Retaining Top Performers

By Geremy Cepin

In the depths of the recent recession, many accounting firms cut staff, froze salaries, and deferred moving managers into partner positions. Nearly all firm members had to do more work with less support. However, because opportunities at other firms also were limited, even top performers stayed put, whether they liked it or not.

This "talent lock" at CPA firms is not likely to continue. In fact, a recent report by Deloitte shows dissatisfaction with working conditions in all organizations—including accounting firms—has built to the boiling point over the past three years. As a result, nearly half of employees are thinking about leaving their current jobs, and 30 percent are actively looking.

This high level of dissatisfaction among experienced accountants is not something to be taken lightly. As the economy recovers, CPA firms will have a greater need for these professionals, as well as more competition from other businesses and organizations, for their talents. Firms that can't retain top performers will find them hard to replace and will lose ground to firms that are able to hold onto them.

Even more important for the many partners who are now approaching retirement is the threat this loss would pose to their future income. If there aren't any rainmakers left to bring in business when current firm leaders retire, where will the money come from to fund their retirement plans?

What is driving professionals out?

When I talk to potential recruits at accounting firms around the country, I hear similar comments regarding why they are looking for something better. But the specific reasons partners and managers give for looking elsewhere differ depending on the individual's position and the size of the firm. Typical comments are summarized in the following four categories:

1. What senior managers at midsize firms are saying:
   - I've been told I was next in line for partner, but no one in the partner group ever takes time to let me know when that might happen or communicate with me about my progress. After three years of waiting, I'm fed up.
   - Instead of getting out into the market and bringing in new business, partners are hoarding their work and looking out only for themselves. I'm feeling bored, underutilized, and ignored.

- I'm bringing in new business, but the partners are taking credit for it. Or when I take a partner along to secure an engagement, they screw it up or turn it down. Why? Ask them.
- There are partners in our firm who are just coasting and taking up space. But the firm won't invest in bringing in staff to free up those of us who are market-facing to go out and generate business.
- My firm isn't investing in leadership, marketing, or business-development training. We're just treading water. There's no opportunity for growth here.
- I'm doing everything required of a partner, but without the title or rewards. And I'm underpaid compared with my peers at other firms.
- I don't want to be a partner in this firm. It's not going anywhere.

2. What partners at midsize firms are saying:
   - I have a bigger book of business than most other partners, as well as equity in the firm. But I have no say when it comes to making decisions for the firm.
   - Four partners have all of the equity and control. The rest of us are like staff.
   - I have all the responsibilities that go with being a partner, but none of the authority.
3. What senior managers at large firms are saying:
   - I see how much the partners here are being squeezed and how unhappy most of them are. Why would I want to stand in line to join them?
   - I've been ready to become a partner for five years, but keep getting deferred due to "economic conditions."
   - The partner pipeline is bursting at the seams, but the leadership isn't making new partners. I'm not sure they want to—maybe because they don't want to share the pie.
   - The requirements here for making partner are simply unrealistic. I'll never meet them.
   - More partners are working to the mandatory retirement age. It will be years before they leave and I'll have a chance to move up.

If your firm can offer the challenge, respect, and opportunity these professionals want, you will have a number of highly qualified candidates to choose from.

4. What partners at large firms are saying:
   - I feel more like an employee than a partner. I have no say in my or the firm's future.
   - I'm not making a difference in the firm, just managing accounts.
   - I feel like a vice president in a corporation—more responsibility than authority.

Notice that, with one exception, these complaints are not about money or benefits. They are about being ignored, left out, unappreciated, or not being allowed to do what the professionals feel they are capable of doing. The complaints are also about a lack of career-growth opportunities, as well as a feeling of being deceived or perhaps cheated out of what they were led to believe would happen if they performed well. The bottom line is that these professionals are disengaged from their firms, and they will get out as soon as they can.

What the firm can do to keep top performers

What can your firm do to keep good people from jumping ship as soon as the economy improves? If the firm provides a competitive compensation and benefits package—and at least some form of increasingly expected flex-hours and telecommuting options—consider the following steps to retain your top performers:

1. *Expand your management committee.* By involving more partners in decisions about the direction of the firm, you will not only address their concerns about not having any control over their future, you will also add new energy and ideas that can help your firm move forward.
2. *Invest in leadership and business development training.* Help your people develop the knowledge and skills they will need to take over when the older partners retire. Most firms have a lot of potential leadership talent

that training and guidance can unleash, but which will be lost if the firm is unwilling to nurture it.

3. *Dialog continually with top performers.* To prevent your best people from feeling ignored or unappreciated, check in with them frequently. By keeping the lines of communication open, they will feel you care about them, and you will learn about their needs and concerns, as well as how to address them.
4. *Make them partners.* If high-performing senior managers have what it takes to make partner, do not keep dangling the partner carrot in front of them in hopes of squeezing another year or two of less-compensated work out of them. The smart ones will leave before then.
5. *Create a position between senior manager and full partner.* If admitting a talented senior manager to partner seems premature, consider creating a class of nonequity partners or directors to move the person into. Or create a new position, such as "executive manager," that recognizes the person's abilities and encourages him or her to stay with your firm.
6. *Hire support staff to free up your partners for business development.* The most profitable firms are the most highly leveraged, not those that minimize staff costs. If your firm significantly cuts staff to ride out the recession, consider bringing more talent on board, especially at the lower levels, to enable your rainmakers to do their thing.
7. *Weed out low-performing partners.* Nothing ruins morale more than seeing highly compensated partners cruise, while managers and other partners bear the brunt of the work. If some of your partners are just hanging on and waiting for retirement, it may be time to ask them to step down and bring fresh blood into leadership positions.

The time to act is now

If your firm doesn't act quickly to keep top performers on board, they will leave in the next year or two. By then, growth-driven demand for talent is likely to go up, leaving your firm in the unpleasant position of trying to hire in a much more competitive environment than the last three years has seen.

Also, now is the time to go after the talent your firm will need to move forward. As I know from my work, a lot of experienced accounting professionals are seriously looking for something better. If your firm can offer the challenge, respect, and opportunity these professionals want, you will have a number of highly qualified candidates to choose from.

Most important, do not think the next three years will be like the last three years. The "talent lock" is about to spring open. Make sure that is a gain for your firm, not a loss.

About the author: Geremy C. Cepin, Director, PDI Global Executive Search, is a highly experienced search professional. He represents public accounting and consulting firms nationwide by conducting targeted recruitment searches for leadership positions, such as partner, practice leader, chief operating officer, chief financial officer, director of marketing, and business-development executive. His regular clients include many firms listed as Best of the Best, Fastest Growing, or Top 200 by INSIDE Public Accounting. ✦