

# OFFICE HOURS

## CPA Firms Shift Toward More In-Person Collaboration and More Square Footage

BY: CHRIS CAMARA


Three years after accounting professionals were forced home by COVID and then back to the office, at least part of the time, firms are beginning to settle into a new normal.

Whatever the case, it's widely believed that the days of all staff in the office every single day are over for many firms. Forever. "That train departed the station in March of 2020," says **Brandon Smith**, chief human resources officer at **LMC** in New York City. Indeed, average occupancy of offices in the U.S. today is still less than half of March 2020 levels, according to **data from security provider Kastle**.

In interviews with three firms, two in New York and one in Great Bend, Kan., leaders say that fully remote positions are destined to stay in place, as are hybrid models. Even so, they say more people in the office is better than less, and firms are taking different approaches to get there.

Smith, who has also worked at CBIZ and Friedman in New York, meets a few times a year with a group of HR and operations professionals from different CPA firms. An informal poll of 19 New York firms discovered that many firms want their staff to come in more often, even if these firms recognize workplaces won't go back to the way they were in the past. At Smith's firm, for example, staff will be required to come in three days rather than two starting in July in a new office with double the space. Meanwhile, **Marcum**, another IPA 100 firm based in the city, has made the three-day request since 2020, although it's not mandated.

Attitudes are changing not only within firm leadership, but among professionals themselves. Smith has seen the shift in a group chat with about 20 former colleagues and contacts, some of whom are looking to switch firms. "Two years ago, a year ago, they wouldn't have even considered a firm that was requiring them to be in the



office three days. "At this point, all of them are saying, 'Yes, - if that's what it's going to take for me to move into a new role, for me to continue to grow in my career, that's something I'm interested in doing.'"

City firms are finding return-to-office efforts to be a harder sell than firms like **Adams Brown**, a 12-office IPA 200 firm based in Kansas, where commuting hassles are nearly nonexistent. The firm has never enacted a return-to-work policy, and when COVID restrictions were lifted, about 90% of employees came back willingly within a week or two, says partner and vice president **Ben Wilson**. The firm opened a new office in Little Rock, Ark., about six weeks ago, to help attract students and experienced professionals in a new market. "It seems like the cultural aspects of physically being present together are still valuable," Wilson says.

## COMMERCIAL REAL ESTATE CRASH PREDICTED

In America's biggest cities, the number of remote office workers is creating a crisis. About 18% of office space lies vacant in Boston, Chicago and New York, the most concentrated area of commercial offices in the world. The number is 30% in Los Angeles and San Francisco and 25% in Dallas-Fort Worth. **Morgan Stanley is predicting an economic crash** worse than the 2008 financial crisis for the commercial real estate sector.

**Dror Poleg**, author of ***Rethinking Real Estate: A Roadmap to Technology's Impact on the World's Largest Asset Class***, is also worried. "As severe as the crisis was, we still knew that it's just another crisis, just like all the other ones," he noted in a recent interview with NPR. "We didn't think that something fundamental changed in the nature of work itself. But that's a concern that we currently have."

In one of the hardest-hit cities, however, Marcum and LMC

aren't shrinking their space. Marcum has held steady, while LMC has gone from 15,000 to 30,000 square feet in the last few weeks. LMC's new office is more modern and welcoming; it brings its team together on two connected floors versus the previous separation of five floors, says partner **Ephraim Fishman**.

According to the 2022 IPA Practice Management Report, 89% of all non-Big 4 firms, and 64% of those of \$150 million or more, planned to keep the same amount of office space or increase it this year. For the remainder of firms, the percentages range from 78% to 93%.

COVID accelerated the trend for more flexibility, and all three firms have embraced it. At Marcum, core hours are generally 10:30 a.m. to 3:30 p.m., which is helpful for those in heavy traffic areas or who care for children or parents, says **Molly Crane**, the firm's chief human resources officer. Many also work 10-hour days Monday through Thursday and take Fridays off. LMC also allows Fridays off for about half the year, and Adams Brown gives staff half-days on Fridays.

Additionally, LMC held weekly events during busy season, many focused around food, but also included massages, a Lotto scratch ticket bar and a bring-your-child-to-work day. "We're trying to make the atmosphere fun and welcoming and these events bring people back to the office," says Fishman.

Marcum also gives team members a chance to have fun through internal networking opportunities, parties and other team-building events, says Crane.

Wilson agrees that group activities are important, but they weren't necessary at Adams Brown. "We didn't have to jump through hoops and bring in the jugglers. It was an easy thing to do. Our team just wanted to be back together."

At LMC, moving from two days in the office to three is a big part of maintaining organizational culture, Smith notes. "Firms are more and more starting to swing back to the realization of how important that collaboration is, especially for junior staff."

Crane agrees. "Being in the office helps associates feel more connected to the firm and their colleagues. It's where you have those unexpected hallway conversations, spontaneous collaboration on a project, and the ability to listen in and be a part of discussions that happen organically."

She says the firm's goal is to see staff in the office more often than not, and she believes remote work will lose support from corporate America in the future. "Leaders want to see and interact with their associates, and in most cases, associates wish to interact with their peers and mentors."

Wilson reaches the same conclusion. There's no substitute for face-to-face learning, teamwork and socializing in the office. It's possible through technologies like Teams or Zoom, but it's much more difficult. "The work is the easiest part to do remotely. It's everything else that's hard." ■

In smaller cities around the country, firms are adding offices and signing 10-year leases, in part to keep their downtowns vibrant and to attract professionals who want to work in that atmosphere.

Here is a small sample of office changes, just in the last few months.

**LOUISVILLE, KY.-BASED MCM**

The IPA 100 firm has relocated its primary office to 35,000 square feet in PNC Tower. "A vibrant downtown is a critical factor in any city, and we are looking forward to continuing to call the central business district home for at least the next 10 years," said MP Brad Smith.

**ANDERS CPAS + ADVISORS OF ST. LOUIS**

The IPA 100 firm has doubled its employees from 200 in 2020 to 400 today and is opening its second office, at 10,000 square feet, in Chesterfield, Mo.

**CHATTANOOGA, TENN.-BASED HHM**

The IPA 100 firm opened its third office in Cleveland, Tenn., after renovating an abandoned 7,000-square-foot, two-story building in the redeveloping downtown business community.

**MARKET STREET PARTNERS OF CHATTANOOGA**

The IPA 500 firm, which has grown to 35 employees, is doubling its space downtown and moving into a new building.