



THE TALENT CHALLENGE

*Insights from Karbon's
2017 talent survey*

karbonhq.com



THE TALENT CHALLENGE

Insights from Karbon's 2017 talent survey

Deciphering the code to manage talent	3
Key insights	4
Accountants, but not as we know them	5
<i>What it takes to be an accountant</i>	5
<i>The rise of remote work</i>	9
The pursuit of great talent	11
<i>A broken recruiting process?</i>	14
Developing talent from within	15
<i>Onboarding—or lack thereof</i>	17
<i>What, how and where to train</i>	18
Tracking staff performance	21
<i>The right performance measure</i>	22
Retaining top talent	24
<i>Differing concerns for different sizes</i>	25
Overcoming the challenges of managing talent	27

THE TALENT CHALLENGE

Insights from Karbon's 2017 talent survey

Deciphering the code to manage talent.

It is no secret that an accounting practice is only as strong as the people behind it. Despite this, managing staff is regularly reported to be the biggest challenge for firms across the globe.

The fact that acquiring, training and retaining talent is the biggest hurdle faced by firms is nothing new. However, the reasons and issues specific to the accounting industry have never been distilled or targeted properly.

Karbon's 2017 talent survey resolves this. The responses from accountants and bookkeepers around the world paint a detailed picture of the challenges and gaps firms are facing acquiring, training and retaining their staff.

Revealed in this report are the main challenges that practices are facing—broken down where relevant by region, practice age and size. Here, you can compare the challenges your own practice is facing with those being experienced by others around the world.

Only with an in-depth understanding of the core issues—which these findings provide—can your firm and the industry at large determine how to bring the management of talent in line with other changes that have occurred in accounting, and ultimately overcome these hurdles.

THE TALENT CHALLENGE

Insights from Karbon's 2017 talent survey

Key insights.

- 1 Acquiring, managing and retaining staff is potentially more problematic than it is in other professions.** The industry has changed, and what this profession delivers has fundamentally evolved into something very different than what it once did, so expectations from managers and employees have changed as well.
- 2 Remote workplaces are on the rise.** Driven by cloud technology, most practices have at least one staff member working away from the office, which is changing hiring habits, managerial techniques and the way candidates view a potential place of work.

- 3 Recruiting is a given and yet is one of the biggest problems.** 91% of accountants expect their firm's staff numbers to increase in the short term. Yet very few of these firms feel confident that their current recruitment process is reaching, attracting and identifying the best candidates out there.
- 4 Higher education is failing in its role to properly develop the accountants of tomorrow.** There is a lack of confidence in the new breed of accountants who are graduating from universities and colleges, highlighted by just 8% of firm owners and partners believing the right skills are being taught to prepare students for real life work experience in a practice.
- 5 New skills are needed, but what skills?** 93% of accounting firms are providing time and resources to train their staff. However, not many of these firms are focusing on training soft skills, despite these being viewed as vital for junior accountants to possess. And although most believe that universities and colleges are ill-preparing future accountants, 49% of firms have no clear onboarding process.

THE TALENT CHALLENGE

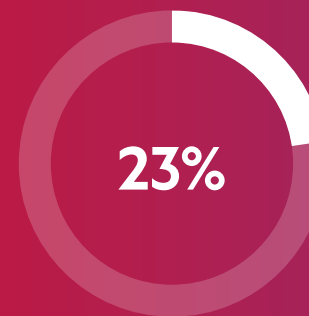
Insights from Karbon's 2017 talent survey

Accountants, but not as we know them.

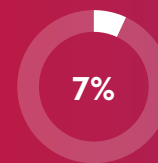
Managing talent begins with understanding the industry and the role of the individuals within it. Amid countless changes in the field, led by the rise of cloud technology, increased focus on services beyond compliance, and greater emphasis on client relationships, it is apparent that being an accountant today means something different to what it once did. The skills required to perform the job have evolved, and the expectations from employers and the definition of “the office” have changed.

What it takes to be an accountant.

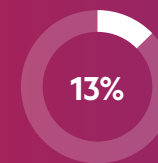
Less than a quarter of respondents believe that The Oxford Dictionary's definition of an accountant—“a person whose job is to keep or inspect financial accounts”—is accurate today. Differing views across global regions were highlighted in the responses to this definition, with a much greater proportion of accountants in the US believing that the definition is accurate, compared to respondents from other regions.



