The Culture Conflicts:
Are Long-Standing Business Practices Damaging the Accounting and Finance Profession?

A question from the Illinois CPA Society
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What culture are you fostering?

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DIGITAL DOWNLOAD
www.icpas.org/culture
We need to talk about culture. Not about how you hold a teacup, but about how you as a member of the accounting and finance profession shape the business model and environment that exists within your organization.

Over the past year, we’ve discussed countless factors impacting the accounting and finance profession: an aging, multi-generational workforce; automation and technology; work-anytime-anywhere and unlimited PTO policies, and much more. These factors, among many others, are driving how, when, where, and why we work; they’re driving our business decisions and greatly impacting the cultures within our firms and companies. So, I ask you, what kind of culture do you really want to create?

Culture impacts everything from staff recruitment and retention to innovation and implementation of new business plans. Culture can literally drive the success or failure of your business.

While you may personally value gender, race, and ethnic diversity, do your organization’s business practices and people reinforce that? If you personally value work-life balance, does your organization’s business model allow it? Women are significantly underrepresented in the partner ranks of firms and the offices of CEOs and CFOs. We often dismiss it by saying women choose not to pursue the leadership track in order to have a family. Maybe that’s true if your organization’s business model demands its leaders to work endless nights and weekends; however, if we truly value gender diversity, no woman should ever feel that she must make that choice. In fact, no woman or man should ever feel that progressing into leadership must come at the expense of family and work-life balance. I’d argue our current business models unfortunately often dictate otherwise. If staff, especially young staff, leave early for a personal function or to coach their child’s sports team, do the older partners or executives question their commitment to the business? You may think it doesn’t matter what you say, or they say; it does — it’s all part of influencing culture.

If you’re in a leadership position at a firm or company, you’re in position to drive business models, business practices, and, ultimately, the business culture. Many studies show that collaborative, diverse business cultures and environments drive better business results: greater innovation, higher revenues, and increased profits. We can argue the “right” and “wrong” business models and practices indefinitely. So, I’ll just ask you this: Are you truly fostering a culture that will ensure the sustainability of your business?
Choosing profits over people puts the culture of the CPA profession at risk.

BY DERRICK LILLY

$80 billion. That’s how much CPA firms are projected to contribute to the $156 billion-plus in revenue the accounting, tax preparation, bookkeeping, and payroll services industry is forecast to generate in 2018, according to the U.S. Census Bureau and Statista Research & Analysis. In fact, annual revenue for the industry has grown steadily year-over-year since 2010, and this year should be no different given 81.5 percent of all CPA firms projected revenue gains in Accounting Today’s “2017 in Numbers.”

In other words, the CPA profession’s pipeline of business is solid. But what about its talent pipeline? With long-standing leveraged business models and burn and churn cultures still alive and well, the talent pipeline remains at risk, threatened by excessive turnover, succession challenges, and other culture conflicts.

CPA Practice Advisor reports many CPA firms are experiencing average annual turnover rates of 25 percent. That’s startling when you consider it’s more than double the national average (11.6 percent) for all industries, according to CompData’s BenchmarkPro survey.

Deloitte’s global 2016 Millennial Survey highlights another stressor on the profession’s talent pipeline: Two-thirds of millennials — now the largest generation in the workforce — desire to leave their organizations by 2020. Deloitte’s 2017 update again suggests retention struggles ahead: 38 percent of millennials globally would leave their jobs within two years if given the choice, and only 31 percent expect to stay with their employers beyond five years. Perhaps this helps explain why 57 percent of firms with revenues over $1 million ranked “recruiting/retaining good employees” as the top issue they’re facing in “2017 in Numbers.” “Succession planning” ranked fourth at 25 percent, which is also concerning since only 56 percent of CPA firms have formal succession plans in place.

That’s a lot of data to digest, but what it trickles down to is that there’s more at stake for the profession than what can be solved by simply inspiring more people to pursue accounting careers and the coveted CPA credential. We simply can’t keep burning out and driving off top talent with the mindset that churn — and higher compensation — will yield suitable replacements.

