

KPMG

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ACCOUNTING FOR SUCCESS

Continuous education, with an emphasis on building competence and confidence through shared knowledge, is key to KPMG. BY MARGERY WEINSTEIN

KPMG LLP SENIOR EXECS (FROM FRONT TO BACK): Henry R. Keizer, Global Head of Audit and U.S. Vice Chair – Audit; Mark Goodburn, Vice Chair – Advisory; Bruce Pfau, Vice Chair – Human Resources; Evelyn Rodstein, Chief Talent and Development Officer; Jack Taylor, Executive Vice Chair – Operations; and Robert F. Arning, New York Office & Northeast Area Managing Partner.

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triving to be the best of the big four accounting firms, and an employer of choice, is challenging, but KPMG LLP U.S. knows where it's headed. The firm's strategy-driven approach integrates technical skills, such as auditing, tax, and advisory methodology, with executive education, including leadership development and global

business ethics. With 23,000 employees to educate across the firm's audit, tax, advisory, and client support functions, KPMG uses everything from traditional classroom sessions to immersive virtual technology to get its message across.

SUCCESSIVELY MARKETABLE SKILLS

"Our business model is all about building knowledge, and being able to bring that knowledge to the marketplace," says Jack Taylor, executive vice chair, operations, and regional chief operating officer, Americas. "Everything we have is based on starting with that core philosophy, and building a learning and development program that is the best of the big four."

Achieving that success led KPMG to change its approach to learning. Technical skills—such as understanding and applying standards and regulations, producing the necessary documentation, and understanding the proper protocol to follow with clients—are still crucial. But alongside that functional knowledge, the firm is emphasizing the executive know-how that will get up-and-comers through their first difficult conversation with clients, or provide them with a moral compass when faced with ethical conflicts. "We're beginning to build a huge cultural component to our training program, including business ethics, diversity, and inclusion training," says Taylor.

This emerging cultural education hinges on business ethics and an understanding of what it means to work in a global and diverse environment. "We're committed to giving each of our people, over a five-year period, some type of global immersion," he explains. To that end, in 2007 the firm delivered numerous global programs for its professionals, including one for new hires fresh out of college, with 100 individuals from the U.S.; 100 from the UK; and 100 from Germany participating. Learners were immersed in the fundamentals of auditing, with a focus on on-the-job knowledge transfer and application. "They're given core skills on what they're going to do over the next three to six months when they come back and are in the field," Taylor explains.

In addition to the ability to conduct an efficient, quality audit, these new hires are schooled in the professional skills they need to build business relationships, says Eileen Walsh, partner in charge of audit learning and development. "We teach them how to present, interview, and network," she says.

As important as it is to the success of KPMG that its young new hires acquire career-building skills that go beyond technical knowledge, teaching them how to interact effectively in the workforce also is helpful to the firm's recruitment and retention strategy. New hires are drawn to the firm, and enticed to stay, at least partly for the career development that will be provided to them. "Our whole employment proposition is built on being a great place to build a career," says Bruce Pfau, vice chair, human resources. "Not just a great place to work, but to gain the professional skills and development they will need

to be a success here or elsewhere." The idea, he elaborates, is to provide employees with "successively marketable skills."

What's more, career development opportunities speak to KPMG's core values, says Evelyn Rodstein, chief

talent management and development officer. Its 1,000 courses and 2,000 instructor-led sessions send a message to the U.S. firm's employees, and the business community, that KPMG cares about the quality of its employees, and their long-term success. "We view this as a strategy to transmit our values-based culture," says Rodstein. "We view our development as not only developing people, but institution building." The firm makes sure learners at every level understand KPMG's strategic goals, and the role each of them plays helping the firm achieve them." Rodstein and her team have integrated the curricula so that technical, industry, and leadership are seen as an integrated whole. For example, the curricula delivered in KPMG's Advisory Universities and Tax Business Schools are based on a competency model in which each job role requires the mastery of specific skill sets, and employees know at each phase of their career what they need to learn to progress to the next level.

