



# CPA AUSTRALIA'S MY FIRM. MY FUTURE. REPORT 2019

CPA  
AUSTRALIA



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# FOREWORD

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The accounting landscape has changed considerably since CPA Australia published its 2007 *Firm of the Future* report. The rapid and increasing impact of technological change and client needs has led to substantial changes in the accounting profession, fundamentally affecting how accountants operate.

CPA Australia's latest report, MY FIRM. MY FUTURE. is an in-depth analysis of the challenges facing professional accountants operating in public practice in Australia in 2019 and beyond, and builds on the work carried out in 2007.

The MY FIRM. MY FUTURE. report canvasses the views of public practitioners as well as their consumer and small to medium-sized enterprise (SME) clients to explore the outlook for the accounting profession. The report identifies which services offered by public practitioners may decline or be automated, where future demand for services may emerge, and the key elements to address and consider for practices wanting to respond constructively to these changes.

The report is based on a CPA Australia survey of 446 public practitioners, including 333 members and a separate survey of 113 accountants in public practice. Additionally, CPA Australia surveyed 610 SME and 401 consumer clients. These findings were reinforced by seven focus groups involving 54 members in public practice held around the country in metro and regional areas, as well as 16 one-on-one in-depth interviews with CPA Australia

public practitioners. During these interviews, members discussed their own experiences, opinions and projections regarding the firm of the future.

The quantitative and qualitative research data reveals clearly that the future of the public accounting profession is being reshaped by several key forces, including ongoing technological changes, changing consumer preferences and an increasing regulatory burden. The specific issues relating to regulation are explored in greater depth in a separate report, CPA Australia's 2019 *Regulatory Burden Report*.

The MY FIRM. MY FUTURE. report highlights key elements affected by change and proposes four themes that will enable members to build a sustainable practice for the future. These four themes form the foundation for CPA Australia to develop a series of practical resources that will support members to prepare their practice for the future. These resources will progressively be released in 2020.

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# EXECUTIVE SUMMARY

Accountants working in public practice are facing challenges and opportunities on multiple fronts. The pace of change within the profession has only accelerated since the publication of CPA Australia's landmark 2007 report, *The firm of the future*.

CPA Australia's latest report, MY FIRM. MY FUTURE. is based on insights from more than 500 public practitioners, and shows the profession is evolving from traditional accounting services, such as bookkeeping and taxation, as these services become more automated and the needs of clients change. With these shifts, new opportunities are emerging for public practitioners to introduce higher-value and higher-margin services linked to traditional services.

The impact of **technological change** on accountants in public practice has been rapid and significant, with cloud technology and software as a service (SaaS) having the greatest impact. Six in 10 (58.1 per cent) public practitioners understand the importance of technology, and a further 37.0 per cent see it as a critical factor in their practice's success. The majority of public practitioners believe the greatest value of technology is improved efficiency in their work and practice, with other drivers being improved quality of services, improved client engagement and communication, and remaining competitive.

Technology is the biggest catalyst for change in the profession and professionals who don't keep pace with

technological advancements risk being left behind.

With all these changes, the demand for accountancy work has remained strong. The MY FIRM. MY FUTURE. report highlights that for consumer and SME clients, specialist knowledge is the most important factor considered when choosing an accountant. It reveals the greatest **demand for new services** is focused on advisory, financial planning and consumer credit, with overall demand for accountants' services expected to increase over the next five years. This growing need for services presents an opportunity for accounting practices to deepen existing relationships with clients, but may present challenges where the services demanded by clients do not match the services a practice currently offers. Only around a quarter (26.0 per cent) of today's practices recognise they will be required to offer a broader mix of services in the future to meet demand.

With digitisation and the evolution of technology affecting professional practices, **the structure of firms** is continuing to evolve and base-level accounting services are likely to come under increasing pressure. Technological trends have made lower-level services easier and more efficient to deliver. This has facilitated a shift away from the traditional pyramid structure, where relatively large numbers of staff carry out relatively low-value tasks, to a flat structure, where a greater proportion of staff are engaged in higher-value

activities. Firms are also looking at alternate ways to service their clients, beyond their traditional firm structure. This includes forging relationships with external suppliers that may be able to support the traditional accounting offering, as well as outsourcing to low-cost offshore providers.

A consequence of restructuring of this kind is an increased demand for mid-tier **talent** in the market. The MY FIRM. MY FUTURE. report shows that more than three quarters (77.1 per cent) of accountants believe the skills and qualifications required of their employees are changing. Opportunities are emerging for those accountants who broaden their skill set and become qualified in other aligned areas, so they can meet shifting client demands and needs for new services. The most popular strategies that accountants in public practice are using, or are planning to use, over the next five years to retain skilled and qualified talent are: creating an attractive work culture, flexible working hours, clear career progression opportunities, and the ability to telecommute or work remotely. The gig economy is also having a significant impact on the way firms resource talent, allowing them to access specific skills and services without committing to long-term relationships.



To build a sustainable firm of the future, traditional accounting services need to evolve to meet a changing environment and shifting client needs. “Accounting is about more than the numbers” is the common consensus among accounting practices cognisant of the changes that are coming.



The report identifies four key themes that will be crucial for accounting firms as they respond to the forces reshaping the profession.

### 1. Leverage technology

The opportunities presented by intelligent implementation of technology are far-reaching and significant. Automating the lower-value or lower-level work undertaken by accounting firms allows for stronger specialisation, a sharper client focus, and more relevant and timely services. Further, as accounting shifts towards a more advisory focus, firms are recognising the potential for technology, particularly in the form of data gathering and analytics, to help them gain a better understanding of their clients' current and future needs.

### 2. Look to specialise

Offering a specialised range of services or offering a range of services to a specific industry can be a successful strategy to help differentiate a practice. It establishes further credibility and value-add with a client through deeper knowledge of a particular service, industry or sector. Specialisation can also give a public practice a clear direction, clarity of purpose, and a sharper focus on their ideal client.

### 3. Incorporate advisory


As technology increasingly automates lower-level accounting services, there is clear demand and opportunity for accounting practices to provide higher-value services. One of the keys to successfully incorporating advisory services into a practice is to prepare for change. Recruit and retain the right staff capable of implementing the processes and systems necessary to support more proactive, hands-on advisory activities as the transition from compliance services gathers pace.

### 4. Do better business

Embracing a better business approach involves streamlining the delivery of a broad range of existing services to clients to make them as efficient and profitable as possible. It can also involve developing a strategy to provide new services to clients through relationships with external suppliers, outsourcing partners and use of the gig economy.

OPPORTUNITIES  
ARE EMERGING  
FOR PUBLIC  
PRACTITIONERS  
TO INTRODUCE  
HIGHER-VALUE  
AND HIGHER-  
MARGIN SERVICES  
LINKED TO  
TRADITIONAL  
SERVICES.



A woman with short grey hair and glasses, wearing a white shirt, is looking out a window with blinds. She is holding a smartphone in her right hand. The background is a bright, modern office interior with large windows and blinds.

The MY FIRM. MY FUTURE. report provides public practitioners with the evidence and insights they need to make informed practice and service development decisions. The four themes outlined also create a pathway for CPA Australia to develop a series of practical resources to help members prepare their practice for the future, which will progressively be released in 2020.

# MARKET INSIGHTS

Accountants in public practice identify a range of issues facing their firms, but are not unanimous in nominating which of those issues poses the greatest challenge.

New technology and digital disruption is nominated by more than four in 10 (45.9 per cent) accountants as ranking in the top three business challenges, just ahead of regulatory change (42.6 per cent).

Around a third of accountants believe adapting to changing and emerging client needs (32.3 per cent) and growing their client base (30.9 per cent) are among the biggest issues they face.

Client retention (10.5 per cent) and uncertain economic conditions (10.9 per cent) rank lower among the issues which accountants believe present business challenges, underlining

the concept that relationships with clients are, and will remain, solid even through uncertain economic times. It is also notable that reducing operating costs (12.2 per cent) is not a particular concern, suggesting that most accountants believe their firms are currently operating efficiently.

Of the challenges identified below, the key areas of impact can be broadly organised into four categories: **Technology, Scope of services, Structure** and **Staffing**. The MY FIRM. MY FUTURE. report has been structured in this way to provide insights from CPA Australia's surveys of accountants, consumers and SMEs on these areas of impact. How effectively practices adapt to these impacted areas, and the challenges they present, will determine whether they can count themselves among the successful firms of the future.

**Figure 1: Which of the following represent the greatest business challenges for your practice?\***



\* Multiple responses allowed

n = 446

Source: CPA Australia's survey of members and accountants in public practice July 2019

# TECHNOLOGY

## Key Insights

- More than half of small businesses<sup>1</sup> in the Australia and New Zealand region now use a type of cloud accounting software
- Cloud-based technology and software as a service (SaaS) are expected to continue to have the greatest impact on accounting practices
- The increased technology capability allows more businesses, and their staff, to work remotely
- The relevance of blockchain in financial services will continue to grow, however the disruptive nature may still be some time away
- While automation is likely to have the biggest impact on tax return preparation, there is still demand from clients for accountants to be involved in preparing their tax return to ensure its accuracy
- Clients are demanding more data analytics from their accountants, indicating a growing area for public practices
- Data security is becoming a significant concern for both accountants and their clients. Consumers and SMEs may be prepared to pay more to ensure their data and information is stored and processed only in Australia
- Artificial intelligence has the potential to replace many repetitive tasks, leaving accountants to focus on advisory work

The impact of technological change on accountants in public practice has been rapid and significant. Technologies introduced in the past decade include cloud technology, software as a service (SaaS), blockchain, process automation, data analytics, and single touch payroll (STP). While some of these, most notably blockchain, remain in their infancy in the accounting profession, the past decade has seen rapid adoption of technology by accountants, particularly around cloud accounting software.

Since the release of the 2007 *Firm of the Future* report, accountants have witnessed the release of Xero, MYOB and QuickBooks along with other cloud accounting software into the Australian market. According to Xero's 2019 annual report<sup>1</sup>, it is estimated that more than half of small businesses in the Australia and New Zealand region now use a type of cloud accounting software.



## VALUE OF TECHNOLOGY

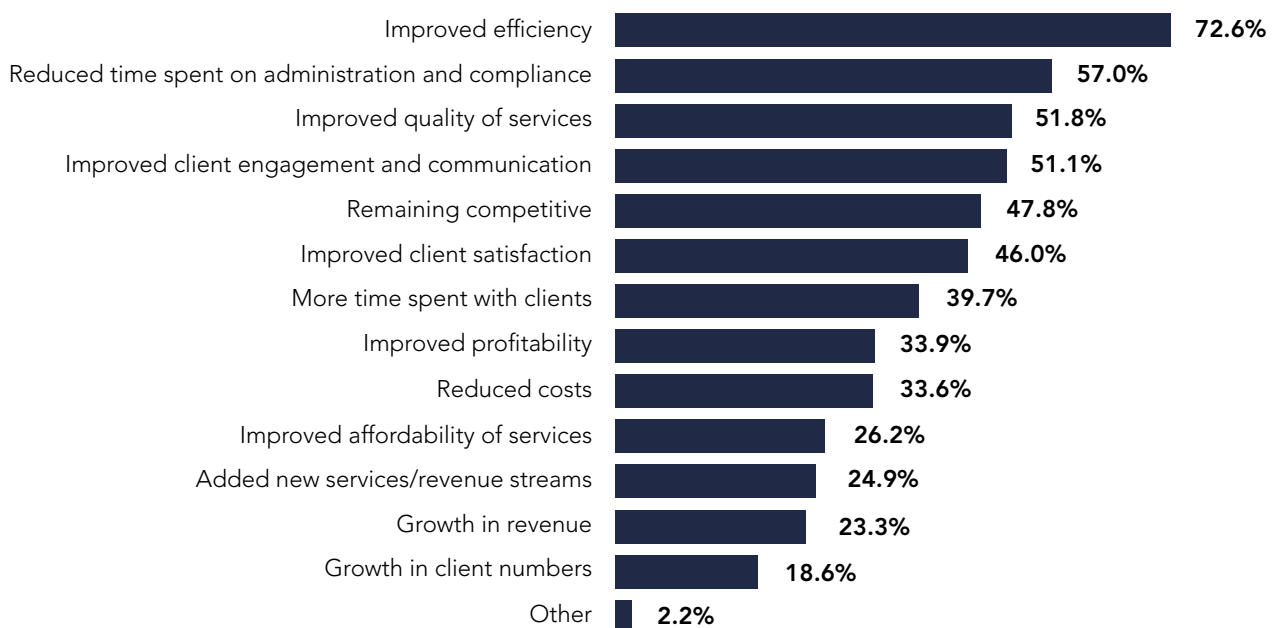
Global economies are undergoing digital disruption characterised by rapid technological innovation and transformation. Whilst technological innovation is disruptive, it is also a driver of productivity and economic growth and the accounting profession is not immune to this.

As found in the CPA Australia survey of accountants in public practice, almost six in 10 (58.1 per cent) understand technology is important, and a further 37.0 per cent see it as a critical factor in their practice's success. The successful accounting firm of the

future will be prepared for, and adapt to, major technological changes expected over the next decade.

Three quarters (72.6 per cent) of accountants believe the greatest value of technology is improved efficiency in their work and practice. Other key drivers include reduced time spent on administration and compliance, improved quality of services, improved client engagement and communication, and remaining competitive.

**Figure 2: Overall, what do you see as the greatest value of technology to your practice?\***



\* Multiple responses allowed

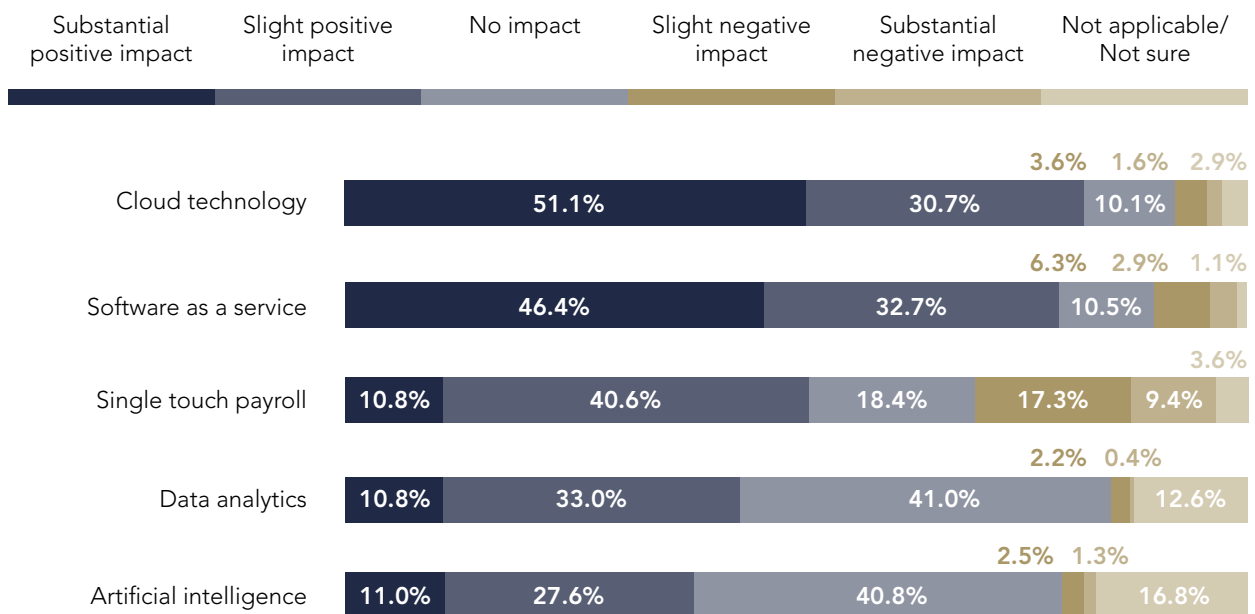
n = 446

Source: CPA Australia's survey of members and accountants in public practice July 2019

## IMPACT OF TECHNOLOGY NOW

Breaking it down further, cloud technology and software as a service (SaaS) are, by far, the two technology issues currently having the greatest impact on accounting practices and will remain so for the next five years.

