

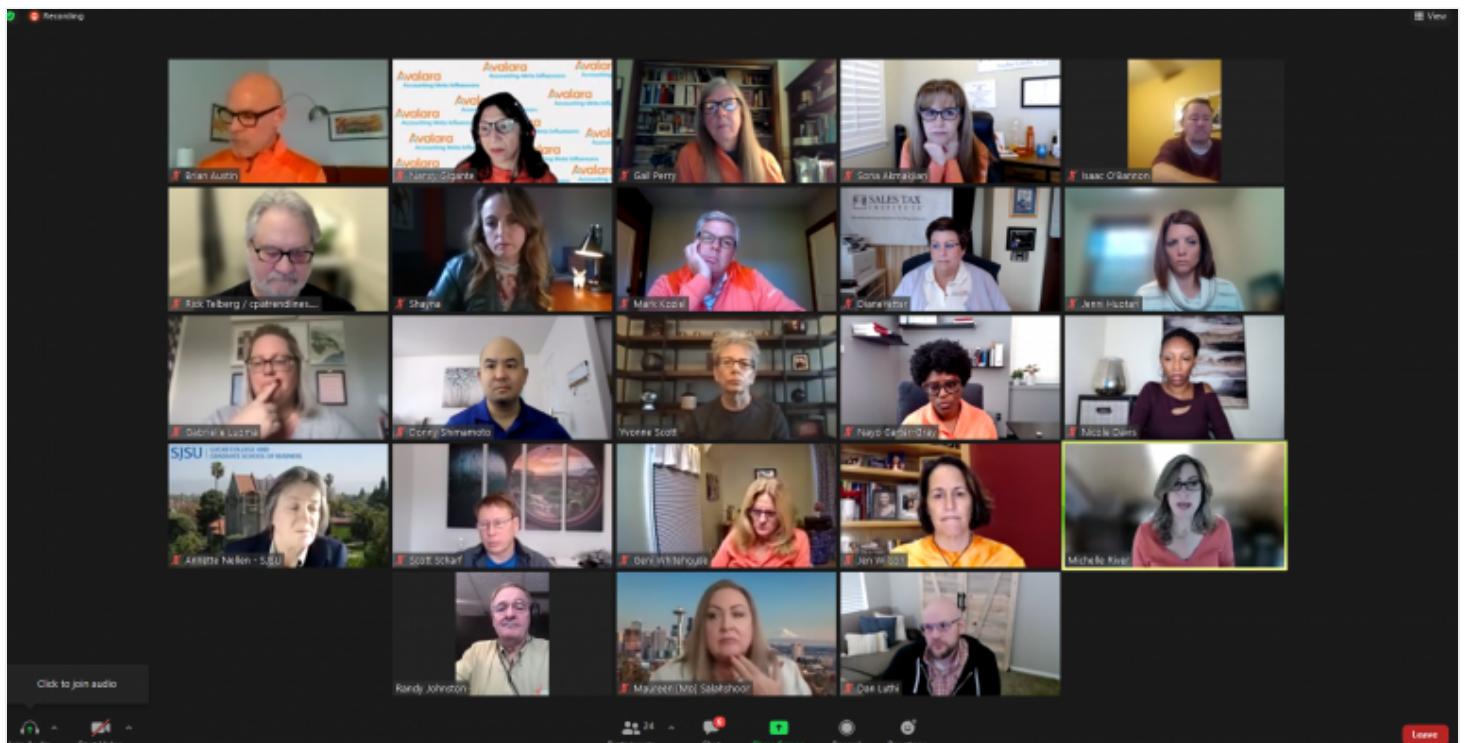
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Better Workplace

Dozens of the profession's thought leaders met virtually as part of Avalara's Accounting Meta Influencers sessions. They identified and discussed critical issues facing the profession.

Sep. 15, 2022



Is your firm a destination workplace? If you've experienced significant challenges with staffing, particularly retention and recruiting, it may mean your firm is missing some of the key factors that make a workplace enjoyable, rewarding, and challenging, and that cause talented staff to want to join and stay with you. It's about much more than compensation.

The accounting profession continues to experience rapid evolution. In the past five years, a variety of factors have converged to dramatically change the nature of professionals' careers in accounting firms of all sizes, as well as tax practices,

corporate accounting and tax departments, and even governmental entities and

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Dozens of the profession's thought leaders recently met virtually as part of Avalara's Accounting Meta Influencers sessions. They identified and discussed these and other critical issues facing the profession today, and those shaping its future.

