May—June 2023

THE ASSET

Official Publication of the Missouri Society of Certified Public Accountants

ChatGPT: A Blessing or a Curse? 8

In this issue:

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contents

SPECIAL INTEREST NEWS

IN EVERY ISSUE

FEATURES

PRESIDENT'S MESSAGE

Learning from Some of the Best

By Jim O'Hallaron, CAE

Jim O'Hallaron and Charlie Larson catching up at MOCPA's 2022 Annual Members Convention.

One of the greatest privileges of my job is getting to work side by side with and learn from some of the finest leaders of the CPA profession. This list no doubt includes our outgoing Board Chair Markus Ahrens, who has been a mentor to countless aspiring CPAs as an educator and generously helps other educators be more innovative in the classroom. He has been instrumental to us as we study the talent pipeline issues impacting our firms and devise strategies to eliminate barriers to entry. Thank you, Markus!

Unfortunately, we recently said goodbye to another dedicated leader, our 1976-77 MOCPA Board Chair Charlie Larson. While speaking with others about his loss, some of the words they used were historian, innovator, visionary and entrepreneur. For me, the first word I think of is cheerleader. Charlie was my biggest supporter, and I will always be grateful for his guidance and how much he pushed me to think outside the box.

Charlie's was without a doubt a life well-lived. His contributions to the profession and MOCPA were immeasurable. He put us on the "map" with the development of our Missouri Management of an Accounting Practice (MAP) Conference that drew attendees and speakers nationwide for 33 years. When I traveled to national meetings, it became evident how well Missouri was known for our MAP Conference. The event had a legendary following and people gathered around to hear Charlie's latest ideas.

Charlie's leadership in the society started in 1970 when he became a chapter chair. His contributions continued as he served on numerous committees before becoming board chair. In addition to founding the MAP Conference and Committee, he launched a secondary event for smaller firms—MAP Workshop, which later became the Small Firms Conference. In 1997, he received MOCPA's Max Myers Distinguished Service Award—our highest honor.

In talking with Rick Mills, 2008-2009 MOCPA Board Chair, he shared that in his view, Charlie dragged the accounting profession from the green eyeshade days to a modern progressive profession. "As a staff accountant in the early '80s with Mayer Hoffman McCann, our partners attended the MAP Conference. They brought back ideas that revolutionized how we managed our firm and directly impacted our success," he said.

As Rick went on to say, Charlie was constantly thinking of innovative ways to improve our profession and was passionate about helping others achieve success. Charlie was equally enthusiastic about being a leader in his community and made just as many impactful contributions to the St. Joseph area. But I feel above all, Charlie was a proud family man, having raised four children with his incredibly supportive wife, Mary Lou. He will be greatly missed.

We are deeply grateful for our leaders who, like Charlie and Markus, have shown such dedication to our profession and their fellow CPAs.

Jim O'Hallaron is a certified association executive (CAE) and is the president of the Missouri Society of Certified Public Accountants. He leads the staff and operations for the 9,000-member society.

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Highlights from a Year of Generosity and Collaboration

By Markus Ahrens, CPA, CGMA

As I'm wrapping up another academic year with my students, I can't believe I'm also already in the final stretch of my term as MOCPA chair. This has been such a memorable and fulfilling year, and I'm truly honored to have been afforded this experience.

We have accomplished so much together. Most recently, our Educational Foundation Board and members at large helped extend the recommended CPA exam testing window from 18 to 30 months—though this has not yet been implemented in Missouri, since it is up to each state to adopt CPA testing regulations. Our Foundation leadership, along with other members, submitted responses to NASBA's exposure draft that proposed a 24-month window. Given the hiring challenges your organizations are having, our goal is to reduce barriers to entry. While NASBA didn't adopt the 36 months we advocated for, they did revise their plan to allow for 30 months—so definitely an improvement. We will encourage the Missouri State Board of Accountancy (MOSBA) to adopt at least 30 months.

Another collaborative success has been our movement on the Legacy Endowment Campaign that will allow us to award scholarships from its interest earned for years to come. We are closing in on our $1 million goal! Collectively your pledges and contributions currently total $768,842—only $231,158 to go. We recently received a boost in our efforts through a generous gift from Anders CPAs + Advisors. We appreciate their leadership and commitment. I strongly encourage you and your organization to thoughtfully reflect on the impact your participation can make on aspiring CPAs. On page 10, you'll hear from Jenna Vickers, a past MOCPA scholarship winner who is giving back to the profession and serving as our Kansas City Chapter's chair. Our support truly makes a difference in individual lives as well as on the overall talent pipeline.

We recently awarded our 2022-2023 scholarships to an impressive group of students. Unfortunately, there were many more deserving candidates we were not able to help. As we strive to support aspiring CPAs in underserved communities, I'm proud to report that 30 percent of our recipients are first-generation college students, and 30 percent are from a minority background. In addition, we have more than 100 CPA candidates participating in our CPANext program. If you have people in your organization preparing for the exam and licensure, make sure they know about CPANext. We developed this unique program to guide and coach them through each step of the process, as it unfortunately can be cumbersome and complicated. We are also working with MOSBA to simplify the process from what it requires to obtain your Notice to Schedule, the limited testing sites in Missouri and more.

While you have been immersed in busy season, it has been crunch time for our government advocacy team. Missouri's regular legislative session ends May 12. We have been monitoring more than 250 bills that could impact the profession, and meeting weekly to determine if any course of action is needed. We helped pass the SALT Parity Act last session and have been providing significant input to MODOR to revise guidance on how the pass-through entity credit is used by trusts and estates. Thank you to all of our members, especially Steve Gorin and those on MOCPA's Tax Listserve, who have shared feedback.

You will soon receive your 2023-2024 MOCPA membership renewal. In the new year, you can expect to see more in-person and hybrid events for networking and learning. We will again offer complimentary CPE opportunities, which more than 3,000 of you took advantage of this year! And, we will be launching new MOCPA Member Communities focused on Corporate Accounting and Finance, Government and Nonprofit, Education, and Public Practice. These communities are aimed at enriching your member experience by grouping you with peers in your same line of practice and will include enhanced member benefits. Each community will be led by an advisory group, so if you are seeking a new leadership opportunity or a way to get engaged in MOCPA, consider applying at *mocpa.org/community-leadership*.

These are just some of our year's highlights. These initiatives and others will no doubt be further expanded and cultivated during Jeff Parkison's upcoming term as chair. If you haven't already, make plans to join us at the Annual Members Convention (page 27) to network, learn and meet Jeff and others who will be taking office on July 1. This is always one of my favorite MOCPA events of the year. If you're on the fence, please note that thus far, 30 percent of registrants are first-timers, and 30 percent are young professionals. Several people have told me they haven't attended because it seemed geared toward "seasoned" members. We are busting that myth! This event truly is for everyone and provides the perfect setting to build strong connections that you will use throughout your career. Take this as your personal invitation and join us! You'll be glad you did.

Before I sign off, I want to reiterate how grateful I am to have served you this past year. I have met the most inspiring people, and I remain thoroughly impressed at the expertise we have among our membership. You have been generous with your time and gifts in helping advance MOCPA and the profession, and I look forward to what the next year brings!

Markus Ahrens is the district chair of the accounting, business and economics department and a professor at St. Louis Community College. He is chair of MOCPA's Board of Directors for 2022-2023.

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NUMBERS & NOTES

5 Questions CFOs Should Ask about Talent Strategy

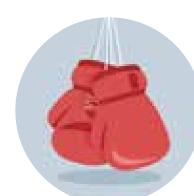
If you're looking to build a culture that integrates people, performance and profits, consider using these questions as a jumping off point:

- **Are you clear on the business case?** Disengaged employees cost U.S. businesses; engaged employees increase profitability. Create organizational outcomes where financial and people success are one and the same.
- **Do you take a past, present, or future view?** Financial reporting is based on past performance. When focusing on talent strategy try to focus 20% on the future—where you want the organization to be and 80% on the present—executing the best plan to get there.
- **Do you have a headcount plan or a people strategy?** While a one-dimensional headcount plan keeps a company on budget allocating costs across departments, it may not support growth and innovation. A people strategy is comprehensive and addresses the plan to attract, engage, train and retain the workforce. Your people strategy might include: evaluating if your employees are positioned to do their best work; and realizing how connected your employees are to their work and the mission of the company.
- **What changes will be needed to achieve your people strategy?** Determine how well you are connecting people, purpose and performance to get the outcomes your company needs to achieve. Learn if your people are working for a paycheck or if they feel a sense of purpose.
- **How do you track and measure your progress?** A people strategy has measurable outcomes. As you near revenue and profit goals, consider these metrics: revenue per employee, cost per employee, employer net promoter scores, and trust in the executive team.

—CFO.com

Now that busy season is over, Nitin Bhojraj, CPA, CFE, plans to visit Hermann, where he will inevitably ask if he can claim CPE for the wine tours.

—@nitindrawsthings



LEAD LIKE A CHAMP

There are many lightweight leadership practices that deliver heavyweight results, such as:

- Writing in a gratitude journal to shift your attitude.
- Taking three minutes of quiet time before meetings to refocus.
- Showing up with an intention.
- Learning one new thing every day.
- Reading for a few minutes before bed; and
- Practicing self-reflection for five minutes a day.

To self-reflect, choose five questions to ask yourself at the end of each day. Don't let your mind wander...

- I started the day with this intention (__________). Did it happen?
- Why did it happen? Why not?
- What did I learn?
- What do I want to do differently?
- What do I need to do tomorrow?

Benefits of self-reflection include being reminded of positive things that happened and progress you've made. Challenges might feel smaller, and you will likely wake up more focused having done the thinking the night before.

—leadershipfreak.blog

ChatGPT: A Blessing or a Curse?

By Carl E. Keller Jr., CPA, Ph.D.; J. Conrad Naegle Jr., CPA, Ph.D.; Gregory P. Tapis, CPA, CISA, Ph.D.

