

## Improve is no Joke Episode 006: Steve Sacks

Peter: I am so excited today to have on my podcast Steve Sacks. Steve and I met in Las Vegas at a CCH conference and he was one of the attendees in my “Leveraging Your Leadership Using Improvisation.” And we had such a spirited conversation, after that I actually visited Steve in New York. And I want to keep this dialogue going that we’ve had. So, first and foremost welcome to the podcast Steve. I greatly appreciate you taking time out of your busy schedule to spend some time with me in this conversation.

Steve: It’s my pleasure Peter. Thank you for inviting me to join you.

Peter: You’re more than welcome, and I’m so looking forward to this conversation and the nuggets we can pull out from your wisdom and experiences over the years. But I guess a great starting point is, tell my audience a little bit about yourself, about your background.

Steve: Well, I’m a CPA by training and experience. I had several years in public accounting with midsized firms and a large firm, but I was always more of a right brain thinker, the antithetical CPA. So, I was never enamored by numbers and wanted to know what generated those numbers, why they are different. Giving a financial statement to a client three months after the fact and just signing off on it was no value add for me. So, I got into consulting early on before I joined the AICPA. And when I was with the AICPA I was involved in a number of initiatives that I’m proud to say still exist very strongly today. One is leading the developing of the ABV credential and starting business valuation litigation services and conferences back in the early 1990’s. I was also involved in writing the first set of consulting services standards and helped develop the framework for the second one, which was focused on business valuation. I developed award winning newsletters. We had a member section for those who wanted to pay an extra stipend to be a part of consulting services, a membership section where they would get various communication on materials and conferences and things of this nature. Again, keeping the mindset of the right brain aspect, from there I had my own consulting practice which did not involve accounting but involved communications and marketing communications—any form of external communications, press releases position papers, speeches that I had written for a number of people, newsletters that I had written for a state society. And then, after that I was part of this organization called Global Alliance, comprising eight Top 100 firms that decided they got too big for their own association, so they decided to come together. And we formed that and then we went searching for another organization that already had international growth rather than going to all four corners of the globe. So, we formed from the Global Alliance which was the name of the organization in merging with Moore Stevens North America. I was at the helm of that organization for eleven years which then takes us to the present day where I have now revived my company, Solutions to Results, whose tagline is, “When Identifying problems just isn’t enough.” Why I look at it like that is because every time, whether I was putting conferences together or using consultants on a personal basis, professional basis, it’s always easy to find the problem. Then you write them the check and nothing is changed. So, I say that you must go from problem identification to determining and uncovering solutions and not stop there. Because what usually happens when using Consultant A, and Consultant A takes you to the next point and then you have to hire Consultant B who will take you to the next point. But you really don’t have a one stop shop. So, that’s what I’m looking to create—a differentiation between other consultants out there. Whether I do this solely, or I do this as a strategic partner for other organizations that need to uncover and provide the solutions—and most important to implement those solutions. We don’t want to wash our hands and say, “Here’s my proposal. Give me my check and have a nice day,” then stick the report up on the shelf. As you are well aware, this is what happens often.

Peter: That is awesome. I love that concept, but I want to back up just a moment. I knew there was another reason why I liked you so much, because we share a lot of the same qualities. We're both right brain people living in a left brain world. And I call myself **the accidental captain** because I can't pronounce the antithetical CPA. It's way above my pay grade and there's too many syllables. But I love the fact that we did meet and we both have that commonality of communication of the profession. I can tell by your voice that it's a profession that you love, that you've grown up with. But you've found a different way to help the profession move forward with your work with Moore Stevens, at the AICPA, the right brain side of your personality, how it's morphed itself into. And I love the tagline, "Identifying problems is not enough." You've nailed it. It's not enough, even providing solutions, but there's always something. It's an ongoing fluid process.