"We're excited to address what it takes for a firm to become a true destination workplace," said Sona Akmakjian, CPA, the global head of strategic accounting partnerships for Avalara.

The panel discussion, moderated by *Accounting Today* editor-in-chief Dan Hood, initially identified the following staff-focused challenges facing accounting firms:

- Declining pipeline of CPA/accounting candidates
- Career development opportunities
- Compensation/benefits (e.g., parental leave)
- Flexibility, including initiatives to support work-life balance
- Lack of interesting/fulfilling work
- DEI
- Firm culture
- Return to work/hybrid work environments
- Technology/automation (with impacts ranging from recruiting to staffing)
- Expectations around growth (e.g., private equity funding streaming into accounting)
- Outsourcing/offshoring/hiring non-accountants for specific work

The thought leaders then focused their remaining discussion on three issues they see as having the most significant impact on firms of all sizes: Career development opportunities, the declining pipeline of CPAs and accounting candidates, and the continuing return to office environments instead of uncoordinated individual home office settings.

“For more than a decade, *Accounting Today* has done a [Best Firms to Work For](#) survey,

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and competitive compensation. All of these are very much bottom-line effects of being a good place to work.”

Compensation, Career Development, and Partnership Tracks

In Hood's survey, they asked firm leaders why they thought people were leaving, and one of the top responses was a lack of career development opportunities, he said.

“Some of the best firms have gotten much better at providing mentorship and other opportunities to younger staff.”

“People don't quit their company, they quit their boss or bosses,” said Jennifer Wilson, partner and co-founder of ConvergenceCoaching. “It's because they don't think their boss cares about them or they don't think they want to grow and develop there. They can't see a path.”

Blake Oliver, a CPA who is now CEO of Earmark CPE, related to Wilson's comments. “I was a manager in public accounting, but left that to go into tech,” he said. “And a big reason is because there wasn't a clear path to partnership. In tech, there's often a clear path: Here's stock options and a trajectory of where we're going and how you'll benefit too. Firms need defined measurable objectives for attaining partner status, because it seems the tradition is just that partners vote every year and it's somewhat political.”

In addition to the connection between employees and their bosses, compensation does, of course, play a significant role. While some firms may try to only pay about average, the thought leaders agreed firms that want to be competitive and take a leading role need to be more competitive than average.

“I've always tried to pay 20% above the average for my market, and recommend firms do that as well,” said Randy Johnston, founder of the operational consulting firm NMGI and a nationally recognized technologist and speaker. He noted that he's

found many firms with high staff exit rates “are compensating partners well, but

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said, “for women and minorities who may not see a lot of representation at the top,” and it feels like a political process.

With the trend in private equity firms investing and taking ownership interests in firms, the topic of stock options for staff was also a point of interest.

“While most firms haven’t yet started to offer stock (to junior staff), that may be an option, and I think that’s where firms are starting to go,” said Mark Koziel, CPA, the president and CEO of Allinial Global.

Amy Vetter, a CPA, national speaker, and business technologist, noted that many staff don’t necessarily want to be partner.

“They’ve looked at the partner level and despite the income, they don’t want the lifestyle and the overwork,” she said. This results in some experienced staff deciding to stay only a few years at a firm, “then take a corporate job or one that offers better work-life balance.”

There are also professionals who don’t want to be a partner, but want to stay with the firm in a lower role, said Diane Yetter, president of Yetter Tax, a sales tax consulting and tax technology firm. “There are great workers who don’t want to move into leadership or even become a manager,” she said. “They are good specialists and workhorses, and you don’t want to lose them. So your culture shouldn’t be ‘up-or-out,’ which is what many firms have. Firms need to look at bonus and other incentives.”

Some leading firms have developed non-partner tracks that let such professionals build a career they want. At IntrapriseTechKnowlogies, a firm founded by Donny Shimamoto, CPA, they’ve implemented a very flexible work environment.

“We have amazing retention because of our culture and the way we work,”

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Accounting, and a member of the Intuit Accountant Council. He noted that accounting grads have been told what to expect at large firms, but not smaller ones. “In smaller firms, there may only be one or two partners for the existence of the firm, which changes the global culture of it.” They need to know that they likely won’t become a partner at a firm that size, he said. “These firms should look at options for extending equity outside of partnership for loyal, productive staff, but this needs to be clarified in these firms.”

