

Hire a Firm Administrator or COO to Grow Your Bottom Line

By *Jeremy Cepin*

As accounting firms grow, they often reach a size where the managing partner and other firm leaders get so caught up in running the business that there is little time left for strategic planning, client service, or new business development. The firm then fails to benefit from opportunities, and its bottom line flattens out. It may even start losing clients and talent to other firms where the partners are not burdened with so many administrative tasks.

If there are simply not enough hours in the day to both run and grow your firm, it may be time to hire a professional administrator. More firms are taking this step because they realize that bringing an administrative professional on board not only increases operational efficiency and effectiveness, but it also frees up the partners so they can spend their time moving the firm forward. Hiring a chief operating officer (COO) can allow a managing partner to focus on major external initiatives and foster new opportunities, rather than being occupied with keeping multiple departments productive.

How do you know when it is time?

Firms can be reluctant to hire a COO or firm administrator because they look only at the cost side of the equation. However, if your firm is struggling with the following issues, adding a professional administrator to the staff would benefit your team:

- You spend more time resolving problems and putting out fires than developing new service lines or deepening client relationships.
- You are unable to stay on top of cash flow, and collections and realization are falling.
- You have not had time to launch any of the strategic initiatives you wanted to begin this year.
- You try to reduce overhead and staffing costs, but you never get around to doing the analysis required to increase efficiency.
- You know your scheduling is not optimal and your record management system is outdated, but those items stay far down on your to-do list.

- Your firm has grown significantly over the past five years, but you have not changed the way you operate.

If you plan to grow more over the next few years, you had better be ready for it.

Questions a firm should answer before hiring a COO

Before hiring a COO, a firm should be able to answer the following questions:

- What do you hope to accomplish by hiring a COO?
- If the position is new, why is it being created?
- If the position is being restructured, what are the reasons for this change?
- How will the position's role and responsibilities be defined (*i.e.*, will the position focus on program, administration/operations, all internal matters, or some variation of these models)?
- How might the position change in the years to come?
- What skills and qualifications are required in a COO (define which skills and qualifications are must-haves and which are negotiable)?
- What organizational changes do you expect to make through the COO position?
- What obstacles exist that will affect the organizational changes you desire to make?
- What will the COO's role be in major strategic initiatives the organization is undertaking or planning to undertake?
- What authority will the COO have (*i.e.*, which decisions can the COO make alone, which decisions will be joint between the COO and someone else, and which decisions will be out of the COO's hands)?
- Whom will the COO supervise?
- What do members of the leadership team see as the key challenges for the COO?
- What do members of the leadership team see as the key success factors for the COO?
- How will the COO's performance be evaluated (*i.e.*, what are the criteria and who will play a part in the evaluation)?

- Are there adequate resources available for the COO to carry out what is expected of him or her?

What kind of talent do you need?

All new employees need to be a part of the firm's long-term strategy, but this becomes even more critical when hiring an executive teammate. Being able to visualize where you want the firm to be in five years, one year, and even next quarter should be a determining factor when deciding how the new administrator can fit into that matrix.

While the actual duties of a firm administrator or COO can vary greatly from firm to firm, the classic description includes the responsibility for managing the activities of the company, including its daily operations. As one of the highest-ranking executives, the COO reports to the managing partner and the firm's executive committee.

Many mid-size firms would benefit from hiring a firm administrator to plan, organize, and direct the day-to-day operations and ensure that the firm's policies are implemented. The mid-size firm administrator's responsibilities include:

- equipment and facilities management;
- internal accounting;
- scheduling;
- production control;
- recruiting;
- employee benefits administration; and
- maintenance of the firm's time and billing system.

A mid-size firm's administrator may also assist with marketing, training, and internal communications.

For a larger firm, the decision to hire a COO could also be advantageous. This professional would be a key member of the management team, with the direct responsibility for financial, human resource, systems, and facilities management. In addition, the COO would manage or contribute to practice growth and business development.

By hiring a COO, a firm can free up the managing partner to focus on major external initiatives and opportunities without having to worry about department productivity. Also, a COO can bring new leadership skills and tools that can help move the firm forward.

Whatever level of administrative talent you decide to employ, make sure your partner group clearly understands what role the recruit will play. You might glean some good ideas as you talk to candidates, but you should know precisely what you are looking for. If the expectations for the position are not consistent

throughout the partner group, both the person hired and the partners will become disappointed, frustrated, and in conflict.

How do you find the right people?

If you want to hire superior people, you must first define superior performance. The managing partner and executive committee must agree on what the person taking the job needs to *do* to be successful, not what the person needs to *have* in terms of skills. The cleanest way to plot out the role is through a well crafted, future-oriented performance profile, which can be the single step that begins the hiring process—and makes it simpler—from start to finish.

A performance profile is not only a job description that lists skills, duties, required experiences, and responsibilities. It should also describe what the person taking the job needs to be able *do* to be successful. It defines the job, not solely the person taking the job.

A performance profile should include the accomplishments your ideal candidate should have (*e.g.*, successfully overseeing a variety of departments spread across multiple business locations). Remember, for any executive-level position, you are not only searching for someone with education, superior qualifications, and a personality that is a good fit for the firm, but also someone with a proven track record of growth success.

Because the role of a COO can vary from firm to firm, you will want to determine which departments of your organization the COO should oversee—be it all or just a few. Also, ask yourself whether you want to allow some flexibility in hiring based on the strengths of your best candidates.

Recruit wisely

If your company is in the position to hire a professional administrator, chances are you have a significant budget for doing so. If that is the case, make sure you have also budgeted the time and energy it will take to find an ideal hire.

Because most top candidates from related fields are likely entrenched in great jobs already, they are probably not trolling job-posting sites. To reach out to a qualified group of candidates, you will need to be prepared to spend a significant amount of time sourcing and then calling on—and networking with—potential candidates. Recruiting a professional administrator with the experience, skills, and attitude your firm needs can take more time and energy than your overburdened leadership team may have available. That is why many firms are turning to executive search professionals who spe-

cialize in professional services that identify and qualify candidates for these positions.

Be competitive

In order to attract top candidates, you will need to offer a competitive salary. Searching competitors' job listings can be a useful way of ascertaining that industry information if you are not in the position to purchase salary study information or work with a firm that conducts compensation research.

Some executive search firms offer compensation data and recommendations based on candidates' experience and qualifications. Another way to gauge salary norms for firm administrators and COOs in your area is basic networking. Salary demands from candidates will likely match their individual experience and track record, so be prepared to pay more for someone who has a track record of repeated successful growth.

If you are still unsure, it is perfectly acceptable to ask applicants about their salary expectations, including whether they expect additional bonus or incentive compensations.

And do not ignore the power of benefits to affect a COO's decision to join your firm. In small firms, ben-

efits send important signals about the culture and the firm's stability.

Go the extra mile

As with hiring any executive-level position, it is important to treat the hiring process as a way to not only grow, but also to shape and transform the future of your business. It is important to allocate adequate time for a search and to recognize that the interview process is far more complex than it would be when hiring a junior-level employee. †

About the author: A highly experienced search professional, Jeremy helps firms serve clients, add niches, grow markets, lead offices, strengthen the current management team, and evolve their culture through strategic executive search and talent acquisition consulting services. Jeremy's specialty is conducting targeted recruitment searches for leadership positions, such as partner, practice leader, chief operating officer, director of marketing, chief growth officer, 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, ACCOUNTING TODAY, PUBLIC ACCOUNTING REPORT, and ACCOUNTING NEWS REPORT. Jeremy can be reached at 312-245-1755 or gcepin@koltin.com.

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