Steve: I agree, and the thing is, when you only get a slice of the pie from one consultant, then have to go to another consultant and another consultant, what it does is it muddies the market place. And you don't have any points of distinction. Why should I go with Consultant A versus Consultant B versus Consultant C? And then we rely too much on consultant speak and all the fancy lingo. So, if I say something to a client and that client, he or she is completely befuddled, then it means I'm doing my job. I haven't said anything worth a darn but I sound intelligent. One of the things that I find to be a contradiction, is here we are relying on technology these days. Yes I get it, it's to make the work day more efficient. But what about the next generation that's coming out, you know, the digital natives? What they're doing is exercising their thumbs and not looking someone straight in the eye and speaking. Accounting profession is, you would agree with me, is a relationship building profession.

Peter: Right.

Steve: So, we shouldn't devote so much time to the technology which then will displace people, create hire unemployment. There's got to be a way to use technology to make us a little more humane and a little bit more right brained. And I don't mean to say that everybody needs to be a citizen journalist, you know, to think that they could opine on anything with a hundred and forty characters. But truly to listen, you know? I heard this a long time ago when I was little, "Steve, you have two ears and one mouth so you might as well be listening twice as much as talking." And the listening part is very important. And I think with consulting—going back to our focus of consulting—don't ask the question and then use the time that the other person is responding to think about the next question. Was that question that you asked relevant? Are you trying to get to the end game? Have you come prepared? Do you know what the client really wants? And we're not talking about a one size fits all. Again, it has to do with relationship, it has to do with communications, it has to do with looking at things not myopically but with a wide angle view.

Peter: I can't agree with you anymore. You hit it right on the nail. That's my message that I've been trying to promote through my book, through this podcast. I believe in technology and I believe that technology has a place, but email is not the only form of communication. Email does not build relationships. Eye to eye contact, grip and grin, call it old school, I just call it a tactic. When I can look somebody in the eye and meet them I almost immediately can determine if I have some trust with this person or not have trust for this person. You get a lot of organic information from body language and stuff that tells you a lot about what you're not seeing or hearing. And as it relates to listening, and Steve has read my book, and actually I met him in New York in December—he and his colleague. And I was really blown away because in the conference room he had my book open, he had it marked, he had it dog-eared, he had tabs in there and underlines. And this whole thing with improvisation is the ability to

listen, to understand, hear what the client is saying, and then be able to adapt to what their needs are, not what our agenda is.

Steve: Exactly. And that's why, when you're trying to make points of distinction that you want that prospective client to walk away and say, "You know Peter or Steve really cared and wants to be a partner." We use the technical term of art in the profession but we should say partnering for someone's success. I want to be a partner with my client's success and I can only do that by listening and asking questions. There was an article that appeared in the *New York Times* a few weeks ago that was in the business section. I think it was titled something like, "Talk less and ask why more," because you start to understand and put things together. Because if you're always talking, you're not going to be able to read between the lines, and your point about body language is well taken. You know, attorneys hire body language coaches when they're doing preemptory challenges for witnesses in the course of developing a jury for a case. It's very, very important. There are books out on body language: "How to appear more open and friendly and approachable" versus "You don't cross your arms because it means stay away. I'm offensive. Prove to me what you're saying is right." Email is fine for quick hits but even then email is abusive. Number one, you don't want to deal with somebody's issues so you give them a quick response back. So, it's ping pong. OK. Now the ball is in that other person's court. So, I just wiped my hands of it, but no you didn't. All you've done is defer a problem that's going to fester more and more. And since I'm a words person, tone has a lot to do with it.

Peter: Exactly.

Steve: Don't call me something nasty, write it down, and then give a smiley emoji. There's something a little paradoxical about that.

Peter: That's right. Any time I find myself in an email ping pong contest, I immediately pick up the phone and have a phone conversation because confusion—it's so easy to create confusion through that. As well as I can gather the tone from your voice, I can gather the tone from your body language, but I can't gather the tone through an email, through Twitter, through posting on my Facebook page or anything like that. And you said this early in the conversation that we as CPAs are in the relationship building business. We provide services. But I love asking audiences this question: "What business are you in?" And CPAs go, "Oh, I'm in accounting. Oh, tax." Oh, no. You're in the people business first and foremost. Without people, you have no employees, without people you have no clients. So, the better that we can develop our people to be relationship builders, that's how we build businesses, that's how we grow careers, through the ability to build these types of relationships.

