Excerpts from CPAmerica International Leading Partners' and Firm Administrators' Conference

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Published on September 27, 2016

I had the pleasure of presenting multiple sessions last week at the CPAmerica International Leading Partners and Firm Administrator's conference in Minneapolis last week. Below are a few excerpts from various presentations:

On Strategic Planning:

You should consider including your manager's and future stars in the process. They have a lot more to add than you give them credit for and their buy in will go through the roof.

On Firm Governance:

Leadership is getting the firm from where it is today to where it needs to go. Management is getting individual talent from where they are today to reaching their actual potential. We call this getting results through others.

On Growing Your Existing Talent:

It's great that firms are finally spending a lot of money on outside leadership training. It's a shame that something as basic as ALWAYS taking staff and managers out to meet with prospects, clients, and referral sources is still an afterthought. There is no better way to train on business development and client service.

On Partner Compensation:

I wish that firm's that still have an "open" partner compensation program would set up a billable code to track all of the unproductive "chatter" they have regarding the issue of relative partner compensation. If they did, they would realize (based on billable hours) that this it is the single largest client of the firm and the realization on that client is extremely low!

On the M&A Frenzy:

Some firms do an incredible job of "capturing and packaging" why they are truly a great firm and it gives them a major competitive advantage when competing in the M&A arena. The firm's CMO or Marketing Director should treat the firm's merger program like an industry specialization niche and market it accordingly.

On Succession Planning and the War on Talent:

At least 80% of the talent on your firm's depth chart won't make it to the finish line and 15% won't have the skills to become an equity partners. Make sure the remaining 5% know they are superstars and lock them up at an early age.

On Firm Profitability:

One firm I work with uses a benchmark score of 150 points when adding together realization and utilization. Assuming you set your billing rates high enough, it's at the 150 level and above where the firm makes 'real' money."

On Income and Equity Partners:

There is a lot of chatter out there about what the goals and criteria should be for making Income and Equity partners. How's this for a simple definition….

Income Partners – make them one when they are so valuable to you that you don't want to lose them to another firm.

Equity Partners – make them one when they can expand the pie (compensation) and significantly increase the overall value of the firm.

(I predicts there will be many more Income partners (vs. Equity partners) in the future and more firms will have modest deferred compensation programs for them (such as 1x compensation).

On the #1 Strategy for Retaining Top Talent:

If you are a very profitable firm with a high partner compensation, let your stars know what the average partner compensation is. I find every time I meet with the managers and below and ask them what they think the average partner compensation is, they always guess the number low.

When I tell them what the number is (obviously with firm approval) and ask why they were so low they say things like:

Did you ever see how the partners dress; the cars they drive; the houses they live in; and (my favorite!), they are all too often too cheap to pick up a round of drinks!

Bottom line, if you want really want to keep your superstars, take a page out of what the most successful law and financial/professional services firms do - flaunt your success and let them know how financially successful they too can be someday. It's not the "end all" but it sure can make a huge difference when it comes to retaining your superstars.

On Billable Time:

I wish the PCAOB, AICPA, or State Societies could develop an "Inspection Service (similar to Peer Review)" that reviews each firm's partner's billable hours.

They would find that 20%-40% of partner's billable hours could be handled by someone at a more junior level. The problem - certain partners wouldn't be sure what to do with the additional free time!

Koltin Consulting Group, Inc. is a Chicago-based consulting firm that specializes in working with professional and financial services firms in the areas of practice growth, practice management, human capital, and mergers and acquisitions.