

CPA PERSONNEL REPORT

December 2002

Personnel Management News For CPAs Since 1982

Volume 21, No. 12

IN THIS ISSUE

- *Making Exit Interviews Work* 3
- *AICPA Recruiting Initiative* 4
- *CC&R's Successful Job Fair* 5

Firms Give Raises, But Not Big Ones

Pros mull other careers.

Salaries have stabilized, CPAs are rethinking career goals, and the search for experienced hires has intensified, according to the "2003 Robert Half International/Accountemps Salary Guide." (See chart, p. 7.)

In contrast to the runaway growth seen just two years ago, when most salaries grew by as much as 9%, RHI forecasts only minimal increases for

See **Salaries** page 7

ACCOUNTING RESEARCH MANAGER™

Aspen Publishers' **Accounting Research Manager** is one of the largest and most comprehensive online databases of expert-written analytical accounting and auditing information as well as primary source data. Updated daily, it is the most timely, complete and objective resource for your financial reporting needs. Our Weekly Summary, an e-mail newsletter highlighting the key developments of the week, gives you the assurance that you have the most current information. It provides links to all FASB, AICPA, SEC, EITF, and IASB authoritative and proposal-stage literature, plus insightful guidance from financial reporting experts. With Aspen's **Accounting Research Manager**, you maximize the efficiency of your research time, while enhancing your results. Visit us at www.arm.aspenpublishers.com to request your free 30-day trial.

ASPEN
PUBLISHERS

The Hanke Group Teaches Future Partners To Lead

Program pays big dividends.

Without developing the leadership skills of the firm's managers and supervisors, **The Hanke Group**/San Antonio (five equity principals, 55 total staff) was in danger of fizzling out within the next 10 years as key partners retire. So the firm invested more than \$42,000 in a leadership training program to help the firm's managers and supervisors step up to the plate and fill those gaps.

"The big emphasis was the desire to continue to grow and develop leaders who will take over the firm as the two senior partners retire," says CEO **Jack Stein**. "We needed help bringing our people along in terms of developing leadership skills."

The program, which was developed and facilitated by Human Dynamics/Garland, Texas already is successful. One

of the managers, **Raul Rios**, was promoted to nonequity principal a year after the program ended, and Stein expects Rios and at least three others to become equity owners eventually.

The cost of the program was reasonable, because the 14 participants earned 76 hours of CPE credit. The total cost includes a fixed \$3,000 per day; \$6,000 to customize the course; and a \$650 per person materials costs. The training took a total of nine days spread over six months. The program is available to other accounting firms through Human Dynamics (www.hdiconsulting.com).

The total cost of \$42,100 meant the firm paid approximately \$40 for each hour of CPE, which is comparable in price to other types of CPE training,

See **Hanke** page 5

Firms Must Nurture Ethical Cultures

Consider developing ethical policies and training.

Despite continued debate about Andersen's role in Enron's bankruptcy, one thing is certain: Many firms are feeling the fallout.

Robert M. McAdams, managing partner at **Carneiro, Chumney & Co.**/San Antonio (eight partners, 50 total staff) believes his firm has been insulated from criticism, because it doesn't accept SEC work.

"Our clients don't see us in the same light as they see Andersen, as a huge conglomerate. They see us as individuals they've known and trusted," McAdams says. "We've mostly heard joking: 'You aren't going to sign that as Andersen, are you?'"

It's no joking matter to McAdams, who heads a task force of the **Texas Society of CPAs** that is considering ways to promote ethical cultures for CPA firms.

"It seems almost academic," he says. "Teaching rules is a pretty mundane task. But you have to teach more than rules; you have to teach situational ethics."

McAdams believes that firms may need to create written ethics codes and provide training. He suggests regular discussions of case studies, explaining, "We need to look at situations like we've seen this past year [and ask], 'If we were in that situation, what would we do?'"

CC&Co. hasn't had such formal discussions. "But we have told our people, many times and in different situations, that our CPA certificates and our reputation are more important than any client," McAdams says.

"I won't say that we've never had a client who wanted to do something we didn't think was right," he adds. "One

See **Ethics** page 6

PEOPLE FIRMS & PROMOTIONS

■ **David P. McManus**, shareholder at **Alexander, Aronson, Finning & Co./Westborough, Mass.**, was appointed to the Accounting Advisory Board of the Assumption College Center for Continuing Professional Education in Worcester, Mass.

■ **Jim Wall**, national managing director of HR for **Deloitte & Touche**, was named 2002 Human Resources Executive of the Year by *Human Resources Executive* magazine.

