mgi middle east & north africa

MENA NEWSLETTER

ISSUE 2, 2017

Members of MGI MENA

It seems like just yesterday we were welcoming 2017 and now it's time to say adieu! How the year has flown by and I am proud to say that MENA region has grown from strength to strength over 2017.

I had encouraged your active involvement in my last address and the presence of 4 MENA members firms (36% of members) at the Frankfurt Annual General Meeting is a testimony of your commitment. I thank Dr. Ashraf from Egypt, Mr. Khaled from Qatar and Mr. Amine, Ms. Nadia & Mr. Hamdi from Tunisia for making the journey to Frankfurt. I am sure all of you will agree that being part of an AGM and meeting members from around the globe has been an invaluable experience. The informal chats, meetings and getting to know new colleagues hopefully will lead to many opportunities and potential ways you can work together.

In the last half of the year we have added to the MENA Region 2 new members – Business Financial Consulting from Tunisia and Boubyan Business Consulting from Kuwait. I welcome them and am excited to have them be a part of the MGI MENA family. I hope that the benefits of membership will meet and far exceed your expectations. Please remember "what you put in is what you get out of the membership" and we hope to see you more involved in MGI MENA going forward.

2018 is expected to bring its fair share of challenges to the accounting profession. The growing impact of technology, its effect on accountants and client expectations is foremost in many of our minds. Globalisation has seen an increase in regulations and disclosure rules. Various schemes exposed through the "Panama Papers" leak and more recently with the "Paradise Papers" leak means we will be effected by intergovernmental actions to limit tax avoidance & profit shifting.

New forms of regulation such as integrated reporting (financial, social & sustainability) are emerging and we have to be engaged in this transformation. The shake-ups have given the profession a whole new set of challenges, but they also offer opportunities for accountants who can adapt and evolve. And being part of a global network like MGI Worldwide is a start.

Let me end by saying I hope to see all of you at the MENA regional meeting in May 2018, where as a group we can debate these challenges and come up with ideas on how to manage them.

Wishing you, your loved ones and your businesses Season's Greetings and a healthy and prosperous 2018

Faiyaaz Rajkotwala
Area Leader – Middle East & North Africa

Inside this issue

MGI MENA MEMBER NEWS

Four MENA firms attended this year's MGI Worldwide AGM on the 18-21st October in Frankfurt Germany. It was a record number from MENA at an AGM. Apart from Faiyaaz Rajkotwala who is usually participates as the IC member for MENA, we had Dr. Ashraf Hanna from Ashraf Hanna Accounting & Auditing firm Egypt, new members Business Financial Consulting (BFC), Tunisia was represented by all three partners, Amine Abderrahmen, Hamdi Kriaa and Nadia Yaich. Rounding up the MENA presence was Khaled Laham from MGI MAA, Qatar.

Dr. Ashraf said "the discussions were useful and the networking was of top level in standards and skills". He further congratulated the host for an excellent and well organized meeting

MENA members that joined the network during 2017 were privileged to make a presentation on their firm. Khaled from MGI MAA introduced the members to his firm and talked a bit about the Qatar economy. All the partners from BFC went up on stage and took turns to introduce their firm and why they joined MGI Worldwide

Khaled felt that the chance he got to meet members from different countries & the discussions on how they can help each other to grow and develop was invaluable.

Members from other parts of the world especially Europe were pleased with the turnout from MENA and it is hoped that this will set the pace for future meetings

Quality Assurance review conducted on 2 MENA members

The MGI quality review process started in July 2017 and 2 firms from the MENA region were chosen. Audicis SARL Morocco and MGI Salim Rajkotwala were reviewed in October & November respectively

France firm FCN, Paris represented by partner Mr Pierre Grange conducted the review on Audicis. Mohammed Boumesmar of Audicis said, "The process was in all its aspects very beneficial for us. It was a good learning process and my firm considered the recommendations a stimulus to move forward"

MGI Salim Rajkotwala was reviewed by fellow MENA firm MGI Vision Chartered Accountants, Oman represented by partner Piyush Thakkar. Piyush said that process was beneficial to him and his firm. "It made us, more aware of the quality requirements and the changes that we should bring into our own organisation. It also provided us the opportunity to learn about the best practices of the reviewed firm which may be implemented in our firm."

Faiyaaz Rajkotwala also agreed with Piyush. He said "the process was informative because we got to learn and share best practices as part of the review. It helped his firm to improve as they found a number of items that could have been done better and by going through the checklist we were able notice these and improve them."

In short, the review process worked both ways, benefitting the reviewer as well as the reviewed firm.

Both reviewers felt that the process was fairly comprehensive. The resources provided by the SWAT / MGI helped us a lot in focusing on important matters and guided the entire process very effectively.

Recently MGI organised a webinar on the quality review process. Members of the MGI Worldwide Technical Committee, Dr Michael Grüne and Luis Uncal covered everything network members needed to know about the MGI Worldwide quality assurance review system, the process, what to expect and when.

You can watch the recording of the webinar HERE

MENA NEWSLETTER

ISSUE 2, 2017

MGI GLOBAL NEWS

A good last quarter for MGI membership

MGI Worldwide admitted 5 new members during the last 3 months of 2017 including **Business & Financial Consulting** (BFC) from Tunisia (see page 5 for more details on BFC)

Asia
Long-standing member of MGI Worldwide Ilyas Saeed & Co (ISCO) from Pakistan has opened a new firm in Kabul, Afghanistan and becomes the latest new member to join MGI. The Kabul-based firm **Ilyas Saeed Chartered Accountants** are actively pursuing Banks and other Multinational Organizations in Afghanistan as they believe there are considerable opportunities given the quality of audit work being performed by other firms in the country.

UK & Ireland
Freestone Jacobs is a two partner firm based in Portsmouth led by Paul Taylor and Allison Walker. The firm is entirely focussed on serving the owner managed business and its shareholders with a comprehensive range of tax advisory services.
F W Smith Riches & Co is located in Whitehall, London, SW1. The firm comprises of 4 Partners and a total of 20 staff. Service lines include audit & accountancy, corporate & private client tax and corporate finance with specialisms in IFRS, US GAAP, inward investors and regulatory reporting.
Our new firm from Ireland **Roberts Nathan** is a 6-Partner firm with 40 employees across Dublin & Cork. Roberts Nathan offers a broad range of accountancy services that includes Corporate and Business Advisory for the owner managed business, International Services for foreign-based companies and individuals seeking new opportunities in Ireland, Compliance & Taxation Services, Outsourcing & Management Support and Payroll.

