

Lead generation

As industry grapples with aging leadership, firms must find ways to get millennials involved

BY BRETT JOHNSON

The scene could be set by describing a 25-person, four-partner accounting firm founded in the '80s, led by men a hair's breadth away from retirement age ...

Of course, that would acquaint one with too many New Jersey accounting firms to count.

There's really nothing unique about the situation of **SKC & Co. LLC** in Boonton Township. And, like every other firm in its predicament, its aging leadership has done a lot of thinking about the company's next chapter.

Instead of closing the book, though, the firm's leaders are introducing **Sarah Krom** to the upper rungs of the organization. Krom is a 33-year-old who quickly moved to a partner position at the small firm and is now expected to succeed its current leadership.

The firm is adamant that it won't come to the same end as other small to midsized firms in the accounting world, which industry experts say are fast disappearing due to a retirement-influenced consolidation.

Krom insists on it.

"Unfortunately, when you talk about some of the baby boomers leading firms without a succession plan, their only resort is to be acquired or to merge if there's not enough people to take over — that's wasn't within our wheelhouse," she said.

The narrative of the post-World War II generation retiring in droves has been well reported, but its impact on an industry such as accounting is just now starting to be felt.

Accounting firms — distressed by the trend but also identifying opportunities to pick up clients as the competitive field shrinks — are responding by fast-tracking skilled millennial accountants to higher levels to shore up their leadership pipeline.

But, even as millennials enter the profession, the number of baby boomers retiring outstrips younger professionals ready to replace them, according to **Ralph Thomas**, CEO of the New Jersey Society of CPAs.

Aware of that fact, accounting firms have ushered in a host of initiatives to attract and retain what young talent there is in the industry.

Jo Anna Fellon, a millennial who quickly moved from senior accountant to principal at **Friedman LLP's** East Hanover office, said qualms about the "coolness" of accounting — long thought to be stifling millennial interest — have faded, largely as a result of the perks firms are introducing.

"What's interesting about the profession is that it's difficult — from the get-go, it's full disclosure, you've got filing deadlines to meet — but, at the same time, the younger generation has come to see that it's a very generous profession," she said. "It's starting to become an attractive profession with a lot of flexibility that it was otherwise thought not to provide."

Almost overnight, flexible work and occasional work-from-home arrangements have gone from being a break from the norm to a given, with many accounting firms this year rolling out new programs that allowed employees more freedom in their work schedules.

Lindsay Gaal, director of human resources at Friedman LLP, was involved in such an effort.

"The purpose of our alternative work arrangement policy was to eliminate questioning about whether it's OK to work from home or to work different hours on occasion," she said. "We wanted to clear the air."

The willingness of accounting firms to adapt to work-life balance expectations has led to the industry having a strong presence in NJBIZ's Best Places to Work survey for 2017.

Among small to midsized companies, the industry is a leader — and has been for many years — in this annual survey.

But even the industry's larger companies have been opening up to allowing employees to work outside of the traditional 9-to-5 setting.

Steven Schinella, an office managing partner for **CohnReznick's** Roseland office, said he hasn't seen productivity affected by these arrangements.

"Opposed to a smaller environment where they're maybe more involved in the same type of service at the same time, we have people



Sarah Krom, managing partner, SKC & Co. LLC, and incoming president-elect of the NJCPA. —AARON HOUSTON

working on a wide array of things, and they are busy at different times of the year," Schinella said. "So, the business isn't always busy at one time and quiet during another, thus you need to be creative as what works for a small firm may not work for a larger one."

Smaller firms also have been rolling out other work-life balance initiatives to attract millennials, such as unlimited vacation programs and no mandatory weekend work, which larger firms sometimes encounter trouble implementing.

"Opposed to a smaller environment, where they're maybe more involved in the same type of service at the same time, we have people working on a wide array of things and they are busy at different times of the year," Schinella said. "So, the business isn't always busy at one time and quiet during another."

Ultimately, Schinella added, what one firm does to attract millennials may not even hold sway for the whole demographic.

"The toughest challenge we have as leadership is we're trying to determine what millennials really want," he said. "And you can't really just go off of what's said about them; we have to bring them into the loop and get their input on what would be beneficial to them — instead of us just thinking we know what they want, they need to be part of the process."

Jay Weinstein, New Jersey partner-in-charge at **EisnerAmper**, said that's something that his firm has identified as being necessary as well.

"I think it's a key thing — asking our millennials what's important to them," he said. "As an example, on our partner retreat this year, we flew four of our millennials down to Jacksonville, Florida, and we had them speak to the whole partner group. We held a roundtable discussion so the partners could hear what's on their mind and what we could do better."

Out of it, the firm set up a buddy system initiative that pairs senior members of the firm with millennials to ensure their perspective gets across, particularly on the topic of technology usage.

"Millennials communicate in much different ways than our current senior folks," he said. "We are learning how to communicate with them the way they would like to communicate. As they continue to progress in their career, I think the way we talk to each other will be one of the biggest changes."

Given that the passing of the torch from one generation of accounting leaders to another is happening quickly for accounting firms, millennials are soon to have more than input — they're soon to own the process entirely.

Edward Guttentplan, managing shareholder at **Wilkin & Guttentplan P.C.** in East Brunswick, sees the leadership changeover on the horizon for his midlevel firm.

Making that transition go smoothly is everything to the firm's stakeholders, who have a vision of the firm existing long past the retirement of its founders.

"Our focus can't be just about making money today," he said. "It's about how we invest in younger folks to be the next generation of leaders so we can continue on tomorrow."

Along with welcoming the input of younger staff members at the firm, Guttentplan detailed an agenda of experiential learning that involves introducing those in lower-level positions to high-level meetings and activities.

"We'll bring a staff person along knowing they're not productive to the process, but just so they can see how it's done," he said. "As they advance in their career, at some point they're going to have to do that stuff, so why wait until the very end to show them how to do it all?"

As it happens, millennial soon-to-be leaders are just as interested in developing the skills of those younger than them in the profession.

Even at the age of 33, Krom is on the lookout for the next generation of talent.

"There has to be not only people around me to support the growth of the firm, but also a continuity of leadership behind us," she said. "A lot of the people I want to bring on as partners may not have even graduated college yet. And, truthfully, people coming out of school even now are leaps and bounds beyond my ability to utilize tools such as technology. We'll need their knowledge."

When she takes the helm at SKC & Co., Krom doesn't expect to put off thinking in terms of succession planning until a point of crisis.

"We're aware that it's constantly a process of seeing new people come into the profession," she said. "We'll have to continue to keep our eyes out for those who have the right traits to step into leadership roles."

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