

26 Things You Should Know Before Working for a National Accounting Firm

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Every year millions of salmon take one of the most interesting and arduous trips undertaken by any animal. After three years away from home, salmon instinctively try to return to their birthplace. Along the way, salmon encounter danger at every corner. For one thing, hungry bears wait patiently upstream for the unsuspecting salmon to jump into their paws. Strangely enough, while nature instinctively draws the salmon home, only one in a thousand will succeed. Nine hundred and ninety-nine will fail to reach home. They will not fail because of a lack of effort or preparation. They will fail because nature only permits one in a thousand to succeed.

The odds may be worse for accounting graduates who dream about becoming a partner with a national accounting firm. For years now, I have tried to learn what it takes to become a partner in a national accounting firm. Each time I asked recruiters this question, they refused to answer.

One recruiting partner stated in writing that this information was proprietary. One would think that the recruiting department would gladly release this information because it could help improve the chances of one becoming a partner. Unfortunately, as far back as the early 1970s, the accounting literature indicates that the national firms were adamant about making sure that this information was not given to researchers. Why would national accounting firms conceal the principles of success within their industry? One purpose of this article is to answer this question.

Each year, national accounting firms hire tens of thousands of individuals who represent the top ten percent of the graduating accounting majors in the nation. National accounting firms carefully orchestrate a public relations campaign that portrays their working environment as a magnificent journey. Unfortunately, the journey is wonderful for only a few individuals. National accounting recruiters are primarily concerned with filling staff positions. While they are willing to talk about the long term, they know full well that the vast majority of recruits will only stay for a short time. The reasons for this will be discussed in detail in this

paper. Thus, recruiters learn how to sell the sizzle of becoming a partner to young accounting majors, knowing full well that a salmon has a greater chance of reaching home and spawning than a young accounting graduate has of becoming a partner in a national accounting firm.

One of the purposes of this article is to provide accounting graduates with useful information about the genuine working environment of the national accounting firms. This information is intended to help the majority, the nine hundred and ninety-nine people who will never become a partner, know what they will face before they work for a national firm.

The author hopes this information will also help the one in a thousand who will become a partner understand the tremendous sacrifices that will be needed to become a partner. If the same vital information could be given to salmon prior to their journey, they would probably increase their chances for survival.

This paper is dedicated to young accounting graduates who are thinking about working for a national accounting firm and would like to make their first career decision a successful one based on facts and not one based on "information" published in a public relations brochure. This article is dedicated to individuals who seek out lasting success in life where success is defined as having a good paying, productive, and challenging job that gives satisfaction and time to spend with family and friends, while allowing them to pursue happiness in becoming a well-balanced individual. The following represent the ABCs of things young accounting graduates need to know when determining whether to start a career with a national accounting firm.

Advancement:

From their first day in accounting classes, accounting professors speak the word "partner" in a reverential and worshipful manner. Professors will speak highly of the partners they know and will start many accounting students to dream about becoming a partner in a national firm. Yet, dreams, no matter how wonderful they are, can't eliminate the harsh realities of what it actually takes to become a partner. While the national accounting firms primarily hire from the top ten percent of the graduating class, this does not insure success. Recruiters know that the vast majority will leave and only one in a thousand will actually progress to become a partner.

What does it take to become a partner in a national firm? First of all, it takes a great deal of perseverance and patience. On average, it will take at least ten years to be eligible to become partner in a national firm.

Accounting graduates will have to learn how to do a lot of jobs well, especially the boring ones that are prominent in the early years. Many people leave in the early years because they believe that they will continue performing the "grunt" work for the rest of their lives. This is not necessarily true. Many of the interesting jobs come years after a person has proved they have the ability to handle the routine and mundane jobs well.

Traditionally, there are three broad based skills that an accountant must have in abundance before he or she can be considered for partner. The most important is the ability to obtain and maintain clients. This is extremely difficult in the areas of tax and auditing because annual revenues in these areas have been relatively stable for many years now. That is one of the reasons accountants, in search of financial success, are now specializing in consulting. Obtaining new clients takes an outgoing personality and a willingness to make cold calls in search of new clients. Many CPAs are not willing to do this, and this is a major strike against them in their evaluation for partner.

The second most important skill is the ability to guide and supervise other individuals such as managers, seniors, and newly hired staff members. To be successful at supervision takes a great deal of time and patience and the ability to explain the firm's goals and procedures well. Many CPAs concentrate so much of their time on client development and keeping pace with the technical skills that they forget to develop their interpersonal skills. For the most part, a partner who does not develop his or her interpersonal skills will not be able to successfully interact and guide a staff of accounting professionals.

The third skill is the ability to maintain and develop technical skills while obtaining new clients and developing successful interpersonal and supervisory skills with staff members. Is it any wonder that public accountants working for national firms must work over 60 hours per week in order to develop the skills and ability to become a partner? One woman once told me that she was looking forward to reducing her hours to part-time. I asked her how many hours per week she would be working. She

said that she would now be working 40 hours per week. This did not seem like part-time work to me.

In the early days, the routine work and the long hours discourage many accounting majors from staying with the national firms. They think they will be bored for the rest of their lives. One recruiter once told me that she believed many leave just before the good jobs become available. Consequently, one must be willing to work a number of monotonous jobs, for years, while patiently waiting for the interesting jobs to become available. Also, many accountants realize that they aren't going to advance to partner. A number of accountants realize that they don't have the personality, or willingness to work long hours, or even the desire to seek out new clients. More importantly, many accountants soon come to realize that to become successful in public accounting, they must be willing to give up their family at home. At this point, many wonder if the sacrifices are worth it.

