

MACPA'S

STATEMENT

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'CONCENTRATE ON WHAT YOU CAN GIVE'

2011-12 MACPA Chair

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big issues – and
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It may be 'soft' but it sure is profitable: Moving beyond the 'hard' skills

BY GREG CONDERACCI

// I didn't get my CPA to become a ..."

You don't have to be a mind reader to know that's what they're thinking. The training class is engaged but very quiet. They are not comfortable, sitting there crossing their arms and trying not to look at their Blackberries. They would prefer to go back to the spreadsheets on the laptops they reluctantly closed as the class began.

They are here because they need the CPE, because the managing partner told them to go, or because the CFO sent out an e-mail suggesting that accounting staff needed more "soft" skills. They do not want to be "a leader," "a salesperson" or even the "life of the party." They want the next IRS tax update.

Yet considerable research shows that a little polishing of those often-neglected "soft" skills can be much more profitable than the tax update.

In many classes I teach for the Business Learning Institute, there is the moment of truth: The Formula. Every year, I show hundreds of CPAs The Formula. It is a simple formula for trust, invented decades ago by a small Cambridge, Mass., consulting firm, Synectics:

TRUST = (CREDIBILITY X INTIMACY) / RISK

The Formula is at the heart of my courses on ethics, leadership, business development, communication, and even time / personal energy management. Put simply, it says people will trust you provided that your credibility (literally, what makes you believable) and your intimacy (how much they think you care about them) outweigh their perceived risk of doing what you suggest.

In other words, trust equals your annual salary as a CPA. Trust is why they pay you, whether you work for a firm, corporation, non-profit, government or on your own.

Yet many CPAs would rather ignore the "intimacy" part of the formula. So would their firms (just check their websites), even though there is considerable evidence that, in doing so, they literally cut their incomes.

Amy Cuddy, a social psychologist and a professor at the Harvard Business School, is an expert on the balance between credibility (which she calls "competence") and intimacy (which she calls "warmth").

"We want other people to be warm, but we want to be competent," she told Harvard Magazine recently.

This feeling, she argues, is not only wrong but can be hazardous to your career. The reason is that a single "positive-competent" factor, like a good SAT score or a CPA designation at the end of your name, tends to broaden into an "aura" of competence. Simply put, people think that if you are competent at that one thing, you're probably competent at other things as well. On the other hand, a "negative-competent" behavior, like not knowing how to sail a boat, is not generalized. People dismiss it as an unlearned skill.

With intimacy (or, as Cuddy describes it, "warmth"), the opposite is the case. Do one nice thing and people will not assume you're nice. But succumb to a single instance of "negative warmth" – Cuddy uses an example of kicking a dog – and you are irredeemably categorized as not nice ("cold" is the term she uses).

Does it make a big difference? You bet.

People who are viewed as both "competent" and "warm" evoke admiration from

others and what she terms "active facilitation" (helping) and "passive facilitation" (cooperating). At the other end of the spectrum, the "incompetent" and "cold" person gets neglect or even harassment. And the "competent" and "cold" people aren't much better off: They get respect but also resentment. In difficult times, Cuddy maintains, the "competent" and "cold" folks become scapegoats.

She points to the political arena for proof that even minor communication gaffes during an election campaign can destroy candidates – even those with solid track records.

Little wonder, then, that there is a heavy demand for accounting talent with both hard and soft skills. Cuddy's research seems to say that just having the CPA is enough to earn pretty good credibility, but just one slip of the lip in a meeting could trigger a downward spiral.

In 2009, Grant Thornton surveyed more than 500 senior finance executives at U.S. public and private companies about their most pressing challenges. "Considering the market for qualified, experienced accounting talent, which factors present critical challenges from a recruiting standpoint?" the survey asked.

The number one answer: "There are not enough individuals in the market with the necessary soft skills (e.g., critical thinking and problem-solving, negotiation and communication)."

The Grant Thornton report cites a 2009 Accountemps survey that asked CFOs which factors would aid in the hiring decision between two similarly qualified accounting and finance candidates. Some 31 percent

indicated that “personality or people skills” trump other characteristics, such as technological capabilities or industry specific experience.

The Grant Thornton report quotes a CFO for a \$5 billion company as saying, “Our people can’t just focus on accounting principles. They need to broaden their experience and background knowledge to understand the business application of these principles. Many times, you need critical thinking and business judgment in order to translate data and effectively communicate it externally. Accounting professionals don’t always have both the soft skills and technical expertise.”

So, what about our training class, attentively but quietly absorbing my “soft skill” gems with their arms crossed, sitting in the back rows as far away from the speaker as possible?

Bad news, Professor Cuddy says. “To come across as authentic, your verbal and non-verbal behavior must be synchronized.”

Her studies of non-verbal cues that drive perceptions of competence and warmth lead her to believe that “dominance and power are highly correlated with perceived competence. And people make inferences of competence based on how dominate someone appears.”

“Appropriate self-disclosure, the use of humor, and natural smiles all signal warmth,” she says. “So do behaviors like leaning toward someone, communicating on the same physical plane, and being closer physically.”

“In all animal species, postures that are expansive, open and take up more space are associated with high power and dominance,” she contends. “Postures that are contractive – limbs touching torso, protecting the vital organs, taking up minimal space – are associated with low power, being at the bottom of the hierarchy. Any animal you can think of, when it’s prey, makes itself as small as possible.”

Prey? Perhaps the class should be thinking, “I didn’t get my CPA to become prey!”

Greg Conderacci is a senior fellow with the Business Learning Institute and founder of Good Ground Consulting LLC. A former reporter for The Wall Street Journal, vice president of sales and marketing for Prudential Health Care, chief marketing officer for Alex. Brown and director of marketing for Price Waterhouse, he teaches marketing at the Johns Hopkins Carey Business School.

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