

Accounting for the generational shift

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Introduction

The accounting industry is dominated by baby boomers, with the average age of public practitioners being well over 50.¹ But as these accountants look toward retirement, the early stages of a generational shift are being felt—in just a few short years millennials will become the largest generation in the workforce. By 2025, it is estimated that 75% of employees will fall under this banner.²

Today, the youngest millennials are preparing their college applications, entering the workforce and starting internships. The eldest already have notches in their professional belts and are forging ahead in management roles and pushing the boundaries of business innovation.

This generation is generally defined as being born between the years of 1982 and 2000.³ The millennial stereotype paints a profile of a hyper-connected digital native shining in the manufactured light of their favorite Instagram filter. They have been raised in the age of information and connectivity. They have been shaped by shared events, trends, and the broader culture of their early years: the energy crisis, reality TV, helicopter parents, 9/11, the iWorld and the rise of social media have all influenced the group's collective consciousness.

Generational assumptions of millennials tend to include the words 'lazy', 'entitled' and 'bored easily'. One could argue that the same descriptors have been used to describe up-and-coming generations in decades past. Look deeper and you'll find much more behind the behaviors that spur such insults. What may be construed as lazy is more often a desire for convenience and time-saving hacks. An 'entitled' attitude may emerge from a strong self-confidence and desire to express oneself

through a personal 'brand'. Millennials who seem easily bored may, in fact, be ready for the next challenge and simply keen to learn more.

Despite global crisis, recessions and climate change in the coming of age years, optimism tends to prevail in this generation. With digital work and life forcing universal change, the millennial generation is somewhat rewired. They are used to being on-the-go, blurring the lines between work and non-work, and pursuing multiple interests at once. They are passionate about change, diversity, disruption, and the future. The bottom line is the accounting industry must invest in this generation and seek to innovate in ways that appeal to a modern mindset.

What the ideal millennial accountant looks like

A majority millennial workforce translates to a different breed of accountant—and one that is well suited to the changing landscape of this industry.

Every generation has good accountants, bad accountants, and outstanding accountants, and the millennial cohort is no different. The best ones have strengths and traits that are highly appealing to progressive and evolving practices. They include strong—yet often less formal, interpersonal skills, inquisitiveness, creativity and confidence. Millennial accountants challenge the status quo, they ask questions, they are problem solvers, and they use creative thinking to design services to solve their clients' problems. They are driven by positive entrepreneurial role models from their own generation.

The top tier of millennial accountants is quite the opposite of the traditional stereotype of an accountant and is quite distinct from the baby boomers and Gen Xers that make up the remainder of the workforce.

Many a millennial has become the coveted 'full-stack employee'—someone in possession of a powerful and valuable combination of skills. These skills involve broad knowledge that enables these workers to understand a bit of everything beyond their regular tasks—from digital marketing to client onboarding and social media acumen. They are comfortable talking with all types of clients and can step into many roles and bridge many gaps in a firm.

In the accounting industry, scarcity of new talent is a concern with the legacy skilled workforce retiring or getting ready to retire and large numbers of positions opening up. This report is about the workplace traits that appeal to the millennial accountant set. To capture the attention and thus the talents of the best millennial recruits, these five traits are non-negotiable: you'll see that they are inter-connected and hinged by a culture of innovation. Partners and managers take heed: you need to weigh up if and how your firm displays these five traits. If you are lagging in an area, start to make the changes now and make it a necessity to then keep a constant check on your practice's workplace appeal.

“We don’t stop learning”

Self-development and growth



Self development and growth.

A workplace that allows for growth and self-development is an attractive option for millennials.

They want to work at firms that not only make learning opportunities available but actually encourage their involvement in these programs and make space for continued development during work.

The best millennial accountants are not satisfied crunching numbers out of sight. They may have completed their formal education years, but they understand that continued self-development is important so they can evolve within their chosen industry. Really driven millennials need constant challenges. What's more, they need to feel empowered to make decisions that affect their own career path and understand how they impact the larger scheme of things.