Argentinean tax reforms

MGI Latin America member MGI Jebsen & Co. has provided a summary on the incoming tax reforms in Argentina to help fellow members of the MGI Worldwide international accountancy network understand the new set of laws.
At the end of October, the Argentinean government announced significant reforms to tax legislation in the country, which will have a profound effect on firms conducting business in the Argentinean market.

The summary, available in both English and Spanish, explains the main points of the Argentinean tax reforms.

Visit MGI Jebsen & Co.'s website HERE to read the summary and find out more about the tax reform.

Do you know?

We have a suite of **network training materials** on our website. Have a look at (you have to be logged in) http://www.mgiworld.com/members-area/knowledge-hub/quality-assurance-audit-independence/quality-assurance-training-webinars

- Audit Quality Assurance
- ISQC 1
- Ethics and audit independence

We organise a **series of webinars** throughout the year, each hosted by different member firms from each of our regions around the world. Members can watch recordings of past webinars at http://www.mgiworld.com/members-area/knowledge-hub/webinars

MGI MEETINGS 2018

Australasia Regional meeting
12 - 13 April
Canberra

MENA/AFRICA Joint Regional meeting
2-3 May
Beirut, Lebanon

North America Regional meeting
17 - 18 May
South Beach, Miami, Florida

Latin America Regional Meeting
23 - 25 May
Quito, Ecuador

Europe Regional meeting
7-8 June
Les Prés d'Ecoublay at Fontenay Trésigny - Near Paris

Asia Regional meeting
24-25 August
Hong Kong

2018 Global AGM
17 - 19 October
San Francisco, USA

mgi middle east & north africa

MENA NEWSLETTER

ISSUE 2, 2017

PROFESSIONAL NEWS FROM AROUND THE WORLD

Responding to Non-compliance with Laws and Regulations (NOCLAR)

NOCLAR is an international ethics standard for auditors and other professional accountants. It sets out a first-of-its-kind framework to guide professional accountants in what actions to take in the public interest when they become aware of a potential illegal act, known as non-compliance with laws and regulations, or NOCLAR, committed by a client or employer.

The standard applies to all categories of professional accountants, including auditors, other professional accountants in public practice, and professional accountants in organizations, including those in businesses, government, education, and the not-for-profit sector. It addresses breaches of laws and regulations that deal with matters such as fraud, corruption and bribery, money laundering, tax payments, financial products and services, environmental protection, and public health and safety.

Among other matters, the new standard provides a clear pathway for auditors and other professional accountants to disclose potential non-compliance situations to appropriate public authorities in certain situations without being constrained by the ethical duty of confidentiality. It also places renewed emphasis on the role of senior-level accountants in business in promoting a culture of compliance with laws and regulations and prevention of non-compliance within their organizations.

For more details see https://www.ifac.org/publications-resources/responding-non-compliance-laws-and-regulations

The standard came into effect July 15, 2017.

IASB issues Practice Statement on materiality

The International Accounting Standards Board (IASB) has issued Practice Statement (PS) 2 'Making Materiality Judgments'.

The PS aims at assisting management in presenting financial information about the entity that is useful to existing and potential investors, lenders and other creditors in making decisions about providing resources to the entity.

It applies to the preparation of financial statements in accordance with full IFRS. It is not intended for entities applying the IFRS for SMEs.

For more information: https://www.iasplus.com/en/news/2017/09/materiality-ps

Source: IASB website

IESBA Proposes Revised Ethical Requirements Prohibiting Improper Inducements

The International Ethics Standards Board for Accountants® (IESBA®) released on 8th September for public comment the Exposure Draft, [Proposed Revisions to the Code Pertaining to the Offering and Accepting of Inducements](). The proposals strengthen the Code of Ethics for Professional Accountants (the Code) by clarifying the appropriate boundaries for the offering and accepting of inducements, and by prohibiting any inducements with intent to improperly influence behavior.

The proposed comprehensive framework covers all forms of inducements and applies to both professional accountants in business and professional accountants in public practice. It also provides enhanced guidance on the offering and accepting of inducements by professional accountants' immediate or close family members.

"Inducements with intent to improperly influence behavior are a very major concern for the public interest, and they include the issues of bribery and corruption. Inducements made with improper intent are unacceptable and should be prohibited," said IESBA Chairman Dr. Stavros Thomadakis.
Among other matters, the proposals also require professional accountants to address any threats to compliance with the fundamental ethical principles in accordance with the Code's conceptual framework where there is no improper intent.

"The development of the proposals was informed by input from Transparency International UK based on their experience and insights in the area of bribery and corruption," noted IESBA Technical Director Ken Siong. "When completed, the provisions will constitute the last piece of the substantively revised and restructured Code."

Source: IFAC website

MENA NEWSLETTER

ISSUE 2, 2017

ISA 600 Project Update: Enhancing Audit Quality Focusing on Group Audit

This publication was prepared by the IAASB Group Audits Task Force to update the issues under consideration in the revision of ISA 600, Special Considerations–Audits of Group Financial Statements, and other projects that address other international standards, including ISA 220, Quality Control for an Audit of Financial Statements, and ISQC 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements. It also explains the linkages between these projects as they relate to group audit issues.

The Benefits of Integrated Reporting

Integrated reporting enhances the way organizations think, plan, and report their business' story. It is used as an opportunity to communicate a clear, concise, integrated story explaining how value is created within the organization. It can help businesses think holistically about their strategy and plans, make informed decisions, manage key opportunities and risks to build investor and stakeholder confidence, and help manage the organization's performance.

This publication from IFAC and the International Integrated Reporting Council, "Creating Value for SMEs through Integrated Thinking" will help small- and medium-sized entities (SMEs), including non-profits, adopt integrated reporting and realize its benefits. It will also help users understand the benefits of using the International Integrated Reporting Framework, including the flexibility of its principles-based structure and approach.

Souce: IFAC website

Introducing New Member

BFC
Business & Financial Consulting

Business & Financial Consulting (BFC) is located in Tunis, the capital and the largest city of Tunisia, and also the centre of the country's commercial activity. The firm is among the nation's biggest consulting firms and comprises more than 20 professionals including three partners Amine Abderrahmen, Hamdi Kriaa and Nadia Yaich

When was the firm formed?
Business & Financial Consulting, BFC, was founded in 2010 between two Chartered Accountants Amine Abderrahmen and Hamdi Kriaa. In the same year, the firm was affiliated with the Tunisian Chartered Accountant Association. The third partner Nadia Yaich joined them in 2011.

