

Strategic Hiring - Hiring to Upgrade or Rebuild a Tax Function

For the last article of my Strategic Hiring series, I will break down how tax leaders should hire and retain talent in a department upgrade or rebuild, by identifying what roles and areas need to be upgraded to navigating the hiring process in a manner that reduces the risk. Of the three types of hiring introduced in [Strategic Hiring – An Introduction](#), this situation can be the most challenging for tax leaders to navigate. Still, it is an important one to consider. In the current regulatory environment, tax leaders cannot afford underperforming staff, potentially exposing the company to risk or reducing a tax function's ability to create value.

As with the other hiring strategies I have discussed in this series, doing an internal assessment is one of the first and most important things tax leaders can do before going to the hiring market. This will help determine which roles or areas need to be upgraded and help them identify what kind of profile and skillset are required to address these areas of concern. Depending on this assessment's findings, the scope of the upgrades/rebuilds can be altered substantially. **Tax department leaders must look at a few critical factors to strategize what areas and which roles need to be upgraded or rebuilt:**

1. Identify gaps in technical or soft-skill areas.

- a. While tax leaders need to first work with existing staff to develop their skillsets, there may be situations where the complexity of tax issues has outgrown the internal team's skills. This could be detrimental if there are gaps in technical areas like provision and tax operations. In those cases, if you can't get existing staff up to speed or developed, it will be critical to be firm and not be afraid of going to market to replace those individuals.

2. Assess the hiring budget.

- a. Before going to market, tax leaders need to align with upper management on the resources and budget available to ensure they have key stakeholders' support to attract and retain the caliber of talent needed. This will aid in preventing an overextending of department resources or losing valuable legacy knowledge.

3. Take into account succession planning and the internal strength of the existing team.

- a. Is there talent on the strategic side of the fence to drive value? Does the department have strong succession bench strength? Do the individuals needed to build upon have the leadership and management capability required? (continued next page)



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4. Evaluate processes/procedures/technologies.

- a. If there are opportunities to optimize or upgrade on the tax technology or processes/systems side, it needs to be done before going to market to hire. Doing so may result in tax leaders being able to reduce the amount of headcount required.
- b. Determine whether there may be opportunities to outsource or co-source work based on permanent and fixed budgets, because it may be more sensible economically to outsource work.

Once these internal assessments have been completed, tax hiring authorities must meet with the CFO and senior management to get them on board with the game plan and help identify the targeted profiles. Having the support of upper management and including them where possible in the process can be essential to ensure alignment in the department's long-term goals.

While having long retention rates is typically viewed as a positive, it can be a double-edged sword, especially in situations where the team's internal skillset is lacking. If a department largely consists of individuals who do not have the skillset needed to align with the complexity of a company's tax issues, retaining those individuals can open the company to risk, or result in the department forgoing opportunities that create value. It is better to have a department that experiences what we refer to as "good turnover." In these departments, tax leaders are committed to developing talent and encouraging growth when bringing on top performers. There may be situations where these individuals reach a ceiling in terms of growth opportunities leading to them being recruited for opportunities outside the company. While this results in turnover, it helps the department build a strong reputation for developing talent, making it easier to attract high-quality talent, which is critical in the current climate.

Based on the department assessment, the hiring strategy for upgrading or rebuilding a department will be exclusive to the company's circumstances. There are several factors though that need to be kept in mind for both situations. If the plan involves multiple roles, it may be beneficial to stagger hiring based on the timing of major projects, the economic climate, and hiring cycles. While multiple roles can be upgraded simultaneously, it is vital to go about this strategically; understanding budgetary constraints to determine whether the volume of talent being sought can be afforded and retained is essential. ([Learn more about hiring for multiple newly created roles here](#)) In the situation of hiring multiple positions to upgrade/rebuild a department, tax leaders should not lose sight of building on their succession bench strength and mapping out the transference of legacy knowledge. If there is top talent walking out the door all at once, a lot of information can be lost if it is not documented. (continued next page)



Like the other scenarios I covered in this series, tax leaders must assess their department to identify what roles and areas need to be upgraded before going to the hiring market and ensure that their succession plan aligns appropriately to retain long-term. If you would like to discuss your tax department's hiring strategies or have questions regarding the strategies I covered in my Strategic Hiring series, please don't hesitate to reach out. Email me at natalie@taxsearchinc.com, call 843-216-6664, or [schedule a time in my calendar](#).



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