Technology Is Not Disrupting Accounting, Client Expectations Are!

By John McAlister and Shelley Thomson

There is no doubt the accounting industry has been in a constant state of disruption for more than a decade. As a result, there's a good chance you have responded in one of the following ways:

- *It's a buzz word, it's not real, and eventually, the talk will fade.*
- *It's the new way of life.*
- *I'll ignore it, and it will go away.*
- *I'm terrified and don't know what to do to keep up.*
- *I'm excited about the challenges ahead.*
- *It will never affect me.*

These are all common reactions that you might feel regularly, and perhaps there are many more.

But it is undeniable that accounting and bookkeeping are ancient professions that are changing rapidly in the face of the digital availability of information and the expert in your pocket.

Remember when you were the "expert"? Think about it: does anyone come to your office anymore without having tried to "self-diagnose"? How often do you hear a client say, "I looked on the Internet and google says…"?

> Empowered clients and technological advances will again upend the way modern financial management is practised.

Yet, accounting as a profession is as old as numbers themselves.

Throughout its thousands of years of history, the profession was disrupted many times, is being disrupted now and will be disrupted in the future. Understanding a little about the changes in the past can help us know how to influence the current and inevitable future changes.

Some say "get over it." Others believe that it is an exciting opportunity. What is clear is that "from ancient Mesopotamia to today, as business, economies and empires get more complex and far-reaching, so too does the sophistication of accounting practices."[1]

"Enough about Disruption already, I'm trying to get some work done!"

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In accounting, the days of "business as usual" are, once again, over.

Technology is not in itself the reason for the disruption. The main reason is in response to challenges arising from today's client demands and needs (you know, the ones who pay the bills). Clients have higher expectations from their client experience – many will demand it. And this will invariably be the foundation for expecting "value added" for the fees they pay, not just compliance. Further, they will assume that the technology that enables convenience in other aspects of their lives will flow through to the financial sector.

Unfortunately, accounting organizations that cling to yesterday's outdated systems and stubbornly refuse to accept the tsunami of democratization of information will themselves become obsolete.

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At the same time, every accounting system around the world is wrestling with rising costs, inconsistent data quality, higher business expectations and public scrutiny. Yet, despite the hard work of well-intentioned, highly-trained accounting professionals, many accounting leaders and policymakers lag well behind the ongoing impact of the intense economic, demographic, political, fiscal and monetary pressures, thus making "compliance-focused accounting" unaffordable and unsustainable in the current model.

The long-established compliance systems are increasingly unsuited to responding to challenges arising from today's business demands and needs. It is as if client experience is demanding a *Ferrari,* yet the accountant is familiar only with *Camry* service systems.

At the same time, a revolutionary storm is brewing, driven by technological advances and business expectations. The internet era is rapidly transforming expectations of service delivery for the business and networks.

Developments in Distributed Ledger, Augmented Intelligence, Machine Learning, Privacy, Robotics, Internet of Things, and others are reshaping the business relationship. Advances in data analytics and predictive modelling hold transformative possibilities that could upend the way bookkeeping is practised.

And you can be sure that whatever it ultimately looks like, it will change again further into the future.

It Is Time for a New Approach!
The future of accounting must put the business client experience at the centre of a cultural and financial network that is both present and virtual. This is a faciliatory model that meets today's clients' expectations and is fit for tomorrow's opportunities and purposes.

To do this, we must all recognize that the client experience is a mindset, a business discipline and a strategy. It needs time and energy devoted to it, just like any other essential business activity.

How much you can gain is limited only by how well your organization can embrace change and by how deeply you understand clients' expectations. One way of developing that deep understanding is with client journey mapping. If it is done correctly, you will gain an understanding of your current way of working, client experience and what could be changed to improve all aspects of the business. When you use this framework, what your clients do and what they expect will become apparent, and you can then identify gaps between your current service delivery and opportunities to gain efficiency. Curiously, these efficiencies are often enabled by the same technologies that you fear are disrupting you![2]

> Boundaries are explored and sometimes pushed, momentum is created and the foundation is laid for official client-centred transformation within the organization.

