

Why “B” Students Make Great Partners

By Allan D. Koltin

Q: Is it true that straight “A” students are the ones we should continue to recruit and the ones that most often become our future partners and stars?

A: I don’t want any of the professors from the university calling me and challenging my research, but I would have to say, unequivocally, that the top-producing partners in CPA firms were typically the “B,” and not the “A,” students. I researched this in over 100 of the Top 250 firms and concluded that we need to rethink how we recruit talent into our firms. This is not to say that “A” students can’t be superstars; it just seems that the “B” students might be more well-rounded partners who have some of the intangible and tangible qualities that ultimately create success.

Q: If you take your premise a step further, it would suggest that maybe the college curriculum being taught within the accounting major may not be preparing students for future partnership.

A: I think universities do a great job of teaching accounting, auditing, and tax. However, in my research with the highest-performing partners in local, regional, and national firms throughout the country, there are certain skills that these individuals possess that they told me gave them an edge over the rest of the group. Those skills are in the following areas:

- how to build relationships;
- how to communicate;
- how to take risk;
- how to make money;
- how to manage the clock; and
- how to play with passion.

Q: Let’s take each one of these and break them down into greater detail. You talk about building long-lasting relationships. What precisely are you referring to?

A: It is clear to me that there is a unique skill that goes into building a relationship, whether that be with a cli-

ent, staff person, another partner, or a referral source. These star partner tendencies have allowed partners to bring in business, keep clients, and grow the trust of their people in a manner that is much more successful than others. It has left me with the understanding that this is the ultimate competitive edge that great partners have. One could argue that, in today’s world, being technically competent is just the basic ingredient that gets you to the starting line. Public accounting is all about people and relationships. The quicker younger staff members can acquire and develop these skills, the faster they will rise to the top.

Q: The next skill you mentioned was communication. Could you provide some additional thoughts?

A: First, great communicators are fabulous listeners. In essence, they learn to listen so they can listen to learn. Listening helps them gain people’s trust and resolve difficult issues. It also sends a message of caring and respect. Whether the individual is talking to a potential client and reading his or her body language or working with a staff person and creating a positive energy that is motivating to be around, great partners thrive in these areas. Interestingly, these individuals are the best at taking criticism and are quite appreciative when they are receiving honest feedback. They are also exceptional at providing feedback in the form of what I refer to as “constructive confrontation.” They do not beat around the bush when they need to deliver a message, even if it is a sensitive message, because they know how to do it in a constructive manner. They have also learned that sometimes it is okay to lose a battle if it means winning the war. They have exceptional negotiating skills, as well as the ability to compromise. Bottom line—these types of partners have learned how to sell their ideas in a manner that does not appear to be selling.

Q: You talked about taking risk as one of these differentiators. Does that mean looking at risk-

ier audits or being more aggressive in tax planning strategies?

A: Quite the contrary! It has nothing to do with the actual practice of public accounting, but it is more about putting yourself at personal risk as it relates to your own career growth. A consultant, David Maister, told me once that more than 50 percent of what I did in a given day could be done by someone at a more junior level. I took issue with him, and he asked if that rule would apply to my other partners. I told him—in that case—he was absolutely correct, and it helped me to realize that all of us (me included!) need to continue to climb the mountain each year, in terms of passing lower-level things on and striving for new growth opportunities. To me, the ultimate risk-taker in a CPA firm is the one who can bring in new business and feed it to others, and then go back on the street and create even more business. They are not preoccupied by the size of their book of business. They are more concerned with using their unique skill of rainmaking to build the firm.

I also see risk-taking occur when we need individuals to champion new causes, whether they are new industry niches, service line areas, or firm initiatives. These people don't just dabble—they push everything aside and essentially bet their career on the success of the area that they have been empowered to lead.

Additionally, I find that risk-taking has a significant role in decision-making. Jack Welsh once said that the “best of the best” decision-makers in business in general bat .600 in terms of their effectiveness of right vs. wrong decisions. At first blush, I read that and thought that being a little bit better than half right isn't that great, and I was surprised that this statistic wasn't a .900 batting average (when it came to making the right decisions). Interestingly, Jack Welsh suggested that those individuals make the worst decision-makers because they couldn't make a decision if their life depended on it and may only make a couple of decisions a year after they've reached complete consensus. We all know that represents a slow-moving train and typically those decisions, because of the amount of consensus needed to get them, represent watered-down and relatively weak decisions. Leaders, you can put a smile on your face and know that you can be a little bit more than half right, provided you're making a lot of decisions along the way. The challenge for the CPA firm is that we have a lot of “Monday morning quarterbacks” who will go to extremes to remind you about the wrong decisions that you've made and have memory lapses when it comes to your successful decisions!

