Partner Retreats/Advances* — Is Yours In Sync with the Changing Size and Goals of Your Firm?

By Allan D. Koltin

This article was originally published in the Industry Trends section of the May 2009 issue of CPA Practice Management Forum and is being reprinted with their permission.

***CPA PMF* — How does the structure (and what gets discussed) change as firms grow and expand their practices?**

Koltin — I would say there are essentially four general sizes of firms and, as each firm graduates to the next larger size, clearly what gets discussed at the retreat needs to change. The four typical phases of firms are:

Phase 1 — fees of $5 million or less. At this size of firm, the retreat topics are very hands on. They cover everything from strategic direction all the way to selecting the coffee vendor. I find that these retreats are typically quite intense but yet maintain a certain level of fun and entrepreneurialism — after all, every decision made will directly affect their pocketbook. The unsaid at this size firm, is that typically a leader will need to evolve. It is interesting as a facilitator to watch how ultimately one individual takes control and leads the ship.

Phase 2 — fees of $5 million to approximately $15 million. By this time, firms typically have elected a managing partner, but it is undetermined whether they are a true managing partner or simply an administrative partner. A managing partner operates as the CEO of the firm and makes, or at least significantly influences, a majority of the decisions, whereas an administrative partner is simply a coordinator who brings things to the table for all the partners to vote upon. This is also an interesting time for firms because they will usually be adding new (or homegrown) partners to the firm, who will bring with them a different vantage point. These firms also will begin to experience many of the growing pains typical of a firm this size, as well as the need for professional management in areas like administration, technology, marketing and HR. Often times partners will handle these responsibilities and, truth be told, they would be better off sticking to their day jobs (client service)!

Phase 3 — fees with approximate fees of $15-$50 million. For a firm to reach this level, it definitely has developed a strong managing partner and related form of governance. It typically has a separate Board of Director/Executive Committee meeting and much of the strategy and "heavy lifting" has now left the partner retreat and moved to the Boardroom. Many client service partners sometimes get the feeling that they are no longer viewed as partners, as they are finding that many more decisions are being made outside of the retreat. For them, there is a big adjustment, especially if they were some of the "early" partners in Phase 1 or Phase 2 of the firm. Having said that, some partners are actually quite happy that they no longer have to be involved in many of the decisions that they felt could have been made by an individual or a subcommittee.

Phase 4 — fees of $50 million and above. By the time firms get to this size, retreats are now viewed more as a team building exercise or "rallying of the troops". It is also a forum to communicate with the partners on the results of the prior year, as well as the vision and strategy for the upcoming year. It is rare that a decision will be made at these retreats, but occasionally firm leadership will ask partners for a straw poll simply to gauge their opinion on an emerging issue or matter. These retreats also tend to include outside keynote speakers and, for sure, resemble a classroom setup (as opposed to the U-shaped set up that Phases 1 – 3 typically use).

*Special thanks to my friends at Amper LLP for coining the expression, "Partner Advance" v. "Partner Retreat." It sure makes a lot more sense to move forward than to move backwards!

***CPA PMF* — Who do you invite to the retreat?**

Koltin — Again, as a firm gets larger, not only does the number of partners expand, but also firms are typically creating multiple tiers of partners. The vast majority of firms today in Phase 3 and Phase 4 have both equity and income partners. Also, most of these firms have brought in professional management (Directors of HR, administration, technology and marketing) to lead their respective areas. It gets tricky when one is talking about firm strategy and they are doing it with just the partner group, when many non-partners now have influence over many of these areas. I recently facilitated a retreat where, interestingly, on Day 1 of the retreat I only met with the Board of Directors/Executive Committee. On Day 2 in the morning, it was the Board of Directors and equity partners, with the income partners joining us in the afternoon. Day 3 of the retreat included all of these groups, as well as other key members of the leadership team (professional management, as well as senior managers on track for partner promotions in the next year). Lastly, on Day 4 of the retreat, we actually invited the entire staff and shared with them (from a high-level perspective) the results of the retreat and the strategic direction for the upcoming year. As you can imagine, in this type of structure, much of the legwork was actually done prior to the retreat and each day was used to establish buy-in and understanding before moving on to the next level of members in the firm.