According to Christine Crandell, president of New Business Strategies, "Client experience cost efficiencies fall in one of four categories:

- Data integration and integrity – the right employees and partners have access to the data they need.
- Streamline workflows to align with journeys – to overcome organizational silos, political 'turfs,' inefficient technology and eliminate out-of-date, routine tasks.
- Employee empowerment – enable employees and Business Process Outsourcing (BPO) partners to connect the dots between each of their roles and specific customer interaction expectations.
- Scale tasks – use smart AI technology to automate routine, repetitive and replicable activities to deliver consistent experiences."[3]

We like this as it provides easy-to-understand areas that need to be addressed no matter how advanced or progressive your business is and also provides a focal point from which you can assess your current state of "client-centred maturity."

Are you interested in understanding more about your level of client-centred maturity?

Client-Centred Maturity: Where are you?
Rapid transformation and disruptive competition threaten most organizations. And the accounting industry is not immune.

To many accounting professionals, this disruption may feel small and inconsequential. But don't be naïve, it will grow exponentially as the proportion of your clients living an active digital lifestyle increases. [4]

Clients are more informed and empowered, with higher expectations. They demand attention, personalization and efficiency. And they require that your values match their

own. Fuelled by rapid advances in technology, they will ultimately demand reform from you to meet these expectations, or they will go somewhere that will.

That stated, organizations that focus solely on implementing new technology in response to this challenge are missing the point. New technology in itself doesn't mean they are transforming or competing in the evolution of integrated models.

Historically, IT systems have been siloed by department, location, type of service and type of data. While playing a pivotal role in the modernization of accounting services, IT often complicates rather than supports integrated, client-centred services. That's because IT is just a tool, and the automation of broken service-delivery processes only gets you more efficient broken processes.

Businesses are left with a spectrum – on one end, organizations are burying their heads in the sand and ignoring the disruption, while others have embraced the challenge and are taking a different approach, focused on their unique "client-centred" proposition. They do this by enabling shifts, by addressing behaviours, upgrading or overhauling processes and creating systems that allow them to be flexible and take advantage of opportunities.

> There are now numerous well-executed systematic reviews and meta-analyses demonstrating the positive impact that client experience has on business outcomes.

Accounting organizations that will thrive aspire to be in the latter group. They have recognized the disruptive environment and are asking themselves the question about the changes they need to make.

The thriving accounting organization feels the pressures from clients, competitors, regulators and staff to act and deliver services differently. They find the prospect of change exciting, complicated, challenging and terrifying (all at the same time). Yet, they have found courage in the face of this volatility, uncertainty, complexity and ambiguity to allow themselves to be vulnerable. They recognize they are not perfect and look to solve problems *and* admit that they exist.

In real client-centred transformation, consideration and integration of technology is driven by purpose and outcome. Clarity of purpose and outcome focuses on the reshaping of business to produce better client outcomes. The technology enables the practitioner to follow clients across services, sites and time for the full cycle of services, not just compliance.

Data is aggregated around clients, not departments, units and locations. Accounting organizations have to compete for today *and* also for the unforeseeable future. Leaders must tackle these modern challenges and have the vision to see a new direction, allow themselves to be vulnerable enough to listen to others and then courageous enough to drive change in how they operate and engage all stakeholders to put the client at the centre.

And through all of this, each organization will be different. Each organization will track itself according to the key stages that help communicate direction and identify pivot opportunities, milestones and achievements throughout the journey.

Want to know more? Let's walk through each stage of maturity at a high level.

Stage 1: Business As Usual
These businesses operate in their bubble, conducting "business as usual," resisting innovative or new ideas, and continuing their course in the same way they have always done it. They are unaware of or ignore the risks and opportunities related to technology transformation, disruptive competition and empowered clients.

Companies in this phase are incredibly risk averse. There is a lack of urgency, and leadership rebuffs or dissuades any need for change.[5] "We've always done things this way, and we make a profit, so why should we change?" is the common refrain.

The culture of this kind of organization inhibits ideation, experimentation and innovation and instead operates within established norms, confining and rebuffing anything that suggests alternative ways of working. Leadership makes decisions based on legacy business norms and rules, and only rarely thinks about long-term strategy.

