

Mindset, Skillset and Technology – The Trifecta in Future Proofing your Practice

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The accounting profession is awash with forecasts of the impending doom of the role of the accountant. You must quickly embrace advisory work. Yesterday. Technology is disrupting our profession. AI will automate everything, and you will no longer be needed. But is it true?

We would argue it's not. The disruption we are experiencing is not due to the proliferation of technology solutions now available, rather changing demands from those who rely on us to paint the picture of the financial health of a business. They are challenging us to think and act differently. Different is uncomfortable, it disrupts the way we've always done things.

But technology is enabling our ability to meet those changing demands, to provide enhanced insights and drive value in the services we deliver.

How well you adapt for the future revolves around two key things: mindset and skillset. Technology simply enables the pace and extent to which each of these can be achieved and advanced successfully.

Let's talk about the mindset.

In a recent report from the Edinburgh Group on the SMP of the Future¹ it was interesting to note that of the Irish SMP respondents, 32% indicated that digital technologies currently have a high to extremely high impact on their firm. That number increases to 50% noting a high to extremely high impact in the next 5+ years. Yet less than 40%, and in some cases less than 10%, are capitalising on the opportunities associated with digital technologies such as cloud, data analytics or AI.

As long as we continue to have this gap between recognising that we should embrace technology and

actually embracing said technology, we continue to feel more disrupted and the task of adoption gets harder. The early adopters get it, they acknowledge the change around them, grab it and move forward. For some there will always be a reason not to or a reason to delay the adoption of technology in the delivery of their audit, tax, accounts preparation or due diligence services.

The current approach is fine. The marketing is exaggerated. It's too expensive. Change will take time. Next year will work better. We really want to do this but...

“Change is the law of life. And those who look only to the past or present are certain to miss the future.”

John F. Kennedy, 1963

So, let's propose accountants don't need to change how they work or invest in technology; that you could still use a pen, paper and calculator or the digital equivalents, to do most services accounting firms provide. Would that be enough? Sure, you could carry on as you always did. Would you grow your firm? Probably not. Would you add value to your clients? Again, probably not.

What if we asked you if your accounting practice is fully optimised in the way it operates? You'd probably tell us it wasn't but doing something about that is not a focus right now.

Some of the reasoning behind this may well be the traditional mindset of clients and firms.

If the client views the audit and accounting services as a time purchase, most notably through the visible time your teams spend onsite, or the firm heavily bases fees on time spent performing the engagement, and everyone is comfortable with this arrangement, what benefit is there in doing the work quicker? Why would it be worth the effort to change things? Particularly in a sector where staff overtime rarely results in additional staff costs. Above all this, more efficient work, particularly in services such as auditing, on the face of it could be misconstrued as lower-quality and cutting corners. No-one wants that.

When we speak with the firm leaders we work closely with, we rarely use the word efficiency. Sure, many of their firms use our software to save time, avoiding their teams being bogged down doing Excel data manipulation for hours on end, or performing annoying project management tasks. But the discussion is less about time savings or efficiencies to be gained through technology, and more about **capacity**.

Capacity being unlocked from lower value activities means the team can refocus time on something of greater impact. It might be on providing more valuable outputs or having more valuable discussions with clients; being able to take a step back

¹ http://www.edinburgh-group.org/media/7266/edinburgh_group_report_smp_of_the_future_in_a_changing_world_2019.pdf

and be sceptical about the bigger issues and judgements; or investing time in innovation initiatives and learning the new skills they need. It might simply be not working 12+ hours day after day, thus having higher morale, sharper attention and an increased likelihood to stay with the firm.

All too often there is a mindset, and sometimes pride, of being “too busy”. Improving processes and adopting technology to free capacity would take time we don’t have. But if doing nothing is the mindset then it’s near certain nothing will be done.

But doing something, even if just a review of core processes to identify a handful of easy quick wins, is making a step forward. This first step sets the tone and starts the journey. By engaging the team, suddenly ideas start flowing as an innovation license has been granted. And change starts happening without feeling forced.

Instead of asking if you NEED to change and invest in technology, we believe accountants should WANT to.

Why? Ignore the commercial side (for a few paragraphs) and think for a moment about the immediate, direct beneficiaries.

1. Your team. Both current and future.

You should want to attract the best people and develop their skills towards a successful career, whether in your firm or elsewhere. Who would want to work in a garage with the prospect of being at the wrong end of a wrench all day because the boss didn’t believe in wheel nut guns?