**Figure 3: What impact are the following technologies currently having on your practice?**

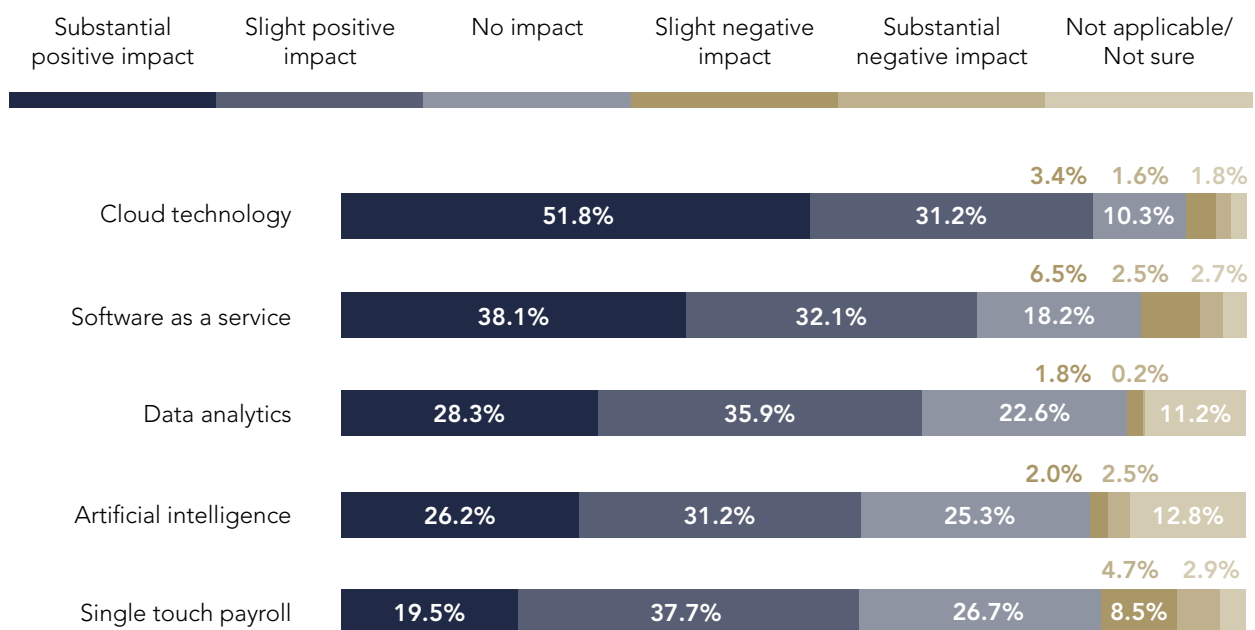


n = 446

Source: CPA Australia's survey of members and accountants in public practice July 2019

## IMPACT OF TECHNOLOGY IN FIVE YEARS

Figure 4: What impact are the following technologies likely to have on your practice in the next five years?



n = 446

Source: CPA Australia's survey of members and accountants in public practice July 2019

Figure 4 suggests that technology is rarely perceived as having a negative impact on accounting practices, nor is it generally expected to. This shows that many practices are open to embracing the positives that adopting technology can bring. Data analytics, STP and artificial intelligence (AI) are all expected to play a much more significant role in the accounting profession within the next five years.

CPA Australia's focus groups also reveal that technology has begun to replace accountants in carrying out many of the lower-level tasks that they undertook in their formative years. Accountants also believe technology has created a more flexible working environment, and they see it as the biggest catalyst for change in the profession.

## ACCOUNTANTS BELIEVE THAT PROFESSIONALS WHO DON'T KEEP PACE WITH TECHNOLOGICAL ADVANCEMENTS FACE A REAL RISK OF BEING LEFT BEHIND OR RENDERED OBSOLETE.



Accounting professionals believe that in the coming five years, demand for technology from their clients will increase. Around seven in 10 (69.7 per cent) say there is currently demand from clients for technological solutions and more than eight in 10 (83.2 per cent) believe there will be an increased demand in the next five years.

Technology also brings with it a degree of frustration. The availability of free information online has seemingly led many clients to believe they are more informed, or even experts, on issues which have traditionally been the domain of their accountant. Whether access to more information equates to better knowledge, let alone expertise, is a moot point. In any case, accountants say they are now expected to provide additional depth to their insights and advice above and beyond what can be “easily Googled”.

“

In the good old days, they ring you up and ask for something very general, but these days they could actually do their own search on the internet... so, now when they come to you they want something a bit more special, a bit more meaningful, not just a standard answer.

(CPA, Sydney)

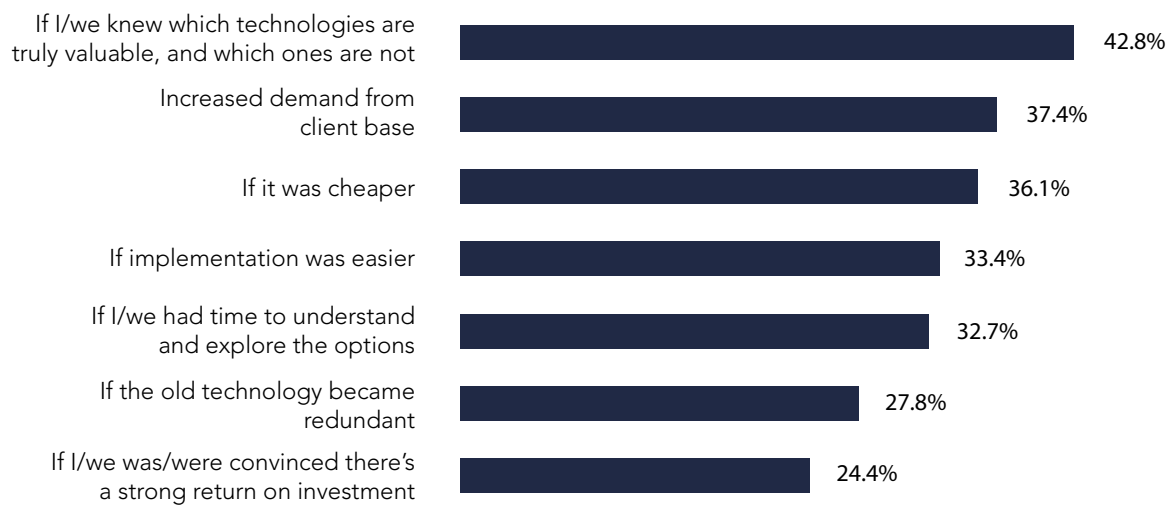


## ADOPTION OF NEW TECHNOLOGY MOVING FORWARD

In the coming years technology is expected to continue to have a profoundly disruptive impact on the way that the accounting profession operates, and to be a successful firm of the future, technology will need to be embraced. Irrespective of the size of practice, when adopting new technology there are several factors that need to be considered.

Key factors for accountants wanting to use technology in their practices include identifying which technologies are important and which are not (and concerns around deploying technology that later becomes redundant), client demand, and affordability.

**Figure 5: Which of the following would encourage you to adopt new technology in your practice in the next five years?**



\*Multiple answers allowed

\*Top 7 responses only

n = 446

Source: CPA Australia's survey of members and accountants in public practice July 2019

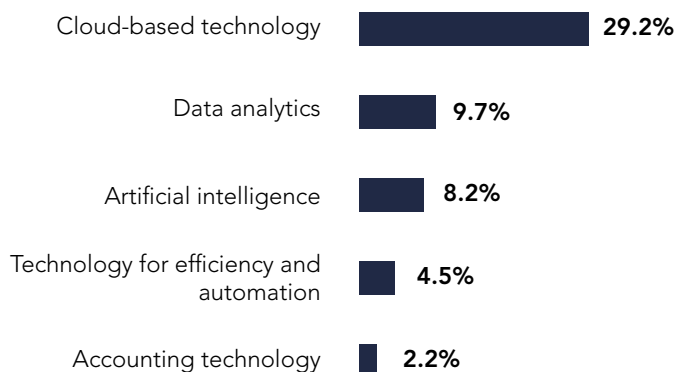
## KEY TECHNOLOGY TRENDS

There are several technology trends that will likely have the greatest impact on accounting practices over the next five years. Some of these are well understood, while others are relatively new and will require a deeper understanding and training before they become part of a mainstream accounting practice.

### Cloud-based technology

CPA Australia's survey of accountants in public practice shows that compared to other technologies, cloud-based technology is regarded as having (by far) the most critical impact on accounting practices over the next five years.

**Figure 6: Technologies critical for the accounting practices in the next five years**



n = 446

Source: CPA Australia's survey of members and accountants in public practice July 2019

According to a 2019 report by McAfee<sup>2</sup>, organisations saw a 15.0 per cent increase in the use of cloud services over the year before, and almost three times as many services as in 2013. Most businesses largely underestimate how many cloud services they are using.

As technology changes and the demand for business efficiency increases, many cloud services have evolved from their original single purpose use. Dropbox, Mailchimp, Salesforce, Office 365, Xero, SAP, Slack, OneDrive, for example, are all making big changes to their platforms. These cloud services are now allowing file sharing, digital marketing, e-commerce and

“

For me, technology has given me freedom. It's fantastic and I can pull out my phone now... I can hop on my software... I have a client say, the return is not lodged. I can hop on and do things anywhere. It's fantastic. I work from home and... it means that I can go to coffee shops, go to clients, I can travel.

(CPA, Adelaide)

CRM across third-party apps, creating powerful collaborative workspaces. Using cloud technology gives users access to up-to-date, real-time information from more locations while reducing errors with multiple versions of files.

Professional accountants have embraced cloud technology. It is recognised for making accountants' work more flexible and easier to manage. They have fewer concerns about storing and backing up data and can offer a work-from-home option to employees, improving their ability to attract staff. Public practice accounting firms are realising that it's the data itself that's of most value, not the "plumbing" that enables that data to be gathered or moved around. This may present issues when considering the physical location of client data and requires an awareness of the legalities of handling and storing client data.<sup>3</sup>

Cloud-based technology presents a slightly overwhelming array of choices, so practices should seek out input on what best meets their needs. One of the great benefits of cloud technology is that no matter what your business, there is an app fit for purpose.

“

I run my practice all completely in the cloud, so I'm not worried about updates, data breaches, backups, and that is a huge relief. Personally, I think that's terrific.

(CPA, Canberra)



## Process automation

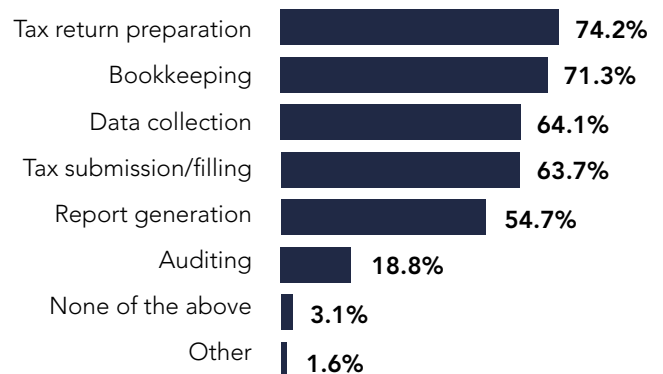
Adoption of new technologies has driven an increasing automation of base-level accounting tasks. According to CPA Australia's survey of members and accountants in public practice, tax return preparation, bookkeeping, data collection, tax submission and report generation are the activities that have been, or are likely to be, most affected by process automation. Greater automation of these services will create more efficiency and convenience for the client but will also require accountants to reconsider how these services are delivered, and whether they can offer higher-value activities linked to these services.

An example of process automation in cloud technologies is their ability to connect with other cloud applications, enabling the automation of previously time-consuming tasks. Cloud software makers have identified that they can offer users many more functions by cooperating with one another. Some do this by offering application programming interfaces (APIs) that allow third-party developers to create apps that integrate with their applications. For example, Xero, Shopify and Mailchimp not only integrate with each other to automate accounting, e-commerce and email marketing tasks, but also offer large ecosystems of third-party apps.

Other examples include using "digital workers" to imitate workflows that human workers previously performed. For example, the digital accounts payable clerk could extract invoices, reconcile them with a purchase order, process the invoice and the payment, effectively replacing these tasks for the accounts payable clerk.

Despite tax return preparation being perceived by accountants as the most impacted by process automation, there is still high demand from consumers and SMEs for their accountant to be involved in preparing their tax return. According to CPA Australia's survey of consumers and SMEs, if preparing a tax return was automated by the ATO, 86.1 per cent of SMEs and 79.9 per cent of consumers would still want their accountant to ensure its accuracy. Furthermore, 90.0 per cent of SMEs and 83.8 per cent of consumers would still use their accountant to ensure that all appropriate tax planning strategies had been considered.

**Figure 7: Which of the following areas in your practice do you think have been or will be impacted by process automation?**



\*Multiple answers allowed

n = 446

Source: CPA Australia's survey of members and accountants in public practice July 2019

## Real-time communication

The increasing use of technology, and ability to communicate through text and email, has created a higher expectation of accessibility among accountants' clients. Clients can more easily contact their accountant and are becoming more demanding. Clients want real-time advice and rapid responses.

The development of easier and faster communication channels has had an effect on how accountants communicate and work with their clients. According to CPA Australia's survey of accountants in public practice, two-thirds (69.7 per cent) of accountants are already seeing an increased demand from their client base for technology to provide real-time data. More than 80 per cent of accountants, regardless of how long their practice has been in business, believe that this demand will only increase in the next five years as clients' expectations continue trending towards more frequent communication and shorter response times.

The successful firm of the future will embrace technological advances that allow more responsive communication with clients. This is an added-value proposition for clients which will serve to strengthen client relationships and, as CPA Australia's survey of accountants in public practice shows, more than half (51.1 per cent) believe improved client engagement and communication is the greatest value of technology to their practice.

Even though easier and quicker communication has its benefits, CPA Australia focus groups reveal it also has the potential to create issues, including the need to be aware of managing incomplete, unclear or confusing communication.

“

Information is required almost instantaneously. Not only for the clients, but back to the ATO and that's just a function of technology and where the world is going.

(CPA, Canberra)

“

Emails are coming in and they're raw thoughts. Sometimes not verbal, sometimes no grammar. Sometimes it takes you a while... sometimes to the third email, to know actually what they really want.

