
Pain, and then gain

By Daniel Hood

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For many, it is an anxious time in the accounting profession, with a multitude of fast-moving changes threatening to overturn time-honored business practices, skill sets, service lines, career paths, and firm hierarchies. In the midst of change like that, it can be difficult to see through to the far side, and judge the eventual outcome — but the leading figures in accounting are, by and large, convinced that that outcome will be extremely positive, whatever the short-term difficulties.

"Can you think of any major change in the past 30 years that wasn't good for CPAs in the long run?" asked consultant Marc Rosenberg. "The advent of computers. Quicken-type software replacing manual write-up work. Paperless replacing paper. Daily timesheets replacing semi-monthly. Treating staff as importantly as clients. I can go on and on. Just because people treat these changes with anxiety and fear at the onset doesn't mean they are 'bad.'"

His confidence was echoed by the overwhelming majority of regulators, practitioners, association officials, consultants, and other leading figures who shared their thoughts on whether the changes facing the accounting

Creating a list of future improvements to match Rosenberg's historic ones, ConvergenceCoaching co-founder Jennifer Wilson asked, "How can moving toward higher-value services, improving efficiencies, gaining more insights from data we're gathering, embracing remote work and service delivery, and creating a profession that is more inclusive for up-and-comers, women and people of color to find their place — how can that be bad?"

Others highlighted specific gains. "Technology will continue to free those working in the profession from repetitive, time-intensive tasks, and can help elevate focus on higher-value, strategic work that will enhance quality in accounting, audit and tax," said Deloitte CEO Cathy Engelbert.

That's not all the digital revolutions offer: "Technological advances will allow a level of review unprecedented by traditional methodologies," said National Association of State Boards of Accountancy president and CEO Ken Bishop. "As systems continue to improve and standards are adapted to facilitate their use, I believe we will see a continuum of increasing quality."

Others cited long-term benefits to firm structure, and help for the staffing crisis:

- "The changes will have a positive overall effect on the accounting profession as firm leaders will be forced to run their firms more like a business rather than just a professional practice," said consultant Joseph Tarasco, CEO of the Accountants Advisory Group.
- "The transformative changes the profession faces ... will attract a more well-rounded talent base that will need to develop skills and acquire experience that will enhance the career development and work satisfaction and enhance client interaction and client service," said Mark Friedlich, senior director of global content at Wolters Kluwer Tax & Accounting.
- "If the profession gets this right, we will also attract a broader array of students," said D. Scott Showalter, chair of the Federal Accounting Standards Advisory Board and professor of practice in the Poole College of Management at North Carolina State University. "Because many traditional clerical tasks will be subsumed by technology, professionals will provide more critical thinking and judgment about the information produced. This change will be apparent and attract new entrants to the profession."

And beyond all that, a more efficient and effective profession may have richer lives outside the office.

"By affording more time to develop as a whole person, spend time with their families, and connect with their interests outside of work — they will be better engaged employees and service professionals," said comedian,

Overall, the profession's leaders agreed with this assessment by Greg Burbach, the president and CEO of Top 100 Firm Honkamp Krueger & Co.: "Any change that can make us better advisors to our clients is a good change," he said. "We need to embrace the change and unlearn the way we've done it in the past and take a new, fresh, proactive and high-tech approach."

The pain first

There were some, however, who acknowledged that there are risks — and some potential pain to go along with all the gain.

"The downside of the disruptive technologies, I believe, is that the ability to hang out a shingle and do tax compliance or small-scale audits will decrease, so that will be an opportunity and a pathway that I'm afraid will be lost to history," pointed out Massachusetts Society of CPAs president and CEO Amy Pitter.

