CPA
Practice Advisor

improving technology, and finding success in all areas related to staffing for that technology, is rare.

Scott Cytron • Aug. 01, 2010

From the August 2010 Issue

For a number of reasons, achieving the perfect balance between implementing or improving technology, and finding success in all areas related to staffing for that technology, is rare.
Vendors and users can, and certainly do, work together for long-term results. However, one too many variables, combined with somewhat disparate agendas between the firms and the vendors, leads to huge states of confusion. Combine that with sometimes uncontrollable circumstances related to firm networks and vendor systems, and you have the makings of what weather watchers call a perfect storm.

I sat down with three experts who have experience in staffing and technology to find out what's working, current and future trends, and even a bit about the Millennial generation. Participant of this roundtable included the following individuals:

Jim Fahey is the information/project director for Hill Barth & King LLC, in Boardman, Ohio. HBK is a full-service firm with offices throughout Ohio, Florida and Pennsylvania. Erik Kaas is director of Product Management for Sage ERP in Richmond, BC, Canada. Sage ERP is part of the international Sage family. Brett Owens is co-founder and chief executive officer of Chrometa, a Sacramento, Calif.-based provider of software that records activity in real time.

SCOTT CYTRON: As technology continues to become more efficient, it seems logical that a firm's staffing needs might change, e.g., staff would be diverted to other duties or be eliminated altogether. So far, what trends are you seeing or hearing from others

consultants, dedicated to smoothing out the implementation and deployment of software tools — essentially finagling these systems to make them work, or at least sort of work — and then train users.

I’d expect these types of positions will decrease in importance and quantity now that software is quickly advancing to the point where it actually works like it should right off the bat. Equally as important, software is intuitive; users do not need to attend training in order to figure out how to use it.

A broader trend is that as software continues to advance, it should be able to automate more and more processes that, today, require human intervention. This could be report compiling and data crunching — things that may require a human being today. Tomorrow, you might have a piece of software that can do it automatically.

ERIK KAAS: As more functions get automated through technology, especially in the back office operations of a company, specific tasks are “automated away.” However, in most cases, rather than resulting in a reduction in labor, this results in employees being able to focus more on different tasks that add more value. For example, instead of spending time on data entry, financial staff can focus on analyzing data. This is especially true for small and medium-sized business. For these companies, investing in technology is often a “must” to enable them to grow.
In larger organizations, we do see that certain staff can get eliminated based on automation. For example, organizations with many data-entry clerks can reduce the number of clerks required to enter and manage invoices if the process is more streamlined. The investment in technology is often directly justified based on the ROI obtained from salary savings in the long term.

JIM FAHEY: Logically, yes, but in practicality, it seems like the boon of information that comes along with improved technology has the effect of creating more work.

Since computers arrived on the scene, there is a perception that things are more

and it will take less staff to do the same amount of work.

The firms I see as taking full advantage of their technology resources are not the ones with the largest "percent of revenue" budgets devoted to technology. Instead, it's firms where the tools available are utilized by everyone at the firm.

SCOTT CYTRON: If this were a perfect world, what kinds of advice would you give software/technology vendors to help them prepare a firm for how a new or revised technology will change or enable new processes? How can vendors better prepare their clients for these changes?

JIM FAHEY: It is amazing how firms vary in process to get to the same end product, such as a tax return. Can a tax return be commoditized like a widget in a manufacturing environment? The software vendors attempt this all the time and try to make their programs fit our processes and workflows. It's a constant battle. As buyers of their products, firms will always desire the vendor to make the software fit their firm's specific needs, but what one firm desires from a vendor might not even be on the radar of another firm.
A possible vendor strategy would be to make the software more open source to allow firms with either the internal staff or funds to pay a third party to customize as much as possible without taking away the integrity of the application.

It's not breaking news that accounting firms are slow to change. We are very conservative and think through options before making decisions. Vendors can better prepare their clients for these changes by involving more levels of their people with the true end users of their products.

On the vendor side, the people that need to hear the feedback from users are not just the sales teams, who in turn relay comments and feedback on to development. Rather, consider having those in charge of development and some hands-on programmers be involved directly with the customer to ensure there is no breakdown

ERIK KAAS: For small and medium-sized business, the most significant productivity increases are typically the result of freeing up staff time to focus on tasks that they didn't have time to do before. When the company makes a technology investment, the goal is typically to make it a lot easier to keep the existing balls in the air. Once this is accomplished, staff can start spending more time on growing the business and juggling some new balls they couldn't handle before.

BRETT OWENS: When technology automates a task the user was previously doing manually, this is a slam dunk increase in productivity. It frees the individual up to devote his or her efforts to higher value-added efforts and activities, which is exactly where you want them focused.

When a firm employs the latest and greatest technology, it boosts employee productivity. If your employees are more productive than the employees of another firm, then this is a huge competitive advantage. This means you can afford to compensate your employees more and hire only the very best.

