



TWISTS IN THE TRACK

CPAS TAKE A FRESH LOOK AT PARTNERSHIP

By Donna Pinsoneault

Young professionals cite life-work balance, desire for top dollar and quick advancement expectations as among the key obstacles to the partnership track. Seasoned professionals find that hard to understand. From the vantage point of experience, they see the potential for financially and professionally satisfying partnerships as greater than ever before.

“I come from the school where you must work hard and make sacrifices to build a business,” said Ray Petkovsek, CPA, senior partner at Petkovsek & Moran, LLP. “My generation expects young people to do the same thing but they have different ideas.”

“Younger people have higher expectations than we used to have,” said Marty Verhelst, CPA. “We knew what we would get for a starting salary. We didn’t expect to be doing extremely rewarding or challenging work at the start and we expected it to take anywhere from 12–15 years to become a partner.”

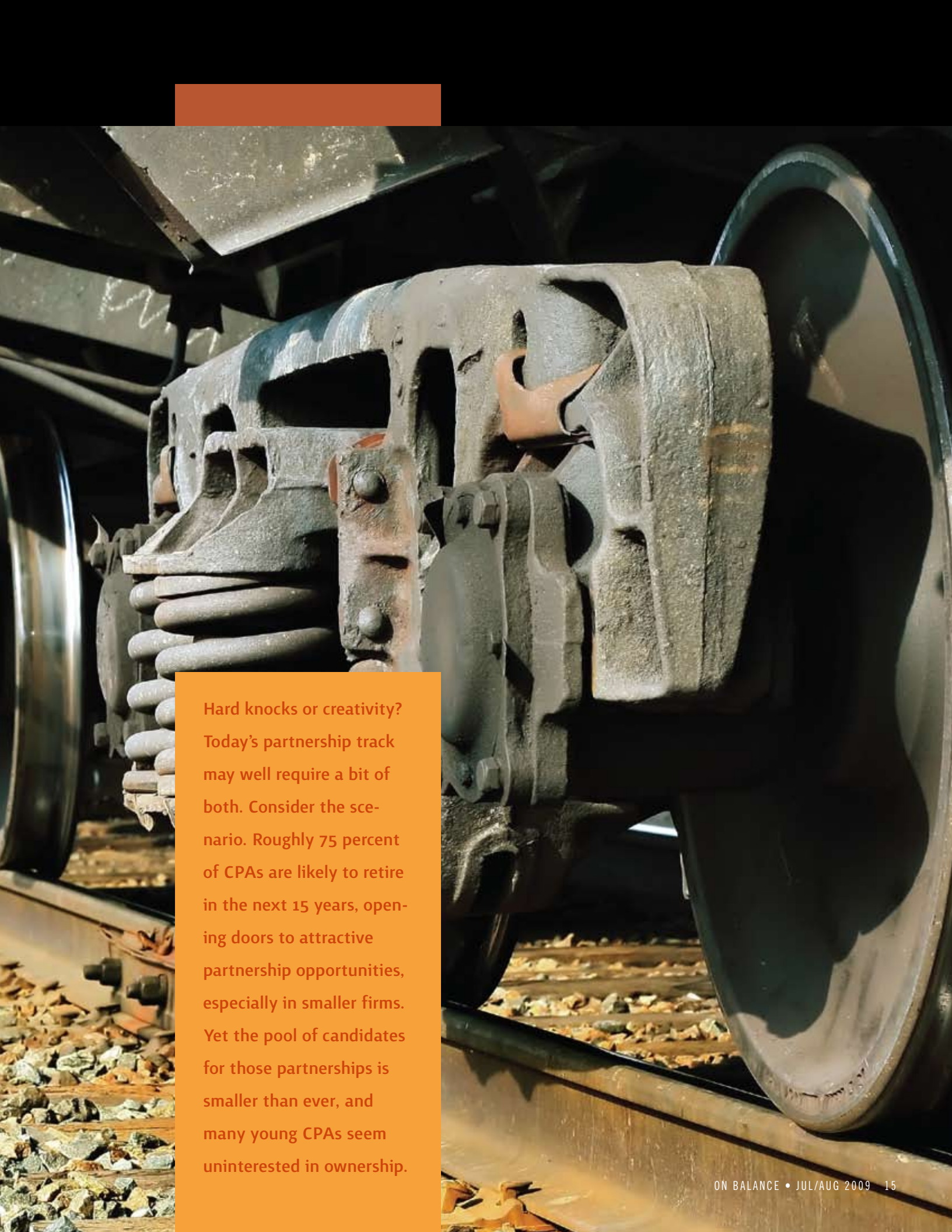
Many of today’s graduates enter the profession eager to innovate, an approach that current partners embrace with reservations. “They have heard from their professors that innovation is rewarded, and it is,” Verhelst said. “But before you decide to improve our approach, you must learn our approach.”

