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Beefing Up the Ranks: Novel Recruiting and Retention Strategies in a Tight Labor Market

It's one of the most common challenges cited by firm leaders across the profession today – how to get enough talented people to handle the work that's coming in. Accounting firms aren't alone in this conundrum, as the tight labor market has impacted a wide array of companies and industries. But at a time when growth is top of mind for many firms, it is especially difficult to face the prospect of turning away new business simply because there aren't enough people to cover it.

Forty-one percent of all firms in IPA's 2022 Human Resources survey (and 50% of firms under $30 million) say they plan to increase staffing in the coming year. But how? With so few talented workers and so many firms vying for their services, it may take a unique approach to get the people they need.

Over the coming months, we'll be taking a look at firms that are coming up with new ways to approach the challenge of recruiting and retention. First up is an **IPA Best of the Best** firm that is keeping in touch with former staffers and offering them the chance to return.

Welcome Back

While rehiring former employees had long been an option at Troy, Mich.-based Doeren Mayhew & Co. (FY21 net revenue of $94.6 million), chief human resources officer **Lori Niederlehner** says the ongoing talent squeeze over the past several years inspired the IPA 100 firm to formalize the process through a new alumni email campaign.

"Our email campaign focuses on encouraging former Doeren Mayhew employees to take a look at our current opportunities for themselves or their friends, family or professional colleagues," she explains. "We also let our alums know that we will pay a referral bonus for a reference that results in their referral joining our firm."

The new program has resulted in seven former Doeren Mayhew employees being hired back over the past year. While some of these returning staffers had been gone for less than a year, others came back after having been away for five years or more.

Niederlehner says most hadn't originally left due to compensation, but rather because they were looking to try something outside of public accounting. And she believes they were similarly lured back not by any significant increase in the current compensation on offer, but rather by the flexible work policies, professional development opportunities and team camaraderie that they recalled from their previous time with the firm.

And because there was already familiarity on both sides, the hiring and onboarding process for these returning employees has been relatively seamless, which is why Niederlehner encourages other firms to think about either establishing or reviving their own alumni outreach programs.

"Former employees can not only be excellent goodwill ambassadors for the firm, they can also rejoin with renewed commitment, new skills and a general sense of gratitude for the opportunity," she says. ■IPA

Crystal Ball: The Profession's Top Consultants Make Their Predictions for 2023

While nobody can be exactly sure what another new year has in store for the accounting profession, speculation is never in short supply. That's why IPA reached out to several of our **2022 Most Recommended Consultants** to get their thoughts and insights as to how the next 12 months may unfold. Here are their predictions on the trends and topics that will help shape the profession in 2023.

Carl George, Owner/CEO, Carl George Advisory

1. Be on the lookout for employee boomerangs to take hold. With the economy slowing down, some employees who left public accounting for private accounting will slowly return. Two factors will drive this: (a) the realization that the "grass is not always greener" and (b) layoffs from current employers.
2. Clients will attempt to claw back on fee increases with an economic downturn. Firms have been "rightsizing" fee arrangements with clients primarily because of capacity issues. Those fee increases were not unfair nor egregious. The fact is that our costs have not decreased, and we must continue to charge fair value for services. Partners must hold their ground!
3. Amp up your business practices. Watch out for slower pay from some clients due to the economic slowdown. This is the time to stop sloppy billing and collection practices and forget the discount mentality. Bill for the proper value.

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4. Continue client culling. Many firms have adopted aggressive culling procedures to help solve capacity issues, and for the first time in my memory, they have been successful. Professionals have more time to work on higher-value clients, so don't let up – the issues are still the same.

Angie Grissom, Owner and Chief Relationship Officer, The Rainmaker Companies
Upheaval in the profession has created an environment where firms struggle with staff capacity, workload and turnover. Therefore, firm leaders are rethinking service mix, pricing and packaging strategies, and leveraging technology.

The entrance of private equity into the space is increasing competition for talent and clients, making successful firm integration and a cohesive culture top priorities. In addition, firms continue to focus on how to bring more advisory and specialized services to clients.

Many firms are developing alternative strategies to deal with staffing and workload challenges. These strategies include using technology, outsourcing, client culling, and changing pricing and delivery structures. Partner buy-ins and buyouts may look different to attract and retain the best talent.

