

# Learning: The Key to the Seven Keys

By Jean Marie Caragher

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The Seven Keys to Successful CPA Firm Management is based on research conducted by Capstone Marketing and Rick Telberg, Bay Street Group LLC, over the past several years, including thousands of survey responses and interviews with leading authorities. Our research identifies the best practices and common characteristics that separate the competitively successful firms from the not-so-successful firms. We're calling them "The Leaders vs. The Laggards."

The Seven Keys to Successful CPA Firm Management are:

1. Leadership and management
2. Technology trends
3. Marketing and business development
4. Client service and satisfaction
5. Creating a great place to work
6. Building the learning organization
7. Strategy execution

In addition, the research revealed *learning* as the common denominator of highly effective, high-performing firms.

## Key World Class Learning Organizations

A Seven Keys CPA "World-Class Learning Organization" is defined as those multi-person public accounting firms that supplied "Always/All

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## Seven Keys

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the Time” to all of the four basic “Learning Organization” criteria:

1. We get the training we want.
2. We get the training we need.
3. Our training supports our personal goals.

4. Our training supports our business strategy.

Table 1 provides additional information on what sets apart a world-class learning organization from an average CPA firm.

Table 1: World Class Learning Organization Criteria		
Strategy execution	45 times more likely	“Our business plans are developed with input from everyone.”
	45 times more likely	“We meet regularly to check progress against our business plan.”
	36 times more likely	“We can articulate exactly how we’re better than our competition.”
Marketing and business development	20 times more likely	“Our business goals are <i>specific</i> and <i>measurable</i> .”
	27 times more likely	“Everyone is involved and accountable for generating new business.”
	21 times more likely	“We follow a written, strategic marketing/business development plan.”
	15 times more likely	“Individual people are held accountable for results.”
Creating a great place to work	13 times more likely	“We’re not afraid to turn away or ‘fire’ clients who don’t fit our target.”
	15 times more likely	“We work as a team, <i>not</i> as individuals.”
	12 times more likely	“Compensation levels are <i>fair</i> and <i>competitive</i> .”
Technology	10 times more likely	“Our turnover rate is lower than most of our <i>competitors</i> .”
	36 times more likely	“We get thorough and continuous technology training.”
	10 times more likely	“Performance evaluations are useful.”
	10 times more likely	“Top management leads by <i>example</i> .”
Client service and satisfaction	11 times more likely	“Clients don’t resist fee increases.”

### Learning that supports a firm’s business strategy

The study found that world-class organization leaders are three times more likely to conduct training that supports their business strategy. Training programs at many accounting firms are not coordinated properly. Successful firms develop training programs, while taking into account employee abilities and talents, to correctly match up employees with important tasks.

### Other findings in the profession

The AICPA’s CPA Vision Project, which is based on input from CPAs across the country and support from professional organizations that act on their behalf, identified continuing education and life-long learning as the top core value. It

does not simply mean continuing professional education, but the ongoing acquisition of new knowledge, skills, and experience or “competencies” for new tasks and opportunities. In a sense, it is more a matter of philosophy than of education. Also of interest are the project’s other top core values: competence, integrity, attuned to broad business issues, and objectivity.

According to the AICPA’s PCPS Top Talent Study, 63 percent of staff respondents *join* a CPA firm for training and professional-development opportunities, compared to 52 percent of partner respondents. Seventy-eight percent of staff respondents *stay* with a CPA firm for training and professional-development opportunities, com-

pared to 66 percent of partner respondents. The study reveals that staff requires training and learning opportunities and that they rate this discipline higher than partners do.

For the third year in a row, PwC was ranked first in TRAINING magazine’s *Top 125*. Now in its 10th year, the *Training Top 125* is the only report that ranks companies unsurpassed in harnessing human capital. In the February 2010 issue of TRAINING, Tom Evans, PwC’s Chief Learning Officer, said, “much of our investment will be in training that focuses on business acumen; pursuit management; effective client interactions and communication; and building high-value, trust-based relationships—in other words, training that is linked to enabling our

partners, managers, and people to grow the business.”

