfortunately, the CPA designation has lost its cache as fewer CPAs are available in the workforce. Now, businesses are looking for other certified professionals, like CGAs, CIAs, CFEs and CMAs, for positions which used to be filled by CPAs.”

Further, the states have differing requirements in regards to what it takes to become a CPA, from master's degrees to years of work experience, which may be seen as barriers for young individuals looking to begin their career quickly.

“The paradigm needs to shift as to how we help accounting graduates coming out of

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but with Baby Boomers retiring in droves, it may be too little too late.

2. The Big 4 and larger firms are seen as better places to start a career.

It's a well-known fact that large firms and the Big 4 aggressively pursue the best and brightest graduates with paid internships and signing bonuses. And it doesn't help that the younger generation primarily sees a small to medium-sized CPA firm as a place with antiquated technology, long hours, and a lengthy road to ownership. With the larger firms offering flexible schedules, tuition reimbursement, and better benefits, it's almost impossible for smaller firms to compete.

“The younger generation knows they can get a four-year degree in accounting and start a great career in corporate America,” said Anderson. “Before the 150-hour requirement, we would be able to hire individuals who ‘trickled down’ from the Big 4 as well as college graduates who did not want to work for the large firms. Now, the small to mid-sized firms find ourselves competing with the large firms for those graduates choosing public accounting as a profession.”

3. The hiring model is outdated.

Perhaps the biggest issue causing smaller firms hiring angst is that they have a specific candidate in mind. They tend to look for applicants solely in the 3-5 year experience category and are not as open to first-year graduates, taking on interns, or hiring non-accounting majors, training them and paying tuition to satisfy education requirements for the certificate. This historically restrictive hiring model greatly reduces the talent pool for smaller firms.

How small and mid-sized CPA firms can compete for talent

To compete in today's environment, small to medium-sized accounting firms must

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candidates, while also proving their firm is one that supports development and [training opportunities for all levels of staff](#).

Understand the motivators for millennials

Consider this. By 2020, [46% of all U.S. workers will be millennials](#). By 2025, that [number could rise to 75%](#). As a demographic, millennials want autonomy, the chance to get better at what they do, and a purpose that connects them to something larger. Further, [studies show](#) that recent MBAs will work for significantly less money if they truly believe in what they are doing. And, according to a [survey by Deloitte](#), 70% of 1,500 young employees (ages 21-35) said that a company's commitment to the community would play a role in their decision to accept a job offer.

So, what does that mean for smaller accounting firms? Plenty. The key to competing for talent is to develop a better understanding of the motivators for millennials and create a working environment that is appealing to them. And smaller CPA firms may have an easier time adapting to these motivators than a large organization.

From [incorporating technology](#) to adopting more [collaborative management](#) practices, smaller CPA firms can compete for today's top talent—even with the lure of larger firms. From a development standpoint, firms that offer “hands-on” [training opportunities for all levels of staff](#), along with an emphasis on community involvement initiatives, may have a competitive edge. Further, when it comes to providing a larger sense of purpose, smaller firms can offer the younger generation the ability to build [niche practices](#), interact one-on-one with clients, and help [help small business grow](#). These are intriguing benefits that often can't be found at a larger firm.

So, even if you can't offer new hires that large signing bonus, you can be just as appealing to the brightest and best if you understand today's talent and adapt the way your firm works.

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