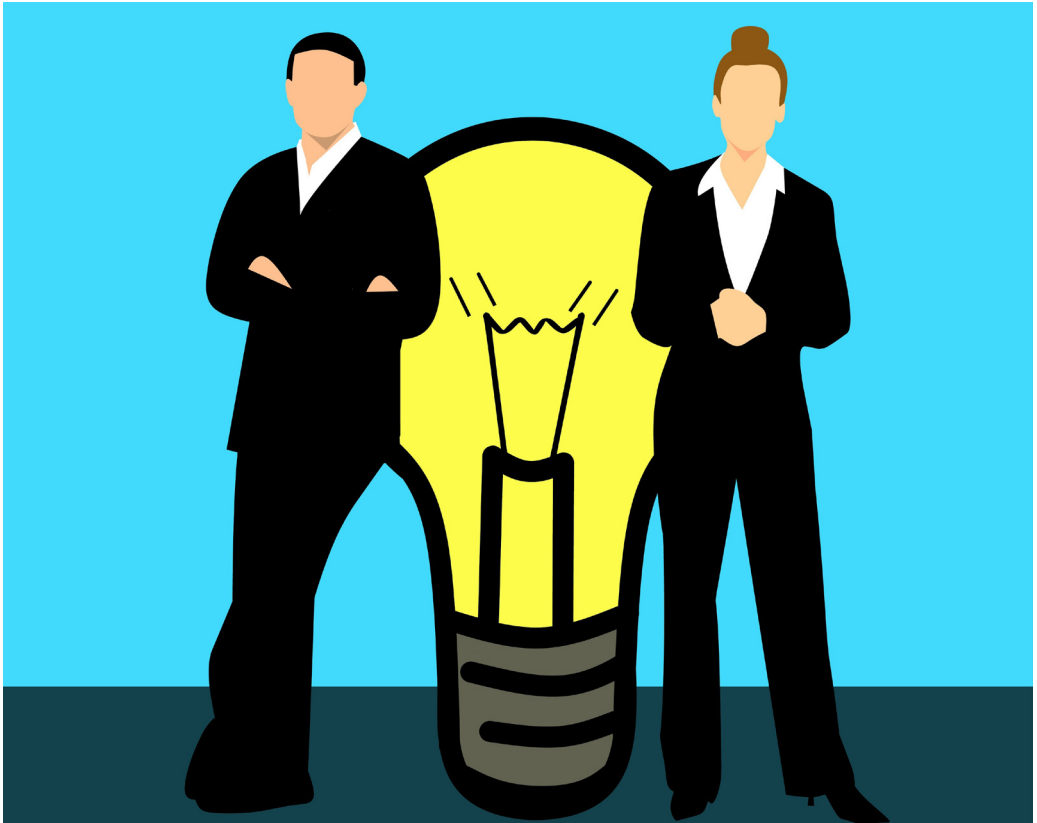


WHAT ACCOUNTANTS COULD DO NEXT



**A conversation with
Mark Curtis, Partner
Larking Gowen**

Extract from a book commissioned by:



Powerful Accounting Software

Introduction

If technology has resulted in arm's length commodification of services, is it also providing the accountancy profession an opportunity to develop a closer relationship with the client?

A book commissioned by iplicit, to be published by DECISION magazine, looks at how IT has a role in enabling a practice to add value, whether in fact technology can assist the migration to providing a more advisory role and service to the client.

This is one of the papers to be included.



Rather more than just the numbers

How is an accountancy practice able to provide value-added to the client in service areas which are becoming more commodified and perhaps price driven?

Mark Curtis, Partner, Larking Gowen: “At the moment the market for compliance is still holding up, but the profession is in the danger zone timewise because the unknown is how quickly that will change. The only certainty is that it will.

“But what does advisory mean and what does it look like? It could be helping the client to set strategy, to a pre-end of year tax planning meeting. Do clients want that on an ad hoc or a retainer basis?

“The thing is, the profession needs to be excited by change. I would say in order to make things happen, every practice needs the equivalent of the annoying five-year-old who constantly asks questions. There isn't a timeframe to make the transition to advisory but the risk is that we don't know how long that window of opportunity will be open for.





Mark Curtis

“My view is that ‘digital’ can lead to a commodified output or it can be a process which enables an adviser to provide a value-added service.

“Our profession has not been terribly good at asking the client what it is they actually want; practices have tended to assume they already know the answer. But in a changing world, if you don’t ask the question you can’t hope to understand the client, and the result of that is a service based on commodification because why would they ask you for advice?

“Some people go to Tesco, others to their local organic food shop, and so if an accountancy firm is to deliver more than compliance it has to identify the specific characteristics and requirements of each client. The holy grail is how do you get your hands on timely and accurate information which will enable you to have



a meaningful conversation with the client in the equivalent of real-time, when most won't have the IT in place which can provide it.”

• **Can technology assist the migration to providing a more advisory role and service to the client?**

Mark Curtis: “If we can use technology to immediately produce and present information as an automated process, it means we can pull out anomalies to bring to the attention of the client. We can see in real time if creditor days are creeping up for example.

“Utilising technology to provide information is the basis of an advisory service. A compliance output, which finishes with providing the information, is going to be increasingly price dependent. So being reliant on compliance as a stand-alone service is going to be a difficult business model for most practices to sustain because it results in a stock it high, sell it cheap mentality.

