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Public Accounting Report

THE INDEPENDENT NEWSLETTER OF THE ACCOUNTING PROFESSION SINCE 1978

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IN THIS ISSUE

See Enclosed EXTRA for expanded results from *PAR*'s 33rd Annual Professors Survey—2014

For Students Mulling Job Offers, How Loudly Does Money Talk?

PAR's Annual Professors Survey reveals differentiators, top accounting programs.

Question: Which is the most important factor that students consider when choosing among job offers from multiple accounting firms?

A. Compensation and benefits

B. Work/life balance and a family-friendly environment

C. Desirable geographic location

Answer: All of the above are virtually equal, according to hundreds of professors from approximately 200 colleges and universities who participated in *Public Accounting Report*'s 33rd Annual Professors Survey—2014.

The difference is barely discernable. On a scale of 0 through 10, with 10 being the most important, professors marginally differentiated between the three in order of importance. They rated compensation and benefits an average of 8.10, quality of life/family-friendly environment 8.09 and desirable geographic location 7.99.

But what if the offer is from a Big Four firm? It's an important consideration, but still is less important than compensation and benefits, work/life balance, desirable geographic location, long-term career opportunities, and meaningful, satisfying work, according to professors, who rated the importance of offers from the Big Four an average of 7.42. (*See related chart, page 2*.)

The survey also asked professors to rank the top undergraduate, master's and doctoral accounting programs in the United States. The University of Texas swept the No. 1 spot in all categories, as it has for years, but some upstarts are gaining noticeable momentum, especially schools in the Deep South. The University of Alabama made a notable leap upward in all categories this year, and the University of Mississippi did last year. (*See pages 3,4 and 5 and enclosed EXTRA*.)

The University of Illinois and Brigham Young University rounded out the top three as professors' choices as the best undergraduate and master's accounting programs, while the University of Chicago and Stanford University joined the Longhorns as professors' picks for the top three accounting doctoral programs.

The universities of Mississippi, Alabama and Florida took the top three undergraduate spots for schools with 16 to 21 accounting faculty, and the University of Virginia, North Carolina State University and College of William & Mary took top three honors for undergraduate accounting programs with 15 or fewer faculty.

At the master's degree level, the universities of Michigan, Alabama and Florida topped the list for accounting programs with 16 to 21 faculty. For master's accounting programs with 15 or fewer faculty, the University of Virginia, North Carolina State University and Vanderbilt University claimed the top three spots.

Look for expanded information and additional results from *Public Accounting Report*'s 33rd Annual Professors Survey—2014 in the enclosed EXTRA and in future issues of *PAR*. ■

Public Accounting Report

Public Accounting Report's **33rd Annual Professors Survey—2014 asked professors the following question: "Upon graduation, at which CPA firm or corporation does/did your top accounting student this year hope to work? Following are their answers.**

EY	25.3%
PwC	23.6%
Deloitte	16.3%
KPMG	12.2%
Any Big Four	12.3%
Any Top 7 Global Firm	2.2%
Other Accounting Firm*	2.1%
Pursuing Additional Education	0.5%
Major Consulting Firm	1.1%
Corporate America	2.0%
Major Wall Street Firm	0.8%
Other	1.6%

* Firms specifically cited by professors were **BKD LLP**, based in Springfield, Mo.; **Baker Newman & Noyes**, based in Portland, Maine; **Carr Riggs Ingram**, based in Enterprise, Ala.; **CliftonLarsonAllen**, based in Minneapolis; **Frost PLLC**, based in Little Rock, Ark.; **Hess, Stewart & Campbell**, based in Huntington, W.Va.; **Jackson Thornton**, based in Montgomery, Ala.; Montana-based **JCCS PC; Lee Gray CPA** of Amite City, La.; **Plante Moran**, based in Southfield, Mich.; **RubinBrown**, based in St. Louis; **Sikich LLP**, based in Naperville, Ill.; **Smith, Dukes & Buckalew**, based in Mobile, Ala.; and **Warren Averett**, based in Birmingham, Ala. **Source:** *Public Accounting Report* 33rd Annual Professors Survey—2014

