



PCPS Brief

Grooming Future Leaders: Two Firms' Approaches

Last month, the PCPS Brief was written by AICPA Vice President—Small Firm Interests Jim Metzler, based on a presentation on leadership that he will give at the AICPA Practitioners Symposium on June 4-6 in Phoenix (www.cpa2biz.com/conferences). This month, representatives of two firms discuss their own leadership programs and offer advice to other practitioners on strategies to groom a new generation of leaders.

Ambitious young professionals seek out firms that offer them chances to enhance their skills and advance their careers. That fact was confirmed by the PCPS Top Talent Study, which found that the most promising young CPAs cited career growth opportunities as the top reason to join or stay with a firm. A strong leadership development program offers several benefits to a firm:

- Helps to attract and retain the brightest young people.
- Ensures a smooth transition to the next generation of leadership. As the current partners prepare for retirement, it's important to have a well-prepared new group ready to take the helm.
- Enhances the staff's ability to take on new responsibilities for client service and practice development.

Building a Program

In 2004, RubinBrown created an in-house leadership program as part of an effort to find innovative solutions to the development needs of young and upcoming leaders of the 330-person firm, which has offices in St. Louis, Missouri, and Overland Park, Kansas. "We were concerned about retaining our top talent," according to Fred Kostecki, partner and chair of the assurance services group, "because that's what drives our success." The firm considered an outside solution but decided that option was too costly and allowed for limited participation.

Instead, the practice developed its own two-year program built around a quarterly curriculum. In its first year, the program began with 10 people, and five are added each year. New presentations and activities are created for each new group. Each quarter focuses on one topic that the firm believes is a critical success factor, such as strategic planning, time management and networking. There are monthly two-hour meetings and required reading for each topic. Outside speakers have included Chuck Knight, the former CEO of Emerson Electric; Dick Fleming, of the St. Louis Regional Chamber of Commerce and Growth Association; and the head of the St. Louis Economic Development Council, who spoke about business incubators.

There are also activities such as the "hot seat," in which the participants select a partner or a member of senior management whose expertise relates to the quarter's topic and pepper him or her with questions. In another instance, when the quarter's topic was effective presentations, each participant gave a presentation to the group and was then critiqued on his or her performance. The group's comments and observations formed the basis of a firm best practices document on presentations. Outside activities have included cultural events, field trips to a client business or a meeting with a high-profile business person. The firm has also arranged networking opportunities with emerging leaders at local banks and law firms, where the young professionals can meet and share experiences.

Any non-partner team member may apply to participate, including administrative personnel. The program is governed by a board made up of three partners, including Kostecki. There is also a leadership program alumni advisory committee that offers input to the governing board. "Now that we have some graduates, we felt it was important to solicit their opinions and help," Kostecki says.

The firm considers the effort a success. "We have received very positive feedback from participants," Kostecki says. Since the program's inception, 40% of participants have been promoted to partner or manager, and the firm has retained approximately 85% of participants, which is above the firm's overall average.

"The program builds excitement," Kostecki says. "We've communicated the benefits of the program to the rest of the firm and we talk about it in recruiting. We also feel the experience helps improve the effectiveness of our most promising staff."

He offers this advice to firms interested in launching similar efforts:

- Create a charter that clearly outlines the program's purpose, objectives, governance, eligibility, structure, responsibilities and expectations for participants.
- Use a rigorous application to limit the program to the firm's top performers and encourage more active participation. The governing board reviews all applications and chooses participants.
- Provide a consistent structure—such as the firm's quarterly topics and mix of meetings, readings and outings—with enough flexibility to keep the program vibrant.
- Get partner buy-in and participation to give the effort a solid foundation.
- Evaluate progress and results each year to make changes as necessary.

Customizing an Existing Program

In Michigan, the Rehmann Group took another route but is equally pleased with its results. In 1999, the firm introduced a Dale Carnegie training program that it felt would guarantee a consistent approach to its efforts, according to Ricardo Resio, director of human resources. For its leadership program, the firm's objectives included:

- Enhance leadership skills.
- Make full use of the potential of its associates and midlevel staff.
- Empower this group and encourage greater delegation to them.
- Build stronger communication and people skills.

