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FIRM MANAGEMENT

4 Emerging Challenges Facing CPA Firms

New and established CPA firms alike are increasingly concerned about issues like retaining skilled workers at reasonable prices in ...

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By Lyle D. Solomon, Esq.

Many accounting firms are undergoing significant changes. Several reports have talked about how the accounting field is going through substantial changes, and CPA firms must implement new methods of hiring and retaining employees.

It appears that technological advancements are only making things worse rather than helping. Competition has always been a driving force and a chance to establish one's superiority over others. New and established CPA firms alike are increasingly concerned about issues like retaining skilled workers at reasonable prices in a highly competitive market and meeting the needs of their clients.

Let's see some of the challenges CPAs are facing today, along with their solutions:

Attracting and retaining new clients

During the pandemic, several companies had to either downsize to stay afloat or file for **bankruptcy** due to a shortage of jobs. With the new normal and businesses booming again, the pressure of getting new clients while retaining the old ones and offering them good services becomes an issue. Moreover, the addition of new firms raises the competition even higher.

To attract and retain clients, accounting firms can try to promote their firm through ads or optimize their website and marketing strategies. They can also try to have more tax-focused content and host seminars to advise tax planning. Having the latest technology in place can also help.

Managing client data and cyber security

In 2022, accounting firms continued to maintain their work-from-home policy, meaning that all accounting services and client information are provided digitally and stored in the cloud. As more and more people move their financial and identification details (such as tax returns, credit card details, and social security numbers) online, cybercriminals have found a new target: you.

Statistics show at least one attack somewhere on the web every 39 seconds. CPAs who care about client privacy need to prioritize the prevention of cybersecurity breaches more than ever.

Utilize best practices to safeguard your customers. Consider using the latest version of software to avoid security issues and methods that your practices adhere to privacy regulations.

Getting comfortable with cloud-based technology

As cloud computing becomes the norm, it's time to get used to constantly updating your skill set. Currently valued at USD 445.30 billion, the cloud computing market is **predicted to nearly double** in size over the next four years. As a result, many accounting firms now use cloud computing to manage their operations and communicate with clients.

Due to the current market and environmental conditions, individuals have begun using online accounting services rather than traditional in-person accounting. As a result, cloud computing has become highly crucial to the success of accounting firms, leaving those that have not made the transition to take a back seat.

To improve productivity, you should start using cloud-based tools. Use encrypted client portals for safe file sharing and communication; also, tools for analyzing large amounts of data. Investing in learning cloud-based tools, becoming an expert user, and finding ways to make them work best for you in your role is a great way to overcome such challenges.

Preventing burnout and improving efficiency

During the prior tax season, accountants routinely work longer hours. It's not just a few extra hours here and there; some say up to 70–80 hours a week. The spare time required to finish client files, manage tax documents, and compile insights. Burnout occurs when people spend too much time working and not caring for themselves.

The term “burnout” refers to the state of mind in which an individual experiences low energy, fatigue, and diminished productivity due to mental or physical stress. I wouldn't call it a good sensation. However, firms can take preventative measures to ensure accountants' success and prevent burnout.

It's essential to put yourself first. Build a schedule that includes time off in between long stretches of work. Make the most of your time by working through your priorities. Actively move your body for 15–30 minutes to boost your energy and mood.

Bottom line

These are just a few of the problems CPAs face. However, some challenges, like being innovative and keeping up with new technologies, are minor ones. It is advisable to

take proactive measures and to set good strategies to help tackle emerging challenges. This way, accountants can benefit from the knowledge they gather when looking into the changes happening around the world. Accountants should consider expanding their skill sets, adapting to cloud-based technology, and managing security among the many potential solutions.

About The Author: Lyle Solomon has extensive legal experience as well as in-depth knowledge and experience in consumer finance and writing. He has been a member of the California State Bar since 2003. He graduated from the University of the Pacific's McGeorge School of Law in Sacramento, California, in 1998, and currently works for the [Oak View Law Group](#) in California as a Principal Attorney.

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