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The Progressive Firm's Guide to **Attracting and Retaining Audit Talent**

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WHITE PAPER



Your employees are assets whose value is enhanced when you invest in them.

Ask the partner in charge of any audit department of any firm in the country to identify the firm's greatest asset and the answer should invariably be "our people" rather than "our clients." While their value will never be quantified on any balance sheet, your employees are assets whose value is enhanced when you invest in them. And as their value increases, so does the performance of your firm.

Although they recognize the value that audit talent brings, firms across the country still struggle to attract and retain their star performers. Globalization, increased regulatory burdens, changes in accounting standards, and changing demographics all play a role in the audit talent shortage. Many of those issues are outside of firm leaders' control, but firms can take some deliberate steps to bolster employee engagement.

Consider these developments:

- High turnover rates have practically become synonymous with accounting firms, sometimes reaching up to 30% at large audit firms.¹
- Firms that launch initiatives to address work/life balance issues are newsworthy, and the effort is almost guaranteed to earn them a spot on a "best places to work" list. Many firms are attempting to address work/life balance, but there is more to work/life integration than half-day Fridays and work-from-home Wednesdays. Successful work/life integration means different things to individual employees. Each firm has to determine what it looks like for their staff and culture.

Complex workflows and dated technology often stand in the way of optimal work/life balance and employee satisfaction, which is critical to your firm's performance. When your employees spend hours dealing with syncing issues, trial balance user restrictions, and logistical challenges, there isn't enough time in the day for them to get their work done, handle family responsibilities, and participate in activities they enjoy without feeling drained.

In addition, if your firm isn't keeping up with changes impacting audit practice, it becomes difficult to remain attractive to new and existing talent. Premier technology and efficient audit processes are key to attracting top talent and stemming high turnover rates.

You can overcome turnover issues that plague firms across the country with a three- step approach that consists of attracting the right people, investing in skill sets that bring success, and retaining the star talent you've worked to develop.

When you solve the problems that send your star performers to jobs in private industry (or worse, your competition), your firm can become known as a firm of choice — one that employs the best and brightest people in the profession.

Step 1: Attract the right candidates

Before you can figure out how to attract the right candidates, you need to know exactly who the right candidates are. If the list of qualities you look for when hiring hasn't changed in a decade or more, it's time to make a new list. The star performers in your firm five years from now won't be identical to the star performers you hired five years ago.

Although we've been hearing about "digital disruption" in the accounting profession for several years, it's now in full swing. Data analytics and tamper-proof blockchain transactions enable your audit department to spend less time ticking and tying financial transactions and more time focusing on being a strategic advisor to your clients, even in their first few years on the job.

The people who are attracted to accounting because debits equal credits are not the only kind of people your firm will need as auditors. Instead, you'll need people who can look at financial data not as historical documents, but as a starting point for creative problem solving.

Your recruiting focus needs to be broader than candidates with degrees in accounting to include those with skill sets in:

- Business development
- Project management
- Marketing and branding
- Data analytics
- Technology
- Security
- Strategic planning
- Process management
- Innovation

Your team may no longer be primarily composed of professionals with the CPA designation — and no one professional will have all the expertise needed to understand audit and accounting principles, evaluate technologies responsible for the client's controls, mine data for insights, etc. Audit firms will be made up of diverse, specialized professionals who work together on engagements.

Hiring trends

That shift in hiring focus is already in motion. According to the 2017 AICPA Trends Report, despite growing demand for talent in accounting firms, the hiring of new accounting grads has slowed. Twenty percent of all new hires are now **non-accounting grads**.

What's more, your star performers may not even be employees. The **gig economy — defined as a labor market characterized by the prevalence of short-term contracts or freelance work as opposed to permanent jobs** — has exploded in recent years. According to research from Intuit and Emergent Research, the number of people working on-demand jobs grew from 3.2 million in 2015 to 3.7 million in 2016. They predict those numbers will surge to 9.2 million by 2021.²

And we're not just talking about rideshare drivers and manual laborers. More professionals are choosing freelance and project-based work for flexibility and autonomy, eschewing the 60+ hour work weeks that used to be the norm. Firms benefit by lowering their overhead and tapping into talent on an as-needed basis. Meanwhile, gig workers often earn an income that is at or better than what they earned in a full-time job because they're working for several firms, receiving a flat-fee for specific tasks rather than an hourly salary.