Between 1999 and 2006, over 220 associates had been through the training at the firm, which has 12 offices and 550 staff. "We operate sometimes as if each office was its own firm," Resio says. "We wanted to build a strong community across all locations. We also sought to improve retention of our associates, especially potential future leaders."

Firm members don't apply for the program but instead are selected. Human resources makes the first pass, picking out those who meet the minimum qualifications: seniors or higher who have been with the practice at least two years. Their list is then sent to the managing principles at each office, who are asked to identify potential future leaders among the group.

Those who are selected go through a six-week course in the firm's office in Saginaw that lasts from 9 to 1 on work days, meeting every other week. Although developed by the Dale Carnegie organization, the material is customized for the firm. "We talk to them about our culture, mission and vision, and they incorporate those aspects into the program," Resio says. Beth McMall, a Rehmann principal involved in HR consulting, is the primary trainer for both programs. "Any Dale Carnegie franchise will look to customize their programs to your objectives, but Beth has such an in-depth understanding of our business that she takes this level of customization to a whole new level," Resio says.

In addition to the leadership training, the firm now also offers managers a course on relationship management training. It is based

on the Dale Carnegie sales training, but it has been customized for Rehmann to focus on building and deepening relationships. The overall objective, according to Resio, is to improve skill sets and enhance client satisfaction and business development. Ninety managers had taken this training by the end of 2006. Sales have improved, and Resio says firm members have had greater success in using a team-based approach to expand services to clients.

What overall results has the firm seen? In 1999, turnover at the firm was 26%. Since inception of the training programs, it has been as low as 16%, although it has recently moved up to 20%. But improved retention has not been the only benefit. "Both programs have given us a common language and a way to address problems based on the principles learned," Resio says. In particular, if an employee is not performing at the optimum level, managers are encouraged to rely on their training to work with the person to solve the problem. "Managers sometimes give the answer to staff," Resio observes. "But people should participate in the world they help create. We try to allow them to become part of the solution."

The firm last year also introduced Dale Carnegie training for its professional support group. "These people are vital to our firm," Resio says. "We felt they could also benefit from some form of leadership training customized to their role in our firm that would also enhance their customer service skills." The initial effort was considered a great success, he says, and the firm plans to offer the program to every associate in this department within the next four years.

Resio's firm also takes advantage of outside training programs, including the AICPA Emerging Partners Training Forum, a two-day program that introduces promising young professionals to the many issues facing a firm leader (see below for more information). "The two programs are very complimentary," Resio says. Christine Baker, the firm's director of business valuation and litigation services, attended the Forum. "We were excited for her to go," Resio says. "I want to create a sustained program, and the AICPA program can be a great benefit for our higher level associates, like senior managers and principals." He notes the value of Forum sessions offered by presenters such as former Institute chair Leslie Murphy, former PCPS Executive Committee chair Richard Caturano, current PCPS Executive Committee chair David Morgan and consultant Allan Koltin.

Options for Smaller Firms

How can a smaller firm adapt a program for its own needs? Kostecki and Resio both suggest that they consider outside leadership programs that suit their needs but don't strain their resources.

Other effective but more informal options for smaller firms include:

- Using networking opportunities to find out what other small firms are doing and how their approaches can be used in your practice.
- Identifying potential leaders early on and considering how they can contribute to the firm while advancing their own careers.
- Coaching top performers on skills that are important to the firm, such as client service, practice development or supervision.
- Building relationships with the top talent to show you care about their careers and are available to offer advice and mentoring.
- Introducing them to clients or client staff as appropriate.
- Finding an in-house champion, a firm member who is a great leader and may have the passion needed to launch your own program. Then allot them the hours they need to research and implement the effort.

Above all, Resio urges all firms to take the first step. "You learn more by doing than by planning," he says.

Small firms that don't have the time or the resources to develop an effective leadership training program can turn to the AICPA Emerging Partners Training Forum. Developed by PCPS, it offers hands-on training sessions given by nationally known consultants and practitioners. Topics include identifying and fostering leadership talent; marketing and business development; client retention and satisfaction; management skills; and conflict management. Participants can also meet and network with other promising young CPAs. PCPS members receive a discount on registration and get follow-up bi-monthly support calls from the AICPA PCPS team to help them implement what they learn. This year's Forum will take place on July 17 and 18 in Chicago. For more information, go to www.cpa2biz.com/conferences.

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