

00:00

ACCA – the world's most forward-thinking professional accountancy body.

00:09

Hello, and welcome to a series of podcasts brought to you by Accounting and Business Magazine. In this series, we'll be exploring current trends affecting the profession and how the professional accountant can respond to these changes. We speak to experts, including ACCA members from a range of fields, to bring different perspectives and practical advice.

00:35

Hello, I'm Monique McKenzie, Global PR Officer at ACCA. Today we're talking to Carl Reader, Chair of ACCA's Practitioners' Panel and author of small business guide 'Boss It'.

00:46

Hey, Monique, thank you so much for having me.

00:49

Let's start with the big picture first of all. What are some of the biggest challenges facing practitioners today?

00:56

Wow. So, at the time of recording, we're in the midst of a third wave of the coronavirus pandemic in the UK. It's been a very uncertain time, which has highlighted a number of changes that are staring us in the face. Certainly domestically in the UK, we're seeing initiatives like Making Tax Digital, which is part of an overall global movement towards the digitalisation of financial affairs. Clearly, one of the massive risks is tech and automation. The question is what opportunities that brings for accountants in practice, but also the risks that it brings for accountants in practice. That's one of them. The other thing is the changing nature of the role of the accountant and the expectation that clients, businesses, and indeed other stakeholders have of accountants.

01:54

How can practitioners convince their clients that they are advisers? And how can they develop those skills themselves?

02:01

To answer your first question, there's only one way and that's to do it. But I appreciate that that really doesn't help anybody listening. So allow me to go into a little bit more detail about exactly how accountants can persuade their clients, but also how they can deliver and how they can upskill. The challenge with advisory is that really there's a few different levels of advisory. Accountants sometimes underestimate or overestimate the amount of advisory that they actually do. There's a marketing veneer around advisory, but, underneath that, you've got some amazing advisers who still promote themselves as producing tax returns and producing accounts. They're clearly in a position of risk, because they're valuable to their clients, they've had world-class training, they know what they're doing, they've had

years of experience, but they don't necessarily present it in the right ways, so those services aren't necessarily utilised. Secondly, you've got those who claim they offer advisory, but actually do the stuff that could potentially be automated, things like number-crunching, bean-counting, things that might stereotypically have been attached to the accounting profession 10, 20, 30 years ago. So there are multiple layers to advisory and how it's delivered. Ultimately, everybody has their own definition. I believe that advisory is simply about helping your clients get from where they are today to where they want to be by using the numbers and the data as a platform for that advice. Because accountants have some terrific skills that they've learnt along the way. And some of those are actually built into an accountant's typical personality. We're all different, but there are some typical personality drivers that I've seen within accountants. Things like being high stability and high compliance on the DiSC profile, having an analytical mindset, a need to appreciate detail. Those things really help the advisory course. If you add to that the level of data that an accountant's got, offering advisory actually puts you in a really powerful position.

04:19

Are lots of people doing this? Is it true that those who are getting it right are going to succeed and those who don't will fail?

04:28

I don't think it's as simple as that, Monique. There are people doing it and there are some saying that they're doing it but not doing it, and some saying that they're doing it and doing it. Likewise, there are some who are not saying it at all but they're doing it really well. So it is happening out there. I think when it comes down to the question that you've asked about whether it's a matter of life or death in terms of business, I don't believe it is, but I believe that it's just one of the differentiators that a practice can use to stand out. I think there is a very big risk for average practitioners. But there's a diversification coming between let's say the top 10, top 20, top 50, top 100, however we categorise it, for big firms and smaller firms. The smaller firms are able to be nimble, they're able to adopt tech, they're able to niche fair practice effectively, which has been really successful in our practice, and they're ultimately able to become a boutique practice. The big firms are able to be multidisciplinary and offer a wider range of services, things like insolvency, corporate finance, transactional services, all of the stuff that's out of reach of the much smaller practices. But then there's the uncomfortable gap in the middle, the practices that are too big to be nimble and boutique. They're too established to be able to adapt quickly. But they're too small to compete with the very big firms who are able to add additional services very quickly and have the skillsets internally.

