



Transforming Your Firm's Business Model:

Workforce Transformation and Talent Management Strategies



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Executive Summary

Talent, technology, and other massive forces are affecting every professional services firm. The impact is upending business models and providing just as much opportunity as challenge. While no one has a crystal ball to predict the future of accounting, this research can help CPAs and accounting professionals make more informed and confident decisions about the future of their firms.

We surveyed hundreds of accounting professionals representing firms of all sizes from 31 states. From their responses and feedback, four key points stood out for firm leadership to consider.

- 1. Most respondents expect their firms to shrink in headcount by 20% or more in the next five years.** How will accounting firms continue to see growth and profitability with smaller teams? This prediction alone seems to be enough to consider restructuring accounting firms now to prepare for the future.
- 2. This dramatic reduction, driven by technological advances and a talent crunch, will upend the pyramid practice structure that accounting firms have successfully leveraged for a century to sustain growth and profitability.** An important driver to success in the future will be retaining the best performers within accounting firms. The pyramid practice structure was not designed for

talent retention. In fact, it functions in an opposite way: filtering talent out. What other options are presenting themselves to firms that are willing to change?

- 3. To be successful in the future, accounting firms will need a new practice structure that accommodates and focuses on the “6 Ps” of Business Model Transformation:**
 - Precision hiring
 - Proactive retention
 - Practical technology implementation
 - Pricing expertise
 - Practice area expansion or focus
 - People acceleration
- 4. Other industries have success stories to tell.** Companies in manufacturing, health care, technology, and other industries have all faced similar workforce challenges and have been able to reshape their professions. The key has been recruiting, retaining, reskilling, or upskilling parts of their staff as specialists through technology-based training and innovative and personalized professional development. These companies saw improvements in productivity, company growth, talent retention, employee engagement, client/customer satisfaction, and more.

Not Another Pipeline Report

Traditional workforce transformation and talent management strategies are just not as effective as they once were.

You are already experiencing the impact of CPA pipeline challenges. This report was conceived to provide a roadmap for what to do about them. Furthermore, we wanted to understand just how prolonged these issues could be, given the growing technology and shrinking demographics.

Talent acquisition, talent retention, and workforce development are challenges that are not going away anytime soon. In fact, our 2024 research report, *The CPA Pipeline: Crisis and Opportunity*, points out that talent acquisition is more difficult than ever before:

- Fewer U.S. students are earning degrees in accounting.
- The number of candidates taking the CPA Exam continues to shrink.
- The values of young adults are changing.
- The U.S. birth rate is dropping.

Talent retention is not any easier. As our research report, *CPA Talent Retention 2024: Keeping Your Best Performers*, notes, “There is no quick fix to improving

talent retention. Retaining talent isn’t as simple as paying a lot more and expecting a lot less from staff.”

Talent attraction and retention is also expensive. According to Thomson Reuters, the average cost to replace or hire an employee is about 50% of a given employee’s annual salary.¹ The Society for Human Resource Management (SHRM) reports that, depending upon the position, the cost of recruiting, hiring, and on-boarding a new employee can be “three to four times the position’s salary.”² That is why workforce transformation needs to be a *top priority* in more accounting firms, and new techniques and strategies need to be implemented now.

These challenges set the stage for the purpose of this research report, which is to provide new insights and recommendations to accounting firms around future staffing needs, the implications of technological advancements and automation, and innovative approaches to recruitment and career development for a sustainable future.

The Challenges Presented by Today's Models and Tomorrow's Predictions

As you will read below, 75% of accounting professionals believe their firms will need the same amount or more staff to meet client demand in the future. Simultaneously, more than half expect that their firms will be at least 20% smaller in the next five years. The math just doesn't add up.

With client and staffing needs changing, accounting firms must consider reengineering their organizations to ensure that talent management and workforce transformation efforts have a chance to succeed. Here's what we mean:

Talent Management: A system that helps an accounting firm find and hire, onboard, and retain a workforce to support business growth and a competitive edge. Performance management and succession planning may also be included in this system.

Workforce Transformation: The reshaping of an accounting firm's workforce by adapting skills, roles, and work environments to align with evolving business

needs, technologies, and expectations.

When it comes to making talent management and workforce transformation more effective, an overwhelming number of accounting firms must rethink the business models supporting these systems in their firms.

We asked accounting firm professionals nationwide how they saw their firm's staffing needs changing during the next five years (Figure 1). More than 75% of those surveyed indicated that their firms will need the same number or more staff with updated skills to meet the growing demand for niche expertise.

FIGURE 1:

How will your firm's workforce needs (staffing levels and skills) change in the next 5 years?

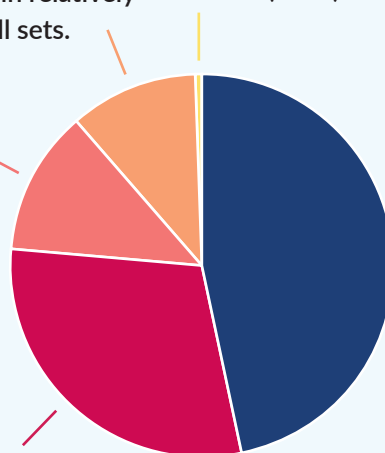
We expect our workforce needs to remain relatively unchanged in both staffing levels and skill sets. (10.7%)

We will need fewer staff as we focus on automation, process streamlining, or adopting new technologies to improve efficiency. (12.2%)

We will need the same number of staff, but with updated skills in areas such as data analytics, advisory services, or technology expertise. (29.8%)

Other (0.5%)

We will need more staff to meet growing demand for specialized services and niche expertise. (46.8%)

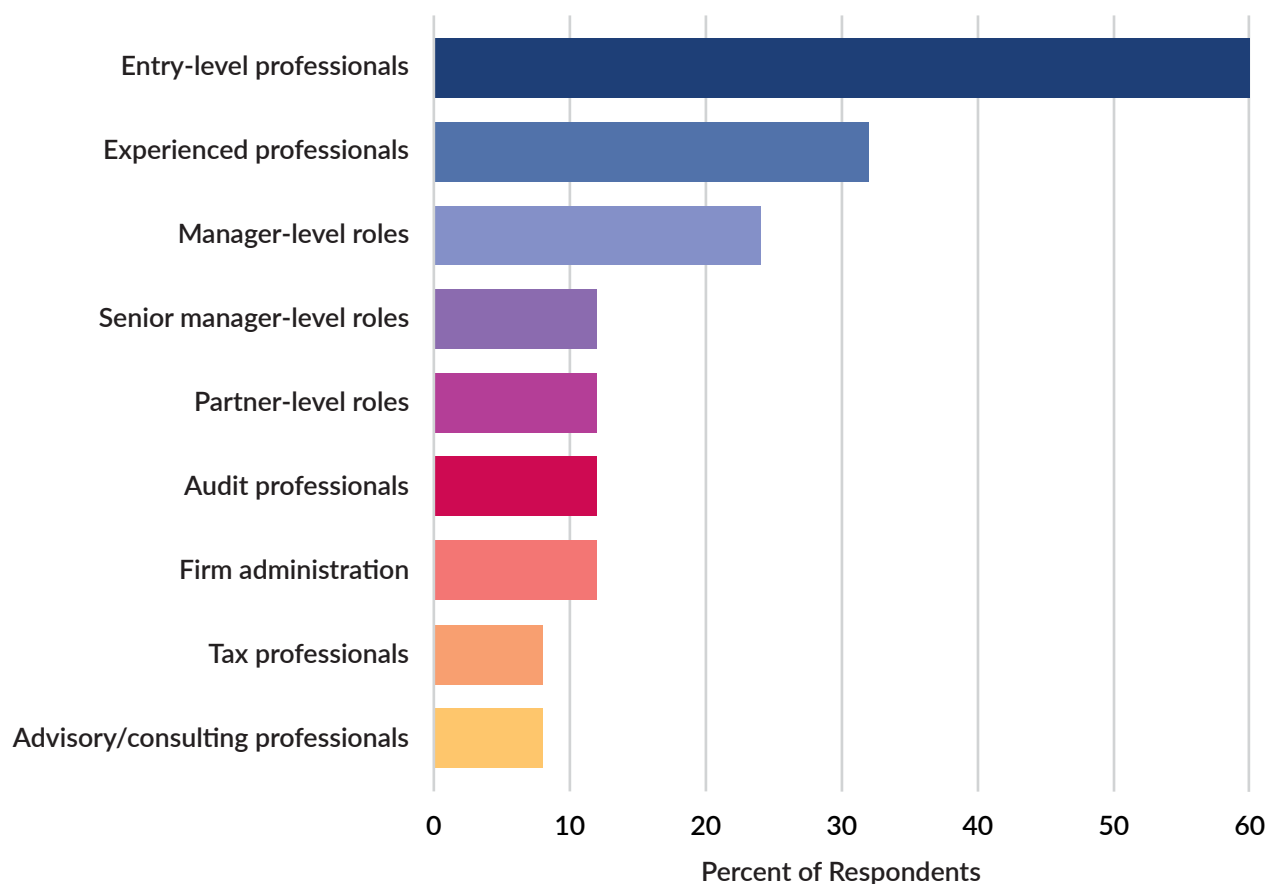


With an anticipated future focus on specialization, many of tomorrow's staffing requirements shift from expansion to efficiency and specialty. In fact, 60% of our survey respondents anticipate reductions due to automation, with entry-level roles being most at risk (Figure 2). Accounting firms need to start looking at talent acquisition, talent retention, and workforce transformation in terms of "What kind of skills do we

really need?" instead of "How many people do we need?"

Firms expect to need more senior- to partner-level professionals, especially in tax and advisory. These staffing shift changes from traditional skills to specialized skills and from expansion to efficiency are why accounting firms need to rethink how they are structured.

FIGURE 2:
Which roles do you anticipate needing fewer employees in the future?



Legacy Pyramid-Shaped Accounting Practice Structure Challenges

The pyramid-shaped practice structure (Figure 3) has made many accounting firms successful and profitable since the 1930s, but it is not a design for the current market changes and other future considerations. Yet, it remains the basis for most firms' current talent management and workforce development systems. Hiring large numbers of entry-level staff, teaching them skills through repetitive tasks, weeding out poor performers with excessive workloads, and delaying rewards until one survives their way to the top are all defining characteristics of the leveraged-pyramid model.

There are several problems today with the pyramid practice structure.

