‘Triangle Offense’ for Firm Growth: M&A, Organic Increases and the Once-Taboo Practice of Poaching Superstars

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Consultant **Allan Koltin** believes the accounting profession has changed more in the last two and a half years than it had over the previous four decades – and that private equity is one of the biggest drivers “rocking our world on so many levels today.”

Koltin, in a presentation Nov. 4 at EMERGE, a virtual conference by the **Association for Accounting Marketing**, said the flurry of private equity deals is impacting innovation, technology, profits and the labor shortage. And the influx of capital does not mark a temporary shift in the landscape, but a major transformation with long-term implications.

Amid this upheaval, one of the biggest issues facing firms today is too few staff. One pillar in Koltin’s so-called “triangle offense” for growth includes stealing talent from other firms. The other two are organic growth (firms will have to expand by double-digits every year “or die a slow death”) and M&A, which he sees as the fastest path to growth. Koltin, CEO of **Koltin Consulting Group,** has served as an adviser and broker on many of the biggest M&A deals in the profession.

Years ago, a partner who poached staff would be shunned from the profession, but private equity has changed the rules. Partners shift their focus from meeting with prospective clients to finding prospective staff. “The war for talent is beyond anything I’ve ever seen,” he says, and the shortage shows no sign of abating.

Pulling talent away from private entity-funded competitors may be a tough sell, however, with one of the most significant roadblocks being money. When private equity funds purchase ownership stakes in accounting firms, professionals under 40 can benefit far more than their counterparts elsewhere through stock options and other forms of profit-sharing. Take the case of **EisnerAmper LLP**, which announced a deal with **TowerBrook Capital Partners** in August of 2021 – its stock is up 70% since then, Koltin says.

While partners in traditional firms have to wait until retirement to see their deferred compensation paid out over 10 years, partners in private equity-funded firms can look forward to a big payment at closing, and again about five years later, when the private equity group most likely sells its shares to an even bigger private equity firm.

Allan Koltin

Younger professionals no longer think the wait-until-retirement arrangement is a good deal. “They say, ‘I want a piece of the rock and I want it now,’ ” Koltin says. And firm loyalty is a thing of the past. “In their world, loyalty is, ‘While I’m here I’ll give you all I have, but if a better opportunity comes along I’m out.’ ”

Firms must increase compensation to compete, he says, or the superstars will go elsewhere. Mundane work is also driving staff out, which is part of the reason why offshoring has become a critical piece of many firms’ workforce strategies. Koltin says 40% of billable work in Big 4 firms is done outside the U.S. The profession is also faced with internal competition, as new graduates come in with more interest in the consulting side of the business than with audit or tax, creating even greater shortages.

What can firm partners do? Understand that cutting back on innovation and technology during COVID years, which were the most profitable on record, will come back around to bite them. Private equity is providing firms cash for technology, such as AI, and to buy consulting companies to deepen expertise in advisory work. Private equity investments allow for growth on steroids, Koltin says.

Koltin offered a few additional suggestions for marketers and their bosses:

Stop complaining and start scouting talent. Partners should transform themselves, and marketing staff must do a better job of telling their firms’ stories. Culture is the differentiator to attract new hires these days. Too many firms are still relying on the “most trusted advisor” message. “Really? Is that the best you got?”

Find different ways to increase profits. Partners should position themselves as business coaches to become the “most valuable advisor.” Value billing – which is talked about far more often than it is implemented – would bring bigger fees. Other ideas are management of assets, sell-side M&A services, executive recruiting, and financial advisory services to help clients raise capital. “We’ve got to get more into the business of making money unrelated to time, where the billable hour just doesn’t matter.”

Merge marketing with HR and invest more heavily in digital. “The war for talent means we have to treat it as an industry team.”

Think like a chief strategist. Consider hiring a "pop-up" business development professional who knows everyone in one industry in one area, for example. "This is our time to talk about the firm of the future and building it today."

The profession as a whole is too stuck in its ways, Koltin told the marketers on the call. "This is our time to shine. Our partners need us more now than ever."