

The Impact Manager— Creating Value Daily

By Timothy I. Michel

An organization's success is often limited by the availability of leadership talent. Nowhere is this truer than in today's CPA firms. As they seek to manage growth and profitability through a difficult economy, firms are facing myriad significant challenges. Many are experiencing a reduction in revenue as clients enter into fewer transactions and hold back on discretionary spending. Increased competition, pricing pressures and an ever more demanding clientele are threatening long-term client relationships. Meanwhile, firms are confronted with solving their developing succession issues as Baby Boomers continue to move toward retirement. It is difficult for the partner group alone to address these issues effectively.

To move the firm forward, partners should seek opportunities to delegate as much of their administrative responsibilities and compliance work as feasible so they can devote more time to partner-level activities, such as niche building and new product development, business development, raising up future firm leaders and managing their practice responsibilities. These circumstances present a great opportunity for CPA firm managers and senior managers to play an impact role in the firm and show the partner group their abilities.

In working with firms, I often find that the manager group is under-utilized. Much of their time is spent in areas that could be assigned to less experienced staff. Partners seem to be uncomfortable and/or unwilling to transfer client relationships or shift high-level activities to their managers. This mindset creates a disconnect between partners and managers. The partners' actions slow the development of future leaders, while managers don't seem to fully understand that they must demonstrate a high level of engagement management and client satisfaction in order to gain the partners' confidence.

The role of the manager

Managers are in a unique position: they have a great deal of daily contact with—and impact upon—a client's personnel and the firm's staff. To be most effective, though, they must understand their role and work to improve their skills. High-impact managers:

1. Exhibit leadership
2. Develop quality staff

3. Provide a high level of client satisfaction
4. Manage engagements profitably
5. Cultivate contacts and relationships
6. Develop business

Becoming an impact manager

Perhaps the most important trait of an effective manager is the ability to lead. John C. Maxwell, an internationally respected leadership expert states "... everything rises and falls on leadership." Leadership is the ability to guide, direct and influence people. We have all heard the phrase, "He or she is a natural-born leader" but, in reality, good leaders work to develop their skills.

Impact managers take responsibility for the development of their personal knowledge, qualities and skills. They invest in themselves and their careers to continually improve their effectiveness. By frequently attending conferences, reading books and articles and associating with other effective people, they constantly seek a wide variety of information regarding:

- Business and finance
- Leadership and management
- Current events—local, national and global
- Technical knowledge related to their service or industry specialty
- Communication skills, especially listening
- Becoming effective at business development

Impact managers understand that staff are watching them and they must lead by example. As such, they strive to influence staff by displaying:

- A professional appearance
- Punctuality
- Respect for others at all levels
- Integrity and trust
- A positive attitude, especially in difficult times
- Loyalty to the firm
- Commitment and energy
- A proper work-life balance

Impact managers seek opportunities to grow and are not afraid to "*fail forward*." They believe in themselves, make decisions and move on. However, they also know to seek assistance and advice when they become overwhelmed.

Finally, impact managers are visible and involved in the firm and in the community. They understand public accounting is a people business. They improve their effectiveness by building solid relationships with those they supervise and report to. In addition, they continually work to build a network of business people that will help them develop their skills and knowledge and grow the firm profitably.

Impacting staff development

I suspect that most of us can reflect back on at least several people who had a significant impact on the development of our career. They seemed to care about us and perhaps took us under their wing. I still remember one manager who would always answer my question with one of his own. Although it was frustrating at times, he taught me to work things out logically, and I believe it helped me learn to be more analytical and think for myself. I also remember several who would take the time to talk with me about my career and the development of

the firm. They wanted to know my thoughts on various firm issues and were willing to share their own. It made me feel important and excited about my career with the firm.

