

New Realities & Perspectives of Public Accounting

What Are You Doing for Your Future?

By Mark H. Fowler & Noal McDonald

Is public accounting as we know it a thing of the past?

Financial statements, tax returns and special projects are about what happened, not so much about what's happening—and definitely not what *can* happen. Are we helping with projections based on client assumptions, while not helping design/create their future? In a CPA Insider article in *Journal of Accountancy*, Amy Vetter says, “Technology advances exponentially, which means that our professions (and our lives) have the potential to change more in a few years than they did for the entire working lives of our forerunners.”

Are current realities presenting crisis or opportunity? Here are some things CPAs are hearing:

- Will artificial intelligence take our jobs and businesses?
- Have accounting and tax work become commodities?
- How can we avoid price-shopping prospects and retain good clients?
- What do team members need and want?
- How will we retire successfully?
- How can we make it all work?

These do present challenges and, to some, might seem to be crises. Do CPAs and financial professionals need to change our perspective?

We are in the people business. Before technology was a mainstay, accountants had a closer relationship with clients. Taxes, audits, production efficiency, advisory services and online bookkeeping are a part of our day-to-day, but what is our real business? In his book “The Leader Who Had No Title,” Robin Sharma says, “The business of business is relationships; the business of life is human connection.”

We're in the *people* business. Hard skills for the core business are only as good as the delivery system—the interactive process: exchange of information, collaboratively focused and respected on all sides. Those “essential skills” truly make the difference—usually more than 50 percent of value added to the process. Those talents gather people

together to come alongside each other and get them on the same page to accomplish the right things *for everyone to help create a better future.*

How Do We Move Toward the Future?

- Make conversations/interactions the foundation of every aspect of business.
- Change the focus to relationships that support using technology in a more human way; collaboratively, people can more effectively overcome challenges successfully and help create a future everyone wants.
- Embrace cornerstones (foundational components) to build a business model where conversations and relationships are the integral focus to support delivery of high-quality services on target, clearly appropriate to the need and with an emphasis for consideration of others.

These cornerstones help shift the future by our being connective, interactive, engaging and, most important, proactive:

- 1) Differentiation:** Helping clients to know their personalized needs have a better chance of being met because of our attention to what they truly need. Our unique abilities, talents and experiences allow us to stand out as desired professionals.
- 2) Human Potential:** Creating an environment where all team members have the ability and right to thrive and grow. Leaders must be the first to be engaged, instead of wanting others to be.
- 3) Client Relationships:** Embracing an interactive imperative where their challenges and expectations are central to conversations/interactions. Our job as trusted advisers is to help everyone become more engaged with their businesses and their needs by being the first to reach across vulnerability through being a collaborator, a facilitator and not by being just an answer person.

What Are You Doing for **Your Future?**

- 4) **Community outreach:** Helping connect the firm and team members to an expanded world. Being an integral part in the well being of others is a training ground for being of service to others, ourselves and our clients. Being a good citizen is more engaging and a true stepping stone to building longer-term, more meaningful relationships.
- The return on investment of this approach is multi-purposeful:
- The firm's talent pool is retained and grows with more engagement, establishing the firm with a more inspiring and interesting dynamic.
 - Succession is less challenging because people are engaged and seeking to find longer-term tenure.
 - Clients and team members are engaged, more involved and more connected with each other creating a more collaborative delivery platform.



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- The interest in giving back is a major desire of younger generations.
- Information has more effective distribution increasing project success because everyone is more engaged.
- This approach is holistic and connects all players (clients, team members, firm) creating an expanded team.

Power of Cornerstones

Cornerstone #1: Differentiation

In a market that's becoming increasingly commoditized, we need to set ourselves apart from competition. Some methods of differentiation:

- **Acquisition:** Adding complementary services to meet more client needs. Merging or acquiring other firms to acquire talent and other services can help serve the client base and their needs. In a recent presentation to CalCPA's Management of Accounting Practice Committee in Los Angeles, Gary Shamis talked about how he used this model to grow SS&G, his Ohio firm, from 10 to 500 employees.
- **Alliances:** Creating strategic alliances to support clients with a variety of different services. At Stowe Management Corporation, we created an "alliance model" for multiple CPA firms. By connecting smaller firms into the alliance and coordinating operations for efficiency, each firm was able to take advantage of others' specialties and share staffing as needed.
- **Niches & specialty services:** Allowing firms to differentiate by capturing the biggest market share in a particular industry or service. You can become the go-to firm, and the possibilities are endless.
- **Full-service business model:** Supporting firms to become a hub for all client needs. Having trusted colleagues in a broad range of industries is an asset to enhance client support. This one-stop-shop approach centers the firm as the key in delivering services, ensuring quality and satisfaction.

The ultimate power of differentiation is the consultative approach. Traditional methods can be replicated by any number of firms, but quality client relationships are developed when unique interactions and knowledge meet. Most CPAs know a lot about their clients; relationships are built on our giving them advice for their concerns/questions. As CPAs, we can provide answers or analysis to support their decision-making processes.

In a consultative mode, focus on learning more about what's

going on, rather than offering instant answers. When we have a better understanding of what's going on in a client's business/family, we can discover five to 15 times more service needs, which can lead to increasing firm revenue.

To expand conversations, seek to see things from clients' points of view. By understanding their perspective, you can begin to collaborate on ideas and strategies to help them achieve their goals. It all becomes an opportunity to be of more value by creating and enhancing client relationships.

In this digital world, personal relationships with our clients will differentiate us from competition. It will carry us through changes that are happening rapidly in our industry. In his books "StrengthsFinder 2.0" and "How Full Is Your Bucket," Tom Rath says, "Our relationships with people are formed by small moments—and

relationships are crucial in business."