Steve: I agree. And your presentation that I and my colleague sat through in Vegas was one of the most enjoyable, especially since we participated in some of the physical exercises which was really out of my comfort zone. She pushed me to do it. And you went up to the first guy in the row in front of me and said, "Pick somebody." And he turned around and picked somebody, and he turned around, and it gets to the row in front of me. And I'm saying, "Please don't pick me. Please don't pick me." He picks me. And then my colleague is laughing, and I go, "I pick you." So, anyway that was really fun. I remember you asked, "What business are we in?" And people were sort of flummoxed at the question a little bit—taxes, auditors—but it is building relationships that lead to success. Now here's the \$64,000 question. You and I are around the same age, give or take. Back in the day, when we entered public accounting, it was the new staff person never went out with the partner to meet a client, to see what goes on behind the scenes. That was forbidden.

Peter: Right.

Steve: Now some of the firms are seeing that it makes sense to bring the younger people in so they understand how to comport themselves in a meeting, how to listen, to look at the body language, to listen to the questions the partner is asking, how he or she is asking questions, how the client is reacting. You've gotta be able to bring up the next generation sooner rather than later—and if the profession doesn't realize that sooner rather than later, it's gonna shoot itself in the foot. And there are gonna be people that just get their CPA and disappear into the night, going into the private sector or doing other things. It's so important that you allow the younger people to have an intellectual investment in the firm, that you bring them to the client, you show them, you introduce them because the client has to have a level of comfort. And that's not to leave out the fact that you also want your firm to be representative of the demographics that your client base is a part of.

Peter: That's a very good point and actually in the May addition of *Accounting Today*, I had an article published, "It's Time to Get Out from Behind Your Desk," which really talks about a lot of what you just said. And you're right, you never took first or second year staff out. We need to provide them with more than just technical skills. If we take it from a firm perspective, the first five years, they're being shoved with a tremendous amount of technical knowledge—which we need to be technically sound—but then we put them in a role of a manager. And now we're telling them we have to develop people, they have to develop business, but they don't have the skillset or haven't been able to develop that skillset. And basically we've done what Peter Drucker coined as the Peter Principle—we've promoted them to the level of incompetence. And a lot of times they'll leave. Or those who have that right brain aspect of it will service and continue to grow. But we need to invest in our people earlier with what they call soft skills, which they may sound soft but really they're hard, and they're really hard for a lot of people to master. And I think the quicker we as a profession do that, the better off we will be in the long run.

Steve: I agree. Even something simple as how you comport yourself at a business meeting, at dinner meeting, knowing the right fork to use, knowing where to put the napkin on the chair if you're coming back or to let the waiter know if your meal is over. These kids came from frat houses and now they're in the real world. In our day, or at least in my day, the bestselling book was *Dress for Success*. Now, there's a wide school of thought around how CPAs should dress. Some firms, now because of Gen Y's, are replacing their dress code. They can wear jeans all through the week, except of course if they're meeting with a client. They're looking to sort of silicon valleyize the firms. You know how all the startups of the late 90's and 2000's—not that the magic pointer is going down the hallway on a razor scooter—but you know just to relax the environment because you're at multi generation work places now. You have the sixty year old and the twenty-five year old. And the twenty-five year old is trying to sell the idea of business development using Twitter or Facebook, and the sixty year old is from the old school of face to face and professionalism and ethics and all the tenants of the profession that we grew up knowing. You have a disconnect there. So, firms are going to have to find a way for the twenty-five year old and the sixty year old to meet in the middle. And that, I think, is going to be a very key factor particularly in the next nine or ten years. 75% of the existing firm leadership is going to be retired, so how is that going to impact the way business is done? Is it now going to be new generations are dealing with new generational clients, and it will be different than the way you and I did it, or the way our predecessors did it? I don't know. But I do know one thing, and that is if firms want to retain a legacy and long term viability they cannot say to a candidate, "You know what Peter, in twelve or thirteen years we'll make you partner." They'll say that on campus recruiting. No, I'm sorry that doesn't cut the mustard anymore. They're gonna look at you like you have three heads. That's why firms are now saying we need to build leaders sooner, faster, more effectively give them all the arrows in the quiver that they need, so by the

time they're twenty-eight or twenty-nine that wasn't a mountain to overcome. That was, you know five or six or seven years rather than thirteen years. So that's going to be another sea change that we're going to see in the profession. And maybe the next generation will determine how to build leaders faster than the current firm leadership. What is your thinking on that?