The rapid pace of mergers and acquisitions will continue, and firms will invest more now than ever in the future. Firms will continue acquiring non-traditional, specialized consulting firms to enhance service and product offerings for existing clients and to attract a new type of client.

In this environment, more innovative ideas are required to improve retention, recruiting, culture, workflow and client offerings. With this experience, the leaders emerging from this will be unstoppable.

Roman Kepczyk, Director of Firm Technology Strategy, Right Networks
I believe that for the accounting profession, the next 12 months will be signified by "cautious optimism" as we roll into another busy season and the reality that most firms already have more work than they can handle with their existing staff.

In terms of firm technology strategy, while the accounting technology hype cycle will center on buzzwords like artificial intelligence, blockchain and virtual reality in the metaverse, I see firms primarily spending money on proven automation and outsourced security solutions that will improve workflow and further protect their firms.

Firms that have not already transitioned to a dedicated workflow solution will look not only within accounting profession leaders CCH Workflow (formerly XCM) and Thomson Reuters FirmFlow, but outside to ERP providers that can manage engagements for both the traditional tax workflow process and the increased scale and customization required for client accounting and advisory services (CAAS) engagements. They will invest in modern portal solutions that allow for true collaboration with clients, including customization of request lists, automated reminders and shared information dashboards. They will also invest in eSignature tools that provide similar modern capabilities, and they will outsource their security management to enterprise-class providers.

Allan Koltin, CEO, Koltin Consulting Group

1. Private equity will continue to invest in top 100 CPA firms, disrupting everything from the war for talent to the pricing of M&A deals. It will also deepen the distance between firms in the areas of technology, offshoring and the build-out of consulting, advisory and outsourced services.
2. Assurance will have a "conscious uncoupling" from tax and consulting and the Big 4 as we know them today will cease to exist. This will produce another level of disruption as guardrails and restrictions on independence will go away as growth and strategy are completely redefined.
3. While a recession will probably continue into 2023, most CPA firms will weather the storm. Many firms had record years in 2020 (despite the pandemic) and 2023 won't be much different. The exception will be firms with large consulting practices, where certain services will be put on hold or deferred into 2024.
4. Industry consolidation and M&A will continue at a frenzied pace with more combinations among the top 400 CPA firms than any year in history.
5. Firms that have been riding high while milking their compliance services and not investing in transformation will start to see greater difficulty as they look to compete and stay relevant with their clients.

Marc Rosenberg and Kristen Rampe, Co-owners and Consultants, Rosenberg Associates

Merger frenzy will continue with no end in sight. Part of the blame lies with the firms because they haven't focused enough on succession planning, but part of it is external due to the severe shortage of labor and the difficulties in recruiting. Despite the heightened merger activity, however, retirement-minded sellers won't always have an easy time finding buyers, who have become increasingly picky when it comes to who they want to acquire – in part due to the huge number of sellers.

Elsewhere, the labor shortage will continue, causing firms to give very generous salary increases and bonuses to staff. Firms will also continue to face difficulty hiring and retaining staff if their remote work policies are not competitive.

Revenues and profits will again increase, but not as much as the record increases of 2021. With the possibility of an economic downturn on the horizon, it's quite possible that revenues and profits over the next 12 months will slow. That said, CPA firms are somewhat recession-proof. As a client told us during the last recession: 'For CPA firms in a recession, flat is up.'

Finally, private equity will not be a major factor for firms below the top 100.

Jennifer Wilson and Tamera Loerzel, Partners, ConvergenceCoaching

We expect momentous change in 2023. Firms that anticipate and make real change will emerge stronger, more competitive and truly sustainable; those that don't will be at risk for future survival. Great firms will work to be destination workplaces and build a pipeline of future leaders to take over for retiring partners.

Solving the capacity challenge is the biggest issue to address via outsourcing, offshoring and fractional employees, and letting go of CPA bias to create new administrative positions to allow partners and managers to work at highest and best use. Centralized scheduling by service line across the firm is crucial to smooth the work. Creating consistent workflows, deploying new technologies and supporting a hybrid approach are nonnegotiables to reduce churn, training costs and low morale for team members who want a business model that makes sense. Continuing to raise fees, price and bill ahead, and package and price services without time will also help firms make leaps forward.

