

Gap Attack: Eight Steps to Get that New Hire

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Recent statements published in several quality practitioner targeted accounting publications succinctly addressed issues surrounding the talent pool of entry level managerial accountants along with industry employer ability to hire and retain these entry level accountants. In *Plan for the Future: A Career in Management Accounting*, author Jeff Thomson identifies issues such as the demand for quality entry level accountants outstripping the supply of such accountants. He also points out factors such as the tendency of new accounting graduates to begin their career at a CPA firm instead of starting in industry thereby affecting the number of entry level management accountants.

Likewise, in *The Skills Gap in Entry-Level Management Accounting and Finance*, the study sponsors, The Institute of Management Accountants (IMA) and the American Productivity and Quality (APQC) isolate and study multiple deficiency gaps between what employers want to see in entry level accountants and what entry level skills these accountants actually possess. The study also delves into many of the same hiring and retention practices for entry level accountants identified by Thomson above.

This article seeks to address some of the issues raised in the Thomson and IMA/APQC papers cited above. Namely, what steps can the management accounting profession take to more closely align skills possessed by new accountants graduating from four and five year accounting programs with the skills needed on the job. Second, what can the management accounting profession do to improve the hiring and retention policies for companies looking to hire these graduates into management accounting positions?

As two former management accounting industry managers who have now been converted to educators, we have hired and supervised hundreds of management accountants in our 52 years in industry and now have educated hundreds of such accountants. As such, the comments in this article reflect a candid and unique perspective. Opinions expressed in this paper are ours alone and neither reflect the views of our former employers in industry nor our current employers in education. The following are our eight suggestions for improvement in the hiring and retention programs for entry level accountants plus suggestions as to how to decrease the skills gap between what an entry level accountant “looks” like and what you want the first year accountant to “look” like.

Suggestion #1: Take Steps to Close the Gaps. The skill gaps detailed in IMA/APQC study are extensive. From an academic point of view, of the six top gaps cited, leadership, strategic thinking and execution and change management are high level skills which would be likely goals in most business degree programs. The other top skill gaps, planning, budgeting, and forecasting, cost management, and internal financial reporting/performance management are more closely associated with accounting programs. A perusal of the objectives of most properly accredited accounting programs will likely find many, if not all of these addressed in the accounting program. Why then do gaps still exist?

Educators are expected to please many masters when putting together their courses. This can involve meeting objectives set at the School of Business level, the University level and the accrediting body level or to meet professional exam requirements, to name a few. The university accreditation drives many of the curriculum decisions and changing accreditation requirements will always be a challenge. Educators are very good at achieving the types of objectives mentioned above when they are

told to do so. Often closing gaps, like those listed above, can become part of a course objective if the gap is communicated to the School.

Communication between industry and the School may also occur through means such as companies participating on School advisory committees or by just meeting with School administration and faculty. A number of corporations have also had success with hosting a “faculty day”, normally in the summer, at a corporate facility. Once the faculty are at your facility, they are essentially a captive audience who can get more comfortable and learn about your company. They can also obtain your input and give you feedback about the formation of the next generation of management accountants. As an aside, you will likely find more accounting faculty know your state’s requirements for the CPA exam than they do the CMA exam requirements. You will also probably find more CPAs than CMAs on the School advisory committees. This CPA advantage did not materialize overnight and to get something changed in academia, it often pays to be the squeaky wheel. Be that squeaky wheel.

Here are some other possible solutions. Adding a management accounting degree or a certificate program at your chosen university is not out of the question. Many times the largest impediment to accomplishing this is the School’s budget. Such programs or certificates can likely be built on a core of existing courses offered by the School. However, additional courses may need to be added to the curriculum. Offers by industry to fund programs, faculty chairs, and scholarships will help sell such programs when you get that sit-down meeting with the School of Business dean.

Suggestion #2: It’s not all about Pay. When you examine the well-tuned recruitment machines the national accounting firms operate, you will quickly see it is much more than just throwing money at students. In many cases, the benefits are more important to students than the actual pay. The discussion that follows on work/life balance is instructive to this point. It is not hard for a CPA firm to capture the attention of a junior in accounting when it tells him/her that the firm offers 20+ days off work annually, with pay, beginning in their first year of work. Now there are caveats that come with those days off, but I am not sure the student is listening when the caveats are discussed. Likewise, it is music to the ear of a senior in accounting with a pile of student loans, when he/she hears that the firm pays for the cost of a CPA prep course, the cost of the CPA exam and a bonus for passing.