The 2016 INSIGHT Special Feature, “Pipeline Disruption: The Search for Solutions to the Weakening Supply of CPAs,” dove into the topic of pumping new talent into the CPA pipeline, presenting the challenges the profession faces in growing its CPA ranks. It challenged you to help grow a talented and diverse CPA candidate pipeline. Now it’s time to question how to keep CPAs within the profession. So, the Illinois CPA Society is here again, challenging you to truly question CPA firm business models and cultures, and what they mean to the future of the profession.
For years, decades even, the CPA profession has struggled with quote-unquote generational issues, the advancement of women and minorities, succession planning, work-life imbalance, and more. What many in the profession have seemingly trailed or failed to realize is these always-trending “issues” are simply byproducts of the cultures within firms — and the self-imposed demands driving them.

“The biggest challenge to the cultures we want, and the top talent retention and diversity we need, continues to be what’s demanded of our people,” says Todd Shapiro, Illinois CPA Society president and CEO. “We talk a lot about disruptors within the profession, like technology and regulations, but the disruptors we aren’t talking about enough are our workplace dynamics, which continue to break both personal and professional boundaries.”

Consider the impact of the profession’s long-standing school of thought that billable hours reign supreme.

“Firm rewards are still heavily leveraged on billable hours, which creates the unintended consequences of long hours and burnout as people hoard work to financially reward themselves. This is a vicious cycle that’s compounded by the fact that almost every firm is pushing its people to the max, asking them to bill more and more hours, especially at the executive levels,” explains Bill Reeb, CPA/CITP, CGMA, Succession Institute CEO and vice chair of the American Institute of CPAs.

What’s worse, the inevitable burnout is discarded as “just part of the job,” which is nothing but detrimental to a firm’s culture and people. As Reeb elaborates, “An environment of ever-increasing profitability and productivity demands spawns the belief that the best way to solve a problem is to solve it yourself. When you do something that somebody else should because you want to get it done quicker, you’re choosing short-term efficiency over long-term effectiveness.”

“That choice today, means tomorrow, when the work is still there, you’re going to make the same mistake again because you’re even more short-times, and the skills gap is even greater, because you’ve robbed somebody below you of learning how to take over,” Reeb continues. “It becomes a life-sucking decision. It’s why you’re stuck working below your level. It’s why firms are pushing people to work 2,500 to 3,000 hours per year. It’s why we have cultures of craziness and work-your-butt-off burnout.”

Take a breather and digest that for a minute. Under this scenario, training and development, succession and retention, work-life balance, and sustainable profitability and productivity will always be challenges. Under this scenario, it’s impossible for leaders to spend the necessary amounts of time nurturing a firm-wide culture, mentoring successors, implementing strategy and effecting change, and developing business models for a sustainable future.

“Unfortunately, we’re instead focusing on doing all sorts of things to make it palpable to have business models that continually demand 60-to-70-hour workweeks, which include weekends, when the reality is that continuing to explore this time commitment will only yield the same struggles,” Shapiro says.

Consider the rising arms race in employee perks today. If one firm touts “work-life flexibility,” another offers work-from-home, and another espouses “work-anytime-anywhere.” Now “unlimited PTO” is pitched as the cure-all to work-life imbalances and burnout. Offices are renovated to have nice lounges packed with cool technology, free food, and maybe even a foosball table, comically, so employees can “comfortably” work longer and later into the night.

“We’re using these as competitive weapons for recruiting, but they also impact workplace culture. My fear is that ‘work-anytime-anywhere’ is turning into ‘work-all-the-time-everywhere.’ Technology has us tethered to work 24/7. We’re rapidly removing the boundaries of the workday and workplace,” Shapiro says.
A rebuttal to Shapiro’s warning is likely that employees asked for this. “After competitive pay and benefits, the top things employees say are very important in a potential job are: ‘being able to work flexibly and still be on track for promotion’ which was tied at 74 percent with ‘working with colleagues, including my boss, who support my efforts to work flexibly,’” says EY’s “Global Generations” study.

But the fact remains, accounting and finance professionals are working more than ever; nobody asked for that. In fact, “excessive overtime hours” was ranked as one of the top five reasons employees quit by 72 percent of respondents in EY’s study. That shouldn’t be a surprise: A 2014 national Gallup poll found the average, full-time finance industry employee works more than 60 hours per week and is available constantly by smartphone as a rule.