OpenAI recently released its latest version of ChatGPT with both a free and an upgraded "Plus" subscription version. The latest version, currently available with the subscription service, is often referred to as GPT-4, which stands for Generative Pre-trained Transformer-Version 4. Even though OpenAI only released its beta version of the chatbot in November 2022, it took a mere few months for the software application to acquire more than 100 million users, far outpacing the growth of TikTok, Instagram, Facebook or any other consumer-based application in history. That level of growth and interest is expected to continue. OpenAI (which is financially backed by Microsoft) is not the only company developing this type of software. Meta has its LLaMA program and Google has its LaMDA software (to be offered using the name "Bard"); both are expected to be serious contenders in the chatbot market in the near future.

Many business professionals find they are receiving emails, notifications, or media stories about the software on a daily basis. The interest by finance professionals is certainly understandable. The application can be seen to aid in creativity, learning, and productivity. Thus, many entities such as Morgan Stanley and Stripe are starting to adopt the technology. Other firms, such as JPMorgan and Verizon, are banning or restricting the use of ChatGPT because they are concerned about protecting sensitive client information, proprietary code or data. The same behavior of enthusiastically adopting or severely restricting ChatGPT is also exhibited by education and government entities, which has been noted in the popular press.

Background, Benefits and Drawbacks

How does ChatGPT work? Using a neural network background, ChatGPT is a large multimodal generative language processing model that accepts texts and images, and provides text answers. The model completed training in early 2022, based on vast amounts of data (over 570 GB of data or more than 300 billion words) that was cut off in 2021. The initial training data included a variety of text sources such as books, articles, Wikipedia, and databases found on the internet. The engineers of the system designed the rules/algorithms the system uses in conjunction with the data to form an answer to a given question. As the system processes the queries and data, it forms a response, which it will then express in text form (although OpenAI is also developing software to produce music and images as well). However, somewhere in the process, ChatGPT is "learning," thus the chatbot's responses to the same question may change over time.

This change in answers is based in part on the setup of the software. The learning/training of ChatGPT is not based on the application memorizing information; rather it has been designed to be a "reasoning engine," not a fact database. Although it can be used simply as a fact-finding research tool, the artificial intelligence (AI) component of the system is what makes it special. Given a query, such as a request for the chatbot to write a three-page report on the story of *Romeo and Juliet*, the system will provide a unique, well-written paper.

However, these special features of ChatGPT also cause a variety of problems. Generative AI and large language models like ChatGPT require massive amounts of computing power to run. Even more computing power is needed if you want the system to use the latest source data available online. Another issue is the misinformation problem. ChatGPT can be fed misinformation, and because the application doesn't have a truth filter, this may cause its responses to be incorrect. Also, if someone wanted to mislead other people, they could use this application to spread misinformation. A related issue is the "hallucination problem." Even when the chatbot is fed correct information, ChatGPT will sometimes act on its own initiative, using its deductive reasoning, produce incorrect conclusions and state them as facts in a very professional report. In other words, ChatGPT sometimes makes stuff up and presents its fictional output as the truth. For example, ChatGPT has been known to create a nonexistent court case, complete with a citation in correct format, when researching a tax problem.

Why All the Buzz?

So, if the AI software has these problems, why is everyone so excited about it? Could a person just use Google to get the same information? The answer is yes and no. The information is out on the internet, so you would have access to it. What ChatGPT does for you is that it will "read" the articles, separate out the pertinent facts, apply some logical reasoning, and provide a written answer. Furthermore, the application's usefulness is not just in researching literature and databases for English papers and executive reports; the application is now being used to create its own poems, songs, and even to write computing code! The software has been cross-trained with several computer languages and applications. Thus, the chatbot can even write some basic Excel formulas correctly.

But the real excitement derives from the fact that ChatGPT is getting better all the time. The software is now in its fourth major iteration, and there have been some minor revisions as well. According to OpenAI, GPT-4 is 40 percent more likely to produce accurate information than with ChatGPT 3.5, its previous version. OpenAI self-reports the chatbot's results on several standard exams. Perhaps its biggest improvement is on the Uniform

Bar Exam, where the company estimates that GPT-4 scored in the 90th percentile, up from the 10th percentile with GPT-3.5. Although the bar exam is oriented to the usage of language, the company also estimates that GPT-4's score on the Graduate Record Examination (GRE) quantitative section would be in the 80th percentile, where GPT-3.5 would have placed in the 25th percentile. The improvements are not expected to stop anytime soon. One of the reasons the company offers a free version of the application (simply by setting up an account at *https://chat.openai.com/chat*) is that, as individuals use the software, OpenAI can find bugs, inconsistencies, and other problems to fix for future generations of the application. As ChatGPT and other AI chatbots improve over time, one can assume that even more individuals and entities will start using the software. In fact, in some areas of life, they will not be able to avoid it.

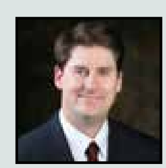
Implications for Education and Business

As we enter this new age of using AI software, and even though OpenAI and other companies are working to overcome the technical problems mentioned earlier, businesses should be concerned about problems caused by the applications that can't be solved by the software creators. For example, educators can see how the software can be used to help in preparing classes and for providing far better tutoring for individual students than anything currently available. However, ChatGPT has received far greater attention for how it might help students cheat on anything conducted outside of a proctored classroom. Online exams, research essays, or computer projects could be aided or written by the chatbot and presented as the student's unaided work. Thus, when a firm makes a future hire of a university graduate, will the firm be getting the student who performed at the desired level based upon their own individual learning and effort, or will they be getting a student who used an AI chatbot extensively to achieve their GPA? If they get the latter, would you not expect the new hire (and maybe even your current employees) to be tempted to skip CPE or firm training courses, and pass any type of online exam by using something like ChatGPT?

As the world continues to get more complex, particularly in the financial services industries, the accounting professional is usually expected to have developed higher level critical thinking skills to perform their job successfully. Educators and society will need to make sure that students are taught how to think for themselves. If they become accountants, they will need to make difficult decisions involving unique situations, while upholding their personal ethical standards, as well as the ethical standards of their company and their profession. It is widely accepted that the AI chatbots have a long way to go in using/learning an acceptable ethical framework, so currently everyone is assuming a human will still be making the decision, with the chatbot simply providing help. However, if a staff worker tries to cut a corner ("be more productive") and uses a chatbot to write their analysis or report, could any decision based in part on that report be affected not only logically but also legally and ethically?

If your firm decides to utilize an AI chatbot, then it must exercise a great deal of care when it comes to proprietary information. Obviously, you would have to make sure the chatbot doesn't select something from its database (e.g., patents, trademarks, or copyrights) that is owned by another entity, and then include it in work that your company later presents as its own. However, a different problem occurs with an application like ChatGPT. As your firm's employees ask it questions and carry on conversations with the software, ChatGPT is learning. Therefore, if you are using the chatbot to form a new innovative tax strategy for some of your clients, you may be unwittingly exposing your thoughts to your competitors or to your clients. Currently, ChatGPT is a closed system in that its original data has been selected, and it is not searching the internet for the latest information on a given topic. However, anyone who is a ChatGPT client of OpenAI is accessing the same AI system, so it appears that ChatGPT could currently share anything in its database or that it has learned to anyone with access who asks the right questions. That is why OpenAI instructs any user who creates an account to not share any sensitive information when using the software. This issue becomes a greater problem if ChatGPT becomes web-enabled, which the company hopes to accomplish in the future.

To overcome this issue, some companies may make use of an application programming interface (API). An API allows one software application to make use of the functionality of another software application. For example, the search engine on a company's website could make use of ChatGPT's language model to provide answers to questions, but be limited to specific activities, topics, or conversations. In the same way, the companies that are currently using ChatGPT are limiting its use by employees. The app is being used as a supplemental tool in financial service industries, both in completing repetitive tasks and for learning. One example that has appeared in the media is that of a bank manager telling his inexperienced internal auditors to use the software like CliffsNotes, but to be aware that the software may not be telling them everything they need to know. No matter if your company is adopting the technology or resisting the use of the software, most agree that AI chatbots (including ChatGPT) are not the best for critical thinking, making ethical judgments, or protecting sensitive or proprietary information at this time.



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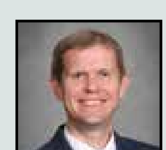

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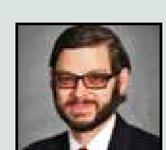

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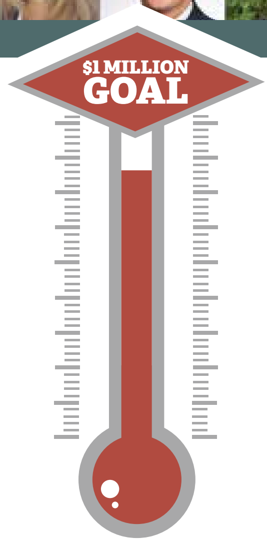

The Goal is in Sight!

MOCPA members have generously contributed $768,842 to the Legacy Endowment Scholarship Fund. We only need $231,158 to reach our $1 million goal! This self-sustaining fund will assist accounting students with scholarships for years to come.

It's truly a team effort, and every dollar counts. Contribute today or make a meaningful multi-year pledge at *mocpa.org/contribute*. One hundred percent of your donation goes directly to scholarships!

Thank you for investing in the CPA profession!

With Gratitude…

Thank you to the following contributors to the Legacy Endowment Scholarship Campaign since Feb. 27, 2023*.

Thomas Bassett, CPA
James Krueger, CPA
Linda Liebeno, CPA

Silver Partner Club

ANDERS CPAs + ADVISORS

—*as of April 24, 2023*

Where are they now…

Scholarships for the 2022-2023 school year were recently awarded. To demonstrate the long-term importance of MOCPA scholarships on the profession's talent pipeline, a previous recipient shares where she is now.

