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Dave McClure • May. 13, 2014



In quiet conversations, the concept of holistic accounting is being examined and considered as the next major trend in client services. In a nutshell, holistic accountant addresses the client as a complete entity and seeks to help in meeting all of their business needs.

This is hardly surprising. A holistic approach has taken hold in the medical sciences, where we seek to treat the whole patient rather than just the current complaint. In

marketing, professionals refer to taking a holistic approach to a brand,

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few years:

- **“Out-sourced Accounting.”** For a time, as accounting firms expanded their reputations as business advisors, low-level accounting functions such as bookkeeping and payroll were relegated to secondary status in many firms. But this led to a demand for these services, particularly among small to medium-sized businesses. Increased demand thus led accounting firms to set up special practice areas to meet these needs.
- **Cloud computing.** In the dawn of computer-based accounting, software was developed and marketed in product “silos” – that is, payroll software was for payroll, audit support software was for audits, etc. In an effort to retain customers, some software developers began to bundle their products into interactive “suites,” but the suites were for the convenience of the accounting firm rather than the client. It was not until software moved to a web-based, cloud-driven model that it became possible to consider a holistic approach to clients.
- **Interactive Portals.** It takes time to develop the kind of relationship with clients wherein they are comfortable giving control over items like pay and benefits to employees, but the enhanced capabilities of client and employee portals has helped this generation of clients become more comfortable with a more interactive, more collaborative approach to their accounting needs.

With these as a foundation, holistic accounting then becomes the process of forming a business and accounting team that is able to identify and assess the full range of client needs and then marshal the resources to help the client meet those needs. On the business side, that means bookkeeping, payroll, audit and tax return management. Then adds human resources and benefits management, compliance, strategic and market planning. Plus succession planning, financial statements, personal wealth management for key managers, and more.

In concept this is appealing, because the firm is better able to anticipate the tax and

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not already comfortable with cloud operations, client portals and document management, it will face a steep learning curve that may not serve their clients well in the early months.

- **There has to be a “holistic champion.”** No change takes root in any accounting firm without a champion, or without partner buy-in. Most of the senior partners of accounting firms came to be successful when the firm operated as independent business units – accounting, tax and audit. Breaking down those walls and blending the units together can be a radical transformation, and planning for change becomes critical.
- **Billing can get tricky.** The client is not going to want to pay for any services whose value they do not perceive, and thus may resist the idea of the accounting firm working in non-traditional areas. This means that the firm should move slowly, with its best and most trusted clients first. And be prepared to do some billing write-downs in the first year.
- **Beware of proprietary platforms.** One of the major keys to a holistic approach is interactivity – the ability of each team member, and the software tools they use, to transparently work in concert to solve problems. Some vendors may use this needed interactivity to lock the firm into a single platform that may or may not meet all of their needs. Choose the software and portal platforms carefully.

The age of holistic accounting is upon us, and overall it is a positive trend that can bring benefits both to the firm and its clients. Whether the concept has staying power depends entirely on how well the client is served.

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