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face the reality that soon the gap will be so wide that your options for ...

Arianna Campbell • Feb. 09, 2018



The firms currently undergoing a transition from focusing on compliance services to advisory know that change doesn't happen overnight. It takes time to make such monumental change. As the old saying goes, "Eat the elephant one bite at a time."

Many firms started eating that elephant years ago, but others are refusing to begin – sometimes because they don't actually believe in the major upheaval the profession is in the midst of right now. My colleagues and I are in firms every week. Trust us when we say that change is happening.

Here's a look at the types of changes we are seeing.

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We recently spoke to a firm that invested in technology allowing their clients to review and sign tax returns from a mobile device anywhere in the world. The firm initially resisted implementing the technology because they feared clients wouldn't be able to adapt to change. But once the firm launched the solution, the overwhelming response from clients was not fear or resistance; it was relief. Those clients have been signing other contracts and documents electronically for years and were wondering when their accounting firm would get on board.

Status quo change

This is the most dangerous type of change because people in the firm are under the illusion that they're actually changing. There's some effort being made, but no real progress.

Remember the story of Blockbuster? In 1992, Blockbuster was the undisputed leader in the video rental business, with more than 2,800 stores worldwide. But disruption came knocking when Netflix was founded by 1997.

Blockbuster didn't immediately fold, of course. The company continued to grow in the early 2000s, raking in hundreds of millions of dollars in late fees and opening more stores around the world. Why change when business was so good?

From 2003 to 2005, Blockbuster lost 75% of their market value to no-late-fee competitors like Netflix and Redbox. That's when Blockbuster started taking notice, launching their online DVD rental program in 2004, eliminating late fees in 2005 and installing DVD rental kiosks in 2008. But several board members resisted those changes and wanted to continue pushing their in-store business rather than investing in their online presence. The changes were too little, too late. The company declared bankruptcy in 2010 and announced plans to close its remaining stores in

2013. The company made lots of effort, but they weren't the right changes at the right

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They are taking advantage of big data to provide better insight for clients and automating processes to free up time for higher value services. They are shifting from a billable hour economic model to value billing. They are attracting the best talent because they're investing in technology that lets their people work smarter, not harder.

If you don't see the changes happening in the profession yet, it may be because they aren't happening in your firm. But as I said, we are in firms every week. We see:

- Firms working with fewer, but larger and more tech-savvy clients
- Offering new and different services
- More remote workers
- Hiring professionals without the traditional accounting education and background
- Client filtering
- Greater emphasis on talent development
- Focusing on Lean processes
- Investigating and investing in AI and blockchain

Is that what you're seeing in your firm? You can either change or be changed; the choice is yours.

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