What needs to happen

Basic required training in tax is a given. But it's not the training millennials are after. Of course, give staff extra training that is relevant to the work they currently do—but also offer them a choice in what else they learn. What about advisory and other aspects of their job they are interested in? Give them a voice and show that you listen by facilitating a variety of options. Encourage them to explore the aspects of their job that they most enjoy, even if it doesn't directly relate to their current role. External training is valuable in this regard, and sources of information should not be restricted—look to industry leaders, other practices, and even other industries. The best millennial accountants learn from outside sources “because innovation is found at the boundaries between disciplines, not by narrowly focusing in one sphere.”⁴ Even simply bringing in people from other industries for discussions can help to open people's minds, making for a more collaborative company-wide attitude.

Let your staff choose how they learn. Different people learn in different ways, so let them explore the options to find what is right for them. Experiment with training delivery in different environments—one-on-one, group-based, structured and casual. Try out free online resources like Coursera. This generation of workers gets excited about new ways of learning. Try initiatives like giving employees the space to be innovative with ‘hack days’. The way millennials learn is forcing learning institutions to communicate and educate in new ways, and workplaces need to follow suit.

“At Officengine we're always looking for opportunities to cross-train the team. Exposing them to different aspects of our service offering not only promotes a more collaborative working environment, it also presents them with a possible career path they had not yet considered. We also have an annual ‘hack day’ to give the team the ability to implement a new workflow or refine an existing process to increase efficiency and better serve our clients.”

—Matt Hilton, Officengine, US

Make sure partners and managers are available for advice, mentorship and feedback. If those at the top don't inspire continued growth, who will? Millennials view their bosses as coaches and expect them to be accessible and approachable, just as they did their professors. One study found that 75% of millennials say they want to have mentors and think it's crucial for success.⁵ Retention risk for this generation can be managed by positive relationships within the ranks. As ever, performance feedback is important for development, but the traditional, once-a-year performance review is not the way they prefer their feedback. 74% of millennials, in one survey, said they feel “in the dark” about how their

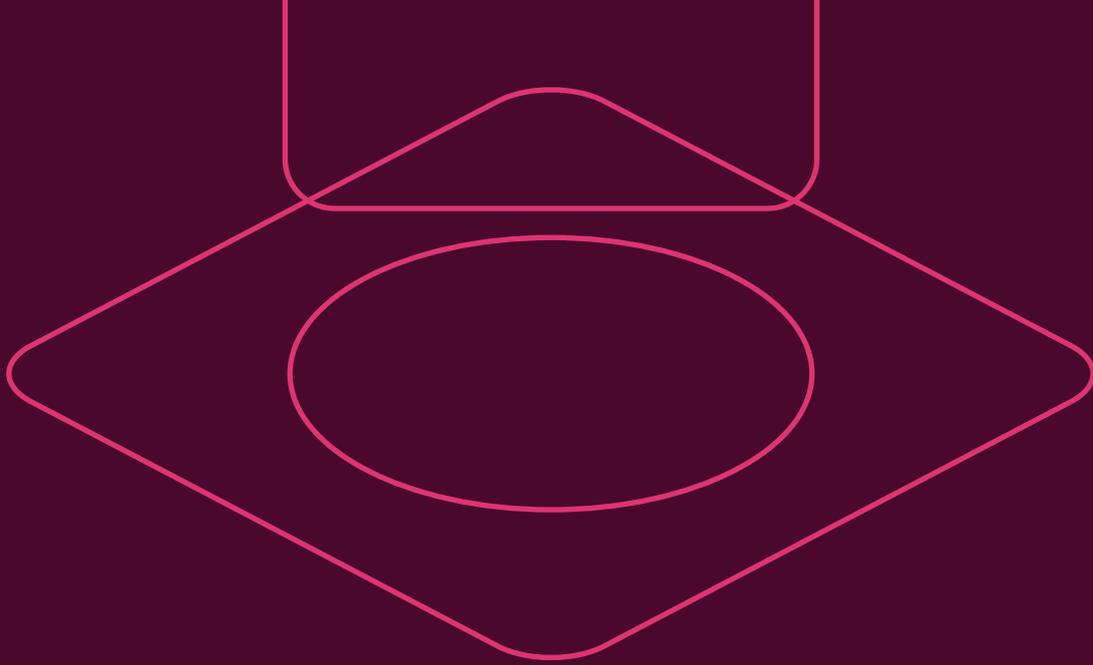
managers and peers think they're performing, with nearly 85% saying they'd feel more confident if they could have more frequent conversations with their managers.⁶ Try more informal, unstructured catch-ups, or even feeding that craving for more frequent feedback to their hand-held devices: apps for employee engagement, recognition and feedback are rising in popularity. Millennials appreciate the instant, on-demand nature of this approach, and it can make reviewing and rewarding an individual's accomplishments easier in a remote working situation.