2. Your clients. Both current and future.

You should want to provide the best service you possibly can to help them grow and prosper, and to attract more clients who value working with you. Would you want mortgage advice from someone wading through paper, or someone comparing products at the click of a button?



Skillset of the accountant

When considering future skills, we often hear that accountants in practice need to become proficient in areas such as data science and coding. Like anything accountants are asked to review or analyse, it would make sense to have an understanding of what you are dealing with. While we are not seeing a huge rise in the likes of Python or R programming on our accountancy qualification curriculum, just yet, it stands to reason that as accountants continue to work more with technology and data, they should look to ensure they understand what they are trying to achieve. Data analytics, advanced MExcel capabilities, basic SQL scripting – these are the areas that will ensure accountants are ready to be that catalyst between the hardcore data science and service delivery to their clients.

At a firm level, the skills you look for need to compliment the services you are delivering, and the technologies you are using to enhance that delivery. The Big 4 are heavily promoting their drives to recruit 100s of data scientists and technology experts. Headline grabbing press releases are commonplace. But that’s because their strategy is to build technology in-house, coupled with the challenges in their business they are yet to fully solve.

They need big technology teams to build proprietary solutions which are marketable to clients. They need big teams of data scientists in their business or shared service centres to handle the wrangling of data from a client’s system into their technology.

If the client is only ever going to see you sat stationary in the car, make the chassis look incredible and worry about the engine later.

But for firms outside of the Big 4, building in-house is rarely attractive for many reasons. It’s quite rare now as even the largest firms commonly acknowledge that any perceived competitive advantage is significantly outweighed by the build cost, lead time and maintenance bill. Especially with the increased availability of specialist third-party solutions.

This changes the narrative for the profession at large. While you might not have a critical need for a team of technology experts to build in-house solutions, having some capable data-orientated staff to help ensure your business objectives align with the third-party solution, and vice versa, is certainly worth considering.

The education work we deliver to accounting institutes across the globe reflects this sentiment – don’t build from scratch when someone else has done that for you, but ensure you are embracing technology with your eyes



Final Thoughts

If refocusing mindset and skillset in your firm in order to embrace technology and future-proof your business aligns to your aspirations, we must revisit the commercial side, albeit briefly. Yes, investing in change and technology costs money. What that means for your firm depends on your culture and the mentality of your partners. How do you want to achieve ROI?

There are a broad range of ways investing in technology can also achieve immediate profitability increases. But let's consider the natural fall-out from the direct beneficiaries above:

1. Staff retention is higher, and recruitment yields high-quality talent. We all know the cost and disruption when key employees leave the business.
2. If clients get more value from you, then you should be considering increasing your fees. Particularly if you are performing additional work. And you'll be attracting new clients.

Technology is not the enemy. There is a lot happening with new software and apps appearing almost daily. The trick is to cut to the core of what they can do for your firm, your teams and your clients.

Once you wade past the buzz words and the black-hole science, the right technology for you teams and your clients should be obvious – it will be the option(s) that provide an opportunity to do something better.

Help is out there. Your institute has a great information available to help you navigate what's available. Good technology vendors understand the problems you face and can help you quickly see how their product will make a difference to your firm.

You certainly don't NEED to invest in technology, but why wouldn't you WANT to?

open, better if you have a dedicated staff member to help deliver on this. The rest of the effort is focussed on teaching skills to your broader teams to optimise the selected technology. Things like interpreting of data – what is this visualisation telling me and how does it apply in an audit, tax or corporate reporting setting? EQ (emotional intelligence) and communication – now that you have more time to discuss your insights with your client let's make sure that conversation is effective and valuable.

There is also an opportunity to go back to basics somewhat and reinforce the skillset accountants have around understanding the integrity in a process, and in today's age that means understanding how technology works so that we can be confident in the integrity of the data that is flowing through the systems we are interacting with.

Things like understanding the checks and balances needed to ensure reliable, accurate data for analysis. And the ways data can be manipulated by humans through the process.

But the focus needs to be on teaching accountants the skills to be able to drive the car, efficiently and safely. Not teaching them how to build every component of the car from the ground up.

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Mark is a specialist in the use of technology within compliance and advisory services. Mark created Inflo to help firms of all sizes improve team productivity and the quality of work as well as create a stronger value proposition to increase fee income from existing and new clients.



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Olwyn is Inflo's Chief Customer Officer, who, with the support of a team across three continents, is ultimately responsible for ensuring Inflo's customers' satisfaction and success. Olwyn is a qualified Chartered Accountant, through Chartered Accountants Ireland and a member of Chartered Accountants Australia and New Zealand.