That’s what Tom Dawson, CPA, partner at Stroh Ballweg, LLP understood. He began his career at a larger firm. But when colleagues who had mentored him decided to open their own firm, he recognized the potential for opportunity.

“I took the leap because I liked working with the founding partners,” he said. “The hours have been long but the work is exciting. We have a great client base and every day is a little different.”

As he gained experience, Dawson gave serious thought to the challenges





Hard knocks or creativity? Today's partnership track may well require a bit of both. Consider the scenario. Roughly 75 percent of CPAs are likely to retire in the next 15 years, opening doors to attractive partnership opportunities, especially in smaller firms. Yet the pool of candidates for those partnerships is smaller than ever, and many young CPAs seem uninterested in ownership.

involved in pursuing the partnership track. "My wife and I talked over the kind of sacrifices that would require," he said. "She is a CPA as well and understands the demands. We had a lot of discussions before we made the decision."

In 2008, at age 36, Dawson became a partner.

"For the year leading up to that, I had to work on building relationships and learning management skills in addition to what I had been doing," he said. "The partners did a nice job of giving me opportunities for hands-on experience, getting me more involved with board meetings, doing presentations and building relationships with clients at the appropriate levels."

A key challenge of becoming a partner is making the transition from technician to manager.

"In our profession, the cream rises to the top by being a skilled technician, but in school we don't learn much about what it takes to manage internal as well as external clients," Verhelst said. "Both are important. If external clients are unhappy with our services, we won't have work. But as you grow, you won't serve your external clients well if you don't have a group of reasonably happy internal clients."

As a result, owners are beginning to structure work environments that not only provide excellent service to external clients but also employ creative strategies to retain valued internal clients. For some, that means providing flexible hours so employees can meet family and other commitments. For others, it means expecting intense effort during the busy season and generous vacation options during the rest of the year.

Reducing stress, providing challenging, satisfying work, taking time to mentor and finding young professionals who are the right fit for a firm's culture are also important.

"We are looking for someone with good technical skills who can fit with our relaxed culture," Petkovsek said. "Everyone in our firm gets along well and enjoys coming to work. Each of us controls our own work schedule."

With prospective partners in short supply, owners are developing clear succession plans. Verhelst, whose spouse is also active in the firm, has identified an individual to prepare for management. Partners at Petkovsek & Moran have worked out staggered retirements with scheduled payouts. "Upon my retirement, if I can just fade into the sunset and no one misses me, we have done it right," Petkovsek said.

Mark Danielski, CPA, has a practice continuation plan in place. His first agreement, with the owner of a firm of a size similar to his own firm, was reciprocal, but Danielski's firm soon grew larger.

"We agreed he would not be comfortable taking over my firm if something should happen to me, so I explored and found another firm larger than myself."

It took several months to find the right match: a nonreciprocal arrangement with a firm about four times as large but with similar philosophies and procedures. Danielski believes that having a succession plan is vital for smaller firms.

"The plan has three purposes: to protect my spouse so she doesn't have to hold a fire sale if something happens to me, to protect my employees so they will still have jobs and to protect my clients so they will have a seamless transition."

The current economy may be just the signal CPAs need to revisit the partnership track. As young professionals navigate through its challenges, they may gain greater insight into what their clients risked to build businesses and deeper respect for the time it takes to achieve something worthwhile. Senior

and managing partners, eager to transfer hard-won knowledge before their own retirements loom, may become increasingly comfortable with taking creative approaches to retaining young talent, actively mentoring those who bring excellent technical and collaborative skills, solid work ethics and fresh ideas to the mix.

"What's most important is that seasoned partners need to pass the baton to the younger CPAs and give them more and more challenging responsibilities," Petkovsek said. "Let's be honest with ourselves. When we look back, we too had a lot to learn at age 30. If we were fortunate to have someone who patiently helped us get up to speed a little faster and be a bit smarter, it made the growth process easier. We learned from the school of hard knocks. Let's see if we can minimize those hard knocks for the younger generations."

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