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Succession planning is one of the most pressing issues facing firms today, as an aging partner group considers who among their younger associates will be prepared to assume leadership. And career growth opportunities are one of the chief reasons that promising young CPAs join or remain with a firm, according to the PCPS Top Talent Study. That means that nurturing future leaders is an important element in both staffing and succession. This brief will highlight several steps firms can take to enhance their own leadership development efforts.

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Practical Ideas for Nurturing Future Firm Leaders

- ▶ **Acknowledge the problem.** The leaders at Ostrow Reisin Berk & Abrams, Ltd. (ORBA), a local CPA firm in Chicago that celebrated its 30th anniversary in 2007, have always taken a hands-on approach to firm management. As a result, says director Jim Quaid, the firm was not at the forefront on practice management initiatives, but it also had the chance to learn from other firms' mistakes. (Note: The firm's partners are called directors.) In the last year or two, however, "we realized we needed help," he says. "Directors work a significant amount of hours managing our practices and we needed to delegate some of the human resources work. We were not able to spend enough time on it and achieve what we wanted." The 100-person firm decided it needed a human resources professional who could focus her entire energy on staffing issues, removing this responsibility from firm leaders. The firm let staff know that the new HR position was created to initiate new opportunities for them, Quaid says. "We tell our employees that they're important to us," he says, "so now we're putting our money where our mouth is." Among other steps, the HR professional will be reviewing the firm's mentoring program, benefits packages, and other HR initiatives.
- ▶ **Create a career path.** Firms sometimes lose promising people because ambitious young CPAs aren't certain how to advance. The HR director at ORBA is also working on a document that will help define career progression within the firm so that everyone knows what is expected of them at each level. By doing this, ORBA hopes to better identify the next group of leaders as well as how best to retain good people who may not want to move into management positions. The firm is also investigating leadership development programs, in another acknowledgement that it may need outside expertise to achieve success.

- ▶ **Take a risk.** Nurturing a good leader may involve allowing that person to go farther than you assume they're ready to go, notes Christine Baker, principal of The Rehmann Group, in Grand Rapids, Michigan. "Put them in a situation where you know they may make mistakes, but not career-limiting moves," she advises. "They will learn a lot and grow from it." Offering a promising young person greater client contact is one example. "We know we hire talented people, so we ought to be able to trust them to take some risks," she says.
- ▶ **Include them in planning.** Veteran firm leaders may sometimes forget to involve younger people in firm decision making and planning, Baker says. "You may be planning for the next 5 to 10 years, but those younger people will be with the firm for the next 20 to 30 years. They may have legitimate opinions to share. They should be included and trusted to respect any confidential information involved."
- ▶ **Involve them in firm growth.** Baker's 600-person firm has experienced a great deal of recent growth, in part due to acquiring other practices in target markets. Such acquisitions are great business opportunities for the firm, but they can become tremendous distractions for firm leaders. Baker suggests involving younger leaders in integrating the new practices into the firm. This step removes the burden from firm leaders and provides growth opportunities for young talent.
- ▶ **Provide networking opportunities.** Baker's firm has a pilot project aimed at developing women leaders as part of its overall leadership program. Women are teamed with more senior female leaders in a different office or practice group, allowing them the chance to discuss their goals and broaden their understanding of and involvement in the firm. In the end, a solid leadership development plan is the best way to keep a good thing going. "Our firm has been very successful, so there is always a reluctance to change," Quaid says. "But if we want our success to continue, we do need to explore new and challenging ways of doing the things we do, including developing future leaders who will lead our firm for the next 30 years."

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Related Resource: AICPA Emerging Partner Training Forums

CPAs seeking a solution to their leadership challenges should consider the AICPA Emerging Partners Training Forum, which is specially designed to provide leadership training for talented young CPAs in smaller firms. This year's Forum will take place on June 3 and 4 at the Marriott at McDowell Mountain in Scottsdale, Arizona. The speakers are nationally known consultants and firm leaders; the practical presentations cover every aspect of leadership. In addition, the Emerging Partners Training Forum Part II — designed for alumni of past Forums — will take place on August 7 and 8 in New York. For more information [click here](#).

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Take a Survey and Improve Your Busy Season

Recently the AICPA Tax Division made a regulatory suggestion to the IRS, asking that they limit the extension on Form 1065 to a maximum of 5 months which would make calendar year partnership returns due September 15. The purpose of this request was to cause partners to receive Schedules K-1 in a timely manner enabling them to file their Form 1040 on time. It would also prevent corporations which held partnership interests from receiving Schedules K-1 beyond the due date for their returns.

The AICPA recognizes that this regulatory approach is not perfect and is considering, as a follow-up, whether there is consensus among members about how to provide statutory relief for this longstanding problem which has only gotten worse with the exponential growth in the use of LLCs. The difficulty that partnerships have in obtaining a fiscal year is another major contributor to this problem.

In order to determine how the AICPA proceeds in discussing with Congress appropriate legislative relief from the issues surrounding the late receipt of Schedules K-1, please take a few minutes to answer [a survey](#) to indicate which of the actions you would like the AICPA to recommend that the US Congress take. Afterwards, please answer a few biographical questions to help us understand your point of view.

We hope your recent busy season was a prosperous one and we very much appreciate your assistance in this matter.

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