(CPA, Canberra)

## Blockchain and distributed ledgers

While blockchain and distributed ledgers are sometimes not fully understood by accounting professionals, they are nevertheless aware of the impact the technology can have on traditional services such as auditing, by automating the verification of transactions or supply-chain issues. Some see it as being like the internet – impossible for the layman to understand, but something that will have an impact on business processes and services regardless.

Blockchain effectively decentralises many traditional accounting processes, and growing numbers of practitioners are realising that some of the third parties they have relied on for years for these services may be becoming redundant.<sup>4</sup>

### At a glance

- A blockchain system enables transactions to be written directly into a single register, which creates an interlocking system of records
- Experts agree that blockchain will not disrupt the industry any time soon, but its efficiencies should not be underestimated or ignored
- With the increasing adoption of blockchain technology, the role of an accountant will change but not be eliminated

Blockchain was forecast to revolutionise financial services, but it is not without its sceptics, who say it's not delivering and who question why there are so few blockchain projects in commercial use. Some say blockchain is a system looking for a solution. There are other relational databases that can do much the same, which exist now and can be implemented more cheaply. These allow records to be encrypted, rendering them unalterable and permitting them to be distributed across multiple locations.<sup>5</sup>

“

[Blockchain] is good for specific needs, absolutely. In supply chain verification it's already being developed and is working in that area: contracts, property, all that kind of stuff...I think the technology is right and it's got lots of good applications, especially in audit.

(CPA, Brisbane)

“

Now we just use the internet like it's just another regular tool. We don't think about how it works. We just use it. Blockchain will be the same. We will all use it. We don't need to know how it works or what's behind the science of it, or the technology. It will just be permeating everything we do.

(CPA, Melbourne)

## Data analytics

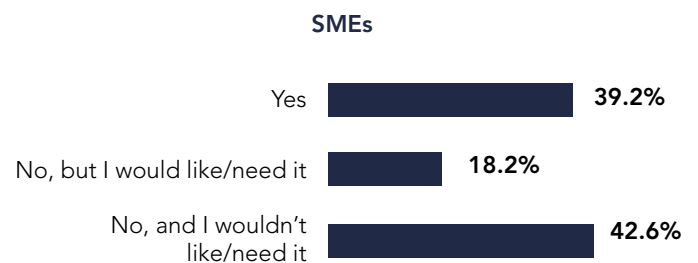
The CPA Australia survey of accountants in public practice found that the majority (64.1 per cent) believe that the capability to collect and analyse data will have a positive impact on their practice in the next five years. Accountants see data analytics as a way of bridging a gap between accounting and advice, and a means of delivering more valuable insights to clients. Creating actionable insights from data is still seen as quite expensive, but many accounting professionals view it as a worthwhile investment. The firm of the future will utilise data analytics in multiple facets of its service offering, including developing deeper client insights to refine existing and develop new services.

Instead of relying on traditional financial data to gauge business performance, accountants can now assess inventory, marketing, customer behavioural trends and other data types. The key is to ensure all staff have a good understanding of the client's business, the data being created, and how it can be analysed.<sup>6</sup>

Often, SMEs have data and information for their business readily available but are unable to effectively interpret or analyse it to their advantage. In fact, in the CPA Australia survey of SMEs, 44.0 per cent of SMEs say that they don't have the resources to make the most of their business information. Just less than 40.0 per cent of SME clients of accounting firms are currently assisted by their accountants in data analysis. A further 18.2 per cent of clients say that they would like this assistance but don't get it, highlighting an opportunity for the successful firm of the future to engage with SME clients.

## DATA ANALYTICS OPENS A WORLD OF NEW OPPORTUNITY FOR ACCOUNTANTS TO PROVIDE MORE VALUE-ADDING CLIENT SERVICES.

**Figure 8: Does your accountant provide you with assistance in analysing and making the most of the data/information that you have in the business?**



n = 401, SMEs

Source: CPA Australia's survey of consumers and SMEs September 2019



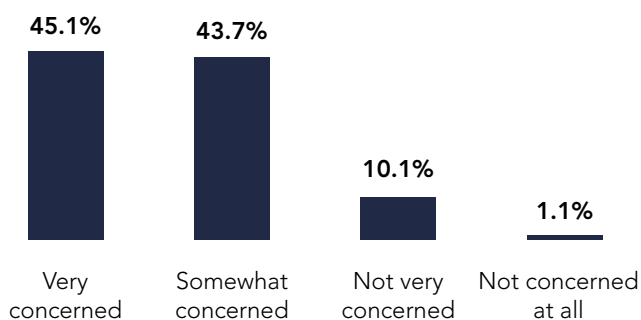
## Data security

More client information is being stored on digital platforms than ever before, and this will only increase as more accounting firms embrace technological change. In addition to the benefits for both accounting firms and clients, the firm of the future will recognise and manage the potential risks associated with collecting and storing client data.

With a wealth of sensitive client information, accounting practitioners are prime targets for cybercriminals, such as hackers and scammers, intent on stealing data.<sup>7</sup>

Data security must be treated seriously, as any breach could have a serious impact on a client's trust in their accountant. According to CPA Australia's survey of accountants, almost half are very concerned about the risk of a data security breach resulting in the loss of sensitive client data in their practice.

**Figure 9: How concerned are you about the risk of cybercrime, such as a data security breach which may result in the loss of sensitive client data in your practice?**



n = 446

Source: CPA Australia's survey of members and accountants in public practice July 2019



“

We place a lot of reliance in our partners, our software providers. Unfortunately, you need many for different things, and trusting that it's their servers, their IT departments, covering for us.

(CPA, Brisbane)

Investment in data security is expected to become a more important factor in accounting practices' budgets. According to CPA Australia's survey of accountants in public practice, the average proportion of revenue invested to protect against the risk of cybercrime is 6.4 per cent and a large majority believe the proportion of revenue that they spend on data security will be higher in five years' time.

Data privacy is something many public accounting practices take seriously. They are investing in external service providers to protect the data of their clients and putting cybersecurity protocols and procedures in place.



SMEs and consumers express concern about their accountant sending work offshore. As a correlation to this, a significant proportion (almost half) of both consumers and SMEs say they would be prepared to pay more to ensure that their data and information is stored and processed only in Australia.

**44.7%**  
of SMEs  
**48.2%**  
of consumers

would pay more to ensure their data/information is processed and stored onshore if their accountant was sending their data/information for processing and storage offshore

n = 401, SMEs; n = 610, consumers

Source: CPA Australia's survey of consumers and SMEs September 2019

The issue is viewed seriously enough by around three in 10 SMEs (31.0 per cent) and consumers (28.4 per cent) that if their accountant was sending their information and data offshore to be stored or processed, they would switch to a different accountant who was storing and/or processing their data onshore.

Of those worried about offshore data enough to change accountants, the majority of SMEs (66.5 per cent) and consumers (58.8 per cent) would be looking for an accountant that both stored and processed their data onshore.

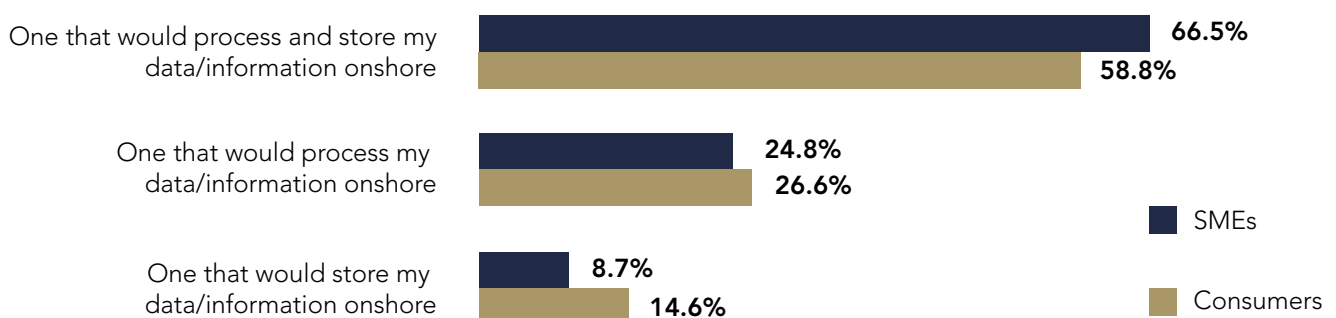
**31.0%**  
of SMEs  
**28.4%**  
of consumers

would switch accountants if their data was being stored or processed offshore

n = 401, SMEs; n = 610, consumers

Source: CPA Australia's survey of consumers and SMEs September 2019

**Figure 10: Which of the following accountants would you switch to?**



n = 122, SMEs that would switch to different accountants; n = 172, consumers that would switch to different accountants

Source: CPA Australia's survey of consumers and SMEs September 2019

## Single touch payroll

Single touch payroll (STP) is expected to have a major impact on the way the accounting profession operates over the coming years and is an example of how technology is being used to generate real-time responses and data.

STP has already affected how accountants work with SME clients to prepare tax returns, with a significant element of the process now automated and information reported directly to the Australian Taxation Office (ATO). However, as these lower-level tasks are increasingly automated, accountants are considering higher value-added activities linked to the original service. For instance, in preparing tax returns, clients still want their accountant to ensure all appropriate tax planning strategies have been explored.



“

Big business already reports every payroll... Small businesses haven't had to... Now the technology (STP) is here, the legislative changes and all small businesses will start having to... So, I think that's going to be a big change to the way business cashflow works.

(CPA, Brisbane)

### At a glance<sup>8</sup>

- Single touch payroll is a great opportunity for streamlining payroll and reporting processes. The ATO has a list of no-cost and low-cost STP software providers on its website, for smaller businesses concerned about cost
- STP solutions enable quick updating of information, can cost less than A\$10 a month, and don't require the employer to maintain the software

“

I think it [AI] is going to help with the whole engagement piece with clients, understanding clients. So, I've seen a little bit in the financial planning space, and I think they're embracing it more... The system tells them when they're most engaged and when is best to actually contact them, how they should make better decisions based on their behaviours etc.

(CPA, Hobart)

## Artificial intelligence

According to CPA Australia's survey of members, the impact of artificial intelligence (AI) on accounting practices is expected to significantly increase in the next five years. CPA Australia focus groups also identify that accountants find the AI offerings of service providers to be of interest. There is curiosity about the path that AI may follow in the coming years, particularly its impact on the delivery of advisory and compliance services.

There are many myths about AI in accounting but the simple fact is that AI will rapidly move from a tool for compliance and towards the delivery of advice, but will never replace a human accountant.<sup>11</sup> In fact, there are many repetitive tasks that AI could perform, and which accountants may not regret losing because it would make their jobs more creative and interesting. Accountants should look at the rise of AI not in terms of potential job loss, but "task loss".

For example, as more businesses migrate to the cloud, automated software such as QuickBooks and MYOB Essentials, which are interconnected on all devices and synced with live banking data that does not have to be manually entered, will continue to develop, allowing an open integration with specialised payroll, HR operations, advanced billing and project task management. Software in this environment takes away a lot of the routine work people used to have to do on the job.

In the future, AI is forecast to progress beyond "showing you anomalies" and develop new abilities to focus on accounting and business issues. But for now one thing is certain: work practices are changing quickly and technology is a tool that accounting practices can wield to improve their business.

# SCOPE OF SERVICES

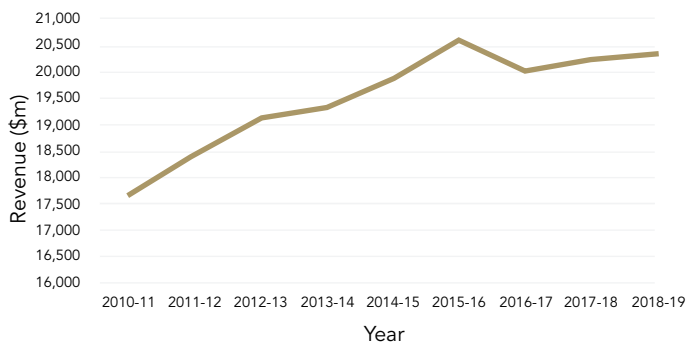
## Key Insights

- The demand for accountancy work is strong, with clients interested in other areas where accountants can add value
- Around a third of consumers and SMEs expect to require more services from their accountant in the future
- Emerging areas of demand include financial planning and advice, consumer credit and mortgage broking services
- Consumers and SMEs are driven to accountants for their specialist knowledge when managing their personal or business finances
- There is demand from SMEs for accountants to take on more advisory roles in their business
- One in five SMEs would like holistic business plans from their accountant
- The "typical" public practice accounting firm in 2019 is built on tax and business advisory services, with limited SMSF, financial planning and credit advisory capabilities
- The majority of firms expect to be offering a similar mix of services, which means that supply may not match demand given the emerging areas of interest from SMEs and consumers

## MARKET DEMAND

The demand for accountancy work has remained strong. According to IBISWorld, the accounting profession in Australia has experienced revenue growth of 15.2 per cent between 2010-11 and 2018-19, indicating accounting services have been growing in demand. This is almost on a par with the professional services industry overall, which has experienced 17.2 per cent revenue growth in the same period.

Figure 11: Accounting profession total revenue

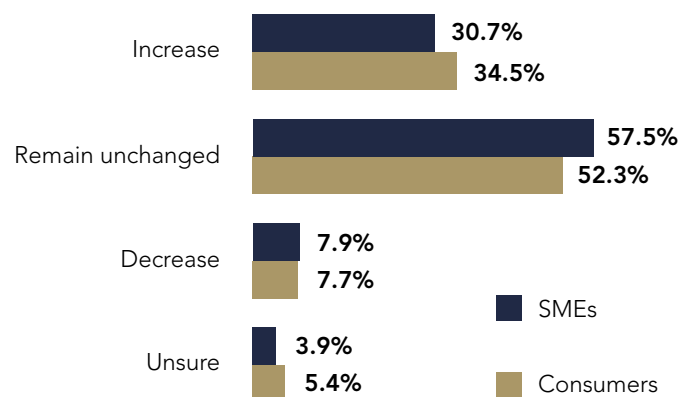


Source: IBISWorld 2019

## CLIENT DEMAND

Around a third of both consumers (34.5 per cent) and SMEs (30.7 per cent) expect to need more services from their accountants over the next five years. This growing need presents an opportunity for accounting practices to deepen existing relationships with clients, but may create challenges where the services demanded by clients do not match the services a practice currently offers.

Figure 12: The need for services from accountants over the next five years



n = 401, SMEs; n = 610, consumers

Source: CPA Australia's survey of consumers and SMEs September 2019

“

We don't have a financial planner and would prefer to get advice from our accountant because we trust them.