"We have monthly meetings with staff that are not in our own team. Both partners and managers are involved in mentoring the rest of the staff and the partners also mentor a manager that is not our manager. The idea behind this is they learn about both professional life from someone they don't work with and also have an opportunity to chat about anything they may like. It may not even be work related."

—Sam Rotberg, AS Partners, AU

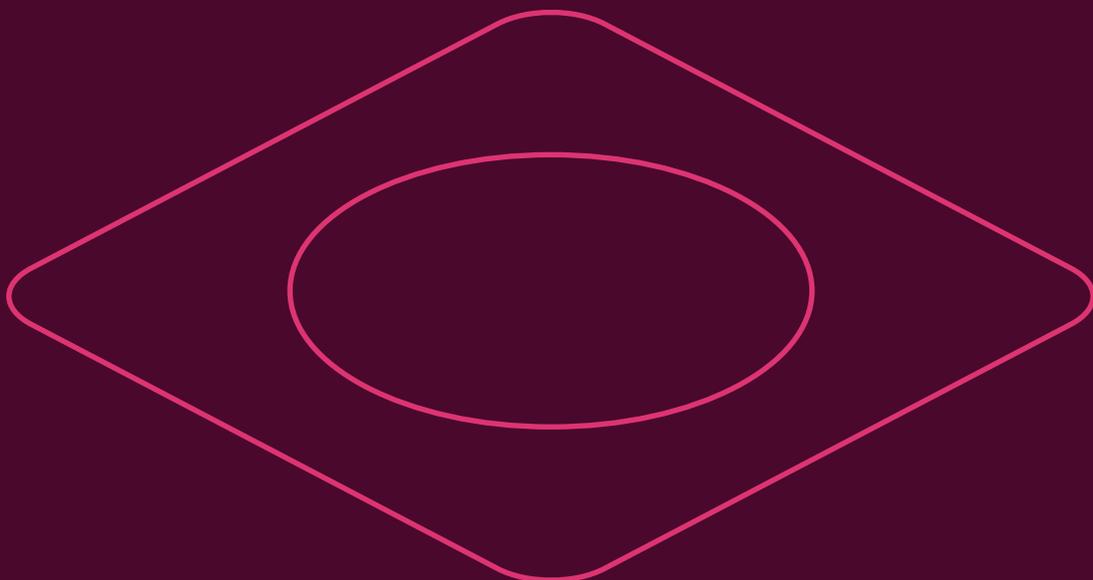
How this changes everything

Driven by partners and managers, the firm becomes an environment where development and growth are ingrained every day. Your staff learn from those higher up in the food chain, from their colleagues, and from external sources—even other industries and schools of thought. Some formal training may still occur, but learning is a daily habit. Work doesn't stop for learning, but rather learning happens during work, and conversations between staff and their managers about this development and progression also happen on a more frequent basis.



“We want more choice”

Flexibility



Flexibility

Millennials want more choice in how they blend their work and personal lives.

This blended work and personal life has risen from our ultra-connected lifestyles—both personally and in a business environment. The work-life blend includes flexible systems and arrangements so that work can be accessed from home, or from anywhere, at any time. It also includes more social and networking opportunities at work and the understanding that this generation is not going to turn off their personal life for eight hours of the day. The vast majority of millennials (89% in one survey) say that “work-life balance is key to happiness on the job.” The level of flexibility desired is vastly different than it has been with previous generations, and advancements in technology make it possible. Not many firms can support the old expectation of having staff present in their cubicles from 9 to 5.