The gig economy has exploded in recent years.

New recruiting methods

If a growing percentage of your audit talent will come from non-accounting backgrounds, it stands to reason that traditional recruiting methods will need an overhaul as well. Consider the following changes at your firm:

- Expand on-campus recruiting to encompass science, technology, engineering, and math (STEM) degrees in addition to accounting majors
- Connect with more diverse potential talent through social media
- Hire fully remote workers to expand your candidate pool beyond your geographic area
- Follow the talent by leveraging freelance and project-based workers

Attractive growth opportunities

Of course, reaching the right people is only half the battle. You also need to convince candidates that your firm is the best place for them to work. For the younger generation, the hiring process is not about convincing a potential employer that they'll fit into your firm, but evaluating whether your firm's values and culture fit with what is important to them.

Over the last two decades, the number of companies people work for within the five years after they graduate from college has nearly doubled, according to a study by LinkedIn.³

One of the primary reasons employees change jobs today is because they're not willing to stick around if they don't believe they're receiving any personal benefit or growth. Millennials (born 1981-1996) and members of Gen Z (born from 1997 onward) often have an entrepreneurial mindset, and they value opportunities that will continue to move them up the ladder.

It's crucial to communicate your intentions to help them grow in their career, even if that means some will grow right up and out of your firm. Here's a sample of what you need to demonstrate to attract up-and-coming talent:

- More challenging work
- Greater access to leadership in their office
- Mentorship
- Being supported and valued by leadership
- More on-going check-ins instead of formal reviews





The World Economic Forum predicts that five years from now, more than one-third of skills that are considered important in today's workforce will no longer be relevant.

Step 2: Invest in the skills for success

At every industry conference, seminar, or symposium you attend, you likely hear about the changing skill sets your firm needs now and in the future. Accounting firms are not the only ones facing a realignment. The World Economic Forum predicts that five years from now, more than one-third of skills that are considered important in today's workforce will no longer be relevant.⁴

The AICPA's Horizons 2025 Report sought insight from more than 5,600 CPAs on the core competencies that will be required to sustain a competitive advantage in the marketplace. Perhaps not surprisingly, the technical skills typically drilled into new auditors did not make the list. Instead, the profession's thought leaders pointed to skills in:

- Communication
- Leadership
- Critical-thinking and problem-solving
- Anticipating and serving evolving needs
- Synthesizing intelligence into insight
- Integration and collaboration⁵

Conventional wisdom dictates that firms hire for core skills because technical skills can be taught, while characteristics like motivation, interpersonal skills, and executive presence are more elusive. However, conventional wisdom won't be enough to face the ongoing and increasing talent shortage in audit departments around the world. It's not enough to hope people with the right core skills find you. You need to help your existing and future employees develop to remain competitive.

How can firms rise to the challenge?

Core skills training

Recognizing a need for core skills in a variety of industries, employers, state societies, and third parties have started offering core skills courses and workshops on topics such as time management, communication strategies, critical thinking, creative problem solving, motivation, leadership and influence, and sales.

However, the traditional training paradigm in most firms still prioritizes technical skills, with core skills taking a back seat until the employee reaches senior, supervisor, or manager level. This paradigm needs to change so that core skills are integrated into the technical skill curriculum earlier in the development of team members.

Embrace new ways of learning

Workplace learning used to come almost exclusively from online or in-person classes. Participants would be taught a new subject or skill and were expected to apply what they learned to their day-to-day work. This works well for technical skills but less so when teaching people to think critically, innovatively, and creatively.

Fortunately, alternative learning delivery methods are becoming more prevalent. They include apps; mentoring; coaching; on-the-job training; case studies; reflection papers; participant presentation of materials learned; self-discovery learning; gamification and simulators that are cloud-based, social, and personalized; and pre/post assessments.

