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## ACCOUNTING & AUDIT

# Harnessing the Power of People to Best Utilize Accounting's Tech Potential

Public accountancy has been one of the top industries ripe for disruption over the last decade. It's a topic that SEC's Commissioner Kara Stein used as her focus for an international address at the Chartered Accountants Hall in London back in 2015.

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*By Jessica Barnas.*

## **Disruption**

Public accountancy has been one of the top industries ripe for disruption over the last decade. It's a topic that [SEC's Commissioner Kara Stein](#) used as her focus for an international address at the Chartered Accountants Hall in London back in 2015. And it's a point that I remember discussing with my parents, the founding partners at KleinHall, when I joined the business back in 2013.

As a fresh graduate, my parents had counseled me to steer clear of joining any of the big firms. So naturally, I did the opposite of what they prescribed for me, and I went to work at one of the big four. It only took a few months to realise it wasn't for me. It was early exposure to some of the environmental factors that contribute to annual turnover rates [upward of 25 percent](#) in our industry; for context, this is more than double the national average of 11.6 percent across other industries.

Many external commentators have focused on the technology disrupting the industry and rightly so. Automation and the growth in services such as IBM's Watson, have resulted in clients expecting more and the pressures on firms to deliver value has ratcheted up.

We've known that to survive as an industry we needed to pivot, as clients have become less concerned with seeing returns completed in front of them, and focused more on the empowerment that mastery of financial forecasting can bring. However it's the finessing of people management that I believe will have the biggest impact for businesses like ours, and six years ago, our founders, my parents, agreed. So KleinHall, prior to acquisition, reprioritized and I'd like to share some of the results.

## **Better resource allocation**

I mentioned that KleinHall was looking to prepare itself for the world of emerging technologies. Back in 2015 we were a team of 30 and one of the ways we decided to approach the use of technology was to improve our efficiency. Data entry and bookkeeping are part of the job description, but in the US, like many other developed nations, clients had heard about the potential of automation, and believed the technology to be a decade more mature than its practical application at the time.

It's true we could harness it to fuel insights which provide the additional value we aim for with clients, but at the time, a lot of our team's time was still occupied by long and arduous hours of back office work. To be able to focus on more creative value-adds we needed another way.

Following our directors' in-person interviews with a number of Business Process Outsourcing providers, or BPOs as they are known, KleinHall partnered with Cloudstaff, a remote working resource in the Philippines. Recognized as one of the top three ICT businesses nationally, Cloudstaff assisted in recruiting the right talent to join our accounting team. They also had capabilities beyond accounting, which was ideal to be able to accommodate our future expansion plans.

Our "Cloudstaffers" have demonstrated incredible loyalty to us, with us maintaining a 76 percent retention rate since 2016. Starting out with four in the Philippines office, we've since grown the team to 12 full-time accountants who do month-end accounting process (bank reconciliation, accounts receivable/payable reporting, preparing financial statements, monitoring fixed assets, etc) as well as weekly bookkeeping (recording of invoices/bills/payroll journal entries and processing payroll). This has allowed our team in the Chicago office to focus more on financial planning and creative problem-solving for our clients, which ultimately means we can deliver more value to our clients. As a result we've increased our revenue 60 percent year-on-year while working with the additional overseas team.

## **Solving the unicorn problem**

It's been almost two years since our merger with Wipfli. Ahead of acquisition though, we were determined to make our offering as efficient as possible with the resources we had at our disposal. As [studies have shown](#), burnout is all too common in our industry with grads getting burdened with 50-70 hour weeks and little support. It leads to people leaving the industry, particularly women, or prioritising work/life balance and stepping back.

This means that the talent pool of people with five years' experience in the US is pretty small. So much so that it's a running joke that finding someone of this talent level for anyone outside the Big Four feels like finding a unicorn. Luckily for us, these jobs are now able to be filled by ambitious and highly motivated teams overseas where our own talent pool is deficient.

The team at KleinHall found that we were able to keep and grow the skill base of a team with specialist knowledge by creating a team dedicated to supporting us, within the business. Through this small Cloudstaff specialist team, we have been able to build a knowledge centre for clients, while freeing up our team to invest in the future of our business, moving away from compliance (which is increasingly automated) and into higher value advisory services.

Which in turn has benefitted the bottom line, and brought us wider industry recognition, through the 2021 NetSuite 5-Star award, 2021 Microsoft Nonprofit Partner of the Year, #4 on Construction Executive's Top 50 Construction Accounting Firms among others.

## **Technology as an enabler**

Leading up to the merger, we moved clients from local server based software to all cloud-based software so that our overseas team and clients could quickly and easily access files. We also moved client files from our cloud server to individual cloud-based portals for each client for the same reason. We found that it also helped from a cyber security perspective, with increased levels coming as part of the package.

Our team in the Philippines has expanded its software knowledge from just QBO, to NetSuite, Inacct, Microsoft Business Central, Great Plains and Sage software to name just a few. They have a much broader base of software proficiency than we did pre-merger and are able to easily adapt to industry specific software more smoothly. As a result, we're now looking to grow further by expanding our developer team, also with Cloudstaff, as we broaden our capabilities as a technology-driven services provider to our clients.

## **From survive to thrive**

When the pandemic first hit, we were unsure how our services of business management would fare, given the economic downturn and some businesses coming to an absolute halt. But with work from home becoming the enforced norm, we've seen levels of comfort and even preference for outsourced accountancy really grow.

No longer are people hung up on their financial managers being on-site, which has allowed firms like ours to grow beyond the levels we were seeing pre-Covid. And having robust processes in place has given us the platform to ensure new clients can be onboarded quickly, resulting in the Wipfli team to grow by almost 30 percent since the beginning of Covid to over 3,000. That would not have been possible without the prioritization of people and ensuring that everyone knows their role and how they can support the wider business goals.

Technology is a wonderful thing, but if you don't get the input stage right, through your people, you'll miss out on greater productive output for clients.

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*Jessica Barnas (nee Hall), Partner, outlines how KleinHall, a Chicago-based accounting services provider and family business, prioritized its people to become more productive and efficient in the lead up to its successful [acquisition by Wipfli](#), one of the top 20 accounting firms in the United States.*

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