

## FAMILY PROTECTION PLAN P.18

Too many relatives, and their investments and loans, can put your clients' wealth at risk

## STACKING UP THE APPS P.22

CPA firms are better serving clients with a customized selection of software add-ons

## EMOTION IN M&A P.29

Beyond numbers and logistics, mergers can trigger passionate personal responses

# Diversity has a long way to go

*The struggle to move the needle in the accounting profession persists*

BY SEAN MCCABE

For years, diversity and inclusion initiatives have made accounting firms and the profession at large aware of the issue, encouraging professionals to take notice of a changing population, but diversity numbers remaining largely unchanged over the last decade or so: Data from the American Institute of CPAs puts African-American and Asian professionals at just 4 percent and 5 percent of accounting partnerships, respectively, as of 2012. Similarly, female professionals only make up 19 percent of partners

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Baker Newman Noyes' (from left) HR director Jennifer Hamish, summer intern Sam Thomas, and managing principal Carl Chatto

## ENGAGING THE NEXT GEN

BAKER NEWMAN NOYES OFFERS PROSPECTIVE INTERNS A UNIQUE 'EXPERIENCE' See page 6

# Filling the time between April 18 and January

*Changes to the rhythms of tax season have more and more practitioners looking for new kinds of work to stay busy*

BY ROGER RUSSELL

Tax season has changed over the years, but it has always had its own rhythm. Most accountants and tax professionals stay occupied all year long, but, depending on the nature of the practice, some are

faced with a long lull after the final return is in.

"We're a year-round business, but I know accountants that shut down as soon as the last return is finished in April, and don't open

until next filing season," said Roger Harris, president of Padgett Business Services. "It depends on the overall structure of the business."

"There's also the extension deadline in October. We keep busy all year long with accounting, payroll, tax filing and tax planning, but there are peaks and valleys," he said.

"The basic rhythm to tax season has changed due to the increasing complexity of the Tax Code," Harris added. "You have to wait for more forms to come in, and you may start a return a bit later while waiting for all the forms. We're not

as comfortable starting a return as we were years ago, because we're not sure we have everything we need."

Some typically put the bigger investors on extension, according to Harris. "You might get four versions of a K-1, so rather than doing the return four times, you routinely go on extension," he said. "Fortunately, technology has kept up with the complexity of the code. I can't imagine doing a complex return today, such as one with passive activity transactions, without software."

One change the modern era

has brought to the tax season is the ever-growing issue of data security, according to Harris. "Now we're not just in the tax preparation business, we're in the security business," he said. "At our annual tax conference, we never allocated time to data security. Now we have people from the IRS Criminal Investigation Division put on a two-hour seminar on how to combat the challenges we face."

Chuck McCabe, president of Peoples Income Tax and The Income Tax School, agreed. "Tax prep software didn't exist when

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# practice profile

## Are you experienced?

Baker Newman Noyes aims for immersion with its 'pre-internship'

BY DANIELLE LEE



BNN's "Experience" team: Front row (l to r) Darlene Brown, HR specialist; Carl Chatto, managing principal; Jennifer Harnish, HR director; Sam Thomas, 2017 summer intern and 2016 Three-Day Experience participant; back row (l to r): principal Andy Smith; principal Rick Cyr; Jennifer Horton, senior HR specialist; senior manager Melinda Irish

## AT A GLANCE

### Firm

Baker Newman Noyes

### Headquarters

Portland, Maine

### Managing principal

Carl Chatto

### No. of principals/staff

40/260

### Year founded

1995

### Services

Audit; accounting; tax; employee benefit plans; health care consulting; risk and business advisory services

### Industry specialties

Banking and financial services; construction; craft beverage; educational institutions; governmental agencies; health care; life sciences; manufacturing and distribution; nonprofits and foundations; professional services; real estate

**Tapping into a waning pipeline of talent** remains a challenge for many firms, including Baker Newman Noyes, but it has not stopped the New England firm from finding new solutions to the profession-wide problem.

For the past few years, the accounting and advisory firm has held a "pre-internship" program to give undergraduate college students a taste of life at the firm.

### THREE DAYS OF CANDOR

"Three years ago, we decided we needed a creative way to increase the pipeline," explained Jennifer Harnish, director of human resources at BNN. "We had the traditional recruiting model on campus, of career fairs, interviewing on campus, inviting students for interviews here at the firm, and providing offers. But the pipeline of accounting students was slowing down — because of the

[declining] interest in public accounting, and how schools were managing it. We decided we needed to get really creative and target students that are sophomores and juniors, and broaden the awareness of what is public accounting."

That creativity bred "The Three-Day Experience," held at the firm's Portland, Maine, headquarters. Participants are put up in a local hotel for a few nights and spend one day learning about the firm's tax practice, one day observing audit work, and the final day engaged in a community service activity, which, for this past summer, was volunteering with the United Way of Greater Portland to clean up two local YMCA facilities. "Within each day, the goal is to expose students to the life of a tax accountant, auditor, consultant, and show the technical aspects as well as the relationships, the office environment, and a feel

for our culture," Harnish shared. "They have the opportunity to speak to all levels in the firm, from MP to senior managers to staff."

