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## Identifying and recruiting the best and brightest college students

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# The Practicing

# CPA



www.pcps.org

THE NEWSLETTER OF THE AICPA PRIVATE COMPANIES PRACTICE SECTION

June 2008

## Inside

**1** On this page is a discussion of how Beta Alpha Psi, the honors organization for students majoring in accounting, finance, and information systems, has helped small and midsized CPA firms recruit employees.

**4** A financial planner explains how tax returns provide opportunities to help clients meet their financial planning needs.

**6** Business owners need to be prepared for the unexpected.

**8** The SBA offers tools to determine small business readiness and development.

### PCPS Update

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**A Special Supplement on Risk Management (see centerfold)**



## Identifying and Recruiting the Best and Brightest College Students

**R**ecent estimates put the cost to recruit, hire, and train the average entry level accountant at between about \$20,000 for small to midsized firms to more than \$80,000 for national and Big Four firms (and that's before counting sign-on bonuses of \$15,000 or more that some firms are offering!). So, how do smaller CPA firms compete for the best and brightest given the cost-prohibitive nature of today's ultra-competitive recruiting environment?

For many firms, one low cost answer can come from forging a relationship with a local chapter of Beta Alpha Psi (BAΨ), the international honors organization for students majoring in accounting, finance, and information systems. Professors B. Lynn Bible (Berry College, Mount Berry, GA), Dawn W. Massey (Fairfield University, Fairfield, CT), Jay C. Thibodeau (Bentley College, Waltham, MA), and T. Sterling Wetzel (Oklahoma State University) have each served as a faculty adviser for a local BAΨ chapter and have seen first hand the successes enjoyed by small and midsized firms that have fostered a relationship with their local BAΨ chapter. They recommend that smaller firms stand out from the crowd and get the attention of the best and brightest college students by maximizing their relationship with BAΨ—just as two firms that the professors know have.

By B. Lynn Bible, PhD, CPA,  
Dawn W. Massey, PhD, CPA,  
Jay C. Thibodeau, PhD, CPA,  
and T. Sterling Wetzel, PhD

### The small firm experience

The first firm, Muckel Anderson, CPAs, is a local single-office CPA firm in Reno, Nevada. The firm was created in 1996 by the merger of two smaller firms and has a diverse book of business. About 84% of Muckel Anderson's business comes from traditional audit and tax work, and the remainder is estate tax work and litigation and business valuation services. The firm is home to three partners, five managers, and ten professionals. The demographics of the firm distinguish it from other firms in the area in that the majority of the professionals are under 30 years of age, and the partners are in their mid 40s. The firm's philosophy is that the working environment should be fun and relaxed, and its partners seek high quality employees who fit their work culture.

Muckel Anderson started on-campus recruiting in 1998. During their first year or two, although recruiting was somewhat painstaking, it was not as productive as hoped. To improve the results, the firm made an effort to become more involved in BAΨ. At first, the firm started to send personnel to BAΨ lunch meetings so that members of Muckel Anderson could meet prospective applicants. Michael Klaich, partner, believes that frequent interaction with BAΨ is the best way to get to know the students and see if they fit the culture of the firm.

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Over the years, Muckel Anderson has become very active in BAΨ. The firm regularly participates in four BAΨ activities:

- *Firm tours.* At the beginning of each year, the new staff members at Muckel Anderson plan and host a tour of the firm for the members and pledges of BAΨ, culminating in fun events such as ice cream socials, putting contests, and brain teasers. During the firm tour, students get an idea of the working environment at Muckel Anderson. Likewise the tour affords the firm an introduction to the students in an atmosphere less formal than an interview or "official" recruiting event. The less formal atmosphere helps firm members to begin to learn about the students they believe might "fit" the firm's culture. Many of the new staff members claim that the firm tour was the deciding factor in their decision to join the Muckel Anderson family.
- *Meet the Firms Night.* In an event more formal than the firm tours, "Meet the Firms Night," Muckel Anderson's staff members explain in depth what their firm does and discuss employment opportunities—including internship opportunities—in the firm. Because of Muckel's successful track record with BAΨ, the firm usually tries to send staff who were members of BAΨ to Meet the Firms Night.
- *Professional presentations.* At various times during the year, Muckel Anderson staff attend BAΨ's lunch meetings at which representatives from other firms make professional presentations. Once a year, Muckel Anderson's staff make a professional presentation related to the firm's areas of expertise (for example, business valuation). Muckel Anderson's involvement in BAΨ's professional presentations affords the firm the opportunity to observe and interact with the students—in an atmosphere much more informal than either an interview or "official" recruiting event.
- *Spring banquet.* Each spring, representatives of Muckel Anderson attend the banquet where successful pledges are inducted as members of BAΨ. By this time, the firm has an idea of which students they are interested in pursuing

for internships or jobs. The banquet provides an opportunity to spend time talking with these students to either learn more about them or explain more to them about the internship program or the firm, or both.

