

How the **Baby Boomer Retirement Wave**

is Creating Opportunities and
Challenges for Everyone in the
Accounting World

By Carl R. Johnson, CPA, President, CRJ Consulting

On average, close to four million potential CPAs were born each year during the baby boomer years of 1946 to 1964. Fortunately, not all of these roughly 75 million baby boomers were driven to become CPAs (just a little accounting humor early in the article!).

Baby boomers have been turning 65 years old in record numbers since 2011, and this will continue until the year 2029. The largest generation in U.S. history makes up 31 percent of the country's overall workforce; some experts estimate that \$10 trillion worth of businesses are expected to change hands by 2025 as part of a mass baby boomer retirement wave.

This aging of the baby boomers is creating a unique period of time for CPA firms in the United States, New England, and right here in Connecticut.

For the next decade or so, there will be excellent opportunities for future employees, present employees, and firm owners – but those opportunities also come with major challenges for those same three groups.

Opportunities and Challenges for **Future Firm Employees**

There will be a talent drain at CPA firms as current partners and other employees continue to retire. CPA firm workloads and revenues continue to grow, so firms will need to keep bringing in college students and other new employees to keep up with that growth and offset future retirements.

Encouraging the Accounting Career Path

Given the many benefits of earning an accounting degree and becoming a CPA professional – job security, a challenging and rewarding career, and solid earning potential – colleges should be encouraging more students to try an accounting course or two.

The accounting profession is not always an easy road, but it is an outstanding profession. If you are presently residing in the “younger generation,” I encourage you to consider a career as a CPA!

CPA firms need to aggressively pursue this younger generation at the college level. They should also find ways to reach candidates outside of accounting who are still in the early stages of their careers. Firms could take action steps, such as being more visible on campuses, considering hiring professional recruiters, reaching out to referral sources, and offering referral fees to current employees.

Talent Retention

Once the firms have recruited this new talent, they need to train them, motivate them, evaluate them fairly, reward them properly, and retain them. A firm's responsibility is to drive continual improvement by creating a positive work environment so that talented employees are free to use their individual strengths to make the team and the firm better, each and every year. The employee's responsibility is to take ownership of his or her own career and to grow as a person and a professional, each and every year.

Drive continual improvement by creating a positive work environment so that talented employees are free to use their individual strengths.



Opportunities and Challenges for Present Firm Employees

The coming years will offer exciting and challenging times as today's employees look for ways to advance their careers within their firms.

As experienced baby boomers continue to retire or wind down their workloads, there will be "big league" leadership opportunities throughout most firms. There will be voids to be filled in management areas, technical areas, niche specialties, recruitment and retention, business development, mentoring, you name it.

Firm Employees – Don't Be Afraid to Step Up Your Leadership

If you are in a position in your career to take on new leadership opportunities within your firm, you should do it! Have the courage to raise your hand and make a difference for your coworkers, your clients, your firm, and yourself. There is only one way to truly learn the rewards, the professional and personal growth, the challenges, and the satisfaction of leading a team to a stretch goal – and that is to step up and lead!

So, take the initiative to lead a project – streamline the efficiency of your audits, improve the way your firm recruits or goes after new business, expand client service, or lead a department, an office, an industry group, or a special service. Just lead something. You are ready, and you will be helping yourself and your firm at the same time.

Firm Owners – Groom and Retain Future Owners

The challenge for firm owners is that you need to focus on showing your future leaders the career path that is available to them. Offer them training programs and talk to them about the personal and financial rewards that can be attained through taking on new leadership roles.

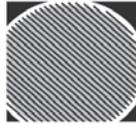
Even excellent employees can feel that they are not ready to lead, so it is up to the present-day leaders to encourage these future leaders to step up to the plate and take on the challenge. Help them understand that leadership is a responsibility and an obligation to help others.

Developing more women leaders in the future will be critical for the accounting profession. In fact, there are more female accounting majors than male in many college programs. However, as the baby boomers (mostly men) retire, companies and firms need to

do a better job of retaining talented women. Firm leaders and employees need to work together to change and adapt firm culture in ways that will encourage women to stay with the firm and move through the leadership ranks to partnership.

Current firm leaders and owners who truly look for ways to build the next generation of firm leaders will create new succession planning options with the potential to transition the firm to up-and-coming employees as opposed to merging into a larger firm. ▶

Have the courage to raise your hand and make a difference for your coworkers, your clients, your firm, and yourself.



