Shaping change

How will the role and perception of chartered accountants change in the next decade? As Adrian Holliday reports, leading professionals gathered to discuss and debate the issue at ICAEW London

What's the future for the British accountancy practice in the next decade? Tomorrow's Practice is ICAEW's practice research project designed to understand the forces that are shaping accountancy practices now and in the near future. Intuit and the ICAEW Practice Committee have launched a campaign to ensure that the UK accountancy profession prospers into the future. At the second roundtable of the campaign, Issues such as skills, staff training and development, and the impact of technology on business were discussed. And those around the table broadly agreed that the next 10 years will offer more new ways to make money, deepen client relationships and expand business.

Traditional Services

Much of the roundtable agreed that traditional services are still a massive market. Yet getting out of the office and making a case for it takes soft skills. And those aren't always easy for professionals trained to balance the sums. “We’ve got the Case Study that helps,” said Nigel Hughes of Totteridge Associates. “It’s a damn good exam. But it’s how you make that jump between the technical level and the professional level as the balance is shifting.”

Nurses do much of the work that doctors used to do, Hughes went on. “Technicians now do what qualified accountants used to do. If we expect qualified accountants to do the credits and the debits, then we lose money. Somehow we’ve got to get the training problem solved.”

There was consensus on continuity and the importance of understanding the client’s business. Jonathan Munday from Rees Pollock said that “the worst thing in the world” was for a client to phone up and feel that the charging clock was immediately ticking. Rees Pollock was fortunate it did not deal with micro entities though, added Munday, “People do appreciate it if you send out good people who ask intelligent questions. The client appreciates it. Equally, we have had clients who’ve gone somewhere else because they’ve found someone a bit cheaper but then, on a number of occasions, they come back,” said Munday. “They may have saved some money but, frankly, they were pretty poor. We recruit the brightest people and pay them the equivalent of the Big Four because we want to send out the best people; clients recognise and appreciate that.”

Always on

Perhaps inevitably, the debate turned to technology; its rapid encroachment and the always-on pressure it increasingly feeds. “If a client sends you an email,” said Nick Williams of Intuit, “and you don’t respond, increasingly they want to know why. Technology is forcing this always-on culture.”

With Intuit research suggesting that almost 90% of small business owners now expect their accountant to have an always-on cloud offering, Williams said: “Understanding it is how you can be less reactive and more pro-active, hitting off problems before they start.”

Technology is also umbilically linked to globalisation – and you ignore these new opportunities at your cost, added Neil Relph of Rouse Partners. “If you don’t have a network or an alliance or some kind of global footprint, go out and get one. It brings in substantial amounts of work.”

Clients increasingly value bilingual or multi-lingual staff, said Fiona Hotston Moore of Ensors. “Traditionally, accountants have been pretty poor on foreign languages and poor on [foreign] culture and all of the international side. Clients do appreciate someone who speaks their language or understands their cultural background.”

So how can accountants be better trained for a very different world – for the 21st century, asked chairman Michael Taylor? “My father was editor of Taxation Magazine,” said Nigel Hughes of Totteridge Associates. “It used to be printed in St Albans by big, sweaty guys that ran the monotype machines. That factory is now a multi-storey car park and government offices. The whole of that technology has gone.

“We still need books like we need financial information, and advice to deal with that financial information. That’s what accountants do. But the mechanisms for delivering it have changed and my concern is that we need to recognise when those mechanisms change.”

Training Standards

David Grunberg of Grunberg & Co worried that while audit thresholds might rise, the need to train staff to certain standards may decrease – and the cost of training is substantial. Grunberg takes some staff straight from school, without degrees. “They’re cheap to train. We train them to a certain level. They’re not going to qualify. They don’t need to qualify. And they will work in areas where they don’t need an ICAEW membership.”

Constantine Ioannou, of Ioannou & Co., said he doesn’t recruit anyone who is a chartered accountant. For the last few years he has taken on AAT staff and, in addition to training them himself, “I find that after six months they’re absolutely contributing to my firm, rather than me spending a lot of
money on them. I still pay for their exams. However, after six months, they’re contributing pretty well,” he claimed.

Ioannou chose the AAT route because he said it costs him less and the recruits are more flexible, more versatile “and more willing to learn what I want them to learn” because they have not gone to a university.

The hard-nosed commercial reality sketched by Grunberg and Ioannou was endorsed by Nick Holmes of Chavereys – though he came at it from a slightly different angle. In his sector, he said “you can have no qualifications, be a management consultant and the bank will still take notice of one of your budgets, which is madness”.

TRADITIONAL SKILLS
The future of professional accreditation drew much debate. As did the issue of the future of audit and practice. One issue BDO’s Nicole Kissun was finding increasingly challenging was staff: retaining people who had qualified as chartered accountants within practice.

“A lot of them are leaving to go into business. Some don’t see the thought of becoming a partner, or the progression route through, as so interesting. That’s something we need to look at and understand and recognise better: why do people think that perhaps their future may not be in practice?”

Meanwhile, as audit levels climb, there are still plenty of opportunities out there said Relph – despite contracting compliance fees. Nine times out of 10 on an audit-related job with a new client, they make good money. Why? “Because we think outside the box. Some clients don’t want an audit but they do want some checks and balances made,” added Relph. “It’s a mindset. It’s how you approach it.” There is a huge amount that can still be done to improve their businesses.

“I asked a builder if he knew the difference between mark-up and margin,” said Relph. “He didn’t. He had waited a year before he realised he was losing money. These are simple little things that we should be talking about with our clients from day one to make sure they understand their businesses.”

In other words, focus on analytical reviews, interpretation, the chance to boost profits, improved cost control systems, not to mention working with strategic alliances to increase turnover, and cost-reduction programmes. “All these are opportunities we should be embracing,” Relph added.

The discussion captured the spirit of the Tomorrow’s Practice project, which covers key themes such as global economic trends, regulatory forces, technology and business change. But it also looks at immediate questions such as training and skills.

As the project develops, all of these issues will be disseminated by ICAEW members and other business stakeholders. It can then define with more accuracy how firms should exploit new opportunities in the future.

ICAEW president Arthur Bailey concluded by saying he remained positive on the work being done to enhance and push the chartered accountant brand – an issue that had worried Grunberg in particular. “I’m not in practice any more but I still see a lot of opportunities long-term,” said the ICAEW president. “For example, there are probate services, which is a huge opportunity for smaller firms. We have to look at the training aspect, building training in for future advisory work. Wherever you are, advisory work is key. It’s how we react to our client’s needs in the future that matter.”

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NEIL REPLPH, ROUSE PARTNERS

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• Annual practice conference, 3 September 2014
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