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Retreats Defining Firms' Futures

Clockwise:
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Retreats: Defining Firms' Futures

By Jeff Stimpson

Retreats are the keys to developing and implementing strategic moves for growth.

Although a lot of work, retreats can reap big rewards in strategic planning, developing new business, increasing the bond with firm members of different levels, and promoting frank discussion. "The enthusiasm after the retreats was noticeable, and turned out to be very valuable," says partner Wendy White with Savannah, Ga.-based Hancock Askew & Co., who has attended and helped coordinate two retreats, one for the partners and the other was for the firm's small business service division.

"It helps firms look beyond the numbers, and deal with the concepts," says Ron Loberfeld, managing partner of Abrams Little-Gill Loberfeld, Chestnut Hill, Mass. "Retreats also improve communication between partners, and energize participants. Being offsite helps to map out strategic planning in a relaxed atmosphere, minimize distractions, and enhance concentration." Adds Jean Caragher, president of Capstone Marketing, Chesapeake, Va., who has facilitated retreats for CPA firms, "Partners get on the same page, as well as build camaraderie. Time spent out of the office focused on firm issues generates enthusiasm and provides a forum for change."

"It's never too early or too late to start having a retreat," says managing partner Ivan Brown, of Red Bank, N.J.-based WithumSmith+Brown. "When we first had a retreat our revenue was well under \$1 million and now we're over \$60 million. The annual retreat has been a key component to our success and stability of the partner group."

"We keep the agendas relevant, strategic, and significant," says Mike McDowell, principal of McCrory & McDowell in Pittsburgh, which will in May convene its 28th consecutive management retreat.

"I believe our management team looks forward to being together," he adds, "enjoying each other's company and having the opportunity to participate in designing the firm's future."

Working Details

Most retreats last about two days, are held offsite

from the firm, and are annual. Many mix discussion and such recreation as golf freely, and often end up using a facilitator or big-name speaker. At McCrory & McDowell, for instance, "Our entire management team attends the retreat," McDowell says. "They're always offsite, and generally follow a schedule of a half day of retreat activity on day one, a half day of retreat activities and a half day of bonding activities, such as golf, sightseeing, even an organized gourmet cooking lesson one year, on day two, with a final half-day of retreat activity on day three." While the agendas have varied over the years, he adds, "they have always been strategic in focus. If we need to focus on operational issues or matters relating to daily decision-making, we do so at our monthly management meetings, not during our annual management retreat."

John Nicholas, COO, says Kerkering, Barberio & Co. of Sarasota, Fla., has been conducting firm retreats for close to 20 years. "We've traditionally had only partners attend the retreat, as we view it as an opportunity for the owners of the business to openly discuss business matters, including staffing, succession planning, business strategies, and company vision. If the retreat were open to non-partners, some of the sensitive topics would have to be avoided."

"Having two meetings per year provides the time for us to consider our mission statement, and review changes in the overall economy as well as our clients' industries. It gives us the opportunity to re-focus our strategic plan, freshen our marketing plan, and formulate action plans," says Ann Paxton, shareholder with PDR Certified Public Accountants, in Clearwater, Fla.

McDermott & Miller holds its retreat in Lincoln, not a Nebraska city where the firm has an office. "Some or all of our offices participate in three different types of retreat forums," says Norm Saale, COO of McDermott & Miller, Grand Island, Neb. "The first is at our annual meeting, which also encompasses our annual business meeting." Individual offices also hold localized retreats.

Jennifer Lee Wilson of Bellevue, Neb.-based ConvergenceCoaching says the retreats her company facilitates primarily take two forms, "either partner facilitation and training, or partner facilitation and strategic planning."

"In both cases," she says, "we always have firms conduct pre-work that includes completion of an online survey and, in the case of strategic planning as the focus, we have a number of other exercises, including SWOT (strengths, weaknesses, opportunities, threats) analysis, values, and visioning to help focus their thoughts and provide us a sense of where the partners are individually."

Says Vince Rettig, managing partner of RBSK Partners, Greensburg, Ind., "In addition to our five partners and administrative assistant, other groups of our staff are frequently invited to participate in selected segments of retreats. We have used a facilitator on one occasion and it was successful. We plan to use a facilitator again in 2008."

