


Tax Practice Management

Co-Editors:
Steven F. Holub, CPA
Jane T. Rubin, CPA

Author:
Chris Wingfield, CPA

RETAINING KEY EMPLOYEES IN A TOUGH ECONOMIC ENVIRONMENT



EMPLOYEE RETENTION HAS LONG BEEN an issue in public accounting. The demanding hours combined with ever-increasing client needs, technical complexity, and monthly deadlines have resulted in a shortage of qualified accounting personnel. In addition, the “aging” of CPA firms is increasing pressure to retain key employees to assure future growth. Firms across the country are implementing unique as well as time-tested strategies to deal with this concern.

In-House Training

While the idea of providing timely and quality training to employees may seem obvious and is high on the list of potential employees’ expectations, employers often overlook training. It is vitally important that new employees feel a part of the firm and become familiar with the firm culture as soon as possible.

One of the best ways to foster these goals is through in-house seminars. These allow firm personnel to display their expertise to others throughout the firm while also allowing for networking among employees, who may often work in different locations. New employees will integrate more quickly within the firm when given the opportunity to interact with other firm employees in this type of environment. Such assimilation is key

to the long-term success of an employee, and the training received reinforces the employee’s sense of value to the firm. (For more on in-house training, see Trenholm, “Training in the Modern Tax Practice,” 39 *The Tax Adviser* 177 (March 2008).)

Work-Life Balance

Laptops, cell phones, and BlackBerrys are now a regular part of our lives. Wireless internet is available almost everywhere. While these important developments keep us constantly informed and updated, they also give us the freedom to work from just about anywhere.

Employees have different family situations that may require employers to be accommodating when dealing with work deadlines. Sick children or parents, bad weather, and other unexpected events often require employer flexibility. With the technology now available, employees can log in and work at their convenience rather than being tied to a 9-to-5 routine. Employees view this as another benefit, similar to 401(k) plans or medical insurance. When structured properly, both the employee and employer come out ahead.

The author’s firm also implemented a wellness program, which provides for semiannual basic medical screenings in the office and lab work at no charge to the employee. There are several companies

that can provide this service to the firm for a fee. In addition, the firm subsidizes health club membership fees. Employees who take advantage of these programs not only feel better and feel connected to the firm but are also healthier and more productive. This sets the firm apart from others that do not offer similar benefits.

Quality Management and Supervision

Why do people leave organizations? In truth, people do not leave organizations, they leave people: incompetent managers, rude supervisors, inept co-workers. The first step to halting this pattern is to treat employees with respect. Most firms attempt to do this, but employees do not always perceive it in the expected manner. All employees with personnel responsibilities should receive at least basic training in human resource management. This training, while simple, should be ongoing and should be emphasized as important to the firm.

All employees should also have clearly defined and obtainable goals. These goals should be expressed in writing annually, with feedback provided at least quarterly. In addition, last year's goals should be assessed and discussed when developing next year's goals. The goals should be planned with success in mind and include the employee's input. Employees who receive timely feedback on accomplishments feel valuable to the firm. And employers can identify poor or unacceptable performance and take corrective action before the situation irretrievably deteriorates. Unrealistic expectations by either the employee or the employer will always lead to inferior results and strained relations. Goals can be individualized but should cover the following areas: client service, teamwork, technical skills, self-development, and time utilization. The employer-employee relationship is strengthened when a goal-oriented feedback system is successfully implemented.

Mentoring

Another benefit that many prospective and current employees are increasingly requesting is a formal mentoring program. For years, many firms used informal

mentoring systems whereby more experienced employees would assist newer staff with work assignments, questions about processes, or even personal issues. With today's increased demands, the informal system is not as effective. The mentoring program should consist of a formal document outlining the program's purposes as well as contracts between the mentor and protégé detailing goals and timelines.

Many of these programs provide for monthly meetings and use the GROW framework to facilitate communication: goal, reality, options, and way forward. This type of mentoring program, integrated with a goal-oriented feedback system, provides a structured mechanism for developing strong relationships within an organization and is a solid foundation for employee retention and growth.

Compensation Policies

An additional area of employee dissatisfaction is that there is often no clear link between performance and pay. While many employers loosely associate the two, there is usually no formal policy on which employees can rely. As part of the programs summarized above, firms should formally connect performance to pay. Employees prefer written, objective targets for which they can aim. A policy linking performance to pay should be integrated with the goal-oriented feedback system to enhance employee retention.

Opportunities for Career Advancement

In a recent survey by the AICPA's Private Company Practice Section, 52% of senior partners were over age 60, while 65% of sole practitioners were over age 55 (AICPA, 2008 *PCPS Succession Survey*, Appendix A, Vital Statistics, available at <http://tinyurl.com/pcpssurvey>). These numbers are startling, and they indicate tremendous opportunity for younger employees in public accounting. Firms often delay or ignore succession planning. As such, they are missing not only a great chance for firm continuity and funding of partners' retirement, but also an incredible key employee retention tool. By instituting a quality plan for succession, a firm can secure its future while also providing

significant career advancement opportunities for essential employees.

Other Ideas

There are several other ways to make the firm a desirable place to stay and work. Many firms today develop mission statements. Make sure employees' goals align with the firm's mission statement. If an employee is not on a partner career path, identify other successful paths within the firm and adjust his or her goals accordingly. Finally, make sure staffing is adequate to avoid excessive overtime during busy times of the year. Quality employees are in high demand even within their own firm. Make sure they do not burn out.

Conclusion

Firms employ many methods, plans, ideas, and strategies to retain key employees, using a tremendous amount of firm resources and time. While there is no one correct way to ensure retention of key employees, the ideas presented here will increase the odds of employees' staying with the firm for many years and developing successful careers. For more information on many of these ideas, including mentoring, visit www.aicpa.org.

TTA

EditorNotes

Steven Holub is a partner in Cherry Bekaert & Holland, LLP, in Tampa, FL, and is former chair of the AICPA Tax Division's Tax Practice Management Committee. Jane Rubin runs Educational Strategies Co. in St. Louis, MO, and is chair of the AICPA Tax Division's Tax Practice Improvement Committee. Chris Wingfield is director of Brown, Edwards & Company, LLP, CPAs, in Roanoke, VA, and is a member of the Tax Practice Improvement Committee. For information about this column, contact Mr. Wingfield at cwingfield@becpas.com.