“What it comes down to is, do we have to work this much? When is more hours and more money enough?” Shapiro asks. “Want to really differentiate your firm? How about nobody works more than a 50-hour workweek?”

That likely sounds unfeasible to profession veterans, but performance improvement facilitator Janice Aull, a 30-plus-year veteran of the corporate world, says such a move could yield great returns. “The human brain is not wired to be under constant stress. The ‘always on’ mindset has distinct downsides: burnout, turnover, and over the long-term, the organization builds a negative brand, resulting in an inability to attract and retain top talent,” Aull explains.

What’s more, “Employee morale and loyalty is negatively impacted when extreme hours are constantly expected and demanded instead of appreciated and recognized. This is especially true when employees are not recognized as individuals with unique motivations and values,” she continues. “Remember people are people, not machines.”

The payoff for doing so? “Research shows a strong link between leaders with high emotional intelligence and financial performance. People follow people they like and admire. Employees become willing to go the extra mile when they feel appreciated and valued and can see how their contributions are growing the business,” Aull says. “Emotions are contagious; it’s up to firm leaders to set the tone and bring out the best in their people.”

In fact, the necessity of emotional intelligence and strong “soft skills” is only growing: Critical thinking, creativity, people management, coordinating with others, and emotional intelligence all land on the World Economic Forum’s “Top 10 Skills” list. Yet, current business models and practices are making it arguably more difficult for accounting and finance professionals to develop and retain these skills.

“In the average CPA firm, we aren’t training our people effectively when they’re sitting right next to us, so how are we going to train them when they’re out of sight?” Reeb asks.

“By trying to combat our culture problems of burnout and work-life imbalance with work-anytime-anywhere, unlimited PTO, remote workforces, office hoteling, and more, we’re creating other imbalances: a lack of personal connectivity and loyalty,” Shapiro says. “The profession has always been about developing close personal relationships; that’s how we became the most trusted business advisors. I’m afraid that we’re rapidly moving away from that inside and outside of the office. I’m afraid that we’re building cultures where nobody thinks to put in the face-to-face time anymore, where flexibility comes at the expense of being anonymous.”
“For better and worse, culture and leadership are inextricably linked. Founders and influential leaders often set new cultures in motion and imprint values and assumptions that persist for decades. Over time an organization’s leaders can also shape culture, through both conscious and unconscious actions (sometimes with unintended consequences),” writes Boris Groysberg et al. in Harvard Business Review’s “The Leader’s Guide to Corporate Culture.”

“Unfortunately, in our experience it is far more common for leaders seeking to build high-performing organizations to be confounded by culture,” the authors continue. “Indeed, many either let it go unmanaged or relegate it to the HR function, where it becomes a secondary concern for the business. They may lay out detailed, thoughtful plans for strategy and execution, but because they don’t understand culture’s power and dynamics, their plans go off the rails.”

“There’s a famous quote allegedly attributed to Peter Drucker, that ‘culture eats strategy for breakfast,’ or something to that effect. It implies that you can set whatever course for your business you want, but it will be your culture — what your people believe and how they behave — that determines what will get lived out in the work,” writes Ben Kobulnicky in Medium’s “Does Culture Really Eat Strategy?”

“Culture isn’t inherently about work spaces and perks, like comfy chairs and ping pong tables; it’s about the habits people have formed, how they make decisions, how they respond to challenges, pressure and discomfort, and what they believe is good or bad for success based on what’s been incentivized, rewarded, reinforced, and possibly even punished in their workplace.

“Culture is what you have when the majority in your workforce act out the same set of beliefs even if they’re not the traits codified by your company. And for precisely that reason, culture can be a powerful force in an organization, for better or worse.”

So, how do you ensure your organization’s culture is always moving towards better instead of burnout? How do you ensure your business models and practices are fair and attractive to the increasingly diverse talent you must attract, develop, and retain?

Kristy Hull, a director with PwC US and executive advisor for Strategy&, PwC’s strategy consulting business, offers a four-step process that can help leaders focus on making positive change.

