

Partners – What is Your Development Strategy?

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The development of future partners is of utmost importance in firms of all sizes due to the number of Baby Boomers now occupying those seats. What criteria is your firm using to select future partners? At what age do you select them for the partner track? Who is responsible for their development and learning the economics of today's accounting firm? Or are you simply waiting for another firm to acquire yours?

These are difficult questions—and questions that are ignored in many firms as they focus on short-term results. The answers come in the form of people, planning and processes.

The power of culture

Firm culture is an important factor in determining whether your firm can retain and attract **quality** people. I stress quality, because the shortage of people in the accounting profession has caused many firms to accept mediocrity—in both their staff and partners. I rarely consult with a firm where partners don't readily admit they made someone a partner because they were afraid they were going to leave.

Is this a good strategy that will improve the culture of your firm? I say “No,” and it indicates other symptoms about the firm's ability to retain and attract quality people. Jim Collins in his book *Good to Great* stresses that it is the job of leadership to get the right people on the bus and the wrong people off the bus. Additionally, it is important to get them into the right seats if you wish to build a “shared vision” firm. Collins goes on to list the five levels of leadership.

1. Capable individual
2. Contributing team member
3. Competent manager
4. Effective manager
5. Executive

Where would you place most of your partners? Sadly, too many never get beyond level 2. It requires ongoing development to reach levels 3, 4 and 5. According to Collins, “level 5 leaders channel their egos away from themselves & into the larger goal of building a great company.” I have met many managing partners over the years who are either at level 5—or could be there if they would only get out of the trap of retaining a book of business.

There are many reasons this happens, but the primary one is compensation. I have also met too many partners who are at levels 1 and 2. They have the technical skills and are willing to work long hours, but they don't focus on the development of others and the shared vision.

Great leaders develop successors

Every firm today needs to develop a program for managers and leaders. Too often at levels 1 and 2, people do not value the skills required to become level 3, 4 and 5 leaders. It requires commitment from the individual and the firm for people to develop beyond level 2.

Finding people with commitment is often the problem I hear when I address audiences comprised of older partners. Over the years, I have developed the following list of characteristics of great partners who are leaders.

1. Commitment to a big vision and growth
2. Willingness to delegate
3. Passion
4. Respect, value & appreciation of people
5. Continually update personal skills
6. Commitment to a learning/training culture
7. Consistently offers employees new challenges, growth & rewards
8. Live the firm's core values
9. Willingness to be managed and held accountable
10. Willingness to leverage processes & technology

These characteristics are important for firms that want to build an organization beyond just a job. Identifying people with these characteristics early in their careers is imperative. People with these characteristics do not have to wait around for someone to retire. They have many opportunities in public accounting and industry. This is why firm growth is so important in retaining and attracting quality people

Additionally, the following characteristics are representative of partners who are great managers (level 3).

1. Promote the training/learning culture.
2. Even-tempered, a good listener & communicator
3. Focus on other's unique abilities
4. Sensitive to work/life integration
5. Willingness to be managed & accountable.
6. Role model that supports the firm's core values.
7. Develop and attract talent
8. Accessible and approachable
9. Enables other's success
10. Flexible and versatile
11. Effective planner and resource manager
12. Provides frequent and honest feedback

Many firms have compensation formulas that fail to reward for management and leadership skills. Therefore, it is difficult for many partners to get beyond levels 2 and 3. Knowing a person's unique abilities when they start in your firm is a distinct advantage.

The Kolbe Index provides both the employee and the firm insight into how they prefer to work and how they fit with other team members. I recommend using this tool prior to offering someone employment. The Kolbe Index is a great way to get people moving through Jim Collins five levels of leadership.

There are five actions steps your firm can take that will improve your ability to attract, retain and select future partners and managers. The steps are:

1. Have all current partners take the Kolbe Index. (A side benefit is that this knowledge will improve communication among partners.)
2. Develop job descriptions for each partner that focus upon their unique abilities.
3. Identify members of the Management Team. Complete a team synergy report (based upon the Kolbe Index).
4. Utilize 90 Day Game Plans/Accountability Reviews on all people in the firm.
5. Integrate performance with compensation. (Balanced Score Card Approach).

While these are not difficult steps, they require time and change management skills. You should expect some resistance to change. This is about progress— not perfection. ■