People remain a pressing problem for regional players

BY DANIEL HOOD

Even after a year ravaged by coronavirus, this year's Regional Leaders still say that the biggest thing keeping them up at night is an issue that has plagued the accounting profession for some time.

Their top concern? "People, people, people," said Ted Mason, president and CEO of Louisiana's LaPorte, when asked to name the top three issues facing firms the size of his — and the overwhelming majority of top execs from this year's Regional Leaders agreed with him.

Chris Ward, president of Kentucky's DMLO CPAs, noted some of the origins of the problem: "As CPAs retire and fewer graduates pursue CPA certification, attracting and retaining the right mix of professionals continues to be a challenge. Incoming generations are less inclined to work the traditionally long hours during busy season as well."

"Every issue we face has one common denominator: people," echoed Chris Meshginpoosh, managing director of Pennsylvania-based Kreischer Miller. "The more we invest in them and the more ways we find to stretch their skills, the better off we'll be on every front, including growth, client retention, employee retention and succession planning."

That last item — making sure there are enough rising stars to succeed the waves of retiring baby boomer partners — is on the minds of many firm leaders, both broadly in terms of ensuring the longevity of their business, and more specifically in terms of the war for talent.

"With leadership changes and transitions to the next generation, one of our biggest hurdles is having enough leaders," said Brian Staats, managing partner at Kansas-based Adams Brown. "If we can generate and attract more leaders, we'll continue to grow. The firms that can't grow and hire professionals with this skill set will have a hard time surviving."

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"We are constantly looking for the right talent to fill in spots that open up due to our growth in several areas," added Kelly York, director of resource development at North Carolina-based Smith Leonard. "We want to be sure there is a clear path to partner for those who want it and that people aren't waiting for a retirement to have a seat at the table. We are constantly looking as well to reassess comp packages to be sure we're competitive in the marketplace, which includes us ensuring that our growth rate provides for the ability to stay competitive in a world of rising salaries and benefit expectations. Given competition is so high for talent, we want to remain at the forefront in our recruiting strategies."

THE REMOTE REALITIES

Staffing and succession aren't the only issues that the leaders of the Regional Leaders see facing their firms — not by a long shot — but curiously enough, few specifically mentioned COVID-19 and its effects on the economy and their clients.

That may be because, overall, they're having a relatively good pandemic. The average firm revenue figure across all 10 of our geographic regions was higher than the average figure for the Top 100 Firms, with four reporting average growth rates that were higher even than the Top 100's figure for 2019.

With businesses of all sizes relying on their most trusted advisors to guide them through stimulus packages, the Paycheck Protection Program, and a struggling economy, accountants had plenty of work to do in 2020, and they were able to focus on it thanks to quick action in adjusting to the new world of the coronavirus.

Without exception, the Regional Leaders reported transitioning very quickly to remote work, providing staff the tools they needed to do their jobs from home as offices were closed to keep infection rates down. Many remarked that the move went smoothly because they had already invested in the necessary technology, and so were ready to go in March when they suddenly found themselves needing to support a dispersed workforce.

But the very success of that transition actually raises one of the few concerns about the pandemic that the Regional Leaders mentioned in this year's survey:

the impact of working remotely on the workforce generally, and on staff and firm culture specifically.

"Keeping people engaged, mentally and physically healthy in a remote environment," is a top issue for Kyle Parks, leading partner at Maxwell Locke & Ritter in Texas.

And while many were similarly attuned to the immediate challenges, a number of firm leaders saw a longer-term danger.

"The biggest threat is the erosion of the culture resulting from prolonged remote work," warned Kreischer Miller's Meshginpoosh. "We expect that flexibility in both work schedules and locations will continue well beyond the end of the pandemic, but we need to continue to find ways to bring our people together as well as spend time face-to-face with clients."

"Ensuring the firm's culture translates to a remote workforce" is a top challenge for Angela Kerns, managing shareholder of Wall, Einhorn & Chernitzer in Virginia, but, she said, "This is also an opportunity."

At Georgia's Draffin & Trucker, managing partner Jeff Wright also highlighted the importance of maintaining a firm's culture in a remote or hybrid work environment — and also cited the challenge of "determining a long-term approach to the office environment and related expectations — what are the positives that we keep from 2020, what do we discard from 2020, and what 'pre-2020 beliefs' do we not go back to."

While the move to a remote environment was largely about culture and personnel management issues for some, for others it drew its significance from the tools that facilitated it.

"Long term, I think this transition has prompted a change of mindset and culture in embracing new technology to increase efficiencies for the firm and automation to help our clients," said Nancy Catarisano, managing partner of New York State's Insero & Co. CPAs.

In the face of the pandemic's accelerated adoption rates, that shift in mindset will be critical for firms that hope to keep up in the future.

"It's not enough for firms to be tech-savvy any longer. It's a requirement. Increasing productivity through the use of technology and understanding where the industry is headed is always a critical issue for us," said Lee Ann Collins, managing partner of Texas-based Lane Gorman Trubitt. "The COVID pandemic forced our hand in many ways with technology, and I'm glad that we were able to rise to the challenge, whether it's utilizing technology to keep our clients informed or even conducting inventory observations through Zoom or Microsoft Teams. Knowing that the whip-cracking pace we're already experiencing is only going to get faster with continued innovation is definitely something that keeps me up at night."

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THE MECHANICS OF GROWTH

The ongoing pursuit of growth in the face of stiffening competition from all sides is a preoccupation for many among the Regional Leaders.

"We need to grow quickly in order to remain independent, as the rate with which firms are shifting from local to regional, regional to national, and national to global has increased significantly," said Patricia Perkins, firm administrator at Virginia-based Hantzmon Wiebel.