Firms that don't make these changes will join the continued stream of firms seeking an upward merger, selling at lower values than expected. It doesn't have to be that way – the future is bright for firms that embrace real change. ■IPA

The Buzz on B Corp: As Accounting Firms Venture into ESG Advisory Work, Some are Looking to 'Walk the Talk'

As more and more accounting firms begin exploring the viability of advising clients on issues related to environmental, social and governance (ESG) standards and reporting – or have taken the next step of launching a dedicated ESG practice or service line – two IPA 100 firms have taken their ESG dedication one step further by achieving B Corp certification through the B Lab Global initiative. In doing so, both San Francisco-based **BPM LLP** (FY21 net revenue of $162.8 million) and San Ramon, Calif.-based Best of the Best firm **Armanino LLP** (FY21 net revenue of $444.1 million) have joined the small but growing ranks of only a couple dozen U.S. accounting firms to gain the certification (a group that also includes Pleasanton, Calif.-based **Sensiba San Filippo** and IPA 400 firm **Atchley & Associates** of Austin, Texas).

B Corp status signifies that a business meets "high standards of verified performance, accountability and transparency on factors from employee benefits and charitable giving to supply chain practices and input materials," according to **B Lab Global**. In other words, a B Corp is a for-profit entity that not only provides products or services with a goal of earning a profit for its owners, but also contributes positively to stakeholders beyond their investors and creditors. The B Corp concept was originated by B Lab in 2006, and today nearly 5,500 organizations have achieved B Corp status around the world. And while the certification involves a rigorous undertaking of documentation and assessment, leaders at both BPM and Armanino felt the notions underpinning the designation were simply natural extensions of how their firms were already doing business.

"From what we learned early on, much of the certification process was around items we already focused on, such as concern about the environment, ethical business practices, giving back and support of our team," says BPM MP **Jim Wallace**, noting that the firm initially became aware of the B Corp movement through discussions with several consumer products clients before becoming certified itself in May. "Since our inception, we have been true to our brand promise – Because People Matter – and our mission to help others be successful in work and life. We are recognized in the profession for our commitment to DEI, transparency and fostering a culture of trust and value, which is what becoming B Corp-certified is all about."

"I think it's a natural fit to our firm's purpose, which is to be the most innovative and entrepreneurial firm and to make a positive impact on the lives of our clients, our people and our community," says **Mary Tressel**, senior director of strategic initiatives at Armanino, which has been a certified B Corp since March of 2021. "It really balances well with the B Corp goal of balancing purpose and profits. We just felt it was a strong connection between what they're trying to achieve across all industries and what we're trying to achieve in the accounting and consulting profession. Ultimately, the decision to move forward was quick and enthusiastic for us."

Even though discussions at both firms revealed the pursuit of B Corp certification to be something of a no-brainer, the process of earning the certification was something else entirely. At BPM, for example, Wallace says the journey was roughly two years in the making, with a dedicated team in the firm spending many hours completing the assessment, working with B Lab to review responses, presenting documentation to complete the disclosure requirements, and making legal amendments to company policies and partner agreements.

The firm also came across a couple of unexpected roadblocks, including a newly added tax advisory statement requirement, which asked for a declaration of how BPM provides tax advice to clients and how the firm engages with governments and tax regulators. The philosophical view needed to be written in a way that reflected the firm's obligation to comply with all applicable tax laws and regulations, and Wallace says the firm was ultimately able to work with two other CPA firms that were dealing with the same disclosure to prepare something that was acceptable. In another instance, the firm needed to prove that its international colleagues in Bengaluru, India, were treated the same as its colleagues in the U.S.

"In practice this wasn't a problem, since we do treat all colleagues in the same manner," Wallace explains. "Yet because of the legal structure of our India operations, we needed to make some documentation changes to more clearly link our India entity to the entity that was being certified."

Meanwhile, the certification timeline for Armanino was about 10 months, with Tressel and her colleagues assessing and providing documentation related to everything from measuring employee engagement to community service efforts to the firm's potential environmental impact.

"The effort is kind of what's at the center of the ESG movement as well – it's going through every aspect of your organization and providing documentation about your operations, training, human resources benefits and governance structure," Tressel explains, noting that B Corp status needs to be updated every three years, with Armanino due for re-certification in 2024.

While the time and effort involved in obtaining the certification was indeed considerable, both Wallace and Tressel agree that the benefits of being a B Corp outweigh any such concerns. Even as BPM is a new member of the B Corp brigade, Wallace believes the certification process has already proven rewarding.

