



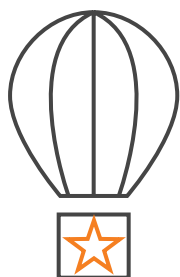
4 Ways to Elevate Your Accounting Firm's Talent

WHITE PAPER

PMG 360



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The average cost to replace an employee is about 50% of that employee's annual salary, when you factor in separation costs, recruitment/training costs, and productivity costs.

Do staffing concerns keep you awake at night? If so, you're not alone.

Attracting and retaining top talent is a leading concern for many tax and accounting firms¹ — and for good reason.

Faced with a constricting pipeline of accounting graduates² and shifts in employee expectations, generating interest from qualified candidates and retaining such talent can prove challenging for firms.

Plus, staff turnover can be expensive. The average cost to replace an employee is about 50% of that employee's annual salary, when you factor in separation costs, recruitment/training costs, and productivity costs. And the more skilled the position, the more expensive it is to hire a replacement. In fact, replacing a supervisor could cost your firm as much 150% of that employee's annual salary.³

Unfortunately, the profession has long been associated with long hours, mundane tasks, and a lack of flexibility. This has placed many traditional firms at a disadvantage, especially when competing against innovative tech companies that tout attractive perks and employee benefits.

The time for change is now. Competition is bound to only intensify and firms must break through the long-held misconceptions in order to better compete in a fierce job market. This means extending beyond just monetary compensation and sharpening the focus on more intangibles like employee engagement, and nurturing a positive and inclusive workplace culture.

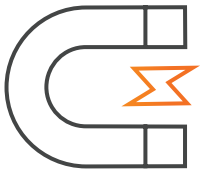
To help firms break the mold, this white paper explores four ways to better attract and elevate firm talent.



1. AICPA, 13 June 2019, <https://www.aicpa.org/press/pressreleases/2019/staffing-remains-top-concern-for-cpa-firms-survey-finds.html>

2. 2019 Trends in the Supply of Accounting Graduates and the Demand for Public Accounting Recruits . AICPA, 2019, <https://www.aicpa.org/content/dam/aicpa/interestareas/accountingeducation/newsandpublications/downloadabledocuments/2019-trends-report.pdf>

3. Calculating The Cost Of Employee Turnover. G&A Partners, 1 Oct. 2019, www.gnapartners.com/article/how-much-does-employee-turnover-really-cost-your-business



"Firms that focus on strengthening their employer brand are able to position themselves not only to attract talented professionals, but also to attract a very important audience: the future leaders of their firm," the Hinge Research Institute study stated.

1. Find and Attract New Talent

When it comes to marketing, chances are your firm spends a good deal of time increasing visibility among prospective clients and differentiating your services from the competition. After all, these are essential priorities to growing your practice and increasing revenue. But shouldn't your attention to recruiting accounting firm talent be just as diligent?

A study by Hinge Research Institute, however, found this to be an area where too many firms fall short. The study found that while recruiting, retention, and succession planning are top business challenges for professional services firms, making their firms seem attractive to potential employees is viewed as a marketing priority by only 36% of those involved in the recruiting and hiring process.⁴

Furthermore, Hinge found that three of the top five business challenges facing firms have to do with recruiting and talent retention.⁵

- Attracting top talent/recruiting (57%)
- Reducing staff turnover/retaining talent (43%)
- Succession planning/grooming leadership (43%)

Change begins with developing and raising awareness of your firm's reputation as a place to work. This helps you differentiate your firm from the competition. In other words, strengthen your "employer brand."⁶

"Firms that focus on strengthening their employer brand are able to position themselves not only to attract talented professionals, but also to attract a very important audience: the future leaders of their firm," the Hinge Research Institute study stated.⁷

You may have invested much time and energy into creating a positive workplace culture, or perhaps you already offer staff a host of attractive perks and benefits. That's great, but is that effectively communicated to prospective candidates? The visibility and awareness of your "employer brand" among prospective candidates is important.