A SWOT analysis is always an important part of each retreat, according to Rettig. "In advance of the firm retreat, we typically hold mini-retreats for our small business services and IT departments," he adds. "Those departments will perform a SWOT analysis for their areas, and the results are reviewed at the firm retreat and incorporated into the firm SWOT as applicable. The firm SWOT analysis leads us to a discussion of firm goals for the coming year. We limit these major goals to three or four initiatives." The firm's financial budget is also a segment of each retreat, Rettig further points out.

Says retreat facilitator and consultant August Aquila of Minnetonka, Minn.-based Aquila Global Advisors, "Most retreats should be for equity shareholders, people who have invested in the firm and have the most to lose or gain. I've been at retreats where the topics only applied to equity shareholders and non-equity partners had to leave the room. Sensitive issues can't be openly discussed if there are non-partners at the retreat."

Established Way of Life

"Our first retreat was held around 1977, three years after the firm was formed," Brown says. "For the first 10 years it was a two-day event. Beginning in 1987, our retreats became three-to-four-day events, generally within a two-hour driving distance from our primary office locations. Golf now became an integral part of the retreats. In 2004, to commemorate our 30th anniversary, we held our retreat in Florida and expanded it to four-and-a-half days. This retreat was so successful we've held it in Florida ever since," he notes.

Jack Hinsche, managing partner of Windes & McClaughry, Long Beach, Calif., says his firm has conducted an annual retreat since 1980.

"The retreats typically run for three days," he says, "and are always at a site typically at least 45 minutes to two hours away from the main office. The point of this minimum driving distance is to insure that while we are at the retreat, partners won't return to the office after hours, and the sole focus is working on the business. We always have our retreat at the same time each year, during the Memorial Day week. We complete our retreat with a four-to-five-hour meeting, with adjournment always set for early afternoon to allow time for the return trip to town. Our retreat is typically followed by at least one half-day meeting at an offsite location near our office for follow-up items and reporting on items discussed and committed to during our retreat. This follow-up usually takes place in late September or early October."

Topics for the retreats have ranged from the firm vision, mission, and core values to strategic planning; partner performance standards; client service; commitment to change; succession planning; leadership training; the firm's strategic initiatives and culture; marketing and business development training; and responsibilities of ownership.

"When our firm was smaller, we used to have a firm-wide retreat at a large condominium resort on the beach in southern Alabama. This retreat had absolutely no business conducted during the long weekend. It was strictly held for fun and relaxation," recalls Bruce Nunnally, partner with Destin, Fla.-based Carr, Riggs & Ingram.

Employees, their spouses, and their children played golf, ate, and played beach games, with the primary benefit of "simply getting people from about six different offices to get to know each other and their families. One of the casualties of tremendous growth was this family retreat," he adds. "But one of the decisions of the executive committee was to upgrade our annual firm-wide CPE held each May, and also to upgrade our partners' retreat, held each November." The May event is in a larger city at a "quality location," Nunnally says. "We know we could have this more inexpensively, but it's important for all of us to get together and be at a location where people will want to get out and spend time together. This CPE is for all professional personnel, and is punctuated by social time and evening team-building

events. Besides the technical CPE, we believe we also benefit by getting all different levels of staff in a more relaxed atmosphere and people from different offices networking."

The November partners' retreat is held in a large U.S. city. Spouses are invited. "We spend part of the first day covering firm matters, but the most significant time is spent with outside speakers," Nunnally says. "It seems our approach is usually to have a key executive of a Top 20 firm talk about the history of that firm and its philosophies. Then we'll have someone from a key professional organization such as the AICPA speak about the profession as a whole. And then usually a person or persons outside of the profession but relevant to our firm closes the retreat."

Biggest Benefits

"We've made a lot of smart decisions about training programs, recruitment, compensation, firm culture, quality client service, etc., that represent the way we continue to do business today," McDowell says. "It's amazing to look back on those early years and recognize how valuable strategy development has been to our firm. In recent years, we've been able to concentrate on long-range strategic planning opportunities. Our commitment to this annual management retreat has been the single most significant contributor to our success," he says.

McCrory & McDowell has developed strategies to bring larger clients to the firm, to the point where more than 65 percent of annual revenues come from clients with fees greater than \$25,000.