One recruiter once told me that her company had found that those individuals who like to spend time with their family don't do particularly well within that firm. People who leave public accounting soon discover that there are individuals who are more than willing to work long hours in the hopes of being promoted to partner. These workaholics are willing to sacrifice their family life for a "promotion." If you believe what the Good Book says, family should be a blessing, then you will want to spend time with them. Let's be honest. The chances of becoming a partner in a national accounting firm are remote. Do you want to focus your time and attention on something that only a few can achieve? This is why I believe the salmon may have a greater chance of returning home than an accountant has of becoming a national partner.

Brochure:

National accounting firms spend millions of dollars developing and selling an image so that the best and brightest of accounting majors will end up working for them. Pick up any recruiting brochures published by a national firm. All of the people in the brochure are smiling. There are pictures of them smiling on the job and pictures of them smiling while they are having fun with their family and friends. These brochures are not only intended to make readers believe that the national accounting firms provide exciting opportunities, but that they allow plenty of time to spend with family and friends. And they call Hollywood the dream

factory. Nothing could be further from the truth.

The excitement, advancement, and family time is an illusion and only experienced by a very few accounting graduates. As people advance in the national accounting offices, they are expected to increase the amount of time they work on the job. Since there are only twenty-four hours in a day, the additional time needed to work must come from somewhere else, usually the employee's family time. Eventually, if you let them, the national firms will replace family with your fellow employees.

The recruiting brochures are designed to make the recruiter's job easier. The recruiter's job is to find replacements for all of the people who leave each year (see Turnover). The recruiters are not concerned about employees' long term goals or hopes and dreams. They are concerned with filling the thousands of jobs that become available each year when your fellow employees leave. Recruiters must sell the dream of advancement, opportunity, and excitement to entice the top accounting graduates to work for them. Any explanation near reality would make it harder for them to meet their quota.

When reading the recruiting brochure and seeing the shining faces remember to ask the following questions. How many people actually make partner? How many partners are happily married to their first love? How many hours a week will be expected for career advancement? How can accountants enjoy their careers when they have to work sixty hours per week? These are very valid questions to consider when choosing a career.

CPA:

One universal goal accounting graduates have is to receive their CPA certificate. There are two basic requirements needed to obtain the CPA certificate: obtaining relevant accounting work experience and passing the national examination. Obtaining the relevant work experience is easy since national firms provide their staff members with a tremendous amount of work experience, so much so that many of their staff do not have a reasonable amount of "free" time to study for the CPA exam. A review of the most recent personnel totals indicates the national firms have more professionals without the CPA certificate than those who do. After two to three years working for a national firm, many accountants who are working have not passed the CPA examination yet. Remember the

further away accounting graduates get away from college, the harder it is to study and pass the examination, especially if the generally accepted accounting and auditing principles are constantly changing after graduation.

Dam:

Sorry, this is not a swear word. According to the dictionary a dam is a barrier that is constructed to control the flow of water. The path to becoming a partner is controlled by the present partners who vigilantly protect the flow of new partners into the "sainthood." National firms are very secretive about who qualifies to become a partner. For every person who has become partner, there are as many, if not more, qualified individuals who are not permitted into the promised land. The qualities needed to become partner are very subjective and extremely political. Overall, the easiest way to become a partner is to obtain more new business than anyone else. This is much easier said than done.

A review of the most recent KPMG financial information provides some interesting information. From July 1, 1994 to June 30, 1998, revenues increased by 83 percent. For the same period of time, net income for partners increased by 93 percent. Yet, for the same period, the number of partners increased by just 11 percent. Apparently, this national firm is very reluctant about who they let into the partnership. Clearly, partners only let in new partners who can increase the net income of the existing partners.

Expense:

Partners view staff professionals as an expense. Therefore, with this belief, the main purpose of an expense is to reduce it. So, whenever a partner makes up a time budget for a job, it is an ideal time budget that can usually only be achieved by Superman. Many young staff members don't realize this and therefore feel enormous pressure and stress to meet or exceed the figures on the time budget. How do many of the young staff react to an unrealistic time budget. In their desire to become promoted, many staff members will work extra hours and not record them so that they look like they have met the budget time requirements.

The competition for limited promotions is so intense that staff members either work many "unreported" hours or they learn ways to

report work that they did not perform in a quality manner. Either way, the work environment causes so much stress that staff members quit by the droves (see Turnover). When an accountant costs the firm a few dollars over budget, he or she usually becomes "persona non gratis." Bring in a new client and become a hero. This information is never discussed in the company recruiting brochures. (See Work).

True or false, national accounting firms pay their CPAs for overtime?

The answer is false. No matter how many hours worked, the base salary does not change and covers it all. This represents one of the special quirks in the labor laws: professionals are not paid by the hour. If you work 60 hours in a week, you will be paid for 40. This is one of the ways the partners can insure that they will earn as much money as they do. So when the budget for a project comes out, the partners indicate the amount they will pay. While overtime pay is non-existent, this does not stop the partners from billing the client for any extra time that it might take to complete a job.

Family:

How important is your family to you? If you responded very important, then you have made an excellent choice. Barbara Bush makes a valid point when she states that when you stand before your maker, will you say "I wish I could have worked more" or will you say "I wish I could have spent more time with my family." The national firms will tell you that you should spend as much time with your family as possible. Yet, they mean your business family and not necessarily your genealogical family.

As you become more and more successful on the job, you will end up having less available time to spend with your spouse and children. This point is easy to prove. If you increase your work hours from 40 to 50 and later to 60 per week, where do those hours come from? Since there are only so many hours in a week, the time comes from the non-work hours.

There is an old saying that goes like this. Work 40 hours a week to keep a job and work the next 20 for promotion. Promotions are always dangled as golden carrots over your head. Is that promotion worth losing time with family and friends? Remember this, accountants earn promotions with the national firms by being willing to give up something to obtain something. Thus, extra money and longer hours are traded for

less time with family. In fact, many wonder what good is the extra money without time to enjoy spending it.