"We expected to and have learned more about enhancing our culture and our commitment to do good," he says. "The certification process affirmed that we were performing in a manner consistent with our values. Down the road, we also believe that the certification will help with recruiting and retention of top talent by letting candidates know that we 'walk the talk,' and we hope it will lead to more client wins as potential clients also recognize our commitment to being a mission-driven organization."

Based on Armanino's experience, Wallace's hopes are well founded. More than a year and a half into its certification, Tressel says the firm has incorporated the B Corp status into its branding and advertising, earning recognition and appreciation from prospective clients – including a recent new engagement with a non-profit organization that only works with B Corp-affiliated firms. And, crucially in a tight talent market, she says ESG-minded recruits are taking notice.

"We've had many, many people tell us over the past several years that they decided to join us because we are a B Corp, so it's had a great effect on recruiting and retention," she says. "That's exciting to know they made their employment decision based on this certification."

Given the growing momentum behind ESG-related services and attitudes, Tressel says she won't be surprised if more accounting firms start joining the B Corp movement. When they do, she advises dedicating the time and resources necessary to really dig into the documentation required for certification. It helps to be a firm that's somewhat down the road on ESG already, she adds, as this certification will only aid in that ongoing journey.

"It's almost a chicken-and-egg thing," Tressel explains. "We were living the values that B Corp upholds well before we went through the certification process, so this was really more of a third-party verification of what we always knew about ourselves. We're always looking for ways to have a positive impact in these areas, and I think being part of the B Corp movement just inspires us to do more." ■**IPA**

GIMME A B!

B Lab Global has developed a "declaration of independence" for prospective B Corp leaders, stating they believe that:

- They must be the change they seek in the world.
- All business ought to be conducted as if people and place mattered.
- Through their products, practices and profits, businesses should aspire to do no harm and benefit all.
- That to do so requires that they act with the understanding that they are each dependent upon another and thus responsible for each other and future generations.

Upholding this declaration means adhering to the following standards to obtain and maintain B Corp certification:

- Demonstrating high social and environmental performance by achieving a B Impact Assessment score of 80 or above and passing a risk review.
- Making a legal commitment by changing their corporate governance structure to be accountable to all stakeholders, not just shareholders, and achieve benefit corporation status if available in their jurisdiction.
- Exhibiting transparency by allowing information about their performance measured against B Lab's standards to be publicly available on their B Corp profile on B Lab's website.

Source: B Lab Global

Crossing the Cultural Divide for Offshoring Success: Advice from Half a World Away

The mere concept of owning cats and dogs, never mind treating them like family, is bewildering to professionals from India. Soccer-crazed South Africans, meanwhile, tend to know very little about March Madness or American football.

"Trying to explain the Super Bowl?....I'd love to be a fly on the wall for that, because it's just not something that's part of their language or culture at all," jokes **Rachel Platt**, executive board member at offshoring firm **Sapro**, which provides talent to at least five of IPA's top 25 firms.

That being said, accounting professionals from India and South Africa tend to know far more about American culture than we know about theirs, thanks to Disney+ and Netflix. More important than getting to know sports, pets and cultural quirks that Americans take for granted is understanding the differences in business practices and communication between countries separated by thousands of miles.

The cultural divide has been cited as one of the biggest hindrances to a successful offshoring experience, but it doesn't have to be that way. In fact, barriers seem to be rapidly receding as U.S. firms become more reliant on out-of-country professionals to help manage the worst labor shortage most leaders have ever seen. Since the pandemic, which radically changed attitudes toward remote work, offshoring has exploded and misperceptions are melting away.

MPs who have spoken with INSIDE Public Accounting in recent months are more than satisfied with the professionalism and expertise of the workforce in India, South Africa, the Philippines and elsewhere, but a smooth transition takes hard work. "There's definitely a cultural gap," says **Shawn Parikh**, CEO and founder of **Entigrity Solutions**, which helps U.S. accounting firms build Indian offshore teams. "There's no denial there."

Executives from both Entigrity and Sapro, which pairs U.S. accounting firms with professionals primarily based in South Africa, recently shared their insights as to how both sides can understand each other to reap benefits that can extend beyond high-quality work, a staffing solution and a huge savings in labor costs.

Parikh and **Raaed Junaid**, Sapro's manager of new business partnerships, shared similar observations. For the uninitiated, the language barrier is the biggest concern, but it's just not an issue, Junaid says. All Sapro's employees are fluent English speakers. "If you think there's a language barrier, you're living under a rock," he jokes. However, sometimes the words don't translate exactly as expected and professional courtesies differ.