Your firm's website could be an ideal vehicle to showcase your firm's brand to prospective candidates. In fact, Hinge research found that many (63%) employee candidates will turn to a firm's website in their search for career opportunities versus recruiters, general job-listing sites, or niche job boards.⁸



4. Employer Brand Study. Hinge Research Institute, 2017, <https://hingemarketing.com/wp-content/uploads/2017/07/Research-EmployerBrandStudy-1.pdf>

5. Employer Brand Study. Hinge Research Institute, 2017, <https://hingemarketing.com/wp-content/uploads/2017/07/Research-EmployerBrandStudy-1.pdf>

6. Employer Brand Study. Hinge Research Institute, 2017, <https://hingemarketing.com/wp-content/uploads/2017/07/Research-EmployerBrandStudy-1.pdf>

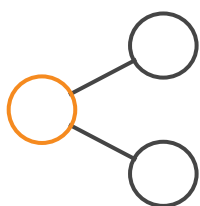
7. Employer Brand Study. Hinge Research Institute, 2017, <https://hingemarketing.com/wp-content/uploads/2017/07/Research-EmployerBrandStudy-1.pdf>

8. Employer Brand Study. Hinge Research Institute, 2017, <https://hingemarketing.com/wp-content/uploads/2017/07/Research-EmployerBrandStudy-1.pdf>



When crafting your message, think about what an employee candidate is seeking in a new position. Also think beyond qualifications and technical abilities; consider the personality traits and soft skills needed to be a good fit for your firm.

Mo Arbas, a consultant for the Tax & Accounting business of Thomson Reuters, agrees and said, "I've seen websites and I'm like, wow, you can tell that they have put a lot of thought and planning into the message they want their website to convey. They show: Who we are, why work for us. That's what is interesting. They have some sort of culture or something that tells me they are unique. ... It is a major source for people."⁹



Additional channels that employee candidates are more likely to use in their search for career opportunities include:¹⁰

- LinkedIn (86%)
- Networking/asking colleagues for recommendations (70%)

Tapping outside talent can be great, but firms often find the greatest success by looking internally. This is part of the reason why fostering a culture of growth and career development is so important.

9. Arbas, Mo, phone interview, April 23, 2020

10. Employer Brand Study. Hinge Research Institute, 2017, <https://hingemarketing.com/wp-content/uploads/2017/07/Research-EmployerBrandStudy-1.pdf>



Creating a corporate culture rich in career progression, professional development, and frequent feedback will help your firm retain and elevate talent.

2. Focus on Career Development and Learning

Most employees want to work for a firm that places an importance on career progression and professional development for its staff. This is especially true among younger associates.

Consider this: A survey by The Muse of more than 8,000 next gen professionals found that compensation is not the most important thing to job seekers. Learning and growth opportunities and work-life balance rank No. 1 and No. 2, with compensation coming in third.¹¹

Meanwhile, separate research by Gallup found that more than half (59%) of millennial job seekers — compared with 44% of Gen Xers and 41% of baby boomers — say that opportunities to learn and grow are extremely important to them when applying for a job. Millennials are also most likely to say advancement is extremely important when looking for a new job (50% of millennials, compared with 42% of Gen Xers and 40% of baby boomers).¹²

The impact of younger associates on a firm's future and work culture is not to be underestimated. Millennials became the largest generation in the labor force in 2016¹³ and, more recently, surpassed baby boomers as the nation's largest living adult generation.¹⁴

Creating a corporate culture rich in career progression, professional development, and frequent feedback will help your firm retain and elevate talent. Providing associates career path development not only enhances their skills and knowledge, which can lead to promotions and transfers to new or different positions within your firm, but also improves morale and career satisfaction across the entire practice.



What's important to remember, however, is that staff development should not be a haphazard process. Developing successful training, development, and mentoring strategies is essential to firm talent and should involve the following:

- Strategic planning
- Participation by many people within the firm from many different levels, including the manager partner
- Continual feedback (i.e., weekly, biweekly, monthly, quarterly, as needed, etc.).