Change is programmatic, and technology is utilized for scale and efficiency, or because of regulatory mandate, rather than being inspired by client empathy and experience.

Growth is part of a roadmap, yet digital is mostly underutilized. If data exists, it is not regularly shared across the business to support business improvement. The critical link between client loyalty and future business growth is not recognized or is undervalued.

Employees are underappreciated and ignored; seen but not heard. Their role in identifying client expectations, awareness of changing trends, marketing and communication methods is not recognized or praised.

These businesses are behind the pace, which restricts their ability to compete for relevance with a new generation of connected clients.

Stage 2: Momentum
Companies with momentum recognize that the accounting operating environment is transforming. Early adopters recognize new opportunities and are inspired to experiment within their respective business units (silos). They are excited by the possibilities.

Boundaries are explored and sometimes pushed, momentum is created and the foundation is laid for official client-centred transformation within the organization. Individual projects spark imagination, drive awareness of things that aren't currently working and create energy to address roadblocks, client complaints, gaps in service delivery and lack of visible key performance indicators (KPIs) within the organizational model.

Early adopters may be applauded for their action because it creates internal buzz and momentum. Still, it may also generate concern because the change isn't necessarily organized, coordinated or may even be undertaken without formal approval. It often takes place in an *ad hoc* manner, in isolation and without the benefits of shared insights, cross-functional collaboration or best practice benchmarks.

Companies at this stage are in their infancy of understanding how to invest in new client-centred programs. They try to track initiatives against traditional metrics and KPIs instead of rethinking possibilities and outcomes and how they can change measurement standards.

Organizations start to explore how better to listen to and understand the connected client journey, with efforts to create evidence and visibility to relevant data and analytics. They start to invest in research, understanding or workshops that get executives and strategists out of their comfort zones.

While most efforts continue in isolation, teams become increasingly efficient at identifying legacy systems and processes that fail to deliver an excellent client or employee experience – they become more proactive with opportunities. Decision making starts to support the identification of new technology, systems and processes – including social and mobile applications – to close the gaps in client experiences.

But the lack of coordination can lead to staff and client frustration as they see energy invested and slow progress. The effect of "spinning the wheels" can be more detrimental than beneficial.

Stage 3: Intentional Exploration
The organization is getting smarter and more organized, with its change champions seeing a bigger client-centred vision and an opportunity to align staff and leaders to work informally toward it. As a result, the sense of urgency to modernize the client experience accelerates.

Previously siloed groups come together to make a case for collaboration and experimentation, proposing the creation of multi-disciplinary teams. Client-centred transformation efforts are focused on critical areas for exploration and experimentation through pilot programs and task forces that apply design thinking and inter-disciplinary teams to co-develop solutions.

This initial collaboration leads to the development of client-centred transformation roadmaps to prioritize and optimize areas of opportunity and deficiency. Strategic investments in people, products, processes and technology set the stage for a more unified client-centred transformation effort.

Technology is purposeful and implemented to drive client outcome goals, rather than limiting processes to technological capabilities.

Improving the client experience becomes a driver for transformation since it is now tied to business goals and outcomes. As the clients' journies are studied, evaluation criteria and metrics start to mature, allowing every program to scrutinize and optimize investments. Evidence, too, becomes fundamental to informing everything from understanding connected client journeys, preferences, behaviours, thinking and context to using client-facing technology, all to optimize the client experience.

New client-centred expertise becomes a mandate, with new roles and responsibilities joining existing departments or becoming part of the client-centred transformation team to improve research, recommendations and progress.
Employee engagement and improvement programs are designed to reaffirm a connection to the client-centred vision and purpose and provide continuous development of the skills required to deliver an exceptional client experience.
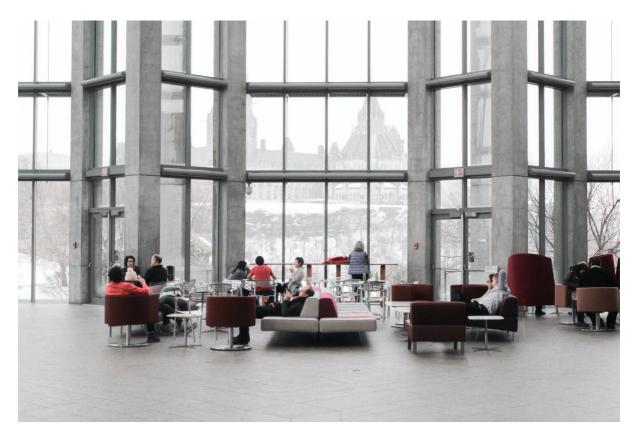
At the same time, client-centred frameworks start to shift from siloed initiatives to cross-collaborative efforts that unite the organization. Introduction of client feedback systems and client-centred analytics designed to track and share findings between teams and departments provide additional momentum to transformation team efforts.