**The
Technology
Group, LLC**

Technology Services

- Network Systems and Support
- Network Security
- Network Vulnerability Assessments
- Offsite Back-up
- Cloud Services
- Remote Network Monitoring
- Outsourced IT Department

Consulting Services

- Non-profit Accounting Solutions
- SOC 1, SOC 2 Audits (formerly SAS 70)
- Fundraising Solutions
- Network Security Audits
- HIPAA Security Compliance
- IT Policies and Procedures
- Business Continuity Planning
- Software Selection

**When Your Business
Relies on Technology,
You Can Rely
on Us.**

*Experts in the unique
technology requirements
of CPA Firms!*

Microsoft Partner
Cloud Accelerate
Gold: Midmarket Solution Provider
Gold: Small Business
Silver: Devices and Deployment
Silver: Identity and Access
Silver: Server Platform
Silver: Hosting

The Technology Group, LLC
280 Trumbull Street • Hartford, Connecticut
860.524.4400 • www.TheTechnologyGroup.com



Opportunities and Challenges for Firm Owners

The major challenge for retirement baby boomer firm owners is the proper transition of the firm. Less than one-half (44 percent) of multi-owner firms report having a written and approved succession plan in place, according to the most recent AICPA Private Companies Practice Section survey.

Options for Firm Owners

If you are an equity partner, you need to think about the best way to get your ownership buyout from the firm you helped to build. Your options are:

- Stay independent.

Develop future partners to buy the present equity partners out through internal promotions, recruiting top talent, or merging in smaller firms. This option, when handled correctly,

can create a better opportunity to find those needed future equity partners.

- Merge with a similarly sized or larger firm.

Merging into a larger firm can be very positive and usually cures any buyout issues, but the firm's current partners give up a fair amount of control. Firms can also merge with similar-size firms, which can be very effective in the long term if the combined firm can survive the early years of trying to sort out the management/control issues.

- Don't think about the future. (Hint: Don't use this option.)

Just keep running your firm day to day and don't try to develop

future leaders or look at merger opportunities. This option can work for years ... but it usually doesn't end well, and it's not fair to your employees, fellow partners, or the firm's clients.

Preparing Your Firm for the Future

Keep in mind, as equity partners continue the march toward retirement, the mergers and acquisitions world will continue to become more and more of a buyer's market. Therefore, during this period of huge transition of leadership, firms need to increase their market value by looking for ways to continually improve all areas of their firm on an annual basis.

If your firm starts to improve your operations, your human resources programs, your technology infrastructure, your key financial metrics, your marketing outreach, and your firm culture, your firm will be worth more to larger firms looking for an acquisition. Additionally, as you work to improve all of these areas, you may attract new leaders within the firm who are willing and able to take on the obligations of ownership and keep the firm independent.

Firm leaders who choose to positively attack their business issues during these challenging times will ultimately create a better outcome.



Value beyond measure

With our customized defined benefit, defined contribution and investment advisory solutions, our clients' retirement plans really measure up.



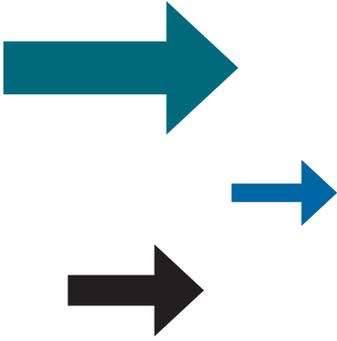
Visit hhconsultants.com/measure

Investment advice is offered through Hooker & Holcombe Investment Advisors, Inc., an SEC Registered Investment Adviser.

At the end of the day, if equity partners invest in the continual improvements of the firm, they will have put the firm in the best position to deal with the oncoming retirement wave. Firm leaders who choose to positively attack their business issues during these challenging times will ultimately create a better outcome for their employees, partners, and clients, regardless of whether the firm merges upstream or stays independent.

Summary

The retirement of the baby boomer generation will create many opportunities for all members of CPA firms throughout Connecticut. However, only those employees, partners, and firms that accept the challenge to continually improve will be able to capitalize on these opportunities!



Carl Johnson started CRJ Consulting in 2016 to help CPA and other professional service and privately held businesses with insights, strategy, and leadership guidance for company growth and profitability.

Carl spent most of his accounting career at BlumShapiro and served as its managing partner for 14 years, during which the firm grew to be the largest regional firm based in New England.

He can be reached via email at carl@crjconsults.com.

Show your support for the Educational Trust Fund Golf Tournament!

Monday, September 25, 2017

The Farms Country Club, Wallingford • Registration fee: \$250



Registration includes greens fee, player gift, cart, buffet lunch, on-course beverages and snacks, open bar, dinner stations, hors d'oeuvres, dessert, flavored coffees, and awards.

Tournament Sponsor



Make a great event even better – become a sponsor.

\$2,500 Sponsorships

Cocktail Hour
On-Course Beverages **sold!**
Carts
Player Gift
Lunch

Golf Ball Sponsor

Provide a sleeve of balls for 120 players.

Tee/Green Sponsor

\$250 each

\$1,500 Sponsorships

Driving Range
Putting Green

Raffle Donor

We're always looking for quality raffle prizes – golf-related items, gift certificates, electronics, etc.

Gold Sponsor

\$1,200



Register at www.ctcpas.org/golf.

For more information or to become a sponsor, contact **Phyllis Roche** at 860-258-0216 or phyllisr@ctcpas.org.