

Owner Development

Human Capital Center Toolbox Series



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What is the PCPS Human Capital Center Toolbox Series?

The Toolbox Series is designed to highlight the learning and tools available in the Human Capital Center (HCC), including templates, action plans, checklists and more. The HCC serves PCPS members by focusing on staffing best practices and providing the resources to master and implement those recommendations. Contributions to the Toolbox Series were made by the AICPA's Specialized Communities, including the Personal Financial Planning, Information Technology, Forensic and Valuation Services and PCPS sections. Visit the 11 segments of the Human Capital Center at pcps.aicpa.org/Resources/Human+Capital+Center/ to discover more.



This tool icon refers to Tools that are available in the PCPS Human Capital Center.

Owner Development

Owners have the responsibility to regularly investigate aspects of the firm that need development. When this duty is performed well, all facets of the firm profit greatly. The PCPS Human Capital Center Owner Development section, with materials developed by The Rainmaker Consulting Group, will offer guidance and resources to become a more influential and dynamic partner. In turn, you can build a stronger and more secure firm through accountability, Five-Star Client Service and mentoring.

Accountability and Leadership

Leadership is the development of a vision and directing action through others to make it happen. Within leadership is management — the allocation of resources to execute that action. Management is just as important as leadership, but successful implementation of each is quite different. Management is about efficiency, whereas leadership is about effectiveness. Management is about doing things right, whereas leadership is about doing the right things. Management is a timing issue, whereas leadership is a directional issue. The best accounting

firms have a healthy mix of good management and leadership.

What makes a leader?

The greatest leaders have strong character, build long-term relationships with people, possess immense expertise, develop a sixth sense or vision and have a track record of success. They also demonstrate the following:

- *Self leadership – Great leaders lead themselves well before attempting to lead others.*
- *Strategy leadership – Great leaders look to the future by building a vision and enlisting others in the quest.*
- *Team member leadership – When followers trust you, they willingly make a commitment and/or undertake the demands for change.*
- *Systems leadership – Great leaders pay close attention to the systems of the business.*
- *Alignment leadership – Leaders ensure their inner-circle is well versed on the vision and that the vision is communicated throughout the firm.*

Leaders must be lifelong learners to keep their edge. Times, people and market conditions change, so leaders must continually adapt to meet new challenges. There are four general models of leadership learning:

- *Adversity*
- *Re-invention*
- *Networking or watching others*
- *Study*

The art of delegation

Skillful delegators consider the tasks they are responsible for, accurately assess the capabilities of their team, consider priorities and provide the appropriate level of support. Effective delegation is key in getting others to work with you to achieve goals. Delegation, however, is not throwing work off one desk and on to another; accountability must be present. An accountability structure consists of milestones to ensure follow-through, proper rewards to encourage completion and



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established consequences to dissuade shoddy work. Delegation must center on assigning tasks to the lowest level, in terms of labor costs, that can complete the work efficiently. Someone else must follow up for accuracy and completeness, so that must also be factored into the cost equation. Proven guidelines to standardize effective delegation in an organization include:

- *Provide specific instructions, including expectations and due dates*
- *Communicate priorities and leave time for questions*
- *Give timely, informative and corrective, performance-based feedback*
- *Use rewards to celebrate the successful execution of tasks*

Once partner unity exists, leaders can work on other aspects of leadership and accountability.

The accountability system

An accountability system is effective, since built-in reporting and consequences minimize speed bumps along the way to goal accomplishment. Consequences can be either motivational or in penalty form. Motivational consequences tend to be much more successful because they serve as an

inspiration, not a demoralizer.

The accountability system consists of the following questions:

- *What is expected?*
- *Who is responsible and who will assist?*
- *What is the timeline for reporting and completion?*
- *How do we track and review progress?*
- *What are the consequences of the initiative?*

Leaders understand personal accountability and thus, set the example by constantly seeking to improve their leadership skills and the skills of others. The **Personal Leadership Plan (PLP)** enables leaders to define where they want to go as individuals and the route to get there. Use the PLP as a guide to self-improvement and to identify when and how to use others with differing leadership skills. Spend time on the PLP by adding goals based on the models of learning or by improving existing goals.

Owner Advance

What we refer to as an “Owner Advance,” many others call a “retreat.” We prefer “advance,” since you should be leading your firm forward, not just looking back. The Owner Advance is critical for developing vision, strategy, action plans and accountability. A successful advance should have a major impact on company goal achievement; therefore, it requires unfettered participation of all attendees.