Jenna Vickers, CPA
Senior Auditor, Associated Electric Cooperative, Inc.
MOCPA Southwest Chapter Chair

MOCPA scholarship recipient: 2012, 2013, 2014

I am grateful: MOCPA's scholarship helped me pursue my accounting and information assurance degree with no debt. It was such a relief to enter the workforce without the burden of student loans. I am forever grateful and committed to "paying it forward" wherever I can.

Why I became a CPA: Math was always my favorite subject in school. Throughout high school and into college, I worked in banking which exposed me to the finance side of numbers. As a prospective college student, I saw how CPAs had opportunities to work with a variety of clients and there were career paths available in quite literally every industry. When you're 18 years old, having options in a career is exciting—I haven't regretted my decision once!

My career path: I started at BKD (now FORVIS) in their audit department where I was able to work with a variety of clients across industries. After about five years, I made the leap to Associated Electric Cooperative, where I now serve in the audit services department and get to work with our member-owners on a daily basis and see all sides of the electric cooperative industry. Both practice areas have taught me so much about the accounting profession as well as myself. Learning to always ask questions, never be the smartest person in the room, and seeking to learn something new every single day are skills both workplaces impressed upon me, and I am striving to be better at those elements every day.

For me, public accounting was the best place to start my career, to get to see a variety of leadership styles and learn the art of project management. When this opportunity at Associated Electric Cooperative presented itself, I felt like the training and engagements I'd staffed and led at BKD helped me to realize exactly what I wanted for my "next step."

Engaging in MOCPA and the profession: Engaging with MOCPA has not only helped me connect with other CPAs across our region, but also become more well-informed about what's happening in our profession statewide and nationally. CPAs have a pulse on their workplaces and industries in which they operate, so having that professional network as a resource and to bounce my own ideas off has been invaluable.

Advice for the next generation of aspiring CPAs: A career in accounting is one of the few where you can make your role whatever you want it to be. Whether you strive to be a partner in a Big 4 firm, the CFO of a corporation, or to run your own small business, a background in accounting and a CPA license is the foundation from which you can go anywhere.

Scan here to make an impact and donate today or visit *mocpa/contribute*!

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Reading the Tea Leaves: Conversations with Corporate CPAs

By Andrew Grow, CAE

First quarter. It's that time of the year when many CPAs have been busy working with clients on a variety of reporting considerations. In public practice, that means wrapping up April 18 (this year) tax filings, preparing audit engagements, and advising for 2023 financial strategies. For many CPAs in corporate accounting and finance (CAF) roles, fiscal and calendar year-end reporting and filings combine with strategic planning, budgeting and forecasting activities throughout these months. During one of the busiest stretches of the profession's annual cycle, MOCPA's CAF Committee commissioned a range of programs and initiatives aimed at engaging with members in corporate roles, and at a strategic level with Missouri-based companies. Over eight weeks, the group covered everything from:

- Joint meetings with the AICPA;
- *Fortune 500* profession delegation visits;
- "Future of finance" programs, products and services;
- Member discussion forums;
- Strategic advisory panels;
- Coalition building;
- Conference planning;
- And more!

What's more, members directly shared what is in store for the rest of 2023 (and beyond) for CPAs in corporate roles—and the pressing challenges and exciting opportunities that exist for those reading the tea leaves. All these activities have been aimed at building a new framework and model for best practices to engage, support, and help power CPAs in CAF roles and Missouri-based companies. While this article is not a full readout of what we heard, it is a summary of the key conversations, topics, and issues we wrestled with.

GLOBAL ISSUES FOR CAF PROFESSIONALS

Let's start wide. It's no secret that the #1 issue facing the entire profession today and in the short- to mid-term future is *talent*. We started many conversations with an open-ended question: *What's keeping you up at night?* Almost 90 percent of all answers started with: "Where are all the CPAs…actually, where are all the accountants?" It's a hot topic in every corner of the profession, and if you are wondering why there is so much focus today on the issue, it's because lack of human capital creeps into virtually every aspect of powering a business. Figure 1-1 outlines the top issues ranked from AICPA's 2022 Future of Finance Summit.

Figure 1-1: Key Themes from the 2022 Future of Finance Summit

1. Finding and retaining talent

TIE

2. Impact of inflation
2. Need for new competencies
2. Maintaining culture in a hybrid environment
3. Accelerated digital transformation
4. Recession risk
5. Current Issues – DEI, ESG, Supply Chain, Cyber

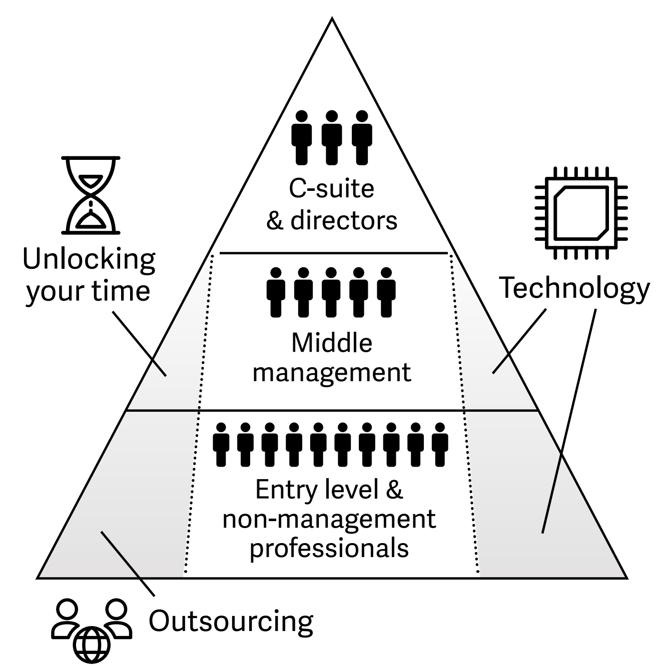
All the strategic advisory considerations that make up the other six issues in this survey ask CPAs in corporate roles to extend leadership, personal growth, advisory services, and more. Many of these issues stack on top of traditional finance, reporting, and operations roles in an effort to maximize, well, you: CPAs as value-partnering analysts, strategists and advisers. It's a conundrum. If teams don't have the bandwidth to manage extending new competencies, wrestle with risk management inflationary considerations, lead digital transformation, and so forth, CPAs in corporate roles may hear and see what future-looking CPA leaders are asked to do but get stuck trying to actualize roles. How does one achieve those goals?

EVOLUTION WILL FIND A WAY

Nobody is suggesting that companies, teams and leaders are simply watching and waiting for more professionals to come up through profession ranks. To address how many CAF teams are tackling talent challenges, three key themes bubbled to the top of extended discussions, squarely aimed at doing more with less. While these topics aren't new, many companies and teams slow to adopt in the past are finding that out of necessity, it is time (or past time) to prioritize these strategies with buy in from other company leaders. Figure 1-2 outlines the evolving landscape of how CAF departments and CPAs are managing more with less.

Utilizing Technologies. You've heard it here and throughout the profession time and time again; transformative business technologies are being increasingly used out of necessity. Identifying process workflows that can be automated is filtering into mid-sized entity accounting, finance, FP&A, supply chain, and internal auditing departments. Low-hanging fruit for RPA and AI automation include AP/AR, expense reporting, batch processing, payroll, data transferring, and other heavily data-driven workflows. Leading-edge companies are experimenting with

Figure 1-2: Human Capital Challenges Evolution



implementation and use cases for FP&A, general ledger accounting, HR onboarding, and other complex tasks.

Outsourcing or Overseas Talent. One answer to the question, "Where are all the accountants?" is: "Elsewhere in the world!" Partnering and working with consultants, companies, and even internal resources in areas of the globe with booming young professional demographics can keep a company's growth on track. Business models from companies and agencies based in India, the Philippines, Mexico, Malaysia, and more include:

- Gig-economy, project-based engagements;
- Part-time, individual or team contractors;
- Monthly or annual, full-time contract employees;
- Full-employee contract teams for six months, one year, or longer; and
- Full merger/acquisition opportunities.

Working with outsourced or overseas teams doesn't have to be scary, and best practices have been developed over the years with more companies leveraging outsourced talent. If just dipping your toe in the water, some advice from your peer CPAs in this space:

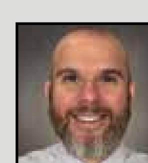
- Perform a strong needs assessment in the framework of your company's strategic plans, and if human capital is the right solution, fantastic. If not, don't put a square peg in a round hole!
- Recognize short-, mid-, and long-term strategies. This includes succession planning, growth blueprints, talent assessment, churn, company culture, and could include a variety of other unique considerations.
- Spend time to find the right partner(s) to meet needs and strategies. Talk with peers and trusted business relationship partners to help find outsourcing solutions that may be a good fit for you.
- Embrace adjusting daily, weekly, and monthly workflows. Working together with business partners in other time zones can be challenging and clunky at first, but given time can be woven in seamlessly with business operations.
- Language, timing, and technology barriers can be overcome with expectation setting and communication. Culture navigation can be tricky and that can mean *working with* partners and not having partners *work for* you.
- Invite extended team members to be a part of your culture. Everyone wants to feel included, and establishing deeper connections with talent all over the world can ensure medium- and long-term successes.

Unlocking Your Time. More than 30 CFOs, controllers, and FP&A MOCPA members shared best practices for self-management at a spring CFO and controller roundtable event. An array of perspectives was covered, and several themes emerged from the day:

- Find a framework that fits you. A variety of frameworks exist to help best manage your personal time to support work-life considerations. Within your company culture, poke around with a few frameworks you think may fit best and some fan favorite examples discussed included:
  - *The 7 Habits of Highly Effective People* by Stephen Covey;
  - *The 4-Hour Work Week* by Timothy Ferriss; and
  - *The 80/20 Principle* by Richard Koch
- Delegate, delegate, delegate. It can be hard to let go, but recognizing that nobody does it alone can be empowering. Being able to effectively manage up, down, and across a corporate structure helps to ensure that core and extended CAF functions operate efficiently and provide maximum value for your company. Build and trust your team!
- Try zero-based scheduling. Prioritizing your daily, weekly, monthly schedule by time-blocking calendars can be highly effective. Articulating and setting company/team/personal priorities first can help direct team focus, time allocation across multiple projects, and approximate time/energy/effort for each priority. Designating all projects in "priority tiers," with generally accepted expectations for each tier, makes it easy for everyone to identify where to delegate, escalate or prioritize.

