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SPECIAL REPORT

Accounting Firms

Unleashing Partners' Full Potential Through Specialized Roles

WILL ALSO INCREASE REVENUES

By Mark Masson and Jay Russell

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> ...the firm should look to deploy the right experts, **in the right roles**

Accounting firms are increasingly asked to provide new expertise to their clients in response to phenomena like global crises, volatile economic markets and new working norms. In response, these **firms need to showcase their experts in order to win and retain business.** But these same expert partners also take on any number of duties, including finding and winning new business and converting accounts into institutional-level clients. How should partners be spending their time? Does it make sense to expect them all to fulfill the wide range of a partner's duties as business generators, client relationship managers, employee mentors, leaders and business planners?

At present, when a partner looks at their contribution expectations, job description or performance scorecard, their responsibilities are vast. No single individual can contribute in all dimensions at a high level. But if the partner role was redesigned to allow for some degree of specialization for each, the highest and best use for each partner can be unlocked.

The exact partner roles a firm may want to formalize depends upon its size, service portfolio, markets and strategy. Starting with the work that only partners can do to advance the strategy will shape their roles, which can then be defined to ensure that partner roles have the right delineation and emphasis and that together, the partners in their varied specialized roles will produce a better collective outcome if they hit the prescribed goals. Without clarity about one's expectations and how each role fits together, a large firm may literally lose out on tens of millions of dollars in profitable growth.

Start with the Strategy and Then Connect Roles to It

For a firm to succeed with this sort of partner specialization, it must have a well-defined, actionable strategy that looks at least three years ahead. Because the strategy and vision provide essential clarity and guidance to help partners understand where to focus their time, no performance and compensation system will succeed without a strategy that partners understand and align around.

A well-defined firm strategy clarifies how different partner roles help the firm accomplish its vision. The "one size fits all" approach is inadequate when a firm's strategy calls on all partners to contribute equally to client growth and delivery, talent strategy, employee experience, business transformation, brand and culture building, and geographic and capability expansion. Individual partners have neither the time nor the skillsets to properly address every aspect of the firm strategy.

Just as companies are looking for expertise from their accounting advisors, the firm should look to deploy the right experts, in the right roles, and tailor expectations accordingly. For example, those who excel at leadership should focus on that, those who are adept at winning new clients should emphasize business development, client delivery experts should serve clients, and subject matter experts should bring the best innovations.

To be clear, assigning roles is about putting a clear emphasis upon certain responsibilities rather than a singular focus, as partners will inevitably still be asked to contribute in all major categories of the firm's strategy to some degree. Consider these examples:

- A partner in a business development role should be involved with client delivery. Selling the work and then walking away right after the deal is signed sets the delivery team up for failure because the business development partner gains valuable context during the business development process. Getting this balance right keeps client retention high, an important foundation for growth.

- A partner in a technical expert role needs to be involved in people development. Otherwise, the firm will not build capabilities and risks losing valuable expertise if that partner leaves. Sharing and building on this expertise allows the firm to expand service offerings.
- A business development partner should be involved in people development in a way that helps others in the firm develop next-generation leadership relationships and deep knowledge of enterprise clients. It is important that all clients be clients of the firm rather than individual partners to ensure that relationships between the firm and its clients endure and create long-term growth and value.

This approach to identifying what elements should be emphasized in each partner role right-sizes partner contributions. This then will maximize firm growth and enhance collaboration between roles so the firm brings the best roles to each situation.

Enhance Impact Through Collaboration

To maximize the impact of unique, focused partner roles, a firm has to consider how partners will collaborate for client benefit. Firms that bring a collaborative approach will be better able to build advisory relationships, which help to increase margins, retention and growth opportunities. For example, if a partner owns a relationship with a client, they are responsible for growing that client, delivering results, developing their team, and enhancing their individual and team technical expertise. That is a full-time job within the scope of that one client and the type of work that partner does.

But what if the owner of a client relationship was primarily responsible for growing the client, but not the primary partner for delivering results, developing the team, and/or enhancing technical expertise? They would have more time to engage with the client to understand their needs beyond the current work and find additional experts around the firm to drive collaboration for the client's benefit.

Asking questions about or noticing the additional challenges a client's business might have outside of the task/service at hand is where collaboration starts. Companies see the value when the firm brings in the right expertise to address that identified need.

A common challenge with collaboration is how to measure and reward it. Here it is helpful to remember that the "how" of contribution is often as important as the "what."

A partner is expected to generate business – lots of it. Of course, if a partner does that alone and then delivers with just a few others, the revenue stream or business unit can die (or literally walk away) as quickly as it came alive. So the firm should also care if others were involved in the pursuit, if future partners are involved in closing the deal, and if the engagement looks more like a solution or set of services that extends beyond an individual partner's specific expertise. Looked at in this way, the "how" can be measured by proxy, including who was involved in a pursuit, how many relationships a senior partner has moved over to a new partner's book, and how much of a partner's revenue comes from multiple service lines.