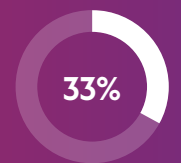
ONLY 23% OF ACCOUNTANTS AGREE THAT THE OXFORD DICTIONARY'S DEFINITION OF AN ACCOUNTANT IS ACCURATE.



UK



AUSTRALIA



US

“The industry is moving away from just number crunchers. A modern practice needs the team to be very software savvy as well as having the traditional technical skills.”

Partner of a UK firm with 6-10 staff

The speed that the industry, and the roles within it, are changing is further highlighted by a high majority believing that being an accountant today requires very different skills and characteristics compared to what was required only five years ago.

Meanwhile, a lack of faith in the new breed of accountants coming through is evident, with just 12% believing that universities and colleges are equipping future accountants with the right skills and expectations to work in the accounting profession. This percentage drops within partners and owners, with just 8% believing that students are being prepared adequately.

87%

AGREE THAT BEING AN ACCOUNTANT TODAY REQUIRES VERY DIFFERENT SKILLS AND CHARACTERISTICS THAN FIVE YEARS AGO.

12%

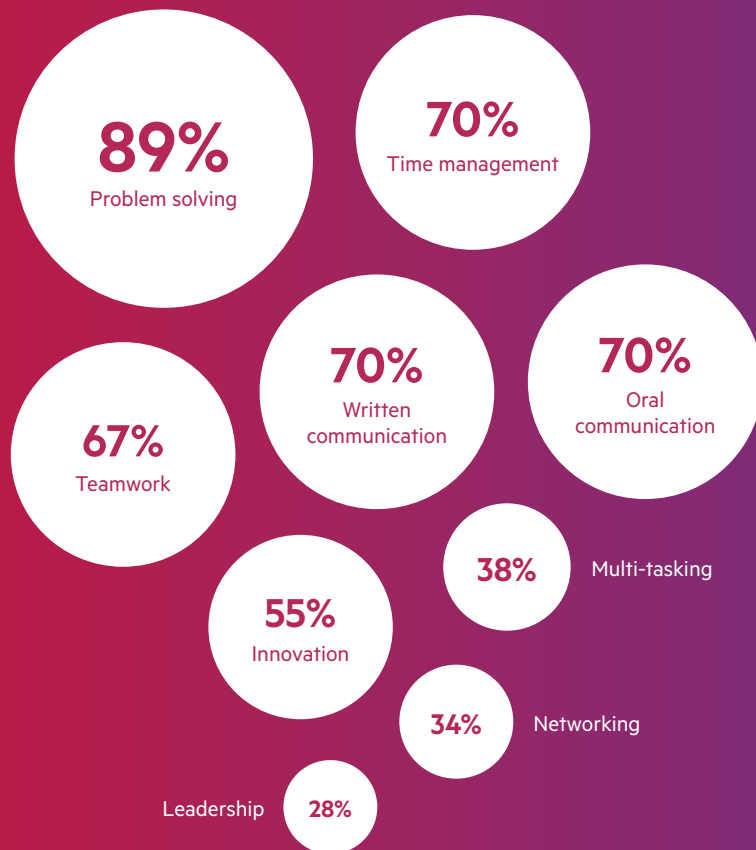
BELIEVE THAT UNIVERSITIES & COLLEGES ARE PREPARING THE NEXT GENERATION OF ACCOUNTANTS ADEQUATELY.

“The tertiary education system has been dumbed down to the point people graduating from accounting don’t actually have the brains to do the work.”

Partner of an Australian firm with 2-5 staff

When exploring the skills that respondents believe are essential for junior staff to possess today, a large emphasis is placed upon soft skills. Problem solving is clearly identified as the most important of these skills, followed by time management and oral and written communication.

Q—What soft skills do you think are the most important for junior accountants to possess?



“(It is a challenge) finding people who have accounting skills as well as being great at building relationships.”

US sole practitioner

It is worth noting that views on the importance of innovation differed more than any other skill across regions. 80% of those in the UK believe innovation is one of the most essential traits, compared to 66% in Australia and New Zealand, and 47% in the US.