TO ADVANCE, SOLVE TALENT

This article begs the question: "Why are CAF leaders and the profession focused on freeing up more time?" To reiterate, effectively doing so will allow you and your team to extend deeper toward strategic analysts and advisers—like a financial engineer. While it's fair to suppose not all companies and perhaps CPAs would embrace this idea, it is the direction that CPAs have been, are, and will be heading as we continue to stare at the tea leaves. In years past, leveraging up likely included creating more team bandwidth by hiring human capital and reallocating tasks. That is no longer a simple equation, and with talent shortages abound, almost everyone is tasked with doing more with less. Consider the tiers of solutions mentioned here along with talent acquisition and retention strategies. MOCPA urges all CPAs to be an active part of these discussions and more. For additional ways to help guide and build your team, company, and your own career, make sure to join us for all of the exciting conversations in this space in 2023!



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Helping New Hires Thrive

By Lauren Clark and Megan Iselin Nerad, CPA

In the January/February 2022 edition of *The ASSET*, Megan Iselin Nerad, CPA, interviewed her colleague at PwC Lauren Clark, to learn how the pandemic had impacted the onboarding process for new hires. They shared the differences in their experiences entering the profession in a virtual environment versus in person and provided advice to those in charge of onboarding. They recently had a follow-up conversation to see how working in a more remote, virtual setting has been and gave tips to new hires and leadership.

Megan Iselin Nerad: So, here we are, a year later. Can you give me a two-word check-in for how the last year has been?

Lauren Clark: Quite content. It was a good first year. It could have been better, and it could have been worse.

Nerad: Mine is "new mom." I know the working parents reading this will be able to relate. I had my first child, a son, in April 2022 and came back from an extended maternity leave in November 2022.

Nerad: How has your work experience varied between starting full-time and then entering your second year?

Clark: I have a lot more responsibilities. In the beginning, when you join the firm and you are put on teams, it is acknowledged you do not know anything. You do not know the tactical side of your engagements very well. The more you progress at the firm, the more responsibilities you get over time. Also, when you are new, people are more likely to check in with you to see how you are doing and if you need help progressing on an assigned task. When you are experienced, even with just a year under your belt, you have to be a bit more proactive and reach out for help. After your first year, you are thrown into so many new things that you realize you have not seen yet.

Nerad: I remember jumping right into planning at the end of my first busy season. The cool thing is that you have some fieldwork insight that might be able to aid in the planning process, especially when it comes to bringing efficiency to fieldwork execution. The not-so-cool thing is that you have never been through planning before and do not have a big picture appreciation yet to see the forest because you have only seen what feels like five random trees.

Nerad: What are some of your favorite things about public accounting?

Clark: I really like the teams I am staffed on. I like the people. People are why I went into public accounting. The social events are great, too.

Nerad: We are in client services, and we are in a people business! The people are any firm's greatest asset. I think this is the most commonly heard answer I hear given whenever I am out at recruiting events with our peers.

Nerad: What are some things that have surprised you about public accounting?

Clark: You get a little bit less shielded the further in you get. You then start shielding those who report to you. Whether it is internal or external things. Some of those took me by surprise.

Nerad: I totally agree. Some of those internal things may be firm politics, and some of those external things may be difficult client contacts. The filter is definitely lesser as you rise through the ranks. You also find out more and more about what goes on behind the scenes, especially from a project admin perspective.

Nerad: Some companies are going back in the office. Our firm still allows us to work primarily virtually. What have been some of the pros and cons of that in your experience?

Clark: Most of my teams are still virtual. My goal is to have at least one local client and local team in order to connect in the office. I like the mix. I find learning face to face and in person is much easier. I also like just seeing other people. To know that I am not the only one going through this experience is refreshing when I am able to see others going through the same experience in the office. In the office, I learn more. At home, I am more productive putting my head down and working at my desk.

Nerad: I do not miss the times I was sitting in traffic while commuting to either the client site or the office. I find that I enjoy working from home with my three (maybe four if I can find that other cord) monitors at my home office desk, and they keep me productive. I agree with you, in the office or at the client site it is good for group collaboration in person, so you are not trying to figure out when to strategically come off mute and not talk over someone else. I also enjoy coaching in person so that people can point to things directly on the screen or have a live whiteboarding session.

Nerad: Can you tell me some characteristics of your favorite mentors who have coached you up?

Clark: My favorite mentors are the ones who anticipate where they expect others may stumble and catch them. While that is not always a realistic expectation, the ones who answer my questions before I ask them help to better prepare me or know when a hand-off makes sense for an assigned task.

Nerad: My favorite mentors are the ones who answer the questions I didn't even ask but they know I need the answers in order to be the most successful. You do not know what you do not know. But it is like you said, the best mentors know to anticipate and build up those around them. It is all about bringing others along for the journey. I tell my mentees that you should not look down on someone unless you are helping them up.

Nerad: It's unfortunate when our mentors move on to other career opportunities. Sometimes you're CC'd on the farewell email and sometimes you're not. Have you been impacted by anyone leaving on your team(s)?

Clark: Only one person on my team has left without me knowing. Sometimes when people leave, some more things get added to my plate. That can be really frustrating, especially when I did not have an appreciation for what tasks they were working on or where those tasks fit into the big picture of our engagement. It is especially frustrating when their last day is near busy season crunch time.

Nerad: Last-minute team structure changes are never fun. That is one of the reasons why up-to-date project trackers and productive team status calls are so important. It is important to be aligned on who is responsible for what, especially when a hand-off of ownership is warranted.

Nerad: We have an influx of new hires starting. Can you believe you were in their shoes a couple years back?

Clark: Even just reading our *ASSET* interview from last time, I did not fully appreciate how much I would grow since then. I currently have a new hire working with me, and the questions they ask me are the questions that I also had a year ago. But I have not thought about those questions since back when I was a new hire. I have gotten those answers and now it is time for me to pass them along.

Nerad: I can tell by the way you are giving your answers and laughing that you have grown quite a bit. The growth trajectory in public accounting with regard to learning, earning, and promotion opportunities is definitely something I try not to take for granted.

Nerad: Now that you have team members reporting to you, how has it been coaching and mentoring in a virtual environment?

Clark: I try to give my team members the lay of the land, "this is what you're walking into… this is where the expectation is… this is what to anticipate… this is how we can alleviate potentially stressful situations…" Last year, I talked about how I preferred emails with instructions when assigned a task, but now I prefer having meetings with my teammates to talk through issues in real-time. I usually have a general grasp on things, but the missing piece seems to be something visual that I need to see on-screen. When new hires on my team schedule touchpoints on my calendar, I usually instant message them to ask if they are stuck and need to meet now or wait until the scheduled calendar invite.

Nerad: I think you need to find the balance between being a hands-on or hands-off leader. It really comes down to learning about how your team likes to learn and how you think it is most efficient to manage the team. Someone may like to learn on their own and explore available resources, but they may not be budget conscious since engagement economics is not something new hires are constantly thinking about, like managers may be. Others may like to reach out for help at the first sign of distress so that they are not wasting their time or need validation that they are going in the right direction. It is important to recognize what it takes for both the individual and the team to be successful together.

Nerad: What advice would you give future new hires who are starting?

Clark: Sometimes we feel that we need to find our own answers. I know I am guilty of this when I build a list of questions so that I can ask them all at once and not bother people by asking one-off questions. But it can be overwhelming to the person I am talking to or cause work delays on my end if I wait too long and dump all my questions on the person at once.

Nerad: Your work ethic reflects both your personal brand and the firm's brand, as well. When you have billable hours, you need to take into consideration how much time to spend on something and ask yourself, is this really worth the dollars for my client? I encourage new joiners to learn how to use the resources and tools around them in order to succeed. Be proud of your work product, especially because your name is going at the top of your workpaper or project deliverable.

Nerad: What advice would you give employers/managers about today's staff?

Clark: It is critical to set up expectations of what work-life balance should look like. I did not understand what the time commitment would be like during the busy season. I did not know how many hours my peers were working because I did not see them on a day-to-day basis. You need to be up-front with expectations because people cannot see you leading by example in person.

Nerad: People care about purpose. Why am I doing this? How am I contributing? What is my firm contributing? This makes me think about the "FY22 Purpose and Inclusion Report" that PwC issued. Our people want to know that the firm is listening to them, just like our clients want to know that the firm and its people are listening to them, as well.

Nerad: Any other general advice or thoughts you'd like to share?

Clark: Do not forget to have fun! On internal calls, I try to start meetings with fun facts to lighten the mood before jumping right into business. There are moments where you feel like you do not have time for it. But those fun moments are what keep you smiling and what you will think back fondly on.

Nerad: I experience meeting fatigue all the time. Make sure whatever meeting you are having is productive. Have a meeting purpose in the calendar invite. Either attach an agenda to the meeting invite or list out a few bullets for discussion. Everyone's time is valuable. If it could have been an email instead… just send the email. We all know the meme!

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Pricing is an Almost Constant Macro

By Joe Eckelkamp, CPA

As one of the "Four Ps of Marketing," price is an almost constant economic consideration for CPA firms. *Webster's Dictionary* defines price as: "a) the amount of money given or set as consideration for the sale of a specified thing; and/or b) the quantity of one thing that is exchanged or demanded in barter or sale for another." Most economics textbooks add: price is the market equilibrium when demand and supply from *willing* buyers and sellers intersect. Those textbooks also identify differences between pricing commodities and unique goods/services.

While CPA services can be either unique (advisory services), or commodities (basic 1040 preparation), or somewhere in between, having well-understood structure and strategies for pricing is important. So, how does a CPA firm incorporate pricing into its marketing effort and how does it execute that overall effort via pricing?