For example, "South Africans are very polite," Junaid says. "Once they ask you for something, they're not going to ask you a second time because they're going to think it's rude for them to bother you because you're busy." Perhaps their American contact needs a nudge, but South Africans will wait. Platt, in a Sapro video, says South Africans are great problem-solvers but they can spin their wheels. “You need to take the time to explicitly say, ‘Here’s how I want you to let me know when your hair is on fire.’ ”

Sapro is in its first full year of operations in India, where communication styles also can conflict with U.S. norms. In Indian culture, for example, it’s rude to say no to work even if one may not have the capacity or expertise to finish it, Junaid notes. “They’ll likely tell you ‘Yes, we’ll do it,’ and then struggle with it.”

As is usually the case, effective education and communication can prevent misunderstandings. Both companies provide upfront training. Parikh, in a Zoom call from India, says Indian accountants are taught about American history, culture and commerce, which includes an introduction to the American dream, politics, insurance, common finance phrases, racial diversity, commonly followed sports, festivals and holidays, college education and even an explanation as to why they may see dogs and cats in background in video calls.

Accountants value their relationships with clients and the same approach should be taken with their offshore teams. “This is not a product business, this is a collaboration business,” Parikh says. Accept the differences, build cultural awareness and make personal connections. To ensure success, consider these best practices advocated by Entigrity and Sapro.

1. **Don’t start without broad agreement of the team.** Offshoring can’t be a partner-only decision. “It all starts with mindset and buy-in from the team, because it doesn’t matter if you have five people in the firm or 15, 50 or 500. If you don’t have everyone on the same path, this won’t work that effectively,” says **Chris Rivera**, Entigrity’s director of client relations.
2. **Take onboarding seriously.** Set expectations on day one and treat offshore professionals with the same patience you would internal employees. Give them easy access to everything they need to succeed.
3. **Communicate continuously.** While time zone differences may mean the workday overlap is only a few hours, U.S. team members should expect to have to take calls early or late – it’s inevitable. Tell the offshore team how you like to be communicated with (email? Zoom calls? Slack?) and how often (once a day? more frequently? the minute a question arises?). Both sides must be comfortable asking questions.
4. **Offer feedback early and often.** Offshore teams are highly motivated to make U.S. arrangements work, so Sapro wants U.S. teams to evaluate their offshore counterparts every two weeks. Positive reviews can increase compensation, which is desperately needed – particularly in India.
5. **Use empathy.** “You can only have empathy more when you know how they live their lives – they have their values and their culture. And at the same time, you share with them,” says Parikh, who recommends two team visits per year to India, if possible. He also adds that U.S. firms should understand that offshoring is one staffing strategy, not a magic bullet.

Some of the offshoring benefits may not be obvious initially. Junaid believes U.S. paychecks are lifting entire families, and even entire communities, out of poverty. “I wish there was a way for U.S. firms to understand the social impact they’re having on the world by utilizing offshore talent.”

Ultimately, offshoring success is all about creating a one-team/one-firm culture. Hiring staff from outside the U.S. was once a little-discussed, almost taboo practice used by only the largest firms. Low labor costs had many criticizing the firms for creating unfair competition with American accountants, but that competition hardly exists anymore with so few accountants available. Offshoring is easing work compression and freeing U.S. teams from mundane work.

Rivera says the one-firm message is exciting to offshore teams. "They realize that we're not here to take their jobs. We're here to complement them and work closely with them so they can have a better work-life balance." **■IPA**

Sabbaticals Offer Few Downsides, Numerous Positives That Benefit Staff and Firm as a Whole

Focused, hard-working partners are often so plugged in to their work that someone else occasionally needs to step in and turn off the power.

Sabbaticals can be the (often mandatory) reprieve that partners need, whether they know it or not. Not only does the partner enjoy a reward and a refresh, but sabbaticals can also provide a way for staff to stretch their skills as responsibilities are handed down.

In fact, two MPs who recently spoke with INSIDE Public Accounting say sabbaticals are as important for those taking them as they are for those left behind. Planning is manageable, costs are negligible and, if handled properly, the benefits can be immeasurable.

