



Five Mistakes Accounting Firms Make

WithumSmith+Brown Profile On Adopting New Technologies

The GruntWorx logo is centered in the lower half of the page. It features a large, stylized green circular graphic composed of concentric rings and segments, resembling a gear or a target. The text 'GruntWorx' is overlaid on this graphic, with 'Grunt' in a green sans-serif font and 'Worx' in a bold black sans-serif font. A registered trademark symbol (®) is located to the upper right of the 'x'.

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Withum Smith+Profile on Adopting New Technologies

Much has been written about the impact of disruptive technologies - how technologies can overtake and forever alter an industry. Less well understood, though, is that all new technologies are disruptive to some degree. How serious the disruption will be for the firm depends largely on how the technology is introduced and managed.

In early May of 2014 GruntWorx sent a team to the accounting offices of WithumSmith+Brown to discuss their approach to technology as an essential foundation for practice management. In particular, we wanted the insights of James C. Bourke, a partner and director of the firm based in its Red Bank, NJ, office. Bourke is also partner-in-charge of Firm Technology, responsible for technology issues and operations for the firm's thirteen offices. Bourke, a CPA, CITP, CFF and CGMA, has lectured and written extensively on adoption of new technologies by accounting firms.

We were joined by Jose Antunes, CPA, a member of the firm's Technology and Communications Group who assists in researching, testing, and, then, implementing the software firm-wide. Bourke and Antunes shared their ideas about the process needed to adopt new technologies and the most common mistakes accounting firms make in this adoption.

5 Steps to Successful Implementation of New Technologies

Withum Smith+Brown follow a process in bringing technology into the firm. The process typically has five steps, which are followed in sequence in order to arrive at adoption with the most effective set of innovations and technologies to advance the mission of the organization:

1

Assessment. The organization becomes aware of a new innovation and develops an interest in evaluating its use. The innovation is analyzed and its benefits listed. Finally, a formal plan is developed that includes cost justification (including total lifetime cost of ownership), system selection and a schedule for implementation.

2

Acquisition. One or more units are purchased, configured and installed. The system is customized as necessary to meet the functionality required by the organization. An initial set of data is converted and the new system is integrated with existing technologies for evaluation.

3

Selling the Concept. The rule in adopting new technologies or innovations is to first sell the organization on the concept, then on the product. Before installing a tax workflow system, Withum ensured that the organization understood the benefits to be derived before hardware and software was deployed. For accounting firms, this generally means creating an environment that is friendly toward innovation and getting partner buy-in for the concept.

4

Selecting a Champion. The champion is the single most critical person in the process - someone who is passionate about the innovation and is able to translate that passion into training, support, conflict resolution and encouragement as the innovation takes root in the culture of the firm.

5

Adjustments. Every plan is obsolete on the day it is published, and technology adoption plans are no exception. At regular intervals, the adoption plan needs to be revisited and adjusted to ensure it is best meeting the needs of the organization.

5 Mistakes Accounting Firms Make

Though the five steps are straightforward, the process still fails in the majority of accounting firms. Here are the top mistakes firms make in the process:

1

Failure to Plan. Bringing new tools and technologies into the firm should be a carefully planned and evaluated process that can ensure a minimum disruption to workflow while optimizing productivity and profitability. That is usually not what happens. More commonly, new technologies arrive haphazardly and with little forethought, from the partner who buys an iPhone to the administrator who brings software from home to make the job easier.

This approach leads to three problems. First, the technology has not been evaluated to determine what effect it will have on the network overall. Second, the technology arrives as an uncommitted, unbudgeted item that may displace long-standing and more critical technology implementations. Finally, there is no proper consideration of better alternatives or lower lifetime cost of ownership.

2

Failure to Deploy. Upgrades to hardware, security patches, and upgrades to software are three areas where firms are aware of new technologies but simply fail to adopt them. The reasons most often cited for this failure are cost, fear that making changes to mission-critical systems could lead to a loss of client data, and the difficulties inherent in managing an ever-expanding list of technologies.

This latter point is critical – IT resources are limited in every small-to-medium firm, and the more hardware and software that are introduced, the higher the risk that the department will be unable to manage them effectively. Finally many firms fail to give the new technology time to prove itself. These firms move from trial to trial without giving each time to become integrated with the firm's workflow. The adoption fails before it begins.

3

No Support at The Top. Several steps are included here, any one of which can either reinforce or kill the adoption of technology. If the firm does not have a culture of accepting change; if the partners do not embrace and actively support the plan; or if they are not committed to the ongoing cost of assessing, planning for and implementing new technologies, the projects fail.

This process has to begin with the managing partner, whose task it is to keep the other partners and managers in support. Opposition may be subtle, may be political in nature or may be based on personal biases that have little to do directly with the technology up for adoption. In any event the IT manager will not have the ability to manage support both within the organization and at the top.

4

Failure to Appoint a Strong Champion. The champion is not just a cheerleader. He or she must have the ability to explain the concept and the technology it is based on. They must be able to train, troubleshoot, and customize the technology to the needs of the firm – often on the fly – as well as find and direct support and expertise from outside the company.

Because effective champions for change are hard to find, there is competition for these professionals in the marketplace. It may be necessary for the firm to seek out and recruit a champion for this task if a champion cannot be identified from within the ranks of the existing staff.

5

Failure to Assess and Adjust. Finally, the project will fail unless there is a process that directly ties the performance of the new technology to the goals and needs of the firm. This means that the technology must be re-assessed at regular intervals to ensure that it is still performing as expected or better. Where it is not doing so, the decision must be made to adjust how the technology is used or discontinue the adoption process.

The adoption of new technology is not just about cost or keeping pace: it's about finding the right blend of technology and innovation to provide the best possible service.



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