Carlton Fisk, Hall of Fame catcher for the Chicago White Sox, once said the following. Baseball has been good to me. But the time that it kept me away from my family I will never forgive. The Good Book states that you can't serve two masters. Decide early in life what is important. Which will it be? Family or promotions. To change the world, spend more time with family. If not, then work longer hours and see if a few extra dollars is worth the sacrifice.

Guide:

How would a person who planned to drive cross-country appear without a roadmap? Foolish? Yes, of course. Unlike the salmon, humans don't have any road maps built into their DNA. The National Aeronautics and Space Commission (NASA) would never send a pilot into space without predetermining its flight plans with the help of tens of thousands of experts. Unless you believe in astrology or calling for a "personal" 1-900 psychic, you need to find a mentor to help you navigate the uncertain waters of your career.

Advising someone to find a guide or mentor is much easier said than done. People don't advertise that they are highly qualified mentors who are willing to give their advice in return for a simple thank you. Accountants need to find a guide who is older and wiser. The ideal candidate is a nice person who has achieved success by diligent work and outgoing concern for others. They should preferably be somebody who is in the same line of business. This mentor will eventually be a sounding board to maximize success in public accounting.

The most difficult problem in finding a good mentor is that there are a lot of tormentors out there pretending to be mentors. These people do not advertise themselves as tormentors but as mentors. The tormentor can cause considerable damage to a career if accountants confide in them and take their advice. Remember there is a tremendous amount of competition when working in a national accounting firm. Many colleagues and peers will do anything to derail another person's career if it might increase their opportunity for the next promotion. Accountants need to carefully choose the persons in whom they confide. No matter how friendly people might appear, they might stab you in the back while smiling to your face.

Just watch the national news; this happens everyday.

As a general rule, tormentors have learned the art of acting and politics. These individuals have learned how to smile at people's faces and then simultaneously turnaround and say all sorts of negative comments behind their backs. This often comes as a total surprise. They may even turn out to be a "best" friend at work. Young graduating accountants have to learn how not to be so naive about the people they deal with in the national firms. The on-the-job tormentor's only concern is to obtain the next promotion.

So what options are available when backstabbers who have targeted their victim place the dagger in the back. Seek revenge? By all means, no. The best advice I have heard was the following. First, the best revenge is living a good life. Continue to strive for excellence in your life without sinking to their level. Second, be polite to them and continue about your business as usual. They will be totally amazed

Hard:

Working for a national firm can be a hard place to work. The reasons for this are numerous, but can be simplified to the following. National accounting firms generally hire the top ten percent of accounting graduates in the nation. The individuals they hire have distinguished themselves from the rest of the class. Unfortunately, individuals hired by the national firms will not compete against the rest of the class, but against the best and brightest from across the nation. Thus, for the first time, many of the best and brightest will compete against people with similar talents and abilities. That will make it much harder to distinguish one from the rest of the class.

Newly hired staff members will find that hard work is not sufficient alone to guarantee success within a national accounting firm. There is nothing special about working long hours; that is the norm for the national firms. In addition, staff members must be willing to travel away from home for weeks at a time. This will definitely put a strain on any family relationships.

Working for a national firm can be a health hazard. Long hours at a sedentary job can reduce the quality of health. Working long hours makes

it very difficult to maintain good health since good health comes from a combination of exercise, nutritious food, adequate sleep and rest, a low stress environment, and opportunities for diversion and balance. All work and no play makes accountants dull and eventually unhealthy. Working sixty hours a week doesn't allow an employee to become well balanced. Is it any wonder that the turnover rate for national firms is so high (See Turnover)?

Imbibe:

Most of the national firms conduct their first interviews on campus. They will send a bubbly and enthusiastic person to evaluate whether a candidate should be interviewed at their office. These on-the-job interviews can take anywhere from 1 to 2 days. Candidates meet a lot of people for short interviews and will be taken out to breakfast, lunch, and dinner. Be careful here. These meals are not just meals. They are a continuation of the interview process to evaluate a potential employee's social skills.

Candidates' drinking habits are evaluated. If you drink and you are offered a drink, feel free to take it. However, no matter how many drinks the partners drink, remember they are watching the candidates' consumption levels. A double standard exists at the national firms.

Partners receive all of the perks and honors and the staff and seniors do the work. Remember, they are hiring people to work for them, not socialize with them. Enjoy the meals, because this may be the last time, except for holidays, for wining and dining.

Job Satisfaction:

One of the most important things people look for in a job is satisfaction. While Mick Jagger and the Rolling Stones can't seem to find any satisfaction, most people want and need it. Job satisfaction is composed of a number of factors, including pay, variety, challenges, opportunities to develop talents, advancement, working alone or with others, supervision, sense of accomplishment, etc.

Year after year, research continues to document the relationship between job turnover and job satisfaction. The basic premise of this relationship is that the more an individual is satisfied with a job, the longer he or she will stay on the job. Year after year, large accounting

firms report that their turnover rate is 23 percent compared to just 9 percent for the local firms. Remember, people don't leave a job unless there are problems that drive them out. People don't leave jobs without a reason, especially individuals who represent the top ten percent in their class. Furthermore, year after year, the local firms have a significantly lower turnover. Check out the local firms before signing with a national firm.

When interviewing with national firms, determine if they can provide the basic factors of job satisfaction. The basic factors of job satisfaction include good pay, good working conditions, friendly and personable supervisors, advancement opportunities, sense of accomplishment, variety of jobs, and time to spend with family and friends. So if these are the basic components of job satisfaction, then many of your peers, both past and present, must not have felt that the national firms were supplying the basic nutrients of a happy employment life. Learn from others rather than repeating their mistakes.