“Millennials learn and develop most effectively when they are given trust and autonomy to complete tasks without constant supervision and micromanagement. Many in our generation may have lost independence in other aspects of our lives and accordingly we may try to compensate in our professional lives and gain some form of control.”
—Fuad Elfar, New Relic Inc., US (27 years old)

Millennials want productivity to be measured in a different way—by the quality of output and not numbers of hours. Performance tracking is still relevant, but millennials also need the freedom to work the way that best suits them—they have the means, now they just need the go-ahead.

“We value our free time and believe that if we can manage our time effectively and efficiently, we can be trusted to manage our hours to some extent. We don’t really see value in the clock-in, clock-out environment, and in a world where projects, meetings etc. can be done remotely; actual face time has lost its value.”
—Erin Farrell, KKR, US (24 years old)

What needs to happen

Be as flexible as your circumstances allow with the hours and times you require your staff to work. Four out of five millennials think that they should be able to make their own schedule⁷ and three-quarters of millennials say flexible work hours would make the workplace more productive for people their age.⁸ If 7–3pm or 11–7pm works better for someone, provided they are still present (physically or digitally) for essential meetings and appointments, then allowing a schedule that enables them to be at work during their most productive hours (and the hours that support a life outside of work) is a big draw-card.

“We don’t expect anyone to spend certain hours in the office or work a certain number of hours. We provide the tools to work from the office, from home or on the road. We build our work around our lives rather than our lives around our work.”
—Jami Satterthwaite, Nelson & Swaite, US

Remote work is another flexible offering that makes complete sense in certain situations and modern technology makes this easy to achieve. While many firms are holding onto their bricks and mortar, some have done away with physical offices altogether. Regardless, make sure that staff and potential recruits know that remote working is a possibility in the future and that you are at least open to it. If offered, they may not take you up on it right away but just the knowledge that it is a possibility will increase staff retention, build trust and help paint a picture of a future-oriented firm.

“We are a completely virtual company with 18 employees who all work from our homes. We do this by utilizing all the various online apps and services that are available. Our staff love it.”

—Holly DeVito, Sum of All Numbers, US

Show employees that you trust them to make their own decisions and manage their own time. The way the millennial generation manages their time may not be traditional—they don’t turn off their work life during their personal life or vice versa. 89% of millennials admit to regularly checking emails after work hours, and 37% always do.⁹ On that note, don’t look over the shoulders of your millennial staff to make sure they aren’t posting on Facebook. Access to one’s personal life during ‘working hours’ is part of this generation’s expectations, and monitoring the internet activity, social media, or private phone use of your staff won’t buy you any favors. Let them check their social media and only step in if their productivity is being noticeably affected by it.

“When you hand over a task to somebody, you need to allow them to work autonomously—providing them the freedom to make and learn from their mistakes while at the same time offering guidance along the way when they ask questions. Before you can ask someone to trust you, you’ll need to trust them—which is why giving a team member a task and demonstrating to them that they have the freedom to complete the task without someone over their shoulder is an important step to developing an interdependent workplace.”

—Josh Zweig, LiveCA LLP., Canada

How this changes everything

Being open to and offering flexibility for your employees is a major plus in a world where technology makes way for a blended work-life approach. Millennials see flexibility offerings as big points of difference when choosing where to apply for work and which interviews to take, but a third of millennials worry that their desire for workplace flexibility is often mistaken for poor work ethic.¹⁰ Having trust in staff to deliver results while operating to a schedule suited to them garners trust in return, and gives them greater pride and ownership of their own output. You might even save some rent.



“We crave what’s new”

Technology

Technology

The most consistent finding in research on the millennial generation is the notion of a digital sixth sense.

Millennials learn and adapt to new technology quicker than any other generation because all they have known is a wired and connected world. They are not afraid of it—moreover, they are genuinely excited about it.

Getting access to state of the art tools at work is a selling point. Millennials will get frustrated with a firm that doesn't move forward with its use of technology, and their hunger for technological progress is an advantage for your firm—they are always looking for the next app, program or device to get things done more efficiently.

“As a general rule of thumb, our younger millennial team members are quick to embrace new technology that solves a pain point in our workflow, whereas our older generation team members are typically slower to change a workflow that may be working as it always has in the past.”

