2017 Public Accounting Recruitment and Retention in Texas – with the New Generation, the Me Generation

By Michelle Eakin Parchman

Millennials demand revolution in public accounting – and it is working! As we take a walk through the generations from Baby Boomers to Generation X and now to the Millennials (born in 1980 and later), the power the Millennials have in the workplace is clear and evident. Millennials (also known as Generation Y, Generation Me and Echo Boomers) are the demographic cohort following Generation X. The first Millennials hit the workplace around the year 2000.

Many misconceptions existed about their generation. Public accounting firms have effectively focused on their characteristics and drivers over the past years, and dramatic changes have already been made to increase retention.

In Texas, public accounting firms have faced four significant challenges when recruiting new staff and retaining them: 1) the presence of more females versus males in the Texas workforce, 2) dominance of Millennials, 3) talent shortage and 4) competitors have easy access to talent. The following provides more specific detail related to these areas.

More Females – Texas is a majority-minority state for gender purposes. More females are in the Texas workforce. Traditionally, a higher percentage of female CPAs leave public accounting to be stay-at-home moms or for a less demanding career than in public accounting. In Texas, females are the majority, comprising 57 percent of the state population. Males are the minority, making up 43 percent of the Texas population per the 2015 Census Bureau Reports.

Dominance of Millennials – Millennials, or America's youth born between 1980 and 2000, now number 83.1 million and represent more than one quarter of the nation's population. Their size exceeds that of the 75.4 million Baby Boomers per the 2015 U.S. Census Bureau. Millennials outnumber Baby Boomers, are far more diverse and carry the power to transform the workforce. Author Shankar Ganapathy expressed that 91 percent of Millennials expect to stay in their current job for three years or less. Ganapathy also noted that 45 percent of companies are reporting higher turnover rates among this group versus other generations.

Talent Shortage – The Council of Economic Advisers (October 2014) stated Millennials are somewhat less likely than previous generations to major in fields like business. Millennials are more likely to study social science or applied fields – like communications, criminal justice and library science. In addition, the combination of the rising cost of education and the 150-hour rule in Texas results in fewer candidates for public accounting firms to recruit.

Competitors Have Easy Access to Talent – Social media (for example, LinkedIn and Facebook) has created an environment where CPAs are easily accessible. And, alternatively, CPAs have easy access to online job boards and job postings, only a click away from applying for positions.

After interviewing partners in Big Four, regional and local firms, it is apparent that the firms are focused on the importance of attracting the top Millennials to their firms and retaining them. Every firm interviewed has conducted significant research (some highly sophisticated coupled with grassroots efforts) to ensure they create programs and a culture that not only appeal to Millennials, but beats their competition. The top 10 retention initiatives noted by public accounting firms for 2017 are outlined below.

Flexibility – Every partner interviewed said the single, most important benefit valued by Millennials is flexibility. Randy Cain, vice chair and Southwest Region managing partner for Ernst & Young (EY), says EY puts flexibility in the hands of their staff. Their staff knows the job expectations and what needs to be done, but the firm allows flexibility with technology and schedule. It is not about

Millennial	Gen X	Baby Boomer
1980 to present	1965 to 1979	1946 to 1964

getting the work done 8-to-5; it is about getting the work done. When asked, "How does this impact the client?" Cain replied, "The client demands have not changed and are being satisfied." Montgomery Coscia Greilich LLP in Dallas allows their staff to have different career plans based on their individual goals. Michael D. Perkins CPA, CFP, partner with Slattery Perkins P.C. has had success with their firm holding the staff accountable to create work/ life balance. They empower their staff to think outside of the box and be creative to ensure the firm's culture to instill the importance of family and work/ life balance.

Immediate Recognition – Ray Garcia, PricewaterhouseCoopers' (PwC) Greater Houston Market managing partner, says their firm recognizes the significance of real time recognition, informal and often, for Millennials. PwC makes sure to provide their Millennials constant coaching and development. In the past, PwC provided an annual review or evaluation after a major job. Now, PwC has career evaluation and development programs that are every day, every time and, Garcia says, not just "You did a good job, but what did you do well."

Time Off – PwC has expanded time off during the holidays. Montgomery Coscia Greilich LLP allows unlimited paid time off (PTO) firm-wide, has created small pod groups to stay very close to their staff even on personal matters and to stress the importance of time off. These small groups have created a family environment. The firm takes their office on a ski trip every other year and they have an office lake event every year. Slattery Perkins P.C. has regular office socials for Spurs games, "After Deadline" happy hours, summer lake trips, etc.

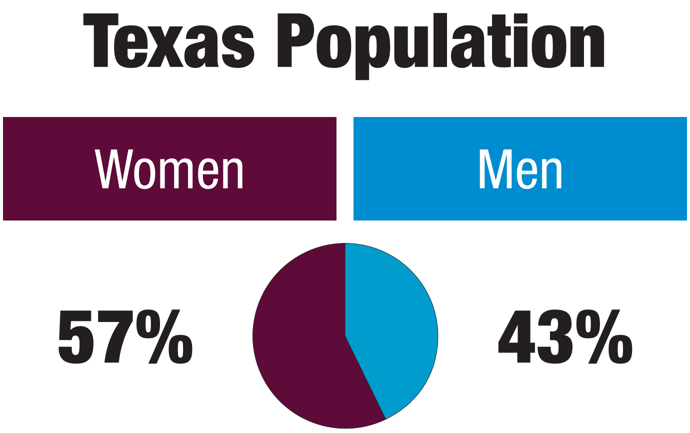
Innovative Training – Firms are adding annual leadership and development training, in addition to continued professional education (CPE) training. PwC also has career coaches who introduce leadership and innovative training at an earlier level, such as presentation skill training for new staff. They also launched PwC Online University to offer variety and flexibility to access training. Tom Montgomery, co-managing partner of Montgomery Coscia Greilich, LLP, in Dallas, stated that their firm keeps their Millennials engaged from the very beginning. Growing, training, developing, empowering and engaging the staff is their No. 1 initiative for 2017. Montgomery said their firm expands autonomy; they are treated as professionals on day one. They are given specific firm roles and responsibility as a new staff member.

