

# Game Plan

## Holding onto talent

Retaining good staff can be challenging for smaller SMSF firms, especially when competing against finance and accounting giants, but there are ways to make it hard for employees to want to leave. **Miranda Brownlee** reports

### The cost of high turnover

A high level of staff turnover can result in more than just additional costs stemming from recruitment activity, as most practitioners would be aware; it also reduces the time principals have to further develop their business. The impact on staff morale can also be significant.

This can be particularly detrimental to smaller businesses, according to Elisa Nudelman, principal of human resources firm Inspire People Consulting.

Ms Nudelman points out that if an employee who has been with a business for a significant period of time leaves – having learnt its systems and processes – other staff members then have to devote time to training someone new.

“This impacts on all the roles in the business because a lot of the tasks that need to be done are shared and so each time a new person comes into the business everyone has to down tools and train them up,” she says.

If the principal of an accounting firm has to continue recruiting, this will take them away from revenue generation and will therefore have a significant impact on the bottom line, Ms Nudelman says.

Peter Knight, former CPA president for the NSW division and founding partner of Hayes Knight, says disruption is the greatest impact of high turnover and tends to make its way into a few different areas.

The effect on clients of staff leaving is one disruptive aspect, he says, since the departing employee may have had a strong relationship with certain clients.

“There’s also potential for the firm to lose clients,” Mr Knight says. “If the client has a close relationship with that particular practitioner there’s a risk they may go with them to the next firm.”

It can also send a negative message to the remaining staff, according to Ms Nudelman.

“If people are coming and going, then

other people may question why they’re there and if there’s something wrong with the practice,” she says.

Mr Knight agrees: “There is a risk of planting the seed of doubt in their mind, and there’s also a double impact there because clients may also question what’s wrong with that firm and why it can’t hold onto staff,” he says.

However, there are also other, more obvious costs, says Mr Knight, such as the cost of recruitment and replacing the departing employee.

“If you use a recruitment firm the costs can be significant – around 15 to 18 per cent of the person’s salary is a typical charge,” he says.

“Even if you do the interviewing yourself there are still advertising costs and there is still a time cost – someone has to take time out of their day to interview someone and take them through the induction process.”

Before a new staff member joins a firm, the firm may also decide the equipment needs to be upgraded.

“They might purchase a new computer, new chairs and tables, internet and laptops and decide to do a bit of an overhaul,” he says.

“If the existing staff member was happy with how it was then they wouldn’t have been up for that cost.”

### Competing with big business

One persistent challenge to staff retention for small to medium sized SMSF practices is the attractiveness of larger organisations and companies that could potentially offer better financial opportunities. However, it is important to make staff aware that smaller firms can often offer other incentives that larger companies perhaps cannot.

For example, while the larger firms can usually afford to pay more, small to medium firms can offer closer, more personalised training that is closely tied to staff members’ aspirations.

Smaller firms positioned in the market as boutique or niche businesses may also be able to provide specialist training to staff rather than the standard training that any accountant or financial adviser might receive, according to Mr Knight.

Smaller SMSF firms also tend to provide more flexibility in the workplace, he adds.

“For example, a staff member may have children in school and need to have time off to go to canteen duty or sports carnivals and things like that; larger firms struggle to give some of that flexibility,” he says.

Smaller firms can be more family-orientated and there are plenty of firms where family members even work together in the same business.

“It can create a really good team atmosphere,” Mr Knight says.

9rok Consulting’s managing director, Kim Payne, says it is vital that smaller firms realise and capitalise on the fact that money is not what makes an employer of choice for every employee, and that business culture, career prospects and job fulfilment can often be more important.

Staff poaching generally occurs when another business comes up with a better deal – but it’s not usually a financial deal, says Ms Payne.

“People don’t typically move just because of money unless it’s an absolutely absurd difference in the amount they’re going to earn – which doesn’t typically happen,” she says.

“It often has a lot to do with the culture. Perhaps they’re not getting an opportunity to grow, not getting the training, the business is not investing in them and their growth – maybe they don’t have an opportunity to move up in the ranks so they feel stuck or stifled.”

If a business does not look out for its staff, they may well start looking at the alternatives.

“If you’ve got employees that are looked



after, they’re invested in, they have a chance to do meaningful work and a future career in front of them and all their emotional and psychological needs are being met, then even if someone came to them with a better financial deal, they’re typically not going to accept it,” Ms Payne says.

Nevertheless, small to medium-sized SMSF firms might still want to consider aligning themselves with the larger firms to gain access to more resources and better support staff, says Mr Knight.

“There are professional networks where the large firms offer services to smaller firms – not to take their clients, but they provide services so that if referrals come up on a project-by-project basis, the high-level resources these larger firms have become available to the smaller firms,” he says.

“For example, there are some large firms in town that have got experts in, say, tax or superannuation with skills that a smaller practitioner just doesn’t have.”

Having this alignment allows staff to have questions answered as they come up.

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Kim Payne, 9rok Consulting



Meanwhile, Ms Nudelman recommends working with other small practices to get access to better training and development for staff.

"In one of the firms I used to work with, the business would partner up with other practices in the area and run large study groups," she says.

### Other strategies for staff retention

#### *Improving systems and automation*

Investing in anything that helps people to perform in their roles more effectively is always going to benefit staff retention, says Ms Nudelman.

"One of the biggest bug-bears of employees is when the IT systems are down or it's too slow as it impacts on their ability to do their work and they get frustrated and it can lead to them becoming unhappy and leaving," she says.

"Having great systems and processes in place and ensuring employees'

working lives are more efficient also has positive impacts on the bottom line," she says.

For example, improving systems and increasing the level of automation within an accounting business reduces the level of "mind-numbing work – the really painful grunt work", according to Mr Knight.

"This isn't just about making sure the numbers are correct; it's about thinking what other insights we can get from information that can help the client," he says.

"It certainly changes the level of the relationship with the client, but for the accountants, it's also really good work and a lot of them get professional enjoyment from it which they probably aren't if they're just crunching out tax returns."

Inducting a new staff member is also likely to become easier with better systems and automation, and since they will not need to learn as many manual processes, they are likely to become more productive sooner.

#### *Effective communication*

Improving communication with staff by ensuring they understand where the business is going and what their contribution represents within that process will also improve staff retention, says Ms Nudelman.

"Give staff members that opportunity to grow and develop as part of the business," she suggests. "I think in a smaller business, particularly as the practice owners are often time-poor, if they are willing to invest in this and let staff run projects and so forth, that speaks absolute volumes and in the end, employees can get some opportunities earlier in their career."

Mr Knight adds that SMSF firms need to make it especially clear to their team where the business is going – as well as why it is important to know.

"Everyone listens with their own radar on 'what's in it for me' – why would it be good for me to stay with the firm and if the firm's going somewhere, that might mean there's good opportunities ahead," he says.

Similarly, Ms Nudelman says strong

leadership is another important aspect of staff retention. Practice principals need to be continually positive and supportive of staff, even when they are having a bad day, and to ensure they do not ignore them.

"They will learn that behaviour and follow your lead so if the practice leader isn't happy then that's going to come through to staff and may have a negative impact on how they feel and whether they want to be in the business," she says.

#### *Incorporating fun into the business*

Finally, arranging activities at which staff can have fun can also help with staff retention, according to Mr Knight.

"Accounting can be a bit dry and dull, so I've seen a whole range of things with this, from laser shooting games to lawn bowls and things like that," he says.

"You've got to find what fun means for each firm – for some people it's a day on the ferry; for other people it's jumping out of an aeroplane so you've got to decide what that means for your practice." ●