JIM FAHEY: I also think you simply won't compete in the accounting profession or any other if you do not invest in, and utilize, the technology and software available. Take the time to ensure your choice of applications fit the needs of the firm and don't fall victim to marketing and sales pitches. Talk to other firms that have gone down these paths and learn from their experiences. Don't just take the vendors list of referrals or recommendations; chances are they will be "sparkling" reviews.

In addition, build yourself a network of peers at other firms so that you save yourself from re-inventing the wheel. These types of peer relationships are always mutually beneficial. One of the best sources I know of to develop these relationships is through the Association for Accounting Administration — nearly 1,000 member firms worldwide committed to successful tax and accounting firm practice management.

BRETT OWENS: Technology allows you to scale your firm at a rate faster than you'd

This allows us to spend more than 90 percent of our work time on activities that add value to the business over the long term, including product development, market engagement and building our thought leadership.

JIM FAHEY: Scalability is easier when utilizing new technologies. Geographic barriers are being erased by ubiquitous Internet access. While nothing beats a face-to-face meeting between people, we can create nearly the same environment by using technology to help those multi-office firms act as if they are all under the same roof.

ERIK KAAS: In improving morale, companies that invest in technology, and specifically invest in upgrading their ERP system, are doing so because they outgrew their current system. Any time a system is "maxed out," it puts a lot of stress on employees to compensate for the lack of the system's capacity or capabilities with manual workarounds.

If the right ERP system is selected, in many cases, it relieves the employees from having to work around the constraints of their current system. This frees up the employees to take on new tasks or initiatives to help grow the business, which greatly boosts morale as they gain a higher sense of "adding value."

SCOTT CYTRON: Discussions on technology and staffing still focus on how document management and paperless technologies change the staffing needs within a firm. Why is this the case?

BRETT OWENS: There's no doubt that paperwork equals busywork. So the more paper a firm can eliminate, the better, in my experience.
Going back to our case, we have zero paperwork coming and going. We write about five physical checks a month; the rest is automated online. As a result, we spend only about one hour a month on administrative activities like accounting.

Document management is also a no brainer. It doesn't have to be an advanced

waste and improve the process by making things simpler and keeping many of our documents electronic. Photocopier companies love to hear about firms that say they are going paperless because trends show those firms actually increase their amount of printing.

How can we reduce staff if we create more work? I don't believe staffing is being reduced as it should be because there is still a reliance on younger, support-oriented staff to handle the technology aspects of the computer-challenged seasoned veterans of the firm. This is a nice way of saying some mature partners want nothing to do with it. Either they add to their skill sets or they retire. Until then, only the firm that has technology usage and ability standards for everyone will be able to realize a leaner organization.

ERIK KAAS: For companies that process a lot of paper documents, and manage the processing and storage in-house, we definitely see companies investing in electronic document management systems. The payback or ROI is usually very high and immediate once the system is implemented, based on a reduction in physical storage costs the staff needed to manage the documents and time needed to retrieve information stored in the documents.

The document management systems are typically tightly integrated with the ERP and CRM software, enabling the users of those systems to process incoming documents and search and retrieve stored documents themselves. This, in turn, helps them save time and allows them to complete their tasks more quickly.

SCOTT CYTRON: How will Millenials continue to influence the way technology is used within firms?

ERIK KAAS: The biggest trend we notice is that the expectations users have about enterprise software is changing. Because Millenials are used to simple, easy-to-use

Internet applications, they are starting to expect the same from the applications they

with a friend or colleague and checking out a website or tweets at the same time!

BRETT OWENS: We see Millenials as the driving force going forward with respect to what technology is used within firms and how it's used. Millenials have driven Facebook and Twitter into the mainstream. This trend will accelerate because Millennials are a generation full of "early adopters."

In fact, we believe in this trend so much that we give away our product to college and graduate students for free. We believe it's a win/win; they get our product for free, and we get them as our evangelists when they hit the workforce.

We also have observed that Millenials are often the default "tech support" within their own families. We've received support calls from users who eventually put their son or daughter on the phone to talk with us and help resolve the issue! Sometimes, it's even been the son or daughter who originally told their parent about our product!

JIM FAHEY: Accounting firms are historically conservative and take time to change. With the youngest generation in the workplace today, the proving of their worth will come over time. The ownership will see that they are indeed capable. These capabilities, tied directly to the power of technology and how it helped them to develop — and using it as simply another tool — will make them successful accountants and future partners of the firm.

For more than 20 years, Scott H. Cytron, ABC, has worked with tax and accounting professional, providing public relations, marketing and communications services. Author of *The CPA Technology Advisor's* MarketingWorks column, he works with firms and companies in professional services, including accounting, healthcare, legal, financial planning, collections and debt, and high-tech. Contact him at

(NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.