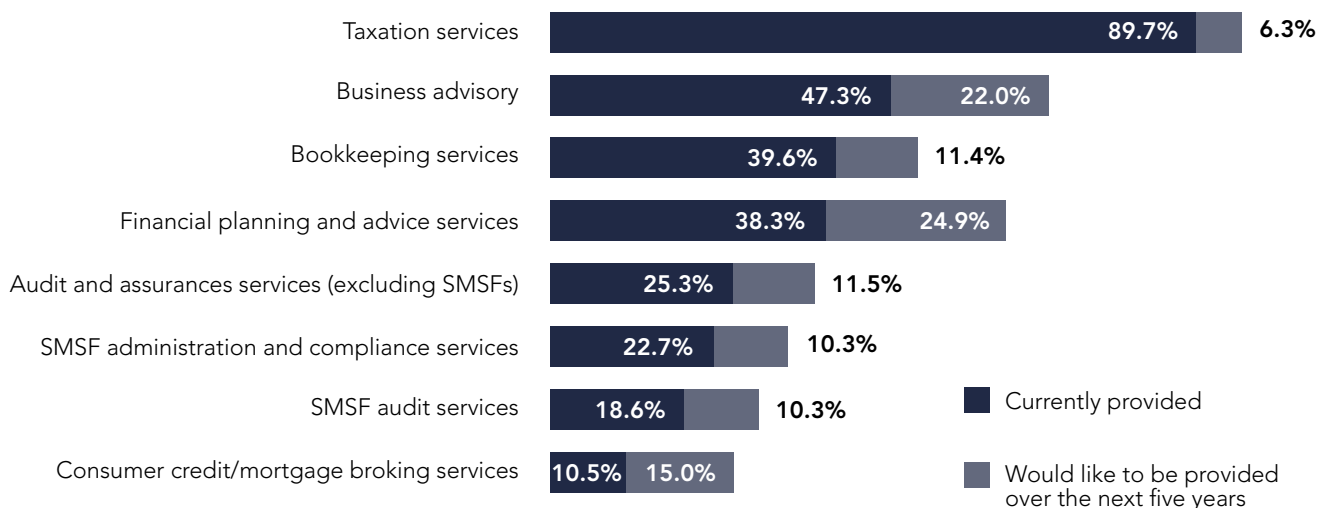
(SME, NSW)

### Future demand from SMEs

The greatest future growth in demand from SMEs is for financial planning advisory services, with almost a quarter (24.9 per cent) saying they would like their accountant to provide these service within the next five years. Were accountants to provide this service, and SME clients to take it up, financial planning and advisory would potentially exceed bookkeeping in importance.

Around one in five (22.0 per cent) of SMEs would also like their accountant to offer business advisory services, which would represent an almost 50 per cent increase compared to accountants currently providing the service. Around one in seven (15.0 per cent) would like their accountant to provide credit and mortgage broking services – which, if taken up, would more than double the percentage of SMEs whose accountants provide this service.

**Figure 13: Which of the following services does your accountant currently provide?**



\*Multiple answers allowed

n = 401, SMEs

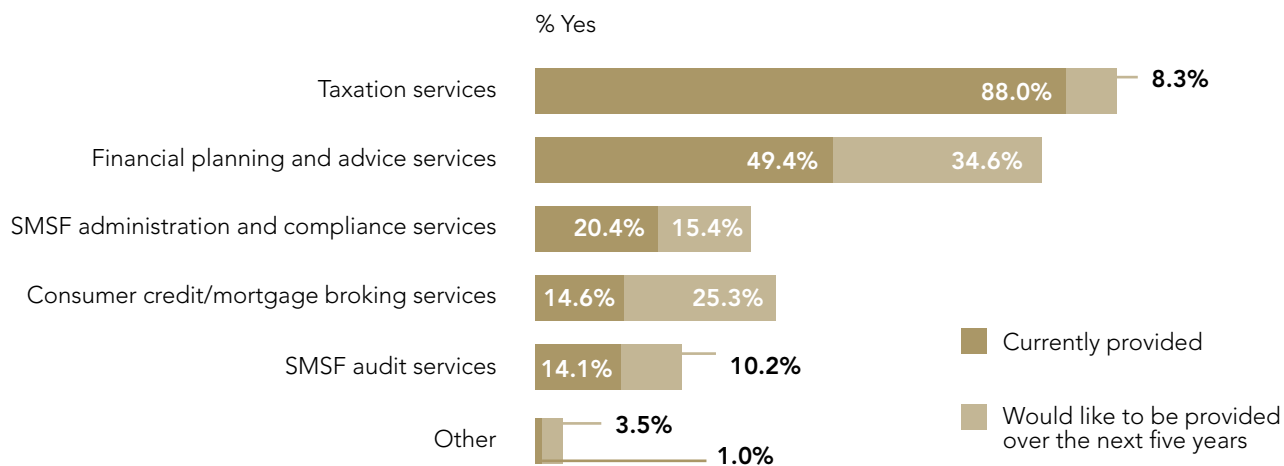
Source: CPA Australia's survey of consumers and SMEs September 2019



### Future demand from consumers

More than a third (34.6 per cent) of consumers would like their accountant to provide financial planning advisory services within the next five years, and a quarter (25.3 per cent) would like their accountant to provide consumer credit and mortgage broking services. A shift towards this preference would more than double the provision of these services to consumers and would potentially see credit and mortgage broking surpass SMSF administration and compliance services as a service provided to consumers by their accountants.

**Figure 14: Which services are in demand from consumers now and in the future?**



n = 610, consumers

Source: CPA Australia's survey of consumers and SMEs September 2019

## DRIVERS OF DEMAND

The majority of consumers (64.2 per cent) and SMEs (65.3 per cent) consider specialist knowledge as being the most important driver in choosing an accountant.

Another important factor for more than half of SMEs (54.5 per cent) and consumers (55.1 per cent) surveyed is the cost of obtaining accounting services. This means that accountants must continue to find ways to deliver services as efficiently and cost effectively as possible in order to retain clients.

And finally, the demand for a broad range of services, balancing the need to specialise, highlights the value of developing multi-disciplinary networks to service your client needs.

**Figure 15: Which of the following factors are most important to you in choosing an accountant to use to manage your personal and/or business finances?**



n = 401, SMEs; n = 610, Consumers

Source: CPA Australia's survey of consumers and SMEs September 2019



“

I am not sure my accountant offers all these services, so may look for a specialist in one or two areas.

(SME, ACT)

## FUTURE DEMAND

Survey findings have identified specific areas of demand that will likely influence the firm of the future and their service offerings.

### 1. Demand for specialist knowledge

Clients of accountants – be they consumers or SMEs – value the relationship that they have with their accountant, and the knowledge that their accountant brings. In fact, the accountant's possession of specialist knowledge is of greater importance to clients than the cost or range of services. As highlighted earlier in the report, approximately 65 per cent of both SMEs and consumers stated that their accountant's specialist knowledge in certain areas was a key factor in choosing their accountant.

Adding to this is the fact that, of those clients who said that they are considering alternative providers, the main reason cited was a lack of specialist services. Outsourcing non-core, labour-intensive accounting and finance activities such as tax compliance and various transactional functions, as well as automation replacing some lower-level jobs, can create greater cost efficiencies and a new opportunity for accountants to focus on higher-end, strategic work and specialist services. In an increasingly cluttered, highly competitive market, a point of difference and a brand that is known to specialise in a certain industry is important not just to retain clients but also drive growth.

Typical approaches to developing a specialisation are either by offering a specialised range of services or, alternatively, offering a range of services to a specific industry. One of the greatest challenges with specialisation is knowing which area or industry to specialise in. In CPA Australia's survey of SMEs, an emerging area of demand relates to environment, social and governance (ESG) issues. More than half of SMEs surveyed believe ESG issues to be important in the way they run their business. Further, around one in five (19.1 per cent) would like help from their accountant in addressing ESG issues in their business. This represents an opportunity for accountants to broaden their services to clients in this area, on the basis that they develop the necessary skills and appropriately market these skills to clients.





It is helpful as such advice  
can assist business owners  
to make better decisions.

(SME, NSW)

## 2. Demand for advisory services

Survey results from more than 600 SMEs indicate there is clear demand from SMEs for accountants to take a more engaged advisory role in their business. This could include services such as acting as a virtual CFO, providing benchmarking data or preparing a holistic business plan. Whilst it is recognised this presents challenges for public practices in the current regulatory environment, approximately 20 per cent of SMEs surveyed indicated they currently don't receive advisory services but would like to.

Currently, only around one in 10 (13.3 per cent) SMEs use their accountant as a "virtual CFO" or someone who oversees and advises on the business's financial position. There is potential for this market to increase significantly in the future, as an additional two in 10 (19.7 per cent) SMEs do not currently receive this service but would like or need their accountant to provide it.

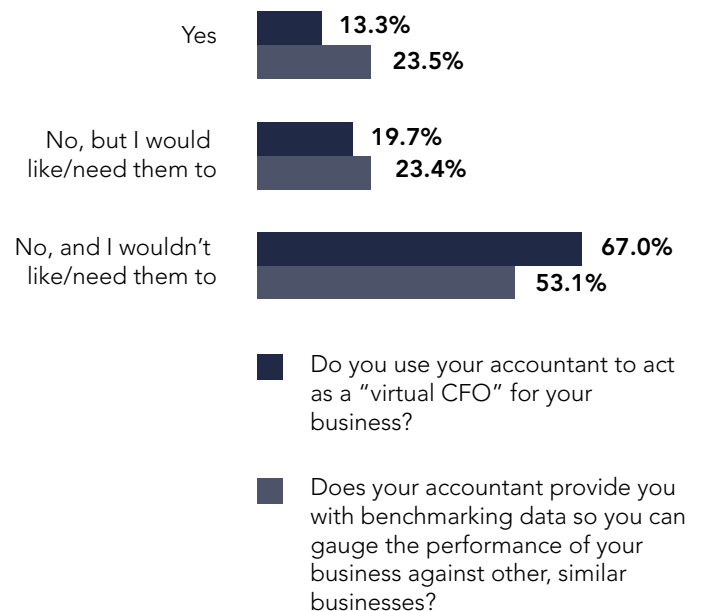
Around a quarter (23.5 per cent) of SMEs are provided with benchmarking data by their accountant to help them gauge the performance of their business against other, similar businesses, while another 23.4 per cent say their accountant does not currently provide the service but they'd like or need their accountant to do so.

The broad demand from SMEs for accountants to take a more active and holistic role in managing and monitoring the performance of their business is also reflected in key findings of the CPA Australia survey of SMEs.

Only one in five SMEs has a holistic business plan prepared for them by their accountant. Almost 20 per cent say their accountant does not prepare a holistic business plan for them, but they'd like their accountant to do so. The remaining 60 per cent-plus haven't considered, or don't believe, that they need one, which may represent an opportunity for accountants to engage constructively with these SMEs.

And finally, more than four in 10 (44.6 per cent) SMEs with a holistic business plan in place say they would like more active engagement from their accountant in monitoring the performance of the business against the plan. These are significant opportunities for future growth despite challenges in the current regulatory environment.

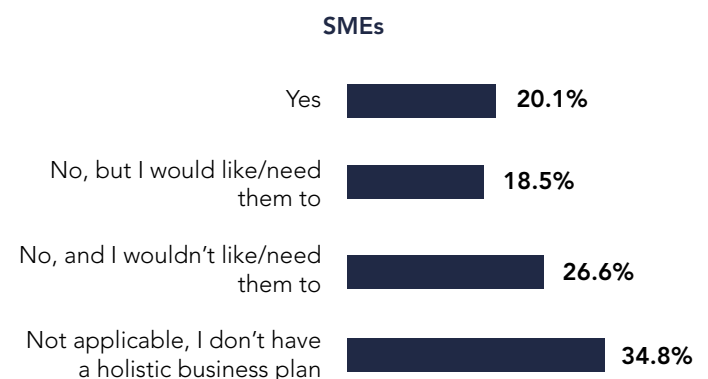
**Figure 16: SME advisory and benchmarking data needs and servicing**



n = 401, SMEs

Source: CPA Australia's survey of consumers and SMEs September 2019

**Figure 17: Does your accountant prepare you a holistic business plan?**



n = 401, SMEs

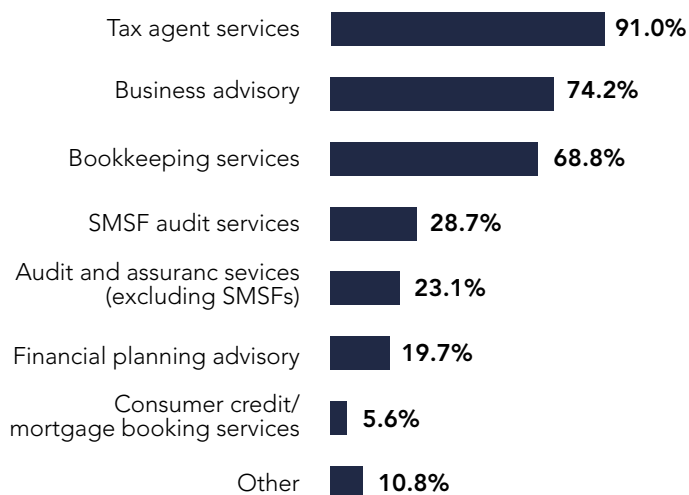
Source: CPA Australia's survey of consumers and SMEs September 2019

## SUPPLY OF SERVICES

CPA Australia survey of members and accountants in public practice show that by far the majority (91.0 per cent) of practices offer tax agent services, with business advisory services offered by almost three-quarters (74.2 per cent), and bookkeeping services provided by almost seven in 10 (68.8 per cent).

Almost three in 10 (28.7 per cent) practices offer self-managed super fund (SMSF) audit services, as distinct from audit and assurance services not including SMSFs, offered by around a quarter (23.1 per cent). Fewer than one in five (19.7 per cent) offer financial planning advisory services and a very small proportion, only around one in 20 (5.6 per cent), offer credit or mortgage broking services.

**Figure 18: Services currently offered to clients**



\*Multiple answers allowed

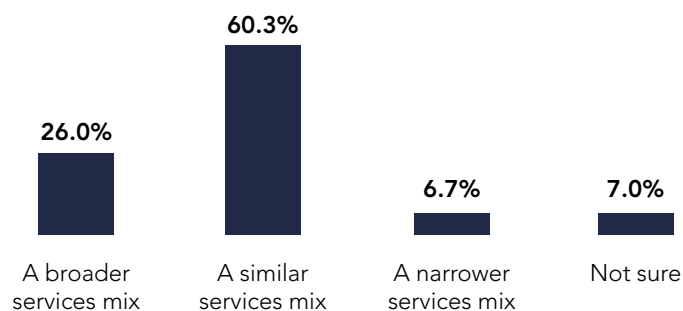
n = 446

Source: CPA Australia's survey of members and accountants in public practice July 2019

These results paint a picture of the "typical" public practice accounting firm in 2019 as being built on tax and business advisory services and limited SMSF, financial planning and credit advisory offerings. Interestingly, the survey has also indicated that a majority (60.3 per cent) of public practice accounting firms expect to be offering broadly the same mix of services to consumers and SMEs in five years' time as they offer today.

## ONLY AROUND A QUARTER (26.0 PER CENT) OF TODAY'S PRACTICES RECOGNISE THEY WILL BE REQUIRED TO OFFER A BROADER MIX OF SERVICES IN THE FUTURE TO MEET DEMAND.