Impact managers have developed effective people skills. They can help staff develop both technical and soft skills and provide career counseling. By taking a personal interest in the staff, they can help the firm develop its future leaders. With an aging partner group and mounting succession issues, this is quickly becoming a top firm priority. Specifically, managers can develop staff by:

- Providing challenging work that stretches their knowledge and experience
- Involving them in decision making and assigning important responsibilities to them
- Explaining the significance of the assignment and how their work fits into the overall engagement—staff want to know they are making a difference
- Providing timely and constructive performance feedback
- Training, coaching and mentoring them
- Recognizing and rewarding their successes
- Making the work fun, exciting and rewarding

At a recent manager workshop, I asked the group if they spent any time getting to know their staff personally. A few raised their hands. We discussed how important it is for people to know you care about them before you ask for their cooperation and assistance. Staff are no different. Over the years, I

have observed a greater willingness on the part of staff to work for a partner or manager who they feel cares about them. I challenged the manager group to take the time to say hello to their staff and learn something about them personally on a frequent basis.

Impacting client satisfaction

Firms are currently spending significant time and energy in client service. They realize the importance of taking care of established relationships in an economic environment that leads businesses to look for value and much-needed advice. Various studies show that although price plays a role in the decision-making process, more frequently companies switch CPAs due to a lack of service and responsiveness to their needs, as well as a failure on the part of the CPA firm to be proactive in bringing new ideas to the table.

Managers have an opportunity to significantly impact client relationships by working to provide superior client service. With the goal of making raving fans out of the firm's clientele, managers should make client service their number-one priority, thereby allowing partners to focus on the activities that will grow the firm. Impact managers:

- *Achieve high-level client satisfaction by communicating frequently with their clients.* These managers establish a clear understanding of client expectations, and then they work hard to meet—and even exceed—those expectations. Regular communications are simply a part of their routine.

They are proactive in presenting ideas and reinforcing the trusted-advisor relationship.

- *Do not over-promise and under-deliver.* They respond to phone calls and emails in a timely fashion. Further, they anticipate client needs and work to beat delivery expectations.
- *Take ownership of their client-engagement responsibilities.* Working with the client-service team, they make sure each person understands his or her role on the engagement and holds them accountable for superior performance. They also manage the client's personnel to be sure information is ready and available when needed in order to keep the engagement on time and on budget.
- *Take client service and relationships to a personal level.* They set a high standard of service for the engagement team. Further, they deliver the end product to the client and take the time to meet with them, being certain to ask the kinds of questions that will prompt them to reveal their issues. As a result, impact managers are tuned in to how they can help the client resolve the issues that are troubling them, thereby delivering value. Finally, they make a point of attending both business and personal client functions, such as open-houses, parties and funerals. Once again, they show how much they care.

Impacting the firm's success

Impact managers significantly influence the firm's growth and profitability. They exhibit good stewardship by:

1. *Protecting the goose that lays the golden eggs.* As they work closely with clients and staff, they are vigilant for anything that may threaten the well-being of the firm.
2. *Keeping staff productive.* Managing the firm's resources effectively impacts growth and profitability. They understand the importance of good leverage and utilization.
3. *Keeping engagements on budget.* Firms seem to struggle in this area, and it is often a result of poor engagement management. Impact managers emphasize with staff the importance of keeping projects on budget and hold them accountable for results.
4. *Practicing excellent business hygiene.* That is, they act responsibly in controlling the firm's financial investment in clients through timely billing and collections.
5. *Cultivating contacts and relationships with clients, referral sources and significant people in the business community.* They take leadership roles in community and industry organizations. They gain exposure and prominence by writing articles and giving speeches. Further, they seek to expand services to the existing clientele.

Impacting the future

The manager position has become more important. As a significant number of partners in CPA firms are approaching retirement, they are recognizing their managers as tomorrow's firm leaders. And, although not all managers wish to become

partners, firms must be sure the manager positions are filled by dedicated and effective people.

Firms are becoming more proactive in developing their managers. They are providing nontechnical education to help managers become effective leaders and future partners. They are revamping manager-compensation programs to provide time for leadership, staff development, business development and other nonchargeable tasks important to the manager's and

firm's development. And they are requiring managers to complete annual goal-setting in areas that include their leadership and personal development, development of staff, engagement management/client satisfaction, cultivating contacts/relationships and firm stewardship. The firms that take this approach are realizing dual benefits: they are in a good position to solve today's issues, and they are providing for growth and profitability in the future.

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