Because Muckel Anderson seeks employees who fit the firm's culture, Michael Klaich believes the firm's 12–18 months of contact with recruits *before* the formal interview process gives the firm a leg up in identifying and hiring the right recruits who fit the firm's culture and will remain with the firm. Indeed, Klaich estimates that an impressive 80% of the firm's employees are BAΨ alumni.

### What is BAΨ?

At its inception in 1919, BAΨ was the national honorary fraternity to recognize accounting students and professionals. More recently, however, because of the changing nature of the accounting profession, the fraternity, now a society, has included students and professionals of good moral character who display scholastic or professional excellence, or both, in the field of "financial information." Thus, today, members of BAΨ include those focusing on accounting, finance, and information systems. Other key features of BAΨ that distinguish it from other national honorary and professional organizations include the following:

- There are more than 275 BAΨ chapters in colleges and universities across the country with more than 300,000 members initiated since the organization's inception.
- Students with excellent academic records are invited to become candidates of BAΨ, starting as early as the second semester of their sophomore year.
- Students joining BAΨ (typically juniors or first semester masters students) are expected to demonstrate a commitment to their chapter's professional meetings and service activities.
- Chapter meetings are frequent (weekly is typical) and allow professionals to make presentations designed to enhance students' understanding of current issues of the profession.
- Informal receptions typically occur before or after chapter meetings, affording attending professionals the opportunity to interact with the students.

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- Service activities give students the opportunity to practice community involvement, often alongside professionals, before they graduate from college.
- Student members of BAΨ (typically seniors or second semester masters students) have the opportunity to attend regional and national conferences and participate in national seminars and leadership workshops with students from other universities as well as attending professionals.

### The regional firm experience

Interaction with BAΨ is relatively new for Melanson Heath, a regional CPA firm based in Nashua, New Hampshire, with additional offices in Andover and Greenfield, Massachusetts and Ellsworth, Maine. The firm has experienced significant annual growth since a major tactical merger in 1996. Roughly half of Melanson Heath's revenue comes from audits of municipalities and businesses. The other half is a combination of tax, management advisory services, and fraud investigation. The firm currently comprises 10 partners, 9 managers, and more than 50 additional professionals. Melanson Heath prides itself on consistently providing an environment in which high quality, self-motivated employees can flourish and progress. In fact, the firm originally hired 6 of the 10 current partners as staff accountants.

In the past, the mid-sized firm met its hiring needs primarily through recruiting experienced prospects. More recently, however, Melanson Heath's demand for professionals has grown, so the firm needed to consider recruiting college students. Because the firm does not want to sacrifice quality, BAΨ is Melanson Heath's answer.

According to Joe O'Connor, partner in the firm, if Melanson Heath is to compete effectively with other firms for the top students, the firm must improve its visibility among the top students on college campuses. To do so, Melanson Heath is leveraging its relationship with BAΨ by following a three-pronged approach:

- *Putting the firm's "best foot" forward at "Alternatives to the Big Four" events.* BAΨ events that introduce students to non-Big Four career avenues expose firms like Melanson Heath to top notch students. Many of the best students Melanson Heath has found develop at least preliminary plans for internships and post-college employment as early as their sophomore year. These students tend to seek early input from a variety of sources, including BAΨ meetings and upper-classmen. For this reason, Melanson Heath makes sure to leave a positive impression on students at events such as the local BAΨ

## HOW TO FIND BAΨ CHAPTERS NEAR YOU

Visit the BAΨ website at

<http://www.bap.org>

Click on: Chapters

Click on: Chapters by Regions and Areas – Map

Click on: (Your region of the country)

Scroll through the list to identify BAΨ chapters near you

Contact the chapter's faculty advisor

Ask how you can interact with the chapter

Go for it!

chapter's "Alternatives to the Big Four" career panel.

