

PUBLIC ACCOUNTING REPORT

RETURN ON INVESTMENT x 3

2014 Accounting MOVE Project Report

When an investment loses half its value, the investor faces two decisions: rebalance the portfolio to minimize the impact, or figure out a smarter strategy.

Historically, public accounting firms have lost more than half of their investments in each year's new hires: women comprise 48% of accounting graduates and just over 19% of accounting firms' partners and principals. Often, firms try to recoup their losses — rebalance their talent portfolios, in effect — with lateral hires and acquisitions, expensive tactics that attempt to repair prior pipeline losses.

It's time for a smarter strategy. Here it is.

In the fifth year of the **Accounting MOVE Project**, firms that reap measurable results in recruiting, retaining and promoting women show how it's done. Higher retention is just the start. These firms win top-line growth while cultivating tomorrow's leaders.

Public Accounting Report is proud to partner with the Accounting MOVE Project to help disseminate this indispensable information throughout the public accounting profession. Participating firms pay a small fee to Wilson-Taylor Associates, Inc. for the individualized benchmark reports associated with this survey. CCH, a part of Wolters Kluwer, neither pays nor receives any fees associated with this survey and did not participate in data collection. *PAR* is publishing this survey as a complimentary special issue to our readers. The project, sponsored by the prestigious organizations noted below, has an outstanding track record of identifying and addressing the issues associated with advancing women to partnership at accounting firms through its research based on firmwide surveys and one-on-one interviews. The results speak directly to firms' growth and profitability by arming them with key information that helps ensure their most valuable assets — their talented professionals — continue to provide a return on investment through long-term retention.

President, Wilson-Taylor Associates, Inc.

Editor, Public Accounting Report

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Set expectations early and high.

• • • Initiatives • • •

Blend skills and experience to keep women on the path to partnership.

• • • Influence • • •

Women partners attract clients and inspire rising women.

• • • Measurement • • •

Concentrate resources in programs that drive growth and keep talent.

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For the full version of the report, with additional data, charts and case studies, please visit the Accounting & Financial Women's Alliance (www.afwa.org); the American Woman's Society of Certified Public Accountants (www.awscpa.org); or Wilson-Taylor Associates, Inc. (www.wilson-taylorassoc.com).

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Shared Responsibility
MOVE Infographic

Shared Results: All are
accountable for advancing women

How Initiatives Build Business &
Careers



Accounting & Financial Women's Alliance
CONNECT • ADVANCE • LEAD



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MOVE Methodology

2014 Accounting MOVE Project results are based on surveys and interviews with 50 firms that employ 23,993 employees. Research was conducted from November 2013 through March 2014.

“The question is what do we do differently so women don’t think they have to go?” – Ron Soluri, Managing Partner, Freed Maxick, based in Buffalo, N.Y.

ROI x 3: Return on Internships, Initiatives and Influence

Investing in talent pays off in innovation, culture, excellence and firm reputation. When women leave, they take with them current and potential clients, growth and profits – not to mention the firm’s investment in talent development and skills training. Firms also forfeit the unique opportunities that each woman’s insights, networks and leadership would have delivered.

The cost of replacing women who have left voluntarily is a key metric for assessing the impact of the evaporating female talent pool at firms. But measuring return is about what you’ve gained, not just counting your losses. The MOVE research team, with considerable insight from its sponsors and association partners, set out to define the metrics that capture success in making the most of female talent at entry level, midcareer and in senior leadership. In fact, this year’s Accounting MOVE Project challenges assumptions about what factors should even be included in a formula for measuring return.

The business case for retaining and advancing women starts with numbers and carries into the viability of the firm itself. Partners are focused on building a qualified pipeline of talent to drive growth and to replace baby boomers on the cusp of retirement. When firms are preoccupied with replacing women who leave, they have less energy and focus for strategic talent development. In fact, succession planning is a distant dream: only 28% of firms have written plans for ensuring their next generation of leaders.

Innovative firms have pulled out of this tailspin. From the very first, they introduce a fresh influx of talent — roughly half of which are women. To retain this talent, these firms design their women’s initiatives to deliver actual business results through structured business development programs; by positioning work/life programs as productivity tools; and, yes, by greater retention of leadership-potential mid-level women. And, these firms continue to invest in women partners by amplifying those women’s influence and power within their firms, with clients, and with the business community.

Measure what matters most: your firm’s return on women through internships, initiatives and influence. This PAR EXTRA hits the highlights. ■

Return on Internships

Don’t lose your starting advantage.