**Figure 19: Compared to the current services mix, a practice's likely services mix in five years' time**



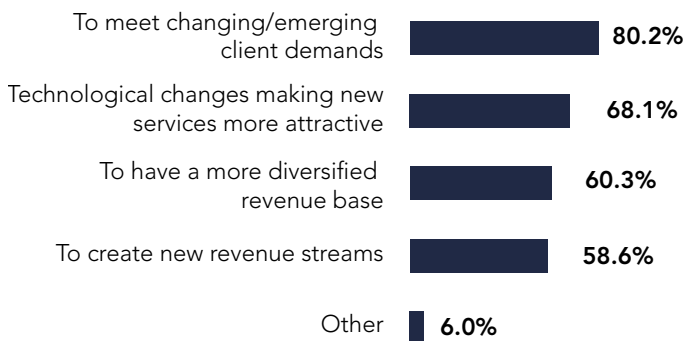
n = 446

Source: CPA Australia's survey of members and accountants in public practice July 2019

These findings paint an interesting picture as the services offered by this typical firm may not match emerging demand for services from consumers and SMEs. They also provide an insight into the scale of the challenges some practices, even if they are successful today, may face in adapting to become a successful firm of the future.

As previously shown, the most in-demand services among SME clients include financial planning advisory and business advisory, and there is significant scope for accountants to expand the provision of consumer credit and mortgage broking services. The overwhelming majority (80.2 per cent) looking to expand their services are driven by emerging or changing client demands. Among consumers, demand is greatest for financial planning advisory and consumer credit and mortgage broking services, and there is scope to significantly expand SMSF administration and compliance services.

**Figure 20: Why is your practice likely to have a broader services mix in five years' time?**



n = 116

Source: CPA Australia's survey of members and accountants in public practice July 2019

Of course, such changes in scope aren't without limitations, and the increasingly difficult regulatory complexity that those operating in new spaces face can be a burden – especially for smaller practices.

A key to practice growth and success is getting the client mix right and increasing the firm's capacity to provide high-value services to the clients who value them most. This may mean, for some practices, focusing more closely on attracting so-called A-class clients, who have a need for the accountant's services and are willing to pay for them.<sup>9</sup>

“

Clients will require more than just the traditional accounting and tax service that most firms still offer. They'll need more advice-related services and less in the way of old-school services like bookkeeping. Accountants will need to offer a variety of services to be able to fully service their clients and retain them.

(CPA, Melbourne)

“

I suppose the role has shifted to teaching [clients]. There's lots of data there and how [do we] interpret...what it actually means? And I think that's probably the shift in focus for a lot of our staff in terms of how they deal with clients. So, a client can have the information but then what they need is help interpreting it and being able to use that to make better business decisions.

(CPA, Brisbane)

# STRUCTURE

## Key Insights

- The structure of firms is evolving from a pyramid or diamond shape, to a flat structure and this is expected to continue for the majority of firms into the future
- Accounting firms may wish to consider partnering with external suppliers where they are unable to provide a specific service to maintain the primary relationship with the client, akin to the general practitioner (GP) and the specialist relationship
- Outsourcing high-volume, low-margin services allows accounting firms to focus on more high-value advisory work, however some clients may be willing to pay more if their data stays onshore

## FIRM STRUCTURE

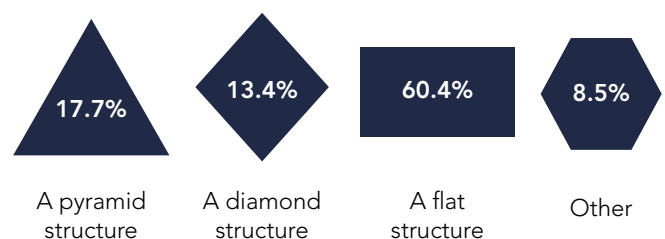
Most accounting practices today have a relatively flat structure (60.4 per cent), irrespective of the number of clients they serve. That is to say, high-level staff are supported by an equal number of experienced middle-range employees and lower-level staff. Pyramid structures, with greater numbers of low-level staff, still exist (17.7 per cent) but are significantly less common. Diamond structures (13.4 per cent), with the greatest proportion of middle-level employees, are also evident potentially due to the automation of lower-level tasks and increasing demand for higher-level advisory type services.

Structures are continuing to evolve with digitisation and the evolution of technology. The precise impact of technology will vary from practice to practice however base level accounting services are likely to come under increasing pressure. Current technological trends have made lower-level services easier and more efficient to deliver, while the demand for high-value services, such as data analytics, specialist advice and advisory type services, continues to grow.

This shift in practice structure away from the traditional pyramid to a flat structure or diamond structure is indicative of the need for a greater proportion of middle-level staff and the services they provide. A consequence of restructuring of this kind is an increased demand for mid-tier talent in the market.

Another consideration in firm structure is the fact that traditional partnership arrangements in public practices are being challenged. Emerging models include partnerships that do not require an incoming partner to purchase equity in the firm; corporatised models which allow for external shareholders and for differing levels of equity for partners and staff; and models where new owners do not have to buy goodwill.

**Figure 21: The current organisational structure of practices**



n = 446

Source: CPA Australia's survey of members and accountants in public practice July 2019

“

I've got probably five or six key advisers outside of my firm - financial planners, bankers and lawyers and a few others - and we've got a very tight-knit little niche that we operate with. My clients use me as the hub, or the key relationship manager, and I've just pulled it all together and made that work.

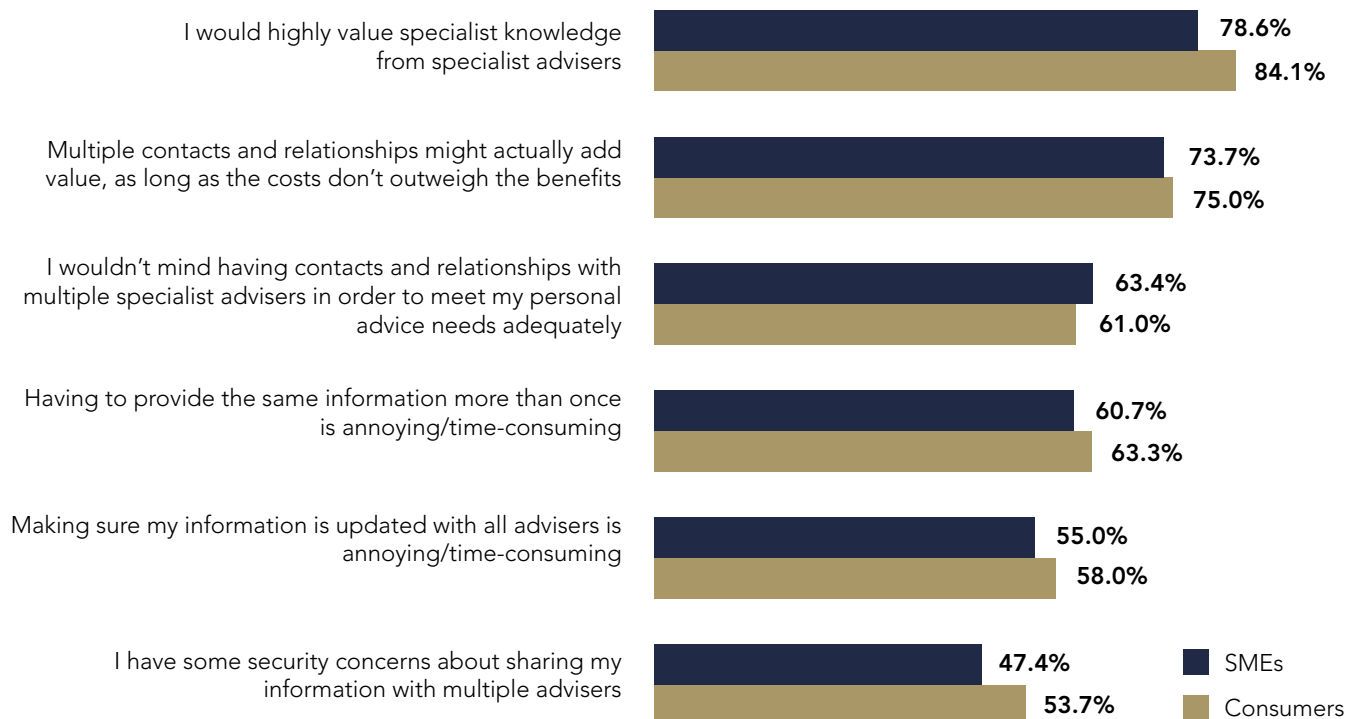
(CPA, Hobart)

## EXTERNAL SUPPLIERS

As clients demand more specific services, practices that wish to remain relevant to existing clients must adapt or evolve to meet that demand, either by offering the service themselves or by forging partnerships with external suppliers that can provide it. This is similar to how consumers receive medical treatment from their GP. The GP is the first place of contact for consumers. The GP knows the consumer's situation and has knowledge of their medical history. For more complex issues, the GP would refer the individual to a specialist. The medical records are kept centralised at the GP's practice, so they maintain a full medical history of their patient. A similar model would allow the accountant to remain the primary contact for the client.

Clients have signalled that they're comfortable with multiple relationships, so long as the benefit outweighs the cost. By making the process easy and efficient (as a sole point of contact) accountants can ensure this is the case.

**Figure 22: How much do you agree or disagree with the following statements about having to provide your data/information to more than one adviser?**



Respondents who agree or strongly agree

n = 183, SMEs who have another adviser other than their accountant; n = 299, consumers who have another adviser other than their accountant

Source: CPA Australia's survey of consumers and SMEs September 2019



## OUTSOURCING

Outsourcing to low-cost offshore centres is common for reducing the expenses of low-margin services. Offshoring in Australia has grown among accounting and other professional service industries. According to IBISWorld, Australia imported \$4.4 billion worth of professional services work from offshore in 2014, and the figure had grown to \$5.7 billion by 2017.

As technology continues to facilitate automation of lower-level tasks, and reduce the number of staff needed to carry them out, those lower-level tasks that do still require human intervention are being outsourced more frequently to low-cost offshore centres. This allows practices to focus on developing the higher-value services demanded by their clients.



We saw that the ability to outsource to get the more mundane, compliance work done would free up the team that we've got to be able to do the advisory work.

(CPA, Melbourne)



You automate the first stages, now you're sending your lower level work over to Manila.

(CPA, Melbourne)

Some aspects of the technological disruption of the accounting profession are a concern for clients. In particular, SMEs and consumers express concern about their accountant sending work offshore. As mentioned earlier in this report, SMEs and consumers say they would be prepared to pay more for their accountants' services if their information and data was stored or processed only in Australia.

Before choosing to engage an outsourcing provider that operates offshore, accounting firms will need to ensure that their clients understand and are willing to accept the change.

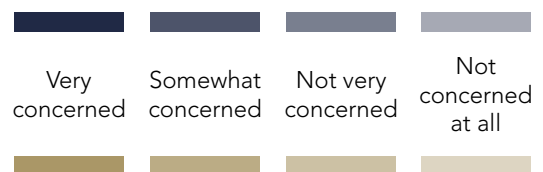
**Figure 23: How concerned are you about your accountant potentially sending work relating to your affairs offshore for processing and storage?**

### SMEs

15.7%	26.4%	26.9%	31.1%
-------	-------	-------	-------

### Consumers

17.8%	30.5%	29.6%	22.1%
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n = 401, SMEs; n = 610, Consumers

Source: CPA Australia's survey of consumers and SMEs September 2019



# STAFFING

## Key Insights

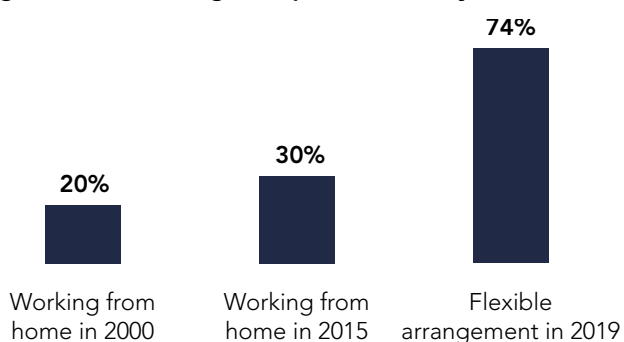
- Flexible work schedules have emerged as the new standard for almost three quarters of Australians
- The average number of applicants per accounting vacancy has fallen 40.0 per cent in the past four years, making recruitment of skilled and qualified staff a challenge
- The demand for new services, especially those involving advisory, places a greater focus on soft skills as a factor in employability
- Reliance on the gig economy is expected to increase in the future, allowing firms access to specific skills and services without committing to long-term contractual or employment relationships

## MOBILITY

Increased technology capability has allowed more staff to work from home, and more businesses to work remotely. Research from the Australian Bureau of Statistics (ABS)<sup>10</sup> found that 30.0 per cent of the total labour force regularly worked from home in 2015, an increase of 50.0 per cent from 2000. In addition, flexible work schedules have emerged as the new standard for almost three quarters of Australians (74.0 per cent)<sup>11</sup> in 2019, according to the International Workplace Group (IWG).

For accounting practices, this means the opportunity to work from anywhere, anytime. The reliance on a "shopfront" will decrease as accountants can increasingly service their clients remotely. Practices will need to take this into consideration in order to remain competitive in hiring and retaining talent. Firms will need to strike the right balance between face-to-face requirements, and the flexibility they can offer staff.

**Figure 24: Increasing workplace flexibility**



## THE HUNT FOR TALENT

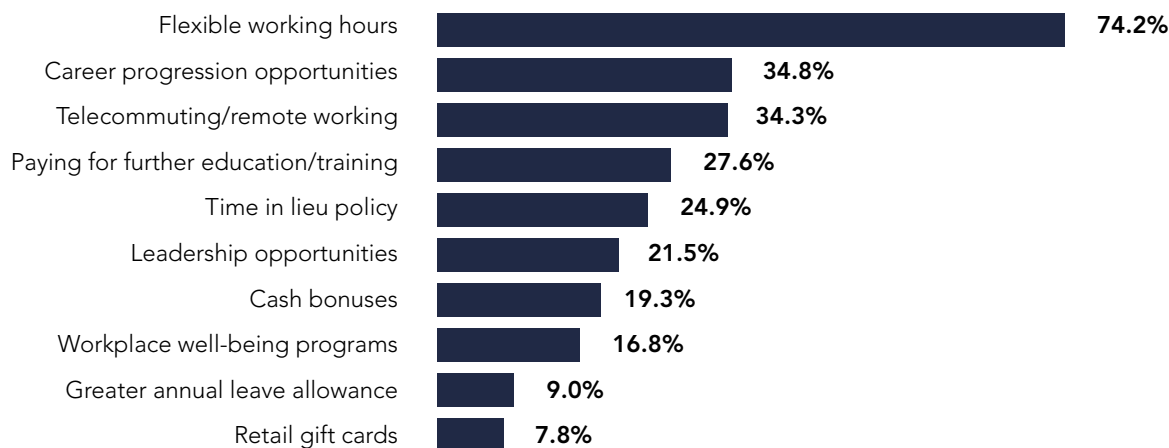
The task of recruitment is an ongoing challenge for accountants in public practice. According to the Australian Department of Jobs and Small Business<sup>12</sup>, the accounting profession talent pool is shrinking with 25.0 per cent of members finding it difficult to recruit skilled and qualified staff. The average number of applicants per accounting vacancy has fallen by 40.0 per cent, from 36.0 per cent in 2013-14 to 21.6 per cent in 2017-18. This is driven by the fact that commencements and completions for higher education accounting courses have been trending down since 2012.

The ideal amount of experience for candidates is about three to five years in business services. Any less than that and employers

believe they don't have enough experience. Staff for external audits are currently in demand, though it's usually seasonal, along with people with tax and self-managed super fund experience.

