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Garrett Wagner • Dec. 28, 2020



Let's start with a little test. Wherever you are now, stand up and try and touch your toes. Go ahead, give it a try.

How far did you get?

Did your hands make it past your knees? Don't worry, I'm in this camp with you. Did you make it to your ankles? Wow, even better. Maybe you do a lot of yoga, and you touched the ground on your first attempt – maybe even put your palm on the floor. Truly impressive!

As you well may know from working out or past experience, if you try this again a

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If 2020 were any indication, 2021 may come with its own fair share of surprises. By sharpening our mental flexibility, we can be ready for what comes next and to reach farther, more easily and quickly. Just like we practice touching our knees, then our ankles, then the ground, we can expand our mental agility and preparedness for what these times hold in store.

By having mental flexibility, we can shift our roles as accountant, solely focused on the past, into advisors, ready to help clients deal with complexities and unpredictable changes.

Credits, Debits, Risk & Reward

For many accountants, this concept of becoming flexible people of action is something new. Frankly, it sounds a bit risky, doesn't it?

By largely staying focused on the past and the defined nature of debits and credits, we remain in the relatively safety of having all the inputs. No matter how bad the accounting was done for an organization, the debits always equal the credits. All the transactions and data recorded in the general ledger are just that—they have been recorded. They may have been recorded incorrectly, but they were recorded, nonetheless.

Contrast this to the ever-changing challenges we faced in 2020, or around the CARES act, the PPP program, and so on...Unfortunately, we never had all the data. Our clients needed our input—our opinions and our best-guess as to what to do.

Based on this, to grow our skills, we must accept that we simply cannot know everything.

Step 1 is accepting that gray areas aren't easy facts for us as accountants to accept. When we look at consultants across any industry or organization, they are not all-

seeing or all-knowing. They use what data they can get and make assumptions based

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PPP loans and their oftentimes, as-yet-unknown forgiveness policies. Given what we know now, we may have done a few things differently. But we make the best decision we can with the information we have at the time. I did not hear many firms telling their clients, “We will not provide any advice about this program, because there are too many unknowns. You are on your own.”

Just a Little Respect

Think of it this way. You advise what is the best solution, not the right answer. Given your vast knowledge and insight, and based on what is in front of you.

We cannot fail our clients by refusing to give them advice because we don't know all the answers. The world cannot stop turning. In this new way of thinking, we work to understand all the “known knowns” and think through their possible outcomes. We do some “game theory,” thinking through what we know, what we do not know, the variables, and how these may play out short- and long-term.

Once we map out those equations, we are ready to make a recommendation. Like consultants, this is what we are paid for—this is why respect is given and how it gets earned.

While 2020 did not progress as anyone had thought, it forced us to adapt. We shifted overnight from accounting and into advising. We stumbled onto an other-worldly financial playing field. We immediately tested and re-tested our mental flexibility. The end result was that we provided forward-looking advice, even if it seemed we were using the scientific method rather than a proven model.

As we head into 2021, let's build on these skills. Push yourself past that little voice in your head—the one that says you need to know 100 percent of everything to make a recommendation. Because those days are gone, my friends.

Each time you can make a strategic decision without knowing everything for certain,

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