—Caleb Jenkins, RLJ Financial Services, Inc., US

What needs to happen

Investigate how you can employ different technologies across all areas of the firm. Perhaps your staff development program could benefit—already 77% of US companies offer online corporate training for professional development. Currently, 18% of companies use mobile apps for learning technologies, and 11% use podcasting.¹¹ Think outside the box! Explore any technology that will make your staff's work easier by bringing together information or standardizing their processes. Millennials will be attracted to a firm that encourages staff to use apps that will make their time at work more efficient.

Show off the technology that you use. Show that you are cloud-based, or at the very least moving there. Make sure the firm uses social media and thus has 'social proof' that the business is active on a number of platforms. Use these channels to engage with your clients. Millennials use social media to broadcast thoughts, contribute content, promote their own personal brand, and comment upon company brands—including their own employer's.

“We believe that using social media is integral to promoting our personal brand to the public. We are a relatively small firm of six full-time employees and three of our last hirings have been a result of our social media involvement.”

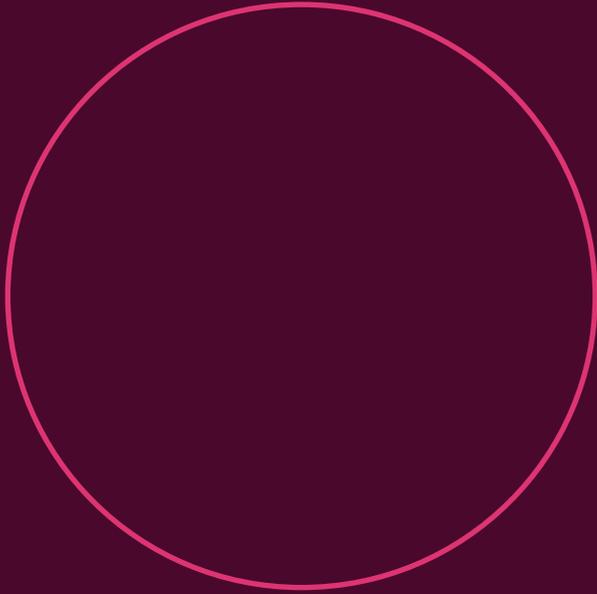
—Caleb Jenkins, RLJ Financial Services, Inc., US

How this changes everything

It's worrying that despite the massive changes in the tech space for accounting in recent times, some firms have not yet embraced them. Don't delay using the latest technology and make it available to staff. You need to be at the forefront of innovation in tech to be an attractive destination for millennials. The big payoff is that your firm's technological proficiency will truly drive success and growth for the business by being an advantage for staff on the inside and also an impressive feature for clients looking in.

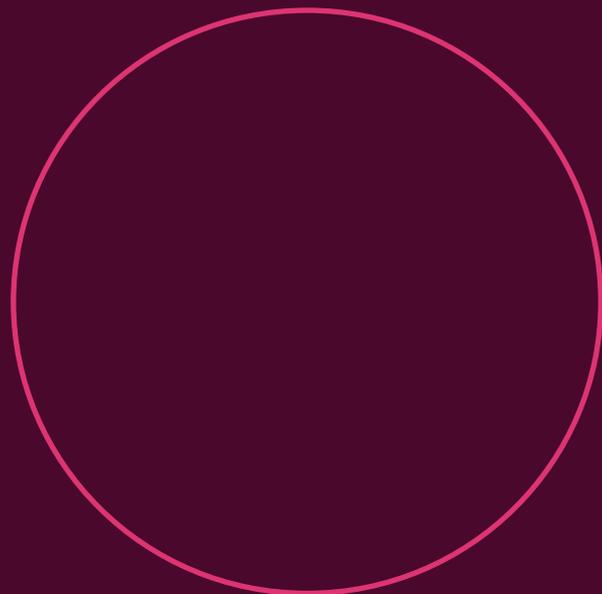
“The generation entering the workforce now has the ability to create and grow a business at a faster rate than ever before due to technology. Anyone that doesn't get on board with leveraging cloud technology within their business won't have much of a business to sell in 20 years as there will be no one willing to buy it.”

—Allison Hawkins, Hawkins & Co. Accounting Professional Corp., US



“We need work with purpose”

Impact and belonging



Impact and belonging.

Millennials are a purposeful generation who want to work in firms that make a visible impact and reflect their values.