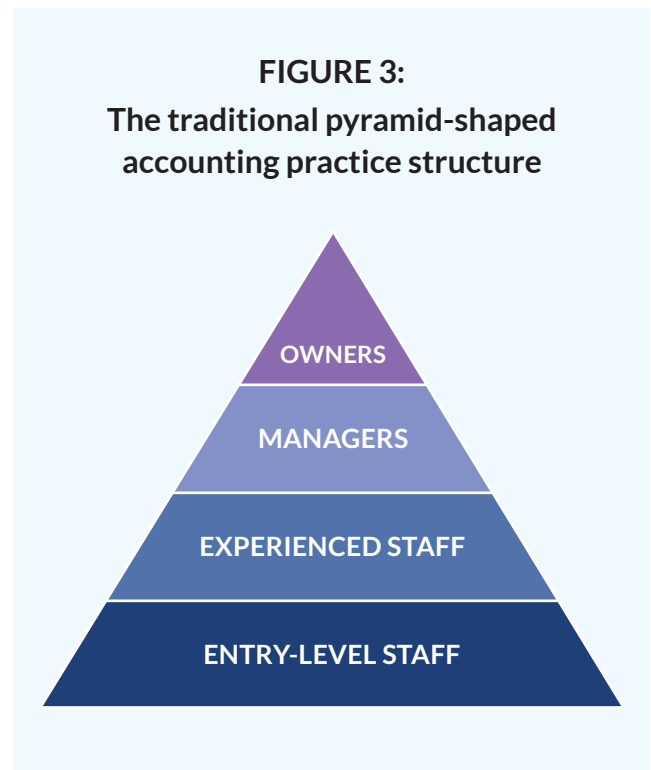
Challenge 1: Low Retention Design

The pyramid practice structure *was not designed to retain staff*. It actually does the opposite. Upward mobility is statistically difficult to attain.

According to *CFO Brew*, turnover at CPA firms averages 15% – making it one of the highest industry annual turnover rates.³ Resignation drivers such as long hours, an aging workforce, and competition from other industries will continue.

Firms have a lot of requirements for entry-level staff, but there is a lot less need for experienced staff. Firms eventually have a lot of entry-level professionals qualified to become experienced staff but only a few openings. It only gets more difficult as staff try to move from experienced staff to managers. For those who want to move from managers to owners, the wait could be 15 years or more – or maybe never. According to our research, “Almost two-thirds of respondents said that their company doesn’t offer them chances to climb the ladder.”⁴

There is an assumed (and intentional) high attrition rate built into this structure, in that many at each level decide for a variety of reasons to pursue career



opportunities at other firms, in corporate finance, or with another industry/profession. Our *CPA Talent Retention 2024: Keeping Your Best Performers* research reported, “About a third of workers feel that company management does not appreciate their contributions – so they feel that they are not empowered and productivity drops.”⁵ Many look for jobs elsewhere.

“Up or out” could be shortening your firm’s lifespan.



The pyramid practice structure was not designed to retain staff. It actually does the opposite.”

Challenge 2: Smaller Pipeline

The second problem is the bottom of the pyramid. In the past, college graduates would pay their dues working long hours at the bottom of the leverage structure for the potential of future success. This framework has been embraced by accounting firms for decades because lower-cost, entry-level staff had done most of the volume of traditional work. It makes up a high share of a firm's repeatable business. Currently, there are not enough qualified staff to maintain a bottom layer that is wide enough. Also, more and more clients are requesting or needing advisory and consulting services, and entry-level staff are not able to provide those specialized services without several years of experience.

Challenge 3: Generational Preferences

The bottom of the pyramid is filled with Gen Z employees, those born after 1997. We learned a lot about Gen Z during the Great Resignation movement of 2021 and 2022. Their mindset is dramatically different than previous generations (Baby Boomers, Generation X, and Millennials).

According to McKinsey & Company, Gen Zers are:

- Generally more pragmatic, with both complicated idealism and worries for the future.
- Less positive on their outlooks of life, with lower levels of emotional and social well-being than older generations.
- More interested in belonging to an inclusive, supportive community.
- More politically and socially active, advocating for what they believe on social media.⁶

Gen Zers are looking for meaning and emotional connection. If they cannot find these connections in their work, it won't take much for them to decide to move on. In fact, according to *Forbes*, the Great

Resignation has returned and "the talent exodus of 2025 is coming."⁷ ResumeTemplates.com agrees, pointing out the following:

- 56% of workers are already looking for a new job or plan to start soon.
- 1 in 3 job seekers will quit, even if they don't have another job lined up.
- 8 in 10 are confident they will find a new role.⁸

The pyramid framework applied to the scarcity and demand for quality talent, the ever-growing need for advisory and consulting skills and expertise, and the Gen Z view of the world will render talent management and workforce transformation strategies ineffective—innovative or not. Accounting firms must first transform their practice structure before focusing on talent management and workforce development.

Challenge 4: Technology

Advances in technology, especially with automation and artificial intelligence, could obliterate the work being done by the bottom of the pyramid.

This impact is beginning to be seen in accounting firms across the country as manual and time-consuming data entry and reconciliation tasks, once assigned to entry-level staff, are being automated. Firms are already seeing great benefits from this transfer, such as faster and more accurate data processing. In fact, according to Deloitte, 94% of finance professionals believe automation in accounting has improved the accuracy of their financial data.⁹ Improved data accuracy allows senior staff to make better decisions, comply with regulatory requirements, and organize audits more efficiently.

With cloud computing, accounting firms are less reliant on entry-level staff for data access and analysis. Staff at all levels, with a connection to the internet, can access information at any time, from anywhere, using



More than 52% of respondents anticipate a decrease of 20% or more in roles at their firms in the next five years.”

any device. Sagenext reports that the cloud will be the location of 82% of accounting data in the near future.¹⁰

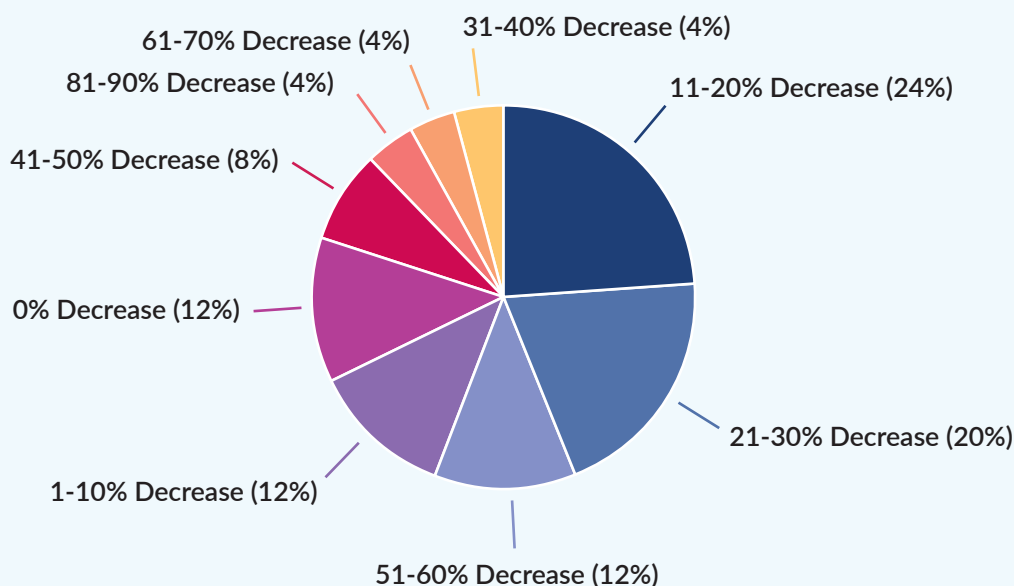
Technology will redefine the role of the entry-level accountant, not necessarily replace it. According to Capgemini, employees believe that generative AI will facilitate a third (32%) of entry-level tasks over the next 12 months – six in 10 managers and most employees (71%) expect entry-level roles across functions to evolve from creation to reviewing generative AI outputs over the next three years.¹¹

The Pyramid Prognosis

We asked survey participants to estimate the percentage decrease of positions they anticipate at their firms over the next five years. As Figure 4 shows, more than 52% of respondents anticipate a decrease of 20% or more in the next five years. Figure 4 shows the strategic impact that many accounting professionals believe the drastic staffing decrease will have on employees over the next few years.

If this forecast comes true, accounting firms that do not transition from the pyramid structure are not going to be able to keep up with the numbers that they need at the bottom of the pyramid or retain the specialized skills that they need further up the pyramid. The existing pyramid structure will drastically limit talent retention, growth, and ability to compete. A wider pipeline of talent, even if that was possible, wouldn't cure these deficiencies.

FIGURE 4:
Estimated decrease of positions at firms over the next five years



An Inverted Pentagon-Shaped Accounting Practice Structure

What is it and what are the talent implications associated with it?

An inverted pentagon framework, unlike the pyramid, is skinnier at the bottom layer with fewer entry-level employees, wider in the middle layers for experienced staff and managers and highly-compensated nonequity consultants, advisers, and experts. The top layer is expanded a bit to allow for broader ownership and evolving practice structures.

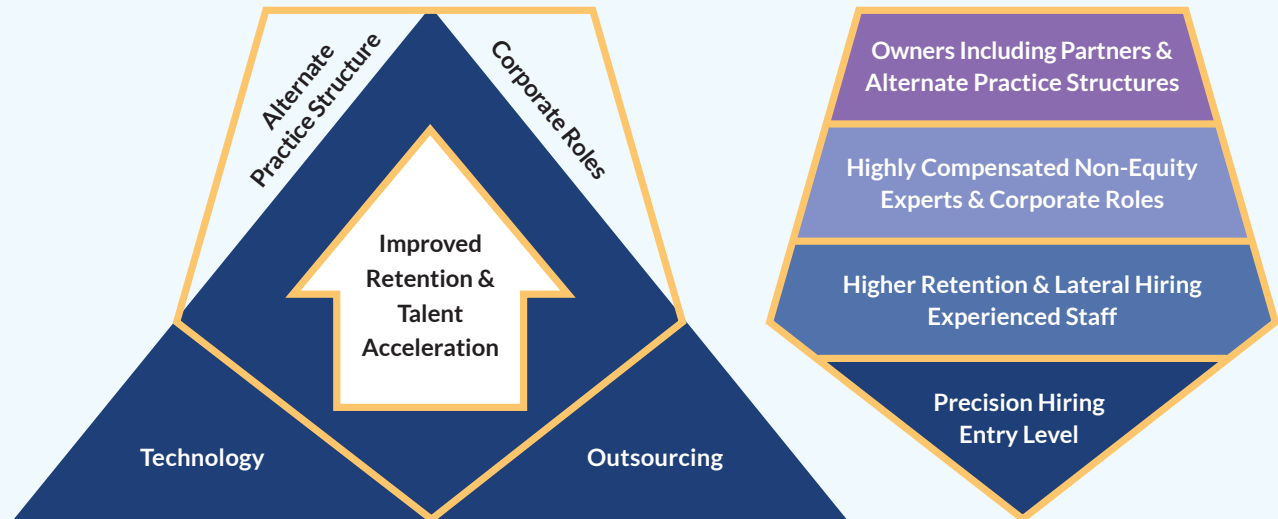
As Figure 5 shows, the inverted pentagon-shaped accounting practice structure is designed to accelerate people to high-value work quicker so accounting firms can expand by providing more specialized skills and expertise. It is also designed to retain the best performers. The inverted pentagon structure is

purpose-built to accommodate the ongoing technological advances and implications as well as a talent deficit and its impact.