Knowledge:

One international business recruiting firm states that technical knowledge is the most important skill and ability needed by new staff members. While this is true at the beginning, it is not the most important skill needed to become a partner. Source Finance describes the three factors for success in public accounting in order of importance: 1. client development, 2. supervision, and 3. technical skills. While technical knowledge is important throughout an accountant's career, its importance will change over time if accountants are to increase their opportunities for advancement.

This does not mean that technical knowledge will diminish, quite the contrary. As public accountants move up the company hierarchy, they must continually maintain and increase their technical knowledge. However, before an accountant can become a partner he or she will have to develop the other skills, more than just technical knowledge. Because a professional accountant has to develop so many skills and abilities to become a successful partner, this is the main reason that as accountants move up the ladder, they have to increase the hours they work.

The most important skill needed for success in public accounting is client development. This is not natural for a lot of professional

accountants. Yet, since it is the most important skill in public accounting, accountants hoping to become a partner must be willing to acquire and develop clients. If an individual is an introvert, as many accountants are, he or she will be at a natural disadvantage compared with extroverts who find it easy to talk to strangers. Remember this, being able to develop clients at the national firm level takes years of planting seeds before a large firm changes public accountant firms. Thus, if an accountant desire to, he or she will have plenty of time to develop this ability prized by national partners.

Leave:

Let's be honest here. If the turnover rate for national firms averages at least 23 percent per year, they know that people leave all of the time. Thus, if an accountant is to develop a successful career, he or she will have to know when to leave. Many accounting graduates realize early in their life that they will not stay with the national firms for the long haul. Thus, they plan to work for only 2 to 3 years with the national firms and then move on. These people work at the large offices just to have the national name on their resume and to obtain the work experience required to obtain their CPA license.

A great many of the accountants working for national firms discover something very exciting. As they work with clients, they start developing good relationships with their peers in the public companies for which they perform accounting work. In time, these companies will offer them jobs that pay significantly more than the national firms. The decision to leave public accounting becomes a no brainer for a lot of people. "Let's see, if I work for a private company I can earn more money and I will work a lot less hours. Hmmmmmmm." No wonder people leave the national firms so often.

Match:

Frequently when interviewing candidates, firms will say that they are looking for a good match. They do not mean they are looking for a way to light up their cigarette. Rather, they are looking for an employee who will fit well with their organization. Each firm has a different and distinct organizational culture or way of conducting business. This may range from being people oriented to being work oriented. Large national accounting offices are primarily work oriented. These offices are so focused on processing work that they really don't have time to get to

know you. The primary organizational culture for national firms is to make more money for the partners. This philosophy is not an easy one for many accountants to adapt to since it seems to only benefit the partners. Look at it this way. The national firms do not have a shortage of accounting graduates who want to work for them. Like salmon hatcheries, colleges continually prepare new students in accounting hatcheries to work for the national accounting firms. National firms are very well aware that individuals must obtain their work experience from a CPA firm before they can obtain their license. Basically, the national firms are more than willing to work their staff accountants "to death" in order to maximize the profits for the national partners.

Here are a few things accounting graduates should think about when they seek out a good "match." If you are shy and introverted, the national firms is probably not the place for work. Why? Because they primarily hire extroverts. The reason they primarily hire extroverts is simple. Remember the number one key to becoming a partner is client development. The ability to interact well with others makes it easier to obtain new clients and that is of number one importance for partners. The other important key to a proper match is this. More and more of CPA work is done in groups. Firms are so large these days that teams of auditors are now required to complete the audit together. It is important then for accountants to be able to interact well with their peers and be able to supervise others. Extroverts are better suited for this as they like to work in a crowd, whereas the introvert prefers to work alone. Thus, if you are an introvert, it may feel more comfortable working for a smaller local firm.

Naive:

This paper was not intended to talk anyone out of working for a national firm. This paper was designed to provide young, inexperienced accounting graduates with the realities of working in the real world. Unfortunately, these realities are not taught in college, and that is a shame. It is not wrong to be naive, but it is wrong to stay that way. As a young person, accounting graduates are naive in the ways of the world. Time and experience will help take naivete away. As a youth, it is easy for you to believe public relations hype. Remember, the public relations professionals have had decades of practice at learning how to say just the right thing to motivate young accountants to want to work for a national accounting firm.

Believe it or not, national accounting firms need young accounting graduates by the thousands. The reason for this is simple, money. The partners of national firms make a lot of money from each and every person who works for them. For example, I know a senior accountant making \$50,000. The partners are billing \$150 per hour for this same person's work. If this senior only bills out 60% of her time, this national firm will receive \$180,000 in fees. While the difference is not pure profit, because there are a number of expenses involved with each employee (taxes, transportation, hotels, meals, training), the partners will earn a sizeable amount of money from this one person alone. The national firms would not be hiring people unless they made a profit. Newly minted accounting graduates need to be aware of several things to avoid being naive about working for a national accounting firm. First, realize that the national firms have a turnover rate exceeding 23 percent per year (See Turnover). This means that every three years over half of the employees are no longer there. If it happens to them, it will more than likely happen to you. Second, the likelihood that you will become a partner is very small. On average, partners control over \$2,300,000 dollars in revenues (See Work). That takes a lot of effort and a lot of years of perseverance to be able to control a division with that much billable time. Not just anybody can manage a multi-million dollar division.

