

Accounting for the downturn

HOW TO MANAGE YOUR BUSINESS IN A DOWN ECONOMY

Interviewed by KRISTY J. O'HARA

Dan Simms has a lot on his plate as managing partner and CEO of Habif, Arogeti & Wynne LLP, but right now the problems in the economy are his top priority.

"The biggest challenge currently is managing the organization in a slightly down economy," Simms says.

The best way to successfully do that is for the CPA firm's 300 people to focus on the clients that they serve.



"It's, first and foremost, making sure that everyone within the organization focuses on great client service because the clients need us, really, now more than ever because most businesses, I wouldn't say that they're struggling, but as a general rule, their profits are not as strong as they have been in the past, and of course, their balance sheets have taken a little hit over the last 12 to 18 months," he says.

Smart Business spoke with Simms about how to effectively manage in the downturn.

Provide great client service. It starts with having great people within the organization and making sure that everyone in the firm understands that we're in the service industry and the clients know that we're there, so it's about reaching out to the clients and having meetings with them and trying to understand what their issues are and what problems they're having and try to help consult and manage and provide guidance to the clients about how to manage through some difficult times.

Make sure that you understand the client and the industry that the client is in and then the economy and the region and how their business is being impacted by the economy and the region that they're in. But it's about meeting with the client and reviewing the operations with the client, strategizing on the problems that they've identified and helping identify other issues that may not have surfaced at this point, but maybe to try to plan for the future to identify if there's issues that haven't surfaced and try to head those off before they become an issue.

Find people with characteristics you want. It comes through making sure that you understand the background of the individual, the work experience of the individual, talking with individuals, talking with the references that are identified by the individual and making sure that you do your due diligence, especially when the candidate is at a higher level, either a senior manager, a director or a partner level.

For me, it's probably more of a feel based upon not just one conversation but maybe two or three meetings, depending on the level of the individual we are recruiting, to make sure they understand the culture of our firm and making sure they agree with our approach to client service. When

it actually gets down to making the decision to hire or not to hire, a lot of it comes down to those meetings and interactions, and as a general rule, if those are positive, then you pull the trigger and make the decision.

You also recognize that you're not always going to make the right decision, whether it's about bringing individuals in or other business decisions. ... You have to realize that nobody makes all the right decisions. If you made a decision and it didn't turn out the way you envisioned, then you have to make another decision to correct a problem that has not been corrected with a prior decision that was made.

Know you'll get through it. Probably the most important thing to keep focused on is that there will always be cycles, not only in the economy but also in differ-

ing a presentation, whether it's a live presentation or a video presentation, it's important also to release the text of the communication so that if there's any uncertainty with the communication, if they want to go back and read it, they can read it. If there are questions, you have to deal with those maybe in a different format. You try to keep everyone informed of the direction of the organization, how the organization is performing on an overall basis — maybe not specifically, so that those individuals aren't consumed with concerns that they may not have a position in the near future.

Address personnel issues quickly.

You're probably constantly reviewing performance in the organization and providing counseling and trying to help individuals who may not be

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ent industries. Understand how to manage through those cycles and also recognize that, as a general rule and for the majority of businesses, it will turn. But once you recognize that there is a downturn, [you need] to manage cash flow, to manage the operations, but also to continue to motivate individuals in the organization and to also be honest with the individuals in the organization as to how the company is performing. But again, there is a balance between what is communicated and making sure that you communicate honestly with the individuals within the organization.

In planning the communication, you have to be very clear and concise on what you want to communicate and the point you want to make to the audience. You have to say it several times. If you're deliver-

performing at a baseline level be successful in that organization, but if they don't have the right attitude or the desires and goals, sometimes you have to make those tough decisions.

You have to constantly review or evaluate the personnel within the organization and make sure that they're performing at a baseline level. Theoretically, it should be ongoing all the time but, at a minimum, annually — preferably twice to three times a year on a more formalized basis. If an individual is performing, then there needs to be communication and there needs to be recognition. If an individual is not performing, then there needs to be counseling throughout the entire year, and if an individual doesn't rectify the underlying problem, that's when the company has to make the tough decision to make a change. <<

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