Of course, entry-level staff are still needed, albeit fewer of them. Many of the tedious or repetitive tasks once assigned to entry-level staff are handled by technology (automation and artificial intelligence) or outsourced. This approach frees up entry-level staff to be trained in specialized areas, such as shown in Figure 6, and more quickly apply their new skills. This enables them to stay engaged with clients and move to the next pentagon layer faster.

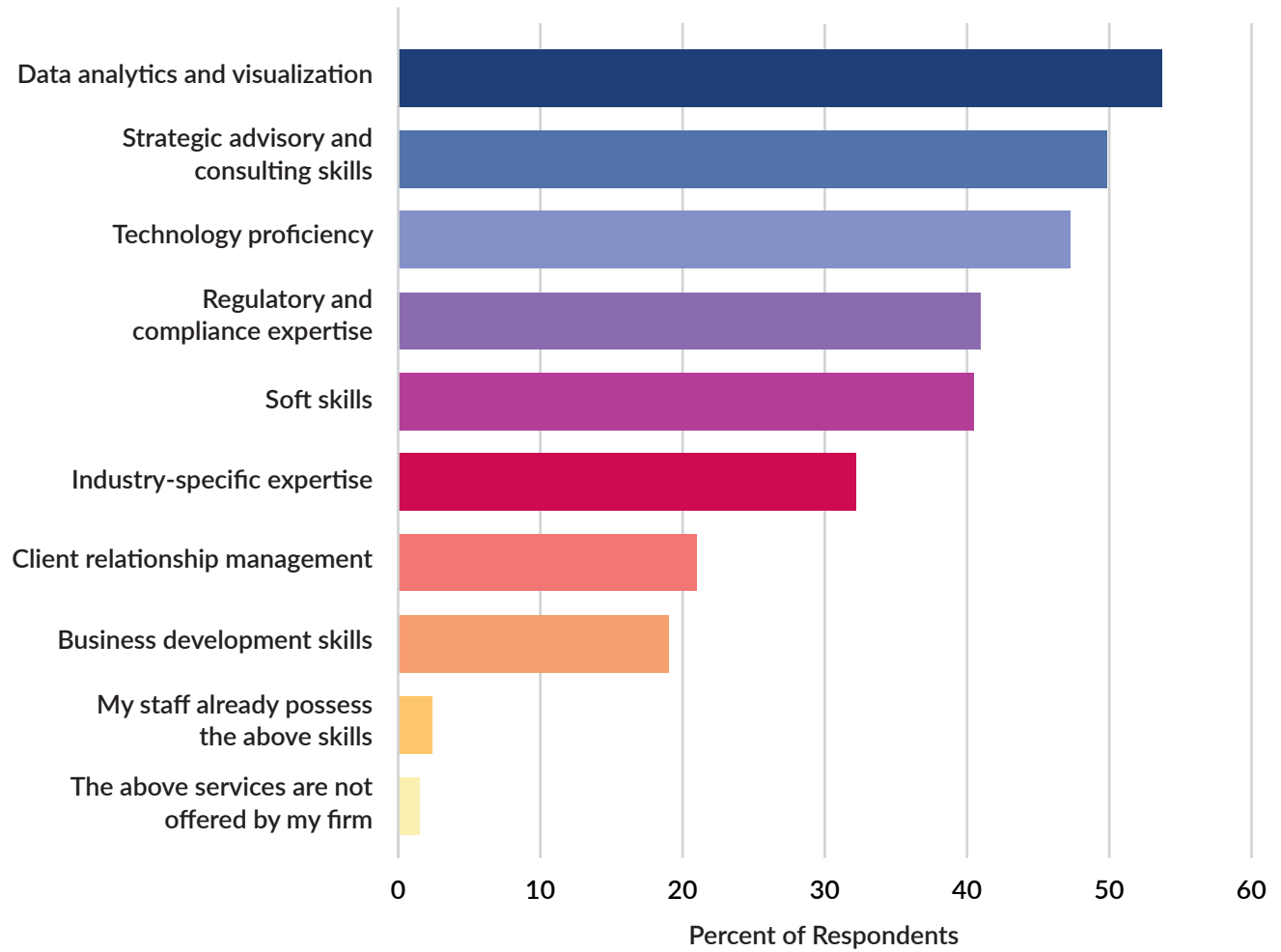
FIGURE 5:

The evolving inverted pentagon accounting practice structure



The inverted pentagon-shaped accounting practice structure is really designed to accelerate people to high-value work quicker so that accounting firms can expand by providing more specialized skills and expertise.”

FIGURE 6:
Types of skills most critical for entry-level staff to develop



A key difference between the pyramid and pentagon frameworks when it comes to talent retention lies in its focus on specialized skills. The pentagon structure has wider middle layers specifically designed to acquire and retain technologists, corporate finance experts, business developers, consultants, client success managers, as well as lateral hires from other firms. These layers do not exist in the pyramid framework and requires recruiting people who already have expertise from professions other than accounting. The pentagon framework also relies on more senior staff delivering the client work. The fastest growing firms are often the ones that do not provide every service but provide some services exceptionally well.

As Figure 7 shows, the anticipated top 5 emerging roles require specialized expertise and skills in technology, data, and advisory.

Technology is the best place to leverage work using the pentagon framework and must be the first place that everyone in the firm turns to get work done. As Figure 8 shows, implementing technology solutions to streamline operations and improve service delivery at 49.8% has been the most successful strategy for workforce transformation. Across the profession, there is a broad spectrum of outsourcing adoption. Many firms have been outsourcing all types of accounting through offshoring, near-shoring, or partnerships. Others have refused, fearing poor quality, client revolt, or other concerns. But we believe that outsourcing lower-value tasks to outside providers will become more popular and will be an effective way to retain the best performers by enabling them to do more of the work they enjoy.

FIGURE 7: **Survey Results: The Top 5 Emerging Roles**

1 Technology and AI Integration

- Roles related to artificial intelligence, such as AI specialists, data analysts, and software migration specialists
- Cybersecurity roles protecting firm data and building client trust

2 Data-Driven Roles

- Data analysts and professionals, proficient in data management and visualization, to handle increasing complexity in financial processes

3 Human Resources and Management

- Enhanced HR management roles for talent acquisition and retention
- Managers and supervisors to oversee advanced workflows enabled by technology

4 Client-Focused Roles

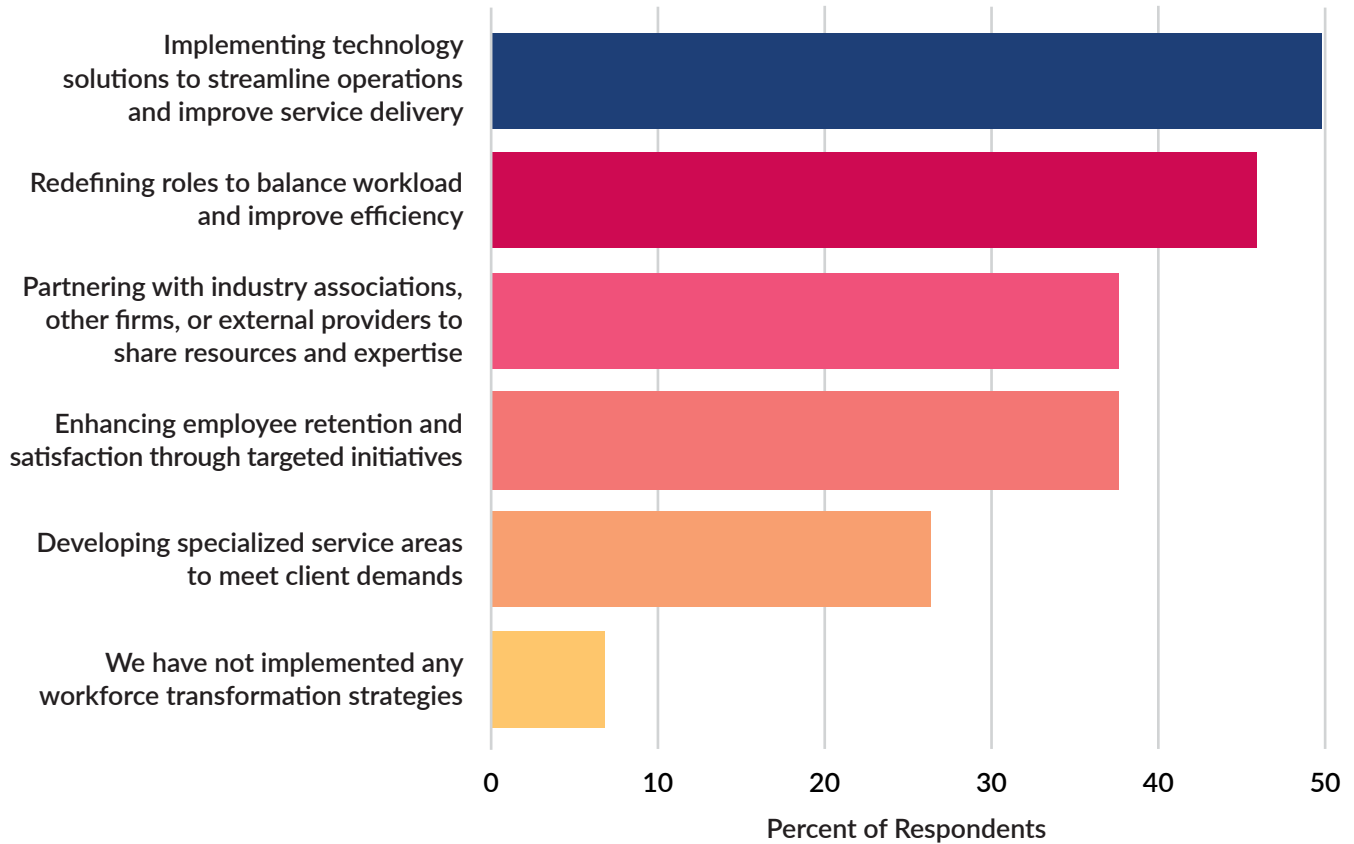
- Expansion of advisory services, client experience, and nonprofit accounting roles

5 Traditional Roles with a Twist

- Roles such as staff accountants, tax accountants, and auditors combined with technological expertise

FIGURE 8:

Most successful workforce transformation strategies



The fastest growing firms are often the ones that do not provide every service but provide some services exceptionally well.”

Bringing the Pentagon-Shaped Firm to Life: The 6 Ps of Business Model Transformation

The case for change is strong, but success won't come without intentional effort and investment. We have identified six areas where firms can invest to drive meaningful change. We call them the 6 Ps.

