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TECHNOLOGY

Lessons From the Tech World that Apply to Accounting Firms

The more we can learn from each other and leverage different business strategies the stronger we'll all be in the future.

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By Davis Bell.

I love talking to people who work in different industries than the one in which I work – tech – because they see the world differently, which enables me to learn new things from them that I can apply to my work.

One example of this from the accounting profession: Matthew May, one of the co-founders of Acuity, a national accounting firm, recently stated during a panel discussion at an accounting conference that his firm had learned a lot of the processes for lead generation and prospect data mining from a software company located near his firm. Matthew's firm "borrowed" the tactics of this software company to successfully grow its database of leads

I thought it might be useful for folks in the accounting industry to hear a few lessons from the tech world that can be applied to accounting:

How to attract and retain top talent in a labor constrained market:

The accounting industry is facing a significant shortfall of qualified workers. This enables employees to be choosy about where they work, which means in turn they're after more than just competitive pay and benefits. For managers who began their careers a decade or more ago, this requires changing their paradigm of what employees want. This is a challenge we in the tech industry have faced for quite some time, especially for technical roles like engineering and product management. Some tech companies thought the answer was simply perks – Massages! Ping pong! Bring your dog to work! But in my experience, what workers actually want are career development, opportunities to learn and upskill, talented co-workers, hard problems to solve, and a culture of openness and collaboration. Time spent talking to employees and recruits to figure out what matters to them and how you can deliver those things is time well spent.

Quantitative data is key to success.

Clear and real-time analytics are essential to the health of a tech company, accounting firms, and really any business. Without the right numbers, it's impossible to see exactly what is happening from an operations and workflow standpoint in any business and that is no exception in your firm or in a tech company.

Two types of metrics to consider from the technology space are the development of a common set of OKRs (objectives and key results) plus key performance indicators

(KPIs) which should be used to drive the strategic vision of the business and/or accounting firm.

One of the reasons that quantitative data is so vital is that it removes the ambiguity of the actions necessary. For example, you may think there's a problem based on qualitative data (client issues, staff complaints, and workflow misfires) but you also need to back up assumptions with actual objective metrics as well. In addition, having numerical objectives and key results will make you much more focused. The same goes for KPIs.

If you need some guidance on which KPIs to track, consider the following: client profitability, client retention, new client growth rate, job profitability, employee productivity, and engagement or service profitability.

Focus on the customers you want.

When developing apps and technology solutions, the most successful companies focus on the ideal client profile (ICP). It's important to drill down on the very specific characteristics of your ICP and to cater towards them, rather than trying to be all things to all people and get distracted by people who aren't your ICP.

By understanding and aligning your product and services with your ICP, you can allow your team to truly create exemplary client experiences and uncover new ways to make your firm better. Regularly asking for feedback and being open to the good, the bad, and the ugly is another best tech company practice you can use.

Simplify and streamline your tech stack.

From my perspective as the leader of a technology company, this may seem counterintuitive, but when it comes to tech I do believe less is more. I liken appropriate technology usage in a business as a road with a cliff on both sides.

On one side of the road is a cliff formed in response to highly manual processes that do not leverage the powerful technology now available to accounting firms and other businesses. On the other side of the road the cliff is formed when a company has too many solutions. Firms on this side of the road are spending a ton of time and money on technology for the sake of it without getting the full return on investment out of it. If you go too far in one direction or the other it becomes a disaster.

The important takeaway here is to practice proactive technology hygiene where you can evaluate what is working and what is not, then take action to make changes as you see fit and match your tech stack to the objectives you are trying to meet.

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Following these four lessons from tech companies when it comes to your firm is a positive step toward building an optimum practice playbook. Just like a tech company, accounting firms struggle with staffing, streamlining tech, establishing OKRs and tracking formal KPIs, all while trying to deliver a seamless and secure client experience. It's a tall order, but the more we can learn from each other and leverage different business strategies the stronger we'll all be in the future.

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