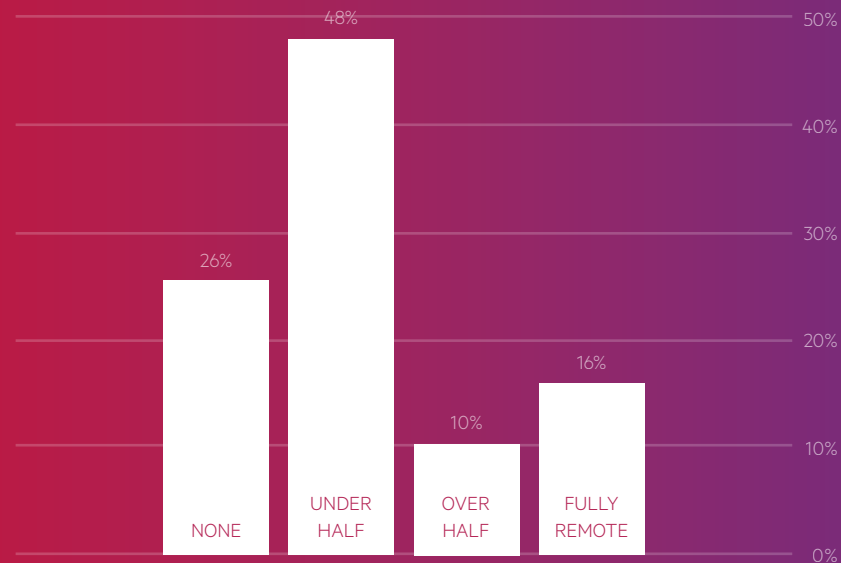
Meanwhile, leadership was deemed to be most important in the US with 36% agreeing, compared to 18% in Australia and New Zealand.

The rise of remote work.

It is not just the skills required to be an accountant that have changed, but the way teams are working together. 74% of accounting firms have at least one member of their team working remotely. This is considerable growth when compared to [research by Gallup](#), which in 2012 found that 39% of Americans working in the finance industry spend some of their time working remotely.

To further underline the rise of remote work in accounting, 17% of Karbon survey respondents come from teams who are entirely remote, and 50% work in firms that outsource at least some of their work (51% expect this number to grow in the next five years).

Q—What proportion of your team works remotely?



“With a remote team we’re not limited by geography. We can hire the best person available, no matter where they are.”

Partner of a US firm with 21-50 staff

“We need young accountants who can deliver advisory services, see the innovative things that clients are missing out on, and adapt to the changing needs of the client. In other words, the ones who aren’t just focused on tax and compliance.”

Partner of an Australian firm with 11-20 staff

THE TALENT CHALLENGE

Insights from Karbon's 2017 talent survey

The pursuit of great talent.

A growing workforce is in the short-term plans for almost all accounting firms, reflected in the fact that 91% expect their practice to expand in terms of staff numbers in the coming five years. Should this expectation come true, these accounting firms will be hiring in the near future.



EXPECT THEIR PRACTICE TO GROW IN TERMS OF STAFF NUMBERS IN THE COMING FIVE YEARS.

Despite an expectation for growth, finding and acquiring great talent is presenting more of a struggle for accounting firms than any other aspect of managing talent—in fact, 95% of respondents report they experience challenges related to recruiting—and a concerning number have little faith in their current recruitment process.

Q—What stages of managing talent does your practice struggle with the most?



*“Competition is tough and good quality
staff is hard to find.”*

Manager of a US firm with 11-20 staff

“A good fit” arose as the biggest pain point around recruiting, whether they have a suitable attitude, the right skill set for the role or will fit with the firm’s culture.

Q—What are your firm’s greatest pain points related to recruiting?



"It's difficult to find staff with intelligence and knowledge that 'fit'."

Manager of a US firm with 21-50 staff

“There is a personality that we look for, but there is no clear way to test (for) that during an interview.”

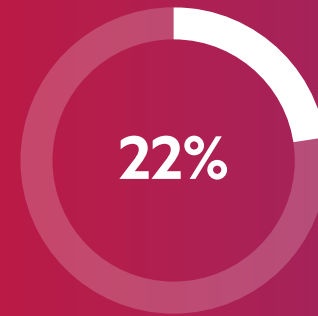
Partner of a US firm with 6-10 staff

“In their interview, candidates come across as knowledgeable and willing to learn and grow, but when they work, the complete opposite of this actually occurs.”