Women comprise 48% of accounting graduates and the same proportion of new hires: women are equally represented at the starting line. Internships are the moment when today’s students set their eyes on becoming tomorrow’s leaders, and 81% of MOVE firms offer paid internships. Successful programs set high expectations and follow through when those interns are hired as associates, increasing the chance of retention. According to the PAR 32nd Annual Professors Survey 2013, internship experiences are the single most important factor in a student’s acceptance of a job offer.

The foundation of **Eide Bailly’s** award-winning internship program begins with recruitment. Each of its 22 offices in 10 states does its own recruiting. But the

firm, based in Fargo, N.D., has broken out of the career-fair box by holding on-campus presentations on soft skills, such as resume writing and dining etiquette.

Michelle Goss, a partner at **Plante Moran**, based in Southfield, Mich., began as a winter tax intern at the firm in 1996. Now, she leads by example, showing interns and new hires how to balance work and life at the partner level. “I put all my personal appointments on my calendar,” said Goss, a mother of three. “It’s visible to everybody ... they know I don’t miss my kids’ games and events. It also doesn’t mean I don’t get my work done. I just work differently to ensure I can balance both professional and personal activities.”

What works now

- Take a cue from Johanson & Yau (where two-thirds of the firm’s employees are women and more than half are women of color) and bring diverse employees to college recruiting events to illustrate to potential interns the firm’s inclusive culture. The firm is based in Santa Clara, Calif.
- Use an internship feeder program, such as the two-day IMPACT leadership session at Brown Smith Wallace of St. Louis, which snares top-performing second- and third-year students in the firm’s recruiting net before other firms can scoop them up. Its mini-internship gives students a glimpse of firm life and helps partners and managers identify future leaders and even new hires.
- Concentrate intern recruitment at universities whose cultures mirror that of your firm. Miami’s Kaufman, Rossin strikes gold with local schools whose students expect to stay in South Florida.
- Partner with other small firms to compete for interns, such as the Accounting Intern Scholarship Program, which shares an intern pool among five firms and is able to offer educational seminars and other perks they couldn’t execute on their own. The program was started by CPA Allen Bolnick of Chicago-area Weltman Bernfield and now includes firms in the Windy City area.
- Offer interns a flexible schedule like the one at Jones & Roth of Eugene, Ore., where students can continue their class loads while working at the firm 24 hours per week. ■

Return on Initiatives

“What will we get back for whatever we put in to a women’s initiative?” That’s what partners usually ask.

For **Rothstein Kass**, based in Roseland, N.J., the answer is \$6 million. In the past three years, that’s how much new business the firm has captured directly from Rainmakers Roundtable, its multi-phase women’s business development program.

Rothstein Kass and other MOVE firms have zeroed in on three core dynamics for capturing business results from a women’s initiative:

- Integrate the initiative into overall business goals, hold office and practice leaders accountable, measure results, evolve accordingly and repeat regularly.
- Choose a couple of key metrics tied to succession planning and business growth, and track them relentlessly.
- Delineate alternative career paths from flexwork programs. Chart several career paths to partnership, and keep flexwork programs distinct from career paths.

These success factors are practiced at **Moss Adams**, based in Seattle, Rothstein Kass, Chicago-based **Baker Tilly**, Plante Moran and other firms that integrate their women’s initiatives with succession planning. At Baker Tilly, managing

Clark Nuber of Bellevue, Wash., engages its interns as campus ambassadors, paying them to share experience about the firm’s culture and internships with professors and other students — even paying for coffee.

Build relationships with local colleges and universities year-round by commissioning staff as speakers and coaches, recommend respondents to PAR’s Annual Professor’s Survey, and Kim Fantaci, executive director of the American Woman’s Society of CPAs.

Give interns a range of real-life tasks and experience with different supervisors as well as special projects to own, said Catherine Mulder, national president of the Accounting & Financial Women’s Alliance.

partners champion high-potential women into the GROW initiative. Minneapolis-based **Lurie Besikof Lapidus** has a 100% retention rate for its emerging leader program.

“It has paid for itself,” said the principal-in-charge of the women’s initiative at Rothstein Kass, Rosalie Mandel. The program cycles women through a tightly coordinated set of skills development training, networking and coaching to accelerate their ability to win new clients.

Mandel said the same thing of the firm’s overall LIFE initiative, which takes a comprehensive approach to career tracks, work/life programs and flexible work arrangements. “LIFE affects the top line and the bottom line. We’re motivating top women to stay, and we’re bringing in new business, which is the top line that most men concentrate on,” she said. Rothstein Kass tracks two metrics closely: the percentage of women in LIFE mentoring programs who subsequently advance, and the percentage of high-performing women retained compared to their male counterparts.