To be realistic and not naive about working for a national firm, realize that accounting graduates' feelings start changing from the first day on the job. During the early days with the national firms, many accountants discover quickly they will have to work long hours and have little time to see friends and family. If dating, you will find that your date will express his or her unhappiness when you are gone for weeks at a time. The same is true of married people. Unfortunately for many, at the end of two to three years, many accounting graduates have given up the dream of ever becoming a partner. They soon realize that they can make more money in private accounting than in public accounting. They realize that it doesn't quite seem right that by the time they become a manager and are earning upwards of over \$75,000 per year that this is not a lot of money compared with the partners who are earning \$500,000 per year.

What is worse is that by the time many become manager, they become aware that their chances of becoming a partner are slim to none. In the "old" days, it was up or out (See Up or Out). In the old days, if you

weren't processing fast enough to partner, you would be asked to leave.

Now the national firms claim that is no longer the case. Now, in the "enlightened" era of public accounting, highly qualified managers might be asked to stay on as manager without the possibility of promotion to partner. While this might sound fine on the surface, managers who have no possibility of promotion to partner might end up training people who might become a partner and their boss.

Ask yourself this, how long will most people stay at a firm that has you training the next partners because they have more "potential" than you? How long will you love working in a dead-end job? These are the realities. Ask people how they feel when performing the same work year after year after year, knowing full well that promotion to partner will never occur. This new program of enlightenment has failed because the turnover rate at the manager level is almost as high as the staff and senior level.

It is very important that accountants make career decisions with facts and not with fantasy. If a person doesn't have a realistic chance of becoming a partner, then her or she should be honest about it, and not be naive as to why he or she is taking a job with a national firm. The recruiters and partners know that the vast majority of new hires will never become a partner. Therefore, accounting graduates should not let recruiters convince them that it is a realistic goal when they know that a salmon has a greater chance of returning home than the average new hire has of becoming a partner with the national firm. It would be better to plan spending 2 to 3 years with a national firm before accepting another job with a client. If you become one of the lucky ones, then great. At least with this approach you won't be so disappointed.

Out of School:

When accounting students get out of school and start their first job with a national accounting firm, they soon discover lot of things that their professors never taught them. Throughout most of their college days, accounting students hear their professors speak favorably about the national accounting firms. There are a number of reasons for this. First, the national accounting firms take very good care of the professors at the institutions they recruit. The national firms use all of their public relations "know how" to maintain a pleasant and positive image with your faculty.

The national firms frequently take professors to lunch, help obtain grant money for professors' research, pay for room and registration fees at conventions, and even provide professors with staff members to complete research questionnaires. Some national firms provide all expense paid trips to special seminars to meet the partners in "special" continuing education meetings. Only professors of the school where the national firms recruit are invited. The continuing education of the professors is not the primary reason for these junkets. Keeping professors happy and saying nice things about the national firms are first and foremost.

Your professors probably have never said anything about the realities of working for a national firm. It is unlikely that they will comment on the tremendous turnover (See Turnover) or the pressure they put on their staff to work longer hours and meet the budget and deadlines. It is unlikely that your professor will have told you about the countless individuals who, by the second and third year on the job, are hopelessly burned out, discouraged, and want to get out of public accounting. It is unlikely that your professors have told you not to rely upon the recruiting brochures for meaningful information and not to trust all of those pictures of happy people who, according to the pictures, get to spend a lot of time with their family. Those brochures are a fantasy and not a reality.

It is unlikely that your professors have ever told you how to go about selecting the best firm for your personality. Nor have they ever told you that the turnover rate for local firms is a lot less than for the national firms. Next time you have a chance, ask your professors how many of their own students have ever become a partner in a national firm.

Politics:

The original idea for my dissertation was to determine the factors needed for success in public accounting. One of the members of my committee said that since politics was an important factor of career advancement that I should include it in my study. I originally thought his suggestion was a great idea, that is, until I discussed the idea with other business faculty. Many of my colleagues denied that it exists. Apparently they saw the world differently than me.

Anybody who works for a living knows that politics play a significant role in determining who gets the next promotion and pay raises.

Machiavelli is the most famous political expert on this subject. Basically,

the concept of politics is for each individual to protect his or her turf against anybody else. People who play politics could never be one of the Three Musketeers. The motto for the Three Musketeers was "all for one and one for all." For the politically astute, it's all for me and me for me.

It is a selfish way of looking at things, but there are lots of people who only think of themselves.

What makes this issue more interesting is that the national firms state that among their core beliefs and values are teamwork and collaboration along with open and honest communication. Unfortunately, not everybody in the national firms will buy into this. While the national firms preach the gospel of teamwork, everybody who works there knows that only a select few "individuals" ever get promoted to partner. Thus, the political person will not willingly share what he or she knows with the rest of the group if it will not improve his or her chances of being promoted. The believer in politics would never believe in open and honest communication. Most of the time, it is best to keep one's mouth shut.

Don't volunteer information unless you are directly asked to provide answers to questions. Politics becomes more of an issue when you end up working for more than one boss at a time. This is a situation you want to avoid. The Scriptures are correct when they say you can't serve two masters at the same time. Don't even try. The political thing to do is to pick one boss over the other, depending upon who will be the most advantageous in your career.

To succeed in a national firm, accounting graduates have to learn how to treat the partners as if they are royalty. Partners have been raised within the firm to believe that they are special. They have to be special to make as much money as they do. Partners believe that there is a huge difference between partners and the rest of the staff. Accounting graduates have to respect this difference if they want to survive in public accounting.

Quota:

Quotas are required for every successful business and need to be used in balance and with fairness. Unfortunately, when they are unfair to begin with, then staff members will feel tremendous stress while performing their job. Take this quote from a national firm brochure describing its corporate culture with respect to leadership. "Leaders don't get on the

back of their people, they get behind and push." Does this sound like a place that you would want to work. The leaders are going to constantly push you to work harder and longer. Rather than lead by example, the partner will be constantly on your case to do more. Remember, these leaders are pushing staff members so they can increase their bottom line, not yours. Ask yourself, do you want to be pushed or led by example? Do you want to work for a firm that has a fair or unfair quota system?