Make sure your in-house training programs include a blend of these components, and hire trainers who are equipped to deliver a variety of training methods (or partner with an outside organization that can provide specialized training for you).



Alternative learning delivery methods are becoming more prevalent

Step 3: Retain existing employees

Hiring great people is vital, but if your existing star performers are walking out of your firm as fast as you're bringing in new talent, your firm isn't growing; it's treading water.

As the **Journal of Accountancy** stated, "Well-informed employees in high demand — such as CPAs — know that they have choices about where they work. And they're looking for more than just a good paycheck and benefits."⁶

Consider these three keys to retention.

Technology

Equipping people with the tools and technology they need to get their job done effectively and efficiently is essential to keeping employees happy and engaged. In today's audit departments, being paperless and having anytime/anywhere access is a must.

It's nearly impossible to attend an industry event without hearing about automation and machine learning. Not long ago, an intern or entry-level accountant might have spent a good portion of their day entering a trial balance into the engagement software or formatting financial statements.

Now, technology takes care of those functions in most firms. Instead of spending the first year or two of their career doing data entry and other low-level projects (which really never contributed to their professional expertise anyway), they're jumping right into looking for trends and outliers, exercising judgment, and working with management to resolve issues. Technology elevates their roles and gets them doing higher-level work sooner.

Professional development

Retaining star performers is critical, and firms are beginning to understand that they can no longer consider human resources as a back-office function. In fact, HR plays a crucial role in building trust, establishing firm culture, facilitating training and development initiatives, and communicating strategic plans and how your team's roles support those plans. When firm leaders view HR as a strategic partner, they can help establish clear roles, responsibilities, and expectations.

HR can also help define and communicate career paths. The people in your firm need to see that they have a viable career path. The importance of transparency here cannot be overestimated. Keep in mind, however, that not every employee wants to follow the traditional path from staff to senior to manager to partner; some may follow their passion into operations, business development, marketing, or other areas that are just as valuable to the firm as the audit department. HR can help them see where those gifts are and make sure they know that doors are open for them.

Change management

It's great to talk about giving employees the tools and technology they need to be successful, but we also know that not every employee will be at the same comfort level when it comes to actually using new technologies.

When you make an investment in new applications to improve productivity and communication, these tips can help ensure a smooth transition for your entire audit team.

Highlight the benefits

The process of learning new technology can be daunting, even when that technology can do so much to make our jobs easier. Help your team understand the decision to implement new technology. Answer the why questions: Why did we need to make a change? Why will this be better?

Discomfort in the face of change is normal, but you shouldn't let discomfort or fear stop progress. Ultimately, it's up to you to help your staff see past any perceived short-term pain to the long-term vision.



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Identify your champions

Some people will readily accept new technology, and these technology champions can help convince reluctant coworkers when no one else can. Engage these champions by soliciting their input on how to promote new technology to the rest of your team. Ask them to field questions from coworkers who are slower to adopt it. Sometimes it simply takes seeing others use technology successfully for the hold-outs to give it a try.

Provide ongoing training

You must ensure that every member of your audit team has the training they need to feel comfortable with new technology. Encourage and perhaps even reward questions. Make sure ongoing support is available, and let employees know that mistakes are not only okay, but they're also a normal part of learning.

Your firm's plan of action

The ability to attract, optimize, and retain top talent is a foundational component of growing a future-ready audit department. Branding yourself as an employer of choice or getting ranked as a best place to work is not enough to stand out from the crowd of firms competing for top audit talent.

Progressive firms must think creatively to attract the best candidates with the right skill sets, invest in the talent they have to develop core skills, and keep star performers happy and engaged by giving them the tools they need to feel like they can effectively handle work, family, and personal responsibilities.

It's a tall order, but one that firms are better able to fulfill with the help of technology that provides flexibility and productivity.

- Secure buy-in from firm leadership
- Dive in fully
- Shift from focusing on employee satisfaction to employee experience
- Shift from "paycheck culture" to "purpose culture"
- Find the right tools to get the right conversations rolling
- Take, use, and talk about strength assessments

The action steps listed above will get your firm on the path to investing in your audit talent and bolstering employee engagement. Of course, there will inevitably come a time when one of your star employees will choose to leave the firm. In these circumstances, you'll know that you helped contribute to their value, gave them the tools and resources to perform their best, and will be able to part on good terms. If you've done what it takes to become an employer of choice, you will be better positioned to recruit and hire your next star performer.