Stage 4: Strategic Organization
There is a notable movement at this point, and change is something that the entire organization is starting to recognize and appreciate. A key observation will be that the board and executives are "on the same page" and that their actions are demonstrations of the words they are speaking.

Effort in client-centred transformation has become deliberate and intentional, with short-term and long-term goals and outcomes supported by investments and infrastructure.

Efforts are now more ambitious, organized formally, approved and supported by the board, have executive sponsorship and are moving beyond prioritized and focused pilot programs to official initiatives that integrate and span every department of the organization affecting the client experience and beyond.

Efforts in client-centred transformation are now a focus of the C-suite and other company executives and are a company priority. Change champions get a seat at the table with authority and accountability to drive transformational strategy. At the same time, the working group expands its footprint and focus to formally modify processes and models necessary to support scale and further transformation.

The roadmap becomes more refined to include specific goals that necessitate changes and produce outcomes. This work is supported by a dedicated investment in infrastructure and operations. Investments in people, products, processes and technology are formalized to optimize existing or new touchpoints in the clients' journey.

Digital and client experience literacy is a mandate across all groups, including the executives and board. New technical skill sets are engaged to enhance capabilities in data, analytics, social and mobile involvement, digital integration, support and loyalty.

Technology is purposeful and implemented to drive client outcome goals, rather than limiting processes to technological capabilities. New data investments help monitor performance and identify areas of opportunity. Tools and data systems are integrated to create a single view of the client across every available interaction point.

Because digital client records become more prominent at this stage, privacy and security become paramount within the organization. Client privacy cannot be violated in any way.

Stage 5: Harmonious Evolution
Client-at-the-centre transformation is now in the organization's DNA, and it becomes constant, it is "the way we do things here."

Along the way, the organization has been reshaped. New models, processes and operating standards have been created that affect all people, product, process and technology vertically by function and horizontally across the organization. The organization is working in a more unified manner with the client at the centre.

Every part of the company is managing aspects of the client experience transformation to optimize change and empower new models to collaborate and adapt. The client experience transformation efforts are a crucial focus of an executive-led team.

Leadership transcends this movement into the establishment of a new agenda around culture, purpose and the future. Operations are streamlined to deliver integrated, consistent and holistic client experiences.

Client experience **is** the leading driver for ongoing change. But, now, everyone operates with a single view of the connected client and employee. As such, face-to-face, phone, digital and mobile experiences are defined and optimized.

Change champions become new leaders of the digital and physical client experience. These champions come from within and outside the organization, and everyone is comfortable to speak openly and freely.

A harmonious journey map with intent and attribution is created for each client interaction. Innovation in strategy, execution and measurement continues to push innovation forward in every facet that touches and supports everything around the client and employee. It is an integrated ecosystem.

The level of investment that went into understanding the client-centred experience is also prioritized and formalized for the employee experience. This work leads to new policies, processes, operations and technology that affect employment, performance and human resources (HR). HR has evolved to modernize the incumbent workforce, recruit new talent and gracefully support those who cannot fit to depart with dignity.

Client-centred experience literacy is now a way of business. Learning is continuous. Every part of the organization is responsible for the client experience and innovation.

Client experience transformation expands beyond the client experience and is now enterprise-wide, contributing to the evolution of client-centred maturity.