"We wanted to build critical mass and increase market share, so we developed an M&A strategy. Over the past five years, we've acquired one firm and merged two firms into ours," McDowell says. "We've developed innovative recruitment and retention strategies, and today we meet our recruitment objectives almost entirely through internal recruitment programs, and our turnover has never been lower."

"The biggest benefits are establishing a partner unity for the direction of the firm, getting away from day-to-day issues to visualize what we want the firm to look like a few years from now, and involving all levels of staff to at least some degree in the management side of our practice," Rettig also points out.

Adds Phil Kronlage, president of Blanski Peter Kronlage & Zoch, Minneapolis, which has been holding annual retreats for some 15 years, "We've reduced our strategic plan to one page, which is then laminated and presented to the entire firm within two to four weeks of the retreat. We have an all-firm meeting quarterly," he adds, "and at each meeting we update the team members on the progress of strategic objectives since our last meeting."

Adds Martin Einhorn, managing shareholder of Wall, Einhorn & Chemtitz, in Norfolk, Va., whose firm does annual partner retreats, "It's important to only try to work on a couple of key things, so you can have a chance of being successful." Firms that get the

biggest bang out of retreats also have at least quarterly follow-up sessions, Aquila says. "Many firms think that the retreats are to build partner relationships, educate partners, determine raises, and evaluate staff. These aren't topics for retreats."

Says Wilson, "The biggest benefits of retreats are increased unity and alignment of the leadership team, an opening in honest and authentic communication, a discussion of 'elephants in the room' otherwise ignored or not tackled in a firm's day-to-day activities, an opportunity for building bonds and teamwork, a chance to look at the business with fresh eyes, and a chance to learn new things about the profession and trends."

Paxton's firm also has monthly marketing/planning meetings "to foster additional communication and re-visit our plans. As a result of our continuing focus, our firm has experienced strong growth, we've added niches, reduced our seasonality issues, and have become better at team-building and improving employee morale," she says.

Loberfeld's firm has found the process so beneficial that in 2006 it launched a retreat facilitation and strategic planning services niche to meet the needs of other CPA firms in the New England region and at a national level. "Our intent wasn't to discourage CPA firms from investing in existing external consultancies, just to afford an alternative option that offers a working managing partner's perspective," he says.

Always Something to Learn

Firms that involve more than partners tend to learn a lot at retreats. "The marketing director, IT director, HR director, firm administrator and executive director of firm operations all attend our retreats," says Brown. Adds John McMurtry, managing shareholder of KFMR Katz Ferraro McMurtry in Pittsburgh, "It's helpful to be reminded of the perspective and position from which staff members see things."

Firms are almost always learning something about themselves. "We've participated in many breakthroughs," says Wilson. "Some examples are when we conducted telephone surveys with staff prior to a retreat and were able to share some real concerns about behavior from a particularly tough CEO that was creating fear and turnover. When we shared it, his partners opened up about their concerns with this behavior, and commitments were made for change. Another was with a partner who wasn't performing in her role as the firm administrator, and we were able to generate a plan for hiring an outsider."

Saale says that his firm has obtained staff input on developing future goals "and identifying those people who appeared to want to accomplish them," and learned that staff wanted more immediate feedback on performance. "Retreats allow employees to feel more comfortable about voicing their opinion," he adds. "The best retreats we've had are where shareholders aren't controlling the agenda or the activities."

"Probably the biggest single action item we ever undertook as a result of a retreat," Einhorn recalls, "was to fire our biggest client, with billings over \$1 million annually, because of low realization, and that they were extremely demanding and our staff didn't enjoy working for them."

Challenges and Follow-Up

Setting the agenda to accommodate all participants is one of the biggest challenges, as is, adds Loberfeld, "getting everyone on the same page from day one is enough to be effective over a short, two-to-three day period, and, if you're a firm conducting a retreat for the first time, knowing where to begin." Partner and staff buy-in to the philosophy and benefit of a retreat is also tough, says Seth Sloan, partner with Edison, N.J.-based Mironov, Sloan & Parziale.

"It takes an enormous amount of pre-planning for an event with a group as large as ours," adds Nunnally. "We announce the dates and locations a year in advance. Another issue is to make sure we have something to offer everyone no matter the experience level. We've had to invest dollars on speakers, rooms, and activities."