Recommended guidance, resources, and solutions

AdvanceFlow

The Thomson Reuters CS Professional Suite audit management application, AdvanceFlow®, gives audit teams the power to work and collaborate on even the most complex jobs on a flexible schedule. Engagements, workpapers, and colleagues are available in real time, whether in the office, in the field, or anywhere else.

- **Powerful workflow management.** Built-in features make it easy to manage even the most data-intensive engagement, with extensive templates, a high level of customizability, the ability to perform several tasks at once, and more.
- **Sophisticated trial balance capabilities.** The working trial balance in AdvanceFlow has the power firms need, even for large consolidation and fund clients. Fast imports and sophisticated filtering and tabbing help your team get the job done quickly and accurately.
- **Streamlined document management.** AdvanceFlow is built to complement the GoFileRoom® platform that is already used by many of the top accounting firms in the US. It integrates document management into the audit process, allowing for more streamlined workflows.
- **Unparalleled integration.** AdvanceFlow features deep integration with a variety of other applications including PPC's SMART Practice Aids, allowing auditors to build audit programs that are highly tailored to a client's unique risks and assertions.

Checkpoint Engage

Thomson Reuters Checkpoint Engage™ is a fully integrated online audit solution that can help you elevate roles in your firm. Audit standards change rapidly, but Checkpoint Engage gives your team the flexibility to design a risk-based audit approach for any size engagement. It minimizes the time spent on routine audit work while maximizing quality.

Checkpoint Engage integrates seamlessly with AdvanceFlow to increase accuracy and simplify audit processes from start to finish. Firms that combine the Checkpoint Engage audit processes with advanced, cloud-based audit management applications report increasing their audit efficiency anywhere from 20 to 25%.

- **Complete risk-based solution.** With Thomson Reuters risk-based audit program design, Checkpoint Engage helps audit teams build a customized audit program based on documented risks and assertions. No more following one-size-fits-all checklists that lead to over-auditing.
- **Smart audit processes.** We've enhanced our award-winning SMART engagement process and comprehensive coverage of expert-authored content for a wide breadth of specialized industries.
- **Real-time collaboration.** Audit teams can easily share information while accessing and working on engagements simultaneously from anywhere without version control issues.

AuditWatch

The recognized leader in audit productivity, Thomson Reuters AuditWatch® provides leading experts to train and consult with firms that offer auditing services using an integrated curriculum for audit professionals and CPA firms, audit process consulting, and audit technology services.

AuditWatch University public seminars offer open enrollment in major cities across the country, while on-site, firm-specific seminars and customized training are tailored to the needs of your staff. Customized webinars and materials-only training products are also available. AuditWatch also provides consulting, data services, customized course development, and more.

Practice CS

Thomson Reuters offers advanced, practice management software with valuable big-picture insight into your firm's business, guaranteeing that your staff has a central hub for a real-time, up-to-the-minute look at workflows, client status, and firm information. As you evaluate your onboarding process, ensure that you also evaluate the tools your staff uses. With Practice CS®, your staff has a centralized place to track their time and manage their projects, while your firm has access to KPIs to monitor and develop staff growth.

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Authors



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Sandra Wiley is the president and shareholder of Boomer Consulting, Inc. She is often called the “go-to person” for solutions to the profession’s staffing crisis, citing her wise advice on hiring — and keeping — employees for the rest of their careers. Sandra’s years of experience and influence as a management and strategic planning consultant make her a sought-after resource among the best and brightest firms in the country. She is regularly invited to speak at national conferences where she empowers audiences with new ideas and delights them with her sense of humor. She is a popular author, has been published in many online and print publications, and has penned two books, **The Journey Ahead: A New Roadmap to Collaboration in Your Firm** and **The Engaged Employee: 10 Initiatives for Successful Firms**. For eight years running, Accounting Today has included her in the Top 100 Most Influential People in Accounting.



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