Practice and office partners need metrics that matter most to them — and that they directly influence. Moss Adams releases aggregate results for its Forum W culture change initiative, publishing an annual report via its website. Last year, the firm launched an annual firmwide and individual office scorecard reporting key metrics tied to Forum W’s mission — accelerating its success in attracting, developing, and advancing talented women. Metrics like headcount, employee engagement, hires, turnover and women in leadership roles are assessed with progress indicators to identify areas of strength and areas for improvement. “We’re measuring results, not just activity,” said Jen Wyne, director of human resources at MA.

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The ‘silver bullet’ metric

The single most important metric to track is attrition of high-potential women, according to Melissa McClenaghan Martin, president of New York-based M3 Strategic Alliances, a consultant to the Rothstein Kass’ “Rainmakers Roundtable” program.

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The ‘Return on Initiatives’ infographic on page 5 is the center panel of a three-piece flowchart that illustrates how firms and women reap return from their mutual investment. Download the entire infographic at www.wilson-taylorassoc.com.

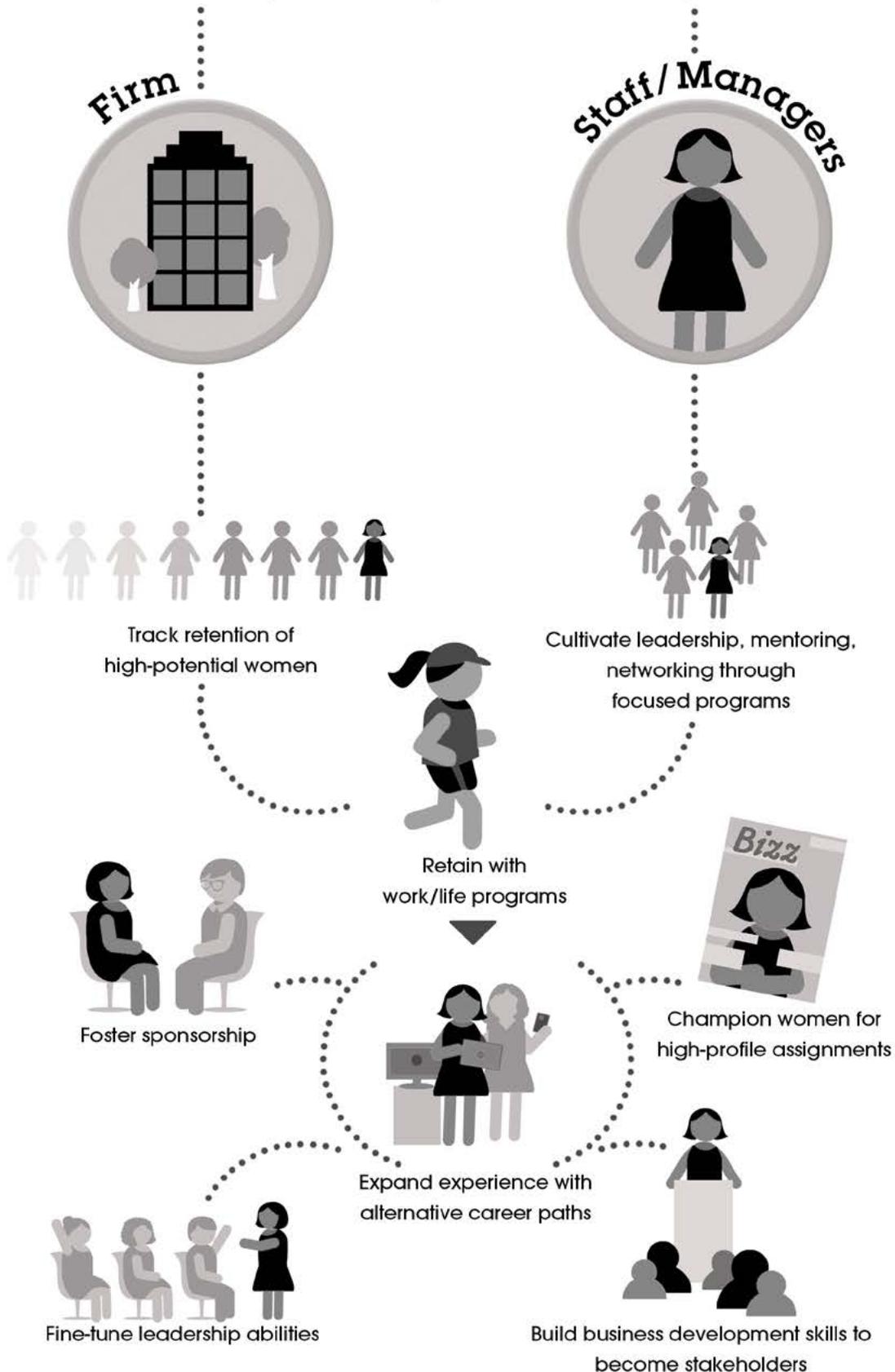
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To capture return on initiatives:

- Identify high-potential women from the moment they walk in the door. Actively recruit them for stretch assignments and projects that help them envision the power and potential of achieving partner. **Rehmann**, based in Saginaw, Mich., tracks high-potential women from the associate level on upward.
- Integrate the women’s initiative with succession planning and your firm’s partnership preparation program. Hold practice and office partners responsible for cultivating balanced slates of high-potentials.
- Synchronize business development skills training with purposeful networking events so women can gain confidence in converting connections to clients. When women’s initiatives are disconnected from meaningful business development, the initiatives do not retain women or deliver business results.
- Plot career advancement separately from flexwork and work/life programs. The two often intersect but must be kept distinct for both to be effective. (*See the infographic, page 5.*)
- Identify a few key metrics tailored to your firm’s retention, growth and succession goals.
- Track new business resulting from the initiative by individual, by practice area, by office and by program. ■

Return on Initiatives

Weave succession planning with programs that equip women with key business development, leadership and confidence-building skills.



Source: Wilson-Taylor Associates Inc. <http://wilson-taylorassoc.com>

Return on Influence

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Influence — the skill of delivering business results through example, persuasion and personal credibility — is both the ascendant leadership model and traditionally considered to be a female strength.
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When women achieve cruising altitude as senior leaders, they are confident in wielding their knowledge, relationships and management abilities to win new clients and to build the firm’s reputation. With women partners and principals outnumbered four-to-one, senior women inevitably have a higher profile with younger professionals, especially with women.

Business skills can be taught. Influence is ‘caught.’

Even as firms strive to advance more women to senior leadership, they can amplify the influence of current senior women leaders. Consider the following:

- Top women are critical to winning new business. Increasingly, MOVE firms report that the leadership of senior women helps win and retain new clients. Clients want to work with firms that share their values.
- Women partners and principals are ambassadors for a firm’s culture to business groups and communities. They prove that the firm’s commitment works. Linda Campbell, a soon-to-be-retiring partner at **MarksNelson**, of Kansas City, Mo., has used her strong interpersonal skills to become a fixture in women’s organizations around Kansas City to make her a go-to CPA among women business owners. “Women like working with women,” Campbell said.
- Women partners and principals are ‘secret weapons’ for carrying their firms’ messages to wide audiences through media mentions. Because women are severely underrepresented as sources in business and finance, they are more likely to be quoted in stories — and more likely to become high-profile representatives for their firms.
- Because their leadership styles are more compatible with the expectations of other senior leaders, top women have a halo of credibility, according to new research.
- Women partners and principals have the authority to detect and advocate for diverse rising talent.

“As powerful as influence is, it grows with experience and needs to be explicitly cultivated,” said psychologist Anne Perschel, president of Germane Consulting, a women’s leadership development consultancy based in Worcester, Mass. “Most people go to that next career level as though it’s just more of the same. But it’s like climbing a mountain and arriving at a new plateau. You breathe differently. It’s a different view with different scenery. It’s not more of the same,” she said. “You have to know in advance that something different will happen here.”

That’s what Stacey Hekkert experienced. As managing partner of **Anton Collins Mitchell** of Denver and mother of three, she uses that convergence of the personal and the professional to help young staffers understand the powerful payoffs for persevering to partner. “We have far more flexibility than other professions. Our work is project-based, and you can scale those projects to meet different needs and different times of your life,” said Hekkert.

It is not always obvious to rising women how much influence women partners wield over their own schedules and professional goals, and also how they help shape the firm’s reputation. When they can envision the holistic rewards for achieving partner, they are much more likely to stay the course, even if their progress sometimes is slowed by scaled hours and responsibilities. ■

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Ensure that rising women work side-by-side with leaders of both genders on community service, women’s initiatives, business development training, and high-profile assignments.
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2014 MOVE Results: An Eroding Advantage

Ten years ago, 56% of accounting graduates were women.

Now, 48% of graduates are women, according to the AICPA (based on the number of women earning bachelor's and master's degrees in accounting in 2011-2012).