They are generally socially conscious and 95% say a company's ethics are important to them.¹² They also need to understand how they fit in and feel valued. In PGI's study diving into the millennial mindset, 71% stated that they wanted meaningful connections at work and hope to find a "second family" in their co-workers. Many cited "not a good cultural fit" as a reason they left a job in the first three years.

This generation isn't typically lauded for self-motivation, having become used to a constant stream of external motivation and positive feedback from parents and teachers throughout their upbringing. They have grown up in a society that has placed great importance on teamwork and inclusive behavior. These factors make it doubly important for firms to not only demonstrate their broader social impact, but also to show younger staff their direct impact within the firm, and to align workplace culture more to millennial needs in order to retain the new majority generation in the workforce.

"Seeing the difference that you make helps motivate you, which when first starting is imperative as it is generally a time with lots of learning and training. Often you could feel that personally you're not really getting far but knowing that what you're doing is benefitting the firm is reassuring."

—Jack Oates, Thomas Noble & Russell, AU (18 years old)

What needs to happen

Attract your staff by showing how the firm is making a difference in clients' businesses and in the community (with client stories and testimonials on your website and social media, for example) and retain them by helping

staff to understand that they have part-ownership of the overall results.

Make sure they understand that something that may seem like boring or meaningless work, like a tax return, has a big impact on the total client relationship. Encourage phone calls and meetings with clients as being preferable to email—face-time is not the first impulse of the millennial set, but it helps them to understand how every action connects to the overall business outcome. Provide as much visibility as possible over the work going on throughout the practice. Millennials want transparency, they want to see what they are working for and what they are working towards so don't muddy the waters when it comes to opportunities for input, collaboration and promotions.

"The finished product we deliver to clients is a relationship. Not a relationship with this partner or that CPA, but a relationship with our firm. We think of every piece of work we do as a means to that relationship. We don't view any task as having greater importance than the next. They are all incredibly important to the client relationship."

—Jami Satterthwaite, Nelson & Swaite, US

A firm's brand values are a great way of demonstrating impact and keeping you and your team focused. Revisit those values—you needn't be expected to change them but you may be able to tailor them to attract the right kind of staff. Engage in meaningful social causes that remain authentic to those values. Explore options for paid staff volunteer days, community event sponsorship and innovative strategies that improve the firm's social responsibility. This might consist of going completely paperless or doing pro-bono work for a local charity.

And don't underestimate the power of the firm's paid work—the positive impact that a good practice has on clients' livelihoods and the business community has a run-on effect for the local economy. Guide staff culture by revealing those associations and by giving staff the chance to contribute to the impact the firm makes—even drive it. Open lines of communication contribute to this generation's sense of belonging within the team.

“The way we focus on measuring results starts with the client attraction model we practice, preach, execute, and reward our team members on. By truly digging into these important issues and how the client sees the landscape and environment around them, we are able to have an entirely different relationship with them.”

—Peter Cullen, Core Performance, US

The ideal workplace culture for millennials needs to emulate the same participatory environment they were schooled in. They need to feel valued by their managers as well as their peers—they want to fit in but also need to feel exceptional. Achieve this by offering more frequent recognition (and favorable feedback for their growth and development) and reward for work that is deserving.

“It's unfair to limit or remove customer interaction with the people actually creating the work. By including each person in strategy sessions, reviews and general consultancy conversations with customers, a positive environment is created that's based on mentorship and inclusion. When you witness a sigh of relief from a business owner because you've completed your work well and on time, you can't help but feel a sense of accomplishment that transcends into other areas of your work.”

—Chad Davis, LiveCA LLP, Canada

How this changes everything

A firm that attracts great millennial accountants is one that has a higher level of transparency than some may be used to. These younger staff want to know where they sit within the scheme of things and be able to connect the dots between the firm's values and overall performance, its client outcomes, the wider community and their own part within this bigger picture. In order for them to feel included, the practice culture may need adjusting to focus more heavily on the parts within the whole and on integrating that all-important personal growth and learning component into the everyday.