Public Accounting Report

Differentiators Students Consider in Accepting Job Offers

Many accounting students face the enviable dilemma of choosing between job offers. Professors were asked to rank, based on their own perceptions, the relative importance of the following factors to students who are deciding between job offers. They ranked on a scale of 0 to 10, with 0 being "Not important at all" and 10 being "Most important." The table below illustrates the average rankings.

Compensation and benefits	8.10
Quality of life/family-friendly environment	8.09
Desirable location/geographic base	7.99
Long-term career opportunities	7.84
Meaningful/satisfying work	7.61
Whether the offer is from a Big Four firm	7.42
Knowing peers at the firm	6.56
Client service reputation	6.38
Firm's long-term business outlook	6.22
Technical reputation	6.21
Access to latest technology	6.17
Knowledge/acquaintance with partners or other authority figures at the firm	6.03
Workplace diversity	5.28
Other*	1.94

* Among other factors of significance noted were opportunity to practice desired specialty, travel demands and firm's perceived ethical reputation. **Source:** *Public Accounting Report* 33rd Annual Professors Survey—2014

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Public Accounting Report
33rd Annual Professors Survey—2014
Top 25 Undergraduate Programs

2014	2013	School
1	1	University of Texas
2	2	University of Illinois
3	3	Brigham Young University
4	5	University of Notre Dame
5	6	University of Southern California
6	4	University of Mississippi
7	7	Texas A&M University
8	23	University of Alabama
9	8	Indiana University
10	11 (T)	University of Georgia
11	9	University of Florida
12	10	The Ohio State University
13	17	University of Wisconsin
14	13	Michigan State University
15	11 (T)	University of Missouri
16	14	University of Pennsylvania
17	18	Miami University (Ohio)
18	21	University of Virginia
19	19 (T)	University of Washington
20	28	New York University
21	19 (T)	Wake Forest University
22	24	University of Tennessee
23	15	CUNY—Baruch College
24	25 (T)	Penn State
25	35 (T)	North Carolina State University

For the complete list of the 2014 Top 50 undergraduate accounting programs, see enclosed EXTRA! **Note:** Some schools listed may offer variations to traditional bachelor's degrees in accounting, such as concentrations and integrated degrees. All schools are main campus unless otherwise indicated. (T) = Tie **Source:** *PAR* research based on professors rankings of accounting programs at U.S. colleges and universities. Survey was conducted during April and May 2014.

Public Accounting Report
33rd Annual Professors Survey—2014
Top 25 Master's Rankings

2014	2013	School
1	1	University of Texas
2	3	University of Illinois
3	2	Brigham Young University
4	4	University of Notre Dame
5	6	University of Southern California
6	7	University of Michigan
7	8	Texas A&M University
8	26	University of Alabama
9	14	University of Georgia
10	9	Indiana University
11	13	University of Florida
12	11	University of Missouri
13	20	University of Wisconsin
14	12	The Ohio State University
15	10	University of North Carolina
16	15	Michigan State University
17	5	University of Mississippi
18	23	University of Virginia
19	21	University of Washington
20	17	Wake Forest University
21	25	Arizona State University
22	28	University of Iowa
23	24	University of Tennessee
24	34 (T)	Penn State
25	39 (T)	University of Arizona

For the complete list of the 2014 Top 50 master's accounting programs, see enclosed EXTRA! **Note:** Master's degrees in accounting and integrated degrees only; does not include MBAs. All listings are main campus unless othewise indicated. (T) = Tie. **Source:** *PAR* research based on professors' rankings of accounting programs at U.S. colleges and universities and published accounting department faculty data. Survey was conducted in April and May 2014.