■ **Ernst & Young** received the Accounting Firm Award (501-plus employees) from the **American Society of Woman Accountants**. Partner **Carolyn Slaski**, director of HR for E&Y's Assurance and Advisory Business Services practice, was named Woman of the Year by the society.

■ **Hoyman, Dobson & Co./Melbourne, Fla.**, was named one of the Top 100 Companies for Working Families in Central Florida by the *Orlando Sentinel*.

■ **Linda Bohman**, director of HR at **Virchow Krause & Co./Madison, Wis.**, was promoted to partner.

Ethics, continued from page 1

thing I've learned, however, is that those clients go by the wayside. Eventually, we fire them or they fire us."

The Enron-Andersen controversy prompted informal discussions at **Simpson & Osborne/Charleston, W.Va.** (nine partners, 50 total staff; two offices).

"It's such a painful situation, especially when you consider that most people in the profession are ethical," says **Fred Dillon**, vice president of operations. "I'm sick of having this painted as an accounting profession issue, but there's no question that we have to remind ourselves what business we're in and what our role is."

Dillon considers himself fortunate that, in 15 years with the firm, he's never

had to deal with an ethics problem. Although he believes that record is a testament to the firm's efforts to promote an ethical culture, he admits that luck probably plays a role.

"You screen people. You give them an orientation that talks about your expectations. You communicate with them about appropriate professional behavior. Beyond that, I'm not sure that a firm can do anything to prevent anyone from ever behaving unethically," Dillon says.

Creating an ethical culture is no easy task, notes CPA **Ron Rael**, a consultant who advises businesses about ethics. As a former auditor with **Peat Marwick and Moss Adams/Seattle**, Rael notes that accounting firms may face more difficulties than other businesses.

"There are a few traits you commonly find in professional firms, including CPA firms, that can complicate the process," he says.

For example, strong leaders may not be able to back down from a disagreement or see others' viewpoints of a situation.

"Accountants in particular like black and white, and ethics issues are gray," Rael notes.

Similarly, firm leaders may be unwilling to accept feedback about their decisions or behaviors. Some see it as criticism and won't accept it from employees.

"There is also the tendency in an accounting firm to think that numbers are more important than people," Rael says. "Ethics is a people issue."

He suggests firms take the following steps to create an ethical culture:

■ **Create a written code of ethics.** Use the firm's mission statement to help you outline how you will achieve your goals with integrity.

■ **Appoint an ombudsman.** Employees need a designated "ethics officer" with whom they can discuss ethical concerns. Rael says an HR person is the logical choice for the job. "It should be someone who has displayed a high level of ethical behavior, is considered fair and is unwilling to play politics," he adds.

■ **Provide ongoing ethics training.** An ideal format is role-playing. Present employees with examples of likely ethical dilemmas. "Ethical training without reference to the accounting context doesn't really come alive for people," Rael

says. "Someone who is told by a client, 'I don't want to report this,' needs to know how to respond."

■ **Screen employees and clients.** Ask potential hires how they would handle specific situations, and be alert to client attitudes and behaviors. "I know a CPA who says he learns more about his clients' ethics from playing golf with them than he could ever learn in the professional setting," Rael notes.

■ **Discuss ethics in performance evaluations.** At least once a year, talk one-on-one with employees about how their performance reflects their integrity. Use what you learn from the discussions to help you adjust your firm's ethics training.

■ **Set ground rules for ethical behavior.** Make clear what kind of conduct is expected internally. Examples: "Meetings start on time, and everyone in the firm is expected to be on time." "What's said in a confidential meeting doesn't leave the meeting."

■ **Provide feedback.** Alert people to behavior that isn't in line with the firm's ethics. Partners especially need to be aware of the examples they set. "I once worked for a firm where a partner would sign in for training, leave for the afternoon, and then come back for the last five minutes," Rael says. "What message does that send?"

■ **Collect "stories."** Employees need to hear that partners and other senior people have faced ethical dilemmas, and they will model their behavior based on how those situations were resolved.

Rael points out that ethics violations thrive in an environment where the topic is never addressed.

"In a start-up, where people are in close quarters, you usually find a healthy ethical culture," he says. "As the company grows, subcultures form, and that allows different values to take hold."

Prevention is possible. "Most leaders don't realize the they must be aware of and constantly manage the culture," he explains.

Rael stresses the need for employee input.

"The worst thing you can do is try to blindly dictate ethics," he explains. "People come from different backgrounds, experiences and viewpoints, and you need a definition that reflects those differences. Also, when people have input, they'll buy in to the definition and practice it." ■