

INSIDE Public Accounting

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BONUS ISSUE

The competitive advantage for accounting firm leaders since 1987

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Firms that have implemented wellness programs for their employees aren't doing it to save money – instead, they're finding that these initiatives boost morale, increase productivity, attract recruits and keep top talent on board. Four firms with comprehensive, popular wellness programs share what works well at their firms (and what had to be scrapped), and offer advice to other firms looking to boost the health of their biggest asset – their people.

Porter Keadle and Moore (PKM) (FY07 net revenue of \$12.2 million) of Atlanta listens to its employees, promoting a "continuous feedback culture," says COO **Debra J. Sessions**.

PKM asks a task force of employees to learn about benefits selection and other issues in the annual insurance renewal process. It seeks employee ideas on health topics for educational seminars (nutrition, weight loss and stress management, for example). Employees suggested onsite, free flu shots. The firm agreed. Organic fruit is delivered to the office every week, and PKM sponsors corporate running, tennis, flag football and basketball teams.

Sessions says that for wellness programs to work, it's important to do some kind of employee survey to get honest feedback. Then, the firm had better do something about what they hear, even if the response is, "I understand that's a problem, we don't know how to fix it, but let's work on it together." No response to employee comments is more destructive than never asking employees' opinions at all. "You have to have more than just token support of it. You have to have someone who will be the ambassador leading the charge."

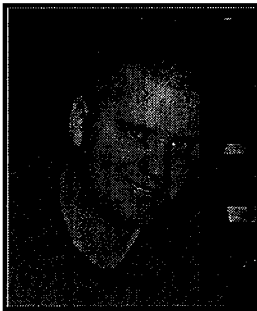
Innovations such as wellness programs, open communication and a flexible work environment – PKM closes two hours early every Friday in the summer – earned it a 2008 *Psychologically Healthy Workplace Award* from the American Psychological Association. One employee jokingly suggested their motto could be, "We're not nuts, and we've got an award to prove it!"

Baggett predicts that in 10 years, networks will still exist, but they will be limited by size and geography. "I would not join a network that was made up of 150 firms. I don't think there's any way you can take the liability concerns you have in a network and not be in a very, very controlled group."

Sacks says, "At the end of the day, if you're the user of a CPA service, do you really care if it's an association or a network? You really care that the service provider is competent, understands the rules and has an ethical underpinning. That's what it really comes down to." ■ Share your thoughts on this topic with IPA at editor@plattgroupllc.com.

Acquisition As A Growth Strategy Is Not Limited To The Largest Firms: One California Firm Thinks Big

One midsize California accounting firm is taking a cue from its bigger counterparts by actively seeking merger candidates to fuel its growth.



Christian Payne
Kellogg & Andelson

Kellogg & Andelson Accountancy Corporation (six partners and 120 staff) of Sherman Oaks, Calif., has acquired five small- to mid-sized, owner-operated firms in the last 18 months. All had revenues between \$500,000 and \$2 million, five to 15 employees, and one to three partners. The firm prominently promotes its acquisition strategy on the firm's Web site at www.k-a.com/succession.php.

President and CEO **Christian Payne** is responsible for overall strategic direction, acquisitions and operations. "The great thing about the industry is it's a huge industry but a small business," says Payne. After the company started acquiring firms, the phones started ringing and have not stopped. "We bought **Wien, Sales & Vizvary** and within 10 days, three or four firms who had at some point interacted with their principals started calling up and saying, 'Hey, you bought my friend Al's firm. Can we talk?'"

In addition to WS&V, the other firms acquired include: **F.L. Herberth Accountancy Corporation**, **UHY Advisors'** Los Angeles Office, **Markman Brecker Associates** and **Hecox & Wheeler**. K&A handles all administrative tasks related to the transition, such as payroll, workers compensation, human resources and technological investments. So

"It's a simple evolution. There's a huge supply-and-demand imbalance and it doesn't have an elegant solution," Payne says of the firm's approach. The more research the firm conducted, the more they saw the potential in acquisitions. "We have the collaborative idea that acquisitions are the way to grow."

far, the acquisitions, which Payne says typically take 90 days to close, have all been California firms. But Payne is not ruling out expansion into other states.

The firm plans to continue its path of acquiring firms for the next four or five years and predicts an “avalanche” of small firms will be available for sale due to a lack of proper succession planning. K&A Acquisitions Manager **Joe Lisciandro** has a team of six people working with him. He points out that every firm owner they talk to has different needs when it comes to a potential acquisition. “There’s a lot of flexibility in what we do in reference to succession planning,” Lisciandro tells IPA.

The firm doesn’t have a specific formula for picking potential acquisitions and, according to Payne and Lisciandro, a cornerstone of their acquisition strategy is to be flexible. “Everyone’s goals are unique and the end result is unique,” Lisciandro says.

One constant among the small firms being considered for possible acquisition is that they are very concerned about their clients, Payne says. Time is invested in communicating with the clients and making them feel comfortable. So far, K&A hasn’t encountered any negative reaction within the profession to its succession planning strategy, according to Payne. He says the biggest obstacle has been people who are simply in denial about the succession crisis.

“If the sole proprietor is in his 60’s and has a heart attack, what is the succession plan? If it’s, ‘I’ll die at my desk,’ that’s a lousy succession plan,” Payne says. “There are a lot of people so burnt out with the day-to-day of their practices that they just don’t have time to think about succession planning or they haven’t thought it through.” ■

“If you talk to 10 owners, you get 10 different answers about what they want to do. Some want to leave and toss you the key – others want to work as long as they can,” Payne says. “We can accommodate those who are looking for immediate retirement to those who are looking for a part-time gig or even those who want to work full time but without the hassles of firm management and administration.”

Golf Lessons For Interns Is Just One Piece Of The Strategy Proving To Be A “Hole In One” For This North Carolina Firm

Many partners view golf as personally challenging and financially rewarding. What better way to get to know a potential client, to spend time with a valued client or to hobnob with the key business associates in the community? In some circles across the country, golf is the must-have skill for creating a successful CPA firm, and some firms are recognizing that value for all staff – even interns.