Public Accounting Report
33rd Annual Professors Survey—2014
Top 25 PhD Programs

2014	2013	School
1	1	University of Texas
2	3	University of Chicago
3	2	Stanford University
4	5	University of Illinois
5	4	University of Michigan
6	6	University of Pennsylvania
7	7	University of North Carolina
8	10	Texas A&M University
9	8	University of Mississippi
10	9	University of Washington
11	11	Michigan State University
12	24	University of Alabama
13	12	Indiana University
14	21 (T)	Cornell University
15	15	University of Iowa
16	14	University of Georgia
17	13	University of Southern California
18	23	University of Wisconsin
19	25	University of Arizona
20	16	University of Missouri
21	19	University of Florida
22	18	Penn State
23	21 (T)	Massachusetts Institute of Technology
24	20	Harvard University
25	17	The Ohio State University

(T) = Tie **Source:** *PAR* research based on professors' rankings of accounting programs at U.S. colleges and universities that offer doctoral degrees in accounting. Survey was conducted during May and June 2014.

GUEST COLUMN

When Talent Walks Out the Door, a Huge New Investment Walks In

Keep the talent, keep the ROI.

By **Rita Keller**
Founder, **Keller Advisors LLC**
and Co-Founder, **SurveyCPA**

I receive many questions regarding these two words: Turnover Costs. How much does it really cost to replace a lost employee?

When you research this question, you will find that the results of the studies are all over the board.

Here are some estimates of turnover costs that might give you an idea and also be helpful for your clients. Keep in mind that your clients are trying to keep people, too. This information comes from a study by the Center For American Progress:

- 16% of annual salary for high-turnover, low-paying jobs (earning under $30,000 a year). For example, the cost to replace a $10-per-hour retail employee would be $3,328.
- 20% of annual salary for mid-range positions ($30,000 to $50,000). A $40,000 employee would cost $8,000 to replace.
- Up to 213% of annual salary for highly educated executive positions. By the way, CPAs at various levels are all highly educated positions. A $100,000 manager x 213% = *$213,000*.

One of the problems with determining turnover costs is the fact that employers, including accounting firms, do not track the detailed costs very well, if at all. According to Josh Bersin, founder of **Bersin by Deloitte**, the following factors should be considered in calculating the real cost of losing an employee:

- The cost of hiring a new employee including the advertising, interviewing, screening and hiring.
- Cost of on-boarding a new person, including training and management time.
- Lost productivity. It may take a new employee one to two years to reach productivity of an existing person.

- Lost engagement. The other employees who see high turnover tend to disengage and lose productivity.
- Customer service and errors. For example, new employees take longer and are often less adept at solving problems.
- Training cost. For example, over two to three years, a business likely invests a minimum of 10% to 20% of an employee's salary in training.
- Cultural impact. Whenever someone leaves, others take time to ask, "Why?"

The best accounting firms are focused on reducing turnover costs, but more importantly, they are focused on keeping top performers to provide for firm succession. They accomplish this goal by taking positive steps to engage their employees.

According to the Gallup organization, employers have three types of employees:

- *Engaged* employees work with passion and feel a profound connection to their firms. They drive innovation and move the organization forward.
- *Not-engaged* employees are essentially "checked-out." They're sleepwalking through their workday, putting in time—but not energy or passion—into their work.
- *Actively disengaged* employees aren't just unhappy at work—they're busy acting out their unhappiness. Every day, these workers undermine what their engaged co-workers accomplish.

I have observed that leaders in many accounting firms fail to implement initiatives that go a long way in supporting and retaining their engaged employees (top talent). Many accounting firms also lack the commitment to outplace the actively disengaged employees. Your best performers expect you to get your poor performers out of the way.

