

# [Decision making processes in firm partnerships: case study](https://assignbuster.com/decision-making-processes-in-firm-partnerships-case-study/)

Summary of Case

Charles Tollison was in the middle of an audit engagement when his managing partner told Charles that he was passed on for the promotion to and audit partner. This was not the first time that he had failed to be promoted to audit partner while at his firm. Charles has very little faith when his managing partner, Linton, said, “ promised that the following year he would vigorously campaign for Tollison’s promotion and call in all the favors owed to him”(Knapp, 2014). He was already passed on the position twice and had little faith he would ever get the position. One option Tollison had was to have a permanent position as senior manager with his current employer. The case states that Tollison was easily counted on to answer the more difficult issues that came across his department. One thing that Tollison was not good at was obtaining new clients for the firm. This seems to be a key factor of why Tollison was not promoted this year or even ever.

Charles Tollison Qualifications of Partnership Position

The methodology of determining if an accountant is qualified for a partnership depends on the firm’s way of evaluating the accountant. The methodology may be based on quality of work, ability to obtain new clients, or even have a specialized knowledge. The decision will also depend on what the firm needs at that point in time. These decisions are not always fair and the wrong person might be promoted. It seemed that Charles does have excellent quality work and he seems like the go to guy for difficult issues. I do not think personally that he was fully qualified for a partnership position. Quality of work is not the only quality that should be looked at when promoting someone to a partner.

Tollison’s Firm

Fairness is not always possible in all situations, especially in situations where there are limited resources. In this case, the lack of promotion is unfortunate but I don’t think unfair. I don’t think he had all the qualities needed for this particular firm needed at that point in time. He seemed to be the go to guy for difficult issues that other people couldn’t figure out. If he was promoted to a partner he would likely not be able to take on these difficult issues and not help the firm as much as a partner rather than a manager. Yes, it might seem unfair not to get promoted but you also have to think about what is best for the company over all.

Evaluation Individuals for Promotion

Some criteria that should be looked at when evaluating potential partners is quality of work, ability to obtain new clients, specialized knowledge, interpersonal skills, dedication and commitment to the firm, integrity, ethical behavior, success with difficult assignments, and professional reputation. In my opinion, larger firm’s main motivation is revenue and how partners can generate revenue with getting new client. I know my boss has told me stories about his friends at bigger Public CPA firms having a requirement to get a certain dollar amount of new revenue by obtaining new clients. If they did not reach this level or new revenue they would be terminated as a partner. To me this is obserb, I know I am not a sales person nor would I want to spend my time finding new clients. I would rather review audits and train the people under me to be good auditors. I think smaller firms would more likely look at dedication to the firm and maybe interpersonal skills. I am sure it is hard for a smaller firm to have constant partner changes so they would look for someone who would be there for the long run.

Advantages and Disadvantages of Up or Out

Supporters of the up or out promotion policy highlights the vitality created within an organization. Members of the organization are under constant pressure to innovate and improve on an ongoing basis. In theory, this pressure drives people to be better and in turn making the organization better. People who are against up or out promotion policy point out that the self-preservation and competition that up or out policy creates is not always in the best interest of the firm or their clients. That kind of policy may bring in employees that are only focused on the short term and may inadvertently force out employees with valuable skill sets that are important to the firm. I do not think that instilling fear into your employees is the best approach to improve themselves or improve the company.