Encouraging collaboration among otherwise successful partners can be impossible, despite what might seem like obvious upside to the firm and individuals. Changing their behavior is about building trust in the partner performance and compensation system by injecting clarity about the importance to the firm, the impact of "how" they reach certain goals on individual income and consistently staying true to the compensation system designed. Clarity and consistency build trust in the system.

Keep It Simple

An impactful compensation system is less about doing more of what a partner does today and more about each partner doing more of the right things that fit their own talents. The firm's strategy is the best place to look at in order to develop an understanding of what those "right things" might be.

The critical contributions and activities should reflect the firm's strategy, then be "allocated" to the proper roles. Keeping the number of critical contributions expected in a reasonable range and being unequivocally clear about the measures and metrics and how they will be used to determine rewards is crucial to success.

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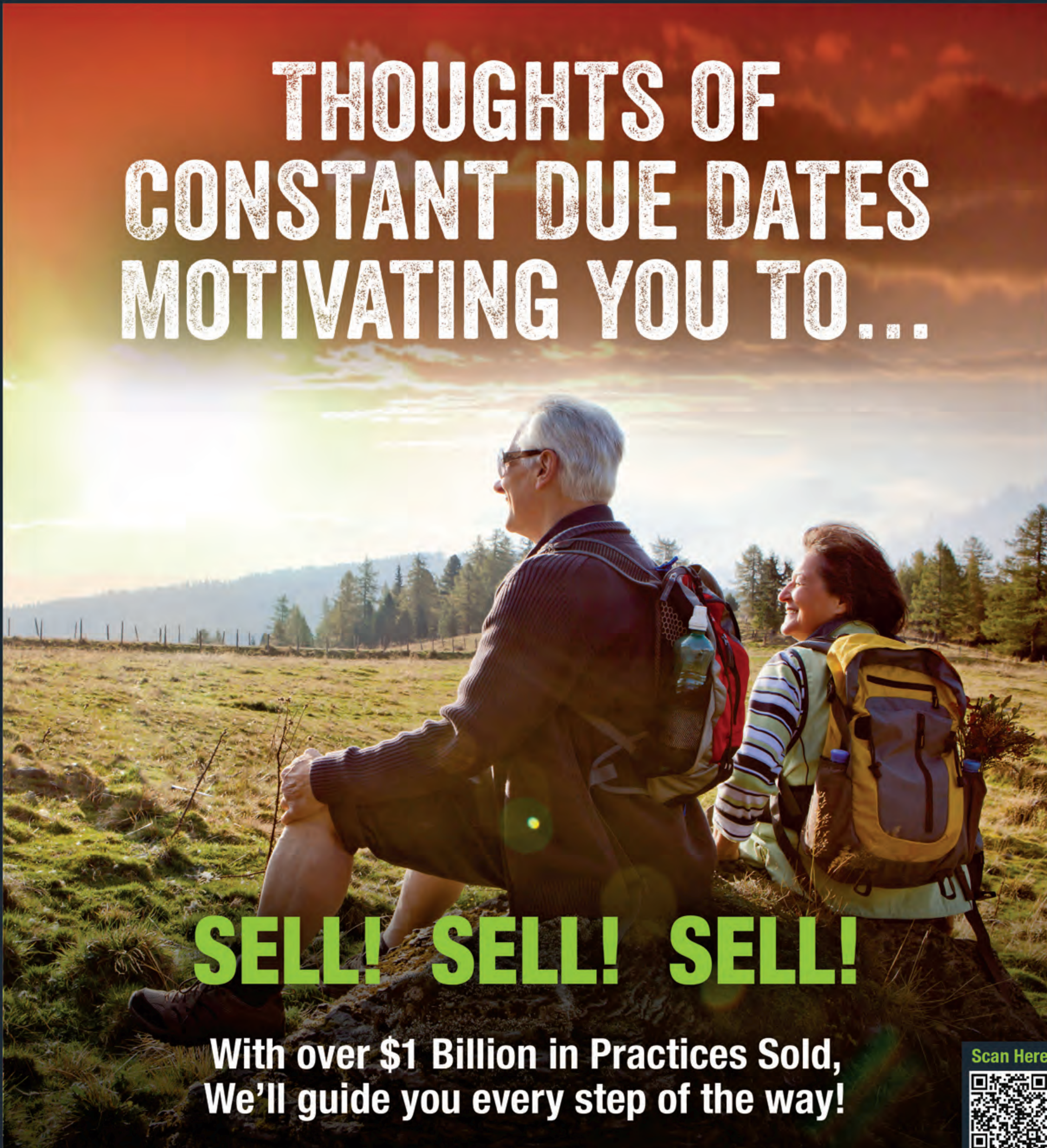
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