The talent wars are back, and the shortage in the accounting profession is real. A recent article in *Crain's Detroit Business* titled "Demand for accountants brings rising salaries, signing bonuses" notes:

- Some accounting firms, including **Plante Moran**, based in Southfield, Mich., pay referral bonuses to current staff of up to $5,000 to help lure a CPA.
- Many firms wine and dine top candidates, tour them around beautiful neighborhoods or take them to sporting events.
- Signing bonuses have returned, and more and more firms, such as **Yeo & Yeo**, based in Saginaw, Mich., are offering them so they can compete with the large national firms.

Rita Keller

These kinds of activities and many more are happening in every area of the country. This summer, at various conferences and meetings involving multiple firms, I have asked audiences, "How many of your are actively hiring?" Hands go up from almost every person in the audience.

"It's a candidate-short market," says Robin Ankton, regional vice president at Robert Half International. "If you want a candidate, you have to move very quickly. Accounting is very, very hot."

In addition to referral bonuses and hiring bonuses, perks that were offered during the talent wars of 2000 to 2007 are re-emerging. When the economy dived in 2008, many of them were eliminated.

Savvy practitioners have also identified the millennials' wants and needs, which include:

- *Enhanced mentoring programs.* Mentoring has evolved. It now includes multi-levels. Be sure your program includes these levels: Guide (or Buddy), Coach, Mentor and Sponsor. There are different needs for various levels of experience.
- *Reduced travel.* It may have started with the millennials, but these days, almost every professional wants more life/work balance.
- *More money.* Some employees enjoy the monetary benefits, and firms are paying overtime for salaried professionals working additional hours during the peak times.
- *More time off.* Other employees desire an extra week of vacation, more holidays or four-day workweeks during the summer months. I have talked to many firms this year that close the office on Fridays beginning May 1 through at least Labor Day. A few keep the four-day schedule until Dec. 31.
- *Speed of advancement.* Provide more titles (levels) so that young people can chart their progress on a faster track. Give them a bonus after 90 days—it could simply be a week's vacation.
- *Virtual work opportunities.* Accounting firms have discovered that remote connectivity and cloud options enable them to keep employees who must move away

for personal reasons or who do not live near the firm's office. Providing access to the firm's systems whenever and wherever is a must.

- *Continual communication.* Millennials want to be "in" on things from the beginning of their careers. Often, they are left out of the communication loop inside firms. They have helicopter parents who included them in discussions and decisions since they were toddlers. In an accounting firm, they often receive too much silence.

In my opinion, two more things are very important in retaining top talent inside an accounting firm. They are:

(1) *Well-trained, supportive, nurturing, hands-on managers.* According to Gallup, 70% of people leave a job because of their direct supervisor. In an accounting firm, that means the partners and managers, most of whom have never received any training or education on how to effectively manage people.

(2) *Clearly defined and documented career tracks.* Accounting firms hire many young people just beginning their accounting careers. These young people want to know where they are going and how they can get there. So many firms do not have a documented guide that explains the path to partnership.

As you develop improved hiring and retention strategies at your accounting firm, keep in mind these two two-word phrases: Hire right. Keep them.

Rita Keller, one of the most well-known authorities on accounting firm management, acts as advisor and coach to accounting firm leaders nationwide. She can be contacted at rkeller@ritakeller.com. ■

EXECUTIVE FORUM

How Does the ACA Affect Your Firm? Accounting Firm Execs Reveal Their Insights

Leaders mull options and opportunities as the clock ticks and the political chess match continues.

Many accounting firms see the Affordable Care Act (ACA) as an opportunity to help their clients and offer additional services. But it affects all employers, including accounting firms. This month, *PAR* asked accounting firm executives, "What effect is the ACA having—or will it have—on your own firm?"