1. Know what you’re trying to accomplish.

In “Getting to the Critical Few Behaviors That Can Drive Cultural Change,” Hull writes that the first step is to “identify the area or issue in which you are trying to make a difference.” Defining the end goal — whether it’s breaking a business model built on billable hours or truly embracing the equal advancement of staff — will help you understand what behaviors to focus on.

“This all starts at the top. Envision the culture and practices you’d like to have, and describe them in detail,” says Tim Jipping, CPA, CGMA, a senior manager in Plante Moran’s assurance practice in Chicago. This doesn’t mean writing a sales pitch: “Don’t write down values simply because they sound good. Truly ask who you are and what you’re going to support,” Reeb says.

2. Define the behaviors that will contribute to the goals.

“I have clients that swear they embrace work-life balance, yet when you watch the behaviors of all the successful people in the firm, they’re clearly saying that if you’re not willing to work 2,800 hours per year, you’re never going to make it to the top. How is that work-life balance?” Reeb asks. “My point is that you have to actually live and reinforce the values you say you have.”

Hull suggests brainstorming the behaviors that will ultimately drive culture and change by looking forward: Ask, “In a future state in which we’ve achieved the goals, what would people actually do (or do differently)?”

The takeaway should be a list of behaviors that are “specific, repeatable, and preferably applicable to everyone in the organization — at all levels and roles,” Hull says. “A behavior is a habitual way of acting that is considered the norm or expectation — it is not a one-time action, a policy change, an outcome, or a mindset/attitude.”

“Day after day, the values and behaviors determined to drive the culture must be embodied and demonstrated by the leaders, otherwise they’re meaningless,” Jipping stresses.

3. Prioritize the critical few behaviors.

“Ultimately, the best choices for the critical few behaviors are those that will move the needle furthest on the strategic and operational objectives of your organization,” Hull writes, which means you must ask, “Will people performing the behavior make a difference?”

Hull offers the following criteria for determining which behaviors will be most impactful:

- Actionability: Are people able to perform the behavior?
- Visibility: Can people see others performing the behavior?
- Measurability: Can you measure (preferably objectively) whether people are performing the behavior?

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- Measurability: Can you measure (preferably objectively) whether people are performing the behavior?
- Speed: Can people performing the behavior deliver results in the short term?

- Ease: Given the current organizational environment, how easy/difficult will it be for people to perform the new behavior?

4. Validate your choices by getting input from both formal and informal leaders.

“You might consider using a voting process — it could be an electronic voting tool or something as old-school as a show of hands — to gather formal leaders’ views and prioritize down to the critical few. Then get input from your organization’s ‘authentic informal leaders’ (AILs), those people in your organization who have not been endowed with formal authority yet exhibit the informal leadership strengths that can influence their peers or teams,” Hull suggests. “If AILs are excited about a particular behavior and the impact it could have, it’s a good bet that it is one of the critical few.”

“We need to respect the power of vote and power of accountability in our firms. Once there’s a vote, once there’s a majority, it’s done. You can embrace the decision or get off the bus,” Reeb insists. “People think this attitude makes a hostile environment; it doesn’t — it makes people realize they’ll be held accountable, which creates a much more collegial environment. What creates hostility is when someone gets away with not being held to the same standards as everyone else.”

Armed with the critical few values and goals, and the behaviors that will achieve them, “the journey of driving, reinforcing, and measuring those behaviors throughout the organization can begin,” Hull says, noting that it’s “important to choose both formal and informal methods to spread the behaviors, and to ensure that formal aspects of the organization (such as performance management, awards, and compensation) are aligned with the critical few behaviors.”

Here again, firms must live up to their values. “If one of your top priorities is to create a culture of kindness, but all you do is reward the jerks who bring in the most business, you’ll have a confused culture at best and a culture full of jerks at worst,” Jipping warns.

If instilling work-life balance is another goal, but practicing it remains a concern among staff trying to advance their careers, the Boston Consulting Group encourages organizations to address that concern head-on: “[Leaders] should work to eliminate any stigma for — and instead celebrate — those who take advantage of these programs,” the firms says, suggesting organizations congratulate the parent who spends Fridays with his or her children, instead of the one who logs the most air miles, for instance. “Such small, everyday moments can clarify the company’s priorities and reinforce the culture.”