Nevertheless, partner sabbaticals haven't been widely adopted, especially among firms under $20 million in revenue. IPA's 2022 Human Resource report shows they are offered at 16% of the 238 (non-Big 4) firms that participated in the survey. Over the last five years, this figure has varied only slightly, between 13% and 17%. Partner sabbaticals are most common, at 32%, at firms of $75 million or more.

Sabbaticals for staff are offered at 9% of the surveyed firms, including Grand Junction, Colo.-based **Dalby Wendland & Co.** (FY21 net revenue of $17.0 million), where managers are also eligible. Here are some insights shared by principal **Chris Allen**, as well as **Fran Brown**, MP of Indianapolis-based **CapinCrouse** (FY22 net revenue of $29.9 million).

CapinCrouse

When did the firm start offering sabbaticals? About 10 years ago.

Why? CapinCrouse focuses solely on non-profits and faith-based organizations, and the practice is common among churches. The firm adopted a similar approach, adding a $25,000 stipend to make the sabbatical even more special.

How often, how long and who's eligible? Two months every seven years for equity partners (expanded from one month in 2015); non-equity partners are not eligible.

Mandatory? Yes.

Planning? About four months prior to the sabbatical, partners outline who is covering their work, checking email and handling potential client issues. Client communication became formalized a couple of years ago after a client was surprised to find out through email that his partner contact was away. "I get involved a lot earlier in the process to make sure that they're picking up the phone for their tier one clients or going to have lunch with them to walk them through the process," Brown says. No more than two partners can take sabbaticals in one year.

Any requirements for time away or return? No. "It's not like, come up with some great accounting discovery while you're on sabbatical or take a course at a local college – it's none of that," Brown says. They'll talk about how they spent their sabbaticals at the next partner meeting, in an informal way, "but thankfully, there are no slideshows."

How are they spent? This past year, one CapinCrouse partner visited old friends in Guatemala, where his parents served as missionaries when he was growing up. He then cruised around Europe on a riverboat and spent another week on a family vacation. Another "disappeared" for two months, Brown said. "They both absolutely had a blast."

Dalby Wendland

When did the firm start offering sabbaticals? At least 16 years ago.

Why? No. 1, to curb partner burnout. No. 2, to provide professional development opportunities for staff, Allen says.

How often, how long and who's eligible? Managers and above are eligible every five years, although the length of the sabbatical varies. Managers get three weeks plus a week of PTO, income partners get five weeks plus PTO and equity partners get eight weeks. Sabbaticals can't be taken two years prior to retiring, and all levels are expected to stay with the firm for two years after their sabbatical. "Technically, we could require them to pay back their time/salary if they leave the firm within two years, but that hasn't happened that I am aware of at any level," Allen says.

Mandatory? No. Although partners have delayed a sabbatical, no one's refused it, Allen says.

Planning? Three months ahead, professionals assign responsibilities and contact clients, who almost always react positively. Allen says the firm is trying to manage the seasonal work crunch and lessen last-minute problems by "slaying the dragon" throughout the year through frequent communication with clients. Sabbaticals are limited to one partner per region each year, but a partner and a manager from the same office could take a sabbatical at the same time.

Any requirements for time away or return? No. Everyone is encouraged to stay away from work as much as possible except to maybe take care of some CPE. Allen says that during his first sabbatical, he checked email twice and attended one board meeting.

How are they spent? Travel is the most popular idea. One professional visited vacation spots from Niagara Falls to Myrtle Beach; another went from Southern California to the Oregon coast. Allen spent his own recent sabbatical on the golf course and competing in a two-week professional bass fishing tournament. "That was awesome. I had some me time." Allen's catch ranked 75 out of 190 boats – but he says he learned a lot and plans to compete in six a year.

Benefits and Advice

Brown and Allen say one of the biggest positives of sabbaticals involves succession planning. "It gives those managers a chance to step up and say, 'Hey, you know, I should be on your short list for being a partner soon because look how I handled these clients.' So it definitely gives everyone that opportunity and I would say most of them have certainly risen to the occasion," Brown says. Receiving great service without the lead partner speaks well of the firm, its culture and its commitment to staff and clients.

Both firms have their differentiators – CapinCrouse with its $25,000 stipend and Dalby Wendland with its sabbaticals for everyone from partners to managers.

Brown notes that family members make their own sacrifices to accommodate the hours and hard work of a CPA business owner, so an upgraded vacation is well deserved. "You assume everyone is probably in good financial shape, but you never know, so it's always good to just give them that little extra so they're very comfortable spending money on it."