Benefits offered by many national accounting firms are tough to compete with. Besides the benefits mentioned above, programs such as firm structured leadership/training programs score with new graduates as well. The response by industry must be multipronged. First, even if you are not interested in your newly hired accountant becoming a CPA or CMA, I think you should still have some incentive based program in place to counter big CPA firm programs. Second, every company is different, but there is almost always some dimension of work/life balance that your company does better than the competition. That dimension should be emphasized. Finally, you may have benefits the competition cannot match. As an example, these young accountants may not be joining your firm because of your stock ownership program or your 401K, but they are accountants and they know what each is. Be creative with benefits when you can.

Suggestion #3: It’s all about the Internship. Not surprisingly, a recent Michigan State University Recruiting Trends report cited internships as the #1 key recruiting strategy. The study also listed internships as #1 in its list of campus activities, ahead of study abroad, leadership roles and civic engagement. Internships have emerged as the quintessential opportunity for companies and students to “test drive” each other prior to making a firm hiring decision.

Challenging internships, where students are exposed to multiple facets of the company operations and provided with meaningful work are the company's best shot at securing the management accounting student. Schools like Washburn University promote professional internships, offer college credit in many situations, and keep the employer administration burden to a minimum. Accounting firms have seized upon the concept and normally make the majority of their permanent job offers from their intern pool. Internships which one day lasted but a semester, have grown into open-ended internships whereby companies "lock-up" the best students for multiple years until they graduate. Depending on the location of the company and the campus, internships can be fulltime summer positions, fulltime spring or fall positions (where the students takes a break from school) or part time during the school year.

The age of the average intern continues to drop as firms compete to secure the best interns at the earliest possible age. Sophomore internships are common for the best students with many of the remaining students securing internships their junior year. Wages are market based. Nationwide, the Michigan State study found most internships payed \$10-\$15 per hour for all degrees. However national CPA firms and those industries competing with these CPA firms for accounting interns commonly pay in excess of \$25 per hour.

Suggestion #4: Help Increase the Size of the Pie. If your industry is hiring a less than desired percentage of new graduates because of a bias toward CPA firms or whatever, obviously you want to take steps to increase this percentage. However, similar results can be reached by increasing the number of students in accounting programs or other programs from where you recruit. (I.e. 10% of 150 is bigger than 10% of 100.) The numbers of students in these programs trends up and down over time. The AICPA recognized this fact years ago and established the Accounting Education Center to introduce high school students to accounting and to the AICPA. Industry efforts through organizations like IMA should help the cause, but again will not yield overnight results.

Recruiting beyond the tried and true accounting major pool of graduates should also be examined. The finance degree pool of graduates is commonly a much more lightly "mined" group of analytically trained young professionals. There are student held biases by finance students when they interview for their first job too, (but, as I explain to my finance students, there are only so many openings out there for these graduates to conquer Wall Street). Increasing the pool of hireable students may also require industry to take a page from the first suggestion above and fund a program, richer in accounting coursework, which graduates managerial finance majors (or certificates). The old axiom, "It is easier to make an accountant into a finance professional than it is to make a finance professional into an accountant" does not have to be true!

Suggestion #5: Rethink How, Where, and When you Recruit. Times change. The days of lengthy on campus interview schedules are not entirely a thing of the past, but other venues are now much more pronounced. Online job postings on the employer and university career service websites are a must. Third party job search site usage by students is growing too. Relax. Face to face contact is not a thing of the past either. Multiple opportunities for face to face contact exist on campus today, but you can't rely solely upon it.

If you are a well-known employer and have historically been a successful recruiter on campus, an advertised table, manned by your staff, in the School of Business lobby or a "mixer" in the evening in the union or at local establishment is an inexpensive way to meet students. If you are a less well known

or smaller scale recruiter on campus, such events don't work as well and are more prone to light student attendance. In those cases, having a table at the university career fair, or volunteering to speak to a class, presenting to a business/accounting club or having a booth at a Beta Alpha Psi Meet the Firms event work well. Use alumni from the university where you are recruiting and get your young alumni involved as soon as you can. In all cases, recruitment is a multiyear investment and you may spend several years getting your name out at career fairs and university events before you get that first intern or permanent employee. Remember, these steps serve to maximize your exposure to students. You still need to formally interview them either on campus or in your office.