### PEER-REVIEWED AND APPROVED

As Baker Newman Noyes introduces students to public accounting, it also recognizes its competition in that space — namely the Big Four. According to Harnish and firm managing principal Carl Chatto, a big part of the Three-Day Experience, and all the firm's recruiting efforts, is breaking through the Big Four's big-brand push to highlight the benefits of regional firm employment.

"Big Four firms are able to market at a much larger level," Harnish said. "Campuses tend to have large firms, and regional firms. With the work demand for larger firms, they are hiring up very high numbers of students

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## Experienced

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and leaving few available for regional firms. Students respond to that branding and marketing. We have tried, over the last few years, to create an eye-opening, an awareness, that regional firms offer a similar level of work, challenging work and clients, with a better lifestyle." Baker Newman Noyes has done this with traditional marketing, but one of the most invaluable resources to attract students has been other students — especially those who have gone through the program and landed a coveted internship. The number of Three-Day Experience alumni has grown significantly, with participants doubling this year to reach 40. Over the program's three years, the firm has extended 15 internship offers and about half were accepted.

Though the firm promotes the event and generates social media buzz, "the best advertising is students who have gone through it,"

craved a more collaborative experience, which BNN plans to increase next year.

"This generation wants challenging work, and to be immediately exposed to the bigger picture, have an impact to the bottom line, and for their contributions to be valued," Harnish observed. "The leaders at Baker Newman Noyes see the fire in these kids. In the past years, they were motivated, but this year, they were on it, the level of confidence and posturing for a job at Baker Newman Noyes — they would love to be hired immediately."

The contrast was also noted by Carl Chatto, who assumed the role of managing principal in 2016, but has been with Baker Newman Noyes since it was formed in 1995 and worked with a predecessor organization of the firm since 1983. "Back in time, maybe 20 years ago, I did campus recruiting, traditional campus recruiting — a reception the night before, meet with a few people in the office. Now, it's much more interactive and hands-on, engaging with recruits, and it's really paying off

— with a very high rate of retention, according to Chatto.

"The mergers we did in 2015 were a lot of work, but we had great success in staff retention coming out of those three mergers," he said. "It was very good and very satisfying for me and everyone who worked on that. Looking back a year later, it was nearly a 100 percent retention rate with staff and with clients."

The firm's retention efforts are bolstered by several initiatives, including a leadership program, established three years ago in response to feedback on employee surveys. In partnership with professional management consulting firm Sojourn Partners, BNN identifies 20 professionals annually who are reaching manager level to participate in six four-hour sessions over the year. The firm also launched a women's initiative last year, which hosts three to four programs annually, like a recent book club discussion of Sheryl Sandberg's *Lean In*. Baker Newman Noyes also provides a firmwide mentorship program.



Participants Mikayla Toth (left) and Bryan Mauris (center) from Husson University, and Caitlin Derrickson, Bentley University, snap photo booth pictures. (Credit: Matt Beach)

Harnish said. "In light of that, there's been a huge response of interest."

This year, 100 students applied to take part in the event, submitting a one-page explanation of why they would value the experience, along with their college transcript. Also this year, Baker Newman Noyes expanded the activities based on feedback of past participants. The firm took students out to nice Portland restaurants, arranging them at tables of 10 with at least one partner at each, and hosted its popular bowling event on the program's second night, with a large turnout of firm employees on hand to socialize and answer questions. The No. 1 question, according to Harnish: How do I get hired?

### INTERACTION SATISFACTION

Program feedback also revealed that students

for us. It's really gotten a lot better. It's more work on our part, but it pays off; every year we need to keep our own pipeline filled. We have good recruits being able to deliver on client service."

The firm sees the payoff as cyclical, Harnish added. "It's a circle we have, of new clients and then growth opportunities, then opportunities for promotions and succession planning for staff, a complete circle."

### CLOSING THE CIRCLE

Retention is one giant part of the arc, and one where the firm has also found success, especially when it was put to the test by three mergers in 2015. The firm merged with two New Hampshire firms and one in Massachusetts, broadening its New England client base and bringing new professionals into the fold

At any point in the firm's "circle" of employees and clients, and recruitment and retention, strong relationships are critical, according to Chatto and Harnish.

Chatto mentioned another recruitment event the firm hosts for students on a boat every August. "We are creating that social environment where they have contact with the highest leadership — senior management and those hiring them," he shared. "It has the draw of, 'How do I get to know someone within the firm?' and can lead to an offer."

That path is often more straight than circular.

"At Baker Newman Noyes, when we interview people, we ask, 'Why BNN?'" according to Chatto, to which they respond, "Because I've met somebody I had a great conversation with. I knew it had to be BNN." AT

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secure 2017.



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