"It is very important that the top talent not be allowed to flounder on their own. They must have resources available such as mentors. They must know what their development plan is because they need to be involved in working through the plan but also in its development," said Heather Sunderlin, a consultant for the Tax & Accounting business of Thomson Reuters.¹⁵

Reflecting on her 12 years of experience as a public accounting firm management team member, Sunderlin added, "We began to identify those high performers, those high achievers very early on. Which meant if we recognized high performing characteristics at the intern level, we immediately offered them a position. We also began working on their future with our firm and we included them in the process."¹⁶

11. The Muse, 31 Jan. 2019, <https://www.globenewswire.com/news-release/2019/01/31/1708509/0/en/The-Muse-Survey-Finds-58-of-Next-Gen-Workers-Are-Looking-to-Change-Companies-in-2019.html>

12. Robison, Jennifer. Why Millennials Are Job Hopping. Gallup, 28 Oct. 2019, www.gallup.com/workplace/267743/why-millennials-job-hopping.aspx

13. Fry, Richard. Millennials Are Largest Generation in the U.S. Labor Force. Pew Research Center, 11 Apr. 2018, www.pewresearch.org/fact-tank/2018/04/11/millennials-largest-generation-us-labor-force/

14. Fry, Richard. Millennials Overtake Baby Boomers as America's Largest Generation. Pew Research Center, 28 Apr. 2020, www.pewresearch.org/fact-tank/2020/04/28/millennials-overtake-baby-boomers-as-americas-largest-generation/

15. Sunderlin, Heather, phone interview, April 23, 2020

16. Sunderlin, Heather, phone interview, April 23, 2020

Take note that, while technical expertise among staff is no doubt essential, focusing on interpersonal skills or soft skills is also important when guiding employees on their professional development journey. In fact, possessing strong soft skills is becoming especially important as a growing number of firms look to provide more value-add consulting and advisory services.



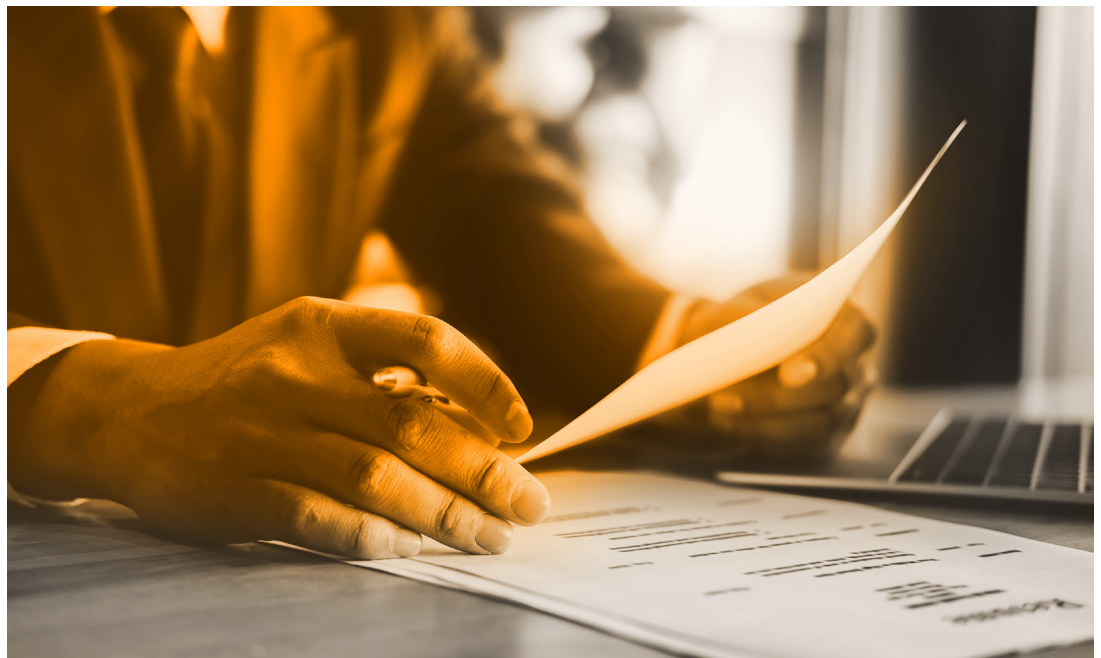
Hard and soft skills that are in demand for accounting professionals include:^{17 18}

- Strong communication skills
- Leadership abilities
- Up-to-date technology skills
- Sound analytical and strategic-thinking skills
- Specialized experience

Help ensure that employees' skill sets align with future priorities and that employees possess the skills needed for advancing their accounting career in today's dynamic business environment.

The bottom line: Fostering a culture of growth and career development is important for today's firms. It not only leads to having more skilled and knowledgeable associates, but also stronger employee engagement. Associates who believe that their employer is interested in their professional growth and who provides them the resources and paths to success will often feel more engaged.

