

# Long Island Business NEWS

Where Business Gets Down To Business

## Accounting firms face shortage of workers, not work

By Claude Solnik  
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Accountants are having some problems with addition – adding people to their firms, that is, as they face a staffing shortage that experts said is so severe the profession may be sailing into a perfect storm for hiring. Ellen Auster, tax principal and Long Island office location leader for Deloitte in Jericho, said the numbers crunch is among the biggest issues facing accounting firms. “We’ve got the baby boomers retiring,” Auster said, “an increased demand for accountants and an increase in global competition for talent.”

Adding to the demand is the increase in financial reporting requirements spurred by Sarbanes-Oxley regulations. Michael Hanley, managing partner at Smithtown-based Merl & Hanley, said public companies are “pulling more and more college graduates into Sarbanes-Oxley-specific roles,” leaving accounting firms with a “smaller field of recruits from which to choose.”

Mark Meinberg, managing partner at Feldman, Meinberg & Co. in Syosset, summarized the challenge in one word. “Recruiting,” Meinberg said. “That’s everybody’s big issue. There’s just not enough of a supply to go around.” As firms seek to grow to keep up with the workload, the battle is becoming even more pitched. hard Paris, director of human resources for Melville-based Marcum & Kliegman, said his firm hired 200 people in the last 12 months alone. Offers often are made on the spot. While firms aren’t happy about hiring headaches, Richard Catalano, audit partner at KPMG in Melville, said the hunger for talent helps accountants by boosting salaries. “Compensation levels have risen across the board at accounting firms as well as corporate America,” Catalano said.

“There’s such a tremendous shortage of accountants that salaries have increased from 10 to 15 percent over the last 12 months,” said Steve Speter, managing director of the retained search division at Lloyd Staffing in Melville. Senior accountants today could easily earn \$90,000 to \$100,000, up from about \$80,000 to \$90,000 a year ago, Speter said.

### Hiring strategies

Companies are developing strategies to circumvent the shortage, including absorbing firms and investing in advertising campaigns. Carolyn D’Anna, a partner and managing director of human resources at Roseland, N.J.-based J.H. Cohn, said her firm expanded through three mergers in 2007 to a staff of about 1,000, including 130 partners. “When we look at mergers, not only are we looking at them from a strategic standpoint,” said D’Anna whose firm operates a Jericho office. “We’re also looking at their core employees and technical skills.”

J.H. Cohn in July merged the more than 50 professionals of White Plains-based Marden, Harrison & Kreuter with its business. Robert DeMeola, managing partner of J.H. Cohn’s New York City office, said mergers make sense in the Northeast in particular. “New York is the largest, most competitive market in the country, and in order for firms like J.H. Cohn to continue to grow and thrive in it, alliances like the ones we’ve established recently ... are critical,” DeMeola said. J.H. Cohn earlier in

2007 combined practices with Manhattan-based Berenson and Glastonbury, Conn.-based Haggett Longobardi. Marcum & Kliegman supplemented hires with mergers, in November acquiring CBIZ/Mayer Hoffman McCann's New York City accounting and tax practice. Marcum & Kliegman's Managing Partner Jeffrey Weiner said this increased his firm's work with wealthy individuals and closely held businesses.

Companies also are launching elaborate recruiting ad campaigns. J.H. Cohn's recruiting ads show former New York Yankees and current Los Angeles Dodgers manager Joe Torre with text about "adding a teammate." "It's talking directly to students," D'Anna said. "Our Joe Torre campaign has elevated name recognition in the area." Marcum & Kliegman's recruiting ads, meanwhile, tout accolades the firm has received as well as its workplace flexibility. Networking is another tool, including social networking sites such as LinkedIn.com and contacting people who took offers with other firms. "We'll reach out to them and say, 'Are you happy where you are? We're still interested in talking to you,'" Paris said.

### **Back to school**

To counteract the shortage, firms also have begun aggressively recruiting at colleges. Catalano said top accounting students are in greater demand than ever. Torre even recorded messages that J.H. Cohn uses at school presentations. Firms are beginning to woo students earlier than ever before. Auster said Deloitte offers internships for students who have completed their sophomore year rather than their junior year as is customary. Moreover, "there's a lot of activity in the accounting profession to talk to ... students at the high-school level," she said.

Catalano said firms are trying to make the work environment "much better for the younger people who come on board." "We're adding a lot more flexibility and a lot more clarity," he said. Auster agreed that young accountants want flexibility and an opportunity to use technology. But she said Deloitte is seeking to tailor jobs to all employees' lives. "It's about customizing your career to meet your needs at various points in time," Auster said. "Everybody has points in their career where they need to dial up and dial down, in terms of where, when and what intensity an individual is focused on [at their job]."

### **Climbing the corporate lattice**

Accounting firms are trying to come up with creative ways for employees to advance to keep them happy and at the firm. Auster talked about a corporate lattice, in which each person's life - like a vine - can make its path, rather than like a ladder with only one way to rise. Deloitte allows employees to take time off for personal goals while remaining connected to the firm. "The concept in our approach to careers is it's not all straight up," Auster said. "You don't necessarily continue down one path. You may step to the side, go up, zigzag if you will."

The worst news for the profession - for employers, if not employees: There doesn't appear to be a huge infusion of talent on the horizon. Accountants expect the shortage to grow due to a change in New York State specifications for becoming a certified public accountant, requiring 150 credit hours from the old 120, shifting from four-year to five-year degrees for graduates as of August, 2009. "I think it's going to hurt," Feldman, Meinberg & Co.'s Meinberg said.