“We don’t get comfortable”

Innovation

Innovation

“A company’s reputation for fostering innovation is the single most important factor driving millennials’ employment decisions.”¹³

Millennials don’t want to sit still and they appreciate audacity. They have zero interest in working in a firm that is afraid of change and still does things the same way they did them 10 years ago. Successful accounting firms need to be bold and willing to evolve—to the point that innovation becomes ingrained and applies to anything and everything that happens. This is the really big picture, culture-creating stuff. Everything else mentioned in this report—flexibility, self-development, impact and technology—requires an innovative approach and mindset in order to appeal to millennials.

The most innovative practices will always be at the top of a millennial’s employment wish list.

“Being a millennial myself, I don’t think other millennials view an ‘innovative workplace’ as a ‘tick-box’ on their list of important things when looking for a job—it’s more than that. If the workplace isn’t innovative, millennials will go somewhere else. Why wouldn’t a millennial expect a culture of innovation pulsing throughout their organization? It keeps us motivated, positive, and confident we’re in the right place.”

—Chris Galt, BlueRock, AU

What needs to happen

Understand trends. Read reports, subscribe to industry websites, stay ahead of the curve! Millennials want to work for firms doing interesting and innovative things for their customers.

They also want to work for firms doing interesting and innovative things internally—so adopt new technology and try out new approaches. Not every new technological development will mesh with the firm, but the right ones will propel the business forward.

Don’t dismiss the physical work environment. The office is a selling point for many innovative practices in recruiting staff, and can also encourage innovative thinking. Do you offer standing desks? Do you have change rooms and bike storage? Free healthy snacks? Could you incorporate recycled materials into the decor? A beanbag or a hammock? Is the Wi-Fi fast enough for cordless working and easy movement between spaces? Could you consider hot-desking? Get more plants!

Finally, illustrate and share the innovation in your firm—blog about the new chat tool you are using and how it’s changing the way staff work and communicate, post thought-provoking articles on your firm’s LinkedIn page, enter into business innovation awards categories. Talk about change and seek suggestions from staff. Brainstorm together and try things out. When things work, share the story. Remember when your firm is talking to the world, you are not only speaking to prospective clients but also to tomorrow’s best young accountants. You should always be promoting your practice as an innovative place to work.

How this changes everything

Being at the forefront of the pack means you are constantly seeking to innovate every aspect of the accounting firm—the services you provide, how you communicate with your team, business development processes, technology updates, people management, and everything else (yes, including the décor). When you keep testing new waters and become courageous with your approach, you will see that this fosters a culture wherein staff not only contribute to innovation but lead change.

You can't have one without the other.

Before you ask: no, you cannot cherry pick from this report.

You need to offer your millennial recruits great prospects in all of these areas, as they are tightly linked.

This generation needs more dynamic, transparent pathways for development. They are focused on harnessing the benefits of technology to make their lives better—whether it be the ability to work from home, having flexible work hours or using online meeting tools to stay constantly connected. They are moved by the culture and values of the firm. They appreciate measurement of their worth in results and outputs rather than hours worked. They want to work for firms that value idea generation and entrepreneurial thinking over experience. These aspects are not only what attract millennials, but also what keep them in a role for longer. They are on a mission to create a work-life blend and feel involved in the work they do, and their quest can sometimes give them the reputation for job hopping—but when equipped with the opportunities and technologies they want and need to facilitate their goals, they will drive the future of your accounting firm.

Rejuvenating your firm to appeal to millennials might be tough. If you haven't changed your technology in more than a few years, or your staff works standard business hours in partition-separated cubicles, then you are going to be mighty tempted to place this report in the too-hard basket. We acknowledge that nothing here is a quick fix and a lot of these actions require upfront resources in the shape of time, money and effort.

The rewards, however, are substantial. You'll become a better-equipped practice when you start focusing on fostering change and innovation and you will enjoy notable gains. You won't be changing one system or process, you'll be changing the way you operate and adapt. Most importantly, you'll attract the best talent

who will augment that culture of innovation that you've worked so hard to achieve. Yes, there is a lot of change involved, but hiring smart, motivated millennial workers is important precisely because they are different to previous generations. They bring diversity and productive dissonance, making people think differently and projecting your practice to that next level of growth. This will lead you in good stead to adapt and thrive as the industry continues to evolve in the future.

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