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ADVISORY

Do Your Best Vision Management

April 2019 Issue Many of you have put off reading this issue and article until after a hectic tax season that changed your processes and rhythm because of the Tax Cuts and Jobs Act (TCJA). One of the advantages of being a consultant to the ...

Randy Johnston • Apr. 19, 2019



Many of you have put off reading this issue and article until after a hectic tax season that changed your processes and rhythm because of the Tax Cuts and Jobs Act (TCJA). One of the advantages of being a consultant to the profession is that this time of year serves as a time to create new CPE courses, and to think strategically. Because of CPA Practice Advisor, the opportunity to gather and discuss the accounting profession at the Top 25 Thought Leaders event again this year provided insight that will shape recommendations in the next year and beyond. We had the opportunity to reflect on a future vision for the profession and had a large range of options to consider.

The format of the event includes: discussion of the profession in general, impacts of technologies on the profession, and new offerings that may make sense in the CPA professional market. We get to learn from our peer consultants that are each thought leaders in their own right, as well as a few vendors who sponsor the event and showcase some of their technologies and strategies. This year's event was no exception. While specifics of our discussions will not be disclosed other than a few unattributed quotes, the major trends and opportunities for your firms will be reported from my own observations at the event. These observations do not reflect the opinions of any other attendee, presenter or the publication. With a few simple searches, you should be able to determine who was in attendance, although I'm not sure that is particularly material.

So, What Can I Learn from These Visionaries?

Let's start with some of the big picture observations. First, compliance services like tax and audit are not going away. While these may become more commoditized or competitive, these needs of your clients will remain for the foreseeable future. One person said that "it is clear that these compliance services will remain through 2024 or 2025 and who knows what will happen if the TCJA options expire or will be renewed." Further, "changes in the law or court decisions are likely to continue to make changes in the interpretation for the next 4-5 years." For those of you who are newer to the profession, the last major tax law change took around 18 years to finally stabilize.

There was also discussion about the AICPA's new audit tool and the impact of this tool on firms performing audits as well as the guidance providers. While it is clear that vendors will try to get you to "try" or "switch" audit tools this year, now is not the ideal time to make a change. If your firm is large enough to perform audits, you'll probably want to continue to use the same engagement manager. You may want to change your guidance, for example to CCH KnowledgeCoach, as long as you

understand you may be forced into another change over the next few years. We believe that for audit teams, considering tools like CCH Audit Accelerator (Validis), Inflo, or MindBridge Ai is a far safer consideration and will have some long-term benefits to your audit efficiency and effectiveness.

There is notable movement in the profession to offer Advisory Services, particularly in the area of Client Accounting Services (CAS) offerings, but it was also clear that simply providing bookkeeping services was not a particularly high value offering. Other services needed to be included such as a business tax return, bill payment, payroll, HR and other offerings were necessary parts of building a successful practice. Vendors have tools to help with some of these specific “other services”, but it was also clear that it made less difference who was chosen as the tool provider than your consistency of use and recommendation as a firm.

An interesting guide produced by AccountantsWorld on building a CAS practice in 90 days was an effective way to build this area of your practice. There was a difference in opinion on verticalization or niche effectiveness. While it was clear that gaining expertise in one or more vertical markets was needed “four inches deep instead of one-inch deep expertise”, there were also risks when a specific vertical experience a downturn for either market reasons or changing consumer preferences.

At the risk of stating the obvious, vendors can help your strategy with innovative offerings, or they can hurt your practice from lack of innovation or marketing strategies. As a firm, you have virtually no control over your vendor’s choices. What you do have is a choice to be independent and to carefully vet solutions for completeness or the ability to do what is claimed. It is also clear you can help clients by knowing products well enough to recognize that some of the offerings are simply “hosed up” (HOSE = Hardware Or Software Exceptions). Another observer noted that “two dinosaurs can’t mate and produce a gazelle.” As you can tell, the consultants have seen a lot and can express more brutal opinions when in a session where frank discussion is encouraged.

There was another example of a monolithic application that does almost everything you need in one place. The advantage is that the vendor provides almost all the functionality needed and can manage some of the extra integrations that makes their product more attractive. We were able to see the advantages of the integration, eliminating the need for “digital plumbing” which “often has leaks” and chunkification where vendors have solved one problem very well, but leave the

connections from their system to everything else up to you. Most firms don't have the time or expertise to maintain all the plumbing.

Data integrity and reporting was another broad topic of interest. Over 40 years ago, in one of my earliest books, I suggested that computers are used to turn data into actionable information. Most of our clients don't want pretty dashboards and KPIs that are static. They want information that tells them what to do about an underlying issue. Further, they want their systems to be forward looking and predictive. The need for month end closes and backward-looking financials has less meaning for managing today's businesses. While we recognize the need for compliance reporting, most business owners value forward looking advice, planning and operations management more. While systems are eliminating much of the data entry through bank and credit card feeds, they frequently don't have the lead to sales to cash mechanisms that help managers make businesses profitable.

We also were exposed to behavioral economics. This field tries to explain why people make irrational or illogical decisions. We were exposed to a dozen or more examples from research literature and had examples provided. One particularly fascinating example was the effect of opt-in vs. opt-out for organ donation in Germany and Austria. As you might guess the default option broadly influences choice, particularly if you feel that you have a choice. While you may think you understand how a client is making decisions, this presenter was able to effectively make the business case that you can choose factors that will help clients help themselves. Further, your team members can also help themselves. Resources include: *Nudge* by Richard Thaler and [Influence at Work](#) from the book *Influence* by Dr. Robert Cialdini.

Was There A Single Big Piece of Learning?

No one has your practice solved. Your vision of what works for you and your clients is still largely up to you. While pundits may claim they have systems, products or services that are the secret sauce for your firm, consider what works best for you and for your clients. While there are “over 39 service offerings”, you can help a lot of clients and making a great life for you and your team by selecting a few high value services and delivering those well.

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