"Larger national and super-regional firms are rolling up smaller firms, which will create added competitive pressure from those with more resources and service offerings," noted James Dobberstein, managing principal of California's Shea Labagh Dobberstein CPAs, while DMLO's Ward reported, "In our market, fee pressure is a real issue for traditional 'compliance' work, as firms seek to 'buy' business by outbidding; it hurts us all."

Competitive pressures aside, just the basic blocking and tackling of finding new clients is more difficult these days. "In this more virtual environment, traditional business development and client acquisition techniques — face-to-face intros/meetings — are changing," explained Byron Hebert, chief growth officer at Pannell Kerr Forster of Texas. "Rethinking business development will be something firms have to address more completely this year, since this 'new normal' does not appear to be resetting anytime soon."

Even successful growth brings its own issues, like "how to grow against larger competition," according to Steve Erchul, managing principal of Smith, Schafer & Associates in Minnesota. "As we have gotten larger, we don't want to compete against the 20-person firm, as those clients really look for price, but when we compete against the 200-plus-person firm we don't have the depth needed to always win the big clients. Size brings opportunity, but having depth will win those opportunities."

Touching on a similar challenge, Kristine Latchaw, director of administration at Michigan-based Maner Costerisan, mentioned the importance of a firm's governing structure being built to keep up with its

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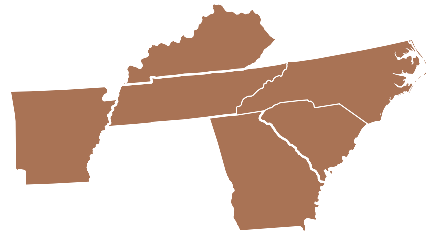
Top Firms: The Southeast



Arkansas, Georgia, Kentucky, North Carolina, South Carolina and Tennessee
Total revenue: $1,909.67 million **Average firm growth: 7.02%**

The region's average growth rate was off a bit from last year, but overall revenues were up, boosted by the introduction of Cherry Bekaert (previously ranked in the Capital Region), and a number of newcomers to the list, including Raleigh, N.C.'s TJT, Louisville, Kentucky's DMLO and Columbus, Georgia-based Robinson, Grimes & Co.

Firm	Headquarters	Rev. $ mn.	% chg.	Offices	Partners	Profess-ionals	Total emps.	Fee split A&A	Tax	MAS	Other
Dixon Hughes Goodman	Charlotte, N.C.	475.00	2.59	29	227	1,543	2,190	29	31	40	0
Cherry Bekaert	Raleigh, N.C.	226.40	3.24	17	123	718	1,111	33	44	23	0
LBMC	Brentwood, Tenn.	153.82	25.24	4	77	519	690	26	23	27	24
Elliott Davis	Greenville, S.C.	136.00	7.09	8	76	524	758	40	35	25	0
Aprio	Atlanta	122.90	11.54	7	80	401	571	23	58	14	5
Frazier & Deeter	Atlanta	120.89	11.47	10	58	287	400	20	32	3	45
Bennett Thrasher	Atlanta	66.58	5.46	1	44	242	339	20	55	11	14
MCM CPAs	Louisville, Ky.	64.67	5.43	6	50	253	358	39	39	6	16
Mauldin & Jenkins	Atlanta	55.40	5.52	8	53	209	323	61	29	8	2
PYA	Knoxville, Tenn.	54.94	3.64	5	32	195	301	9	16	75	0
Dean Dorton Allen Ford	Lexington, Ky.	37.81	11.86	3	22	191	253	28	44	22	6
Johnson Lambert	Raleigh, N.C.	34.74	9.73	8	19	161	202	77	16	4	3
Smith & Howard	Atlanta	34.20	8.92	1	17	95	128	35	54	11	0
Alexander Thompson Arnold*	Union City, Tenn.	31.70	8.56	13	26	151	198	29	39	9	23
Moore Colson CPAs	Atlanta	31.48	9.42	1	24	106	155	35	37	28	0
Windham Brannon	Atlanta	30.00	5.49	1	12	121	159	29	51	20	0
GreerWalker	Charlotte, N.C.	28.29	1.07	2	18	92	129	30	52	0	18
Bernard Robinson & Co.	Greensboro, N.C.	23.22	14.84	7	23	117	167	41	53	6	0
TJT	Raleigh, N.C.	21.80	18.29	4	12	160	179	18	37	10	35
DMLO CPAs	Louisville, Ky.	20.98	1.40	3	20	89	136	36	59	5	0
Hancock Askew	Savannah, Ga.	20.50	7.61	5	14	109	140	45	40	2	13
Landmark CPAs*	Little Rock, Ark.	19.16	0.79	4	18	88	124	64	30	5	1
WebsterRogers	Florence, S.C.	16.90	-6.89	9	14	87	120	18	57	4	21
DMJ & Co.[1]	Greensboro, N.C.	16.79	11.78	4	16	55	87	17	54	2	27
Blackburn, Childers & Steagall	Johnson City, Tenn.	15.00	13.64	4	12	83	114	40	52	8	0
Draffin & Tucker	Albany, Ga.	14.64	5.17	2	16	54	77	49	12	39	0
Robinson, Grimes & Co.	Columbus, Ga.	14.30	0.35	1	18	25	57	40	57	0	3
Smith Leonard	High Point, N.C.	11.20	7.80	3	12	44	63	39	44	6	11
Baldwin CPAs	Richmond, Ky.	10.36	2.07	5	11	38	67	22	40	30	8

Notes: NA *Not available/applicable* NC *No change* * *Firm estimate*
1 *Revenue figure includes Roberson CPAs, which was acquired at the end of 2020.*

7 Atlanta firms in the Top 100 and Regional Leaders