Attracting and retaining appropriately skilled, young and talented employees is a major issue for accounting practices. The most popular strategies that accountants in public practice are using, or planning to use, over the next five years to retain skilled and qualified talent are: creating an attractive work culture, flexible working hours, clear career progression opportunities, and the ability to telecommute or work remotely.

**Figure 25: Which of the following strategies is your practice using or planning to use to help retain skilled and qualified talent in your practice in the next five years?**



n = 446

Source: CPA Australia's survey of members and accountants in public practice July 2019

“

With an accountability system around output, you give people the flexibility to work when they want to work. We've got people working all crazy, different hours. It just gives them the freedom and in terms of the value... there's an employer value proposition, that flexibility rates above the money.

(CPA, Hobart)

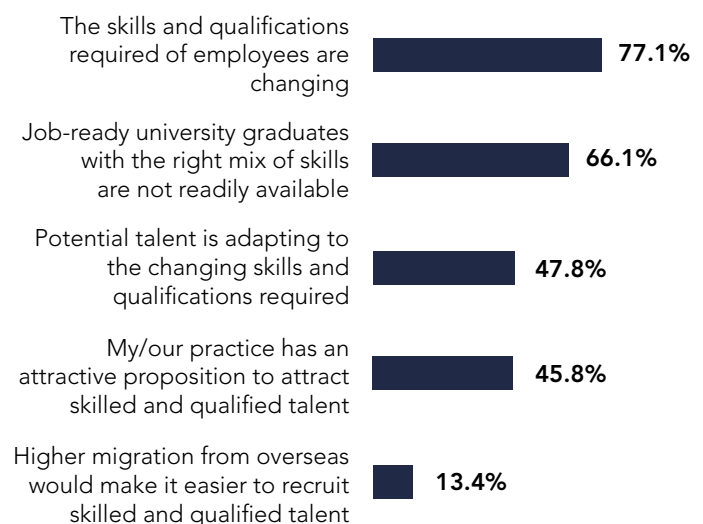
For the firm of the future, work flexibility and a good working environment will be critical, even more so than other factors of employment. Firms that can facilitate the needs of emerging talent to the best degree will have their pick of what accountants believe is a very limited pool of quality talent.

Retraining talent in preparation for delivering the higher-value services that the accounting profession is moving towards has a cost impact, more so for smaller firms. While training new graduates may be a preferred and lower-cost alternative to identifying and recruiting more experienced staff, there is a perceived or actual risk that these employees will be tempted away by other opportunities, especially to the Big Four accounting firms.

CPA Australia's survey of accountants in public practice found that more than three quarters (77.1 per cent) believe that the skills and qualifications required of their employees are changing. Opportunities are emerging for those accountants who broaden their skill set and become qualified in other aligned areas, so they can meet shifting client demands and needs for new services.

In addition, there are other potential costs. Those firms which decide to go down the financial planning advisory path, for example, face short-term challenges as individuals take the time and incur the cost of meeting new educational qualification requirements, which could have an impact on practice profitability and capacity to serve clients.

**Figure 26: How much do you agree or disagree with the following statements about recruiting skilled and qualified talent for your practice in the next five years?**



Respondents who agree or agree strongly  
n = 446

Source: CPA Australia's survey of members and accountants in public practice July 2019



## SKILLS

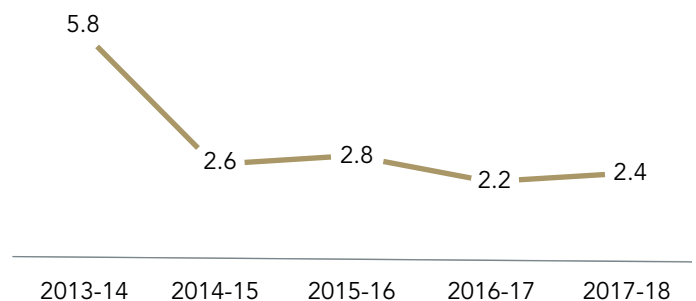
As the services offered by accountants have diversified in the past decade, the skills required by accountants have had to change accordingly. The addition of new services, especially those involving advisory, places a greater focus on soft skills as a factor in employability.

According to the Australian Department of Jobs and Small Business, the average number of suitable applicants per vacancy has fallen from 5.8 in 2013-14 to 2.4 in 2017-18. The drivers behind the fall included applicants' lack of experience, or lack of experience in certain specialisations, and poor skills, notably communication and interpersonal. Training remains an important factor in ensuring skills meet the changing demands of the client base.

Up-to-date expertise in data collection and analysis are also in demand. Accountancy increasingly follows the mantra that it acts as a business partner and adviser, as data-driven commercial decisions infiltrate every aspect of business enterprise. The skills we see as cutting-edge now – blockchain, artificial intelligence and machine learning – are going to be taken for granted in five years' time.<sup>13</sup>

Things are changing, and things are changing quickly. 5.0 per cent of jobs currently in the market will soon cease to exist, and 60.0 per cent of jobs will lose 30.0 per cent of their work to automation. Accounting firms will need to optimise their business by establishing productive activities to fill that space.

**Figure 27: Suitable applicants per vacancy**

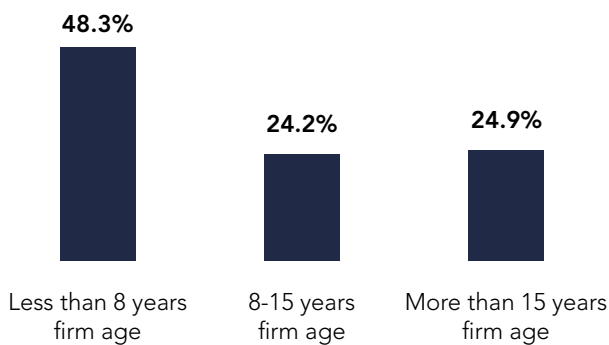


Source: Australian Government Department of Jobs and Small Businesses

## THE GIG ECONOMY

The rise of technology and digital platforms has led to the growth of the so-called gig economy, where suppliers meet short-term demand for skills and services, and where those who need access to those skills and services can source them without committing to long-term contractual or employment relationships. More than one quarter of accountants (27.8 per cent) expect to rely on the gig economy to provide on-demand assistance in the next five years. For newer practices, this proportion is highest, at 48.3 per cent.

**Figure 28: Do you expect to rely/rely more on the gig economy by employing contractors, freelancers or casuals in your practice in the next five years?**



n = 446

Source: CPA Australia's survey of members and accountants in public practice July 2019

The ability of resource providers to provide on-demand accounting services can be very attractive to practices that find they have in-demand skills, and can also support sole practitioners in delivering a broader range of cost-effective services to clients than they may otherwise be able to, by giving them access to skills or services only as needed.

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I know our industry will probably be Uber-ised in that gig services type economy. There's a lot more coming through, not necessarily one of us, but coming through and wanting a career where they can come and go. The air tasker that will put themselves out...but we'll hold the mantle of being the clients' trusted adviser, but we'll disperse it down to people where we can pick up more resources.

(CPA, Perth)

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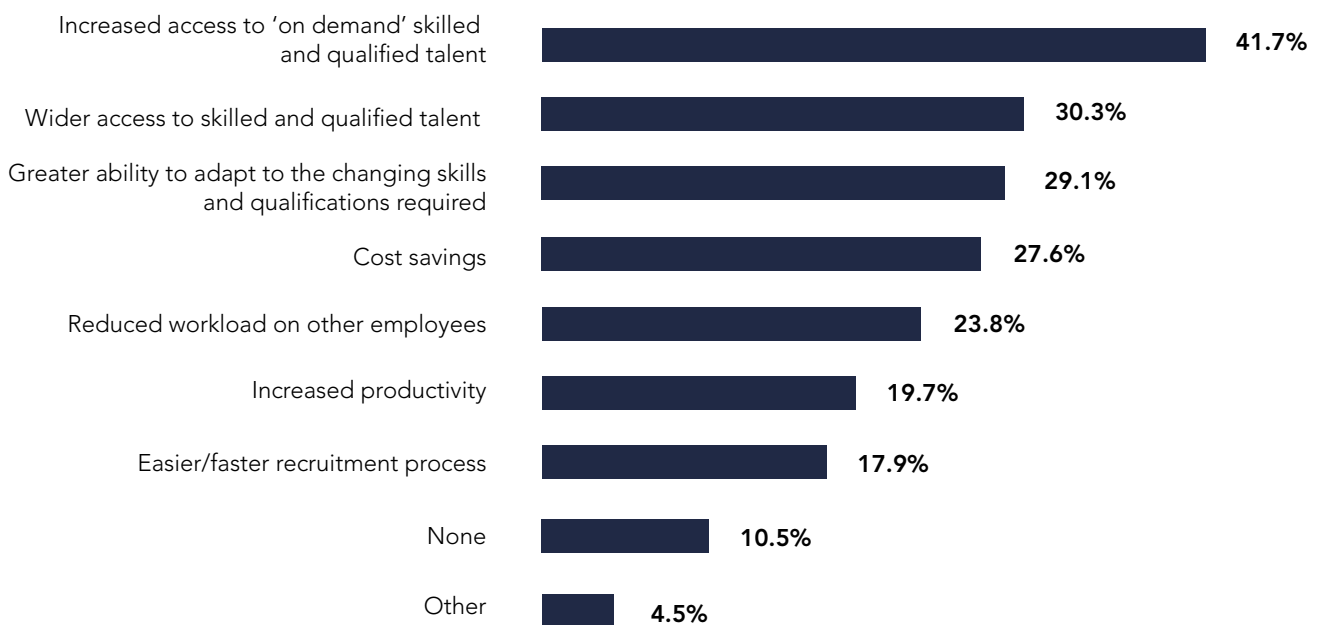
If I'm busy and I knew there was a pool I could say, you know what? I need somebody just to come in. Maybe I'd even want to have a holiday, heaven forbid we should do such a thing, but it would be awesome if there was a pool of resources, and go you know what? There's a need. Somebody could just come and sit in my chair for a week. It's super.

(CPA, Brisbane)

Cost savings are not the number one attraction of access to on-demand skills. CPA Australia's survey of accountants in public practice shows that greater benefits are improved access to skilled and qualified talent – including better ability to adapt to the skills and qualifications required to cater to clients' changing demands.

## THE BENEFIT OF THE GIG ECONOMY IS NOT JUST COST SAVINGS, IT'S ACCESS TO SKILLED AND QUALIFIED TALENT 'ON DEMAND'

**Figure 29: What do you see as the benefits of employing contractors, freelancers or casuals in your practice in the next five years?**



n = 446

Source: CPA Australia's survey of members and accountants in public practice July 2019

## GENERATIONS X AND Y

From a staffing perspective, accounting firms will need to prepare for the future without the skills and experience of the ageing baby boomer generation. The balance of staff will shift significantly as Generation X takes on more experienced roles, and Generation Y plays a greater role in providing the skills needed for accounting firms. A survey of 620 hiring managers<sup>14</sup> in Australia, commissioned by Robert Half, has revealed that in 2019, 86.0 per cent of Australian businesses are concerned that the departure of baby boomers will worsen the skills shortage. Currently in the overall job market, 43.0 per cent of Australian businesses are developing teams consisting of different generations.



## SUCCESSION PLANNING

From the CPA Australia survey of accountants in public practice, one in six (17.3 per cent) perceive succession planning as one of the top three business challenges. Unsurprisingly, accountants who have been in the profession longer are more likely to view succession planning as a greater challenge to their business.

The Accounting Professional and Ethical Standards Board (APESB) dictates that under amendments to APES 325 *Risk Management for Firms*, which came into effect on April 1, 2018, public practice firms are required to document their succession plans as part of their risk management framework.<sup>15</sup>

However, according to the 2018 Good Bad Ugly<sup>16</sup> succession poll, 75.0 per cent of those surveyed did not have a documented succession plan. For practitioners looking to retire or move on from the business, the main options are<sup>17</sup>:

- Sale of a fee parcel
- Outright sale of the firm
- Merger
- Sale to existing partners
- Internal succession
- Introduction of new partners
- Orderly winding up

Having a succession plan demonstrates business stability to existing and potential clients, as well as employees. Unfortunately, while a public practitioner may have worked a lifetime to facilitate the financial security of clients, many do not take the time to properly map the long-term course of their own firm.



# FUTURE THEMES

The current outlook for the accounting profession is characterised by rapid change and disruption, driven by technological innovation and changing client demand for services. This poses a challenge to firms – but also a great opportunity. Successful firms of the future will embrace change and have plans in place to allow them to capitalise on this period of disruption.

Some firms are already aware that the scope of services they will offer in five years will be broader than it is today. However, a significant majority believe that what they do today, and how they do it, will be sufficient for success in future, and may be less well prepared to meet the challenges ahead.

As the profession changes, successful firms of the future will need to map out a clear route to get them from where they are now, to where they need to be to meet the changing demand for services from clients, changing regulations, and to accommodate the impact of technology. For each firm, the path ahead may well look different and will be determined by a range of factors specific to the firm, including existing service offerings, the skills and expertise of existing staff, and the services clients say they want.

Based on the insights from CPA Australia's surveys of accountants in public practice, and their clients, we have identified four strategic themes which firms can apply in their business to set them up for the future:

1. Leverage technology
2. Look to specialise
3. Incorporate advisory
4. Do better business

These themes are inter-related and firms can implement a combination, depending on their individual business. Some of the principal elements of each of these potential strategies, including the opportunities associated with each, are outlined in this section and will be explored in greater detail in subsequent practical guides produced by CPA Australia in 2020.

## 1. LEVERAGE TECHNOLOGY

The opportunities presented by intelligent implementation of technology are both far-reaching and profound, with four in 10 public practitioners citing it as a critical factor in their practice's success. The successful accounting firm of the future will be prepared for, and adapt to, major technological changes expected over the next decade.

Nearly three quarters of public practitioners state the greatest value of technology is improved efficiency in their work and practice. Other key drivers include improved quality of services, improved client engagement and communication, and remaining competitive.

More than half of small businesses in the Australia and New Zealand region now use a type of cloud accounting software. Compared to other technologies, cloud-based technology is regarded as having (by far) the most critical impact on accounting practices over the next five years. If you are not already using cloud accounting software or software as a service (SaaS), it's time to explore this option.

The right cloud accounting software can now connect you to other business software and financial services, and automatically feed data to other applications to update information and cut out tedious administrative work.

By automating the lower-level or lower-value work undertaken by accounting firms, practices are seeing their organisational structure shift towards a flatter shape – allowing for clearer specialisation, a sharper client focus, and more relevant and timely services. Automation is likely to have the biggest impact on tax return preparation, bookkeeping, data collection, tax submission and report generation. However, there is still demand from clients for accountants to be involved in preparing their tax return to ensure its accuracy. Reconsider how these services are delivered and how higher-value activities can be linked to these services.

While technology has had an undeniable impact on the accounting profession, consensus remains that this is still a profession built on trust and personal relationships. To capitalise on this to full effect, the successful firm of the future will automate what can be sensibly automated and will need to attract the best available talent to maintain strong interpersonal relationships with existing and new clients. The war for talent may be difficult to win, particularly for smaller firms competing against significantly larger organisations.

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I think in five years, because of the use of technology, I will be spending less time on unnecessary things and spending more time on important things and helping clients, staff and myself as well.