Stage 6: Inspired Innovation
Inspired innovation is all about culture. A culture of client-centred experience innovation becomes prevalent, and the organization aspires to be and is perceived by others outside as an industry-leading institution. It will be recognized because:
- Clients ask to be referred for services.
- Relatives feel safe knowing their loved ones are receiving the best possible services.
- Price is not the determining factor.
- Employees speak highly of the experience, encouraging others to aspire to work for the organization.
- Trainees prioritize it as *the* institution to gain experience and have on their CV.
- Service partners compete to be associated with it.
- Technology companies want to be a partner.
- Researchers want to be sponsored by the organization.
- Competitors aspire to be like it.
- The community speaks positively about, and is proud of, the organization.

New models, roles and investments shift toward client- and staff-driven innovation that prioritizes transformation efforts and contributes to identifying new or unconventional opportunities for growth.

Client-experience innovation is deeply embedded in the company DNA with the establishment of formal multi-disciplinary teams and efforts to track client-experience and technology trends.

Data and analytics are embedded in the systems with augmented intelligence and machine learning, helping to identify anomalies and opportunities. These are accepted as tools of the trade.

Investments in people, products, processes and technology are tied to business, employee and client experiences. This helps ensure a democratized and empowered approach to ongoing transformation.

Executives and the teams/departments and individuals they manage are not only empowered to acquire knowledge and ideate, but it's also part of their job and a regular part of performance at every level. This means that ideas are sourced, sorted, prioritized and explored as part of the day-to-day management infrastructure.

Employees are expected to contribute to the transformation progress, and managers are measured by their ability to identify and triage *bona fide* opportunities and acknowledge and engage staff in progressing them. Time is often allocated in the regular work schedule for learning or ideating. Additionally, higher education is offered to instil new expertise and keep employees up to date with the needs of an evolving client-centred organization.

The institution aspires to form innovation centres (hubs) or teams, partnering with like-minded institutions to:
- Attract and recruit new talent.
- Identify new technologies to improve client outcomes.
- Partner with, or invest in, innovative start-up/SME (small to medium-sized enterprises) companies.
- Surface new opportunities for products, client experience and service development.

- Create a competitive advantage.

Shifting toward innovation unlocks an entirely different maturity model. Lessons learned here are applied in real-time to improve internal and external operations, as well as market strategies in specific cases. As time passes and experience develops, insights are examined for more significant impact across the organization.

The result of the efforts is a striking improvement in outcomes and efficiency, with clients and employees praising the organization at every opportunity.

The Continuous Evolution Of Client-Centred Maturity
This article provides an introductory overview of the essential stages an organization faces as it embarks on the iterative journey to transform into a client-centred business model. Even though each step is representative of chapters in client-centred transformation, they are not absolute nor meant to convey a linear path, nor is any phase isolated unto itself.

We have learned time and time again that organizations can and do occupy more than one stage at any one time!

The clients' experience impact across the organization is vast. And while the client must always be at the centre, transformation is only ever partially defined by the clients' journey.

The ultimate success of a client-centred transformation is defined by the reworking of many essential business functions, processes and models, with each contributing to the evolution of client-centred maturity. This includes all attributes of the organization, such as:
- *Visionary Leadership* – Visionary Leadership is seeing the potential for how the world should exist and then taking steps to get there. It is the basis for more engaged staff delivery, and the research is clear: engaged staff produce much better outcomes in terms of both quality and quantity.
- *Empowered Clients* – Partnering with clients to co-create better business services contributes to improved outcomes and cost-effective use of services. Empowered clients have also been shown to exercise greater control over decisions and actions affecting their business.
- *High-Performance Teams* – A high-performance team is an interdependent, role-defined group of individuals who are focussed on a common goal. They also share common values and show initiative. High-performing teams produce much better outcomes at similar or reduced costs.
- *Frictionless Integration* – Frictionless Integration is the process of eliminating unnecessary friction in service design and delivery. By understanding and quantifying root causes of client experience friction, transformational plans can be prioritized

based on measurable business impacts, effectively driving client-centred improvements throughout the organization.