To paraphrase a political cliché, all pricing decisions are local decisions because each customer purchase transaction is a one-up decision. While price standardization is important, it requires following Sun Tzu's guidance in *The Art of War* that: "[To be] victorious, plan effectively and change decisively. ... There are no constant conditions. He who can modify his tactics in relation to his [situation] will succeed and win."

Ultimately, price is a means to an end, which is to achieve an optimal level of success given the firm's motivations and abilities. Executing a pricing plan toward that end that is both planned effectively and modified quickly is not one-size-fits-all because both the firms' and the clients' wants, needs, and expectations can be diverse. But, the process is not brutally difficult, either, and it's an important process any firm can, and should, consider at least annually. The process can be formal or informal and starts with determining the firm's core view of itself.

To obtain that core view of itself and build a cogent pricing strategy and structure, a firm first identifies customer commonalities—why do customers buy from *that firm*? Delivering accurate/correct work is presumed. It's a given. But, a firm's customers are not homogenous. Nor are CPA firms homogenous. A firm's location, size, experience, and so forth, impact its approach to getting and retaining customers. Four common broad frameworks often arise to address those factors:

- Low-cost provider with a consistent pricing structure emphasizing volume over margin.
- Upscale firm, usually larger in size, emphasizing higher margins, greater customer selectivity, and lower volumes—often by adding value outside the service itself (e.g., national reputation).
- "Boutique firm" serving fewer customers, mostly in one or more specific niches with unique expertise/experience, and individualized client attention. Pricing often becomes customer specific.
- Hybrid mix of the above.

Nonetheless, each strategy or combination of strategies requires more thought on its execution. Because practitioners generally influence, but don't control, the value customers ascribe to given services, price is generally limited by the overall market and/or competition—the demand side of supply and demand. And, because CPA firms are not utilities or regulated monopolies, a firm can charge just about anything it wants to for any given service to any client as long as it acts in good faith without discriminatory practices, and such. It's the supply side of the "Law of Supply and Demand."

To this point, firm costs have not been mentioned. Yet, many CPAs find it difficult to accept the hypothesis that cost doesn't matter for *pricing*. While cost definitely impacts whether a particular firm can/wants to provide a service, in reality, the provider's cost is irrelevant to the customer. Price is driven by the client's willingness to buy based on their perceived value, the overall market, and specific firm differentiators. iPhones are premium-priced despite using low-cost overseas labor, and Nieman Marcus likely doesn't get many inquiries on the difference in its cost for various price points on shirts it carries. Image, style, comfort, and the like, not cost, drive the price.

One analogy is pricing an upscale burger. If the restaurant's cost is too high, it'll simply stop offering that item. An overall market price for that kind of burger of around $13-$15 means restaurants are capped unless they can differentiate their offering. For CPAs, differentiation is usually done via client reassurance/hand holding, offering technological conveniences, personal rapport/trust, and how many firms provide the service (supply side of supply and demand).

However, pricing can be used to produce other benefits, too, particularly non-financial results. Properly used, pricing parameters, pricing models, minimum fees, and so forth, provide structure and predictability, but they can also motivate client behaviors the firm wants. Just as a few examples:

- "Provide early bird" incentives. One firm uses the incentive to help it determine the volume of returns earlier in season. Another firm offers them instead of "punitive" surcharges for late clients because their clients accepted/understood they failed to "earn" the incentive but didn't accept the "surcharge."
- Minimum prices allow poor fit prospects to self-deselect and guides staff on the types of clients the firm wants.

- Utilize credits/surcharges (depending on your client population). They're not revenue generators, but behavior modification tools for using/not using portals, paper returns, e-filing, and such.
- Expedite fees, for example, make it their choice to expedite instead of the firm "punishing" them. In addition to behavior modification, this particular approach has allowed one firm to anticipate which clients will continue to be late and has become a meaningful revenue source. Other industries have used them for many years.
- Offer monthly clients that pay for the full year (non-refundable), in advance, a "credit" against the 12-month price. It eliminates worries about intra-year attrition, accelerates cash flow, reduces billings' administrative burden, and so on. One firm portraying it as "special for key clients" created client gratitude for being chosen.
- Virtually every medical provider now charges for no-shows and last-minute cancellations. One doctor said, "I don't want their $25 or $50; I want them to stop the behavior." Similar opportunities likely lie in wait for CPAs, too.

Incentives won't work for everyone, but they may make a huge difference for some. And, a firm can always choose to waive a charge or be generous with a credit for specific clients and earn a gold star.

Like most practice management discussions, little here is new, and most is common sense. However, as a wise man said, "Common sense isn't always so common." And, the reality is people need reminding from time to time about what they already know but fell out of sight.

As the profession comes out of another peak season, now is the time to reconsider your firm's business model, its billing methods, and its pricing practices. They are completely different topics.

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WOMEN'S INITIATIVES

The Truth About Women in Accounting

The truth is that women have come a long way in the accounting profession. In 1924, there were only 50 female CPAs in the United States. That number grew to 600 by 1950, driven largely by the impact of World War II and a shortage of workers. Today, according to a study published in February 2023 by Statista Research Department, women make up almost 60 percent of accountants and auditors in the United States.

The lie is that we are or should be content with today's statistics. While more females are graduating in accounting than men today, and have been for several years, the number of women in leadership positions is not growing at a commensurate rate. According to *Catalyst.Org*, in U.S. CPA firms, women are only 23 percent of partners, yet 42 percent of CPAs in accounting/finance functions and 47 percent of professional staff in accounting/finance functions.

Women in the Workplace is the largest study on the state of women in corporate America. This study is conducted by *LeanIn.Org* and McKinsey & Co. to give companies insights and tools to advance gender diversity in the workplace. Per the 2022 *Women in the Workplace* report, two-thirds of women under 30 say they would be more interested in advancing if they saw senior leaders with the work-life balance they want. Many amazing women leave the profession or the workforce altogether due to the belief that there is not a way to harmonize work life and home life. As a female partner in a large, national CPA firm, this notion saddens me. We must do a better job in accounting leadership positions to show those future leaders that this profession offers growth, security, opportunity, flexibility, relationships, and so much more.

This will be my last column as chair of MOCPA's Women's Initiatives Committee, as my term ends on June 30. It has been my privilege to lead this group of amazing women who have also taught me so much. I am passing the torch to Chair-elect Holly Breuer who will do great things this next fiscal year. With that, the conversations below are with female leaders in Missouri who have been asked to share two true messages professional women need to hear or be reminded of and one lie they need to identify and cast out.

—Emily Conley, CPA, Partner, Armanino LLP, Chair of MOCPA's Women's Initiatives Committee

Nancy R. Droesch, CPA

Co-founder, WILLO LLC

TRUTH—Nobody cares about your career more than you do. Not because other people don't care. They just can't care more than you. They have other cares too. No one else understands you better than you. Identify your own priorities, needs, and ambitions and shape your career accordingly. Don't wait to be invited!

TRUTH—Nobody is perfect. That doesn't mean you shouldn't strive to do your best, but it isn't productive to lament every little hiccup. Once you let go of perfection, you can push yourself to tackle new challenges. Good enough is good enough!

LIE—Asking for help is a weakness. If you don't have the resources to do your job, then you can't be successful. Resources may be guidance, tools, information, or priority setting. Weakness is floundering without what you need. Asking for the right kind of help shows your determination. That is a strength.

Renita Duncan, CPA

Partner, RubinBrown

TRUTH—You are the boss of you! Take control of your career and remember to be your biggest fan. The first step to controlling your career is understanding what you value most and why. Then, use those values as a foundation when you make decisions about your career path. Own your missteps along the way and learn from them but always celebrate your wins.

TRUTH—You are always influencing someone. Every interaction is an opportunity to be a breath of fresh air for someone else. Young women especially are looking to us as proof that anything you work for is possible. Leading a company, participating on a board of directors, raising healthy children—it's all possible.

LIE—You can (and should) do it all. Unfortunately, we cannot truly multitask. It's not humanly possible to give attention to more than one thing at a time. (Devastating, I know!) Time is also finite. This means we have to make choices and prioritize in life and over the course of our career, and what we prioritize may change over time. Sometimes saying "no" to an opportunity just means, "not right now."

Taira Garvey, CPA

Payroll Manager, Herzog Contracting Corp.

TRUTH—The people you surround yourself with will determine the direction of your path. Be brave and get out of your comfort zone, make connections with people who are smarter and better connected than you are. They will help you grow in your various roles. Reach out to future leaders in your circle and help them grow in their roles; connect them to people they might not otherwise get an opportunity to know. Networking is important; get out of the office and meet someone interesting, be someone interesting.

TRUTH—If we wait until it's perfect, it will be too late. Good enough is the best time to launch; trust your team to help you figure the other 20 percent out.

The endless hours of reviewing, over thinking, and second guessing yourself are inefficient and unhelpful.

LIE—Life is fair, and everyone is on a level playing field. We need to accept that is a lie. The sooner we come to acceptance, the sooner we can identify action steps to get to where we want to go. Find solutions, and do the work. The best rewards are earned.

Lorri Rippelmeyer, CPA
Tax Partner, Anders CPAs + Advisors

TRUTH—Believe in yourself. As women, we have a tendency to count ourselves out. We do so because we think we don't have the exact skill set or experience required to move up. We talk ourselves out of "going for it." Or we listen to others who tell us it is not a good fit or a good time because we are women, wives, moms and caregivers. These roles require empathy, understanding, flexibility and prioritizing, all of which are crucial to be successful in today's workplace. We can't always be all things to all people or positions, but we can always be our own raving fan.

TRUTH—Going it alone is hard. Find a good coach and/or mentor within your workplace. You can select a woman or man or one of each to get different perspectives and feedback. Make sure these are people who believe in you, will support you, go to bat for you and be truthful with you, even when you don't want to hear tough advice. In addition to finding mentors and coaches inside your company or firm, it is also important to have an external go-to—or several.