(CPA, Melbourne)

As accounting shifts towards a more advisory focus, firms are recognising the potential for technology, particularly in the form of data gathering and analytics, to help them better meet clients' immediate needs and predict likely future needs. Often, SMEs have data and information for their business readily available but are unable to effectively interpret or analyse it to their advantage. For public practitioners, data analytics is a way of bridging a gap between accounting and advice, and a means of delivering more valuable insights to clients. The key to using technology to help shift towards advisory services is to ensure all staff have a good understanding of the client's business, the data being created, and how it can be analysed.

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It's actually enabled us to be a lot more involved in our clients' businesses. So, rather than speeding up the process that we're doing, we're actually doing more for the client. We're taking away all the stuff that doesn't create a lot of value and instead it lets us actually get in there with our client, knowing their business, where it is up-to-date all the time, and working with them in their business, in the way that any large organisation will have their own accountants within their business.

(CPA, Brisbane)

In order to leverage technology, you will need to bring your staff on the journey. Some employees may be resistant to adopting new technology. However, it is important to arrange for training and communicate the benefits to staff. The culture of change should also be built into your practice. The same may be said of clients who prefer their service to be provided through traditional methods. The firms that successfully go down the technology route will also be adept at promoting the benefits and managing the implementation of technology to bring along those who may be reluctant to embrace it.

Technology is lauded for making accounting a more satisfying career for those involved. By increasing efficiency and ease, accountants are beginning to have more flexible work lives and are far happier with their careers as a result. Successful firms of the future will understand the impact of technology on both employees and clients, know how to communicate the positives to encourage buy-in, and be prepared to capitalise on the disruption that technology inevitably brings.

## Case Study

# LEVERAGING TECHNOLOGY TO BUILD A SMARTER BUSINESS

*At CPA Shashi Bhushan's practice in Melbourne, they are already a step ahead.*

Artificial intelligence is making its mark on the accounting industry. Public practitioners who invest in smart systems today will be in the box seat for success in the future. Practitioners like Shashi Bhushan are leading the way by harnessing innovative technology to streamline processes and improve the customer experience.

Bhushan is director of Melbourne-based practice Forbes Taxation, formed in 2005, which provides accounting and business advisory services. A desire to improve efficiency of processes saw him invest in new technology two years ago.

"A friend of mine who works for a big IT company told me about a system that he was using with his clients and it sounded like it could solve some of my problems," Bhushan explains. "After completing my accounting degree, I had done some IT courses, and so I was able to adapt the system to meet my needs."

To illustrate how tech is improving business processes, Bhushan cites the example of setting up a new company for a client. Rather than manually entering the information, Bhushan asks his clients to complete a template. An automated system then reads the client data and exports it to a software program that he has adapted. Once processed, the information is then sent straight to ASIC.

Bhushan estimates that the time required to complete this task has been reduced from more than an hour to between three and four minutes.

"This would normally be a repetitive, time-consuming and rather boring manual task," says Bhushan, who employs three people at his practice.

"As an accountant, you can be doing more value-added things than manual data entry. The technology is more efficient and there are no errors, unless the client has given us the wrong information. There are also great benefits for clients because our response time is faster and their costs are not going up, because my costs are remaining low."

Bhushan estimates that he has built more than 100 modules for his software program and is continuing to expand its capabilities step by step. While his coding skills are an asset, he says some programs can be bought off the shelf and easily adapted.

"Think of programs like Microsoft Excel, where you can specify certain macros to automate tasks and then the system will repeat them for you," say Bhushan. "This kind of method can also be applied to other technology programs – it's a simple form of coding."

For those without coding experience, Bhushan suggests using an off-the-shelf product, such as Excel Macros, to get started. He also recommends downloading AutoHotkey, which is a free automation scripting language for Windows. Initially designed to provide easy keyboard shortcuts, it now allows users with varying levels of computer skills to automate repetitive tasks in any Windows application.

Bhushan says the automation of tasks is freeing up more time for his advisory services. "It used to take two hours a week to complete a client's billing and bank reconciliation, but after creating a program for this, it takes around three minutes, so it frees up almost two hours for me to be doing other things for clients."

Bhushan believes public practitioners cannot afford to delay their investment in new technology.

"Make the jump as soon as possible," he says. "When it comes to simple tax returns, for example, once my system is fully up and running and foolproof, I'll have the capacity to do a lot more returns in a day. It will be so easy and there will be only a one-time set-up cost. Nobody will be able to compete with that."

Shashi Bhushan CPA  
on...

## THE BUSINESS OF TECHNOLOGY

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There is no escaping the future. Start exploring technology now, or you'll soon be outdated.



## 2. LOOK TO SPECIALISE

An accountant's possession of specialist knowledge is of greater importance to clients than the cost or range of services on offer. In a relationship built on trust, specialist knowledge establishes further credibility with a client, through deep knowledge of a specialised service or through a deep understanding of a particular industry or sector.

Of those clients who said that they are considering alternative providers, the main reason cited was a lack of specialist services. Specialisation aids the retention of key clients, and it enables potential new clients to determine if your firm is the right fit for their business. Whilst specialised services may only comprise a portion of a firm's service mix, they should be embedded into the service offering.

Accounting firms are no different from any other business competing in a crowded marketplace, and an effective strategy for standing out from the pack is to become recognised as an expert. Build your specialisation into your practice identity and make it a point of difference.

## SPECIALIST KNOWLEDGE IS OF GREATER IMPORTANCE TO CLIENTS THAN THE COST OR RANGE OF SERVICES



Differentiation is always something that everybody faces. So, how are we different to the firm down the road? What are we doing differently? But more importantly, can we articulate that? Can we say that with conviction? Can we honestly, hand on our heart, look our clients in the eye and say, this is what we do differently? This is what we stand for and this is what we believe in.

(CPA, Perth)

Typical approaches to developing a specialisation are either by offering a specialised range of services or, alternatively, offering a range of services to a specific industry. Specialised services can include areas such as SMSF compliance, financial planning advisory, estate planning or insolvency. Consider future trends and client demand that align with your expertise and the expertise of your staff. Or develop expertise in an area that interests you by upskilling. Consider complementary specialisations that could add value to your clients, such as business planning, technology, counselling or personal development training.

An alternative approach is to specialise in a niche industry that you have experience in or a growth area such as manufacturing, construction, health or aged care. This can be achieved over time by building a pipeline of clients in a specialist industry or, more simply, by analysing your current client base to determine if any natural groupings exist.

A word of advice from public practitioners who have specialised: do not be deterred if at first you don't succeed. You may need to explore a few options before you gain traction. In addition, specialisation has the potential to leave firms exposed to greater risk if you focus on a declining service or industry, so it's important to do your homework. But it can also give a firm a clear direction, clarity of purpose, and a very sharp focus on the ideal client.





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The benefit of specialisation is, you really get to the core of what makes a business tick and successful. And it allows you to go through multiple scenarios of when potentially businesses have failed in that particular industry. So, really it just makes you an expert in a particular field, that someone without that specialisation just can't offer to a customer.

(CPA, Brisbane)

## Case Study

### FINDING YOUR NICHE

*Paul Luczak CPA says specialisation provides a solid foundation for the future.*

Paul Luczak has spent more than a decade fine-tuning his specialisation – accounting, taxation and business advisory services for the music industry. As managing director of The Gild Group, he provides everything from basic bookkeeping to more complex tasks such as tour budgets and royalties management, to some of the biggest names in the industry, including ARIA Music Award winners Tame Impala, Tash Sultana and Angus & Julia Stone.

"I believe that the firm of the future must be able to solve problems for clients, and that requires having a deep understanding of their business and industry," says Luczak. "Compliance is still a critical revenue stream, but I think it would be harder to have a great growth strategy without a specialisation."

Luczak began his accounting career with a Big Four firm, but a desire to combine his two great passions – numbers and music – prompted him to seek out a specialisation. In 2006, he joined White Sky, an accounting firm that specialises in helping musicians and entertainers manage their finances. Almost a decade later, he formed The Gild Group.

While the majority of Luczak's clients are in the music and creative fields, a recent business acquisition has seen his firm's specialisation grow to include hospitality and building and construction.

"The partner who joined us was once CFO of one of Australia's largest pub groups," says Luczak. "He has a hospitality and construction specialty, just as my specialty is in music, so it has allowed us to grow our branding strategy across those different areas."

Specialisation is not without risks, says Luczak. "If you specialise in one area, depending on how big the market is, you may limit your opportunity for growth. However, at the same time, it's the best way to turbo charge your growth strategy."

Luczak says The Gild Group is growing by an average of 45-50 per cent per annum. He now employs a team of 26 people across his Melbourne and Manila offices.

Luczak invests about 90 per cent of his time in the sales process. "A traditional public practice partner may still be looking after compliance, but I see my role as feeding the pipeline and networks managing the practice, the sales process and creating opportunities," he says.

For other practitioners wishing to develop a specialisation, Luczak suggests they "get under the hood" of their chosen industry. "Go beyond the tax compliance relationship into that advisory piece, whether that's working through bookkeeping and accounts management, helping them with cashflow forecasting, business structure and HR and general marketing strategy issues."

Luczak also suggests aiming for at least one well-established client to help kick off a specialisation. "Try to get some really good legacy clients in your chosen space and ask them for testimonials or to include their logo on your website."

"Also, get across the technology that clients in your specialist industry are using. What are the systems and tools that are going to help drive an efficient financial and business model? Clients value an accountant who knows the nooks and crannies of their industry."



Paul Luczak CPA  
on ...

## BUILDING A SPECIALISATION



The better you understand your specialist industry, the better you'll be able to solve your clients' problems. That's what more clients will be expecting in the future.



### 3. INCORPORATE ADVISORY

The most in-demand services among SME clients now and in the future include financial planning advisory and business advisory. CPA Australia's 2019 *Regulatory Burden Report* considers the challenge of providing advisory services in the current complex regulatory environment. However, the clear demand for these services signifies this is an area that should be explored.

As technology increasingly replaces or automates lower-level accounting services, there is a clear opportunity for accounting practices to explore higher-value services related to those tasks being automated. Firms can face challenges in shifting from lower-margin, often transactional compliance activities, to more proactive, hands-on advisory services. However, an accounting firm of the future will be expected to go beyond the base-level number work. Clients are seeking in-depth interpretation, projections and benchmarking as part of the service of their accountant.

The first step in building advisory into your practice is understanding what type of services to provide. Advisory services come in many different forms, including simple advisory such as business planning or budgeting to more complex advisory such as HR advisory or performing the role of a virtual CFO. Accountants performing the role of a virtual CFO are not only widening their client base and growing revenue but riding a wave of increasing demand. Only 13.0 per cent of clients surveyed currently use their accountant as a virtual CFO, but an additional 20.0 per cent would like to, more than doubling the existing service level. Offering virtual CFO services has the benefit of developing closer relationships with clients as well as being able to reach out to a broader client base, which means practices can generate new income streams.

A challenge identified by a majority of accountants in incorporating advisory services is the increasingly difficult hunt for staff with an appropriate mix of technical and interpersonal skills to support such a shift in focus. Clients now desire more personable accountants who can operate in an advisory role which can be hard to find, especially for smaller firms competing for talent with major accounting practices. Using the different skills of employees to work as a team to deliver advisory services can be an effective solution. Rather than relying on a single person, a collaborative approach enables

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Accountants of the future, I firmly believe should be the guardians of the information system. So, that's not necessarily only numbers... we need to control how to use numbers, use process, use other statistics, to help businesses make better decisions.

(CPA, Hobart)

FINANCIAL PLANNING  
ADVISORY AND BUSINESS  
ADVISORY HAVE THE  
GREATEST GROWTH  
POTENTIAL OVER THE NEXT  
FIVE YEARS

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We have to manage change and offer them an olive branch. We went through it. Talk to your peers, talk to CPA Australia, talk to your public practice discussion group members, talk to your colleagues. Get an idea how they dealt with it. We're all in this together. We're all going through the same change.

(CPA, Hobart)

staff to develop specialist technical and relationship skills while delivering a holistic advisory service to clients.

Opportunities to acquire the skills necessary to support the addition of advisory services may present themselves in the form of mergers and acquisitions, as practices begin looking to adopt the processes and specialisations of other firms to improve their own offering. Building a multi-disciplinary network is another alternative to gaining the appropriate mix of technical and interpersonal skills.

A shift in services from pure compliance to include advisory is regarded as an inevitability by the majority of accountants. The key to becoming a firm of the future in light of this anticipated shift is to be prepared for change early. As the need for advisory services gathers pace, important considerations include: implementing the processes and systems necessary to support more proactive value-add advice; leveraging technology to gain efficiencies and data insights; and recruiting and developing the right staff capable of delivering advisory services.



## Case Study

# A SHIFT IN FOCUS FROM COMPLIANCE TO ADVISORY SERVICES

*Amanda Roberts CPA, a director at McConachie Stedman in Toowoomba, says incorporating advisory services in your practice requires a combination of communication skills and smart technology.*

When Amanda Roberts joined public practice McConachie Stedman as a graduate tax accountant two decades ago, Australia was on the cusp of one of its most significant tax reforms. The introduction of the GST was a game changer for forward-thinking practices like McConachie Stedman, says Roberts, and it prompted the firm's steady transition from a focus on compliance to advisory services.

McConachie Stedman employs 85 people across its Toowoomba, Brisbane and Melbourne offices and its services include self-managed super funds and financial planning.

Roberts, who is now a director at the firm's Toowoomba office, says advisory services will be fundamental to the firm of the future.

"Since the GST, more clients have been using accounting software packages to enable them to meet their quarterly or monthly compliance deadlines. This has resulted in accountants being able to work with up-to-date data, allowing them to give more effective and proactive advice to their clients. The introduction of cloud accounting has further strengthened this ability," she says. "There will always be a place for compliance, however the focus in the future will be on how accountants can partner with their clients to help their financial success."

As part of its transition to a focus on advisory services, McConachie Stedman invested in both technology and staff.

The firm currently uses advisory software packages, such as Fathom and Futrli, which Roberts says help to "paint the bigger picture" for clients.

"With advisory software, you're not just printing a profit and loss statement for a client and saying 'this is what you've done'," she says. "If you want to provide management accounting services, for example, you can sit down with your client to set budgets, determine their key performance indicators, and then the software can build reports with graphs

and charts that illustrate performance for regular follow-up meetings."

While software can enhance advisory services, Roberts says it cannot replace human interaction. She adds that strong communication skills are vital for a successful move from compliance to advisory.

"The need for strong communication skills is changing the types of graduates we look for," says Roberts. "We've spent considerable time and resources over the past couple of years on soft skills training for our staff."

"In the advisory space, you need to have conversations with clients to determine what it is that they need or what they are trying to achieve, or when they want to retire - and how can you help them get there."

Roberts says clients value the firm's advisory services. "We're getting to a stage where clients are calling us and saying, 'We're looking at buying this house. What do you think?'"

She adds that the firm is also benefitting from its broader offering. "It makes our jobs more rewarding," she says. "Our staff are not just finishing a tax return, sending it out to the client and saying, 'See you next year'. They're asking, 'Can we help you with anything else? Do you have life insurance? Do you have income protection insurance? Do you have a will?'"