Allen challenges firm leaders to consider extending the benefit to managers, who can also suffer from burnout. The time away gives professionals a chance to recharge and reflect. "Most everyone who takes it comes back ready to go."

Successful management is all about planning and communication, Brown and Allen say. "It's straightforward if you do it early enough," Brown says. The policy should be thoughtful and clear, with limits on how many partners can be on sabbatical per year, when they can be taken and the order in which they can be taken (by seniority, for example). Be flexible, Allen advises, but not too flexible. Taking two weeks off here and there is not a sabbatical.

No firm needs to start from scratch. Find a program you like and adapt it to your needs, Allen suggests. Any reluctance can be allayed with a stair-step approach, perhaps by offering a month at first, evaluating it and stretching it out if it works.

Head off any negative reactions with positive, motivational communication and emphasize 'the why,' Allen says. Accountants can tend to focus on the costs, but most billable work is absorbed by others. "Really home in on the benefits when you're doing the messaging and celebrate what they're doing." ■IPA

In M&A, Understand Different Needs of Clients and Staff and Follow Up to Ensure Best Experiences

When two firms come together in an M&A deal, both MPs, without fail, will say the cultures are similar. Both will say the move will give clients expanded expertise and services. Both will say the firms have worked together before, respect each other, and the transition will be seamless.

But just saying these things is hardly enough, and in a highly emotional, disruptive and likely irritating time, it's critical for firms to be sensitive to the needs of four groups – employees of the larger firm, merged-in employees, clients of the larger firm, and clients being onboarded from the acquired firm, says **Bruce Ditman**, MP of **Chief Seconds**, a marketing consulting firm and provider of fractional CMO services.

First and foremost, firms must eliminate confusion, Ditman said during a recent presentation at **EMERGE**, a virtual conference of the **Association for Accounting Marketing**. "Confusion, for all of your clients, is your No. 1 enemy."

When it comes to employees, staff from both firms generally want to know the same things. Why is this happening? How is this going to affect my day-to-day work, my status, my practice and my future? How can I feel prepared? All employees want to feel respected and that their voices are heard.

The merged-in employees have another need, which is to know who can answer their questions, Ditman says, adding that they have spent their careers building "relationship equity" with their firm leaders, "which they will feel is worthless now that they've got a new boss. Be sensitive to that."

One of the most important cultural considerations during the transition, as far as employees go, is to give everyone enough time to learn the new ways of doing things, Ditman says. "Smart people hate to feel dumb. Period. Learning new things makes people feel dumb."

As for clients, continuity and costs are their main considerations. While the firm should generate excitement about the merger in all cases, legacy clients need to feel secure that their relationship with their longtime "trusted advisor" will remain intact.

Incoming clients – perhaps the most important group of all – also need to know that some version of their previous team will continue to serve them and that their fees aren't going to go up. "By the way, more resources and a deeper bench? That's not enough," Ditman says. "You're going to have to talk to them specifically about their business." What's in it for them is their central concern, and the answer can't be offered just once.

Mergers can rattle relationships, so repeated check-ins with clients and employees will demonstrate the shared values of the newly united firm. If your firm has assured clients that the merger will benefit them, for example, follow up to see if that has indeed been their experience. Bring their feedback to the partner group and invite them to become part of the new, combined community (more than just a happy hour). And as difficult as the integration may be, "Never, ever, ever, ever gripe about it to the client." ■**IPA**

FIRMS IN THE NEWS

IPA 100 Giants Call Off Planned Megamerger Citing a cultural mismatch, leaders of Greenville, S.C.-based **Elliott Davis** (FY22 net revenue of $156.0 million) and Fort Worth, Texas-based **Whitley Penn** (FY21 net revenue of $165.6 million) have decided to stop their planned megamerger, which was announced in June with a proposed closing date of Nov. 1. Leaders from both firms came to the agreement about four weeks ago, deciding that the firm cultures were just too different to proceed, said Whitley Penn MP **Larry Autrey** in an interview with IPA. "We just decided that rather than force two cultures together we could thrive separately."