Anne Taylor, vice chairman and Houston managing partner, Deloitte LLP, said "At Deloitte, we believe our people are our greatest asset and look at every team member – regardless of age or experience level – as a potential leader. We have found that this commitment to developing leaders at all levels of our organization helps retain and grow a talented and empowered workforce. We not only provide rich learning and development opportunities at our Deloitte University campus in Westlake, Texas, but also give our professionals access to stretch assignments, international roles with other Deloitte member firms, and the chance to lead in the community through our citizenship and pro bono programs."

Technology – Slattery Perkins P.C. in San Antonio purchases a separate monitor and PC stations for personal use at home to make it easy and efficient to work remotely. PwC transitioned entirely to Google emails, documents and virtual meetings. Montgomery Coscia Greilich LLP offer standup desks and nearly 40 percent of staff use the desks exclusively.

Student Loan Paydowns – PwC will pay down up to $10,000 of a student loan. EY also has a loan repayment program. It appears this is a major trend with Big Four and larger public accounting firms.

Allowing New Staff to Review – At PwC, some work that staff has done in the past, is now done at a centralized delivery center. The work is overseen by staff, allowing them to lead and review the function as a new staff member. Examples include cash confirmations and bank reconciliations.



Well-being programs – PwC has treadmills and yoga in the office. Slattery Perkins' office is stocked with beverages. Montgomery Coscia Greilich LLP, has a ping pong table in the office and a fully stocked kitchen. Deloitte & EY reimburse up to $500 annually for gym memberships and exercise equipment. Firms offer stress management and the majority have some form of gym allowances. KPMG has an alliance with Weight Watchers.

Parenting and Caregiving – Nearly all of the Big Four firms have or are implementing a 16-week, paid maternity/paternity program for all employees. Taylor says "Deloitte recently announced the launch of a first-of-its-kind program for our people. Our new family leave program enables our U.S. professionals to be eligible for up to 16 weeks of fully paid family leave to support various life events – from the arrival of a new child, to caring for a spouse or domestic partner, to dealing with the deteriorating health of aging parents. It's unique because it covers men and women equally, and because it covers a range of life events, which reflects the evolving nature of family dynamics and caregiving needs." At EY, Cain explains, their firm has taken parental leave a step further and EY turns off their email during leave to ensure they are focused on their family. Montgomery's firm offers new moms the opportunity to return only part-time, at first. They have done this for years and say it is very effective.

Reduced Work Schedules – Most firms offer reduced work schedules. Perkins stated that they "capped" overtime. Their firm customizes a working plan for hours and flexibility for every employee. The Big Four firms offer reduced work schedules at specified reductions, such as anywhere from 60 to 90 percent of a regular work load.

How Students and Grads Chose Their Firms

In a survey of 5th year accounting students who had already completed internships and accepted employment offers, the students noted the following criteria were important in making their selection of a firm:

1. People
2. Personal and professional growth and development
3. Client base

When asked why he selected EY (Houston), Will Speck, recent accounting graduate from Ole Miss and recipient of the Johnny Williams scholarship, expressed that the firm did a great job sharing not only the clients that he would get to work on, but also the type of exposure he would get on each client. Also, Speck said he liked the EY culture and the people he would be working with on the client engagements. Speck recognized the overall benefits the firm offers in audit and advancement opportunities.

Gabrielle Roe, accounting student at Trinity University, selected PwC. Roe said, "I decided based on personal development as a professional and as a person. No matter what their title (associate, manager, partner), it seemed people were eager to see me grow – and gave me opportunities to do so. Also, work/life balance is very important to me. Of course, I care deeply about my career, but I also care about my health and spending time with loved ones. If I don't take a break to workout, sleep, and share time with family and friends, I will become too stressed and unhappy. I was impressed with how visible and open the partners were to newcomers to the firm. It meant a lot to me. I got to interact with several partners fairly often, and witnessing their hard work, determination and charisma was and still is something I aspire to."

Bryan Sledge, Texas A&M PPA grad, choose Deloitte (tax). Sledge said "I based my decision to join Deloitte in Dallas on the people currently with the firm (especially the staff and seniors because that is who he would be working with most of the time). Also, it was important that others he knew also were joining Deloitte. And, lastly, "the size of Deloitte's office and their reputation were important."

Travis Eaton, UT PPA grad, selected EY Dallas (audit). Eaton stated "EY offered the biggest potential for professional growth (they are expanding in Dallas), the people were very genuine, and the social aspect the firm promoted." One example was an EY engagement team football game on a Friday afternoon.

In summary, our interviews reveal the number one reason CPAs stay in public accounting is for the flexibility. They recognize that they may still work long hours and may travel in public accounting, but the flexibility and the significant amount of paid time off is still not replicated in many industry positions. Candidates consistently expressed their fear of losing flexibility and working in an office 8-to-5 with limited opportunities to work remotely. It is clear that flexibility is the ticket to retention in public accounting.

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