Roberts says that the transition from compliance to advisory services cannot happen overnight and that people are the essential ingredient.

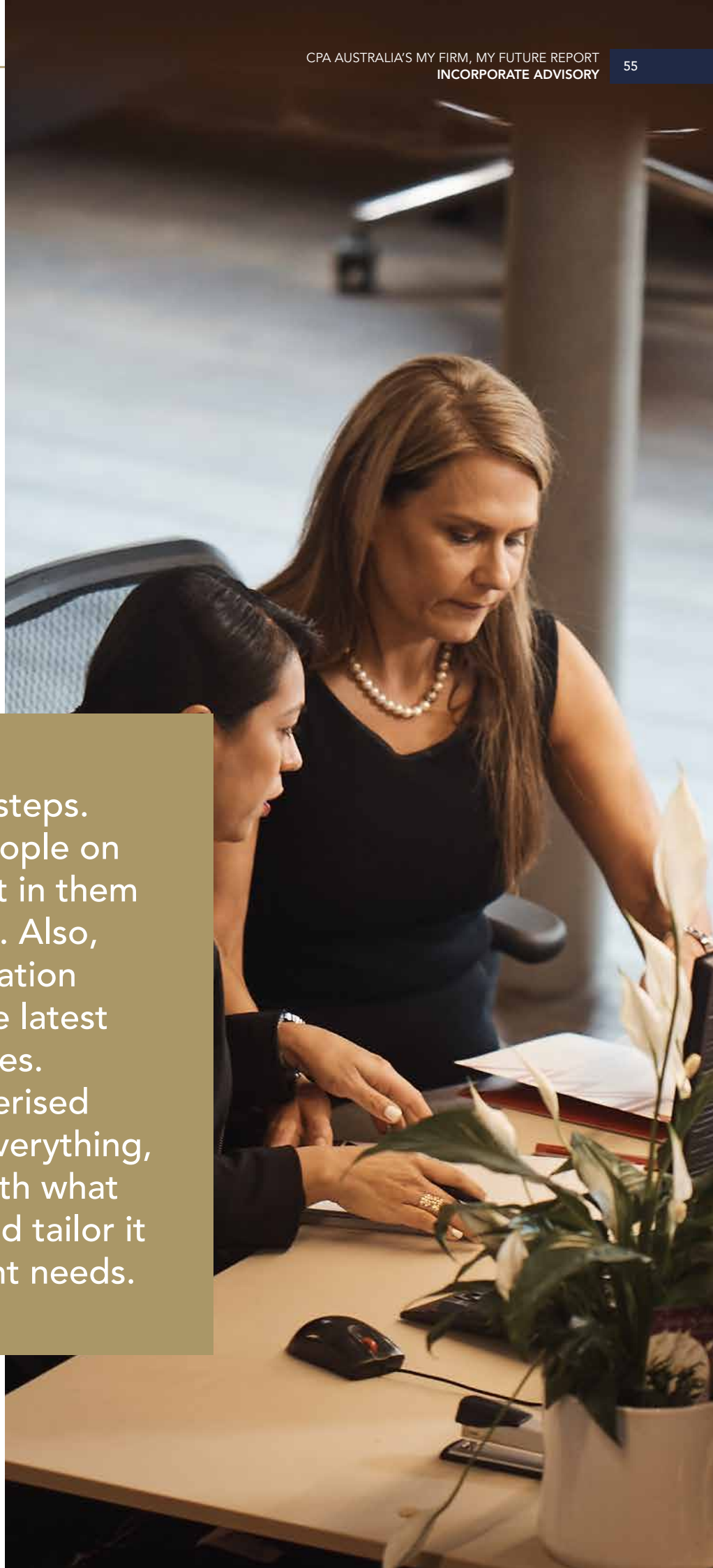
"Make sure you've got the right people who can adapt to change," she says. "If you've got staff who don't like change, you won't be able to achieve it."

Amanda Roberts CPA  
on ...

## INCORPORATING ADVISORY SERVICES

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Start with baby steps. Get the right people on board and invest in them through training. Also, avoid the temptation to jump onto the latest advisory packages. No one computerised package does everything, so be flexible with what you are using and tailor it to what the client needs.





## 4. DO BETTER BUSINESS

In addition to exploring the value of technology, specialisations and advisory services in their business, successful firms of the future need to consider how to do better business. What this means will differ from firm to firm but could include actions such as reviewing systems and processes for greater efficiencies, evaluating the service mix, reviewing staffing and structure, as well as developing a clear business plan.

For future success, a firm will need to ensure they are operating as efficiently as possible for the services they are providing. A commitment is required to identify system and business improvements to streamline the delivery of existing services to clients and make them as efficient and profitable as possible. It requires the application of technology to automate repetitive low-value processes, as well as a culture of continuous improvement to identify ways to streamline processes.

Firms will need to grow their relationships and look beyond their typical structure to service their clients. One opportunity is for accountants to operate as a middleman of sorts between the client and trusted advisers. CPA Australia's 2019 *Regulatory Burden Report* shows that more than 80.0 per cent of clients surveyed would prefer their accountant to either provide a one-stop-shop service or a single contract with an accountant who facilitates multiple relationships with specialist service providers.

Multidisciplinary networks enable a firm to offer clients a range of professional services to solve increasingly complex issues. The method and structures vary from firm to firm but could include financial planners, lawyers and other specialists that can help their clients with their specific business needs. The gig economy also plays a role in this space, creating the ability to fill demand for short-term work and services when required by the client or the firm.

A regular appraisal of staffing and structure is essential as more than three quarters of accountants believe that the skills and qualifications required of their employees are changing. Opportunities are emerging for those accountants who broaden their skill set and become qualified in other aligned areas, so training remains an important factor in ensuring staff skills meet the changing demands of clients. Developing teams of staff with mixed skills is also important. Identify the strengths of staff and how they can work together to support your business plan.

A change in skills required also means a shift in firm structure. Practices still working to a pyramid structure, with a large number of low-level staff, need to evolve to a more flat structure or diamond structure with a large number of experienced middle-range employees who can add greater value for clients. This can be achieved by automating low-level tasks and upskilling staff in specialised areas.

Finally, planning for success is essential. Understand your firm's strengths and weaknesses, where the opportunities and threats are in the market, who your clients are and what are their needs and value to your business. Then build a plan for the future that all your staff understand and can help deliver.



You do need specialists that sit around you, beside you, with advisory and you're going through that business partner.

(CPA, Sydney)



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For us, better is about those constant, tiny little improvements. So, it's about what can we eliminate from our business and from our clients' businesses to help them do more of what they want to do or us do more of what we want to do? How can we automate that? What else can we implement so that we don't have to do the mundane and our clients don't have to do the mundane?

(CPA, Melbourne)

**FIRMS NEED TO ENSURE  
THEY ARE OPERATING AS  
EFFICIENTLY AS POSSIBLE  
FOR THE SERVICE THEY  
PROVIDE**



## Case Study

### SEEING THE BIGGER PICTURE

*Dianna Jacobsen CPA says accountants must take a proactive, whole-of-business approach to meet their clients' needs.*

When Dianna Jacobsen started Shine at Business in 2010, her aim was to step out of mainstream tax and accounting and into the holistic advisory services that could help build better business as usual practices for rural small-medium businesses and farmers.

Growing up on a sheep and wheat farm in the Riverina, Jacobsen had witnessed the unique hardships faced by many rural businesses. She could also see that a need for broad business and strategic planning services was not being met.

"I grew up seeing people leave their farms and I didn't know until I was older that they hadn't chosen to leave," she says. "I went into accounting with a view of helping small rural and family businesses, particularly in farming and agriculture, and I soon realised that it's not about the numbers, it's about the people.

"As a result, I added a whole lot of counselling qualifications to my skill set, which I continue to upgrade. I also added financial planning, time management, communication and leadership skills, as well as business management and personal development training."

In addition to her team of three staff, Jacobsen has a vast network of solicitors, finance brokers, bank managers, agri-brokers, stock and station agents, and other professionals that she has built up over 30 years. She sees it as her duty of care to refer her clients for specialist support.

"Clients visit their accountant at least once a year, but they don't know what they don't know," she says. "Accountants should be saying to their clients, 'You need to see a financial planner, or you need a solicitor for a lease-to-buy agreement, or you need your estate planning updated, or maybe your debt structuring is wrong'.

"I can't understand how you can be an accountant and not be at least conversant in a lot of this big-picture planning. If it's not your thing to advise on these issues, you should at least be able to refer your clients on."

Such big-picture planning is central to Jacobsen's services.

"I work to understand my client's family, finances, super, assets, liabilities, how they manage their business, what their headaches are," she explains. "Then I devise a strategic plan – and that is why I need so many different qualifications to even have that conversation. Some of my clients still have their own accountant, but often that business comes as a natural progression because they'll say, 'I've seen my accountant for 20 years and they've never told me any of this'."

Big-picture planning is also vital to Jacobsen's own business success.

"We map out our predictable workflow for every quarter, month and week," she says. "My team does the groundwork for a lot of this, while I deal with the less predictable things that may crop up. I engineer my client's overall strategy and then delegate other tasks, such as financial planning, because that's a lot of my time for a very small part of the picture. I have a team with varying skill sets and I delegate tasks according to those skills."

Jacobsen says clients continue to believe that their accountant can provide all the business advice that they need. "There is a demarcation now because of regulations and licensing requirements, and clients' problems are falling through the cracks.

"I see a real need for accountants to be more proactive, because they're the ones who can see the missing parts.

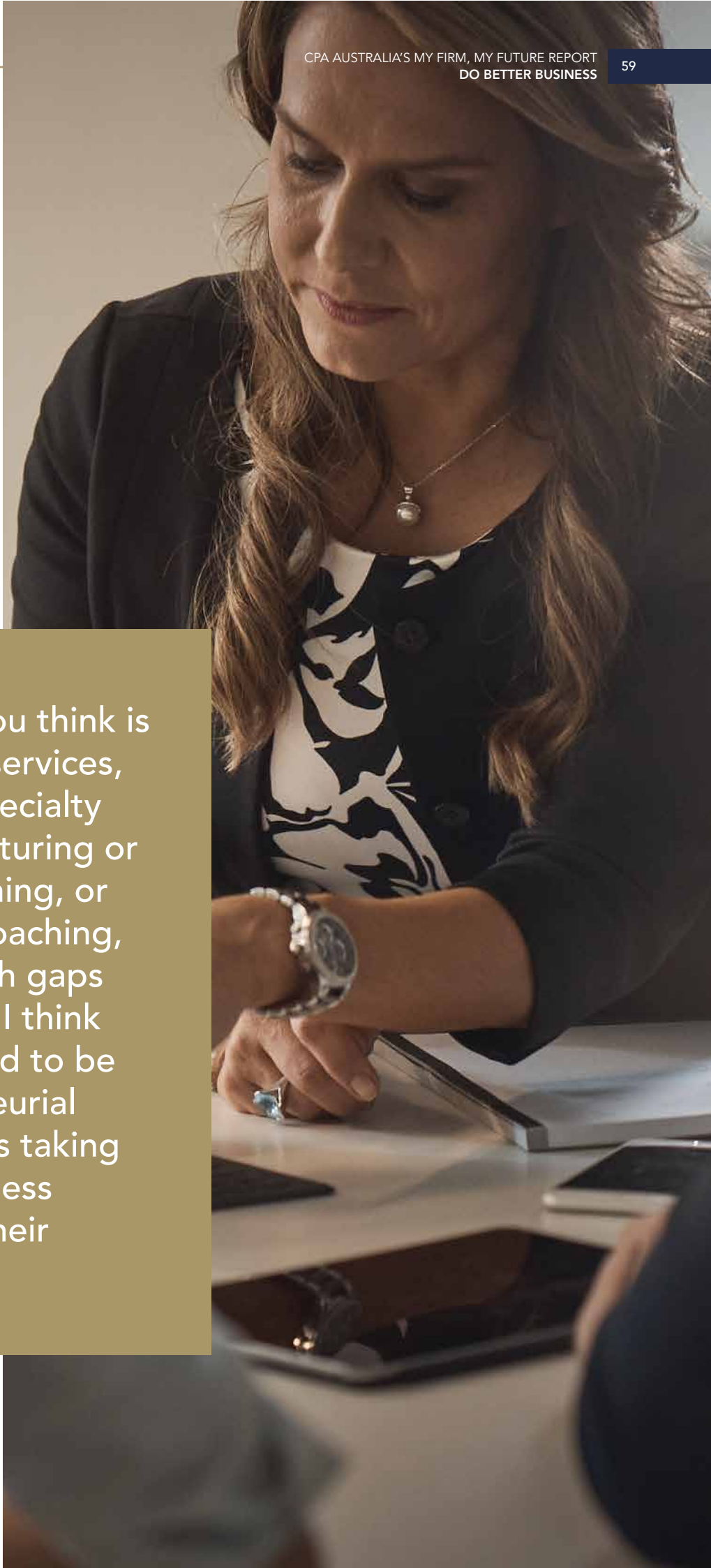
"My advice to practitioners looking to expand their services is to identify what it is that you love to do and what you're best at, and make that your priority," adds Jacobsen. "When you love to do something, it gives you energy. Also, identify what others in your team are best at and what they really enjoy and delegate work that plays to their strengths."

Dianna Jacobsen CPA  
on ...

## DOING BETTER BUSINESS

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Find out what you think is missing in your services, whether it's a specialty like debt restructuring or succession planning, or even business coaching, and decide which gaps you'd like to fill. I think accountants need to be more entrepreneurial and that requires taking a whole-of-business approach with their clients.



# METHODOLOGY

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## The MY FIRM. MY FUTURE. report has been prepared based on:

- CPA Australia member survey - July 2019. There are 333 valid respondents, all of whom are CPA Australia certified accountants.
- CPA Australia survey of accountants in public practice - July 2019. There are 113 valid responses from CoreData's panel of accountants in various professional associations including CPA Australia, CA ANZ, NTAA, SMSFA, Tax Institute, IPA, FPA, MFAA, FINSIA, AFA and others.
- CPA Australia consumer and SME survey - September 2019. There were 610 complete responses from consumers and 401 complete responses from SMEs. Survey was sent to CoreData's proprietary panel of consumers and SMEs who use the services of an accountant at least once a year.
- The CPA Australia member survey, CPA Australia survey of accountants in public practice and CPA Australia consumer and SME survey were developed by CoreData in conjunction with CPA Australia.
- Qualitative research conducted by CoreData as components of the MY FIRM. MY FUTURE. work being performed for CPA Australia to understand the future of accounting. The first element consisted of seven focus groups around Australia in the following cities: Adelaide, Brisbane, Canberra, Hobart, Melbourne, Perth and Sydney, which were conducted from June 11 to June 18, with 54 CPA Australia members attending in total.
- A second element as part of the qualitative research, conducted by CoreData, consisting of 16 CPA member interviews, through which members could discuss their own experiences, opinions and projections regarding the firm of the future. These interviews were selected from the focus groups as those who were deemed to have the most innovative and unique approaches to adapting to the firm of the future.
- Desktop research and analysis undertaken by CoreData.

## What constitutes consumers and SMEs?

"SMEs" refers to owners of businesses with an annual turnover less than \$10 million. "Consumers" refers to individuals who have an accountant and use their accountant at least once a year.





# ENDNOTES

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