Suggestion #6: Don't be Cheap. That freshly minted accounting or finance major or even the top drawer intern can be a difficult person to get hired. For the best students, they will definitely have their choice of offers in the market today. They will be looking for the job that provides interesting, challenging work with opportunities for growth. Culture will be important as will work/life balance. But when all is said and done, there will have to be a monetary component, the starting salary. In the case of starting salary, the offer should be market based. Don't be cheap; you won't likely get a second shot. If you want to hire the best, expect to offer salaries in line with the best employers in the region. If your market requires signing bonuses for interns or employees, prepare to pay them. As mentioned before, benefit packages vary. If you have an advantage there, definitely make it a highly visible part of your offer. If benefits are not to your advantage, still accentuate the strongest parts of your package.

Suggestion #7: You Do Know They Think Differently than You Do? You have probably already read more articles about hiring/motivating/retaining millennials than you care to admit. Having said that, it is also dangerous to throw everyone of that era into a single category as you will find they come in all sizes and mindsets. Yes, they were raised on technology, but believe it or not, most of them know it is rude to have your smart phone out in the office. And no, they are not likely to think their first job will be their last. However, there is an offsetting phenomena I have witnessed. That is, young accountants today are so well connected through social media to their friends, classmates, and yet-to-graduate accountants that if your company is viewed as a good place to work, everyone will soon know it. In those cases, you will find the hiring process at a specific school for a second management accountant much easier than the first hire there.

Just like you, these up and coming accountants come with lifestyle and career predispositions. On the lifestyle side, partialities include social awareness, the environment, and work/life balance. On the career side, these include the aforementioned biases for accountants to begin their careers at a national accounting firm and the finance majors to begin their conquest of the world on Wall Street. Right now, I can see some of you smiling as you ponder how do work/life balance and national accounting firms and Wall Street co-exist...but they do. These employers have studied the same millennials you have and crafted programs to get them hired, motivated and producing. You will too.

Suggestion #8: Demonstrate a Career Path. If you poll the top 50% of accounting seniors in most universities, you will find most have a working knowledge of CPA firm progression levels (and if they are honest with you, when they intend to step off the CPA career path, if that is their intent.) A similar accounting senior poll on management accounting career paths would indicate a less informed student body. It is true that management accounting career tracks are much less linear than CPA firm career tracks and harder to predict. But in many ways, that is the beauty of a management accounting career. Starting one's career in one department in industry can lead to multiple opportunities following

vertical, horizontal, and diagonal promotions. You will have limited opportunities to graphically show this to students (discussed in **suggestion #5** below) and waiting until the senior interview to discuss career paths is much too late.

A discussion of career tracks would also be incomplete without the discussion of four year versus five year accounting programs. State requirements for the CPA have caused many schools to expand their accounting programs to be five year programs with master's degrees in accounting commonly folded into the educational outcome. The addition of the fifth year of education has allowed Schools to broaden course offerings and internships and graduate better, well rounded, more mature students. Many schools however still offer four year accounting degrees (alongside five year degrees) which likely leave the student ineligible to become a CPA, but still a solid student with degree in hand. A number of corporations have successfully targeted this group of students. Such an approach commonly involves a company job offer with an accompanying offer to fund an evening or online graduate degree at an accredited university, to be completed after the student starts their job.

Final Note: During a student's academic career, he or she will get considerable advice on the benefits of passing the CPA exam and to some extent the CMA, CIA or other professional exam. Regardless of a recruiter's opinions, it goes without saying that negative comments about any of the certifications hurt the firm during the recruitment process. I believed as an industry professional and I still do as an academic that the best approach is to speak to the quality of the certifications and encourage the student to follow their passion. Put another way, what do you think your odds are of hiring a student who has worked hard for five years to get to that degree and job offer (and certification) and then is told during the job interview the certification is unimportant?