Precision Hiring

If a firm is going to drastically reduce its hiring, it needs to be certain that those they do hire are exceptionally strong candidates who fit well with the firm. Firms need to conduct more critical assessments of candidate competencies – not necessarily technical accounting skills, but the ability to learn, technological aptitude, curiosity, adaptability, emotional intelligence, problem solving, critical thinking. These might be more important success factors than legacy measures. Smaller onboarding classes should also equate to higher starting salaries, which will enable forward-looking firms to attract higher caliber talent.

Proactive Retention

In a previous report, *CPA Talent Retention 2024: Keeping Your Best Performers*, we discussed the need for firms to invest in proactive retention efforts to retain the “whole person.” Successful talent retention can no longer be achieved with a “one size fits all” approach. Firms must personalize each professional's reason to stay. In developing a whole-person retention strategy, your firm should consider the support needs of each professional from a variety of different perspectives. Some of these perspectives include:

- Financial
- Emotional
- Physical
- Social

When employees feel appreciated and valued for their efforts, they will not only stay with your firm, but they will also become brand ambassadors.

Some whole-person retention options your firm may want to consider include the following:

- Clear paths to promotion or equity
- 401(k) matching
- Stock options/profit sharing
- Student loan repayment
- Technology reimbursement
- Restaurant or hotel gift cards
- Paid family and parental leave
- Childcare reimbursement
- Eldercare reimbursement
- Mental health workshops/counseling
- Mental health days
- Four-day or shortened work week
- Gym or fitness class membership
- Paid volunteer days
- Art/music/theater/sports pass
- Bring your pet to work day

Practical Technology Implementation

The *2024 CPA Firm Tech Report: Expert Guidance on Where to Go Next* calls out the need for firms to invest in technology that enables efficiency; maximizes performance, productivity, and security; stands the test of time; and embraces agility and remains adaptable.

It is very important for accounting firms to consider both the upfront costs and long-term implications of software selection, including implementation, customization, training, maintenance, and support. Be sure to evaluate the total cost of ownership (TCO) and return on investment (ROI) of each option to ensure alignment with budgetary constraints and business objectives. As Byron Patrick, CPA, CITP, notes in the *2024 CPA Firm Tech Report*, “I have encountered this scenario many times; a solution seems perfect on the

surface, but upon implementation it falls short because the firm did not fully grasp the scope of the challenge or existing processes. Vetting and understanding the full scope of the problem, and ensuring the solution addresses it comprehensively, is paramount to success.”¹²

Pricing Expertise

Two major economic issues present themselves in the pentagon model:

- It's expensive to invest in technology and retention.
- When firms bill on an hourly model it disincentivizes transformation.

To overcome both and grow profitability, firms need to perfect new pricing models based on value and outcomes delivered. The profession has discussed the need to shift to value-based pricing for many years, but its adoption is limited. One report, *The State of Pennsylvania Accounting Firms in 2023*, said that 78% of small firms and 66% of midsize firms use some non-traditional pricing practices. However, most of that is applied to compliance-based practice areas, especially simple tax engagements.

We would advocate for a much more sophisticated approach than simply setting a flat fee for 1040s. Firms need to invest in data collection and analysis, market research, and courageous client curation to build our pricing expertise which ensures the highest margins and return on staff time and technology investments.

All of the 6 P's are important, but *Pricing Expertise* is fundamentally critical to ensure that a firm can afford to do the rest. Time and materials billing simply won't provide the profit needed to invest in talent and technology required to make the pentagon practice structure work.

Practice Area Expansion or Focus

Compliance services will continue to face pressure, including decreasing margins, competition from low-cost alternatives, and disruption by technology. It is not inconceivable that accounting and auditing compliance services will be just as disintermediated by technology as tax compliance was. The profession has special protections in those areas, but automation without business model change could materially stress profitability. It is imperative, therefore, that firms continuously evaluate the opportunity to strategically invest in new advisory practice areas or consider practice optimization by going deeper into a niche. This broad/narrow consideration will be firm-specific and should be regularly discussed and experimented with to ensure the talent has opportunities to learn and grow along with the firm.

People Acceleration

Perhaps the defining challenge facing the profession and firms in the future is the ability to accelerate entry-level professionals to deliver value-added services. Without quick progress, staff will fail to advance and the firm will fail to add to the critical higher layers of the pentagon – a death sentence. We'll spend the rest of this report focused on best practices for making this happen.

Top Priority: Accelerating Specialized Skills Acquisition

The “value creation” layers (comprised of the highly compensated, nonequity experts and experienced staff and managers) are the heart of the pentagon accounting practice framework. There are four processes that all accounting firms should be using to drive the success of these layers within the pentagon:

- Hiring select entry-level staff and training them in various specialized services quickly to move them up to the middle layer.
- Hiring lateral positions from other firms.
- Hiring nonaccounting professionals who already have a depth of expertise in technology, business development, client success, etc.
- Hiring nonaccounting professionals who have expertise and experience in a specific client industry.

Since your firm will have invested a significant amount of time, money, and resources into developing its valuable wider middle layers, it will want to apply

talent management and workforce transformation strategies – as well as training and development programs – to retain and engage these high-performing assets of the firm. But there can be a few challenges to providing specialized skills faster.

Challenges to Developing the Wider Middle Layers

As Figure 9 shows, currently more than half of all accounting firms (53%) surveyed have done very little when it comes to workforce transformation.

Digging deeper, as Figure 10 shows, there are several reasons why workforce transformation initiatives have not progressed further. The top two are insufficient staffing to allocate time for transformation efforts (47.3%) and financial constraints for training or technology (43.4%).

FIGURE 9:

Has your firm made an effort toward workforce transformation initiatives?

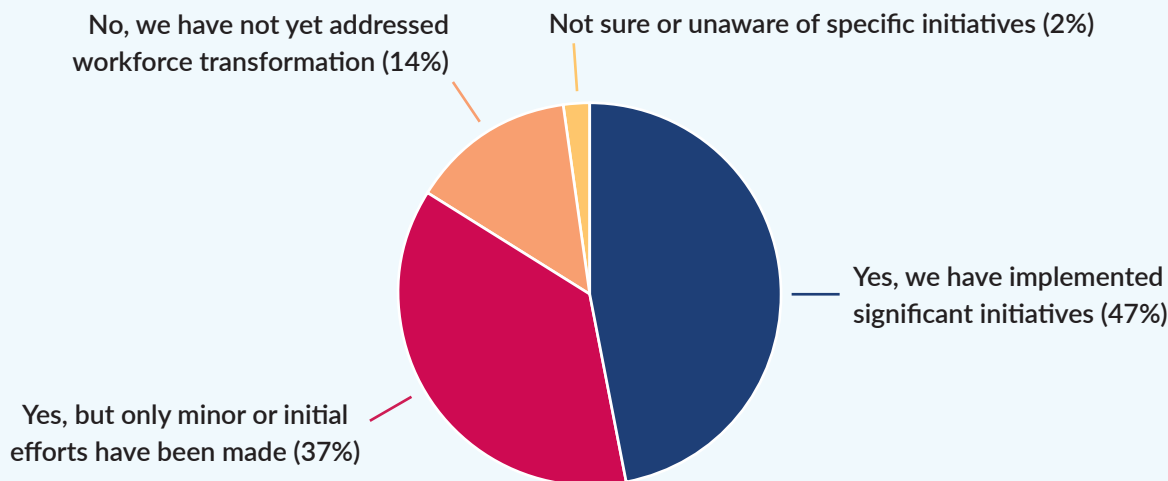
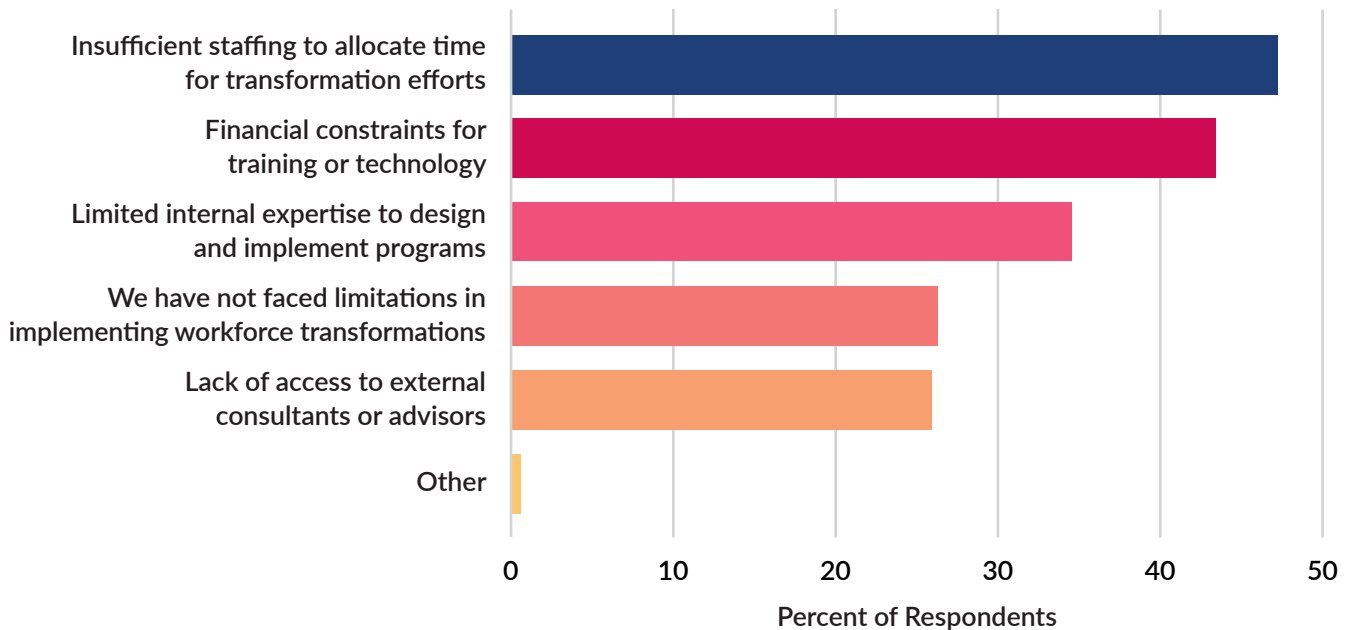


FIGURE 10:
Limitations to implementing workforce transformation initiatives

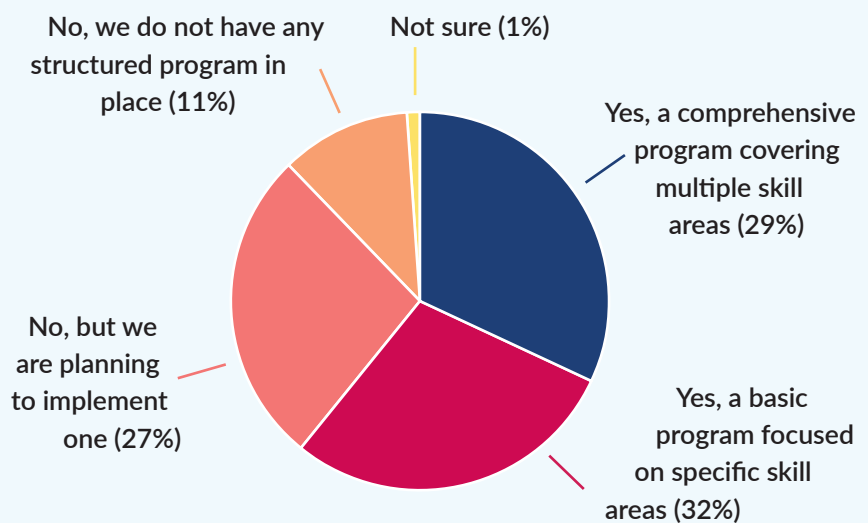


In addition to not having workforce transformation initiatives, a large majority of surveyed accounting firms (71%) also have only a basic structured training and development program or no program at all. (Figure 11)



A large majority of surveyed accounting firms (71%) also have only a basic structured training and development program or no program at all.”