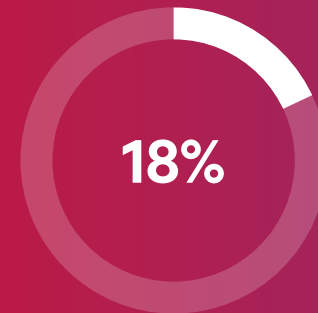
Manager of an Australian firm with 6-10 staff

A broken recruiting process?

Perhaps most tellingly, the percentage of accountants who are confident that their current recruiting process is finding, attracting and identifying the best available talent is extremely low.



ARE CONFIDENT THEIR CURRENT RECRUITMENT PROCESS IS REACHING AND ATTRACTING THE VERY BEST APPLICANTS.



ARE CONFIDENT THEY ARE IDENTIFYING THE BEST CANDIDATES THAT APPLY.

THE TALENT CHALLENGE

Insights from Karbon's 2017 talent survey

Developing talent from within.

Leadership teams across firms of all sizes clearly feel acquiring, managing and retaining staff is very important to their success, since this research shows that they are investing significant time, money and resources training their team. But with staff development still being a main challenge for 41% of respondents, and a wide disparity in the skills that are taught and the method that training is being carried out, there are few clear trends in this area.

96%

SPEND MONEY EACH YEAR TRAINING THEIR TEAM.

93%

ALLOCATE TIME EACH MONTH TO THEIR TEAM'S TRAINING & DEVELOPMENT.

“We are investing a large amount of time and money into our team from a training point of view. I see this as a challenging but rewarding part of my job.”

Partner of an Australian firm with 11-20 staff

When looking at the specific pain points related to developing and training, by far the biggest concern is shortage of time that firms have to invest in training. In fact, other pain points related to staff development are relatively less common, particularly when compared to pain points related to other areas of managing talent, such as recruitment.

Q—What are your firm’s specific pain points related to development and training?



“A lack of practical education at universities mean graduates require a lot of training before being able to do their job. It’s a huge investment of our time.”

Partner of an Australian firm with 11-20 staff

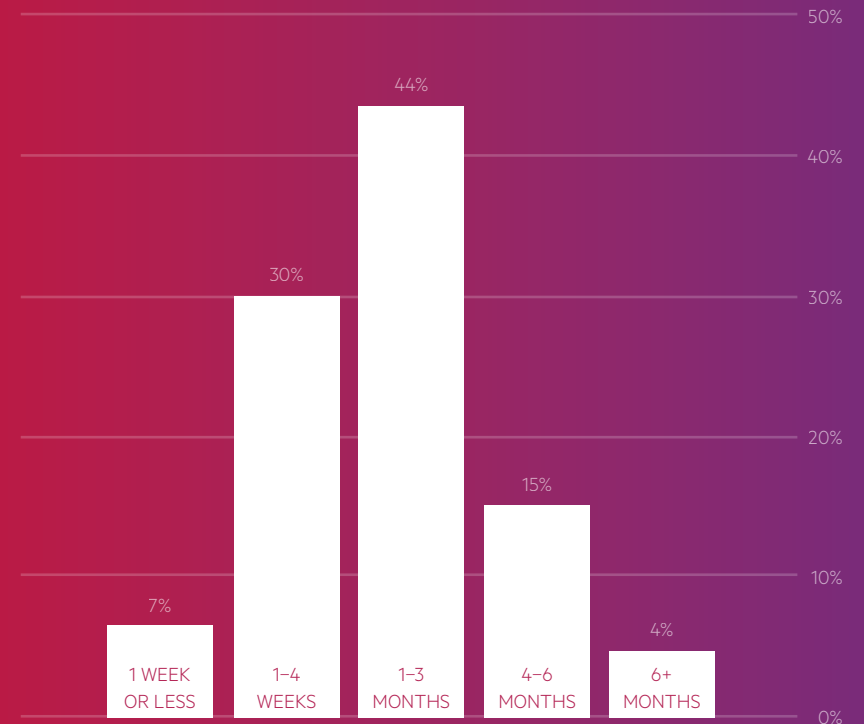
Onboarding—or lack thereof.