LIE—Work hard, do a great job, and your manager and partners will know you are interested in being promoted. It will not just happen. *You have to tell them!* Do not be afraid to let them know your aspirations. If they don't know you want to climb the ranks to ultimately be the CFO in a company or a partner in a firm, it is likely they think you aren't interested. Speak up for yourself, ask great questions about what it will take to get there and request assistance and assignments that will help you achieve your end goal. When all parties are on the same page, it is a clearer path for everyone, especially you.

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This event will help you:
- Strengthen your skills as a leader;
- Build a sense of empowerment;
- Expand your network of other influential females;
- Grow your confidence and communication skills; and
- Develop positive routines for physical and mental health.

Through dynamic conversations and interaction with fellow female CPAs, you'll walk away feeling inspired to continue your growth in and out of the workplace.

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As you plan your professional goals for this year, please take a minute to log into your MOCPA member profile page at *mocpa.org/profile*. Update your contact information, as well as your preferences (including what address you'd like your MOCPA mail to go to—home or business) and areas of interest, to ensure you're receiving the resources most applicable to you.

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Focusing on the "G" of ESG

By Mollie T. Adams, CPA, P.h.D.; Michele D. Meckfessel, CPA, Ph.D.

Investors and regulators are increasingly turning to non-financial Environmental, Social, and Governance (ESG) activities in their evaluation of corporate performance. Many audit firms have started offering ESG audits, which both assess a company's exposure to ESG related risks and evaluate the accuracy of a company's ESG disclosures. In 2022, the U.S. Securities and Exchange Commission proposed, and the United Kingdom passed, new climate-related disclosure requirements. The U.S. requirements are expected to be finalized in 2023. In addition, the European Union passed new ESG disclosure requirements in 2022. In contrast to the SEC proposal and UK requirements, the EU requirements are broader than climate-related concerns, but when it comes to governance still appear to maintain a narrow focus on board diversity. While governance is not a new concept and U.S. regulatory requirements around governance were established in the 2002 Sarbanes-Oxley Act, governance is less frequently addressed in the discussion of ESG activities and disclosures.

Governance Defined

Broadly defined, governance is a system of processes and mechanisms that control and direct the operations of the organization. Governance can be viewed from multiple viewpoints. Some take a narrow viewpoint of governance that focuses on the relationship between shareholders and management. Others view governance from a broader perspective that considers a larger group of stakeholders.

The narrower view of governance derives from Agency Theory and is generally what has been thought of when using the term "corporate governance." An agency relationship is one in which one party (the agent) is acting on behalf of another party (the principal). The relationship between a corporation's management and shareholders is an agency relationship. Management acts on the shareholders' behalf in using the corporation's assets to generate wealth for the shareholders. Under Agency Theory one of the central problems with the agency relationship is that the agent may have personal incentives or motivations that will cause them to act opportunistically rather than in the best interests of the principal. Agency costs are the outcome of this opportunistic behavior. Under the narrow view of governance, the purpose of a corporation's governance activities is to curb opportunistic behavior on the part of management, reducing agency costs and maximizing shareholder wealth. Based on this view of corporate governance, company managers should not spend company resources on ESG activities as that would decrease shareholder value; however, there is academic research evidence to support that managers of large companies in the United States may enjoy private benefits from investing in ESG at the expense of shareholder value.

The broader viewpoint of governance considers the interests of a larger group of stakeholders beyond corporate shareholders. This larger group may include, but is not limited to, employees, customers, suppliers, government agencies, and the community where the business is located. The importance of an organization's governance system is to help it balance the potentially conflicting interests of this broad group of stakeholders. Based on this broader stakeholder view of corporate governance, incorporating ESG in their business practices may aid long-term company performance. This may be especially true for smaller companies as some academic studies find evidence consistent with the belief that certain ESG activities, such as creating a work environment that improves employee morale, increase productivity, reduce material and energy consumption, and build good relationships with regulators, society, and customers.

In the context of ESG, governance is unique in that it both represents an area of risk for a company, but also serves as a monitoring system for reducing risk in the environmental and social areas. With the changing business environment, companies are under strict public scrutiny. Academic research suggests that governance mechanisms reduce agency costs by improving transparency and ensuring that the company's ESG disclosures reflect actual firm activities, regardless of the specific governance viewpoint taken. Governance mechanisms that help companies maintain their legitimacy by improving investors' trust in the information that they disclose are rewarded by support from all stakeholders. More recent research has focused specifically on the association between certain governance mechanisms and ESG performance and reporting transparency. As companies expand their focus on ESG, they may want to rethink their governance mechanisms and how they support the company's ESG strategies. Two areas where companies might focus their efforts are governance mechanisms around company management, which are tasked with implementing ESG strategies, and the Board of Directors, which is tasked with oversight of management and those ESG activities. Following are specific governance considerations that companies may want to address.

Rethinking the Traditional Financial Executive Roles

As business evolves to include considerations beyond generation of shareholder wealth, businesses may consider redefining the traditional Chief Financial Officer role into that of a Chief Value Officer (CVO). The role of the CVO entails a broader perspective on value creation and fully integrates sustainability factors with financial performance. The shift would help transform how the business is run and ensure that the business model shifts toward a sustainable one. In addition, having a strong Chief Accounting Officer (CAO) to support the CVO can improve not only regulatory reporting compliance, but also ESG reporting transparency. Accountants have expertise in the field of non-financial information and can help companies make the right changes to reduce their environmental costs, as well as help businesses report their performance in an integrated way. This will help to measure transformative progress and share experience on issues that are of interest to all stakeholders.

Rethinking Executive Compensation

Traditional views on corporate governance support the use of "pay for performance" based compensation for company executives based on the need to align management and shareholder incentives. As businesses create and expand ESG performance goals, executive compensation should evolve to include those goals. The traditional pay for performance model will need to be expanded to include performance on non-financial metrics that align with the company's ESG strategies.

Rethinking Board Size and Composition

The optimal size and composition for the board of directors varies according to company specific characteristics such as size, ownership structure, and company complexity; however, academic research has found that larger and more diverse, specifically as it relates to gender diversity, boards are associated with improved ESG performance and reporting transparency. Having a larger number of individuals who bring a diverse set of backgrounds and experiences to the table can provide a broader perspective into what is important to company stakeholders. In addition, just as having a financial expert on the board of directors can help ensure that the company is up to date on and in compliance with new financial regulations, companies with specific ESG goals may want to seek out an individual with ESG expertise to serve on the board and help guide and oversee the company's ESG strategy.

Separate the Role of CEO and Board Chair

Often companies will determine that the CEO will also serve as board chair. Having the CEO serve in both roles can be easier for smaller companies that may have a more difficult time finding external board candidates with the appropriate experience; however, when the roles are combined, the CEO is charged with monitoring themselves, creating a conflict of interest. Smaller companies may also believe that they cannot afford to compensate separate individuals to fulfill those roles; however, academic studies have found evidence that total compensation costs can actually be lower when the roles of CEO and board chair are separated between two individuals than when paying one individual to fulfill both roles.

Provide Avenues for Shareholders to Communicate with the Board of Directors

Research has found evidence of an association between higher levels of institutional ownership and ESG performance. As investors become increasingly aware of and concerned with companies' ESG activities, institutional investors have the power to incentivize companies to improve their ESG performance and reporting transparency. Unfortunately, companies do not have control over their level of institutional ownership, and smaller companies may not have high levels of institutional ownership. It is important for all companies, but especially for those without high levels of institutional ownership, to provide opportunities for non-institutional investors to communicate with the board whether this is in the form of outreach meetings specifically for this purpose or more frequent board meetings with extended time allotted for shareholder feedback.

Define and Document Board Responsibility for ESG Oversight

A 2020 study by Deloitte (*us-november-OTACA-final (deloitte.com)*) found wide variation in how board responsibility for ESG oversight is structured. Academic research has found evidence that having a dedicated ESG committee improves company ESG performance; however, board size and resources may limit the ability to establish a dedicated ESG committee. Only 10 percent of the respondents in the Deloitte study reported having a committee specifically related to ESG oversight. Most other respondents reported tasking one of the existing board committees with ESG oversight, most often (41 percent of respondents) that committee was the nominating and governance committee. Interestingly, only 1 percent of respondents reported audit committee oversight of the ESG activities. Audit committees may be well positioned to oversee ESG activities especially as they relate to regulatory compliance and reporting. Regardless of how ESG oversight is handled at the board level, it is critical that the board explicitly document which committee or committees have responsibility for ESG oversight and the specific nature of those responsibilities.

Consider an ESG Audit

Stakeholders are increasingly interested in ESG information because they find it helpful in understanding a company's long-term value. As a result, companies are under increasing pressure to manage their reputation on ESG issues. Auditors are a potential source of ESG risk management expertise and assurance due to a deep understanding of companies' ESG-related reputation risk and assurance reporting expertise. An ESG audit is a process that evaluates the environmental and social risks of a company's operations, products, or services. The goal of this audit is to identify potential risks so they can be addressed before they become problems down the road. Importantly, an ESG audit also helps companies look at their supply-chain risks, risk management capabilities, compliance with laws and regulations and transparency with shareholders. Companies can't improve what they don't measure.

Designing a Governance System

Good governance requires a broad, multi-faceted approach. As organizations expand their ESG strategies, they may need to reconsider their governance systems so that they align with a broader range of shareholders and those shareholders' interests, as well as other stakeholders' interests. An organization's goals, as well as the resources that they have available, will affect their governance system. There is not a one-size fits all solution to corporate governance, and each organization will have to consider the costs and benefits of the different processes and mechanisms available to them in order to find the right combination for their organization.