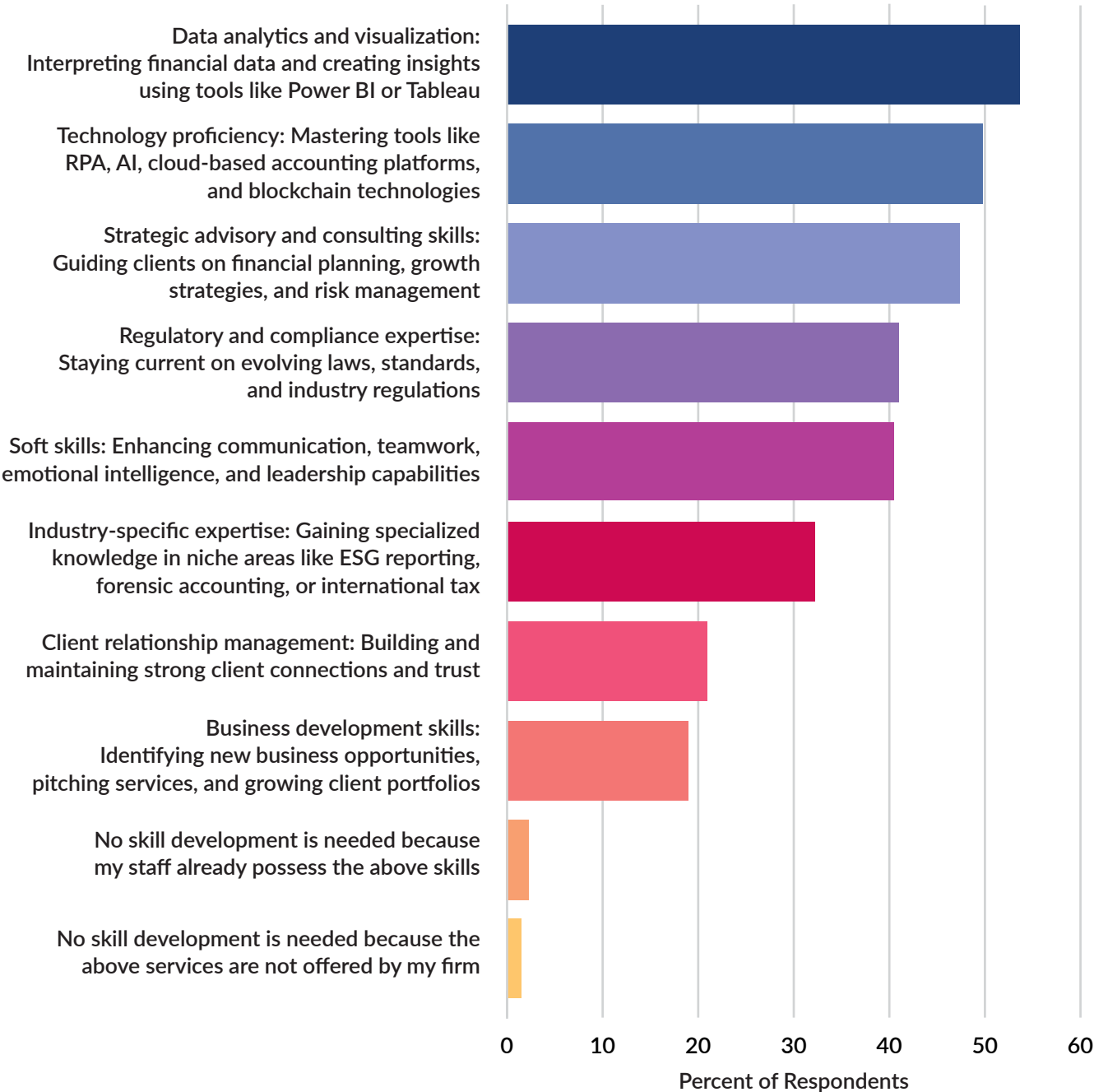
FIGURE 11:
Structured training and development program



As we reported in Figure 6 earlier in the report (repeated as Figure 12 below), accounting firms have

already begun to expect their entry-level staff to develop specialized skills.

FIGURE 12:
The types of skills most critical for entry-level accounting staff to develop

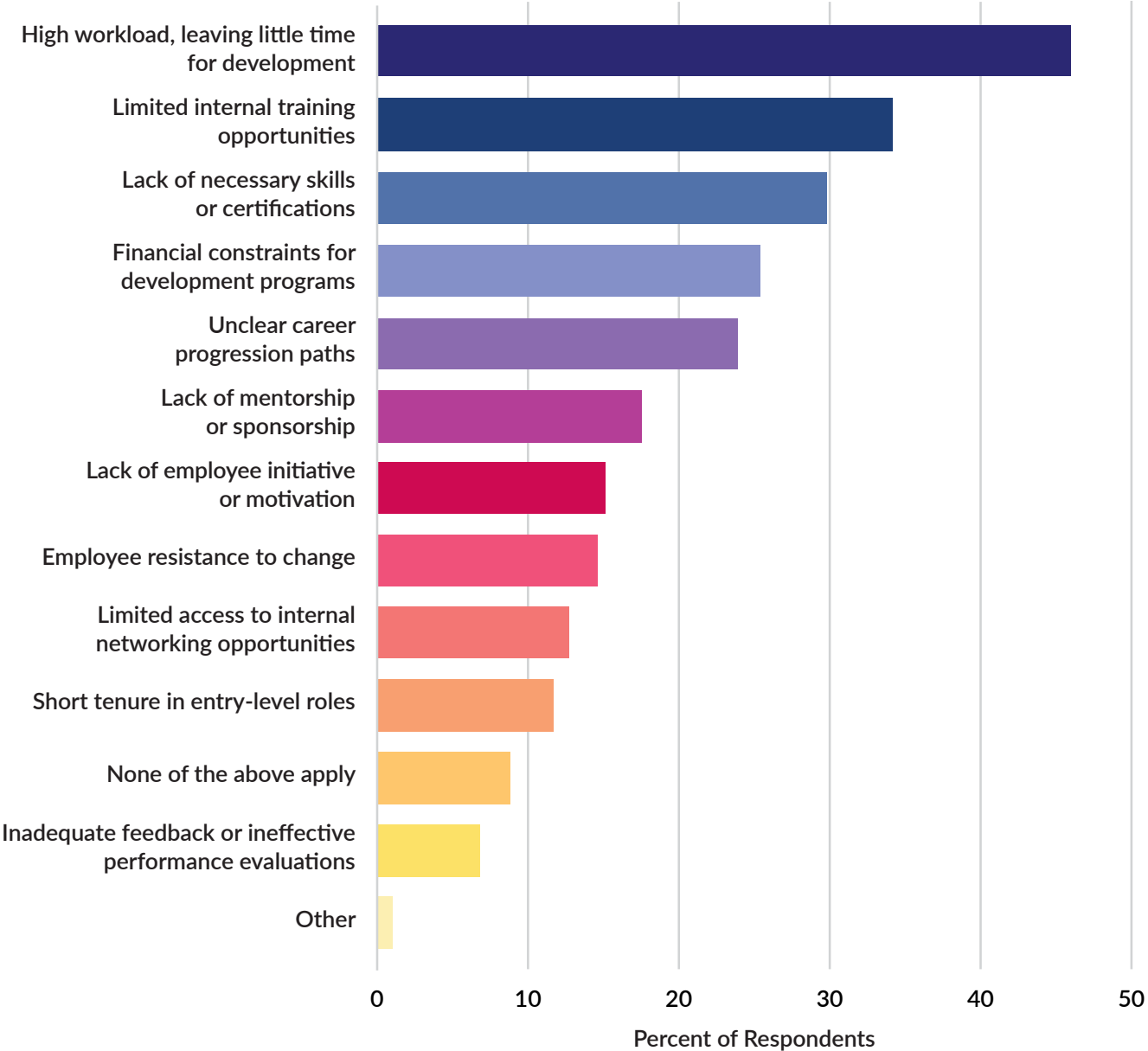


With the pyramid framework, it is extremely difficult to train entry-level staff and move them quickly to higher-value work and roles. As seen in Figure 13, there are many barriers preventing entry-level employees from progressing to higher value roles.

The primary barrier is a high workload leaving little time for development (46%). Another top barrier is limited internal training opportunities (34%). All these barriers keep entry-level staff from acquiring specialized skills and experience.

FIGURE 13:

Primary barriers preventing entry-level employees from progressing into higher-value roles



The barriers to advancing mid-level employees are similar to the entry-level barriers, with “High workload, leaving little time for development,” “Financial constraints for development programs,” and “Limited internal training opportunities” all being in the top 5 barriers on both charts. (Figure 14) This is another reason why the pentagon practice framework should be considered. It changes some priorities and possibly frees up time to overcome these common barriers.

Expected skills for experienced staff and managers differ from the skills entry-level staff are expected to develop (Figure 15). While there is a focus on technology, soft skills such as communications, problem-solving, and leadership are just as important.

While it appears that most accounting firms want to their entry-level and mid-level employees to acquire and use specialized skills, most accounting firms do not have effective training and development programs or talent management and workforce transformation initiatives in place under their pyramid structure. In fact, according to our research, only 6% of accountants surveyed said that their advisory training methods were highly effective (Figure 16). There is plenty of room for improvement. Now may be the time to assess your practice framework, training and development programs, and talent management and workforce transformation initiatives to ensure that your firm has a process for acquiring, cultivating, leveraging, and keeping a strong pool of specialized skills and expertise in the near future.