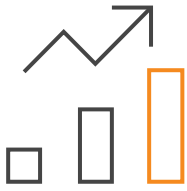
"Train people well enough so they can leave, treat them well enough so they don't want to."
— Richard Branson, founder of Virgin Group¹⁹



17. Accountants Need Hard and Soft Skills for Success. Robert Half, 14 April. 2017, www.roberthalf.com/blog/salaries-and-skills/accountants-need-hard-and-soft-skills-for-success

18. Accounting Skills You Need to Succeed On the Job. Robert Half, 23 July 2018, www.roberthalf.com/blog/salaries-and-skills/the-accounting-job-skills-you-need-to-succeed

19. "A Quote by Richard Branson." Goodreads, Goodreads, www.goodreads.com/quotes/1192705-train-people-well-enough-so-they-can-leave-treat-them



3. Drive Engagement

If you believe that your firm's success and employee engagement are not closely intertwined, think again. Engaged employees are not only happier and more productive, they are also more likely to stay with your firm.

In fact, a recent Employee Engagement & Retention Report by Achievers found that up to two-thirds of employees surveyed already have one foot out the door. Why? Disengagement.²⁰

Engaged employees are not only more committed to the organization, they are also more willing to put in their best work. This means happier clients and, ultimately, greater profitability for the firm.

Consider this: A survey of HR professionals found that more than 90% of respondents believe there is solid evidence linking engagement to performance, and they believe it has the strongest impact on customer service and productivity. Furthermore, highly engaged organizations are more than twice as likely to report being top financial performers in their industries.²¹

And, according to Gallup research, "Organizations that are the best in engaging their employees achieve earnings-per-share growth that is more than four times that of their competitors. Compared with business units in the bottom quartile, those in the top quartile of engagement realize substantially better customer engagement, higher productivity, better retention, fewer accidents, and 21% higher profitability."²²

So, how can your firm drive greater employee engagement? Through inclusion and involvement. One way to achieve this is by creating multiple teams or committees within your firm (i.e., a technology team, a recruitment team, etc.). This serves two purposes: First, you are moving your firm forward with new ideas and recommendations presented by team members and, second, you are including associates in the process of creating the firm they envision and want to work in. This can work even if you're a smaller firm of 10 or fewer associates, pair up into teams of two to form multiple teams.

Take, for example, a technology team. Staff this team with multiple people from different areas within your firm, and task them with evaluating what technologies you currently have and looking for ways to gain greater efficiencies. This enables your firm to move forward technologically and also involves your associates in the process. It's a win-win for your firm.

"Employees need to feel like they are part of developing their future firm. That is so important in my mind. If you have a technology committee, a retention committee, a recruitment committee and there are multiple people on those teams they are going to bring some amazing ideas to the table," Sunderlin said.²³

Employees will also feel more engaged when they have trust in leadership, a solid relationship with their immediate supervisor, and feel recognized and appreciated for a job well done.

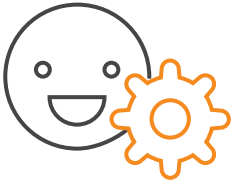
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20. Achievers, 30 Jan. 2020, <https://www.achievers.com/press/achievers-survey-finds-up-to-64-of-employees-surveyed-may-leave-their-jobs-in-2020>

21. The State of Employee Engagement in 2019. HR Research Institute/Bonusly, 2019, <https://cdn2.hubspot.net/hubfs/1973303/Content Assets/HR.com State of Employee Engagement 2019 Report.pdf>

22. Harter, Jim. Employee Engagement on the Rise in the U.S. Gallup, 26 Aug. 2018, news.gallup.com/poll/241649/employee-engagement-rise.aspx

23. Sunderlin, Heather, phone interview, April 23, 2020



It is interesting to note that, according to a Robert Half study, the top three drivers of happiness among accounting professionals are:²⁴

- 1. Feeling appreciated for the work they do**
- 2. Being treated with fairness and respect**
- 3. A sense of accomplishment for their work**

Given that employee engagement is so closely correlated with organizational performance, one could argue that firms should measure it and find ways to continually improve engagement. Research suggests, however, that just over half (54%) of organizations measure engagement. Among those organizations, most use multiple measurement methods such as annual surveys and exit interviews to assess engagement.²⁵

While annual surveys and exit interviews may be the most commonly used measurement methods, firms shouldn't overlook the value of stay interviews in driving greater engagement and retention.