What type of services, are offered by your company?
The services provided by the firm are varied and cover the traditional fields of auditing, tax, legal, advisory services, business consulting and corporate finance services, including feasibility studies, valuation, due diligence, transaction support, mergers and acquisitions amongst others.

We serve a variety of sectors such as automotive, food industries and retail sectors.
BFC has created a niche in the following service lines:

- Internal controls and corporate governance
- Operational transaction services
- Exporting services to other African countries

What do you see as your firm's strength?
We **listen**: Ensure we understand the needs of clients
We **create**: Finding the best solution
We **react**: Prompt and immediate solution or advice
We are **available**: Partners make themselves accessible to all clients

We have structured our firm and organised our services by department headed by a partner who will be the key contact

What are your future plans for the company?

- Developing the audit of Public Interest Entities (in particular State Owned Companies);
- Developing the audit of banks and leasing firms;
- Developing the advisory services focussing on internal control systems;
- Helping our clients in the implementation of IFRS;
- Consolidation of our position in the local market, developing further the Algerian and Libyan markets and exploring new opportunities in other African countries;
- Developing IT services for our current and potential clients;
- Staff development and training

What will your firm bring to the network?
MGI BFC aspires to be the locomotive in developing the network in the African countries and especially in the north African countries. MGI BFC partners and team would like to share expertise with other MGI members and to respond to any inquiries regarding legislation, taxes, referral in the North African countries. We would like to add value by growing the MGI brand in Tunisia and other parts of North Africa.

What do you hope to gain from membership of MGI Worldwide?
By joining MGI, we wanted to become a part of a synergistic professional group. For us, creating an international professional relationship is very important and joining a network gives us this security and trust. Following this, we hope to gain support and help through MGI Worldwide in reaching our professional goals and international growth

Among its many benefits, membership provides a platform for independent firms around the world to share and gain knowledge, share best practices, meet & network and to learn from others

What can you do to make MGI a well-recognised "brand" in Tunisia?
A strong social media presence is a great strategy for MGI BFC to make the brand known in Tunisia and also in the North African countries. We hope to organize conferences and invite clients and potential clients and to share with them MGI BFC experience, expertise, networking and the international capability.

MGI MENA COUNTRY UPDATE

Jordan outlines tax reforms as part of efforts to bridge budget gap

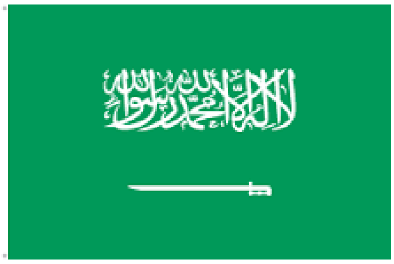
At the beginning of October Prime Minister Hani Al Mulki said the focus of changes to the kingdom's tax code would be on improving collection, preventing evasion and reducing the basket of goods covered by subsidies without affecting exempted segments of society.

Among the measures flagged by the government to increase compliance will be stricter penalties for those found guilty of evasion, including imprisonment rather than the option of a fine for those convicted.

While the prime minister ruled out any change to the minimum earnings levels under which income tax would be applied – the upper limit for exemptions is JD12,000 ($16,900) per year for individuals and JD24,000 ($33,900) for families – non-compliance by those above these brackets will be more vigorously pursued.

The announcement came on the back of continued efforts by the government to fulfill the stipulations of the $723m extended fund facility (EFF) agreement with the IMF, brokered in August 2016 and set to run for three years.

As part of the comprehensive fiscal and structural reform program, Jordan has committed to reforming the tax system – a move the IMF said is crucial to achieving fiscal viability.



Saudi Arabia ready for implementation of VAT from 1 January 2018

Saudi Arabia's General Authority of Zakat and Tax (GAZT) released the final implementing regulations to legislation governing the new GCC-wide value-added tax (VAT). VAT will be introduced at a standard rate of 5%.

The Regulations, which build on the GCC Unified VAT Agreement and Saudi VAT Law, govern all aspects of the implementation of VAT in Saudi Arabia. The Regulations include 79 articles, divided in 12 chapters, and set out the scope of taxation for certain goods and services, explain registration rules and eligibility of businesses for VAT, zero-rated and exempted supplies, the treatment of imports and exports, among other areas.

All companies with an annual taxable supply of goods and services of SR375,000 ($100,000) or higher are required to register by December 20; however, companies that do not exceed SR1m ($267,000) will be granted a one-year extension. This should go some way towards helping small and medium-sized enterprises achieve compliance smoothly.

Businesses with turnover below the threshold, but in excess of SR187,500 ($50,000), can register voluntarily to help recover VAT from their expenses.

More details can be found at a dedicated VAT website - VAT.GOV.SA - which has a range of resources and tools for businesses.

Source MGI MENA website

Amendments to the KSA Income Tax Laws

A number of significant amendments to the Saudi Arabian (KSA) Income Tax law ('Law') have been issued through a Royal Decree

Two notable changes include the exemption from income tax for KSA resident recipients of dividends from KSA resident or certain KSA non-resident companies; and the potential removal of capital gains on the intra-group transfers of assets (including shares) in certain circumstances.

The Royal Decree No. (M / 131) dated 29/12/1438H (20 September 2017) has amended certain articles of the Law.

- Article 2: Persons subject to taxation
- Article 6: Tax base
- Article 7: Tax rate for oil and hydrocarbon companies
- Article 9: Intragroup transactions for certain assets
- Article 10: Tax exemptions extended
- Article 17: Depreciation
- Article 20: Contributions to authorized retirement funds
- Article 43: Loss carry forward on change of ownership

Amendments to Articles 2, 7 and 20 are applicable from 1 January 2017.

All other amendments are effective from the commencement of the financial year immediately after the issuance of the said Royal Decree

The Qatar Financial Centre (QFC) amendments to its Tax Regulations and Tax Rules

QFC is a financial and business centre established in 2005 with a view to grow and develop the market for financial services in the region. QFC entities are subject to tax pursuant to the QFC Tax Regulations and fall outside the scope of the general tax regime in Qatar.

The key change in the tax regulations is the addition of a new provision under Article 10 that deals with

"Local Source". According to the new provision added to Article 10, profits arising in or derived from Qatar by a QFC entity that is not an "Authorised Firm" from the provision of services for the use outside Qatar would not form part of Local Source Taxable Profits. QFC entities should meet certain conditions in order to benefit from the new provision.

Entities that are established under QFC Financial Regulations are considered as Authorised Firms (e.g. banks, insurance companies, investment funds, etc.) and are not eligible for the application of the above provision.