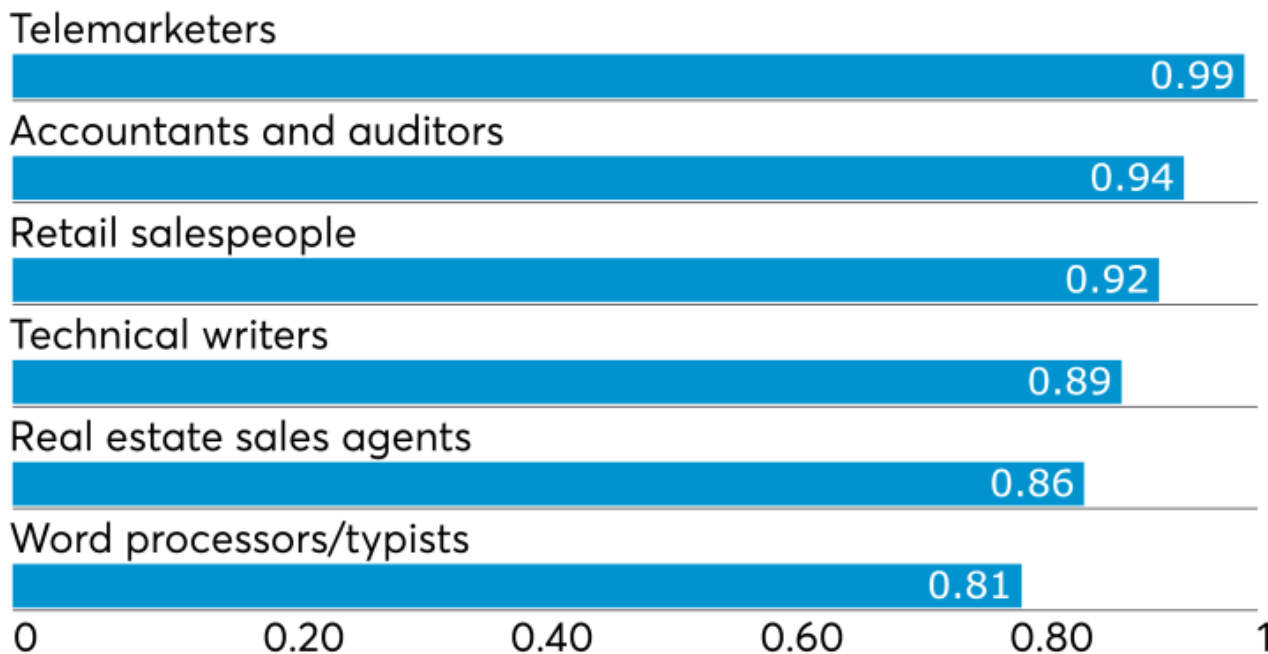
And Larry Autrey, managing partner of Top 100 Firm Whitley Penn, warned, "If we lose focus in an effort to be consultants, we may lose our right to lead in audit and tax. Regulators and a desire to be consultants first could damage the CPA brand if we are not careful. The competition hopes we lose focus."

More broadly, though, the most common concern was that all this disruption will simply leave many accountants behind.

"The changes and challenges facing the profession represent an enormous opportunity — for those that pivot and adapt," said David Cieslak, chief cloud officer at RKL eSolutions. "I'm concerned that many, especially solo and small firms, will respond far too slowly and find the services they once offered have been commoditized or their competitors are providing the new, vertically focused, high-value services their clients are now demanding."

Accounting jobs likely to be automated

Probability of computerization (1 = certain)



Source: The Economist/"The Future of Employment" by C. Frey/M. Osborne (2013)

"Accountants are slow to change," noted ClientWhys CEO Lee Reams. "Many would rather ignore the trends than make drastic changes in their business models. The survivors will thrive with higher monthly recurring revenue engagements. The downside is that those still offering traditional services may see many of those billable tasks automated out of existence."

"In the short-term, we'll have lots of uncomfortable accountants," added Intuit business development manager Kim Austin. "With a crowd whose favorite acronym is 'SALY,' it's inevitable that there will be struggles along the way. ... I see firms that simply refuse to embrace change, and as I look a few years down the road for them, I believe it'll be a lot harder to play catch-up, or find the exit strategy they'd hoped for."

Taking that a step further, C3 Evolution Group CEO and founder Garrett Wagner predicted, "In the short-term, all these changes will be bad as we will see more firms struggle, go out of business, and [face] difficult M&A activity, as they will be unable to deal with the changes we are faced with."

Choose your own adventure

In the end, whether these changes work out for better or worse for the individual accountant or firm will depend on their own choices — while the cumulative impact of those choices will determine the final result for the profession as a whole.

"If we embrace the new technologies and find new and interesting ways to serve our clients, the changes will be great," said Mark Koziel, executive vice president of public accounting at the Association of International Certified Professional Accountants. "If we try to hold on to the old way of doing things, it will be bad. I'm encouraged by what I see in firms — small firm startups built entirely on new systems and technologies and larger firms that are pivoting to the change."

Attitude and approach will, therefore, make a major difference. "Whether change is good depends on your perspective," said Grant Thornton CEO Mike McGuire. "If you believe we can always do something better than we did before, and work hard to make progress on tough challenges to make the world a better place, then change is good. If you just like things the way they are and don't want to change, then it's bad. Every one of us has to decide where we stand, and then act accordingly."

Some made the important point that, whatever one thinks of the coming evolution of the profession, it can't be stopped.

"Change is inevitable, and trying to figure out whether it is good or bad misses the point," said California CPA Society chief executive officer Loretta Doon. "What matters is how we react and adapt to change. Will we be set and insist on sticking to the old ways because that's the way we always did things? Or will we be flexible and use our minds to figure out how best to incorporate change for the benefit of our customers, clients, staff and careers? One must be in constant motion; change or die."

Opting out, then, is not an option, and the best course is to move forward. "We can't stand still — there are too many forces at play," explained Arleen Thomas, managing director, Americas, and CGMA global offerings at the American Institute of CPAs. "Business is finding new ways of working — to be the stewards of that we must face these changes with energy."

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