Revenues:

The Big Five are always pleased to advertise that their partners are doing extremely well. The reason they are doing so well is that they expect their staff to be happy with their salaries. Unfortunately, when the staff members of the national firms find out that their counterparts in private accounting are making significantly more money than they are, they frequently change jobs. It is kind of sad, but many partners realize that they are training their staff to eventually work for their clients. There is a great gulf between partners' earnings and the rest of the professional staff. This gulf will last a lifetime if you only provide a service as an employee of the firm. Don't kid yourself that you can become a partner by just doing good work. So can tens of thousands of other accounting graduates who have come and gone. If you really want to become a partner, you will have to develop the ability to attract clients to the firm. If you can't attract clients, then develop a service that the national accounting firms can sell to their clients. The ability to generate revenues is the number one trait needed to become a partner with the large accounting firms. Remember, accountants love to count money, especially when it is theirs.

Supervision:

Source Finance believes supervision is the number two skill needed for success within the national firms. While second, it is a distant second. As discussed, the number one skill for promotion to partner is client development. The more clients you bring into a firm, the greater chance a person has of becoming a partner. No matter how great your supervisory skills are or become, the heroes at the national public firms are those who bring in more clients. For this reason, many partners frequently don't allocate a significant amount of time to developing their supervisory skills when it is not rewarded like client development is.

Thus, it is not uncommon for partners and managers to throw work your

way with only a brief explanation to guide your efforts. I remember my first audit. The manager tossed some work on my table and said "do it." I was really confused. The last time I had heard that expression was when I was in eighth grade and I asked my mother how to dance. She said "just do it." "Do what?" I responded. She said to, just go out on the dance floor and "just do it." To this day I still don't know what "it is."

The lack of supervision will cause newly minted accounting graduates a lot of stress. Only a few people will succeed in this environment. While the public accounting profession requires candidates to work for a CPA, they do not require the supervision to be excellent. For me, if it had not been for one nice CPA, I would not be a CPA today. Good supervisors can help you grow as a professional. If you find one, thank him or her because that person is improving your chances of advancement more than he or she is helping his or her own career.

Turnover:

Each year, the AICPA conducts a survey dealing with professional staff turnover in public accounting. Over the past five years, the large public accounting firms reportedly average an annual turnover rate of 23 percent. Some think this figure is low as since not all of the national firms respond to the survey. Quite honestly, this means that the best and brightest of the graduating class don't last very long. Because they leave the national firms early in their career, this should indicate how difficult it is to advance, especially when they stay for such a short time.

Overall, people don't last long with the national firms. At the same time, the local firms have an annual turnover rate of just nine percent. Sheridan conducted a study to determine why people stay at some CPA firms longer than with other firms. The results of his study are not surprising. He determined that firms that care about their employees have employees who stay longer on the job. He found that firms who care more about getting the work done than their fellow employees have much higher turnover.

If the average turnover for a national firm is 23 percent and there are four levels within the hierarchy, one would suspect that the turnover rate would decrease as one moves up. Except for partner, this is not the case.

It takes approximately 6 years to become a manager. Yet managers' turnover rate is nearly as high as the staff and seniors. This is not encouraging if your goal is to become a partner. As would be expected,

the national firms are don't want to discuss their turnover rate because it would be difficult to reconcile it with their marketing and public relations campaigns. (See Family and Brochure).

After two years on the job, nearly one-half of the original work force has left the national firms. After three years, two-thirds of the original staff have left. Somewhere between the second and third year, many seniors feel depressed and disillusioned. During the first three years with a national accounting firm, many people give up the dream of ever becoming partner and start thinking about working outside public accounting. At this point, the salmon continue to have a better chance of survival than does a staff accountant. Of course, there are always a few exceptions who are happy and content. Those few individuals are the ones shown smiling on the company brochures. A firm with significant turnover does not sound like a real career opportunity for the best and brightest.

Up or Out:

For many years, it was common knowledge that unless an accountant was progressing at a "satisfactory rate" toward partner, the company would replace that person with a younger, less skilled individual who was perceived to have better partnership potential. The national firms claim that this is no longer the case. To some extent, this may be true. The national firms now claim to work as follows. If a person is a wonderful manager but will never make partner, he or she can stay on as a manager. For those without ambition, who don't mind performing the same routine work for the remainder of their career, this may be a good situation. What about the person with ambition? This stagnant position situation does not sound like it provides a great deal of job satisfaction for individuals who want more opportunities in their future. Having a dead end job could cause a lot of job dissatisfaction leading to high turnover (See Turnover). While the national firms don't push people out as much as they used to, they don't have to. The dead end jobs are causing managers to change jobs due to job dissatisfaction. A good job provides people with a sense of accomplishment. A lack of accomplishment leads to managers looking for another job in record numbers.

View:

Don't over glamorize your view of a partner in a national office. Just because they are partners does not mean that they know anything more about life than anybody else. In fact, because of all the hours they work,

they probably know less about life and the real world than you do. What they do know is how to get promoted to partner in a national office. When you think about it, their job may not be as glamorous as you think. The national partners have to put in long hours dealing with clients and staff, obtaining new clients, attending partner meetings, making sure their work is out before the deadline, keeping up with their specialty, etc. All in all, they have a lot of responsibilities and a lot of pressure to increase revenues and decrease costs to increase net income to partners. Even partners have somebody to report to, the other partners.