“Accountants have a privileged position, and rather than take that for granted we have to make sure it results in a meaningful engagement with the client.

“If you don't have a clear value proposition, the only way a client can differentiate is on price. That contributes to allowing technology to drive a race to the bottom rather than being a platform from which you can provide a value-added advisory offering.



“The accountancy profession was sheltered until cloud came about, but now the proliferation of software as a service and the ability of clients to have direct data feed from their bank mean we have got to truly accept we must be at the heart of the digital revolution.”

• **Where, in your experience do companies fail to get the best out of their accounting software, and why?**

Mark Curtis: “I have thinking time when I’m walking the dog and I remember a couple of years ago I suddenly had the realisation that the accounting package itself is really only a piece of the jigsaw. It should all really start by sitting down with the client and taking them through their way of working root and branch, to walk them through every aspect and then produce a diagrammatic view of where there are inefficiencies. Then it’s about overlaying that business operational map with technology, rather than beginning with what features particular software can deliver.

“Software delivers process, so a company needs to have a clearly defined purpose or it won’t get the best out of it. My personal view is that an adviser’s starting point is being product agnostic if we are going to help define the most appropriate software for a client, which is more difficult if a practice decides to focus on one type of software. That approach delivers economy of scale and resource but should we be doing things to make our life easier as an adviser or delivering what is in the best interests of the client?



“As soon as technology is applied to produce meaningful data at the right time it unlocks opportunity for a conversation with the client. But one fundamental which can get missed is the need for client to be effectively digitised! Having the software doesn’t mean they’re going to produce great data. Technology is only an enabler.”

• From your experience or observations, what are the catalysts which prompt a company to invest in a new system, and the issues which affect the decision-making process and timing?

Mark Curtis: “Making tax digital was the equivalent of government handing accountants a stick with which to prod companies to engage with better accounting software. But that’s still along the lines of accountancy firms looking at the application of technology from a compliance mindset.

“My view is that when firms are hit in their pocket, that will be when they act – or should that be re-act. This should be a huge opportunity for us to help the client to gain tangible benefits, otherwise it’s a defensive catch-up response.

“At the smaller end of the business scale, the need to have accessible information which existing software isn’t providing becomes apparent when ownership and management is no longer vested in the same person.

“It can be that when a company hits a roadblock in terms of what their software can deliver, they try to backfill their existing



system. Now we know from psychological studies that humans aren't great planners. Our original focus as a species was on getting food for the family and what we needed to do to survive there and then, not over the next three to five years. And today with IT, we seem to have developed a high tolerance to pain and although this is a generalisation, discussions about financial software doesn't tend to float the owner-manager's boat.

“There is so much software out there. We've all heard of Xero and QuickBooks, but that's just the tip of the IT iceberg. We have someone full-time who isn't an accountant but whose role it is to look at what our clients are most likely to engage with in terms of technology, so we can put together and roll out implementation and training programs.

“Most SMEs aren't going to be big enough to have a sufficiently sophisticated internal IT resource and many think they know enough about their business without having data to hand. They have run the business on gut feel and what's in their head, but the younger generation has grown up with data. They expect it to be on some kind of technology platform, as things are in their social life.”

• **Where might IT add value to the accountancy practice going forward?**

Mark Curtis: “Artificial intelligence has already been built into accounting software products, so the profession has to identify where we can add value to what AI is going to be producing. My



understanding of AI is that when it comes to a wider consideration of different variables, it isn't there yet. Nor is there 'artificial' emotional intelligence in terms of AI being able to factor in the culture of the client-company for example."

In an increasingly digital world, what might be the additional skill-set requirement of an accountant?

Mark Curtis: "Suddenly an accountant is going to have to become a well-rounded business person and that isn't an easy transition to make in a timeframe which the profession hasn't been used to. Without being too flippant, it wasn't that long ago that an accountancy firm wasn't allowed to promote itself or take work off a competitor.

"And with its traditional focus on historical scorekeeping, it's not a surprise that the profession has been labelled as boring. But now we need people who don't want to be hidden behind a desk or computer screen, who want to engage with a client, and have a genuine interest in how they work. In addition to being empathic, accountants will need to be more IT literate with data interpretation skills to spot trends, not just the specific numbers – and probably the confidence to step outside their comfort zone more regularly.

"Accountants are part of the digital revolution and will have to adopt a multi-skilled role on the journey. I'll leave you with a thought. Is 'accountant' going to be the right title in the future, or is it a limiting definition of our role?"



www.larking-gowen.co.uk

Mark Curtis was in conversation with Larry Dillner, editor, DECISION magazine, and Matt Lewns, iplicit, partner manager, for one of a series of papers to be published as a book in 2023.

About iplicit

Providing a cloud-based finance and management software solution that allows businesses to focus on what really matters. Tailored for those frustrated by on-premise legacy software, iplicit provides greater flexibility and enhanced levels of reporting, integrating with other cloud applications for a seamless migration path from a user's existing system, enabling organisations to 'step up' to next generation finance software without losing the functionality they currently enjoy. iplicit received the Accounting Excellence award for mid-market and enterprise software of the year in 2020, and the top product for enterprise accounting/ERP in the Accounting Web software awards, 2021.

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About DECISION magazine

First published in 1988, DECISION magazine reflects the business lifestyle, the trials and tribulations, the hopes and aspirations of directors and managing partners responsible for businesses with a turnover of £5million and above across the south of England and London.

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