- *Adaptive Culture and Systems* – To build adaptive capacity requires an organization to consider how it evolves its people, its ways of working and its structures, processes and policies. An adaptive organizational culture enables the organization and people to adapt, evolve and realize their highest positive potentials – maximizing business performance and improving client outcomes.
- *Innovative Practice* – Innovative Practice is the ability to develop, deliver and scale new products, services and processes and business models rapidly – delivering stronger economic value and increase the performance gap separating innovation "winners" from organizations that merely muddle along.
- *Healing Environment* – A Healing Environment is defined as one that has a nurturing and therapeutic effect. Studies show that well-designed environments can reduce clients' anxiety and stress and promote a sense of well-being and comfort.
- *Effective Analytics* – With the shift to value-based client service, the majority of organizations today are working to implement effective client-centred analytics as a strategy for improving outcomes and experiences for a lower over-all cost.
- *Value-Based Service* – Value-based client service puts what client's value at the centre of the service offered. It is a new way of thinking about the optimal use of resources, ensuring that available resources are used for interventions that provide outcomes that client's most value and that limited resources are focused on high-value interventions, rather than just on effectiveness and cost-effectiveness.

Combined in any size and shape, investment in any of these equate to client-centred transformation. The extent and impact of current investment determine the assessment of the organization's current stage against the maturity map, which demonstrates progress, orientation and direction.

If you are at the "business as usual" stage, the good news is that you have many opportunities. But we suspect that if you are still there now, you probably don't want to change.

For everyone else, your organization is on its way.

The Transformation Journey
We are also convinced that the way we did things in the past is not the way we will do things in the future. Technology has already determined that there is no turning back. There is little choice but to embrace change as the new "organizational normal."

> Transformation:
> The realignment of, or new investment in, people, technology, business models, and processes to reshape the business to produce better client outcomes.

Today, accounting organizations need to be at the top of their business game; they need to act differently and think differently to not only survive but also to thrive.

But it's hard to do from the inside. Accounting organizations require someone who will challenge the status quo, challenge every aspect of how they work and embrace technology. It must include supporting their

teams to develop a relentless, client-centred orientation to provide more value, produce better client outcomes and organizational growth.

Over the next few years, the client-centred approach will become the new normal for the most successful practices and accounting businesses. In today's environment, any edge is vital and, as the concept becomes more widely understood, many practices are going to adopt it to deliver high-value services and create a competitive advantage.

Do you understand your clients' journey? It concerns us how many don't have a clue or, if they do, it's not documented, benchmarked or valued.

Some accounting organizations are "flying blind" – operating without the benefit of client insights – and don't prioritize understanding client behaviour or study the clients' journey. And others are procrastinating because they don't know where to start.

In working with organizations through the years it's clear that client-centred transformation is not a single step, an outcome or an end-goal, it's a complex and enriching journey, an overarching philosophy that is a shift in mindset.

So far, none of our clients would suggest they have reached the end of the client-centred transformation process, nor have they been able to modernize their organizations fast enough to meet the changing demands of their clients. But they have a clear vision of the road ahead, they are progressing and they remain relevant to their clients' needs.

When organized into approachable steps, client-centred transformation offers a solid strategy for understanding and incorporating change. In the process, businesses break new ground, changing from a state of "business as usual" to a culture of innovation.

At a time of constant change and evolving end states, what's important is to find and build ways to be relevant now. This means changing from the inside out to become nimbler and more resilient for our current and future worlds. For those who are bold enough to make the change, there will be significant benefits. Are you ready to take the first step towards client-centred transformation?

So What Does the Future Look Like?
We don't think we can say it any better than Patrick DeRuvo did in 2017:[6]

> "For the foreseeable future, there will be a need for compliance work to keep clients above Board. I don't see any threat to this line of business. However, clients do not engage an accountant to keep them out of trouble. Accountants are trusted advisors and clients turn to them for strategies to improve their business, find efficiencies and achieve sustainable growth. Accountants have an opportunity to broaden the scope of what advice they give. New technologies are continuously proliferating through

the business community, and the businesses that adopt these technologies tend to flourish.

The type of accountant I want to see in the future is a fusion between a tax accountant, management accountant, business adviser and project manager. This accountant will meet with her or his clients, identify inefficiencies in the business or opportunities that can be exploited and then hold the business owner accountable for executing on the plan they hatch. It may involve liaising with technology vendors and helping the business integrate innovations into the business's DNA. The advent of artificial intelligence will make the accountant more efficient, in turn freeing up time to allow a higher value of service to be delivered."

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End Notes

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