



Hidden Talent: Finding Solutions to Today's CPA Talent Shortage



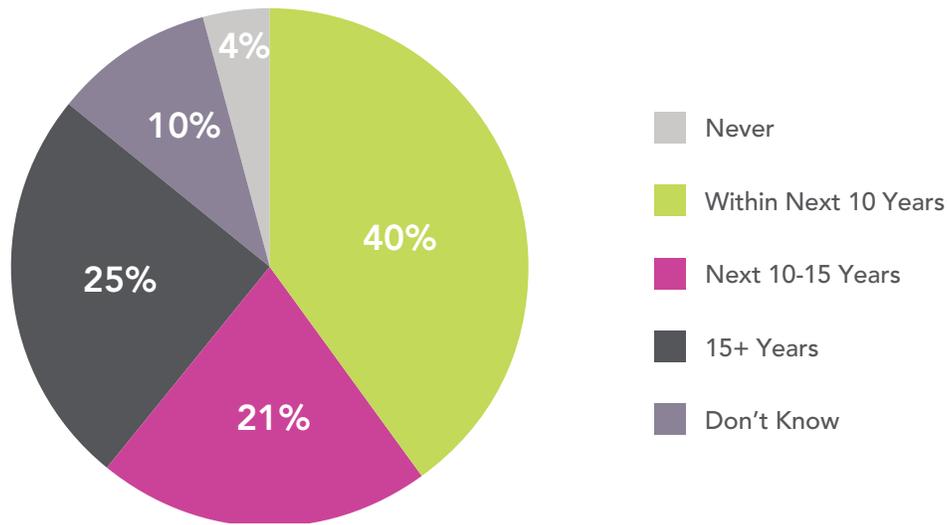
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Hidden Talent: Finding Solutions to Today's CPA Talent Shortage

In the late 1990's, Grammy-nominated recording artist Paula Cole famously wondered, "Where have all the cowboys gone?" The tune the majority of today's CFOs and accounting firms are singing is largely the same – simply swap "CPAs" for "cowboys."

Demand for skilled CPAs and accounting professionals is skyrocketing as lean-running firms and financial departments rebound from the recession. The trouble is, amid the steady wave of retiring Baby Boomers, highly qualified accounting talent is increasingly hard to come by – and competition for that talent is intensifying.

When Do CPAs Plan To Retire?



In the face of this talent shortage, firms are implementing several strategies to bridge skills gaps, make their companies more attractive to high-caliber accounting professionals and find (and keep) the professional-level people they need. This paper addresses the market dynamics behind the war for top accounting talent and offers insights and best practices to help you win that war.

The perfect storm for a talent shortage

An unprecedented confluence of factors created the CPA talent gap. First, the economic downturn took its toll on the industry, forcing many firms to reduce headcount and increasing pressure on those who remained. Then, regulatory changes that followed the financial crisis, compounded by the Affordable Care Act, further exacerbated firms' heavy workloads with complex, labor-intensive challenges. As a result, even though the economy has improved, firms have struggled to keep up – and are all competing to bring on skilled professionals to alleviate pressure and seize opportunity.

"Every firm I hear about is looking for senior accountants," says David Grossman, Founding Shareholder and COO of Houston's GBH CPAs. "They're the primary doers, dealing with the critical aspects of each engagement, managing all of the junior staff and the client relationships – which is why they're also in the greatest demand."

"Colleges are doing a great job of developing graduates," says Wayne Silverman, Founding Shareholder of Manning Silverman & Company, located in the Chicago suburbs. "They're out there, if you're willing to invest the time to train them up. But the demographic of people with 5-to-10 years of experience is harder and harder to find."

At the same time, the nature of accounting work has evolved. Today, firms need accountants that are not only well-versed in accounting principles and technical accounting skills, but also excel in “soft skills” such as client management and communication.

“Demands on the last generation of accountants were very different. We didn’t live in an instantaneous society,” observes Silverman. “It used to be perfectly okay to tell a client, ‘I’ll get you a written response,’ take the time to craft the response, send it through the mail, and then call the client back and review it. Now, you’ll get an email at 8:00 A.M., and the client expects a response back by 8:30. The turnaround time and the skillset to respond to a multitude of clients’ needs is much more needed than ever before.”

Additionally, as firms take a more proactive, consultative and analytics-driven role, their accounting professionals need greater proficiency with computer and software technology. Skills in high demand include:¹

- Advanced Excel® skills
- Knowledge of large enterprise resource planning (ERP) systems
- Expertise in data analytics, advanced modeling techniques and the use of SQL
- Knowledge of business intelligence software (e.g.: IBM® Cognos®/MicroStrategy®)
- Aptitude with Hyperion® (for analyst/financial reporting roles)
- Knowledge of QuickBooks® (for small/mid-size firms)

“So much of what we do now is on the computer,” says Grossman. “We need people with good skills using your basic programs, and at least a cursory knowledge of QuickBooks.”

The New CPA

Yesterday’s CPA

- Relaxed client relationships, with more time to accomplish work
- Fixed daily tasks
- Technical skills much more important than “soft skills”
- Shorter average time to make partner

Today’s CPA

- Clients expect instant responses; CPAs must prioritize work and handle multiple clients efficiently
- Daily tasks change frequently depending on client demands
- Business development, networking, critical thinking and client services skills as important as technical skills
- Increase in breadth and depth of necessary skills to make partner
- Over 40 states require 150 semester hours of education to complete CPA certification – equivalent to a Master’s degree

Finding the hidden talent *within*

Competitive salaries and benefits packages are clearly table stakes for attracting and retaining top talent, which is why many firms are exploring new incentives. Creating engaging and collaborative work environments is one strategy. Offering flexible work schedules to improve work-life balance is another – pioneered by the biggest global professional services firms. Perhaps most important of all is promising a bright future.