06:00

So do we just wave goodbye to compliance-based work as those clients buy the software themselves and focus entirely on value-adding potential?

06:10

Not at all, not at all. I believe that there's still a place for compliance. And I know that's not a popular view. If you were to look on the social media bubbles around accountancy, you will hear people saying that compliance is dead, recurring fees are going to die. I don't believe that at all. I believe there's still a place for compliance. We need to consider that clients make their buying decisions based on a number

of different factors, you know, some of them will go for the cheapest possible option. And, for them, compliance might be dead, because they might perceive compliance as a commodity, they might perceive it as something that software can deliver for them, they might see it as something that they just cannot do. So there is that part of the compliance market, which, yes, probably could be automated. Now that is a big risk because, arguably, that could potentially be 5 million self-employed people who don't have employees. I don't want to understate the risk of that. But that's only part of the market. There are then slightly bigger businesses, but they might have different values. Some of them might value sleeping at night and the reassurance that the compliance is all in order, and would really appreciate somebody else doing it for them. Some people, crazily enough, value things like prestige. We've seen some of the Big Four firms come into the small business space. And people buy their services, just so that they can submit a set of accounts to their bank or their suppliers with a Big Four accounting name on there. So there's a number of different buying decisions, and the buying decision process will dictate whether compliance will die for that particular client. On the whole, I think the market will get smaller, but it certainly won't die.

08:00

Coming back to the profession, is it attracting different types of people given these changes? Or would you say that the profession is more attractive now than it was before?

08:10

That's a really good question, Monique. I think the profession is definitely more attractive. But I think we've all got our part to play to help encourage that change. Because not only is the technical side of the profession changing, insofar as what we do, how we do it, how we deliver it, the technology that we use, the level of work that we do for clients, etc. Not only is all of that stuff changing, but also the skillsets needed and the personality types needed to deal with the different types of conversations that we're having today have to change as well. While it's changing, it's actually a very exciting time to be on board in the profession. I would say another challenge is that, for the profession as a whole (and I'm not pinning this down to any one practice or association or individual or any of that – we're talking about the landscape as a whole here), we need to change the way that we approach the outside market in order to be seen as more dynamic and demonstrate that, actually, accountancy isn't just about being sat in a dark room with no windows adding up numbers on a calculator any more. There's so much more to accountancy nowadays. The traditional accountancy stuff is done by the machines. And it's actually the stuff that comes afterwards – the advice for relationships, getting to know the business owners – that's really exciting, and it can prove to be an amazing foundation for anyone who wants a career in business, whether specifically in accountancy or outside of accountancy. It's a wonderful grounding, and I think all of us in the bigger picture of accountancy need to promote that message.

10:00

What about purpose over value? Do practitioners see that they can play a role in encouraging ethical motivation in their clients? By advising on sustainability and ethical growth, for example?

10:12

Do you know what? I would love to answer yes. But, Monique, if I was to answer honestly, with what I see, rather than idealistically, I don't see it at all. I've seen some examples of accountants focusing on

vegan businesses, for example. So I've noticed a trend towards that. And I think one of the really strong things that's come about recently is that practices aren't afraid to highlight what differentiates them. So a practice is no longer a boiler plate with the surname of the partners above the door in gold plate with lighting. There's no longer an identikit approach to presenting and promoting a practice. However, I wouldn't say that advice about sustainability and purpose is central to most firms. Sometimes it's a tick-box exercise for promotional purposes. But I've not seen many instances of it being truly embedded within practices, which is unfortunate.

11:19

It is, it really is. We're out of time, so I just want to thank you so much again, Carl, for participating today. I should point out that Carl has done a series of videos for AB online, which you can find by searching Carl Reader ACCA on YouTube. Thank you again, Carl.

11:35

Monique, it's been an absolute pleasure. Thank you so much.

11:38

We hope you found this podcast useful.

11:40

We hope you enjoyed this podcast. If so, please like, subscribe and share it with colleagues who might also find it useful. For more insights from Accounting and Business Magazine, visit abmagazine.accaglobal.com.

12:00

This podcast was brought to you by ACCA. Find out how we think ahead at accaglobal.com.