Since most partners and owners believe that universities and colleges are ill-preparing future accountants, you would expect that training and development begins on the first day for most new hires. Yet, almost half of accounting practices have no clear onboarding process for their new hires.



Further to this, there is a big discrepancy in the time it takes for a new hire to be fully onboarded—from their first day, to the point they are performing regular tasks independently—across surveyed firms. While 37% of practices are onboarding new employees in under one month, 19% of respondents said their firms take four months or more.

Q—How long on average does it take for a new hire to be fully onboarded and performing regular tasks in your practice?



What, how and where to train.

Four in five practices are using free online webinars and lectures as a way to train their staff, while the next most common training method is internal workshops or knowledge sharing. Most firms are clearly taking advantage of free or low cost methods ahead of, or to complement, methods that require a financial investment.

Q—Which channels are used to train and develop staff in your practice?

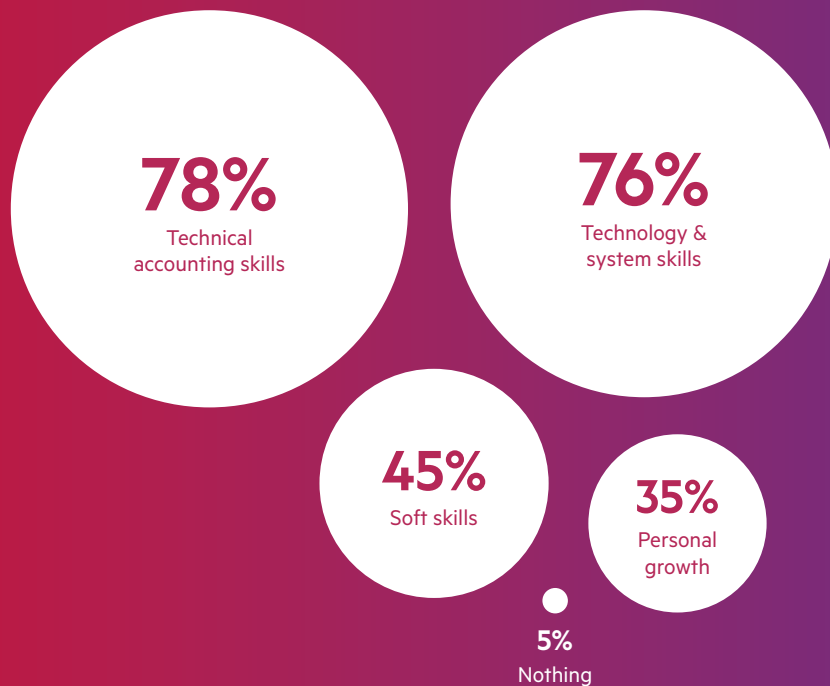


“We are creating opportunities for our new professionals to grow by balancing their personal life, continuous study, and working at home.”

Partner of a South American firm with 6-10 staff

Despite the widely held view that there are various soft skills essential for junior accountants to possess, developing these is not a focus for the majority of practices. Soft skill training is carried out by 45% of firms, and personal growth training by 35% of firms. These are sacrificed in favor of technical accounting skills, and technology and system skills.

Q—What areas are covered in your firm’s formal staff training?



“(Our top challenge is) the technical accounting skills of our team and their ability to change with technology.”

Partner of a US firm with 6-10 staff

“(It’s a challenge) getting all of the team to move with the times and technology, and understanding the changes that may possibly occur in the future.”

Partner of an Australian firm with 21-50 staff

THE TALENT CHALLENGE

Insights from Karbon's 2017 talent survey

Tracking staff performance.

There is no doubt that performance tracking is a critical component of effectively managing a team. Accounting firms need to be able to quantify how staff are performing and determine the areas that need improving. But according to these survey results, every practice is doing this differently.

87% of surveyed accountants reported issues or challenges related to performance management, with a relatively even spread across specific issues. Perhaps most interestingly—nearly one third of practices are not measuring the performance of individual team members at all.

Q—What are your firm's specific pain points related to performance management?

