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ADVISORY

What SMBs Want from Their Accountant – Have You Asked?

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Doug Sleeter • Apr. 21, 2014



A study entitled, “*The Future of Employment: How Susceptible are Jobs to Computerization?*” released in September 2013 by the [Oxford Martin School](#) suggests there’s a 94 percent probability that automation will result in job losses among auditors and accountants over the next two decades. Of course, the study’s conclusion assumes accountants won’t change anything about the services they provide or their business model.

I’m on a mission to help accountants beat the odds. To do that, accountants must change the way they serve their clients and begin making those changes today. Without dramatic changes, traditional accounting firms risk a dwindling client base and increasing irrelevance in the eyes of the small and medium-sized business (SMBs) they serve.

If your firm’s business model is based on traditional compliance services, you should ask yourself these questions. Do you want to sell your practice when you retire? Do you want to pass on your firm to your family or other partners? If so, now is the time to set your firm on a path that will meet the new demands that are emerging as technology shifts.

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the tax preparer once a year – to an accountant-centric model, where accountants use cloud-based tools to provide accounting services as well as higher level consulting services. This shift is forcing the profession to reexamine the whole model of the practice.

In today's economic environment, SMB owners desperately need the services of a CPA. However, the types of services they need have changed. SMBs no longer simply require tax and compliance-related services. They need – and *want* – advisory services. But wait, who says they want these services? Have you ever really asked your clients what they want from you?

[The Sleeter Group](#) recently updated our annual *What SMBs Want from Their CPA* survey. Survey participants were asked a series of questions to identify important trends in what services they want and how they want to work with their accountant.

Overall, the research shows there's a disparity between what businesses *want* from their CPA and what they *think* their CPA can or wants to provide, especially in the areas of business planning, strategy and technology consulting.

Specialize for Success

There's no doubt that specialization is becoming highly desirable by clients, if not required. The reason this makes sense is that if you're to provide deeper levels of services and become more involved in your clients' business processes, you'll need to understand the unique issues specific to their business.

In the survey, we asked business owners if it's important that their accountant be a specialist in their industry. The 2013 survey indicated that 53 percent said they require or prefer it, but that number increased to 62 percent in the 2014 survey.

Agility Trumps Ability

Although specialization allows accountants to focus on fewer markets, success in the coming years demands that you be flexible and agile with regard to learning and using new tools. It's almost impossible to use the same tools for all of your clients. You'll need to work with many tools and be willing to learn and use new tools as they're developed. More than ever, in order to be successful, accountants will need to invest heavily in continuing education in general, but especially in technology.

By staying informed and also educating clients on the benefits of technology, accountants are showing the leadership that clients really need. This reinforces the view of the relationship as a “partnership,” which, according to survey results, is something SMBs want. Clients want to think of their accountant as an invaluable resource of knowledge and expertise who can help them grow their business.

Technology Services

The survey also revealed there’s a general misperception among SMBs about what services their accountant is able and willing to provide. Businesses don’t generally think of asking their CPAs for advice about technology. Perhaps they don’t believe their accountant *wants* to provide these services, and/or they don’t think their accountant *can* provide technology consulting services.

This is a serious blind spot. But who is blind? The client for not knowing, or the accountant for not communicating that he or she provides these types of services? I conclude from the research that there is a communication breakdown between traditional accounting firms and their clients. Perhaps because accountants are too busy working yesterday’s business model (compliance services) instead of diving deeper with each client to become their partner in success.

How up to date is your firm when it comes to adopting the latest technologies, such as paperless and online solutions? When we asked survey participants how knowledgeable they believe their accountant to be about technology, 53 percent said their accountant is “current and uses up-to-date technology,” and 17 percent said their CPA is “behind the technology curve.” Only 13 percent believe their accountant is “ahead of the curve and an early adopter of new technologies.”

It’s clear from the survey that SMBs want leadership from their CPA when it comes to technology:

- Forty-five percent of participants who currently engage a CPA said they require (or at least prefer) an accountant who is proactive in helping them plan and implement technology changes.
- Fifty-five percent of respondents who currently engage a CPA said they want technology recommendations from their accountant.

Unfortunately, 76 percent of respondents said their accountant isn’t proactive in helping them plan and implement technology changes. Clearly, this must change.

The Evolution from “Client-Centric” to “Accountant-Centric”

The PC revolution resulted in software solutions that were what I call “client-centric.” These systems put the client in control of all the technology and data they used to run their business.

The problem this caused the accounting profession was that it put distance between the accountant and the data the accountant needed to perform his or her services. And, of course, most of that client-entered data needed extensive cleanup before accountants could produce financial statements or tax returns. Perhaps even more importantly, these client-centric, desktop software products haven’t been able to provide businesses with an easy way to do business, including on the Internet with the surge of SMBs involved in ecommerce.

The bottom line is that client-centric, desktop accounting systems just can’t deliver. Today, virtually all innovation in the accounting and small business process arena can be categorized as being collaborative, or accountant-centric; that is, accountants want to take advantage of new innovations in technology, such as cloud accounting; anytime, anywhere access to client data; and the power of social media.

The New World for Accounting Professionals

In the new paradigm, you will purchase and use software solutions that help deliver services to your clients. By reimagining your business model and reengineering your business practices to leverage new technologies and tools, you can create not only a great business today, but a sustainable business for the future.

Advisory services are the Holy Grail for accountants. While compliance is necessary, advisory services are what SMBs truly want and need from their accountants.

For accountants who stick to financial statement and tax preparation services, the dramatic improvements in technology will continue to commoditize those services. For example, within the last eight years, the concept of accounting firms providing payroll tax services – including preparing tax returns – has all but gone away. How much longer will it be before other tax and compliance services are automated to similar levels?

Opportunity for Accountants to Differentiate

Since more than 50 percent of SMBs want help with technology and only 25 percent of accountants are providing it, this indicates a huge opportunity for accountants to differentiate.

If you want to position your practice for growth, here's a checklist for how you can get there:

- If you're mainly in the compliance-services business, move toward higher value-added services, such as strategic business consulting, strategic technology planning, tax planning, and collaborative accounting services, where both accountant and client can access live data.
- Educate your staff on new-world technologies and adopt a set of recommended products for your clients.
- Agility trumps ability. Don't rely on one (or just a few) solutions. Each client may require that you collaborate with him or her using different tools. You don't want to lose clients because you "don't know" their systems.
- Develop skills to connect systems together from multiple technology vendors.

About the Survey:

The combination of The Sleeter Group's 20 years of qualitative research with the two years of quantitative research data leads to some interesting findings in how accountants work with their clients and how SMBs *want* to work with their CPAs. The results paint a picture of significant opportunities for forward-thinking accounting firms that invest in technology skills and build client services to leverage these skills.

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