So when do partners get to enjoy the fruits of their labor? Well, for many, the rewards of their labor is more labor. That is, their reward for working hard is the ability to continue working hard in the future. Many partners really get excited about the work they do, so much so, that they don't have time to care about the rest of their life. You might consider a partner somewhat like a bee who has to continue to pollinate for the benefit of the beehive. As the bee jumps from one flower to the next, so do partners. Partners have so many "business" things to attend to that they don't have time to keep up with anything else. But, they do get excited trying to be the best "partner" in the firm.

You may think that partners have it made and are like "gods." Unfortunately, as a professional moves up the hierarchical ladder, there is continual pressure to obtain the status of senior partner and maybe even become the managing partner and run the entire show from the corporate headquarters. The view does not get any better as you move up the promotional ladder because there are less opportunities for advancement and you find yourself competing with very talented and dedicated professionals.

As you move up the corporate ladder, there are more and more business obligations to attend to. The pressure to produce does not decrease when you become a partner; it only increases. To increase revenues many partners join civic and charitable groups. They do this to develop contacts that might later lead to a new client. Some partners are very careful about choosing the right church, not for religious reasons, but for potential business reasons. Overall, partners have to report and be accountable to the other partners. What the other partners want is more profits. So be careful what you dream about; someday you might obtain it.

Work:

A review of the June 1998 financial highlights of KPMG Peat Marwick in the United States is quite interesting. This past year, the average annual revenues increased 64 percent since the year ended June 1994. What does all of this mean? Each partner, on average, is in charge of a \$2.3 million dollar business. In the same time period net income increased from \$261,000 to \$503,000. Not only are annual revenues increasing at a rapid pace, net income keeps improving because of how well the partners control costs.

During the same five year time period, net income to partners increased 93 percent. Thus, while revenues increased 64 percent over the past five years, net income to partners increased 93 percent over the same period. This could have only occurred if the partners were successful in reducing costs significantly. On average, each partner supervises 12.5 employees. Overall, 13.5 people (one partner and 12.5 staff) generate \$2.3 million dollars in annual revenues. To become a successful partner at KMPG, you have to work diligently to increase revenues, decrease costs, motivate people to work harder for less money, and maintain technical skills. It is any wonder that the partners work long hours?

An analysis of KMPG's annual report indicates how much work and growth are required before an individual can advance to partner.

Including partners, the average revenue generated by each and every person at KMPG is \$176,000. This indicates that when people start with a national firm, they may be responsible for individually generating over \$100,000 in billable hours. By the time they become partner, they will be in charge of a staff generating over \$2.3 million dollars per year. It takes a great deal of work for an accounting graduate to make the transition from a staff member to a partner. Is it any wonder that staff members who want to become a partner have to work long hours in a national firm?

I am not against work. Far from it. Finding work that fulfills us is one of the greatest joys in life. I am against work that separates parents from family for long periods of time. I am against people having to work overtime for no money so that the partners can make more money. I am against jobs that cause people to work so many hours that they go home so tired that they can't have "quality time" with their children. I am against partners who believe that they have to make more money in order to be happy. Believe it or not, there are partners who believe that they can never earn enough money. Thus, they strive for more. The amount of

money one makes is not the mark of a true man or woman. The true mark of a man or a woman is character: honesty, dependability, outgoing concern for others, love of family, friends, and even love for a Supreme Spiritual Being.

Born in the late 1800s and a trusted advisor of presidents, Bernard Baruch went home one day to tell his father some impressive news, or so he thought. On that fateful day, he told his "poor" father that he had become a millionaire, when a million dollars was really worth tens of millions of dollars. His father responded with a simple "so." Hurt by those remarks, Bernard Baruch changed his life to devote himself to public service instead of just becoming a man of wealth. That one-word response got Bernard Baruch to realize that there is more to life than accumulated wealth. The question is how long will it take you to realize what is really important in life?

X-Chromosome:

There was a time not too long ago when the national accounting firms would not even hire women. Then they started hiring them, but found ways to keep them from becoming partner. One woman had to take the partners all the way to the Supreme Court to obtain justice. The partners of her firm had denied her partnership status because she did not act the way they thought a lady should act. In spite of the fact that this woman generated very high revenues for the firm, they promoted a man to partner who had many more personality faults than her. The national firms now claim to be so progressive that they let women work part-time. Yet, while this is possible, many women have found out that they feel left "out of the loop" because of the days they are not there. Part-time work can be a relative term from 3 days a week to working only 40 hours a week.

Overall, the latest study by the AICPA indicates that the percentage of new graduates by gender hired by CPA firms is approximately 50-50. While women have been making great strides in public accounting, they still do not represent the majority of professional staff who are employed by a national firm at any given time. According to the same AICPA study, professional staff (CPAs, prospective CPAs, and others trained to practice public accounting) working for national firms are composed of approximately 61% men and 39% women. At the same time, those working for the national firms who have their CPA licenses are composed

of 66 percent men and 34 percent women. The percentage of professional staff who were terminated or who resigned from national CPA firms is approximately 57 percent male and 43 percent female.

While this implies that eventually the total makeup of national firms will someday have equal amounts of men and women, at the moment most national CPA firms are male dominated, especially at the top. In the AICPA's latest study, 92 percent of the partners in national firms are male as compared to 8 percent who are female. Thus, while over one-third of the professionals who work for national CPA firms are female, only 8 percent of them have become partner. Part of the reason for this is the fact that women have not been in public accounting as long as men.

The AICPA also conducted a survey that found that an increasing number of women are moving up the hierarchical ladder and becoming manager and partner. The AICPA study indicated that while one-third of the newly appointed senior managers were women, turnover among women in the profession is a continuing problem. The AICPA study also found that while women have been making progress, their turnover rate increases at a faster rate than men, especially as they move up the corporate ladder.