In order to benefit from the new provision, QFC entities should meet all of the following conditions:

- The entity's accounts are audited and reported on by an external auditor;
- At least 30% of the entity's profits can be attributed to activities undertaken by the entity in Qatar;
- The entity employs at least three full time employees (i.e. having Qatari resident permit and sponsored by the QFC entity); an
- The QFC Tax Department does not consider that the services are rendered under an arrangement the sole or main purpose of which is the avoidance of tax under the QFC Tax Regulations.

Entities would be expected to 'self-assess' (no prior approval is required from the QFC) if Article 10 (1A) applies to part of their income and if they meet the relevant conditions stated above. The QFC is expected to publish detailed guidelines on the interpretation of Article 10 (1A).

The amended QFC Tax Regulations and Tax Rules were enacted on 12 June 2017 and Article 10 (1A) is effective for accounting periods commencing on or after 12 June 2017.

Source PwC website

Excise Tax Law Comes into effect starting October 2017

On 17 August 2017, the President of the United Arab Emirates ("UAE") - His Highness Sheikh Khalifa bin Zayed Al Nahyan, issued the Federal Decree-Law No. (7) of 2017 on Excise Tax ("UAE Excise Tax Law"). The UAE Excise Tax Law came into effect on 1 October 2017 and is the foundation of the new Excise

Tax system that the UAE introduced based on the Common Excise Tax Framework signed by the six Gulf Co-operation Council ("GCC") states. The UAE Excise Tax Law sets out the various rules and obligations for taxpayers.

An unofficial English translation of the Excise Tax Law is available on the Ministry of Finance website (www.mof.gov.ae).

Source PwC website

MENA NEWSLETTER

ISSUE 2, 2017

IDEAS & BEST PRACTICES

Success Factors of Partner Relationships

By Joseph A.Tarasco

Progressive partners relationships are one of the most critical success factors for a CPA firm. The partners' ability to work harmoniously with each other and possess the deep knowledge and understanding of what makes each other "tick" is essential to creating and sustaining successful partnerships. Over our many years of advising and consulting to CPA firms, we have observed certain common factors in CPA partner relationships that have led to a firm's long-term success, such as:

<u>Shared Vision</u>

A key component to building progressive partner relationships is a common vision for the short-and long-term success of the firm and belief in its value proposition. More than shared goals, a shared vision and clearly communicated value proposition is paramount to making a CPA firm partnership succeed. When partners share a common vision, they share the same view of a successful firm model and a mutual, highly desirable future of the firm. Having a model or picture of the end result creates energy among the partner group and motivates partners to

act as a team. The best partner relationships aren't necessarily dependent on common operational and management styles, but rather the road and journey to attain the firm's shared vision. It is essential that the firm's core vision and values are defined so that the partners are "on the same page" and lead others in the same direction.

"Good business leaders create a vision, articulate the vision, and relentlessly drive it to completion."—Jack Welsh

<u>Trust</u>

Trust is essential to any successful partnership. The ability to build and maintain a high level of trust in CPA partnerships is more challenging than ever before due to:

- succession planning and transitioning client relationships between baby boomers and millennial partners;
- accelerating M&A transactions resulting in newly formed partner relationships; and
- the occurrence of numerous internal partner buy-outs of unfunded partner retirement obligations.

In addition, trust takes into account other elements in a partnership such as, accountability, responsibility, integrity, and reliability.

"Trust, not money, is the currency of business and life."—Vartika Manasvi

It is imperative that partners continuously communicate their expectations of each other at least on an annual basis. A dilution of mutual trust can occur if expectations are not clearly articulated annually with the goal of narrowing expectation gaps.

Each partner's expertise, strengths and weaknesses, personality, financial needs, and tenure at the firm are different. Throughout the year, it is important to clearly communicate expectations and evaluate how each partner is meeting agreed upon goals and objectives, both formally and informally.

A trusting relationship means being as transparent as possible regarding each partner's expectations of the partnership. Addressing changing expectations due to modifications in business or personal conditions on a timely basis will increase the level of trust among the partners.

In summary, these are the traits—and the critical questions—to ask as you examine the culture in your firm. If trust is lacking, take the necessary steps to allow this vital unmeasurable to improve.

"The foundation of trust will permeate every aspect of your company: the people, the products they produce, and the corporate culture. This is why we consider trust to be a non-negotiable trait." —David K. Williams

<u>Collaboration</u>

Collaborative partner relationships are one of the most critical success factors for a CPA firm. The partners' ability to work harmoniously with each other and possess the deep knowledge and understanding of what makes each other "tick" is essential to creating and sustaining successful partnerships. In

Part I of this article, we discussed a “Shared Vision” and “Trust” as key factors. Over our many years of experience advising and consulting to CPA firms, we have observed other certain common factors in CPA partner relationships that have led to a firm’s long-term success, such as:

- Collaborating on services – Brainstorming is a key element to bring partners together to collectively answer the question, “How can we provide world class services and add more value?” Partners need to generate ideas and creative solutions, and present different perspectives and expertise, to offer clients’ truly valued services as a one firm-firm. Creativity is crucial for firms today, especially when the market is highly competitive for innovative, advisory and high-value services beyond compliance. The collaboration of all the partners increases the potential to implement creative client service ideas and make them a reality.
- A keen sense of purpose and value – Partners who truly collaborate see the value in working together. Collaboration should not be a forced mandate, but should be a meaningful effort to work together with shared goals and objectives, that benefit both the individual partners and the firm as a whole.
- Equal participation – In successful firms, a collaborative partnership leaves titles at the door and treats all partners as equals when collaborating on firm initiatives by all levels of the partner group, including the Managing Partner and Management/Executive Committee. Partner collaboration is important in this fast-paced, competitive environment with ever-increasing client demands. Breaking down the partner silos and removing the obstacles to innovation,

- creativity and firm growth, is paramount to succession planning and remaining an independent firm of the future.
- Collaborative leadership – As the landscape of the business of public accounting becomes increasingly dynamic, and as consolidation re-shapes the marketplace daily, successful firms are tasked with building their capacity for agility, adaptability, and speed to sustain their competitive edge. The most successful firms are transitioning from a hierarchical organizational structure to more flexible, team-centric models that foster collaboration, information sharing, and empowerment.

Today’s CPA firm environment requires speed, which, in turn requires partners representing various service areas to collaborate effectively and quickly. Collaboration with partners who are specialists in different areas of the firm (audit, tax, advisory, niches, firm management/ operations, etc.) pollinates knowledge and assists the partner group to understand how their areas/departments fit into the bigger picture. Cross functional partner collaboration allows ideas to come from all partners.