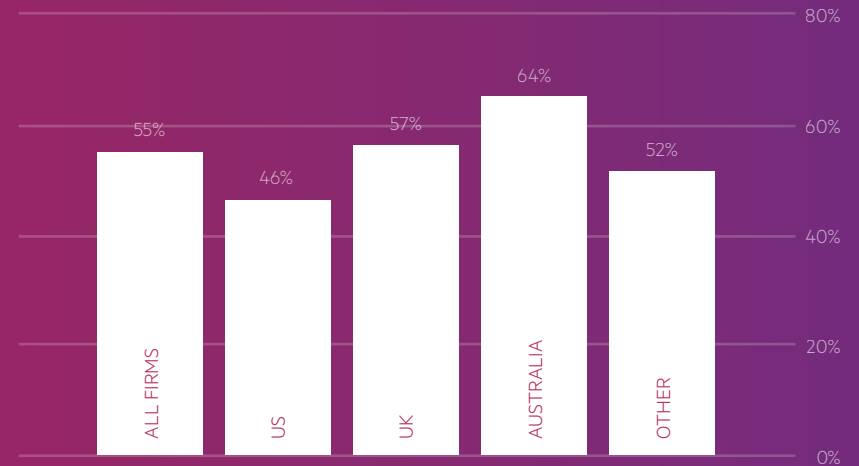


The right performance measure.

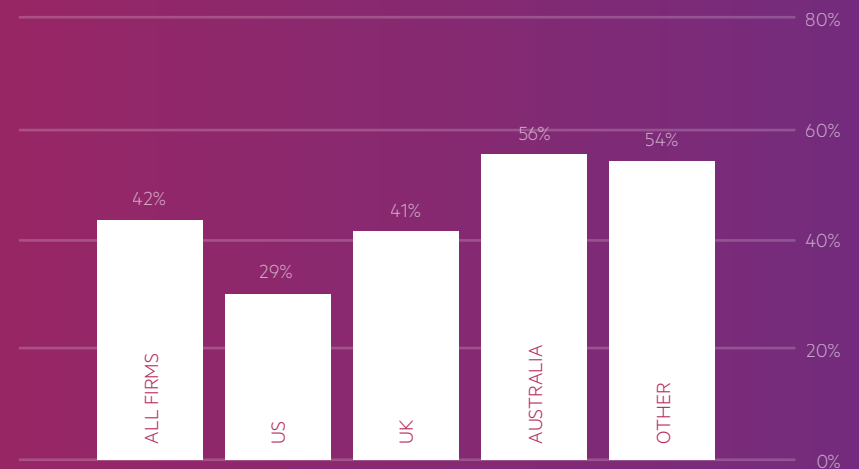
Timesheets are used as a key performance measure by more than half of accounting firms—perhaps not surprising considering 90% of Australian practices were still using timesheets in 2015. The growing trend of firms moving away from timesheets, and the fact that 33% of firms have concerns their performance management is too reliant on timesheets, indicates that the percentage of firms using this method will drop in coming years.

Meanwhile, there are disparities across different regions when looking at firms that are setting and tracking Key Performance Indicators (KPIs) and/or Objectives & Key Results (OKRs) for individuals in their team. Almost half of all Australian firms use this method, yet just one quarter of those in the US. These low numbers can be linked to the fact that 42% of all accountants are unsure about what KPIs are the best to be measuring.

Firms using timesheets to measure the performance of their staff



Firms using individual KPIs or OKRs to measure the performance of their staff members



“Our industry has been fixated on tracking our time and getting paid by the hour. Our firm is more concerned with providing the best value within a fixed price, so it doesn’t matter how many hours are worked. It’s only about the result my team achieves.”