Dave Stende

***Dave Stende**, CEO/managing partner, **Eide Bailly**/Fargo, N.D. (FY14 net revenue: $192 million; 204 partners, 1,210 total staff, 24 offices)*:

We implemented a wellness initiative four years ago, which has had an incredible impact on controlling our premiums for the past four years. We do not anticipate any changes in full-time versus part-time status, except where it makes sense for work/life balance needs. And we will continue to keep an eye on the exchanges to see how healthcare decisions are being made. From an external client perspective, Eide Bailly has Health Care Reform Champions in every office—thought leaders who are helping clients make informed decisions. We provide education, analytics and advice to help our clients look at their specific situation and make a decision that fits their needs. We anticipate hiring additional staff to help clients with the reporting requirements surrounding healthcare reform, including tracking employee status and tax filing requirements.

Bruce Benator

***Bruce Benator**, managing partner, Williams Benator & Libby/Atlanta (FY13 net revenue: under $10 million; six partners, 35 total staff)*:

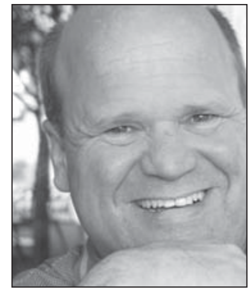
The most significant impact of the ACA for the firm has been and will be increased premiums from our insurance carrier. Additionally, the ACA has mandated some plan design changes that are more costly to insurance carriers. Our plans have always exceeded the minimum value standard, so we have experienced limited design changes due to the ACA.

Going forward, as healthcare costs continue to rise, it is inevitable that our employees will feel an impact, but we are committed to making every effort to keep the additional costs passed to employees to a minimum. We don't anticipate the ACA having any effect on our staffing or HR considerations. Our clients, for the most part, are turning to their insurance agents for help with the ACA, and we have not had a lot of opportunity for additional services. We have participated in panel discussions on the income tax and other changes for certain industry groups, have answered questions on Health Savings Accounts and the timing of plan changes, and we have provided some benchmarking information to our clients.


Darci Congrove

Darci Congrove, *managing director,* ***GBQ Holdings LLC****/Columbus, Ohio (FY13 net revenue: $21.9 million; 17 partners, 135 total staff, five offices)*:

This year, for the first time ever, GBQ experienced a rate increase on our health insurance that was startling: 34.7%. In the last 10 years, as part of a multi-employer pool, our annual increases have ranged between 0% and 12%. Our associates are almost all full time and eligible for health insurance benefits. We do not have any plans to change the way we hire or structure job positions. Our current employer share is 84% of the total insurance costs, excluding deductibles. Our preference is to maintain this favorable associate benefit, but if increases continue to be above 10% to 15% annually, we will have to look in depth at the appropriate employer/employee cost share. We have taken significant steps to implement corporate wellness plans in an effort to earn reductions in our insurance costs. We have implemented a financial penalty in the form of increased premiums for associates who do not comply with the basic wellness program requirements, such as getting an annual physical. We are also spending time with our associates to help them understand how to be more informed consumers of healthcare services. In general, we are actively messaging healthcare and insurance-related information much more frequently. We have done some preliminary research on the self-insurance options available in our market and will continue to pursue this option if it appears to provide cost controls without a significant increase in firm risk.


Ray Roberts

Ray Roberts*, managing partner,* ***Accounting & Consulting Group****/Albuquerque, N.M. (FY13 net revenue: $13.8 million; eight partners, 103 total staff, seven offices)*:

We moved our health coverage from state-sponsored, small employer plans to a group captive self-insured model. We used to offer one plan (an HMO). Now we offer a choice of three plans, ranging from a high-deductible plan to a zero deductible plan. For the first time (now coupled with our insurance plans), we're offering a wellness program designed to educate our team members on what a healthy life style is and how to achieve it. The plan offers coaching, contests and premium discounts for participation. We've complied with ACA requirements regarding work-hour eligibility and notices regarding health exchange options. We have kept our percentage of firm-paid premium consistent with our previous level of benefits, and we have resisted the urge to reduce nonexempt hours to below 30 per week to avoid including them in group coverage. In the future, we intend on monitoring our plan documents and adjusting our plans based on the needs of the firm and its staff. Out-of-pocket costs for our team members have increased and will most likely continue to do so.


