



IRS Oversight Board

February 19, 2008

Statement of the Manufacturers Alliance/MAPI

Panel 3: From your experience, discuss how your members' organizations attract talent, and develop and retain key employees. What are their best practices for building future leaders?

The Manufacturers Alliance/MAPI Inc. is pleased to have this opportunity to participate in this panel on attracting, developing, and retaining talent in the IRS workforce. Talent and leadership development is very much a current topic for MAPI member companies. Indeed, at the request of members we will host a one day meeting on talent and leadership development in early June.

The Manufacturers Alliance/MAPI, a business research and executive education organization, and advocate for manufacturing interests since 1933, represents over 500 leading manufacturing firms whose products range from basic materials to advanced manufacturing and leading-edge technology and associated services. Through our council program we provide learning and networking opportunities for executives in a broad range of disciplines including finance; tax; business development; law; manufacturing; risk management; and strategic planning.

Human capital issues seem to have arrived at the center of attention in private industry and government. On February 4, 2008, for example, the Treasury Advisory Committee on the Accounting Profession, which was established last fall, held a public meeting at which it considered human capital issues affecting the audit profession. Panelists commented on the need for continuing

education and specialized education, particularly with regard to taxation, internal controls, and valuation.

We know that IRS personnel need, and regularly are exposed to, extensive training on processes and on technical issues. LMSB, for example, has conducted targeted training on corporate financial reporting. Over the years, we have observed that IRS can be very effective in identifying and grooming future leaders. This is critical to all large enterprises. Our companies employ a variety of techniques to grow talent, including rotational and/or stretch assignments, mentoring by the senior leadership team, skill-building retreats, and support for advanced education, e.g., executive MBAs and other targeted programs offered by top business schools.

Over the course of the past year, issues related to talent and leadership development have become top concerns for Human Resources executives from MAPI companies. Recently one of our colleagues conducted a teleconference to gather information on the specific issues that concern our members.

These include:

- Programs to identify and develop high potential leaders for the long term;
- Effective tools for succession planning and development of existing leadership;
- Planning for the next generation workforce;
- Institutionalizing talent development globally—getting managers to “own” development of talent;
- Creating future leaders by learning through current leaders; and
- Identifying future skill requirements

We plan to use this input to structure a one-day forum on talent and leadership development in June, 2008.

Talent Development in Tax Departments

We asked members of our Tax Councils to share how they develop talent and skills. One of our member companies has been very successful in using interns from local universities. Generally, the interns are junior, senior or graduate students in accounting programs. Four to six interns are on staff year round. They do not do menial work but carry out the same functions as full time staff. The company is able to evaluate these potential employees for future work in the tax department or in another function such as internal audit, treasury, or information systems.

Another approach, used by a member in the tax department, is to partner with two public accounting firms to share interns on a rotational basis. The interns spend one semester with the company and one semester with the public accounting firm gaining valuable and relevant experience in both public accounting and private industry. While at the accounting firm, the interns are likely to work on company engagements e.g., state compliance.

One member emphasized the benefits of having junior staff members work on projects with more senior colleagues. This promotes the development of professional, project and communication skills.

An executive from one of our member companies pointed out that his company is able to leverage a very attractive benefits package to attract talent. The company offers excellent health care and 401(k) benefits. It also has flexible scheduling.

The Federal government generally is considered to offer good employee benefits—including health care, retirement, and leave accruals. In addition, the Office of Personnel Management (OPM) has made a commitment to alternative work arrangements or telework—telecommuting, flexiwork, and flexiplace. Employees are able to conduct all or some of their work away from the primary workplace.

Our members have commented on the value of providing organized mentoring and training. They emphasize that both internal and external training opportunities are important. However robust Service-offered programs may be, continuing professional training should include venues that allow attendees from private industry, as well as, the IRS.

A further suggestion is to work with local colleges and universities—and even high schools—to ensure that their curriculums will produce graduates with the right skills. Local IRS offices might interact with community colleges to ensure that they can assist in the development of knowledge and skills that will be useful to the IRS.

Conclusion

The Manufacturers Alliance/MAPI commends the IRS Oversight for examining best practices for building future leaders. We believe that training and continuing education are critical to developing professional competency. At least some continuing education should come from sources outside the Service. The value of communication skills cannot be overstated. A great of deal of learning and professional development can be gained through participation in projects.