"I'm not a big fan of exit interviews. It's too late during the exit interview to find out why someone is leaving. I am a huge advocate for stay interviews. ... Stay interviews are critical. I believe stay interviews should be done on an annual basis," said Sunderlin. "Stay interviews are going to give you the insight into why an employee is staying, what they would like to see changed, and how you could better engage them personally in the firm. I find stay interviews to be a successful retention initiative."²⁶

The insights you can gain through stay interviews are not only significant, but stay interviews also enable employees to feel heard. Listening to associates — and acting on that feedback — is very important. As in any relationship, communication is key.

Underscoring this point, Achievers' Employee Engagement & Retention Report found that 90% of survey respondents said they are more likely to stay at a company that takes and acts on feedback.²⁷

Proactively engaging employees (and measuring your engagement success) will help your firm elevate talent and drive greater retention. In short, this means higher productivity, happier clients and, ultimately, greater profitability.

Perhaps author and motivational speaker Simon Sinek summed it up best when he said, "When people are financially invested, they want a return. When people are emotionally invested, they want to contribute."²⁸

24. The Secrets of the Happiest Companies and Employees. Robert Half, 2016, https://www.roberthalf.com/its-time-we-all-work-happy?utm_campaign=Press_Release&utm_medium=Link&utm_source=Press_Release

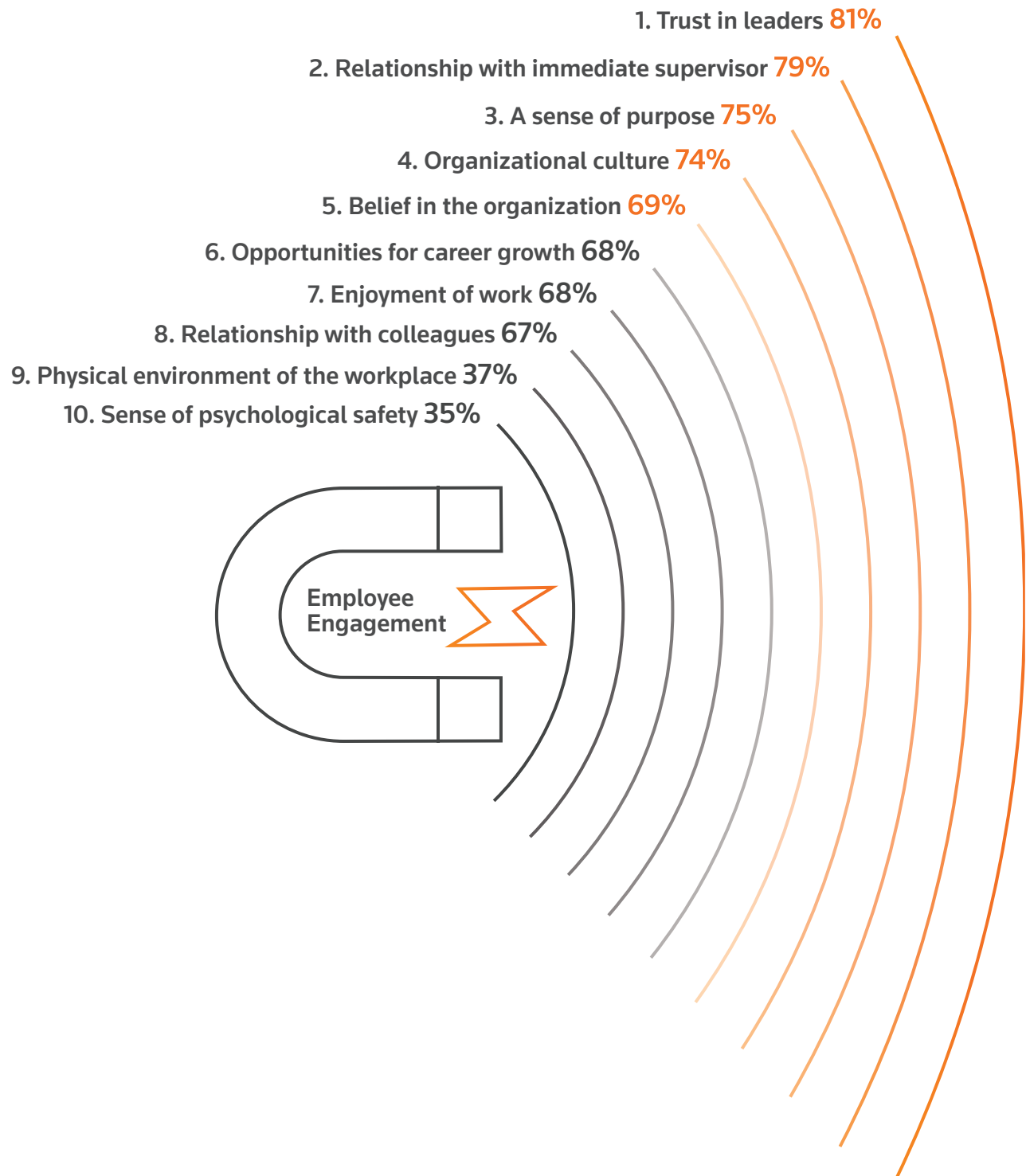
25. The State of Employee Engagement in 2019. HR Research Institute/Bonusly, 2019, <https://cdn2.hubspot.net/hubfs/1973303/Content Assets/HR.com State of Employee Engagement 2019 Report.pdf>