UHY Enters Nashville with Merger Making its move into the Nashville market, Farmington Hills, Mich.-based IPA 100 firm **UHY LLP** (FY21 net revenue of $215.8 million) is merging in **PHB CPAs** of Franklin, Tenn. Founded in 2011, PHB provides business, individual and non-profit accounting services and specializes in tax preparation and planning, as well as bookkeeping and audits. "PHB has built a stellar reputation for serving clients exceptionally and we look forward to working collaboratively with them to continue to deliver superior service," says **Jerry Townsend**, UHY's Midwest regional MP.

Rehmann Acquires Fellow Michigan Firm Troy, Mich.-based IPA 100 firm **Rehmann LLC** (FY21 net revenue of $170.4 million) is merging in **Rivertown Finance** of Grand Rapids, Mich. Founded in 2005 by **Roxanne Dudicz**, Rivertown Finance primarily works with high-net-worth individuals, non-profit and for-profit entities, providing an array of services, including daily financial management and financial reporting. "The talented associates at Rivertown Finance are welcome additions to our Rehmann team in Grand Rapids," says Rehmann CEO **Randy Rupp**. "Bringing together our resources and experience will serve our clients well as we continue with our growth trajectory."

Sikich Makes Two Acquisitions in Chicago Naperville, Ill.-based IPA 100 firm **Sikich LLP** (FY21 net revenue of $228.6 million) is acquiring Chicago-based consulting firm **Accelerated Growth**. Founded in 2009, Accelerated Growth has worked with more than 300 entrepreneurial organizations to optimize and execute their accounting, finance and technology infrastructure. Sikich is also merging in **O'Malley & Kwit LLC** of Chicago, which specializes in tax compliance, analysis and planning services for privately held companies, hedge funds and high-net-worth individuals.

Baker Tilly Acquires California Tax Firm Chicago-based IPA 100 firm **Baker Tilly** (FY22 net revenue of $1.31 billion) is merging in tax consultancy firm **ACG LLP** of Pleasanton, Calif. Founded in 2003, ACG provides high-end tax services to a wide variety of clients, with a particular focus on the technology and global transportation sectors. “The Bay Area is a business and technology hub on the West Coast and an international connection point where we want to continue to grow,” says **Lynette Stolarzyk**, Baker Tilly MP – Bay Area. “With ACG’s incredible talent on board, we look forward to what we can do next for our clients.” ■IPA

PEOPLE IN THE NEWS

KLR Announces Leadership Transition After nearly four decades at the helm, **Alan Litwin** is stepping aside as managing director of Providence, R.I.-based IPA 100 firm **Kahn Litwin Renza & Co.** (KLR) (FY21 net revenue of $57.3 million) at the end of 2022, with director of strategic tax services **Paul Oliveira** set to take over as CEO effective Jan. 1. “I am excited to turn over the leadership of the firm to Paul and a very talented senior leadership team who I am confident will do a phenomenal job in growing and diversifying the company,” says Litwin, who will continue working on strategic opportunities and assisting firm leadership with the overall direction of the business.

HLB Names Bill Hagaman as Global Chairman **HLB International**, the global network of independent advisory and accounting firms, has appointed **Bill Hagaman** as its new global chairman. Hagaman is MP and CEO of Princeton, N.J.-based IPA 100 firm **Withum** (FY22 net revenue of $425.3 million). He succeeds **Corney Versteden** in the role. “From working alongside Bill over the years, I know that his breath of experience and knowledge will help influence the next era of strategic growth and prosperity for the network, building on the foundations already laid by Corney Versteden,” says HLB CEO **Marco Donzelli**.

Grant Thornton Adds to Senior Leadership Team Chicago-based IPA 100 firm **Grant Thornton LLP** (FY21 net revenue of $1.97 billion) is elevating the following five professionals to its senior leadership team: **Enzo Santilli** as chief transformation officer, **Chris Smith** in the newly created role of chief strategy officer, **Nichole Jordan** in the newly created position of national MP of geography, **Wade Kruse** as national MP of advisory services and **Rashada Whitehead** as national managing director of culture, immersion and inclusion.

BWK Names New CEO **Barton Walter & Krier PC** (BWK) of Maple Grove, Minn., has named **Jay Trumbower** as its new CEO. In this role, he will work closely with BWK shareholders to develop a strategic growth plan, as well as focus on the firm’s client services, process improvements, team member development and technology. Trumbower has nearly 15 years of experience in public accounting and 12 years in professional services. Before joining BWK, he was CFO of a multi-billion-dollar banking group and had eight years of COO/CFO experience in professional service firms, including five years at a regional CPA and consulting firm.