Partner unity is a significant result from an effective Owner Advance. The benefits of having greater partner unity than the next firm include better client service, less employee turnover and superior profitability. Once partner unity exists, leaders can work on other aspects of leadership and accountability. The problem many firms face is not knowing how to create partner unity. To establish it, partners must do the following:

- *Be in business to achieve more together than individually*
- *Create an open, communicative environment where debate is welcomed, not discouraged*
- *Hold one another accountable*
- *Focus on results, not merely activities*



You and your team will find all the necessary guidance for planning an Owner Advance in the **Owner Advance Planner** (sometimes called a **retreat**) tool. Some key topics include:

- *Participants*
- *Location and facilities*
- *Speakers*
- *Input from participants – Use the **Participant Pre-Advance Questionnaire***
- *Coordination and execution*
- *Summation, evaluation and follow-through – Use the **Meeting Recap Template** from the Team Development section of the PCPS Human Capital Center and the **Participant Post Advance Evaluation***

Remember to continue your own learning and to bring your firm together in an Owner Advance at least once per year to develop a unified vision. Creation of strong, well-developed action plans can ensure your vision's realization.

Five-Star Client Service



Providing Five-Star Client Service is the key to retaining A-level clients and to developing a reputation that will generate referrals and targeted prospects.

The Client Service Guide learning document describes the steps and secrets to providing excellent client service, and includes tips that can help firms realize increased client loyalty and firm profitability. This learning platform addresses the following.

Profit from Five-Star Client Service

Five-Star Client Service for CPAs is patterned after the service you would receive in a five-star restaurant. Dissatisfied clients destroy your reputation, whereas delighted clients will grow your business. Delivering Five-Star Client Service is the key to gaining satisfied clients.

Connect with clients

Market research reports that two-thirds of CPA clients said their accountants didn't care about them. The connecting phase of the Five-Star Client Service is intended to help your firm avoid this malady. Connecting is based on the principle that long-term relationships are built on regular communication that fosters trust, caring and confidence. Two important aspects of this step include learning how to manage client encounters and to understand how to connect with clients.

Take the order

The ultimate goal when "taking the order" is to meet client expectations, find a way to exceed them and make a profit. Clients report more favorable perceptions of service quality from those firms that focus on taking the order correctly. The effective steps when taking the order involve:

- *Asking what are your clients goals, needs and expectations.*
- *Listening to what the client is really buying from your firm.*
- *Taking notes, which allows you to get a complete record of important points.*
- *Closing with confidence statements to build client confidence.*

Deliver the order

When “delivering the order,” the goal is to meet client expectations on time and on budget, and to reconnect and satisfy the emotional needs of the client, as well as protect your profits. Delivering the order should be done face to face, since this contact time shows that you care about the client and are interested in their business. The effective steps to deliver the order are:

- Summarize services and results
- Present other findings
- Illustrate benefits of service
- Review costs

Ascertain client satisfaction

To “ascertain client satisfaction” is to determine if you have met client expectations, thereby keeping them as clients, positioning yourself to “collect the check” and uncover improvement areas in your firm. To get started, follow these steps:

- Obtain staff input
- Hold client focus groups
- Develop a client advisory board
- Conduct client business reviews
- Conduct client satisfaction surveys
- Perform survey follow-up

Offer dessert

To “offer dessert” is to go the extra mile in the service you provide to set you apart from the competition. Consider ways to sell value services and thus vastly improve the firm’s chances of transforming a current, regular client into a highly profitable client.

Collect the check

Clients value your services the most at the time of delivery. Every moment you wait to bill your client after the delivery process increases your risk of not collecting an appropriate amount. You can dramatically improve your work yield by following these five key steps to getting paid:

- Establish price and payment terms before you commit
- Negotiate for a retainer and progress payment arrangement
- Clearly set forth a change-order process (use the **Change Order Form** tool as a template)
- Communicate all aspects of your engagement process with team members
- Follow the process, so as not to waste time or demoralize staff

Recovery

Recovery is the series of steps to take when you make a mistake or face a problem. If handled correctly, recovery is a valuable opportunity to *strengthen* clients’ loyalty to your firm. Employ the **26 Warning Signs that You Need a Recovery Plan** tool to determine if you need a recovery plan for any of your clients.

Even with the best service intentions, you may lose clients. Use the **Lost Business Review** tool to determine why you lost them and to make changes or add processes to help prevent your top clients from becoming someone else’s.