Michael Daszkal

Michael Daszkal*, managing partner,* ***Daszkal Bolton****/Boca Raton, Fla. (FY13 net revenue: $14.9 million; 12 partners, 115 total staff, three offices)*:

We've seen an increase in premiums above average annual increases due to increasing administrative requirements. As we have already offered extensive coverage to all our employees, and the company pays for a large portion of our employees' premiums, there has not been much of a change for us. We did change our waiting period from the first day of the month following 90 days to the first day of the month following 60 days to comply with the 90-day rule. ■

PEOPLE, FIRMS, AND PROMOTIONS

BDO USA named **Lynn Calhoun** as its new chief financial officer. Calhoun, a partner, was previously the firm's director of finance. He succeeds **Howard Allenberg**, who is stepping down from full-time duties but will continue to assist the CEO and the national leadership team on special projects. **Cathy Moy**, assurance managing partner for the firm's Boston practice, was named chief people officer and will report directly to the CEO. **Donna Comerford**, formerly with **Deloitte Consulting**, joined the firm as chief human resource officer and will be responsible for the technical areas of HR.

Gerard (Jerry) Frech, J.D., joined New York-based **CohnReznick** as a director in CohnReznick Advisory Group. He is responsible for managing the integrity monitoring of large-scale construction projects and other major risk-prone undertakings for fraud, waste and abuse, and providing integrity monitoring and compliance services to government agencies, private enterprise and not-for-profit organizations.

Helen Liao joined the Melville, Long Island, office of New York-based **Marcum LLP** as a partner in the firm's assurance services division. She is a member of the Technical Review and Quality Control Group, specializing in public company accounting and international exchanges. Most recently, she was a partner at another New York-based firm.

New York-based **WeiserMazars** elected **Lisa Osofsky**, partner-in-charge of Private Client Services, to the firm's executive committee, effective Jan. 1. She is a founding member of WeiserMazars' Tax Practice Board and currently serves on several firm leadership teams, including the firm's Partner Performance Committee. ■

PAR'S ANNUAL PROFESSORS' SURVEY—2014 EDITORIAL ADVISORY BOARD

Public Accounting Report expresses its sincerest thanks to the 33rd Annual Professors Survey—2014 Editorial Advisory Board for its valuable service.

Members of the editorial advisory board for *Public Accounting Report*'s Annual Professors Survey act in two primary roles: (1) they act as voluntary consultants to the *PAR* editorial staff on the annual professors' survey and on issues regarding the accounting academic community, and (2) as ambassadors to the academic community on behalf of *PAR*.

Editorial advisory board members agree to provide frank, unbiased input and suggestions about the survey and other academic matters to *PAR*'s editorial team and to serve as a sounding board for ideas and questions. Members agree to respond promptly to phone calls, emails and other inquiries from the *PAR* team and are willing to provide a maximum of 10 hours per year on consulting activities to *PAR*.

Members serve strictly in an advisory capacity. Editorial board members have no influence over survey results, are not privy to survey outcomes prior to publication and receive no compensation.

Membership rotates periodically on a staggered rotating basis. Accounting department leaders who are interested in serving on the editorial advisory board should be willing to meet the commitments stated above. Accounting department leaders who wish to serve on the board should email Editor Julie Lindy at *Julie.Lindy@wolterskluwer.com* with the subject line: *PAR* Professors Survey Editorial Board.

Academic accounting departments are encouraged to update their faculty distribution lists for *Public Accounting Report*'s Annual Professors Survey regularly. To update your accounting department's faculty list, please email active faculty members' names, titles and email addresses in Excel format to Editor Julie Lindy at *Julie.Lindy@wolterskluwer.com* with the subject line: Updated Faculty Distribution List. Faculty submissions are verified by the *PAR* research team.