Peter: I couldn't agree with you more. As you were describing this, I went to another aspect of current leadership with firms needing to change: succession planning. And I've talked to—in my audiences—people in firms who are at the manager level. And I ask them, "Do you want to make partner?" And 75% of the time it's, "No because I see the way the partnership is run." And I had one gentleman say that a partner put a file on his desk and said, "I want you to handle this transaction this way." And he looked at him and said, "No. I think I've got a better way for it." And I credit the partner. According to this story, he said, "OK. Tell me what you would do." And he told him. And he said, "You know what, that's a better idea." So, the manager, I guess, got a little cocky and said, "If this was my firm I'd run it differently." And the partner said, "OK, tell me how you would do it." And he said, "I wouldn't have ten partners. I'd have twenty. I would spread the work out, spread the wealth out so we won't burn ourselves out and kill ourselves. And we need to become more creative and think outside the box." He then went on to explain that they have a monthly creative meeting where they're trying to come up with new ideas. They're trying to build that succession plan internally versus, I think a lot of firm succession planning is being bought, and being gobbled up. When I think about this, I try to acquaint a lot of stuff to improve. I think firms have to be able to adapt a lot quicker in today's day and age than they ever had in the past. And listening and hearing the client, hearing the associate, and truly parking their agenda for a moment and trying to live in the other person's reality, will give them a better feedback. And what are the needs and wants of my client, my internal client that I want to build a relationship with? Because I want them to become partner, or I want them to become CFO as well as my external client as well. And I think that that's a big challenge out there. But I believe that we can master it once we accept it. And I'll just take one additional step: most CPAs have never read the AICPA twenty, twenty-five horizon projects on the core competencies that are needed in this profession. And I'm not going to tell the audience all of them. I would highly suggest that they go and download it and read it. But it didn't say anything in there about debits or credits or code sections or codification. I saw leadership, communication, synthesizing, critical thinking—these types of skills. And this is what, in our opinion, we need to have a greater investment in the profession today in order to build a better tomorrow.

Steve: I agree wholeheartedly. And it's nice if you have professional looking marketing collateral, and you talk about culture this culture that. But many times I see that they're not walking the talk. And culture is a very big thing, culture will be the determining factor whether you've created a home for that future star or not. It used to be that back in the day, if you job jumped ten times before thirty-five, you were toxic, radioactive. But then it turned around to expect somebody before thirty-five to move around because of opportunity or pay or this and that. But I say there's nothing wrong with loyalty that is wrapped within commitment, accountability, responsibility, and respect. There's an important factor that someone who's a staff person being given the opportunity to become partner has to change their mindset from an employee to an owner. Back in the day, when you were a partner all you did was kick in a capital investment, had your book of business, eat what you killed—you know, all the usual jargon. But now you have a responsibility for building the next generation of leadership. You have to be a coach. You have to be a cheerleader. You have to be an SOB. You have to be a confidant, a rain maker. You have to have some technical knowledge. You have to have some strategic mindset. And there are a lot of people that are saying, "You know what? I didn't really sign up for this. I can't manage people." So, what they do is, they're really good technically and they can be lifetime managers and occasionally they'll bring in business, but they don't want to be shackled with the whole idea of being a partner. You