Partner of a US firm with 21-50 staff

THE TALENT CHALLENGE

Insights from Karbon's 2017 talent survey

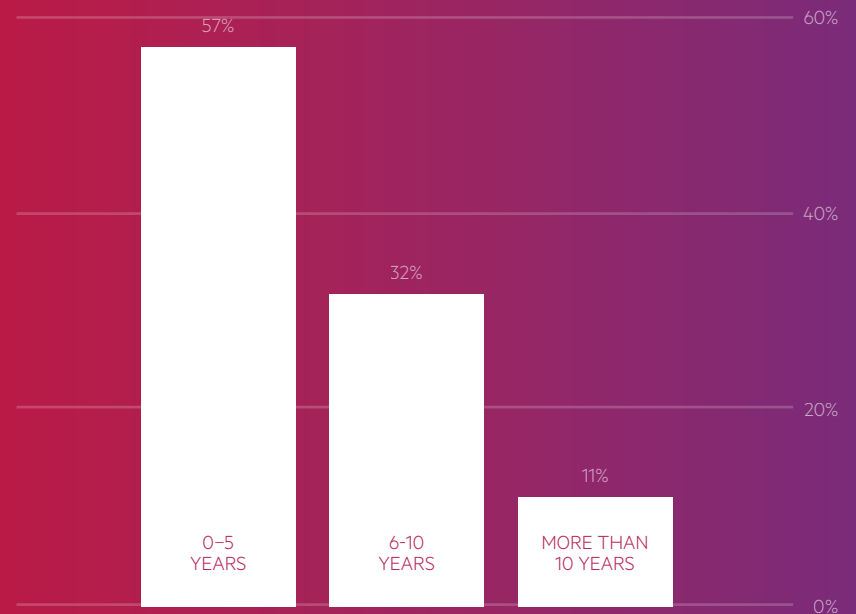
Retaining top talent.

Staff retention is a top challenge for 15% of surveyed practitioners. Common issues are still prevalent though, particularly when comparing firms of similar size.

From those respondents who could accurately report on the average time a typical staff member remains at their firm, 57% estimate their staff remain for less than 5 years. Only 11% estimate their staff remain with them for more than 10 years on average—with the majority of these firms being larger in terms of staff numbers.

In other industries, the length of time that staff remain with their employer is actually increasing. The US Bureau of Labor Statistics [identified in 2014](#) that the average employee stays for 4.6 years—a steady increase since 1983's average tenure of 3.5 years, while a [global study by the O.C. Tanner Institute](#) found that employees joining a new company expect that they will stay with that company for 8.6 years on average.

Q—On average, how long does the typical staff member work at your firm?



Differing concerns for different sizes.

Of the main issues related to retaining talent, not offering a clear career path is hindering large practices, with 46% of respondents from firms with 50+ staff believing talent is leaving because of this—compared with 27% overall.

For smaller firms, an inability to compete financially is proving to be a challenge. 40% of respondents from 2-5 employee firms believe staff are leaving because they cannot afford the salaries that others can. Only 20% of firms with 21 or more staff raised this as an issue.

Q—What are your firm’s specific pain points related to retaining talent?



“Our staff become very attractive to bigger practices or industries, and we cannot compete on salary or opportunities.”

Partner of a UK firm with 6-10 staff

“It would be nice to engage the non-specific accounting/ leadership roles in something that will keep them longer in our firm.”

Manager of a US firm with 6-10 staff

“I know that we need to create a more fulfilling career path to encourage our staff to remain longer.”

Partner of a US firm with 21-50 staff

THE TALENT CHALLENGE

Insights from Karbon's 2017 talent survey

Overcoming the challenges of managing talent.

Karbon's 2017 talent survey identifies the key challenges accounting firms are facing around managing talent. The definition of an accountant, and the core skills that are expected and taught, needs a rethink. Attracting and identifying the best talent is not something that many firms are excelling at. And the method and focus of internal training and staff development has room for improvement.

Beneath the surface of managing talent—an overarching issue that affects everyone in this profession—lies quite specific challenges. The good news for accounting practices, is that these can all be overcome.

With the key challenges identified from the collective input of those who shared their voice, it is time to investigate how your practice can manage your talent better, and what the industry as a whole can do to ensure tomorrow's accountants can have an even greater impact on the lives of their clients.

Edition four of Karbon Magazine will explore exactly this. Through an in-depth series of articles, guides, videos, templates and other resources, the core issues identified in this report will be investigated. Drawing on input, ideas and expertise from practitioners and industry thought leaders, your practice will be provided with a complete action plan to guide you through overcoming any challenges that you face managing your staff, and to ultimately help you build the very best team of accountants for your practice.

To begin, visit Karbon Magazine at:

karbonhq.com/magazine

Karbon is a new approach to practice management. Its workflow and collaboration solutions provide visibility across your entire firm, with standardized processes, consolidated client information and a single place for your team to work together.

Join hundreds of high-performing accounting firms from around the world. Get Karbon.

Start your free trial today at karbonhq.com/get-karbon



**Karbon is a new approach to
practice management.**

Start your free trial today.

Visit karbonhq.com