



PCPS BRIEF

Ways to Encourage Your Employees to Take the CPA Exam

Welcome to the *PCPS Brief* — the monthly newsletter that synthesizes information, news and resources around a particular issue or concern and offers actionable ideas for your practice.

You remember the days. ... Fresh out of college with accounting degree in hand, you found that the first order of business in your new job was to prepare and sit for the CPA Exam. How times have changed. Whether it's an increased workload, procrastination on the part of candidates, or the launch of computerized testing, the bottom line is that participation in the CPA Exam dropped 37% in 2004. In order to ensure a healthy profession in the coming years, it's up to each of us to reverse this trend. Are you playing your part? Consider these statistics from a recent study commissioned by the AICPA, NASBA and Prometric:

- Firm owners surveyed felt it is important for entry-level accountants to pass the exam, yet three-quarters of recent graduates said they do not feel pressure to sit for it from their managers or from other staff.
- Only 37% of the recent graduates said their firms provide enough time off to study for the exam.
- More than half (53%) of the candidates said there is not enough time to study.

Read on to learn how to encourage your employees to sit for the exam. Once they're certified, they will command higher billing rates and feel more committed to the firm.

Pros ... and challenges of the computer-based CPA Exam

Testing times. One of the biggest changes since the April 2004 launch of the computerized CPA Exam has been the increase in availability of testing times from twice a year to four testing windows. For the profession, this ability has turned out to be a double-edged sword. Studies indicate that candidates may no longer feel the same sense of urgency about taking the exam as they did when it was offered only twice a year. Further, preparing for the exam is often the last priority for new recruits as their employers require "all hands on deck" to cope with an increasing workload. In fact, for the question of why potential candidates had not scheduled or taken the exam, the No. 1 reason cited was "work pressure."

Changes in format and content, for the better. The new CPA Exam was developed with the aim of testing candidates on "real life" scenarios that they likely will encounter on the job. Moving to an exam in computerized format allows the content to be continuously updated so that it reflects the ever-changing demands of the workplace. For instance, many candidates prepared for the paper-based exam by memorizing rules. With the computer-based format, in addition to technical knowledge, examiners can assess the candidate's research, analytical, judgment and communication skills that are required of CPAs to make sound business decisions. The new format seems to be working. In its first year of rollout, pass rates for the computerized exam have overtaken those for the paper version. Also, 97% of candidates report being satisfied with their test experience on the new exam.

[Click here](#) to read the *Journal of Accountancy* article "A Vision Fulfilled," which reviews the new CPA Exam one year after its launch.

Are you familiar with the new CPA Exam?

Here's a quick test. Can you name off the top of your head the four sections of the new CPA Exam? [*Auditing & Attestation; Financial Accounting & Reporting; Regulation; Business Environment & Concepts*] How many sections (out of four) must a candidate take at one time? [*One*] If you were unsure of the answers, you're not alone. When you sat for the exam, the only two testing times available in a given year were May and November. From your days as a new recruit, you will no doubt recall that your firm made a concerted effort leading up to those months to prepare you thoroughly for the exam. With increased testing time availability, it's probable that fewer people will take the exam as a "class." Confusing the matter is that candidates now have the option to take each of the four sections individually. Although the increase in testing times makes the exam much more convenient for the candidate, it can be an administrative nightmare for the managing partner. How can you put your full support behind staff members prior to the exam when you're not sure when they plan to sit for it and which section of it they'll take?

How to manage the process. To overcome this problem, PCPS developed an [Excel spreadsheet](#) to track which sections of the CPA Exam staff members have completed and when they will sit for the next section. Consider using this tool that outlines employees' progress in becoming CPAs as a key performance indicator in their annual review. Additionally, rather than offering your employees all testing window dates, think about implementing a policy that limits when they take the exam to only certain times within a year. If your practice experiences peaks and valleys in the annual workload, this so-called "window" strategy will let you focus on preparing your staff for the exam during down times.

Do you know what topics are covered? Could you pass the new computer-based exam? [Click here](#) to access a tutorial that includes a review of the new exam's format, navigation functions and tools. Then challenge yourself by taking a [sample test](#). Although you're not required

to know the exam's ins and outs, knowledge of its format and content will give you an appreciation of the experience your staff members have to undergo. For an exam overview specifically targeted at employers, [click here](#) to access a free Webcast.

You may [click here](#), as well, to access "Tips on Preparing Employees for the New CPA Exam," a *Journal of Accountancy* article exploring best practices for test preparation, along with advice for firms on how best to support candidates.

Adopt a formal CPA Exam policy

When taking the CPA Exam can be delayed, it's no surprise that new recruits are going to focus their energy on more pressing work-related issues. Therefore, it is imperative that managing partners communicate the importance of the exam to their employees. However, it's not a matter of "all talk and no action" – managers and partners must give their employees the tools to succeed. No matter the size of your practice, the first step is to develop a formal CPA Exam policy, which clearly outlines the following:

1. **Your expectations for employees regarding the CPA Exam.** How long will you give your employees to successfully complete the four sections of the exam? What are the ramifications for recruits who do not sit for it on a timely basis?
2. **The level of support the firm will give candidates when they prepare for and take the exam.** Will you give candidates paid time off to study? Will you pay for the CPA review course? Will you assign a mentor to guide recruits through the process? If you are a partner in a firm too small to be able to provide many of the resources described above, consider partnering with your local university. Often, professors can provide reasonably priced CPA review courses, as well as help mentor your employees through the exam process. They may work with you to develop the exam policy, as well. [Click here](#) to view a *Journal of Accountancy* article entitled "The Practitioner-Professor Link" for innovative ways to partner with a local college.
3. **What employees can expect when they pass the exam.** Will they get a promotion? A bonus?

[Click here](#) for an example of an exam policy developed by Glaw, Londergan & O'Neal, LLP, a CPA firm in Houston.

And don't be afraid to "talk up" the exam within the firm. For example, be sure to regularly praise employees at staff meetings who have passed, and take the time to ask new recruits how their studying is going. There is no greater motivator for candidates to prepare for the exam than if their managing partners take an interest in their progress.

What's in it for you?

If every firm works toward increasing enrollment levels in the new CPA Exam, the end result will be a profession able to adapt to a constantly changing business environment and to continue fulfilling the obligation to

protect the public interest. On a micro level, the benefits to firms for encouraging employees to sit for the exam include:

1. The new CPA Exam tests candidates on issues and problems they will probably face in the "real world." In the long run, having more knowledgeable staff reduces the burden on your senior staff to teach accounting fundamentals.
2. It literally pays to have CPAs on staff. Staff with the CPA credential can command higher billing rates.
3. Look at the exam as a way to keep your best and brightest. It's been proven that employees who pass are less likely to become disillusioned with the profession and to leave for another industry.

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