Beyond individual career development, KPMG has mapped out its succession planning needs. Its "Chairman's 25" program develops 25 high-performing employees with the potential to be on the Management Committee some day. The nearly two-year curriculum includes individual coaching, conversations with senior management, work on firm-wide issues, and exposure to outside business leaders. Pointing to the program's success, Rodstein notes that COO Taylor was once a participant. "Many of our C25 members eventually take on key senior leadership positions in the firm. For example, more than half the members of our current Management Committee are C25 alumni."

The result of cross-functional programs such as Chairman's 25 is the creation of pools of individuals who have been acculturated the same way—yet another way the firm drills its corporate philosophy into its future leaders, and, ultimately, its entire workforce. "When you look at our management committee and board of directors, what you have are people who have been through the same kind of cultural, values-driven, and strategy experience," says Rodstein. "It's not sending them off to an outside vendor or a university for a week; it's built into our DNA."

"Lead Partners" is another KPMG cross-functional program focused on breeding new leaders who have internalized the corporate philosophy. "We wanted to build people who could manage large, complex, global accounts," says Rodstein. This is essential given that some of the firm's clients are multinational corporations with offices in as many as 100 countries, and 300,000 employees. A partner heading one of these accounts would be responsible for leading his or her team, engaging the client and its board of directors, and overseeing



KPMG CENTER FOR LEARNING & DEVELOPMENT (CLD) TEAM (FROM LEFT): John Miller, Project Manager, Enterprise Learning Systems; Cyndi Bruce, Director, CLD Management Services; Shantelle Williams, Manager, Learning and Development; Kerrin Asinge, Manager, Learning and Development; George Weinand, Director, Learning and Development; Eileen Walsh, Partner in Charge, Audit Learning and Development; Evelyn Rodstein, Chief Talent and Development Officer; Andrea Carella, Director, Learning and Development; Jane Bird, Manager, Learning and Development; Michael Orth, Associate Director, CLD Internal Communications; Balavithya Ramadoss, Senior Manager Audit; Heather Maitre, Director, CLD Technology-Based Learning.

work in multiple countries with multiple accounting standards. Who better to teach newer partners what they need to know about this complicated work than the people who have been there themselves? As such, the firm selects senior partners to attend the six-month program alongside mid-level partners. It is the senior partner's job to help his/her mentee reflect on and absorb the lessons. "We wanted to take that knowledge," says Rodstein, "and push it down into our up-and-coming people."

Extra weight is added to the course by KPMG's partnership with the University of Pennsylvania's Wharton School of Business, which provides participants with supporting coursework. The curriculum also is supplemented by meetings with clients and senior KPMG leaders. But the firm knows this abundance of information is only effective if less experienced partners understand how to apply it. "The senior person sits down with the mid-level partner," notes Rodstein, "and says 'O.K., you heard all that great stuff about globalization and strategy, now how are you going to apply that to your account?'"

This mentoring relationship has proven beneficial to both senior and mid-level partners. Senior participant coaches often note they, too, learn valuable lessons from it about their firm. "I took away a further understanding of what the global firm is about, and what we're doing from a global perspective," says Fred Borchardt, a senior partner in the firm's Advisory practice who participated in Lead Partners. The breakout sessions, in which senior partners share with their less experienced counterparts both positive and negative client experiences, was a highlight of the program, he says. "Those relatively small and intimate discussions caught the attention of both the coaches and

participants at a level I don't think we've seen before."

Jerrod Bassman, a mid-level partner Borchardt coached, concurs. "These aren't just senior partners," says Bassman. "These are the guys who are legendary in the firm. One of the biggest things is being able to hear how they handled some of the challenges they encountered—everything from work/life balance to dealing with difficult client situations."

KPMG's multifaceted leadership development approach increases the chances promising partners will know the right way to do business when they eventually take the lead. "All of our leadership development programs are multi-level," Rodstein stresses. "We don't put people through a one-day event and say, 'Now you're a leader.' We expose them to real-life situations, we have them work with clients, and make sure they have time to reflect and grow." The hope is that these corporate values and strategy lessons ultimately will cascade to the rest of the firm. Budding partners need to be able to "communicate our strategy downward," adds Pfau, "and model our core values and culture."