After the retreat, adds Loberfeld, "is where the going really gets tough. How many firms use retreats to create high-flying agendas that never seem to get off the ground post-retreat? One possible solution is to appoint a leader to monitor goals on behalf of the firm, using retreat time to focus on setting and prioritizing a small number of realizable and manageable goals that everyone can agree on, and to work on developing and implementing an action plan post-retreat."

Using a Facilitator

Loberfeld recommends using an external facilitator before, during, and especially after retreats, and Brown's firm generally alternates between a consultant and a former managing partner of a firm larger than WS+B.

Aquila thinks the value of a facilitator is as an objective voice that can "maintain the momentum, ask the difficult questions, and control emotions." Caragher adds that facilitators "don't have their own agenda, and promote what's in the best interest of the firm."

"We're members of the RSM McGladrey Network, and we always invite one of their network leaders to help us facilitate," says Einhorn. "They've always done an outstanding job, and are very familiar with our firm."

"We've worked with the facilitator in advance to prepare the agenda, but generally we allow them free rein to conduct the retreat," McMurtry says.

Adds Nicholas, "The outside perspective of an industry expert is enlightening. We can see what other firms in the industry are doing right and wrong, and compare ourselves against them." Some facilitators can be expensive, he does acknowledge, "but usually the expensive ones are expensive because they have a message worth hearing. We've had some facilitators back more than once, but usually seek out new people who we haven't brought in before. Sometimes an outsider will say the same things that management says about business processes or something like that, but because the message is coming from an outsider it is accepted more readily. Also, an outside facilitator can get some very candid discussion going about important firm matters, such as partner compensation."

"For the partner retreat, we found our professional facilitator by asking our alliance members (the BDO Seidman alliance) if they had used someone, and their satisfaction level," White also says. "For the department retreat, we sought the help of our marketing director for the strategic session."

"We have had a few where the managing partner served as the facilitator," Hinsche says. "By all accounts, they were also very successful, but an outside facilitator has proved to be the preferred approach."

Kronlage's firm has used an outside facilitator for some 10 years, "to assist in setting the agenda and controlling the two-day retreat. This requires the facilitator to spend time upfront interviewing the shareholders and understanding our business."

"We usually hire our facilitator for at least a three-year period," he adds, "to have consistency and enable them to understand us and our firm better. We like to change after three years to get different ideas from a new facilitator." Scott Isdaner, managing member, Isdaner & Company, Bala Cynwyd, Pa., says his firm has conducted three retreats over 15

years, but plans to hold more annually. Attendance has included partners, the firm's director of administration, and, for some parts of the retreat, the director of marketing. "We hired a well-known facilitator in our industry that had worked with many other accounting firms," he says.

"As a professional facilitator myself, I understand the importance of having an outside facilitator guide the process," says McDowell.

"This is especially true when you are going through a complete long-range planning process, or when you have a particularly significant challenge to deal with. Because we have the in-house expertise, we haven't always used an outside facilitator, but I would certainly recommend it," McDowell says.

"If you need a consultant to help you solve a problem, hire one, but if you want to design your own strategies, hire a facilitator," McDowell recommends.

Final Advice

"Communicate to the staff those issues discussed at the retreat that affect them," Sloan advises. "It's also important to let staff know that the partners discussed the issues that staff indicated were important." Retreats are hothouses for pressing issues like succession planning, too, Einhorn points out.


Warns McMurtry, "Keep the focus on strategic and longer-term issues."

Adds Nunnally, "Take off the stripes and rank as much as possible. This is important even at our partners' retreat, when key partners are highly accessible. People need to feel relaxed." Further, don't rely on management or the managing partner to do all the talking, and have partners present the material, Nicholas also adds.

Strive for accountability by using timetables for goal implementation, Isdaner stresses.

Where most firms stumble is in follow-up. "Many good ideas may be developed at a retreat. Implementation of the ideas after the retreat is instrumental to a retreat's success," Isdaner says.

Stressing the need to keep confidential what information is gathered from staff, Aquila agrees.

"The worst thing a firm can do is hold a retreat and then not implement any of the ideas," he says. "Retreats are just the beginning of the process." 

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