MOVE firms hire in the exact same proportion as the profession overall, with women comprising 48% of new hires.

But women gained significantly in the leadership pipeline since 2010, when the Accounting MOVE Project began: For example:

- Women now represent 19% of partners and principals, up from 17%.
- The proportion of women directors is 41%, up from 34%.
- The proportion of women senior managers is also steady at 44%, compared to 40%.

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Explicitly outline the how and why of leadership. Don't assume that staffers and managers will automatically pick up leadership characteristics.

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Accounting MOVE Project 2014 — All Participating Firms	Annual Comparison (%)		
Women Employees & Managers as a Proportion of ALL Employees & Managers	2014	MOVE CPA Firms 2013	MOVE CPA Firms 2010
Women Partners & Principals	19	19	17
Women Senior Managers	44	44	40
Women Managers	51	51	49
Women Full-Time U.S. Employees	51	51	51

Source: Wilson-Taylor Associates

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48% of MOVE firms conduct pay equity analysis of base pay plus bonuses.

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MOVE

Money: Pay equity practices and policies

The 2014 Accounting MOVE Project found:

- Pay equity innovators analyze equity for part-time staff.
- Pay equity legislation is rapidly advancing in states and municipalities.

Opportunities for Advancement

Transparency is on the rise. For example:

- More firms are publicly reporting initiative efforts and results.
- Some firms now expect results at the practice and office level.
- 70% of MOVE firms formally identify high-potential women.

Dixon Hughes Goodman, based in Charlotte, N.C., and **CohnReznick**, based in New York, join Plante Moran and Moss Adams in publicly reporting their diversity initiative process and results. Dixon Hughes Goodman launched a stand-alone website simultaneously with its women's initiative to underscore its accountability to itself, its clients and its community.

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As in the past, Baker Tilly is in the front of pay equity and accountability innovation. In 2013, Baker Tilly made sure that part-timers understood how their compensation scaled to be on par with that of full-time peers — and how the firm monitored their pay to make sure it was in line with market rates. Then, managers received a summary of the part-time pay methodology so they were reassured that those on alternative schedules weren't being left behind.

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- 70% of MOVE firms formally identify high-potential women.
- Alternative career paths are not synonymous with work/life programs.
- 59% of MOVE firms have formal flexwork policies.
- 7% of MOVE firms track flexwork productivity and efficacy.
- 44% of MOVE firms collaborate with employee special-interest groups, such as women's initiatives and ethnic minority groups, for external marketing projects.

It isn't enough to make sweeping mission statements and hope that everyone will fall in line. Practice and office partners are the pivot point for translating retention and advancement of women into reality. Moss Adams uses its Forum W scorecard to analyze trends at the local office level. Partners use these metrics to learn how successful they are in advancing and retaining women. The scorecard not only reports past results but also is used to plan strategy and next steps.

Lurie Besikof Lapidus brings high-potential senior staff into a retreat with partners to work out both the process of envisioning themselves as partners and what kind of firm they want to lead.

Vital supports for work/life

Basic work/life programs are so well established that firms no longer capture a competitive advantage from flexwork, remote work and telecommuting. The challenges now are to evolve programs to reflect the changing needs of a multi-generational workforce — and to clearly distinguish the business case and benefits of work/life programs from alternative career paths.

Though it has a national reputation as a work/life innovator, Plante Moran is determined not to mix its messages as it maps out its Women in Leadership initiative. "We've been very careful to keep it separate but coordinated," said Partner Sue Perlin.

Entrepreneurship/business development

- Firms are concentrating on results:
- Converting contacts to new clients is the missing link in women's business development.
 - Aligning with like-minded women's groups in client industries is a powerful tactic.

Plain vanilla networking events no longer offer a competitive advantage. Leading firms such as CohnReznick, Rothstein Kass and Moss Adams are doubling down on highly selective, intense networking meetings engineered for frank referrals. And last year, **Lattimore Black Morgan & Cain**, based in Nashville, Tenn., started a Rainmaker's Bootcamp to drive home business development skills.

"We can't have a Darwinian theory that only the strong survive," said Diana Jordan, partner-in-charge of wealth management at **Sikich Financial**, based in Naperville, Ill. "We need to take the time to explain the benefits of becoming a partner to our staff. It's not all just monetary. It's about taking on a leadership role in the firm." ■

For case studies and in-depth discussion of the Return on Internships, Initiatives, and Influence, and the 2014 MOVE results, please read the full 2014 Accounting MOVE Project report at: www.wilson-taylorassoc.com, where you will also find notes on sources, methodology and prior MOVE reports.