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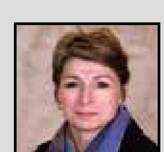

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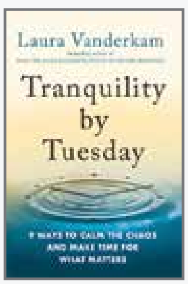
meckfesselm@umsl.edu

Professional Development for Busy Women: The CliffsNotes 10.0

Introduction by Amanda Koehler, CPA

In January, we celebrated our 10th Professional Development for Busy Women: The CliffsNotes session. At these events, speakers share the key actionable takeaways from a non-fiction professional development book. In just under two hours, the audience garners a lot of inspiration, motivation and hopefully some tactical advice. It would take a typical reader 25-30 hours to read three or four of these books. For this reason, these events have become quite popular for MOCPA members. It's a personal passion of mine to pour into the development of women, and it's been an honor to plan these events for MOCPA. I hope you enjoy the summaries shared below. Maybe you'll even be motivated to pick up one of these books (outside busy season of course!).



Tranquility by Tuesday by Laura Vanderkam

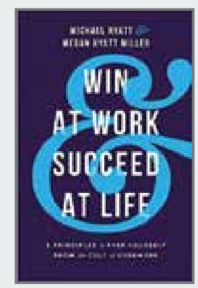
Summary by Amanda Koehler, CPA

I've long been a fan of Laura Vanderkam's time management and productivity books, but her most recent book, *Tranquility by Tuesday*, is one of her most accessible reads with very tactical advice for working women. Vanderkam is a mother of five and an author/speaker/blogger, whose partner also has a demanding job that often involves travel. In summary, she's high-achieving, and she's busy! *Tranquility by Tuesday* explores how women can find tranquility, defined as peace or freedom from agitation, on a typical Tuesday. Vanderkam notes that it's not difficult to find peace on a yoga retreat or an adults' only beach vacation. It's the "normal" repetitive weeks that really stress us out. Vanderkam conducted a 10-week study in which 150 working women tested out her nine practical rules for achieving tranquility. At the end of the study, a significant amount of the participants increased their satisfaction with how they spent their time.

In this article, I'll cover two of my favorite rules. The first rule states "three times a week is a habit" or in other words, things don't have to happen daily to become part of your identity, and "often" can be more doable than "always." To me, this rule says going to the gym three times a week makes you a person who goes to the gym and prioritizes their health. If I had to work out seven days a week in order to prioritize my health, I'd probably give up and never go. Fitting in three times a week requires scheduling tweaks, not a lifestyle overhaul. This rule requires a mindset change, not a calendar overhaul. Vanderkam lists family dinner among her habits she aims to complete three times a week. Anyone with school-aged kids in sports knows that three times a week is a worthy and likely challenging goal!

Another rule that resonated for me encourages readers to choose "effortful before effortless" fun. Vanderkam says "leisure time is too precious to be totally leisurely about leisure." She encourages us to do a few minutes of "effortful" fun, such as working on a puzzle or reading a book, before we switch to "effortless" fun such as turning on the TV or scrolling social media. Effortless fun is not inherently bad, but defaulting to it can cut us off from a great deal of pleasure. Will you feel better having finished reading a novel or having spent several hours scrolling Instagram? Vanderkam encourages us to make effortful fun as accessible and alluring as the effortless. This could be done by leaving the puzzle out on the rarely used dining room table or downloading a novel to the e-reader app on your phone so you can read while you wait at the dentist's office instead of scrolling social media sites.

I highly recommend this book. Readers will certainly find one of the nine rules to be personally relevant and impactful.



Win at Work and Succeed at Life by Megan Hyatt Miller and Michael Hyatt

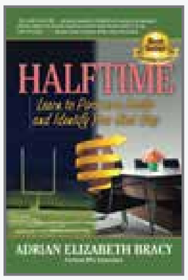
Summary by Iliyana Dale, CPA

In the book *Win at Work and Succeed at Life*, the authors discuss five principles that can help you achieve the "double win"—having a successful career without sacrificing your personal life.

- **Work is only one of many ways to orient your life**—define what success at work and home looks like for you by focusing on a few non-negotiables (self-care, relational priorities, and professional results).
- **Constraints foster productivity, creativity, and freedom**—set boundaries for your workday. Be sure to explain to all vested parties why it is in their best interest to support your boundaries. You want to be firm but not rigid when setting boundaries. Emergencies arise from time to time; you must be willing to accommodate them.
- **Work-life balance is truly possible**—the authors clarify that balance is not the same as rest; rather work-life balance is dynamic and intentional. Practically speaking, balance is about trade-offs. To avoid trading your health, relationships, effectiveness and productivity, schedule what matters.
- **There is an incredible power in nonachievement**—you need a rhythm of work and rest to be your best at work and at home. Maintain a hobby that you truly enjoy.

- **Rest is the foundation of meaningful, productive work**—start the day with a good night's sleep. You can work better because you are rested.

As Andy Stanley says, "Direction, not intention, leads to destination." You must imagine a different destination and then change the course to get there. The five principles above can guide your decision-making process and help you achieve the "double win."



Halftime: Learn to Pivot as a Leader and Identify Your Next Step

by Adrian E. Bracy

Summary by Adrian E. Bracy, CPA, MBA

In this book, I share my halftime stories and lessons learned. I explain that for me, halftime is when I pause and allow myself to reflect on the direction of my journey in life. Halftime allows us to pivot and make necessary adjustments to achieve our goals. In this book, I expose my vulnerabilities in hopes they will give the reader the courage to follow their dreams and know they have all they need to succeed in life, no matter how it looks today.

A lesson learned from chapter one: Surround yourself with people who want the same thing in life as you; people who will make deposits in your life not just withdrawals. Chapter two: Get clarity about your vision and your goals; create a strategic plan to help you navigate and give you clear direction. Chapter three: Write down your goals; don't just keep them in your mind. Chapter four: It's important for the leader to practice self-awareness—one of the most important characteristics of a great leader. Chapter five: Avoid distractions when possible! Chapter six: Know your passion and purpose. What's your WHY? Chapter seven: Develop a positive mental attitude. Chapter eight: Accountability requires self-discipline. Chapter nine: Find the bright spot in every day and the silver lining in every situation.

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NEW MEMBERS

Welcome!

The MOCPA network continues to grow!

The following members joined the society in January and February. Please take time to welcome them and invite them to participate in events and programs with you.

Fellow Members

Christopher Bartell, CPA
FORVIS, LLP

Jeffrey Bone, CPA
First Bank

William Buscher, CPA
Smith Patrick CPAs

Christal Gihring, CPA
Christal Gihring, CPA

Misti Heide, CPA
Auto Services Company, Inc.

Kathleen Hollenbeck Scott, CPA

Toni Jackson, CPA
St. Louis County Auditor

Karoline Lauritzen, CPA
RSM US LLP

Thomas Lester, CPA
PricewaterhouseCoopers LLP

Jennifer Parmenter, CPA
Stopp & VanHoy CPAs and Business Advisors, LLC

Rhonda Patterson, CPA
Integrated Transportation Resources

Timothy Shafer, CPA
White River Valley Electric Co-Op

Madeleine Smith, CPA

KICK OFF YOUR 2023 LEARNING AT MOCPA'S SPRING CONFERENCES

Register today at ***mocpa.org/conferences!***

Governmental Accounting Conference

May 16-17 | Virtual

Come discover why this has been the most highly attended event for Missouri CPAs and financial professionals working in governmental accounting and auditing for more than 50 years! This event will cover a variety of session topics—totaling 12 CPE hours plus two hours of optional ethics—that best meet your learning needs!

Corporate Accounting and Finance Conference

May 23-24 | Virtual

This two-day program provides you with the technical and strategic topics you need to excel as a finance executive. Attendees will learn about the top trends and topics impacting CPAs and business professionals that will help you grow every facet of your business. This event offers the flexibility of two virtual half days where you can get your learning in before lunch and have the afternoon to apply what you've learned.

Employee Benefit Plans Conference

May 25 | Virtual

As an auditor, you need the most up-to-date information and tools to navigate your clients' plan issues. At this specialized conference, hear the latest from the U.S. Department of Labor and other experts on current rules and regulations, and gain ideas for increasing the effectiveness and efficiency of your audits.

Multi-State Technology Conference

June 1-2 | Virtual

With the ever-increasing pace of digital change, you won't want to miss this year's Technology Conference. You can participate in up to 16 hours of educational sessions, presented by nationally recognized speakers who will provide helpful tips and advanced techniques to make you more productive and efficient.

School Audit Conference

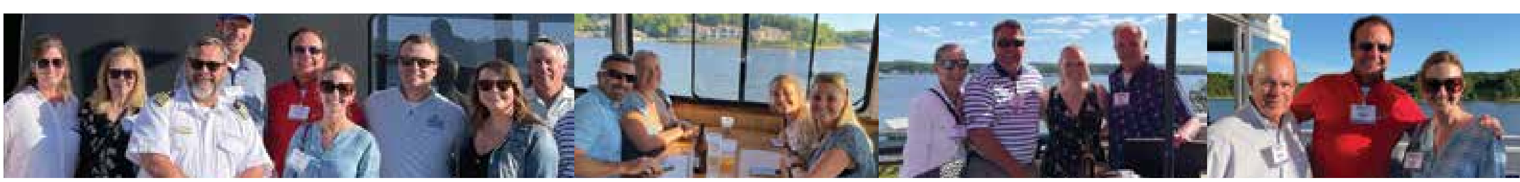
June 8 | Virtual

Whether you serve a school district from the inside or as the external auditor, staying up to date on the latest knowledge is crucial. This conference offers strategies to improve audit quality with practical tools and resources from state and local experts.

Real Estate Conference

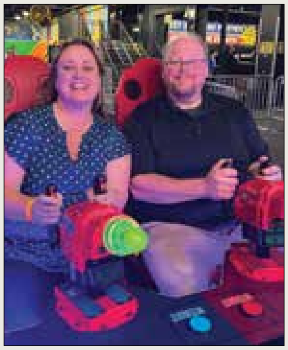
June 20 | Virtual

Real estate is top of mind for many CPAs in industry and public practice clients. The economy has rapidly shifted from a pandemic-induced slowdown to an overheated race for labor and materials. This hands-on event emphasizes real-world case studies to help you understand the array of complex tax provisions related to real estate and construction and how those provisions impact each other.