THE TAKEAWAY

“We always do things, the way we always do things, because that’s the way we’ve always done things,” Shapiro quips. “The profession needs an intervention. We’re creating tremendous disruptions within our cultures — within our profession — for the sake of profitability and productivity, but to what end?”

While the answers may not come easily, you still must ask if your business model is truly aligned with the mission and culture your firm aims to achieve. You still must ask if your business model and culture make your firm attractive to not only the generations of talent running it now, but also to the future generations looking to succeed in it. You may never have all the answers, but are the answers you’re accepting achieving the results you want? Are the answers you’re accepting achieving the culture you and your staff need?

“When you create an environment where your people are being trained and developed for the future, where somebody cares about their careers and contributions, where everyone is treated fairly, and where the firm’s values are embraced and lived, you will have a clear culture, and you will have your people’s loyalty,” Reeb says. “That doesn’t mean they won’t leave because someone else might pay them more or offer a ‘better’ perk — that’s fine. Stay true to your culture and the people that are good for your culture will stay true to you.”

“We can talk, and talk, and talk, but our business models drive our cultures,” Shapiro stresses. “I wish we could take a step back and say enough money is enough (that’s heresy, right?). I would love to see a profession where coming into the office is positive. I want us to take work-life balance seriously, instead of just talking about it, and proactively decide to build cultures where people aren’t overworked absentees from their families and communities.”

“Creating a business model that values and respects your people in both their personal and professional lives gives them a reason to stick it out in a competitive, challenging, and ever-changing profession,” Shapiro continues. “That’s how we can ensure a strong pipeline of talent for the future.”
WOMEN
WHAT OUR BUSINESS MODELS ARE MISSING

By Derrick Lilly

It’s not ambition, it’s culture, that’s keeping women out of the accounting and finance leadership pipeline.

There’s this tricky, touchy, lingering theory out there that not many like to talk about. Women don’t miss out on the top spots at firms and companies because they’re not skilled or capable, or because the roles aren’t available — women miss out on leadership roles because they simply don’t want them. And marriage and motherhood trump all — except they don’t.
The truth is that women begin their careers with as much desire to lead as their male counterparts, and the biggest hurdle for advancing women into leadership is actually tied to an organization’s culture. At least that’s what two global surveys of more than 200,000 participants led by the Boston Consulting Group (BCG) conclude.

“Women’s ambition levels do vary, but they vary by company, not by family status. When companies create a positive culture and attitude regarding gender diversity, all women — mothers included — are eager to advance,” BCG states in “Dispelling the Myths of the Gender ‘Ambition Gap.’”

In other words, “the problem is neither inherent nor related to motherhood; instead, it hinges on the day-to-day experiences of women at work. Ambition is not a fixed attribute but is nurtured — or damaged — by the daily interactions, conversations, and opportunities that women face over time,” BCG continues.

So, what does it say about the culture we’ve created in the accounting and finance profession when women make up half of all accounting education program enrollees¹, and nearly 60 percent² of all accountants and auditors in the U.S., yet they hold less than 25 percent³ of firm partner roles? What does it say about our business culture when less than 7 percent⁴ of S&P 500 CEOs are women, but women account for more than 44 percent of total employment within those same companies? What does it say when fewer than 14 percent⁵ of Fortune 500 CFOs are women? And what does it say when women make up less than 19 percent⁶ of corporate board members?

“The representation of women in leadership positions hasn’t changed much since I was in public accounting almost 30 years ago,” says Illinois CPA Society CFO & COO Jennifer Schultz, CPA. “That is really discouraging to talented women working in all areas of our profession. It’s clearly time for organizations to focus less on ‘What’s wrong with women?’ and more on ‘What’s wrong with us?’”

EQUAL ACTION

Let’s be clear, women aren’t looking for preferential treatment — they’re looking for equality and inclusion; they’re looking for the same opportunities every other skilled accounting and finance professional seeks, and they’re increasingly looking for firm and company mindsets to change.