FIGURE 14:
The most significant barriers to advancing mid-level firm employees

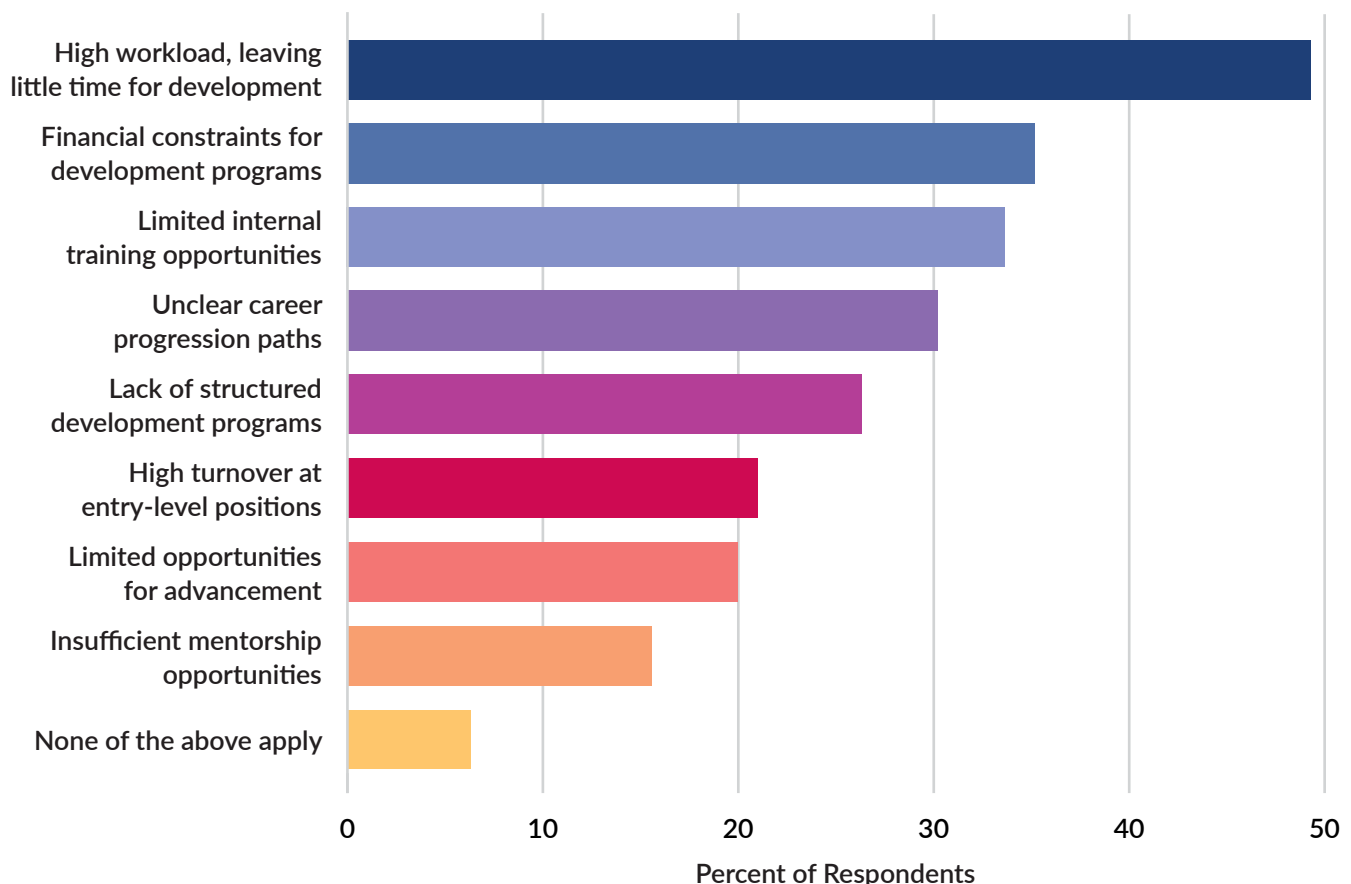
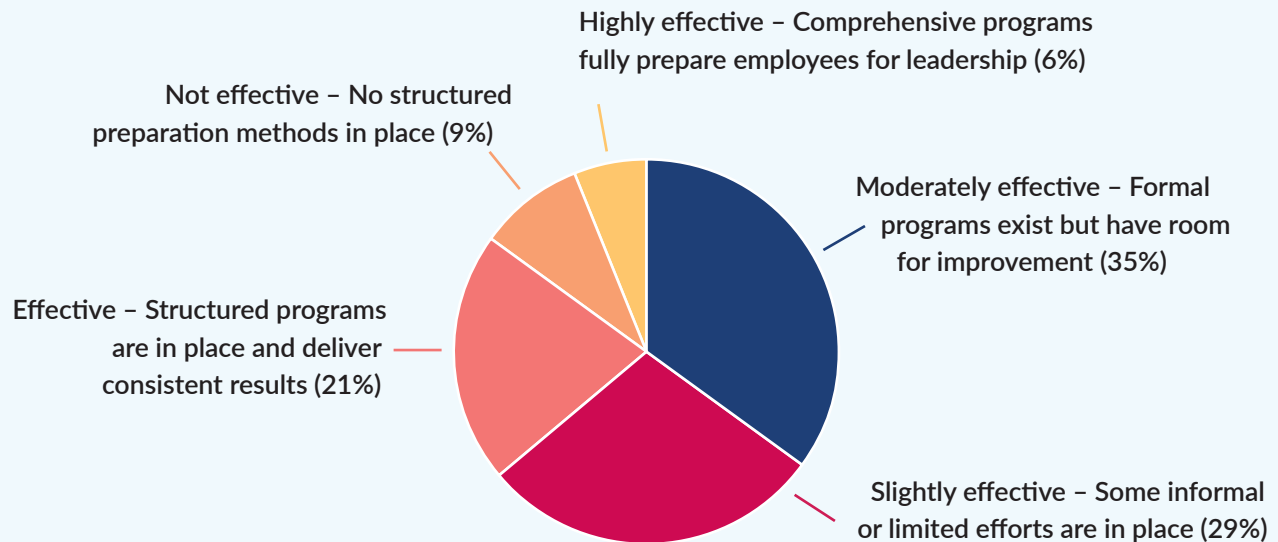


FIGURE 15:
Top 6 desired skills or qualities for mid-level staff

- 1 Technical and Accounting Expertise**
 - Proficiency in accounting software, financial reporting, and bookkeeping
 - Knowledge of tax laws, audit processes, and state/federal statutes
 - Advanced skills in data analytics, AI technologies, and automation tools
- 2 Communication and Interpersonal Skills**
 - Strong communication abilities, including client-facing skills and internal team collaboration
 - Soft skills, such as adaptability, leadership, and teamwork
- 3 Education and Professional Certifications**
 - CPA certification and bachelor's or master's degrees in accounting or finance
- 4 Analytical and Problem-Solving Abilities**
 - At least 2-5 years of relevant experience in the industry
 - Critical thinking, attention to detail, and organizational skills
 - Ability to analyze complex data and provide strategic insights
- 5 Leadership and Management Capacity**
 - Skills in mentorship, team management, and project leadership
 - The ability to oversee operations while fostering team growth
- 6 Technology and Adaptability**
 - Familiarity with emerging technologies, especially AI, automation, and e-commerce workflows
 - Ability to adapt to rapidly changing tools and processes

FIGURE 16:
Effectiveness of programs to prepare employees for advisory or leadership roles



“Only 6% of surveyed accountants said that their advisory training methods were highly effective.”

Knowledge Transfer and Professional Development Accelerators

Knowledge transfer and professional development best practices dictate that accounting firms should develop personalized plans for each employee, considering goals, skills, and knowledge gaps and how that employee learns the best.

Our research shows that there are plenty of opportunities for accounting firms to increase investment and improve outcomes when it comes to training and development. Only 6% of the accountants surveyed felt that their programs or initiatives were highly effective.

Technology and Training

Technology is becoming a force multiplier for accounting firms to help with expertise constraints, knowledge transfer, and professional development. As Thomson Reuters notes, “By integrating AI-powered tools and software, accounting firms can significantly enhance their research efficiency and overall productivity.”¹³

Here are a few ways technology is improving the technology landscape:

- Cloud-based learning: As mentioned earlier in the *Challenge 4: Technology* section, training now can be more accessible. With cloud-based learning, staff can access courses anytime, from anywhere, with any internet-connected device. This new freedom also gives accounting firms access to a wider range of talent.
- Customized personal learning: AI technology enables training modules to be tailored to the employee’s needs and skill gaps.
- Virtual reality (VR) sessions: Technology can improve interest, engagement, and skills development with simulated real-world accounting experiences.
- Collaborative forums: Employees can discuss new concepts and reach out to their peers.
- AI tutors: Employees can get guidance and questions answered from available tutors.

Job Rotation Programs

With apprenticeship programs in decline, job rotation programs are a great way to experience various aspects of a firm. Job rotation has been adopted by leading organizations in every major industry and provide a variety of benefits. Most job rotation programs run between two weeks and two years. The participant literally moves from one department to another for certain time increments.

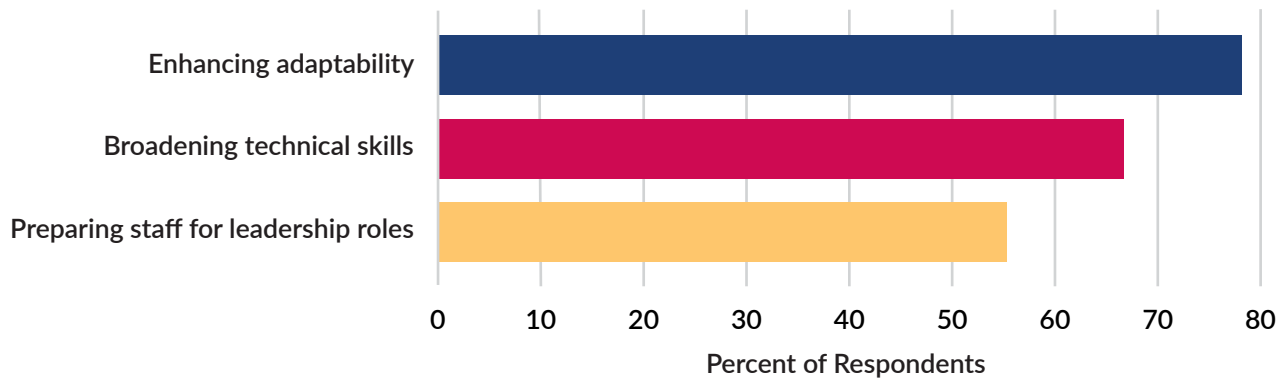
Figure 17 shows the benefits that our surveyed accountants identified from their job rotation programs, but there are so many other benefits that make job rotation intriguing. The knowledge transfer and professional development accelerator...

- Broaden and improve employees’ skills as they are exposed to different functions of the firm.
- Give staff a stronger understanding of how the firm operates.
- Gets workers excited and engaged.
- Can help identify areas of career interest and goals.
- Can reduce stress and fatigue.
- Helps employees meet different coworkers and build networks.
- Improves teamwork skills and communications.