Jon Andrews, an executive partner at PwC’s London-based human resources management consultancy, adds, “The fundamental challenge of the learning business is less about the infrastructure than about embedding the learning within the strategy. Training won’t have an impact on ROI if it’s not connected to strategy.”

While local firms cannot rival the learning resources of Big 4 and national firms, they can create learning programs that will achieve the following:

- support industry niches, service specialties, and changing tax laws and legislation;
- enable the maximum use of technology to increase efficiencies and realization;

## Training Tips

Employees want and expect training and learning opportunities. Learning can help reduce risk and aid in the execution of a firm’s strategic plan. Here are a few additional tips to consider:

1. *Explore learning options, including Webinars, podcasts, and on-demand e-learning.* These new technologies are popular because they are timely, involve lower costs to create and use, and gain buy-in from younger generations. Going into FY09, e-learning comprised less than 20 percent of PwC’s curriculum. By the end of FY09, that number increased to 35 percent. And, the firm’s average effectiveness rating improved by 6.8 percent in that same time period. E-learning works!
2. *Include learning goals in performance reviews.* These goals should focus both on the firm’s strategy and the individual’s career goals. Consider the competencies and designations/certifications that are required for your firm to provide technically accurate services and compete in your marketplace.
3. *Be sure that someone is in charge of your firm’s learning program—designate a champion.* This champion will coordinate the learning function, for example, assess requirements, develop curriculum, and set schedules. It is also extremely important for the managing partner to view learning as a high priority.

- enhance the marketing and client-service skills of their professional staff, including being aware of the challenges their clients face; and
- create future leaders for their firms.

### Learning that reduces risk

Providing employee-training programs (*i.e.*, well-thought-out learning programs) that properly match employees to certain tasks is mutually beneficial to both employees and their firms, as both can grow and be successful. According to Andrews, "In today's world, people are taking a clear perspective that making the investment in people pays back multiple fold in the risks that you avoid because people know what they're doing."

"Previously, people were evaluated on their understanding of technical points," Andrews says. "Now, in the U.K., there is a requirement to demonstrate for the regulators that you are building people, that they aren't only passing exams, but are competent in a rounded fashion. Principles are about how you understand case studies and how to apply the rules in those scenarios. Rules are more black and white."

Some CPA firms make an annual habit of redefining the scope of their practice, going as far as to write a clear statement of their abilities and in-

abilities. If they have clients who do not fit into the scope of their practice, they refer them elsewhere. It is prudent to establish a policy for what types of engagements your firm will avoid because of a lack of technical expertise.

[L]ife-long learning ... does not simply mean continuing professional education, but the ongoing acquisition of new knowledge, skills, and experience...

Consider these statistics from CAMICO Mutual Insurance Company:

- Services that represent 65 percent or more of a firm's service concentration produce loss ratios of about 25 percent (*i.e.*, 25 cents of every premium dollar is a loss).
- Services that represent 15 to 65 percent of a firm's service concentration produce loss ratios of about 70 percent.
- Services representing less than 15 percent of a firm's service concentration: Loss ratios rise to a staggering 225 percent! Clearly, performing services in an area in which the firm

is not frequently practicing is risky. Firms should increase their competencies by:

- reading the professional literature;
- acquiring a designation in a specialization;
- consulting with a practitioner who is current in a specialization;
- joining a CPA society committee on a specialized area;
- joining a specialized association or society; and
- joining an association of other CPA firms to facilitate consultations, cross-referrals, and the exchange of expertise and information as part of the learning process.

According to Andrews, "The critical element is helping people understand how to access resources to make the right decisions at the right time."

**About the author:** Jean Marie Caragher is president of Capstone Marketing, providing marketing consulting services to CPA firms, including Brand Surgery<sup>SM</sup>, marketing and strategic planning, retreat facilitation, training, and marketing/business-development professional recruiting. For more information, contact her at 757.673.6826 or [jcaragher@capstonemarketing.com](mailto:jcaragher@capstonemarketing.com). Further information on the Seven Keys to Successful CPA Firm Management can be found at <http://sevenkeyscpa.com>. +