Yaw:

No, this is not a misprint, but an actual word that has significant meaning. To maximize one's career potential, it is vital not to yaw. So you don't know what this word means yet. Neither did I until I looked it up in a dictionary. The word yaw means to deviate from the intended course of action. Successful people generally have a strong idea and vision of where they are going in life. It is a well accepted fact of life that people who know where they are going will get there faster than people who do not have any ideas about where they are going in life.

If you don't have any strong convictions about where you are going in your career, it will become too easy for you to deviate from your intended course in life. To become a partner in a national accounting firm or any other highly skilled job, you must grow in the "right" skills and abilities of that profession. The earlier you determine the "correct" course of action in your life, the easier it will be for you to identify and train yourself for those important "transitional" windows of opportunities.

In plain English, this means that you may want to start your career off

as a staff accountant. During these early years you will be doing detailed work, often called grunt work, and be supervised by a senior. To become a senior, you will have to develop the ability to direct, manage, and supervise the work of others. This may not come easily if you have not previously developed interpersonal skills as well as an understanding of the technical details of the assigned task. An unwillingness or inability to develop new skills, as necessary, may cause you to delay your rise to the top because there are many individuals who are willing to step up to the plate and deliver.

The leap from staff to senior is not as dramatic as the leap from senior to manager. Up until now, the senior's supervisory role has been more of a one-on-one basis with a single project. To become a manager, you have to learn how to supervise the work of several seniors and staff, be responsible for an entire audit from start to finish, and be able to review the work of others and to increase interaction with the client. In addition, managers will have to train, evaluate, and determine the ultimate fate of their staff.

If you thought the leap from senior to manager was huge, the leap to partner is the difference between heaven and you know that other place.

To become a partner, you will have to convince the other partners that you have the ability to hob nob with enough successful people that you could manage and build a thriving practice in excess of over 2 million dollars a year.

An inability to develop the appropriate skills and ability along the way will become your yaw. Your deviation from the intended course of your career will only delay your happiness. To increase your chances of success means that you must determine what is success. If your ultimate goal is not to become a partner in a national firm and you decide to work for a national firm, then you have increased your chances of deviating from your ultimate career goal in life. To avoid a yaw in your career means you have to be honest about where you really want to be ten years from now.

If you think that working for a national firm for two to three years is part of your intended course in life, then think again. How can working in the public accounting environment for two to three years prepare you for achieving your career goals in private accounting. Is it worth two to three

years of your life so that you can include a national accounting firm's name on your resume? If your ultimate goal is private accounting, then you should start there as soon as possible so that you can reach your goal in life. Otherwise, a deviation from your goal in life will only serve to delay your job satisfaction.

Zenith:

This word represents the highest point relative to the observer. Many young accounting graduates, representing the best and the brightest, dream about becoming a partner with a national accounting firm. They have been dreaming about being on top of the professional mountain since college. While in college, they heard their accounting professors mention the word partner with reverential awe. Unfortunately, the professors who have been wined and dined by the national firms never told you about the realities and sacrifices necessary to become a partner. Furthermore, these same professors never discussed alternative paths to happiness and productivity.

As mentioned at the beginning of this paper, salmon may have more of a chance to return home after three years than an accounting major has of becoming a partner for a national accounting firm. This should not disillusion the reader but bring into focus what the important goals of life are. The important goals of life are a quality job, family, friends, and the pursuit of happiness. These goals must be in balance. You need to find a job that stimulates you and permits you time to lead a well-balanced life.

The Good Book states that man shall not live by bread alone. This could also be rephrased to say that man shall not live by work alone. Anything that takes you away from family, friends, and religion should be looked upon with skepticism. The national firms will deny that they take you away from family, friends, and religion. But the truth of the matter is, if you are working 60 hours a week on a regular basis, you don't have any time for your family, friends, and pursuit of religious excellence. Some time ago, I saw a short film that showed the mass of humanity climbing over one another to reach the zenith in professional achievement.

The film also showed two butterflies soaring in the air searching for new and different trails toward professional growth and happiness that were

quite different from the mass of humanity. You don't have to work for a national accounting firm to be happy and productive. For that matter, you don't even have to work for a national firm to become wealthy. So why not dream like the butterflies and flap your wings toward happiness rather than constant competitiveness with your fellow co-habitators of planet Earth.

Conclusion:

For thousands of years, salmon have instinctively returned home to spawn after three years "on the road". They have no choice because the creator has built into them an inherent desire and ability to go home after three years. For many millennium now, only one in a thousand salmon has successfully completed its journey, thus guaranteeing the survival of the species. We could send salmon to a university and educate them about the dangers of their trip, and they would still head for home. As a human, you don't have any excuses. You have a brain which can process what you observe with your eyes.

The information in this article can be an invaluable aid if your goal is to find true success. Carlton Fisk, a Hall of Fame catcher, once said that while he loved baseball, he would never forgive baseball for keeping him away from his family while they grew up. Family is a priceless commodity and needs to be placed on a high pedestal when making a career decision. No amount of money can replace your family, especially the future of the world, children. It does not take a weak person to be a family person, but a strong person. Many of the so-called successful of this world have placed fame and fortune above family. At night they are lonely. During holidays they are lonely. Those who place a priority on family reap endless hours of love and affection. Family people go to bed at night happy and contented because they have placed their priorities in the proper order.

Throughout the "Good Book," there is a reference for people to choose between the paths that leads to life and happiness and the ways that lead to unhappiness. As you make your choices in your life, you will be determining whether you will achieve the high or low road of life. I want you to be able to choose wisely so that when you look back on your life, you can see peace and prosperity. You don't need to become a partner to be happy and successful. Far from it. So, if you want real success, remember to put your life in the following order: religion, family, and job. If you do, you will achieve real success in life.

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