As Figure 18 shows, our research found that 44% of accounting firms do not use job rotation programs. There is a great knowledge transfer opportunity being missed here, even if the rotations occur over only a few days.

We have observed firms who have used rotational programs to great effect in the audit practice, in particular. By deconstructing the audit and assigning its parts to various teams rather than assigning teams by client, professionals grow deep skills in certain elements of the audit. They also build efficiencies and deploy technology more effectively. In these cases, entry-level staff rotate through the specialized teams

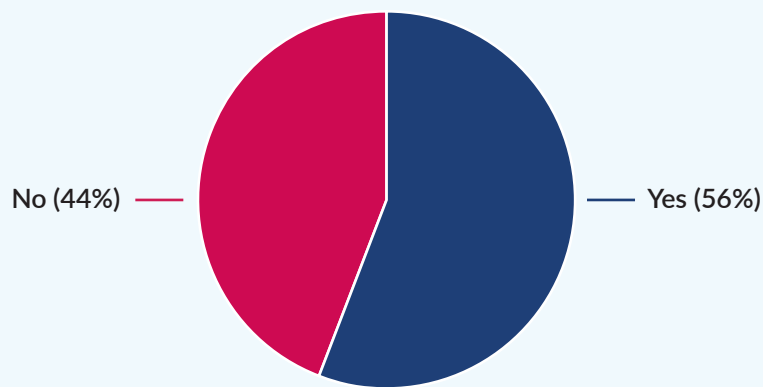
FIGURE 17:
Primary benefit of rotational assignments for development



to get a broad understanding, then they choose or are assigned to a team based on aptitude or firm need. These arrangements speed up the previous practice of years spent working engagements from end-to-end only to learn the details or unique situations presented

by a few clients. Rotation could also position a new professional to provide expert value to clients in one specific area of their systems or controls earlier in their career.

FIGURE 18:
Does your firm use rotational assignments to expose staff to different service areas (e.g., audit, tax, advisory)?



Mentorship

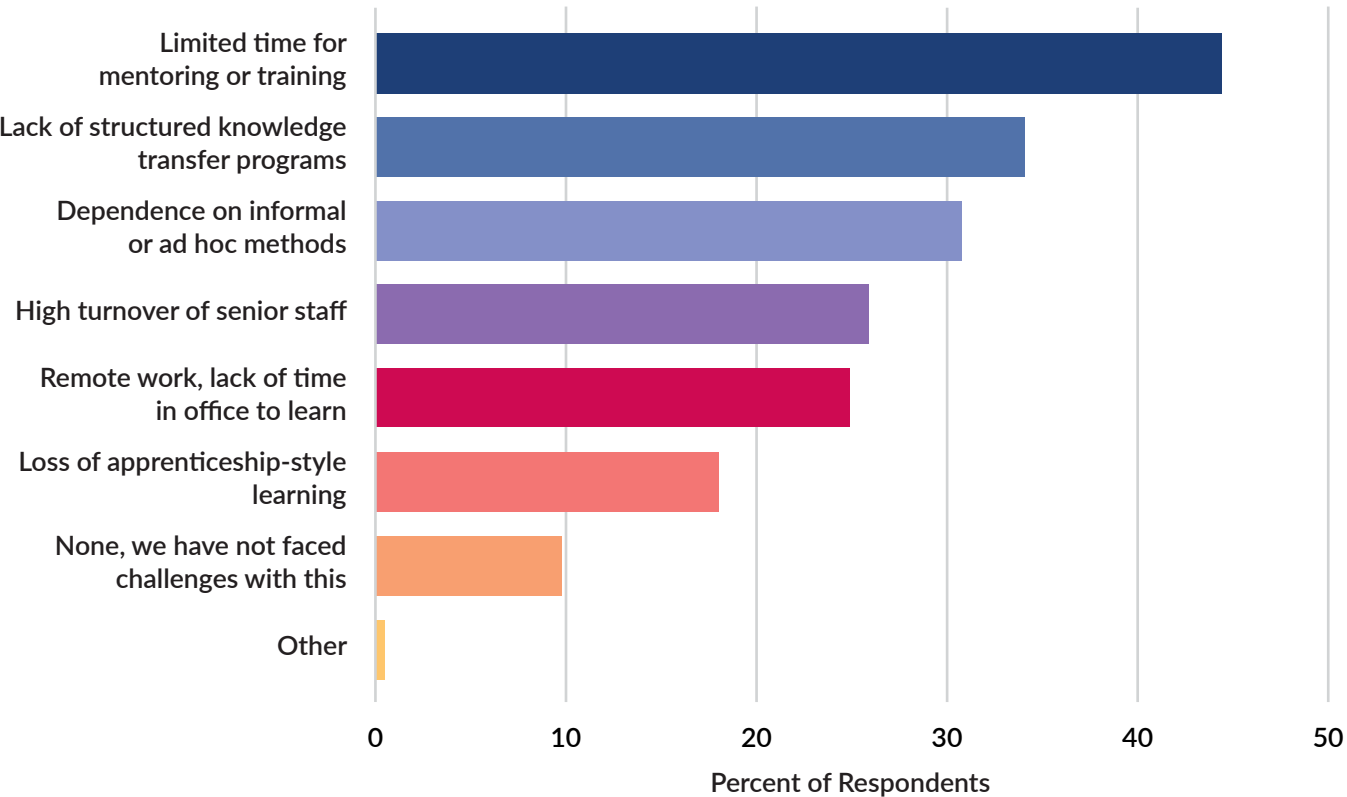
It is unfortunate that more accounting firms' knowledge transfer programs do not include formal mentorship. In our research, we found only 33% of those surveyed use mentorship or sponsorship programs for knowledge transfer. As Figure 19 shows, 25% of those surveyed indicate that one of the major challenges in transferring knowledge from senior staff to entry-level or mid-level staff was high turnover among senior staff. Over the next five to 10 years, thousands of accounting firm owners and senior managers will be walking out the door to retire, taking all that valuable knowledge with them. Eighteen percent cited a loss of apprenticeship-style learning as a main challenge. That seemingly makes the

need for mentorships even greater. As with job rotation programs, mentorship programs offer numerous benefits to both employer and employee:

- Increases employee productivity and engagement through one-on-one assistance.
- Improves employee retention because employees feel valued, supported, and loyal.
- Fosters a culture of ongoing learning and collaboration.
- Accelerates skills development through personalized coaching.
- Boosts firm profitability through increased productivity.

FIGURE 19:

Challenges transferring knowledge from senior staff to lower-level staff



When we asked accountants to rank the strategies for accelerating entry-level employees into higher-value roles based on their effectiveness, formal mentorship

or sponsorship programs came out on top. Figure 20 provides a ranking of knowledge transfer effectiveness.

FIGURE 20:
The top 5 strategies for accelerating entry-level employees into higher-value roles based on their effectiveness (1 = Most effective)



Insights and Best Practices from Other Industries

Three examples of how other industries accelerate staff to higher-value work

Manufacturing

ORGANIZATION: Siemens

PROFILE: Siemens is a global technology giant that has more than 300,000 employees in more than 190 countries. It focuses on intelligent infrastructure for buildings and distributed energy systems, mobility, and automation and digitalization in the process and manufacturing industries.

CHALLENGE: Competing in a rapidly evolving manufacturing landscape with ever-emerging technologies, Siemens needed to adapt a portion of its workforce to new work requirements or let them go.

STRATEGY: Leveraging artificial intelligence and automation, Siemens created tailored development paths for three different groups of employees (a total of 550 individuals), taking into consideration their comfort and competency with robotics, data analytics, and digital systems. Two-year development paths included case studies, quizzes, tests, small group exercises, collaborative forums, and a rotational job program.

RESULTS: Over several years, 20% of the employees were reskilled and another 52% were upskilled. This initiative not only minimized job losses, but it also raised the value of their experienced employees.

APPLICATION: Mid-sized to larger accounting firms can build scaled-back versions of Siemens technology-based training programs to help accelerate entry-level staff's knowledge transfer of specialized information. Some benefits include increased productivity and efficiency and enhanced client engagement.

Health Care

ORGANIZATION: Cleveland Clinic

PROFILE: Founded in 1921, the Cleveland Clinic is a nonprofit academic medical center that provides hospital care, research, education, outpatient facilities, family health centers, and a cancer center. Its medical breakthroughs include coronary artery bypass surgery and the first face transplant in the United States.

CHALLENGE: The Cleveland Clinic was looking for an effective way to attract and retain top talent.

STRATEGY: It leveraged Employee Experience (EX) Design principles and technology to create meaningful, interactive, and personalized experiences, from recruitment and onboarding to career development and workplace environment. EX Design leveraged artificial intelligence, automation, multimedia, and collaborative forums to integrate policies, processes, people, and politeness. Core principles include empathy, personalization, and transparency.

Through EX Design, the Cleveland Clinic offered remote work options and flexible schedules, ongoing training and development opportunities, and regular employee feedback.

RESULTS: The Cleveland Clinic saw a 25% reduction in turnover rates and a 15% increase in productivity.

APPLICATION: Accounting firms can use Cleveland Clinic's EX Design example to create a similar technology-driven Employee Experience that integrates automation with personalization to address key milestones during onboarding, career development, and client engagement. Automation and personalization of core tasks not only increases efficiency but also reduces mistakes and enhances retention.

Technology

ORGANIZATION: Adobe

PROFILE: Based in San Jose, Calif., Adobe is a computer software company that offers a wide range of programs from web design tools, photo manipulation and vector creation, to video/audio editing, mobile app development, print layout, and animation software.

CHALLENGE: Adobe wanted to address a lack of diversity in its leadership pipeline, particularly with the sales team.

STRATEGY: It created the leadership development program, Leadership Circles, to help high-performing and high-potential women leaders within Adobe reach their full potential. The year-long program is mentorship, part on-the-job training, part shadowing, and part real-life application. It includes leadership development, dedicated career coaching, small group peer support, personalized guidance, and a personal board of directors. Senior leadership recommends suitable female candidates below the director level. The Leadership Circles program also has an active alumni community so participants can stay connected and continue their journey of personal growth.

RESULTS: More than 35% of program participants have been promoted to director-level positions at Adobe.

APPLICATION: Accounting firms can set up rotational jobs similar to Leadership Circles, with the flexibility to redefine the target participants. Maybe your firm operates it with entry-level staff candidates or MBA candidates. Your firm can also redefine the length of the program: most run from two weeks to two months. A prime benefit of this type of program is that participating employees are more engaged, focused, loyal, and team-oriented.

Conclusion: Recommendations for Next Steps

While the pyramid practice framework has helped accounting firms grow and be profitable for nearly a century, the employee numbers needed for this structure may not be there moving forward. Our research has shown that too many professional and firm variables have emerged over time, changing the rules of the game. Fewer entry-level candidates make it almost impossible to fill the bottom layer within the pyramid structure. Clients want and need more access to advisory, consulting, and specialized services, and if your firm cannot provide them, they will go somewhere else. Even if you can get a fair share of qualified candidates, Gen Zers are not going to wait years for a chance to move up the pyramid. They are going to have an impact on your culture, talent management, and future roles now. If your firm cannot provide them with what they want on various levels (and it is not just more money), they will leave. Many are already predicting another Great Resignation exodus occurring in 2025.