“You need to demonstrate a pattern of growth, for your business and your people,” states Wayne Silverman. “Young fliers today want to be with a firm that’s growing and that will allow their talent to flourish. If someone has two equal opportunities, and one of them has a track record of developing talent versus another who can’t retain its people, the decision would be very easy.”

That said, there is a growing consensus – shared by those interviewed for this paper – that the best talent strategy is often not to recruit externally, but to focus internally on training, development and succession planning.

“We’ve used recruiters in the past, but the problem is that recruiters have a bank of people that need a job because those candidates have been displaced elsewhere,” comments David Grossman. “What we’ve identified is that if there’s a senior out there who is available, that person typically has some fatal flaw.”

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“Quite honestly, most of the really good senior people are identified within their organizations and are being well taken care of,” agrees Silverman. “My best advice would be to invest and develop from within.”

GBH’s Grossman says he and his firm also rely on their personal and professional networks. “Some of the best folks we’ve found at the senior level are internal referrals, or referrals from friends or clients.”

How to cover talent gaps and uncover opportunity

It’s never too early to develop highly talented people. Mentorship and grooming of exceptional CPAs needs to start early – and remain continuous – in order to build and retain a roster of top professionals.

“You know the people who have it,” says Silverman. “They’re interested in growing and in developing. They’re more concerned about tomorrow than today. The hard part is keeping them in your organization and motivated to stay. These are the same people your competitors are looking for. There’s got to be good communication on a regular basis

about their value, their future, and making it clear that you, as an existing partner, are there to help mentor and shepherd their careers along. You have to show them they won’t stop short of reaching their full potential.”

Internships and apprenticeships are excellent and cost-effective ways to identify and bring in the next rising stars. Grossman explains: “We leverage interns and, if we really like them, we have them come back the next year to work with us full time. That way, we get to some of the more talented people earlier. That methodology has always worked for us.”

While identifying rising stars with “partner potential” is important, you should also look at your mid-level “lifers,” the people who won’t climb the ranks but perform with loyalty, consistency and quality. These individuals can be given a lot of hands-on client responsibility, playing the essential role of maintaining the business while others expand it.

“The traditional model has been to advance up or get out,” notes Silverman. “But today, there’s an opportunity for people to find a very comfortable position that’s integral to the long-term success of the company, working in concert with the high risers. These people can give you confidence there won’t be high turnover, and they can be made to feel very important in the organization.”

Training is also a critical component to advancing and retaining staff. Provide staff with opportunities for ongoing education and technology training. Conduct in-house training. “From the beginning of our firm, we spent a lot of time developing training we could do internally,” says Grossman. “We have several classes focused on project management and supervision.”

The New CPA

- Can think critically and develop conclusions based on data
 - Ability to develop strong, meaningful client relationships
 - Capacity to network and expand personal book of business
- Presentation skills
 - Language skills – especially Spanish and Chinese
 - Excellent communication skills

Most people recognize that the skills needed to be a successful accountant are evolving but these are some of the most sought after skills in today’s market

And, while formal training for soft skills may be difficult, give employees opportunities to hone these abilities through firsthand experience and regular, detailed feedback. Silverman describes his firm’s approach: “We do a lot of training – on client development, on networking, on bringing in prospects. Often, we’ll provide responsibilities in the proposal stage to make them very involved in the process of developing necessary skills to move into partnership.”

It’s important to take a balanced approach to training and development in order to cover skills gaps and help position your firm for growth. Look to ensure your team is well rounded in the aspects of:

- Technical proficiency – becoming a better accountant
- Client services – bringing more value to clients and maintaining the business
- Business development – expanding networks and helping the firm to grow

“All of your people don’t need to be the best at everything,” comments Silverman. “But everyone has to have some area in which they shine.”

Conclusion: 5 Best Practices for Finding and Retaining Top Talent

With the senior CPA talent pool as shallow as it is, firms are increasingly investing in training, mentoring and professional development to fill skills gaps and position themselves for growth and prosperity.

Here is a quick summary of the steps you can take now to look within your organization, see your way through the talent shortage and mitigate future issues when it comes to staffing qualified accounting professionals.

5 Best Practices For Finding And Retaining Top Talent

Identify and engage top talent early	Spot the rising stars, continually offer them opportunities to shine and regularly reinforce how integral they are to the future of your company.
Maximize your mid-level talent	Reward and recognize solid mid-level talent – make them integral to the organization and develop a solid long-term plan for them.
Cover talent gaps before they occur	Balance your firm’s skillsets and create reliable processes and succession plans to sustain workflow and ensure growth.
Train to retain	Invest in training your staff to make sure they have or get the skills they need – and to make/keep them integral to your firm’s future.
Outsource less essential tasks	Offload important but lower margin and less strategic activities, such as payroll, to trusted partners.



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Methodology

In October 2014, SourceMedia Research conducted an online study to learn more about the small business clients at accounting firms. In total, 299 accountants participated in the study. Respondents were drawn from *Accounting Today* subscribers.



Sources

¹ Robert Half 2015 Salary Guide: Accounting & Finance,
http://s3.amazonaws.com/DBM/M3/2011/Downloads/Salary_Guide_Robert_Half_2015.pdf



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