Joseph A.Tarasco, Chief Executive Officer and Senior Consultant, Accountants Advisory Group

10 ways to accelerate innovation

By L. Gary Boomer

Firms are talking about innovation, yet many struggle with how to develop an innovative culture and strategy and to make a difference. Naturally, some people are happy with the status quo and conventional success. The challenge is to move the mindset from conventional success to that of a game-changer. This requires different thinking — transformation, rather than just incremental change. The keys are leadership and the building of teams that want to be led and are willing to be held accountable. Innovation requires collaborative teams, focused on adding value through leadership (direction), relationships (confidence) and creativity (new capabilities).
The following 10 tips will help any organization improve and accelerate the results from innovative thinking.

1. Think — plan — grow. Innovation requires time to think, time to plan and time to grow. Tightly scheduled partners generally can’t transform themselves or their firms. This is where delegation and succession work at all levels and ages within an organization. You must free people up through delegation in order to have the time to think, plan and grow. Charlie “Tremendous” Jones says the books you read and the people you meet will determine who you will be in five years. There is great truth to this statement, and exposing one’s self and one’s firm to new thinking, experiences and capabilities is extremely important in creating an innovative culture.

2. Innovation generally starts as a bad idea. Innovators often have an idea, but it requires an innovation manager to make the idea real and a collaborative team to scale it. Also, remember that most innovation starts as a bad idea, especially to an incumbent or someone who is going to be disrupted or replaced by the change. This is why lean process reviews and project management skills are becoming increasingly important in today's rapidly changing environment.

3. Innovation requires a collaborative team. Large and small organizations are taking the 5x5x5 approach where a team of five is assigned challenges, and given five weeks and a $5,000 budget to solve one or more problems. Sometimes, it is most efficient to skip a problem and move forward to a higher priority. This approach supports collaboration as well as a sense of urgency. It will also encourage looking at external resources and leveraging peer relationships.

4. Diversity and inclusion increase the possibilities, as well as provide multiple perspectives. This strategy goes back to the Renaissance, when the Medici family brought numerous disciplines together in what is called "intersectional" rather than "directional" innovation. Don't be afraid to open your dangers, opportunities and strengths up to clients and other professional leaders. They are willing to help, and an outside perspective is valuable.

5. Culture and leadership are the keys. Don't be afraid of failure, but be prepared to fail fast and learn from your failure. Transformation and innovation are journeys, not one-time events. This requires strong, innovative leaders who are willing to manage risk, knowing there will be failures, but confident enough in the firm's ability to pivot.

6. Trust determines speed and return on investment. Organizations that have a high level of trust receive a dividend, while those with a low level of trust pay a tax. In his book "The Speed of Trust," author Stephen Covey demonstrates 13 ways organizations can increase trust. Lack of trust and FOMO ("fear of missing out") often impede progress, and the focus should be on progress, not perfection.

7. Mindset determines growth. Some people are wired for growth, while others are not. Some of the entrepreneurial mindsets needed for innovation are:

- Vision;
- Lifelong learning;
- Team player;
- Game changer vs. conventional success;
- Process improvement; and,
- Accountability — being willing to hold yourself and others accountable.

8. Innovators need to be involved in interactive conversations rather than working alone. Innovators often put more pressure on themselves by not discussing their ideas in front of peers. This can come from a lack of confidence or simply the fact that most innovation starts as a bad idea in the mind of anyone the idea will disrupt. By fostering interactive conversations, the entrepreneur is able to commit, increase their courage, grow their capabilities, and gain confidence.

9. To transform, you have to leave something behind. Accounting firms and their clients are challenged to leave some services behind, even those that add value or are profitable. As traditional services are being commoditized, the move to higher-value advisory services is a great example. Many say that they don't have time to offer these services or their staff are not confident in a consulting role. Transformation requires a journey that includes planning, education and evaluating skill gaps. The decision and choice as to what services you should leave behind are yours. Don't procrastinate and impede your ability to move up the continuum of value.

10. Risk management, rather than risk avoidance, is important to an innovative culture. Many in the profession have been trained in risk avoidance. Entrepreneurs generally have a greater tolerance for risk and focus on managing it. After-the-fact audit risk is much different from managing economic risk and future strategies. Anticipate risks to reduce them, improve planning, increase innovation, improve processes, and scale results.

Innovation has different meanings to different people and professions. Some of the hard trends that can be managed and will impact you and your organization are:

- **Demographics.** There are approximately 10,000 Baby Boomers leaving the workforce daily in the U.S.
- **Regulation.** Federal, state and local regulations are increasing.
- **Technology.** The big three: processing power, bandwidth and storage are on exponential growth curves and plummeting in cost.

With these hard trends, you can reduce your risk while sustaining success and becoming future-ready. Remember: Think — plan — grow.

L. Gary Boomer is the visionary and strategist at Boomer Consulting Inc

Transforming Challenges into Opportunities: Competition

By Christopher Arnold and Mats Olsson

The recent IFAC Global SMP Survey identified key challenges many small- and medium-sized practices (SMPs) face. This article is one in a series that breaks down the data from the survey and provides information, ideas, and tips to help SMPs address these challenges as well as best practice examples from IFAC SMP Committee members, together with the range of other tools and resources available.

Differentiating from Competition

Differentiating from competition came in fourth as one of the top global challenges identified by survey respondents, reflecting that competition is increasing. It is also in the top two challenges in Central and South America/ Caribbean and the Middle East regions.

Thousands of accountants provide similar services and there are many other service providers promoting themselves and competing for similar market segments. Existing and potential clients will need to decide which firm they engage. In making this decision, they are more likely to be influenced by differences between practices than by similarities.

Having a point of differentiation helps your practice stand out from other accounting firms, at least in the minds of clients. But this is not necessarily an easy task. After all, firms deliver similar services and operate under a similar code of professional ethics. But the fact that professional accountants in public practice are required to adhere to the highest ethical standards is an important differentiator from other consultants. IFAC member organizations are required to adopt and implement ethical standards no less stringent than those in the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants.

Firms often price their services in a similar way, and may even brand themselves in a comparable way. Many firms also pride themselves on their professionalism, confidentiality, communication style, and personality.

Differentiation can be achieved in a number of ways, such as through:

- how your firm communicates and engages with clients;
- the range of services provided;
- the depth of specialization in a particular area;
- how services are provided;
- accessibility;
- price and pricing structure;
- office appearance and feel; and
- the network that your firm can connect clients into.