I also think that risk creates a sense of chaos within a firm. Interestingly, I've learned in my “best of best” studies, that some of the greatest firms in our profession always appear to be in a constant state of chaos. Simply stated, I think this is nothing more than the leader *not* accepting the status quo and continuing to strive to make the firm a greater place.

My last comment on risk-taking would be that I've found that the most successful partners that I've surveyed were somewhat paranoid and insecure, at least as it related to their performance looking forward. 2011 could have been their best year ever, but if they sit on New Year's Day watching college Bowl games and ponder how well they are going to do in 2012, it is actually that insecurity and paranoia that drives them to do even better in the next year. These high performers are never satisfied and, unfortunately, sometimes drive the others crazy because they are never content with the status quo of their own performance or the firm's performance.

Q: Next, you talked about making money and how this is a unique skill for partners of CPA firms. Could you shed more light on this?

A: I remember seeing a quote in a high-performing partner's office that said, “Let's just pretend for a moment that we're in business to make money!” I believe that all too often we are so busy being busy or “consumed with servicing the client” or “getting it right” that we forget that we are, in fact, a business, and profitability is the lifeblood of the firm. I am in no way suggesting (using a “Wall Street” phrase) that greed is good. I am simply saying that if we are as good as we say we are, we should be bullish about how we set our fees, how we charge, and how we go about collecting. I would use as another example the old phrase, “Perfection is the deathblood of possibility.” I sometimes see firms over-audit in a manner that I know the client doesn't value but, more important, I think goes beyond the standards of what is a sufficient audit or tax return. The reality is that in business, A- is good enough, but A+ might kill you along the way. I have yet to see clients leave or not pay their bills because they were receiving A- service along the way.

Q: You talk about how to manage the clock as something that differentiates superstar partners. Is this as simple as working more hours than those around you or does it have a deeper meaning?

A: Managing the clock means a couple of things. It means that we not only allocate time for servicing our clients, but we also allocate “investment time” (to again

use a David Maister term), where we actually schedule time for our professional growth. As one who also sits watching college Bowl games on New Year's Day asking the painful question, "How will I be worth more to the firm and my clients next year than the prior year," I believe that we need to have a continual game plan to recreate ourselves, develop new areas of expertise, and attain deeper knowledge. In my study of these high-performing partners, I not only found that they had the ability to think quickly on their feet and manage stress better than others, they also had a passion for goal-setting and the discipline and focus to truly achieve those goals. I also saw them shine over the past couple of years during the recession because they had a "no matter what" attitude as it related to achieving their goals.

Q: Finally, you talk about playing with passion as something you observed in the best of the best. Could you offer some examples of what you noticed in your research?

A: Many of us talked about becoming a famous person in either an industry or a service line area. I think our profession has 95-percent "dabblers" and 5-percent famous people. I think it is passion that is the one characteristic that separates the dabblers from those that truly achieve fame. They have an insatiable appetite to become the best in their area, and they don't let anything else get in their way.

Another example of playing with passion is truly believing that you are at least worth your billing rate, if not more. This is not to suggest that you come off with a brash or arrogant attitude toward your clients, but rather that you possess the body language and communication skills that let the clients know they have retained the best and you truly believe in the recommendations and advice that you are providing. In our research, we observed other examples of passion in which individuals pushed themselves and did things when no one else was watching and, if need be, had the willingness to play injured (yes, that's just what it sounds like!). Clearly, this group has a desire to achieve more than the next person, understands that business isn't always fair, and has the ability to keep front and center. With this group of high achievers, I observed that it's not how they celebrate the highs. It's more about how they bounce back from the lows. Nothing derails this group of achievers, and it's easy to see how they advanced to the top of the class within our profession. Hail to the stars!

About the author: Allan D. Koltin, CPA is the CEO of Koltin Consulting Group, based in Chicago, Illinois. Allan specializes in the areas of partner compensation, firm governance, profitability, strategic planning, succession, and mergers and acquisitions. Allan can be reached at either akoltin@koltin.com or 312-805-0307. †



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