Owners who develop and apply client service skills realize many benefits, including better trained and motivated employees who deliver Five-Star service training to your clients. Staff will take pride in a Five-Star-service culture, thereby increasing their loyalty, as well as your clients’, to your firm. This leads to high retention and the reputation as a destination firm for high-quality, talented team members and high-value, profitable clients.

Mentoring Your People

Your job as a leader is to coach and mentor people, help them identify a path that matches their skill set and allow them chances to succeed and fail. *The Mentoring Your People Guide* offers ways to inspire marketing skills in team members and ideas for motivating them via mentoring to reduce turnover. The learning guide addresses the following:

Mentoring vs. coaching

As a coach, you focus your efforts on training staff on specific tasks and behaviors. A mentor's role is one of a trusted adviser, who provides wisdom based on experience. This section will focus on mentoring. (To learn more about coaching, visit the Performance Management section.)

Being a mentor

Leaders make a point to mentor others. Many firms have instituted formal mentor-protégé assignments, but the most effective mentor-protégé relationships are those where the mentor or protégé takes the initiative to form such a relationship. The "Basic Need #3: A Good Boss" article provides several ideas to grow a mentoring culture. Implementation of such a program can generate a dramatic ripple effect throughout your firm.

Mentoring is a five-step process. Executive leadership should support the development and implementation of a mentoring culture. The following is a methodical approach that will enhance the firm's success with mentoring and your personal effectiveness as a mentor:

- *Step 1 – Assessment – Evaluate your mentoring skills and the competencies of your potential protégés as you begin mentoring relationships. Utilize the **Mentoring Assessment** tool to assess you and the **Competency Self-Assessment** tool in the Performance Management section of the Human Capital Center for a protégé skill comparison.*
- *Step 2 – Choose your protégé (Or they will choose you) – Identify someone you think would be a good mentee for you, so you can pass along your skills and build the firm's team member skill set. Once you have a mentee, use the questions in the **Getting to Know Your Protégé** tool to set a basic understanding of how your relationship will work.*
- *Step 3 – Develop an understanding of mentee wants – Remember to pay attention and simply ask what team members desire. Be sure to review the **AICPA's Women's Initiatives Executive Committee's Mentoring Guidelines booklet** for additional help with this step.*
- *Step 4 – Assist protégé in defining actions required to achieve goals-- As defined in the Performance Management section of the HCC, it is the counselor's responsibility to coach team members in establishing and achieving goals. A mentor can significantly improve a protégé's rate of success by confirming that the mentee is aware of the actions required and is actively pursuing those actions.*
- *Step 5 – Evaluation and feedback – The mentoring relationship is more informal than the counseling relationship. You can provide general feedback and advice based on what you observe.*

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Motivate through mentoring and marketing

If you really want to create a culture in which selling is “just part of the job,” you must foster that culture from day one. The best way to do this is to give your staff on-the-job training. Training is used to help employees adapt to change, increase performance and develop new skills. Mentoring relationships create the perfect environment to teach marketing techniques informally. Also, firm owners have the chance to ensure that the only marketing meetings your firm has are those that inspire people to market. That sounds simple, but in real life, most of the meetings held each year fall short of the ideal.

When owners mentor their people, informal training occurs, and team members experience first-hand the investment and commitment the owner is making to their future. The ultimate result is a superior foundation for growing your firm’s practice.

Partner Candidate Criteria Tool

One more item to note is the **Partner Candidate Criteria** tool.

Developing new leaders is critical to our profession’s succession issues and to keeping your team members motivated and challenged in their careers. Potential new partners must understand (and work toward) what is required to join the partnership. Employ this tool to define and communicate your firm’s expectations of the skills, behaviors and responsibilities of a partner candidate, and use it to shape the individual’s learning roadmap.

Visit aicpa.org/pcps and become a member for access to an array of tools and resources for developing your firm’s owner development strategy. To find out if your firm is already a member, email pcps@aicpa.org.

Access These Tools At aicpa.org/PCPS

Owner Development Action Plan

Personal Leadership Plan (PLP)

Owner Advance Planner (sometimes called a retreat)

Participant Pre-Advance Questionnaire

Participant Post-Advance Evaluation

Client Loyalty Survey

Change Order Form

26 Warning Signs that You Need a Recovery Plan

Formal Recovery Process

Lost Business Review

Mentoring Assessment

Getting to Know Your Protégé

Mentoring Guidelines

Employee Engagement Survey

Partner Candidate Criteria Tool



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