It can difficult to focus on work quality as it is hard for clients to recognize a difference in quality of work or advice, unless they have had a bad experience in the past. Generally, clients expect their accountants to deliver a quality product, and price is not an area where your practice may want to try to differentiate. Price competition requires a volume market to be profitable, and typically the delivery of professional services is not an area of high-volume transactions.

Differentiation is likely best achieved through the services offered and the way it is done. There is ample scope to identify what is delivered that will be meaningful to the target market. Once done, your firm can build a part of its marketing program and messaging around the point of differentiation.

Business Advisory Services

The Global SMP Survey found that the fastest growing service area is advisory and consulting services with 35% of SMPs reporting fee increases in this area in 2016 and 45% predicting increases in 2017.

83% of SMPs provide some form of consulting services with the three most commonly provided being corporate advisory, management accounting, and human resources policies and procedures and employment regulations.

The findings support the recent IFAC research report, The Role of SMPs in Providing Business Support to SMEs—New Evidence, which found that whilst the majority of SMPs' revenue is generated by traditional services, including compliance, audit, and taxation, diversification in business advisory services is on the rise.

Differences exist in SMPs offering of business advisory services by geographic region, size, and strategy. In addition, the factors driving small- and medium-sized entities' (SMEs) demand for business advice from SMPs, among others, include company (i.e., size, debt, age, growth, and available resources) and environment-related factors (i.e., economic conditions, including regulations, and competition). SMEs most likely to purchase business advice are larger, younger, carry higher levels of debt or intend to obtain new funding, and exhibit higher growth rates or intentions to grow. The research suggests that SMPs currently, and more so going forward, may play the roles of advisor, confidant, analyst, facilitator, and educator to their clients.

Trusted Business Adviser
Trust is the key to success in building up business advisory services. Your clients' need to believe that their accountant's advice—your advice—will have positive consequences. In this context, trust has three dimensions:

- capability: your client's belief that their accountant has the required expertise, skills, and competences to perform the job effectively;
- honesty or integrity: your client's belief that their accountant will keep his or her promises and adhere to a set of acceptable principles; and
- benevolence: your client's belief that their accountant cares about their welfare.

Business advice is significantly enhanced when provided by an accountant with knowledge and insights into a client's finances and business environment, as a result of providing traditional accounting services previously. New advisory and consulting clients are often driven primarily by existing customer-client relationships.

There are numerous opportunities available to firms wishing to step outside their traditional service areas and expand service offering into business advisory services. This demand is being driven not only by firms wishing to increase profitability but also by clients who need to compete in a globalized business environment. While the concept of providing consulting services presents a challenge to practitioners, many have come to realize that clients value advice on growing their business much more than traditional accounting services. IFAC's Good Practice Checklist for Small Business can be used by practitioners to help determine what type of assistance a client may need.

Technology also enables SMPs to work in a global economy where borders are no longer relevant. Outsourced or off-shored compliance services can often provide much lower prices, meaning there is increased pressure on some firms to expand their service offering.

Sustainability reporting and advising businesses on how to be more sustainable is a relatively new but fast growing service area for accountants. In 2016, 14% of SMPs provided some form of enhanced corporate reporting service (integrated reporting, sustainability reporting, corporate social responsibility reporting).

Many organizations are keen to know how to do more with less as this may improve the bottom line. Accountants can advise on the benefits of reducing energy costs and pollution, from simple behavioral changes aimed at eliminating waste to investment in new equipment and alternate sources of energy or developing an environmental management system (EMS). EMS allow businesses to identify and control the environmental impact of their activities, products, and services; set and achieve environmental targets; and demonstrate that targets have been achieved. Creating Value for SMEs through Integrated Thinking: the Benefits of Integrated Reporting can help accountants and their clients in this space.

Additional tips to help SMPs build or lay the groundwork for a business advisory practice

1. **Modify the mission statement, vision, and plan.** When expanding or changing the direction of your practice, set a clear vision for the future and a roadmap for how to get there.
2. **Educate and train staff**. Providing high-quality business advisory services demands a different skills base than providing traditional accountancy-based services. Developing business advisory capacity by expanding existing staff's technical and soft skills is critical. Some accountants can make the transition to business adviser through experience and self-development, while others may need training or coaching.
3. **Focus on a specific industry sector or specialization**. Few practices and practioners will be able to gain and maintain the knowledge and skills necessary to be competent in all areas of business advisory. Therefore, your practice should consider carving out a niche and participating in a referral network that can provide the other services. A common model is to focus on a specific industry sector, such as hospitality, or develop a specialization, such as sustainable business practices, in order to differentiate your practice from the competition.

4. **Develop relationships with other firms**. Referral networks offer many potential advantages, such as helping your practice increase its client base. Participating in a network is an effective way to satisfy the increasing breadth of demands from SME clients and can help demonstrate to new clients that you have the capability of a larger practice. Referral networks can extend beyond accountancy to legal, human resources/capital, and IT, for example.
5. **Promote your practice to existing and new clients.** Promoting and marketing your practice, and the value of your services, is crucial to success. There are a number of reasons why SMEs choose SMPs to provide business advisory services, including their reputation for trust, competency, and responsiveness. Leverage these qualities by promoting them to potential clients, who are often unaware that their professional accountant can provide these services.
6. **Change your business model.** Business advisory services may require a different business model from that of traditional accountancy-based services. For example, business advisory services may be better suited to a business model based on selling intellectual capital rather than time. This lends itself to value pricing.
7. **Embrace technology.** Advances in technology present a significant opportunity for SMPs to operate more efficiently, reduce costs, and offer additional value-added services. Cloud computing, for example, allows SMPs to more actively engage with their SME clients in a "real time" environment and offer services, such as a virtual CFO, cost effectively.

http://www.ifac.org/system/files/publications/files/Transforming-SMP-Challenges-into-Opportunities.pdf

by Christopher Arnold, Head of SME/SMP and Research, IFAC and Mats Olsson, IFAC SMP Committee Deputy Chair and Partner, Adrian & Partners AB

How to Structure Your Firm's Business Development Model

By Lee Frederiksen

Anybody who's been within shouting distance of business management knows that business development runs on sales and marketing. Put simply, if you want new business, you have to go out and drum it up.

For accounting firms, there are four common approaches to sales and marketing that should be considered based on your business model and resources. In this article, we'll look at each model and discuss its benefits and drawbacks to help you make the choice that is right for your firm.

1. Seller-doer. Perhaps the most common small firm strategy, in the seller-doer model the person making the sale is also the person doing the client work. It has the distinct advantage of enabling the client to have full knowledge of the person he or she will be working with so they can more quickly assess expertise. This simple structure also can help quickly build familiarity and trust between client and accountant.

