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Randy Johnston • Dec. 05, 2014



A Top Technology Initiative Article

Every year at this time, I reflect on the success and failures of the past year, and the opportunities of the year to come. It is also the time that I reflect on the recent introductions of new products and announced strategies from vendors to determine if they will create opportunity in the coming year.

For clarification, my views tend to be longer term since I don't have quarterly public

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What Are The Needs And Opportunities?

First, it is clear that client needs in the short term change at a slower rate than the popular press would have you believe. Every new technology does not have to be adopted today, "because you'll be at a competitive disadvantage if you don't do it!" However, over the longer term, things change more rapidly than you might otherwise believe. For example, think back to 2005, 1995 or 1985 and the technology that you used to meet client needs at that time. Would you have thought that high speed communications, the use of the web or graphical computing would have come this far? As we approach the tablet five year anniversary, there is a dip in sales as initial demand has peaked and the business use case has stabilized. There is no new, driving applications to expand the use of tablets, but that doesn't mean disruption can't occur on a moment's notice. Another example would be the lull in laptop and desktop sales volumes. There have been minimal compelling reasons to upgrade in the last 4-5 years. The same is true for most technologies.

So, part of the challenge is that there are new applications and developments that occur all the time. Each one by itself might not be useful or effective, but when taken together with many other developments and applications, these can be assembled into a solution and client offering. For example, inexpensive high speed communications, plus a web browser, plus bigger, faster servers, plus virtualization, plus high performance storage area networks, plus databases, plus applications that take advantage of all of technologies equals Software as a Service offerings from vendors, and a collaborative accounting offering from your firm.

Some authors are observing that we are in the middle of a third industrial revolution and experiencing the effects of radical change. These disruptive changes affect labor and productivity forcing jobs and tasks that used to exist, to no longer exist. For example, bank downloads are making data entry less common eliminating the data

entry job. While we saw productivity gains of 25% between 1996 and 2004, the

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3. Cost of entry to the business is low
4. Techniques are available that eliminate all or part of the value add of the business
5. Talent to perform the work doesn't seem to be available
6. Lack of internal controls
7. Inconsistent or broken processes
8. Lack of marketing expertise to leverage new media

How about for your firm? What does your list look like? Think about talent assessments, SWOT analysis, Ben Franklin lists and other techniques you have used for planning in the past. Some firm based issues could include:

1. Talent shortages
2. Expertise shortages from losing people to retirement
3. Training needs including a lack of technology knowledge or business management expertise
4. Desire to stay small, but economies of scale are needed to contain costs or obtain advanced tools
5. Complexity is increasing, making some offerings unfeasible or not economically viable
6. Lean Six Sigma could be used to improve processes
7. Entering commodity businesses makes the firm compete with lower cost, lower expertise groups
8. Certain business offerings create a conflict of interest

Finally, what technologies are providing an opportunity or need to be eliminated? Some examples here include:

1. Use of mobile technology
2. Bring Your Own Device
3. Collaborative accounting

4. Simplified payroll

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For example, you determine that your team has pretty good workflow expertise because you have completed a Lean Six Sigma analysis of your firm's processes. Further, you note that many of your clients have having procedural issues where a change could result in improvements in both client service and profitability. As a single engagement, or as an on-going advisory role as an outsourced CFO, you determine that you have the skills to apply workflow and financial reporting to your client's processes and can measure these on a regular basis with Key Performance Indicators (KPIs). Eventually, you can find new business opportunities for the client by applying big data trend analysis. A small firm with the right expertise can become a deeply engaged advisor with clients using these techniques. The engagements can be enormously profitable and rewarding, typically without deadline pressures.

An Interesting Result

Choosing services that you can effectively provide with your team gives you a competitive differential for your clients. In most cases, choosing a service that allows you to perform the new services plus traditional compliance services ties the client to you more tightly. Further, you are providing greater value in areas that matter to the client most. The profitability, ease of running their business, and growing their business are all of high value to them, and should be a satisfying use of your accounting skills.

And yes, you can still do audit and tax compliance work if that is the most interesting, as long as others in the firm are providing advanced business advisory services. But wouldn't it be great to have to figure out how to minimize the taxes from a wildly successful client rather than figuring out how to ramp it down because of a failure that could have been avoided?

If you take the right actions and create the right offerings, you can create a future for both you and your client that is interesting, profitable and rewarding.

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