26. Sunderlin, Heather, phone interview, April 23, 2020

27. Achievers, 30 Jan. 2020, <https://www.achievers.com/press/achievers-survey-finds-up-to-64-of-employees-surveyed-may-leave-their-jobs-in-2020>

28. "Top 20 Simon Sinek Quotes That Reveal the Hard Truths About Success." Goalcast, 29 Aug. 2017, www.goalcast.com/2017/08/29/top-simon-sinek-quotes-hard-truths-success

Top 10 factors that are most highly linked to employee engagement: ²⁹





Providing associates with a sense of empowerment and the flexibility to achieve a greater work-life balance (i.e., flexible work schedules, telecommuting, compressed workweek, etc.) can also help your firm promote a positive workplace culture.

4. Create the Ideal Culture

Employees will also feel more engagement when they are part of a positive and inclusive workplace culture. Therefore, creating an ideal corporate culture is critical to attracting and retaining accounting firm talent.

In fact, Hinge Research Institute found that when employee candidates were asked what criteria they would use to evaluate a career opportunity in professional services, firm culture ranked No. 1 at 84%. Competitive salary/compensation ranked second.³⁰

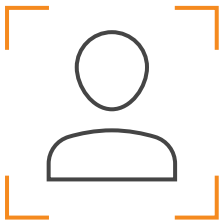
Underscoring this point, a Deloitte survey found that 52% of millennials and 57% percent of Gen Zers say a positive workplace culture is “very important” when choosing to work for an organization.³¹

Creating the ideal culture begins with hiring people who mesh well with your firm. Hiring someone who is not an ideal fit not only means that person will probably be unhappy, but it can also dampen the morale of the entire team.

So, what is the ideal culture? For many associates, a positive corporate culture is one rich in diversity, inclusion, and flexibility. This is especially true among younger associates.

Younger associates tend to correlate diversity not with a mechanical process of filling quotas but rather with a forward-thinking mindset that involves tolerance, inclusiveness, and openness to different ideas or ways of thinking.³²

Providing associates with a sense of empowerment and the flexibility to achieve a greater work-life balance (i.e., flexible work schedules, telecommuting, compressed workweek, etc.) can also help your firm promote a positive workplace culture.



As outlined by Robert Half, consider the following:³³

- Empowerment helps staff develop critical skills they can use to advance their careers and make greater, more meaningful contributions to the company
- Empowerment makes workers feel more invested in the jobs they do because they are the ones making decisions
- Letting go of the reins also helps team members build confidence as they realize they are able to make the right decisions
- Empowered employees feel more comfortable questioning the status quo and suggesting new ideas

“I think what’s important is giving employees that autonomy to be creative and come up with ideas,” Arbas said.³⁴

It is important to note that a positive and inclusive corporate culture must come from the top down. Therefore, firm leaders should reflect on their leadership style and abilities and ask themselves such questions as: Do I possess the traits of a positive and inclusive leader? What are the areas in which I can improve?

