

Lateral Partner Opportunities in the New York CPA Market



By Robert Fligel

While organic growth remains slow, New York CPA firms with long-term expansion in mind are increasingly turning to lateral hiring strategies in order to add new business. This creates an opportunity for fast-track professionals, who are finding their skills and talents in demand. Although traditional hiring methods still have their place, lateral hiring allows firms to take fewer risks when seeking potential candidates, while still obtaining talented professionals. By vetting experienced partners already established within the field, firms are achieving faster growth and avoiding the potential pitfalls of untested, unknown hires.

Another benefit for CPA firms is the opportunity for experienced partners to come in and hit the ground running. They often have their own set of established clients who are likely to transfer to the new firm along with the new partner. For partners open to the opportunity, a fresh start with a new firm can be an invigorating and rewarding experience.

A Surge in Lateral Talent Acquisition

The following are the five primary reasons why lateral hiring is accelerating in the New York market:

- Organic growth has been slow and firms believe this trend will continue for several more years.
- The market demands increasing specialization and niche businesses.
- Many firms are facing a leadership gap. They are unprepared for succession in key profit centers, such as the core tax and audit businesses, SEC work, international services, and trusts and estates.
- Some firms are in dire need of partners with business-development skills.
- Due to years of decline in the number of college graduates with accounting degrees, firms in particular—and the pro-

fession as a whole—are facing a much smaller next generation of potential new leaders.

Guidance for CPA Firms Considering Lateral Hiring

As with any new endeavor, there are steps that CPA firms should take before moving forward with finding new partners. First, they must be absolutely clear about the technical skills, qualifications, strengths, and character traits of their ideal candidate. This is an area that too many firms are vague or imprecise about. It is the first place an independent search consultant can help clarify, as well as add advice on current market conditions and establish a plan of action that includes reasonable expectations.

CPA firms also need to ensure that they have agreement and buy-in from the current group of partners. Before moving forward, they need to double-check, and update if necessary, their partnership agreements, making sure all covenants are current, reasonable, and enforceable. An independent professional can help in this area as well.

As part of a lateral-hiring growth strategy, a discussion of the plans and the progress of strategic talent acquisitions should be as much a part of executive committee meetings as other critical issues, such as merger opportunities, the new-business pipeline, or the firm's financials. The partners leading the strategy must create and continually refine their recruiting processes and procedures. Each partner should be as great a "salesperson" for the firm's recruitment process as for new business.

Finally, and maybe most importantly, CPA firms must make sure any new talent acquisition would be the right fit for the firm—not only in terms of skills and qualifications, but also in personality and attitude.

Guidance for Professionals Considering a Lateral Career Move

It is not only firms that must have a clear, concise idea of what they are looking for. Partners thinking about a change must ensure that they take the right actions prior to commencing a search. They should start with an up-to-date bio and resume. In addition, they should make sure it has been professionally reviewed—first for spelling and grammar and then with an eye toward market appeal.

Next, partners should think about which type of organization would best suit them. They should take into account the firm's culture, size, niche, and location. Departing partners should take time to understand their legal obligations to their current firm. It might be worth it to examine the details of any agreements with an attorney, a tax and financial advisor, and any recruiting agent.

To prepare for an interview with a new firm, partners should identify and be prepared to speak of their strengths, such as special skills, leadership ability, accomplishments, and business development. If they chose to have a search consultant, they should find one who is knowledgeable and reputable to help negotiate the best terms. □

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