know how we always say that by 2025, 75% of the existing leadership will be retired? I will say that in the next fifteen, twenty years that the partnership model that we have seen, which is a pyramid, is gonna be—I won't even say turn on its side—it's not going to look the way it looks anymore. I think the accountability, the metrics, everyone's role understanding the impact that they play in building a business, is going to be more and more of a corporate model. Certainly there are some firms that are looking at that, but that is more of the exception than the rule. And why would you be a partner and do manager level work? I've seen this a lot. You build the client and then a manager is stuck between a rock and a hard place because they have to report to the partner and they have to manage all the engagements. The model doesn't work. And you talked about burnout before. That's exactly what's going to happen. So, that example of the guy you said, "We shouldn't have ten partners. We should have twenty partners and spread. But the most important thing is that we don't burn out." And that is the very key thing because people I speak with now, they're tired. It's too onerous. It's lost its cachet over the past number of years. It's still a great profession, but you as the leader of a firm, the tone at the top, just like the tone at the top of a corporation, tone at the top in a partnership where there's a sense of an esprit de corps, where you understand that your client is not your client but the firm's client, especially if you can leverage the skill sets of another partner helping that client solve an issue. Otherwise the client says, "Gee, I spoke to somebody down the block who said they can do this. And you never told me about that. I think I'm gonna go with them."

Peter: I want to touch on something you said at the very start of this about culture. One of my podcast interviews is with Karen Young of HR Resolutions. And she was talking about the hiring practice. And she threw this huge boulder my way. And basically what she said, within her organization, she doesn't have the applicant fill out the application first. She has the applicant go out to the website and look at the mission, vision, and core values of the organization. The first conversation that they have, even before an application is, "Well, now that you've seen our three things, how do you fit into our organization? How do you fit into our culture?" And then she sits back and listens to their response. Based upon that, she determines if it's a good fit or not. And if it's a good fit then the application will come in the traditional hiring practice which I thought was brilliant. And she said, since instituting that, their turnover has declined dramatically because they're putting people in who want to be there, who believe in the culture, and then can accept that culture. They're more likely to be invested. There's some type of an emotional investment into it. It becomes, to your point, "I'm not an employee. I'm a partner of this organization. I'm part of this wheel that turns." And I take that little piece of advice, and I've shared it with a number of people since I've heard it. And they've all gone, "Wow. She's got it right. We're doing it backwards. We're telling them about the mission and vision of the organization once they're hired as part of that onboarding process. No, we should be doing it upfront and foremost and have it filter its way through."

Steve: Absolutely. And there are two points I want to reemphasize of what you just said. The first thing is, interviewing people is a lost art. First of all, many times the wrong initial person is interviewing the candidate. Secondly, the right questions are not being asked. Interviewing and extracting things out is an art and very few people have that capability. The second thing that you said that firms don't do a good job on, is onboarding. You should at least have someone assigned to you that's like a mentor for your first day. And those firms that care about their people will introduce the concept of a career roadmap to that new employee on day one, so that at any one point the person knows how he's perceived within the firm and how his performance has been. And do you think he wants to hear the words "performance evaluation?" No, no. That went the way of tie dye shirts and bell bottoms.

Peter: I couldn't agree with you more on the performance review process. It needs to be more of an on demand type of feedback. And you know what? You shouldn't have a formal review. You should have had it throughout the year. Maybe we come together for a meeting and discuss your compensation but not the, "I'm walking to my bosses office and I'm about to get the guillotine because it's my performance review."

Steve: Also, never have a performance review and a compensation discussion all at the same time.

Peter: I couldn't thoroughly agree more. I don't want to take up too much of your time, Steve. Once again, I greatly appreciate this conversation. I think that we could probably put together a two hour episode. And while I'm thinking about that, I'm gonna ask: in the near future, I'd love to have you back on and pick up on where we leave off and just kind of keep building on this conversation that we've started. You bring a lot of great insight into it. You bring a lot of great insight because of the different areas within firms you've worked, within leadership, and being that right brained person in a left brain world. You've got some real solid ideas that I know what my audience should be gravitating around and should be trying to implement on a daily basis.

Steve: Well, I appreciate the kind words. And I'd love to participate in any subsequent discussions you want to have. We can delve in to general things or we can dig into more specific things at greater length. It would be more than my pleasure

Peter: Well I'm looking forward to it. Steve, thank you so much again for taking the time. I've learned a lot. I love the conversation and the conversations that we've had in the past. And we've always seen things from a slightly different perspective then maybe most in our profession which is a really good thing.

Steve: Thank you. I greatly appreciate it. My pleasure. Have a good day, take care now.