Hand in hand with a need for leaders who know how to communicate KPMG's values to lower-level staff is a wide-ranging view of leadership in which there are not a few leaders, but many to spread the message. "Because we're a professional services firm," says Rodstein, "we define 'leadership' slightly differently. Everybody touches a client in some way or another. So, we really need 23,000 leaders. They all need client skills, business acumen, technical skills, and the ability to manage teams of people." Along with those hands-on skills, the firm, Rodstein points out, wants all employees to have self-awareness of their own values. "They're in tough situations much of the

time,” she says, “and we want them to have that inner balance that makes them mature in the face of difficult conversations and a changing regulatory environment.”

RISKY BUSINESS

Creating a firm with fully engaged, competent professionals throughout the organization is essential given what’s at stake.

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It’s not enough to develop any one aspect of leadership skills—all of it is needed, from industry and technical knowledge to the ethical business values KPMG tries to instill. “We’re in a risk business; we need to acknowledge that,” says Walsh. “We’re not selling widgets or lollipops. It’s proven over the last couple years to be an increasingly complex business with increasing risk, so our objective is to build competent and confident professionals.”

The best way to support the growth of such professionals, KPMG believes, is through knowledge-sharing, experiential events. To make sure this high-quality learning is created and effectively delivered, the firm launched a Training Advisory Board that reviews all curricula provided to professionals to ensure learning programs are aligned with corporate strategy and the firm’s learning objectives. The group, sponsored by COO Taylor, and chaired by Vice Chair of Human Resources Pfau, consists of representatives from KPMG’s U.S. audit, tax, and advisory functions, as well as its learning and development leaders. It is charged with ensuring the millions of dollars the firm invests in training are used in ways that will most benefit its employees, and the quality of service it provides to clients.

With the expected mass exodus of Baby Boomers over the coming years, and the influx of Generation X and Y workers, the firm needs to figure out the best way to meet the needs of multiple workforce generations. “We recognize the majority of our learner population is younger,” says Walsh. “We recognize they learn differently, so everything we do for that generation is attuned to their learning style.”

The firm’s Pretty Liquid simulation for new hires typifies the learning KPMG has created for its youngest workers. The two-week program takes employees into a fictitious cosmetics firm called “Pretty Liquid” to conduct an audit. Along the way, they are asked to communicate with and take assignments from characters representing engagement team leaders, perform and document audit procedures, and interview clients. Some sections of the virtual reality program feature a simulated computer—or computer within a computer—to help new auditors practice accessing and working on common KPMG technical

applications. The lessons learned within this virtual world are buttressed by live instruction, says Walsh. In addition to wrapping online work around live courses taught by internal field instructors and subject matter experts, the firm also provides participants with instruction from approximately 40 professors from academic institutions.

Hands-on exercises within Pretty Liquid, such as creating

audit-related memos, serve new hires well, says Mo Kahn, a participant in the program. “The most valuable thing I learned was familiarizing myself with KPMG methodology,” he says. “Because I went through so many different tasks, I got a decent feel for what would be expected of me.”

As effective and engaging as Pretty Liquid is, the firm knows it has to keep pushing itself to evaluate the programs it presents to its multiple generations. “As we progress through our curriculum, the programs will be modified to understand the generations and content we’re dealing with,” says Walsh. “We’ll have a little more instructor-led for the older generations, and online work for the younger generations. Everything we do is a blended solution.”

Besides being blended, KPMG’s approach is continuous—meaning learning for its workforce never ends. “The amount of information that’s coming to us daily is incredible,” Walsh says. “I need to train my professionals daily, weekly, monthly. There’s no such thing anymore as the annual event. It’s a continuous, blended solution.”

The ongoing curriculum presented to new hires exemplifies this blended, continuous philosophy. They begin with basic e-learning that provides them with background information on KPMG and the firm’s methodology. They then often are sent to client sites for a couple days, Walsh explains, “so they can touch and feel the client and paperwork and meet the [audit] engagement team.” After the new auditors get back from this experience, they are taught by the virtual world of Pretty Liquid and the live, instructor-led classes. The firm also e-mails them just-in-time learning modules related to upcoming tasks.

With a new, 500-learner-capacity training facility soon to be under construction at KPMG’s executive offices in Montvale, NJ, the firm’s learning and development offerings are ever widening, but the goal remains the same. “Whether it’s our core audit, our advisory university, or our tax business school offerings, all of our programs include experiential learning, case studies, and simulations,” Walsh says. “Everything we do is all about application.” ■