***CPA PMF* — What other variables might affect the dynamics of the retreat and what is discussed?**

Koltin — Clearly, the number of offices is a major factor in any retreat. Simply stated, members of a one-office firm see each other every day and know each other on a personal basis. Firms with three, four or five offices (especially in remote locations) need time allocated to get to know each other and to learn more about what the services and expertise that each person or team can provide. The nights are a useful part of the retreat and it is important from a team building standpoint that partners connect with other partners from offices that they may not have as much contact with during the year.

Another factor that affects the retreat structure is the recent number of mergers that have occurred and/or the number of lateral partners that have joined the firm. This creates a whole new dynamic, as newer people have different perspectives and want to have their voice heard. It is not unusual for new merged-in partners/firms and/or lateral partners to give brief presentations to the group on themselves and their practice areas and to allow for questions and answers.

***CPA PMF* — Has anything changed in the last couple of years in terms of the length of time or the location of where retreats are being held?**

Koltin — Probably the biggest change I've seen has been the relationship between in-house and out-of-house time. Most of us grew up in an environment in which partner retreats started promptly at 8:00am and went late into the night until a partner passed out! That old school way of thinking dominated many partner retreats in the '70s, '80s and '90s. Today's retreats might start at 8:00 or 9:00am, but they are interspersed with many breaks and often times will include teambuilding activities in the afternoon. I remember participating in the Stonefield Josephson retreat, in which we all built boats and the Blum Shapiro retreat, where we went on a scavenger hunt. Interestingly, when I see partners today from those firms, they still talk about the teambuilding exercises and how much more they learned about each other along the way. While golf is a fun exercise for partners to participate in, I'm not sure it has the long-lasting teambuilding effect of climbing a mountain with a fellow partner or having them fish you out of the water after your boat capsizes!

***CPA PMF* — Many firms ask, "What is the difference between a facilitator and a consultant, and which one is more important for the retreat?"**

Koltin — Excellent question! A facilitator is someone who practices Robert's Rules of Order and makes sure that everyone has a chance to speak. A good facilitator will send out a confidential survey in advance of the retreat to get the partners' input on many different issues. This serves as sort of a "confession", in which the facilitator now knows what each partner thinks about all of the issues and can bring them into the conversation when appropriate without embarrassing them or acknowledging their specific comments. I will often take everyone's comments, remove their names and group them together in a summary of answers so that everyone can see how everyone else views various questions and issues relative to the firm. A consultant, on the other hand, brings their vast array of best experiences to the firm based on having worked with hundreds of other firms of similar size. While on one hand we all love to say that all firms have experienced the same issues, what is truly different is the "cast of characters" and the players on the field. Also, many firms operate with different business philosophies and cultural practices within the firm. This makes each retreat truly unique. My recommendation to a firm is to make sure that the leader is not only well trained as a facilitator, but also is a consultant.

CPA PMF — ***Do firms bring in outside keynote speakers, in addition to the outside facilitator/consultant?***

Koltin — Interestingly, more firms are taking greater advantage of technology and using webcasts and other technologies as a way to bring various keynote speakers to the retreat. I am working with a firm this summer that will be hearing a webcast from Pat Williams (General Manager of the Orlando Magic) on leadership. This speaker would have cost the firm thousands and thousands of dollars to bring into the firm but, by virtue of technology, they can now experience a wonderful speaker for a fraction of the cost. I also am a big proponent of client and/or referral source panels at the retreat and allowing them to address the partners in a "no holds barred" communication style. Simply stated, when clients have a chance to talk about what they love and can't stand about the CPA firm in terms of the level of client service, it's amazing how well it can resonate with the partners. Firm leadership can talk all day about what clients think is important, but there is no better acid test than hearing it from the horse's mouth. I will typically speak with these clients before the retreat and often times give them a heads up as to messages I think they need to hear, based on direction from firm leadership.

CPA PMF — ***Having facilitated over 800 retreats in the past two decades (I think that puts you slightly ahead of Barry Bond's homerun record!), what would you say is the craziest experience you've ever had?***

Koltin — This is an easy one for me, and it is a true story! I once facilitated a retreat at a Midwestern firm where they brought in as their outside keynote speaker none other than the "Mayflower Madame", Sydney Biddle Barrows. She wrote a bestselling book on client service and came in on Day 1 to speak to the partners and on Day 2 to address the partners and their spouses. She spoke on the importance of client service and, amazingly, her comments resonated with the partner group. The more interesting session, however, was the spouses-only session on Day 2 (unfortunately, I was not allowed to attend that session)!

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