Blowing Off Steam

Firms help their staff alleviate tax season stress in a variety of ways.



Abacus CPAs, LLC

On the firm's annual designated "Day of Positivity," employees received a Sunshine Box with a sweet surprise inside and encouragement posters. The firm also hosted an outing at Incredible Pizza Company, so staff could have fun and eat with their families.

AM CPA

To get some fresh air, AM CPA had their project meetings at neighborhood restaurants. They also showed their spirit with a Chiefs Super Bowl Week and a St. Patrick's Day potluck. And best of all—a masseuse came to the office for chair massages!

Armanino LLP

Team Armanino's stress breaks included a Super Bowl Happy Hour with a giant "Culture" pretzel and a friendly trivia competition. Additionally, they celebrated Pi Day and St. Patrick's Day with pies and other sweets.

Anders CPAs + Advisors

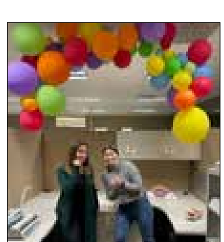
Anders' Young Professionals Group hosted weekly in-office happy hours to help everyone take a breather, and team members were encouraged to relax with yoga sessions. CPAs also got creative during Spirit Week with daily themes such as 314 Day and Wacky Wednesday. The firm's annual Queen of Hearts game with weekly drawings benefited Missouri Veterans Endeavor.

Lopata, Flegel & Company LLP

Cardinals Opening Day feels like a holiday! These colleagues decompressed and enjoyed each other's company over BBQ and cookie cake, topped off with a raffle for Cardinals' gear.

UHY LLP

This team stayed well fed with daily meals, accentuated with pies on Pi Day and ballpark-like concessions on baseball's Opening Day. And, they celebrated St. Patrick's Day with a hunt for hidden gold coins that could be redeemed "under the rainbow" for snacks.

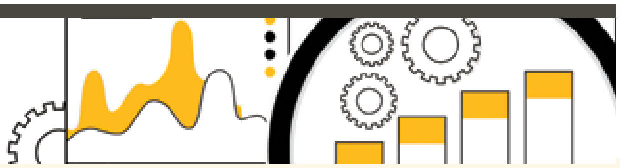


Meara Welch Browne, P.C.

Uncle Sam, a little bear, could be found hiding around the Meara Welch Browne office, with a gift card for the lucky person who found him each day! If no one found him early, a group "bear hunt" ensued to see who could find him!

RSM US LLP

RSM helped staff relax with chair massages; Valentine's Day and PRIDE cookie decorating; and a Holi celebration lunch with finger painting!



KPI Metrics to Track at Your Accounting Firm

By Swaneet Mand

As an accounting professional, you never miss a number. But have you ever wondered what metrics you might be missing that could predict performance?

Key Performance Indicators (KPIs) are metrics that demonstrate your company's performance in various areas. These metrics can highlight areas for success and improvement, as well as provide necessary data to inform future decision making.

Why track KPIs?

Relying on data can make a big difference in how easily and efficiently you achieve your goals, and tracking accounting KPIs can help you arrive at consistent and valuable results. When you track accounting KPIs, you'll see an impact in every aspect of your business, from revenue to operations to clients.

Tracking every accounting metric would be a waste of time for accounting firms. You'll want to track accounting practice KPIs that are specific, measurable, and targeted to your firm's goals in order to get the best data.

How to choose which accounting KPIs to track and how to use them

So how do you decide which accounting KPIs to track for your firm's goals? How do you compare these indicators and choose which will serve your business best?

Get started with a list of your objectives and realistic goals for your firm. Consider whether each goal is specific, measurable, achievable, relevant and time bound (S.M.A.R.T.). Knowing that each goal directly relates to the end results you want to achieve helps you prioritize the accounting KPIs you want to measure.

You don't necessarily need to download new software to track accounting KPIs, either. You can use information from the software and applications you already use, like website hosts, social media accounts, and billing software (e.g., CPACharge).

Once you've decided which accounting KPIs to track, and how to track them, you'll want to maintain records of your findings. With detailed records, you can analyze your accounting KPIs over time and make informed decisions based on the data you've collected.

Types of KPI metrics to monitor

If you're unsure of where to start, here are seven types of KPI metrics you can use to measure your accounting firm's success:

Client Development KPIs

How do you develop and maintain a relationship with a new client? Track client development KPIs to get a better understanding of how to accelerate or improve your client development. Here are a few metrics you might consider tracking:

- Number of clients served;
- Average fee per client;
- Number of active clients;
- New client acquisitions; and
- Percentage of high-risk accounts.

Client Retention and Satisfaction KPIs

Your clients are vital to your firm's success. By fostering solid client relationships, you'll increase client retention and satisfaction, leading to more client referrals. These client satisfaction KPIs might be useful to track:

- Client retention rates;
- Stars in reviews;
- Number of client referrals; and
- Client satisfaction ratings (through surveys or reports).

Marketing KPIs

Marketing what your firm offers can lead clients directly to you. Track marketing KPIs to discover the best methods and strategies for advertising to your specific audience. Here are some metrics for accounting firms to track:

- Number of website visitors per month;
- Landing page conversion rates;
- Email marketing performance;
- Traffic from referrals; and
- Social media engagement.

Financial KPIs

Healthy finances are at the heart of every business. Measuring financial performance can help you achieve your accounting firm's financial goals and maintain healthy profitability. These metrics can reveal insights that determine future decisions. Keep an eye on these KPIs:

- Profit and loss;
- Process costs;
- Number of aging reconciliations;
- Time to close;
- Close quality;
- Bad debt to sales ratio;
- Operational cost per collection; and
- Number of invoicing disputes.

Employee Performance KPIs

An efficiently working team is infinitely valuable. Performance management ensures smooth operations and revenue generation. Here are some KPIs you can use to measure staff productivity:

- Days to complete monthly close;
- Days to complete annual close;
- Number of self-identified errors;
- Errors detected externally;
- Ratio of accounting employees to full time employees; and
- Time spent on individual tasks.

Job Profitability KPIs

Tracking job profitability KPIs can be especially helpful if you're thinking about specializing. Using these metrics, you can decide what services are profitable. Here's a list you can use to measure your firm's profitability:

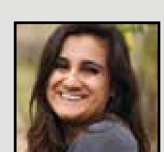
- Net profit;
- Net profit margin;
- Gross profit;
- Gross profit margin;
- List of all completed and active services; and
- Income per project.

Lead Analysis KPIs

How do you acquire new clients? Lead analysis can help you find prospective clients faster and determine how to attract new clients. Growing your client base can be essential for growing your business. Consider tracking the following KPIs:

- Cost of acquiring a new client;
- Number of new clients specifically from referrals;
- Estimated average value of each new client;
- Number of consultation appointments; and
- Number of potential clients converted to clients.

Hopefully this article helps you gain a deeper understanding of accounting KPIs and their importance. The development of quantitative, outcome-based indicators can help you and your team monitor progress toward meeting objectives, and ultimately, achieving your firm's professional and personal goals.



Swaneet Mand is a content writer at CPACharge in Austin, Texas.

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Featured listings for sale (gross revenues shown):

- North of the River KC Metro (CPA) $210k
- St. Louis (CPA) $195k
- Lee's Summit (Tax) $80k

Update:

- Southeast MO (Tax) $350k—Sale Pending
- Southeast MO (Tax) $295k—SOLD
- Creve Coeur (CPA) $280k—SOLD
- Springfield Area (CPA) $247k—SOLD
- Southwest MO (EA) $200k—SOLD
- South Springfield Metro (EA Owned) $1.7MM—SOLD
- Leawood KS (CPA) $400k—SOLD
- Western St. Louis (CPA) $320k—SOLD
- East Jackson County (CPA) $330k—SOLD

For more information on available listings or to be notified when we have new opportunities for sale, please email *Holmes@APS.net* or visit *www.APS.net*.

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ACCOUNTING BIZ BROKERS has sold more firms in Missouri in the last 18 years than any other brokerage company! Selling your firm is complex. We can help simplify the process. Contact us today to discuss your situation, receive a Free Market Analysis or to start the confidential sales process!
Current Listings:

- NE KS Suburb Gross $360k—New
- Cass County Gross $387k—New
- Creve Coeur Gross $260k—New
- SW MO Gross $525k
- Johnson County, KS Gross $1.6M—New

Recently Sold Listings:

- St. Charles County Gross $1.4M—SOLD
- Overland Park Gross $860k—SOLD
- North MO Gross $700k—SOLD

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TAX CREDITS

70 Percent NAP Credits Available

Springfield Workshop/SWI has $260,000 in 70 percent Missouri NAP tax credits available until December 2023. NAP eligible contributions will support SWI's workshop in Monett, which employs adults with disabilities. These funds will be used for ADA bathrooms and life skills kitchen. Funds provided help adults with disabilities find dignity in employment. Naming opportunities available for purchasers of credits. Please contact *lmcaninch@swiindustrial.com* for more information.

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MOCPA—Your Professional Home

Make the most of your professional home. A place where you are cared about and valued. Where you are given the tools, opportunities, and experiences to thrive in your career. When you thrive, the community prospers.

Look at how you, and your fellow 9,000+ MOCPA members, have made our community flourish this past year!

- **1,700 students** reached during CPA Week in the spring and fall.
- **3,500+ professionals** engaged in our learning and networking events.
- **245 state legislative bills** monitored that impact the profession.
- **$768,842 raised** for our Legacy Endowment Scholarship Fund, and **$40,000 awarded** in scholarships to future CPAs.
- **100+ students** enrolled in CPANext; which guides CPA candidates through the licensure process.

What will we accomplish together this year?

Coming July 2023, you'll see your MOCPA home remodeled, with new communities to ensure you are accessing the resources and connection opportunities that are most relevant to your practice area.

>> **Stay connected** and **renew your membership** at *mocpa.org*.

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