CPA
Practice Advisor

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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, information/project director, Hill Barth & King LLC, Boardman, Ohio. HBK is a full-service firm with offices throughout Ohio, Florida and Pennsylvania.
- Erik Kaas, director, Product Management, Sage ERP, in Richmond, BC, Canada. Sage ERP is part of the international Sage family.
- Brett Owens, 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 to indicate this may or may not be the case?*

Brett Owens: Something really interesting is taking place right now in the world of software. In particular, it's actually starting to work like it should, probably for the first time ever. What I mean is that we've had software in the workplace for decades now, and it's definitely been a boon to productivity. There's no doubt about that. BUT it's required a lot of work to set up, install, configure and train users.

We've had a lot of staffing at firms, including internal IT staff and external 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

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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 complicated. How often do you hear someone say things were so much simpler when we did returns by hand? We have more information now than we have ever had, and it does take more resources to manage it … those resources being people.

For example, your firm might have a full-time scheduling person that basically keeps a database up to date with continual staffing changes. Staffing needs will reflect a true reduction due to technology when *all* team members of a firm are adept and regular users of the tools given them. Those few, or sometimes many, staff members who choose not to use technology only make it more difficult for the firm as a whole to take full advantage of digital processes. Once they do, efficiencies will be realized, 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

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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 in communication regarding the wants and needs of the firm. I've seen this done in the past and it *does* make a difference. When this happens, it will lessen the effects of change and allow for quicker adoption of new technologies.

Scott Cytron: *Robert Half Technology published a report in September 2009 that said technology upgrades increase productivity, help a company gain a competitive advantage, improve morale and accommodate future growth. Tell me your thoughts about these areas.*

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,

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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 otherwise be able to. You can handle more business with less extra expenses, overhead and employees.

Take Chrometa, for example. We automated a great deal of our sales, conversion and customer support processes using the latest technology available — for payments, website design, community forums and other operational activities. As a result, we're able to support a base of more than 1,000 users, growing by the day, with just three full-time employees. The best part is that each day, the three of us will combine for just an hour or two of operational activity; the rest of it is automated by technology. 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

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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 system either. For a sole practitioner or small firm, simple tools such as Google Docs or Dropbox might be enough to keep everything straight. It's absolutely worth taking the time to systematize and automate document management because this is not where you want employees spending their time.

Jim Fahey: We always hear about firms being paperless; however, when you see their offices firsthand, paper is abound. A better term is "less paper."

There will always be an element of paper. Therefore, we should strive to cut the 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

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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 use on the job. At Sage, we are investing a lot in "user-centered design" of our software, where we have usability analysts observe users and how they work with the application. Based on this research, the software is designed to be more intuitive to learn and allow users to complete tasks more quickly.

The other trend we see is that the Millenials are much more open to using technology to solve their problems. Here are two great examples. First, many users reach out to online user communities to get answers to their questions. Second, they are much more comfortable at "multitasking" — they complete a task while chatting 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

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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. n

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 scottcytron@cpata.com.

Technology

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