- *Making top rate professional presentations.* By making top rate professional presentations at BAΨ meetings, Melanson Heath can show off an area of its expertise. Recently, Joe O'Connor made a professional presentation to a local BAΨ chapter about the impact of the Sarbanes-Oxley Act on regional CPA firms. After the meeting, O'Connor noted, "I was very impressed with the level of knowledge of the group. The questions were quite thoughtful." To Melanson Heath, besides showcasing an area of the firm's expertise, professional presentations also enable firms to educate students about the types of career opportunities in a firm such as theirs.
- *Remaining open to all BAΨ members and candidates.* Melanson Heath also recognizes the attractiveness of BAΨ for introducing the firm to top rate students focusing on finance or information systems at the undergraduate level. Exposing the firm to students majoring in finance or information systems at the undergraduate level might also spark interest in those students so that they later earn the requisite credit hours in accounting to pursue CPA certification.

Melanson Heath's goal is to improve the firm's recruiting of college graduates by increasing its exposure to top accounting students so that it can successfully recruit them. Says the firm's O'Connor, "You will be amazed at what you learn about students by talking to the honors students at a BAΨ meeting." Has the firm been successful? Well, according to O'Connor, the firm's exposure at Bentley

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College has improved dramatically as a result of the firm's strategy. And, the firm has recently hired two full-time employees and two summer interns from Bentley College.

### Getting started

Here's how to start developing a relationship with the BAΨ chapter at local colleges:

- *Identify local colleges that have a BAΨ chapter.* To identify local colleges that have a BAΨ chapter, go to the national BAΨ website at <http://www.bap.org>. Once there, click on "Chapters" and then "Chapters by Regions and Areas-Map." Next, click on your region of the country and then scroll the list to find colleges in your area with chapters of BAΨ.
- *Contact the faculty advisor.* Start with the chapter's faculty advisor. Although BAΨ is a student run organization, the wise firm will gain entry to the school's chapter through the faculty advisor. The faculty advisor will generally know which student to contact, as well as the best means to contact the student. If at first

you do not succeed, try again. Unfortunately, sometimes student leaders in BAΨ fall victim to irresponsible roommates who do not pass along messages.

- *Cultivate your relationship.* As in any relationship, give and take is necessary. So, it's wise to remain involved with your local BAΨ chapter—even when you are not recruiting. Certainly, firms reap many benefits (beyond recruiting) from having an ongoing relationship with a BAΨ chapter. For instance, a firm that impresses BAΨ student members as a market leader in a particular specialization has the potential to receive future client referrals. Thus, it is in the firm's best interest to maintain an active relationship with the local chapter of BAΨ.

Student leaders in BAΨ welcome interaction with the professional community and will be happy to let you know the best way for your firm to begin the relationship. Once you've made contact with your local chapter of BAΨ and learned how to best interact with the chapter, the rest is up to you!

## Tales of the Tax Return

**W**e've all been somewhere when someone said, "If these four walls could talk..." Although that circumstance may spark the imagination and, in some cases, provide good fantasy for a made-for-TV movie, it got me thinking about tax returns.

I know you're thinking, "This is one CPA who studied a few too many code sections!" But, before you turn the page, take a look at this.

Being one of the first, if not *the* first, CPAs to register as an investment adviser while still in the practice of public accounting back in 1984, I knew there was more than what meets the eye when it comes to clients' tax returns. In between the lines of the tax returns were so many stories and planning calamities screaming for help. I felt like a ghost buster—the only one able to hear the screams for help. The four walls of any tax return *can* talk. CPAs need to understand their language to follow along.

Throughout much of a CPA's professional career, he or she witnesses many educational seminars in which the tax return is used as a financial planning tool. Unfortunately, many seminars that I've attended were not only boring, but also so elementary that sleeping through them would have been more

beneficial. Do we really need another annuity wholesaler to tell us why it may be good to advise a client to reduce schedule A income and stuff the money into annuities? The value of tax deferral, the prospect of social security that is not taxed, the blah, blah, blah? That stuff is so basic that any financial professional should be able to evaluate its appropriateness for a client.

By John P. Napolitano, CPA,  
PFS,CFP®, MST

### Getting past the obvious

I want to get information from the return that most people overlook or don't take time to think about. Those on the front lines, tax professionals and others in firms that either prepare or review client tax returns, are missing many of the client's planning needs.

Tax preparers should easily be first to hear the screams for help. Unfortunately, however, many of them hear only the time budget, the 24 other returns on their desks to be prepared or reviewed, and all of the information that they are waiting for clients to provide so that they can file more of the darn things.

Tax preparation has become such a commodity that most tax prep firms think their competitive advantage is price and timeliness. Many others claim