Here are 6 steps that you should begin taking today to prepare for what could be ahead tomorrow.

- 1. Consider transforming your practice framework from a pyramid to a pentagon.** Remember, the pyramid framework was not designed for talent retention. In fact, it was designed to filter out those who are unwilling to wait years for a possible chance to move up.
- 2. If you embrace the pentagon framework, start by strengthening your value creators.** Don't just recruit

entry-level staff and hope that they will eventually acquire specialized skills and expertise. To build a pool of specialized skills to help your firm...

- Hire lateral positions from other firms.
- Hire nonaccounting professionals who already have a depth of expertise in technology, business development, client success, etc.
- Hire nonaccounting professionals who have expertise and experience in a specific client industry.

3. Enhance knowledge transfer firmwide

- Formalize mentorship, rotational assignments, and knowledge-sharing initiatives to mitigate the decline of apprenticeship models.

4. Leverage technology strategically

- Balance automation with opportunities for skills-building to ensure well-rounded professionals.

5. Adopt nontraditional recruitment

- Explore lateral hiring and skills-based roles to fill talent gaps and retain employees longer.

6. Hire a consultant to help your firm with this process.

- There is a lot going on when it comes to business model transformation, talent management, and workforce transformation initiatives. If you need to, bring on a consulting expert to help your firm with the planning and identify risks that you may not be seeing or considering.

Five Key Performance Indicators to Help Your Firm Get Started Measuring Training and Development Effectiveness

1

Participation Rate — With this indicator, you just want to see what percentage of employees participated in the training compared to the total number of employees who were eligible to participate.

2

Completion Rate — Here you want to measure the percentage of participants who completed the training compared to the total number of participants who began the training.

3

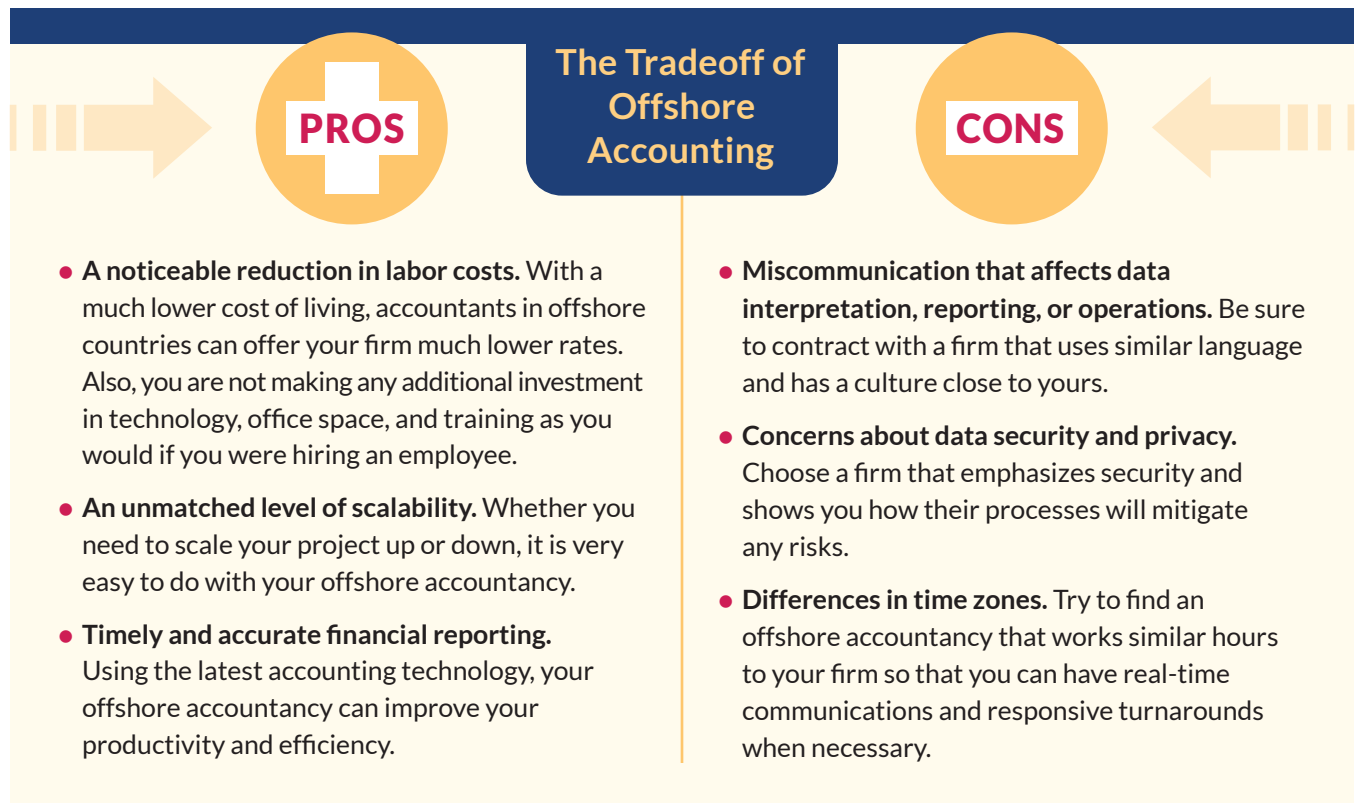
Participant Satisfaction Rate — This data is normally collected through a post-training evaluation form. Be sure to include a section for open responses.

4

Internal Mobility Rate — This is an interesting rate. How many employees learned new skills and were able to change firm departments within a certain time period?

5

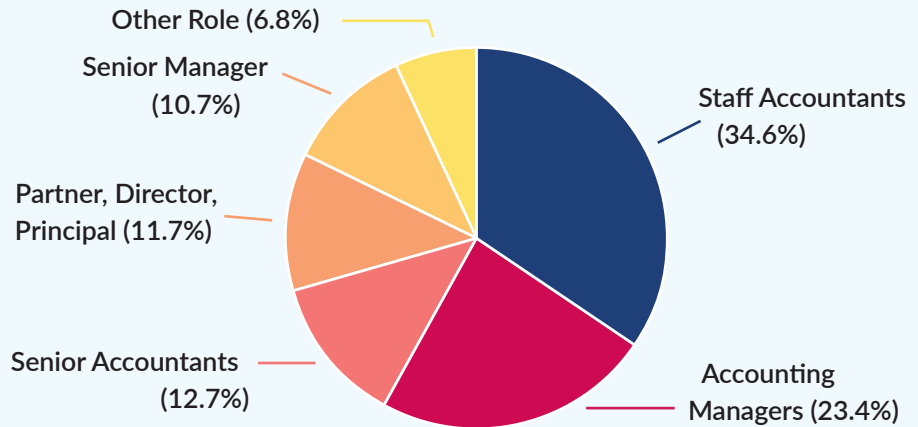
Employee Retention Rate — This rate shows the number of employees who participated in the training and are still at your firm. Learning new skills is a key factor in a successful talent management strategy.



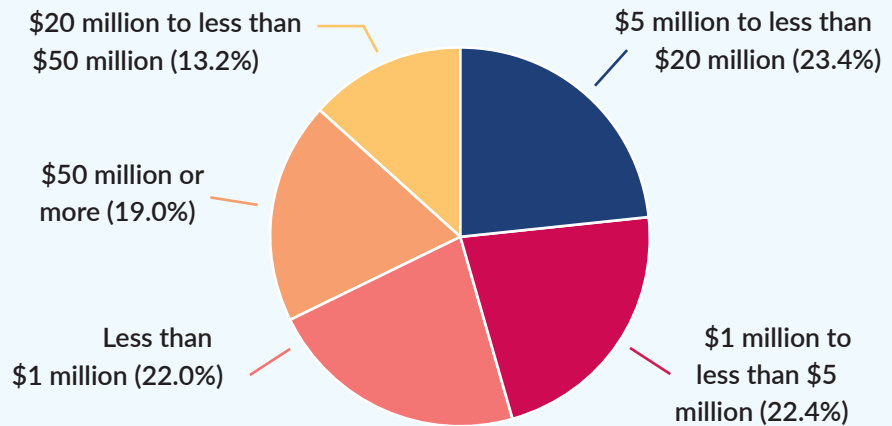
About the Research

The The Indiana CPA Society (INCPAS) and CPA Crossings surveyed 205 full-time professionals working in public accounting firms. There was representation from every level, from staff accountant to partner, at firms in 31 states.

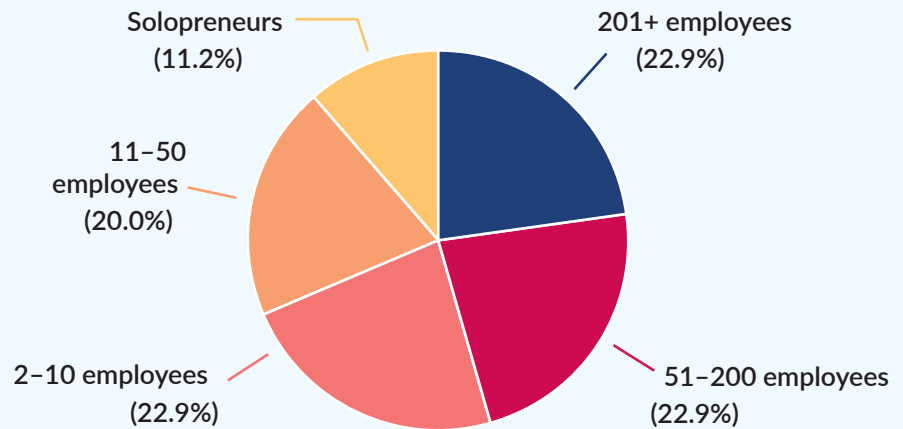
ROLE OF SURVEY RESPONDENT



ANNUAL REVENUE OF SURVEY RESPONDENT'S FIRM



NUMBER OF EMPLOYEES AT SURVEY RESPONDENT'S FIRM



Endnotes

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About INCPA

The Indiana CPA Society (INCPAS) is a statewide professional association representing nearly 6,000 current and aspiring CPAs and related professionals who are transforming business in Indiana. We are dedicated to serving the public interest as



well as our members, advocating for the profession through education, public awareness, government relations, and the promotion of high ethical standards. Our programs and services are designed to meet the diverse needs of our membership.

About CPA Crossings

The CPA Crossings Research Program provides comprehensive research with data and analysis on the hottest topics trending in the accounting profession. We create the research instruments, conduct the data collection, analyze the results, and produce reports or presentations of findings. Some research is based on national data; other research includes specific state data. We can also help with the launch of your research by providing webinar presenters and support, infographics, blogs, social media videos, and more.

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