Make conversation skills a top priority for every firm member. Be sure everyone can converse with clients in ways that create positive results, especially for those that you want on the partner track. Get them started early in developing excellent conversation and relationship building skills.

Getting started:

- Consider your best clients and list services that could be of value.
- Explore opportunities/options for adding those services internally/externally.
- Identify ways firm members can personally reach out to clients to strengthen relationships, i.e., survey in person or mail/email, etc.

Cornerstone #2: Human Potential

People: Can't live *with* them, can't live *without* them. Firms everywhere are struggling to find good employees. Once we have them in the firm, how will we retain them? If we keep them, are they growing and contributing to the strength and profitability of the firm? It's complicated, especially since we have as many as three generations in the workforce, including Boomers (born 1946-1964), Gen X (born 1965-1979) and Millennials (born 1980-1994).

Myths, Exaggerations & Uncomfortable Truths is a multigenerational study of more than 1,700 employees in 12 countries and across six industries; it provides a new perspective on the generations. Boomers, Gen X and Millennials are similar in more ways than we expected. For our purposes, here are goals they all want:

- Respectful treatment;
- Good relationship with supervisor;
- Recognition for job performance;
- Clear priorities; and
- Career opportunities.

The power of this is the realization that generations are really on the same page. The foundation for meeting these expectations is in conversation. The better our essential skills are, the better we will be able to create the culture and environment required to retain top people and keep generations working together effectively.

Getting started:

- Give managers conversational tools they need to grow and develop their teams.
- Schedule one-on-one meetings with managers to talk about their

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perspectives of the firm.

- Create a multi-generational team to take on a task (summer party, new process, etc.).
- Meet with 10 firm members to acknowledge how their contributions make a difference.

Cornerstone #3: Client Relationships

Cornerstone #1 is differentiation by developing a consultative approach with our clients. In Cornerstone #3, we dig deeper into these relationships. Significant benefits await firms that can truly engage their clients. Per the *B2B Customer Engagement Meta-Analysis 2013* by Gallup, businesses with high customer engagement achieve:

- 50 percent higher revenues/sales;
- 34 percent higher profitability; and
- 55 percent higher share of wallet.

Isn't it worth the investment to have these results in your firm? You can create these relationships with collaborative conversations. Here are three approaches that can make a difference:

- **Understand business needs and problems.** Listen and ask questions to get to the heart of what's happening. Be well-versed in the client's industry. Creating a niche service can add benefits.
- **Create opportunities, not cookie-cutter answers.** It's easy to focus on numbers, historical data or tax codes to give a quick answer. Using a come-alongside approach, you can bring a larger, more personalized view of situations. Make the conversation uniquely about the client.
- **Include other firm members in these conversations.** Another partner may have experience or ideas that could help. Include managers so that they can learn skills and be involved in the work, so they can move up the ladder. This lets clients see that you've got them covered across the firm.
Getting started:
 - Schedule meetings with 10 clients to talk about their businesses. No tax or audit talk allowed.
 - Make every client call count. Call with a purpose and add value with each interaction.
 - Establish a value-added rating system for yourself to see how well you've met client expectations.

Cornerstone #4: Outreach to the Community

Involvement in the community checks multiple boxes. Michele Gonzalez-Pitek, director of human resources, The Unity Council, says, "Benefits? PR, community relationship building, demonstrating values to the organization. Plus, it's just the right thing to do!"

- Connect generations with employees' desire to be part of something bigger than themselves or the firm.
- Improve employee relationships and engagement by participating together outside work environment.
- Increase client loyalties and respect for the firm and its brand.

It may seem overwhelming at first but, with one step at a time, you'll be able to make a difference and see benefits with your clients and firm members.

Getting started:

- Talk with clients about where they are involved in the community (it's a great relationship builder).

- Check community or professional associations that meet both business and social/humanitarian needs.
- Talk with team members in your firm to see what kinds of things interest them and see how you might expand on those ideas.
- Get involved in associations that serve your client's industries and associations, such as CalCPA.

As you move from the past to the future, consider Peter Drucker's words: "The best way to predict the future is to create it."

Create the Future

Shift from focusing on the past to integrating working on the past while marching to the future. The key to success is a culture of investigation, appreciation, conversation and learning from many directions (*not what we think we know*).

Signals of the future always lie within situations and interactions of the present; pressures and tell-tale signs are available. Technology and cybersecurity are high on the learning list and will be indefinitely. Areas of interest and strategic importance are value generators for firms of the future and for client well-being.

For your consideration:

- Impact investing has grown exponentially with its growing influence on investment and funding of new and existing ventures—with impact investment under management at 1,340 organizations worldwide ("Impact Investments Under Management Total \$502 Billion," *Barrons*, April 1, 2019).
- Tapping into the almost limitless needs of clients will reveal a constantly growing list of niches that can help clients of today and tomorrow: human resources, business valuations, litigation support, family businesses, ethics audits, cost segregation, strategic planning, entertainment and more.
- The growing impact of the "17 Sustainable Goals for 2030" (set in 2015 by the United Nations General Assembly) will have a major impact on all lives; paying attention to how to be part of the process and help clients thrive alongside is important.
- Planning for client needs for succession and exiting is one area that was a missed opportunity for the accounting world; in general, the profession wasn't dealing with its own succession and exit planning needs. Succession impacts all levels of ownership: family, team members and all other stakeholders—the *people we serve*.
- Knowledge and institutional memory that we have can help all our clients add value to their businesses and their lives.

Times are changing. Being connected with an organized, interactive and proactive focus on clients will reap benefits beyond what was ever expected.

Let's be interactive and proactive in the present to help create a future that works for all. Let's change our perspective to create the future collaboratively. What are you doing for your future? 

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