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WHITE PAPER

# Embracing A Variable Workforce

Where Culture and Strategy Meet (And how to  
avoid the latter from becoming breakfast)

YOUR GUIDE TO RETHINKING YOUR RESOURCES AND BUILDING AN  
UNSTOPPABLE WORKFORCE ECOSYSTEM

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# 01 Introduction

It's an uphill battle for Public Accounting firms. They've reached a brick wall, where they share the most significant barrier to driving a high-performance, client-centric culture: turnover.

Yes, average turnover rates trending near 30% are stunting profitability, growth, market acceptance, brand, succession planning, and, most importantly, exceptional client service. And as it turns out, all the above are demanded by the marketplace for a firm's mere survival.

How are firms responding? Increased salaries, expanding benefits, growing human resources, and recruiting functions. Strategies that sound good on paper, but that only increase the cost of service delivery, while structural turnover falls by the wayside.

So the search for a solution continues.

We return to the same levers to deal with turnover: recruiting more lower-level staff than necessary and attempting to flatten the busy season workload, while increasing employee benefits to encourage longer periods of employment. Non-solicitation clauses, one-time "stay bonuses", the list goes on. But what's the missing link in these so-called solutions? What do many businesses overlook? Cultural issues.

Cultural issues that drive sustained success include:

- Employee and partner engagement
- Passion for customer service
- Team function and dysfunction
- A common goal to deliver consistent and excellent client service

Fact is, a new generation is entering the workforce, and Millennials and Gen Zs demand a new way of thinking about professional resources and how to deploy them.

"Recruit and hire heavily and winnow down the entry-level class via voluntary and involuntary attrition."

**Culture eats  
strategy for  
breakfast.**

**Peter Drucker**

Nope, that's the "old" model. If you need support to reach your objectives, you'll need to think creatively about a variable staffing model. Suppose full-time employees staff approximately 85% of your needs, and the rest are met by partnering with skilled, specialized professionals. In that case, you'd have the high-performance culture that Peter Drucker often spoke about.

Let's look at some of the cultural and strategic outcomes.

# 02

## Retaining the Superstars

Here's a paradox: The people most often included in the historical turnover rate are the lowest and highest performers. As a result, the middle performers tend to be left to fend for themselves and service the firm's biggest clients.

What makes top talent run for the hills?

This is a question with many answers, but the two most common are:

- Burnout: Top performers are sought after and used, and burnout is inevitable
- Growth stunt: Demand reduces the time for growth opportunities, like non-billable leadership activities, civic engagement, practice development, etc.

Assignment after assignment, audit after audit, in the same space, day in and day out – this is not how you get and keep the new generation of top talent.

But before you jump to outsourcing via service centers far away, there's a better option. Variable staffing allows your superstars to develop their skills while specialized on-demand consultants supplement the client-related audit activities and recurring engagements.

Here's the thing: the profession needs more client-facing presence and time, not less. As a result, your firm will experience higher retention rates among top performers.



# 03

With the turnover challenge come the twin issues of succession planning and leadership development. And with higher top performer retention comes a steady, in-house stream of leaders – plus a company-wide sigh of relief!

The variable staffing model creates a naturally self-sustaining leadership development environment, allowing firms to look inward for leaders instead of recruiting potentially mismatched and expensive outsiders.

Now there's room to grow over the long term.

Have an effective, culturally matched leadership team, and you'll also have:

## Tomorrow's Security is Today's Stability

# 04

## A Strong and Distinct Brand

“How's the work going to get done?”, “Where will we get the staffing for this opportunity?” and “How do we build the necessary industry-specific qualifications?”

When you free your management and leadership teams from these questions, they can focus on answering even bigger questions, like:

“How do we become the chosen firm?”, “What services do my current and potential clients want?” and “How can we start delivering those services?”

The bottom line is this: the lights need to be kept on, people need to be paid, and the firm needs to reinvest to sustain the practice.

Therefore, in the short, medium, and long terms, a variable workforce model can and will:

# 05

## Drive Firm Profitability

Despite efforts to “flatten the curve (no, not THAT curve...)”, workload compression during busy season remains a headache for most firms. At my large international firm, we earned 50% of our profits in the 25% of the year between January 15 through April 15. While 160% utilization rates were not uncommon during those months, our slower summer months had ¼ of those rates. So incurring the hard and soft costs for each period is sub-optimal.

Simply put, the quality of client service and the technical quality of audit and tax work is not the same during the 75th hour of the workweek as it is during the first hour. Similarly, paying a cohort of FTEs during the non-busy season doesn't drive profitability or motivation for top talent professionals during those times.

Unfortunately, “staffing up” during busy season and “cutting the fat” after busy season has only added fuel to the challenge of building a high-performance culture. That's where the variable workforce model gives you temporary supplemental staffing resources during peak times, without the recurring post-busy season reduction. Let's move on to the ultimate success driver...



# 06

## Unmatched Client Service

The commitment and ability to deliver outstanding, consistent, and competitive client service is the core component of any successful organization. It is the defining characteristic of a high-performance organization positioned for financial and non-financial success.

### Why are we telling you this?


Because a variable workforce model that supports optimal utilization of the firm's professional resources can create:


- A daily interface between your firm and your client
- Constant professional and energized communication with clients
- Less room for conflict and more room to grow




# # the future of audit

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