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## A conversation between Greg LaFollette and Jerry Topp from Eide Bailly about the use of technology in tax and accounting firms

Gregory L. LaFollette, CPA.CITP — Jerry Topp is a former high school teacher, a 25+ year public accounting practitioner, and, above all, a leader and a motivator. He heads a powerhouse firm headquartered

Jerry Topp in, of all places, Fargo, N.D. I met up with Jerry as he was in Sioux Falls,

S.D. announcing the acquisition of yet another firm there — this one adding over \$5 million in revenue, 45 professionals and swelling the Eide Bailly ranks in Sioux Falls to an astonishing nearly 200 people.

***Editor's note:** In the spirit of full disclosure, please note that I am one of those 200. I office with Eide Bailly so I can continue to experience the joys of practicing public accounting. I just LOVE the smell of tax returns in the spring! ~ Greg LaFollette*

**Greg LaFollette:** You have a lot of zeros to talk about — \$100,000,000 in revenue, 1,000 staff members, and 100 partners. That's very impressive. Tell me a little more about Eide Bailly and the markets you serve.

**Jerry Topp:** Eide Bailly LLP is a regional firm that operates primarily in the Great Plains and rocky mountain regions of the United States. This encompasses 13 offices in eight states — Minnesota, Iowa, North Dakota, South Dakota, Montana, Idaho, Arizona and Oklahoma.

**Greg LaFollette:** You're quite disciplined geographically.

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**Jerry Topp:** Personally, I will spend a great deal more time with this network in the future. We developed the network to concentrate on the management issues of firms that are outgrowing their current infrastructure and are looking for some assistance and guidance from not only our firm but also from peer firms. PracticeWise presently includes 17 member firms in 13 states. The firms are represented in size from approximately \$1 million to \$20 million in revenues.

**Greg LaFollette:** You've personally come from 14-column workpaper to paperless engagements and e-mail via smartphones. Are we really better off?

**Jerry Topp:** I think you could find a few folks around our firm that may wonder, but I am certain that technology has been, is, and will continue to be the major source of advancements and efficiencies in our profession. The speed of communication and the response time expected by our clients has changed dramatically. One might wish for the past, but the reality is that people are connected virtually non-stop. And our clients expect that we have the most up-to-date information available at our fingertips at a moment's notice.

**Greg LaFollette:** I'm interested in your opinion of the role of technology in the practice of public accounting. How important is technological competence to today's practitioner?

**Jerry Topp:** Simply put, it is a mandatory. Each person may not need to know all the applications we run in the firm, but all of our practitioners need to be competent on systems that impact their functional areas, such as tax and audit, as well as those of their clients, as the transfer of information electronically is the norm and will continue to evolve at a rapid pace.

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Impact on long-term strategy.

**Greg LaFollette:** Infrastructure, software and training — from an executive level, how do you balance investment in each. How much do you invest in those areas?

**Jerry Topp:** Our model has specific percentage expectations for each of those areas. Our Chief Operating Officer and his department managers (technology, finance, communications/marketing, training and human resources) all operate within those budget constraints. We don't cut corners in these areas as our partners expect that people will be adequately trained and have the resources necessary to serve the clients' needs. Our technology budget for the last three years has averaged 6 percent of our firm's revenue, or approximately \$6,500 per full-time employee.

**Greg LaFollette:** You've been quite acquisitive lately. Tell me how a firm's technology adaptation influences your interest in acquiring that firm.

**Jerry Topp:** Our history has shown us that it may take up to two years to get an acquired firm up to speed with our procedures, technology, systems, etc. If we find a firm that uses similar systems to ours, it definitely shortens the learning curve and may peak our interest in that firm.

**Greg LaFollette:** When bringing an acquired firm into Eide Bailly, do you notice that technologically "advanced" firms tend to assimilate more quickly?

**Jerry Topp:** It certainly helps if the firm has a learning culture with respect to new ideas and technological advancement. I think the real value

of that type of culture is to reduce the stress on the individuals of how much

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of technology without which I simply couldn't operate. The availability of high-speed access in airports, airline club rooms, hotels, coffee shops, etc., has also made this easier. I also carry a Verizon wireless Internet card in case the above options aren't available.

Technology

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