However, a word of caution: Depending on your personality, drive, and other factors, you run the risk of jeopardizing the quality of one effort for the sake of the other. In other words, when you're selling, you feel guilty that you're not doing client work. And when you're doing client work, you have the nagging feeling that you really ought to be out selling. It's important to be aware of this potential guilt trap and strive to avoid it.

2. Traditional seller. In the traditional seller model, a salesperson is responsible for generating and closing the sale. When the sale is closed, the doer then enters the picture to perform the work. The seller often maintains an ongoing relationship with the client to uncover and close other opportunities.

The big advantage is that you have dedicated roles that assure focused and uninterrupted effort. Doing the work does not interfere with ongoing business development.

This model is not typically used by accounting firms because the potential client does not have an opportunity to assess expertise and establish an early rapport that builds trust. However, the upside is that it delegates two distinctly different tasks to different people – one person does the selling, the other person does the client work.

3. Seller and expert. There are some situations where the nature of an engagement requires an extensive proposal and contract negotiation phase. Large multibusiness-entity or unique, industry-based accounting situations are two examples that come to mind. In these situations, it is often desirable to have a dedicated specialist working the sale.

While there is also a need for the expert who will be doing the work to be an active participant, there is recognition by all parties that another role is required due to the complexity of the potential relationship.

This model has the advantage of allowing prospects to experience a firm's expertise while also having a dedicated sales professional; however, it's not widely used by accounting firms because it requires additional highly-trained, highly-compensated staff. So unless opportunities are large enough to warrant the added expense, this strategy can be unsustainable for CPA firms.

4. Business developer and closer-doer. In this model a sales-oriented professional is involved in generating, qualifying, and nurturing leads. However, this person does not provide a technical perspective or close the sale. To distinguish this role from a traditional salesperson, we'll call this individual a "business developer."

Similar to the seller-doer arrangement, this strategy involves a subject-matter expert who will close the sale and do the work. We call this role the "closer-doer" because part of the seller role is performed by the business developer.

And like the seller and expert strategy, this configuration has the advantage of specialization. Also, because the business developer is not closing the sale, he or she may need fewer advanced skills.

There is a third advantage: Because the professional closing the sale is also the one doing the work, the client can establish a working relationship during the sales process, and there is no information lost in the transition from prospect to client.

Bringing in new clients is essential to the health of every accounting firm. And nothing is more central to the success of that endeavor than an effective sales and marketing strategy. By choosing one that enables your firm to let its expertise shine through and build trust quickly with prospects, you'll be better able to demonstrate your value and create a competitive edge to win more business.

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Stop fighting the war on talent

By Daniel Hood

Over the course of the several years that the accounting profession has been struggling with staffing issues, I've noticed something of a Freudian slip in the way people describe the situation: More and more, I hear people refer to the war on talent, as opposed to the war for talent.

That's a pretty telling prepositional switch, and I don't think it's just a mental typo. It's not uncommon to hear managers and partners complaining with surprising bitterness about Millennials, or to hear Millennials do the reverse, or to hear conference speakers rile up an audience by playing on inter-generational differences.

It is a reflection of the frustration that today's cadre of managers and partners feel, both at the sheer difficulty of finding and keeping good employees, and at the expectations those employees bring on board with them. They want and expect levels of managerial involvement, feedback, mentoring, flexibility and empowerment that the profession has simply never provided to young accountants.

That fact alone explains much of the unhappiness of managers and partners — they never got this kind of attention from their bosses, and it's easy to see why it would be galling for them to have to provide it. It isn't fair, really — when it comes to real leadership and management, the accounting profession has gotten away with short-changing its members for decades. The same Baby Boomers and Gen Xers who were told to keep their heads down and pay their dues for a once-a-year review with a manager and the distant hope of a shot at the possibility of maybe being considered for partner are suddenly expected to spend vast amounts of time delivering the kind of intensive management they would have loved to receive.

But just because it isn't fair doesn't mean they shouldn't do it.

At a very basic level, the profession needs to draw in these younger employees to staff the engagements that will pay for the current wave of Boomer retirements, and ensure the viability of firms going forward — and the cost of that is higher investment in management.

Beyond that, though, it's important for firm leaders to realize that this investment will pay off in employees who are motivated, talented and devoted. Recently, I saw workforce consultant Bruce Tulgan congratulate Millennials on these two facts: "You'll be the most high-maintenance workforce in history — but you'll also be the most high-performing." Tulgan is the founder of Rainmaker Thinking, a consultancy focused on intergenerational workplace issues, and he's one of those speakers who likes to play the generations off against each other during his presentations — but he then uses that as a powerful, teachable moment to explain why what the Millennials want is, first, perfectly reasonable, and second, worth spending time on because it will generate more valuable employees.

Make no mistake — no one is suggesting that this investment will be easy. "Leaders, managers and supervisors don't do enough leading, managing and supervising," Tulgan explained, and they need to be prepared to spend much more of their time in all three of those areas — time that their predecessors would have devoted to client work and billable hours.

They'll more than make up for those billable hours, though, through rising employees who can do the work more efficiently with new technology, and who are prepared to expand their firm's capabilities far beyond their current scope. By spending the time to properly lead, develop and invest in the next generation (and the one after that, and the one after that), today's managers and leaders can build much stronger firms and a stronger profession for the future.

Remember, the war is for, not on.

Daniel Hood is editor-in-chief of Accounting Today and Tax Pro Today, and has covered the tax and accounting field for over 20 years.

Artificial intelligence and machine learning – the inevitable changes in professional service firms

By Andrew Griggs
We are on the cusp of a fourth industrial revolution. Kreston Reeves' Andrew Griggs explores what artificial intelligence might mean for professional services firms.

The world has already seen three previous industrial revolutions and will no doubt see others – so what is so special about this one? Whilst in previous industrial revolutions technological processes have been disruptive, they have not, as a whole, been net destroyers of jobs.

One of the key features of the fourth industrial revolution is that innovation is now based on combining technologies which not only change the countries we live in, but also the wider world. We know that Artificial Intelligence (AI) in its simplest form is machine capability imitating intelligent human behaviour. What we are now seeing is the development of AI, or machine learning, which focusses on the development of computer programs that can access data and learn for themselves. This allows software to become more accurate in predicting outcomes without specifically being programmed.

Take for example the financial services sector; machine learning is being used to identify important insights in data and to prevent fraud. These insights can identify investment opportunities or help investors know when to trade. Data mining can also identify clients with high-risk profiles, or use cyber-surveillance to pinpoint warning signs of fraud.

The implications for professional service firms are multiple.