From an educational perspective, San Jose State University tax program professor Annette Nellen, CPA, said she sees many young professionals staying at their first firms for less than a year. “That’s just kind of pointless because they don’t get the experience that will carry them further in their career.”

To help students prepare for the reality of the profession, her department has introduced a capstone course focused on professional development. “It has various elements, and includes how to make a one-, five-, and 10-year career plan, and keeping it up to date,” she said.

Peter Wen, co-founder and CEO of Tallyfor, tax flow automation for CPA firms, agreed that a more defined career track is appealing. “I left accounting because I saw a lot more opportunity in software and technology. Employees also want to do meaningful work and know that they’re doing something for their clients.” That’s where having the right technology can help, said Wen.

“Remember that one-size-fits-one, especially when it comes to employee HR,” said Jennifer Wilson. “The number one reason your staff stays with you is the relationship, the rapport with the leader,” and that’s unique to each staff member. A one-size-fits-all approach won’t suffice.

Is the Pipeline a Problem?

Many professionals and thought leaders have noted a decreasing number of new

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have, we need to consider how do we make it easier for people who might want to change careers and come into accounting. The state societies and AICPA are focusing on high school and college students, which is the beginning of the pipeline, but we are losing a lot of people in the middle of the pipeline too, because the requirements make it challenging and the promise of deferred compensation as a partner may not ever happen.”

Gail Perry, a CPA and the editor-in-chief of CPA Practice Advisor, said that when she first started in public accounting in Illinois, young professionals generally had to pass the exam before being hired at a firm. “Then you had to put in three years at a firm before you could get the CPA credential and get licensed,” she said. “So firms were providing a place for these people to get licensed in exchange for working their butts off for three years. Being on a partner path or not wasn’t really the issue.”

According to Perry, “Now that people don’t need those three years, they don’t have to put in that time unless they want to, and they have different expectations for that job.”

This ties into the staff retention issue too, noted Amy Vetter. “A major current reason staff quit is because they’re overwhelmed and don’t see relief coming via the pipeline of new CPAs,” she said. “They see a limited bench strength, and the workload isn’t going to be fixed anytime soon.”

Shayna Chapman, principal of Shaynaco, a firm in southern Ohio, said she has a different perspective because of the rural setting of her practice.

“There are a lot of small firms across the country that are in small, rural communities,” she said. “One of the keys to our pipeline is community colleges and junior business colleges, but we’re losing those in our communities. And our local university doesn’t even have accounting as a major.”

Donny Shimamoto, whose 12-person firm is in Hawaii, said they also have a limited

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Attracting a more diverse talent pool into the field of accounting is also important to alleviating the pipeline issues, several of the participants noted.

“When I went into college, I planned on majoring in finance. I didn’t even know what an accounting major was,” said Nicole Davis, founder and CEO of the Atlanta-area firm Butler-Davis. “The profession was doing a poor job of persuading and enticing diverse students. But when I found the major in accounting, I loved it. Public accounting is much more interesting because you don’t have to be doing audits or taxes only, but a broad range of things.”

“Universities don’t do a great job of explaining what different careers there are in accounting,” said Diane Yetter, who is involved at her alma mater, the University of Kansas. “I’m working on getting lined up for the fall a chance to bring in professionals to talk about alternative career paths in accounting.”

The Return to Office Is Turning into a Hybrid Model

Another key focus of the group’s discussion was on the phenomenon of the “return to office.” After more than two years of adjusting workflows and work locations for staff as a result of the pandemic, more firms are finding that returning to the pre-pandemic model may not happen. While the most severe disruptions occurred during the spring and summer of 2020, the flexible work environments have become more of the new norm.

According to Dan Hood, a recent survey of financial professionals in multiple industries asked when they thought the majority of their staff would return to the office full time. In other industries, about 60% said they would be going with a hybrid model, where a notable part of the staff work remotely on a permanent basis, or at least regularly on certain days. Only about 50% of accounting firms said they were leaning in this direction, but that’s still a significant change.

“Accounting firms don’t always need to be live and in person,” said Yetter. “I’ve been

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to show the profession what it really does look like to have remote relationships. I have clients across the country and most of our conversations are via video.”

The size of the firm also makes a big difference, said Peter Wen. “There’s a small, medium, and large way of dealing with remote relationships,” he said. Having a local presence has long been a mainstay of how you get customers, so the sales side may need to stay in-person. But there are so many benefits to being remote,” including bringing in clients and skilled staff from across the country.

Closing out the conversation, Hood noted that firms that want to be a “best place to work” need to have management take an active role.

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