30. Employer Brand Study. Hinge Research Institute, 2017, <https://hingemarketing.com/wp-content/uploads/2017/07/Research-EmployerBrandStudy-1.pdf>

31. 2018 Deloitte Millennial Survey. Deloitte, 2018, <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/About-Deloitte/gx-2018-millennial-survey-report.pdf>

32. 2018 Deloitte Millennial Survey. Deloitte, 2018, <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/About-Deloitte/gx-2018-millennial-survey-report.pdf>

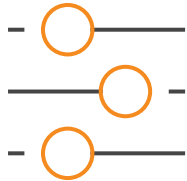
33. The Secrets of the Happiest Companies and Employees. Robert Half, 2016, https://www.roberthalf.com/its-time-we-all-work-happy?utm_campaign=Press_Release&utm_medium=Link&utm_source=Press_Release

34. Arbas, Mo, phone interview, April 23, 2020



As noted by the Harvard Business Review, being an inclusive leader can directly improve performance. Its research found that teams with inclusive leaders are:³⁵

- 17% more likely to report that they are high performing
- 20% more likely to say they make high-quality decisions
- 29% more likely to report behaving collaboratively



So, what makes one an inclusive leader? According to the Harvard Business Review, there are six traits that distinguish inclusive leaders from others:³⁶

1. A visible commitment
2. Humility
3. Awareness of bias
4. Curiosity about others
5. Cultural intelligence
6. Effective collaboration



To further illustrate, consider the following tangible leadership behaviors:

- They take a few moments each day to chat with employees about non-work related matters, asking how they are doing, asking about their family, etc.
- They regularly invite different employees to join them for lunch.
- They are actively involved in employee recruitment, and attend and speak at career fairs to meet employee candidates.

Treating employees like people and not someone who is just there to complete work, or to start work or projects. It is being a partner with them. That is someone I want to follow," Arbas said.

As illustrated, being a positive and inclusive leader involves ensuring that every employee feels valued and respected, and understanding the importance of frequent, smaller actions and feedback.

"Apart from all the skill that they should have or the knowledge that they should have, a leader, meaning leading a group of people, should have the qualities of being a good mentor and having empathy," said Arbas. "... Treating employees like people and not someone who is just there to complete work, or to start work or projects. It is being a partner with them. That is someone I want to follow."³⁷

Added Sunderlin, "A lot of managing partners do not realize that the employees around them are going to mirror their actions. Employees are learning from them every single day. The managing partner is servicing his or her clients, they are taking care of business, but they also need to take care of their employees personally."³⁸

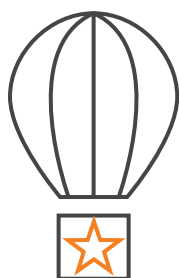
Clearly, firms that want to boost levels of employee engagement and drive greater retention must pay close attention to the workplace culture. It is undoubtedly one of the most important factors in becoming a successful talent magnet.

35. Bourke, Juliet, and Andrea Espedido. "Why Inclusive Leaders Are Good for Organizations, and How to Become One." Harvard Business Review, 29 Mar. 2019, <https://hbr.org/2019/03/why-inclusive-leaders-are-good-for-organizations-and-how-to-become-one>

36. Bourke, Juliet, and Andrea Espedido. "Why Inclusive Leaders Are Good for Organizations, and How to Become One." Harvard Business Review, 29 Mar. 2019, <https://hbr.org/2019/03/why-inclusive-leaders-are-good-for-organizations-and-how-to-become-one>

37. Arbas, Mo, phone interview, April 23, 2020

38. Sunderlin, Heather, phone interview, April 23, 2020



Conclusion

Attracting and retaining top accounting firm talent is challenging for many firms. Shifts in employee expectations, greater competition from tech players, and a constricting pipeline of accounting graduates means that the job market will only intensify. This means that some firms will need to rethink how they approach employee recruitment and retention.

Yes, offering a competitive salary is important but earning the loyalty and commitment of your employees is about so much more than a paycheck. It's about encouraging your staff to grow and learn through career progression and professional development opportunities, driving employee engagement, creating a positive and inclusive workplace culture, and leading with humility and empathy. Elevating your firm's talent is also about effectively communicating and marketing your employer brand to employee candidates.

Your employees are your most valuable asset. How will your firm better compete and elevate firm talent?

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