BCG’s findings are unequivocal: Having children doesn’t affect a woman’s desire to lead. In fact, BCG’s research reveals that the ambition levels of women with and without children track each other nearly identically — within 1 percentage point — over time and across all age groups. So, instead of questioning women’s ambitions to lead, organizations would be better served by questioning whether their own business models and cultures are truly supporting women’s advancement into leadership.

Consider this: BCG’s data reflects no ambition gaps between genders at organizations where employees, both male and female, feel that gender diversity is improving. In fact, BCG found women and men to be more ambitious at companies committed to gender equality — the ambition of women in middle management, particularly, averages over 20 percentage points higher at organizations committed to retaining women. On the other hand, organizations with employees reporting little progress on diversity, where “women see an uphill battle to reach an unattractive summit,” see ambition gaps emerge.

“In short, when women work at companies where leadership looks achievable and enjoyable, they will strive to get there,” BCG says. “Conversely, when the struggle to reach the top doesn’t seem worth it, women are more likely to make the entirely rational decision to step off the leadership track.”

What’s perplexing about the ongoing struggle for gender equality in our accounting and finance and business worlds is that there’s a clear business case for advancing women into leadership.

BETTER BUSINESS

A comprehensive study of 21,980 companies across 91 countries, conducted by Ernst & Young (EY) and The Peterson Institute for International Economics, reveals that businesses that include women in management and create gender-diverse pipelines consistently experience more economic growth and profitability than companies where women are excluded from executive positions.

The study’s report, “Is Gender Diversity Profitable? Evidence From a Global Survey,” reasons that a leadership team comprised of merely 30 percent women can contribute an additional 6 percentage points towards a company’s net margin.

Along similar lines, “having three women on a corporate board represents a ‘tipping point’ in terms of influence, which is reflected in financial performance,” MSCI ESG Research says.

In analyzing U.S. companies over a five-year period (2011-2016), MSCI, an independent provider of research for institutional investors, discovered that the companies that began the period with at least three women on their boards experienced median gains in return on equity (ROE) of 10 percentage points and earnings per share (EPS) of 37 percent. During the same period, companies that began the period with no female directors experienced median declines in ROE and EPS of 1 and 8 percentage points.

“Such superior performance from companies with at least three female board members may derive from better decision-making by a more diverse group of directors, as some studies hypothesize. But outperformance may also be tied to greater gender diversity among
senior leadership and the rest of the workforce, which historically has correlated with reduced turnover and higher employee engagement,” MSCI states in its 2016 report, “The Tipping Point: Women on Boards and Financial Performance.”

This begs the question: If profitability can be driven so significantly by so few women at the highest board and executive levels, what impact would equally employing women across all leadership levels have?

The good news for organizations that haven’t yet adopted business models that attract and support cultures of gender equality and inclusion? Making leadership more inclusive and aspirational — thus improving the diversity of teams and, ultimately, the bottom line — is entirely within an organization’s control.

CRAFTING CULTURE

“Organizational culture shapes the day-to-day experience of employees in a thousand small and large ways — the attitude of managers, the evaluations and career advice people receive, the comments they hear, and many other seemingly minor, everyday factors,” BCG says.

This means creating a welcoming, motivating, diverse, and inclusive culture starts from the top. You’ve all likely heard that before but saying it and doing it are two very different things.

Many organizations today are launching diversity committees, women-only development and mentoring programs, and making efforts to hire more women. As respectable as these motions are, they’re simply not meaningful without leadership that truly believes in making change.

The Illinois CPA Society, for example, has made purposeful efforts to bring the right mix of talent and diversity together to create an equal and inclusive team: The CFO & COO is an accomplished working mother, over 60 percent of the staff is female, led by a team of directors that’s roughly 59 percent female and 41 percent male. Among the board of directors, eight of 19 seats are filled by women, with the top nominated role of chair being filled by a woman for two consecutive terms — and both are mothers.

“Our talented team reflects different genders, ethnicities, ages, backgrounds, and experiences,” Schultz says. “It’s so important to have this diverse team bringing different perspectives and new ideas to the table as we all work together to achieve our mission of enhancing the value of the CPA profession.”