AI technologies, such as IBM Watson, are changing the business model for professional service firms. It is already enabling firms to reduce timelines involved in routine tasks, which is increasingly important with clients' heightened delivery time expectations, reducing human interaction and increasing accuracy. It is possible to see how phrases such as "in 10 years' time 40% of staff in professional services firms will not be needed" can be made.

Impact on accountancy firms

Accounting, auditing, bookkeeping and tax preparation are among the functions most at risk of being automated. There is a lot of routine work performed in these services that can be largely taken over by artificial intelligence.

Take, for example, the audit. Technology is already helping auditors, who today will use drones to help stock check large warehouses and large outside assets, such as mines or forests. It will soon be possible, with the help of AI technology, to audit a company's entire financial transaction history for the year, rather than the sample approached used today. This will give business owners, investors, and other stakeholders greater levels of confidence in a company's reporting, whilst at the same time reducing the risk of fraudulent activity. It will also reduce audit costs.

It will also change the jobs mix in professional services firms, with fewer routine, entry-level functions and more roles focused on creative thinking and analysis.

Clients will continue to demand the all too human skills that they need to help their business grow, to get a deal across the line, to interpret financial data, or to discuss the complex tax implications of managing their wealth, assets or business. AI will free up time to concentrate on the higher value tasks with clients, which I am sure is the part of the role we most enjoy.

It will be important for professional service firms to review the skills and traits they require from people, not only for today but when creating the leaders of tomorrow.

The Big 4 accountancy firms are already working with technology organisations, and in some instances developing their own bespoke technology platforms, and a number of mid-market firms are too involved in joint ventures to set out the potential for this technology.

I would expect this technology to filter down and be adopted by mid-market firms over the next five years, resulting in greater collaboration between such firms who have a place in the market but currently feel financially constrained by the investment required.

Challenges and opportunities

There are two issues arising from this revolution. Firstly, only large organisations or countries with substantial wealth and investment will be able to cope with this change, and secondly, unemployment could rise significantly as jobs are replaced.

Taking the first of these two points; the United States (developed) and China (developing) have already amassed the wealth, talent, market share and data to drive AI forward. The challenge will be for other countries around the world to develop relationships with those countries supplying most of the AI software.

The second point is more interesting as it builds on a world of human behaviour where change, even if the ultimate outcome is uncertain, is the new norm.

People will need to be retrained or educated in tasks that AI tools are not so good at, such as creativity, planning and 'cross-domain' thinking. Professional service firms will value highly those individuals with strong leadership, people and interpretation skills. However, if society is to avoid largescale unemployment it may need to intervene. We are already beginning to see that happen, with India in July this year banning driverless cars to protect jobs.

The new jobs of the future could be the 'service jobs of love' or volunteer jobs involving spending time with people, for example, accompanying an older person to see a doctor, mentoring disadvantaged people. The funding of this is a separate debate which inevitably could lead to higher taxes to fund a social welfare need.

There is no doubt that AI and machine learning will not only change the way services are provided to clients, but also the mix of skills required within professional service firms… it is only a matter of time.

Despite the rapid pace of technological change, not all accountants are in agreement that automation will lead to job losses and inequality, with only 29% responding so in a CIMA survey last year.

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3 key challenges that firms can solve with technology

By Mary Ellen Biery,

Most accounting and business advisory professionals know that industry-leading firms rely heavily on technology to grow their businesses. But where does a firm start in evaluating technology?

Experts suggest that firms cannot select new technology effectively without first examining their clients, their services and their staff as they all relate to firm strategy. Greg LaFollette, strategic advisor to CPA.com, says starting with the question "What technology should I use?" is like saying, "I want to build a house; which hammer should I buy?" Technology, like a hammer, is really a tool to help firms build a dream practice. The process of completing the detailed "blueprints" or strategy for the firm will clarify what technology tools are required. Some technology solutions address multiple challenges, but it is still important to consider how specific solutions may address other critical challenges facing the firm.

The most common challenges that can be best solved with technology fall roughly into three broad categories:

1. Providing services and products

When it comes to providing services and products, challenges center on efficiency, staff utilization and differentiation from competitors. Thus, experts recommend technology that incorporates automation, artificial intelligence and business analytics as the types of solutions that accounting and advisory professionals should explore. Automation allows more routine tasks to be handed off to administrative staff, while senior accounting staff can focus their efforts on providing additional analysis and insight. Business analytics technology, which leverages artificial intelligence, can also make it easier and faster for accountants to provide operational or strategic advice to business clients.

2. Customer relationship management

Technology can help accounting and advisory firms manage the entire life of a customer relationship — from finding the prospect (or better yet, making it easy for the prospect to find the firm), to coordinating client communications and deepening the relationship to expand revenue opportunities and ensure retention. Several experts list a customer relationship management system as the type of technology that can address many of the challenges of accounting and advisory firms, particularly when some form of CRM is implemented early on in the life of the firm.

For a startup firm, a cloud-based CRM solution should be one of the first technology solutions incorporated, according to Doug Sleeter, an Accounting Hall of Fame member and accounting software guru focused on small business solutions. "For accountants, that term might not feel as comfortable today as it will in the future for them, because it's not your client list only, it's your marketing list, your database of details about your clients, maybe even into the tax return records," Sleeter says. CRMs can consolidate information about email traffic, action items for the firm, etc., all in one spot. Technology thought leader and consultant Brian Tankersley notes that firms need more activity tracking and centralized correspondence in order to provide continuity of service as the team and client base grow.

3. Performance/practice management

Another category of challenges that firms can solve with technology is practice and performance management. Examining a firm's strategy and processes up front will be crucial to selecting the technology that is most needed. Indeed, those examinations will often highlight bottlenecks or roadblocks to customer service, growth and staff engagement. Solutions to manage the practice and workflow can be as simple as e-learning and web meeting technologies.

Other workflow-focused solutions can address challenges related to balancing staff workloads and digital document storage. Experts say it's critical to have secure, cloud-based storage that allows clients to transfer data and push documents to the firm so that the firm can access them immediately. These solutions also allow staff in multiple locations to access what they need to in order to perform their work and move the engagement forward. Cloud-based storage also allows firms to share deliverables with clients electronically and immediately. This helps a firm focus on what's most important (even if it's not the same as what's most urgent) about managing the practice.

New technology opens up opportunities for accountants and business advisors to stay on the cutting edge of client services and scale their firms efficiently. By taking a closer look at these three challenge areas and solutions, firms can gain a better understanding of what technology will best meet their needs.

Mary Ellen Biery is a research specialist at Sageworks.