As much as we must all strive to bring together diverse and inclusive teams, and to put forward related and meaningful initiatives and business models that support them, we must also strive to protect the cultures we aim to create. Simply, the undermining of a meaningful diversity agenda and organizational culture cannot be tolerated. From the top down, the right team that subscribes and lives up to what your culture stands for, is what’s needed to sustain it and thrive in it. This means being more strategic with hiring and retention and, for many, it may mean hiring slow and firing fast. It also means being transparent.

Crafting a clear and concise company culture and diversity agenda that’s documented and communicated — and committed to by all within your organization — will go a long way in attracting, advancing, and retaining a team that not only believes in your mission, but one that also works to achieve and advance that mission. Crafting a clear cultural agenda also gives you a baseline to measure your progress against and helps identify the efforts worth celebrating and the shortfalls worth working on.

In the end, “the road to the C-suite is not a single track, and leaders do not come in only one flavor,” BCG says. “By creating the right organizational culture, companies can promote the ambition of both men and women and tap into a wider pool of talent to create the kind of leadership team needed to win in the future.”

“Partners, CEOs, business leaders, we challenge you to lead by example, to be role models for advancing diversity and inclusion, not only within your organizations but within our profession,” says Illinois CPA Society President and CEO Todd Shapiro. “It has to start with you, because even the most promising intentions and initiatives mean nothing without authentic buy-in from leadership. You can promise the best culture. You can say you value diversity and inclusion. You can talk about doing all the ‘right’ things. But, if you have a business model that contradicts all of it, if your words say one thing but your actions speak another, it’s all for naught.”

Sources: (1) AICPA; (2) Bureau of Labor Statistics; (3) AICPA’s Women’s Initiatives Executive Committee; (4) Fortune; (5) Spencer Stuart; (6) McKinsey & Company.
WHEN WOMEN INVEST, INVESTMENTS

WIN

Need more evidence of women’s outperformance in business and finance? Look no further than the alternative investments world. In yet another male-dominated industry widely known for its “boys’ club” culture, women are again proving they deserve a seat at the head of the table — or atop a company’s treasury and investment strategies.

The HFRI Women Index, which tracks the performance of hedge funds exclusively managed by women, has bettered the industry average return over the last decade, rising more than 70 percent since 2007 compared to just 50 percent for hedge funds across all strategies and genders.

Here again, despite their remarkable outperformance, recruitment firm DHR International says women represent just 14 percent of partner-level positions in global hedge funds. In fact, many of the world’s most high-profile hedge funds count few or no women in portfolio management positions. KPMG’s “Women in Alternative Investments” report, published in December 2016, found women hold no positions at the investment committee/board levels at 25 percent of hedge funds in the UK and Europe and 44 percent of hedge funds in North America.

Further illustrating their limited inclusion, of the roughly 2,000 hedge funds in HFRI’s general indices, only 47 qualify for inclusion in the HFRI Women Index, whose assets account for less than 1 percent of total assets managed by the hedge fund industry.

Backed by statistically strong performance, one must question why women again need to raise calls for greater equality and inclusion in an industry where their impact is proven. The smart money should know better.
EXPAND YOUR INSIGHT

FROM WORK-LIFE IMBALANCED

- Accounting Today: “2017 in Numbers”
- CPA Practice Advisor: "How CPA Firms Can Reduce Staff Turnover and Boost Profits"
- Deloitte: Millennial Survey
- Illinois CPA Society: "Pipeline Disruption: The Search for Solutions to the Weakening Supply of CPAs"
- Medium: “Does Culture Really Eat Strategy?”
- strategy+business: “Getting to the Critical Few Behaviors That Can Drive Cultural Change”
- World Economic Forum: “The 10 Skills You Need To Thrive in the Fourth Industrial Revolution”

FROM WOMEN: WHAT OUR BUSINESS MODELS ARE MISSING

- Boston Consulting Group: “Dispelling the Myths of the Gender ‘Ambition Gap’”

FROM WHEN WOMEN INVEST, INVESTMENTS WIN

- KPMG: “Women in Alternative Investments”