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In separate conversations via videoconference, we asked top executives from several of the nation's largest accounting firms to share their thoughts on many of the industry's most pressing issues. This white paper is based on those conversations.

Anyone who leads a Top 100 accounting firm today faces a variety of challenges that previous generations of leaders rarely, if ever, had to face. Post-pandemic economic instability; a near-apocalyptic business environment; increased competition for everything (especially talent, clients, and technical know-how); widespread global regulatory changes; remote workers; IT infrastructure; cybersecurity — the list goes on.

Amid all of this turbulence, accounting firm leaders are also having to decide whether and how to deploy advanced technologies, particularly automation — and, once basic accounting processes are automated, how to develop and nurture the next generation of leaders, advisors, and consultants to meet changing client needs and a myriad of advances in the profession itself.

Still, the fundamentals remain. Tax & accounting firms must grow, cash must be conserved, clients need to be satisfied, and employees still need to be hired, trained, and retained. In separate conversations, the Thomson Reuters Institute asked several leaders from top accounting firms how they are addressing the challenges they face. We separated their responses into four basic categories: growth, efficiency, client services, and talent. Many issues were discussed, but time and again, these were the challenges most top-of-mind that accounting leaders say they are facing:

- ***Growth*** — deciding the most strategic, effective way to grow the business.
- ***Efficiency*** — adapting workflows, processes, and job requirements to accommodate new technologies.
- ***Client Services*** — adapting quickly enough to meet evolving client need and outpace the competition.
- ***Talent*** — finding, developing, and retaining top talent in an increasingly competitive environment where both technical and business acumen are sorely needed.

needs of its client base by hiring superior talent to broaden the firm's capabilities, diversify service offerings, and grow the firm's client base through aggressive networking and relationship-building.

The other piece of the growth puzzle at Anchin is the strategic use of technology to make the firm's operations more efficient. This fall, in fact, Anchin will be conducting a comprehensive review of all of its operations and processes to determine where and how to deploy its technological resources. The goal, Shinsky says, is not only to assess how the support and professional staff operates and find efficiencies, but to look at how technology can help streamline their processes and improve client services.

Key takeaways on growth

Though M&A was their preferred path to growth, most of the executives we interviewed also tended to see growth as a means toward expanding the firm's footprint, serving clients better, and creating a more dynamic professional environment.

Leveraging organizational efficiencies to increase billing hours, charge rates, and profitability were presumably desired as well, but they were rarely mentioned as primary growth drivers.

Efficiency through automation

For many in the accounting world, of course, the word *efficiency* is often synonymous with technology and automation. But in practice, technology is only one piece of the efficiency puzzle, and leaders must be aware that without proper management and planning, technological efficiency can create unintended ripples of difficulty throughout other areas.

At Crowe, for example, managing partner of tax Nicole Bencik says the firm is automating many lower value, repetitive tasks so that their people can focus on higher-value activities such as advising clients, analyzing data, and tackling more intellectually challenging and stimulating work. But she is also aware that when automation suddenly awards accounting professionals with a lot of extra time, it may feel uncomfortable and challenge teams to think differently about how to work smarter and not harder.

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"Automation and leveraged technology can create efficiencies, but at the same time you are changing processes and mindsets, and it feels really different," Bencik says. "So at the leader level you have to think about what we are changing with a refreshed approach, why we're changing it, and what kind of training and coaching the team needs to support them through that change" in order for people to buy-in to the concept and move forward.

After all, the role of trusted advisor requires a different skillset from back-office number-crunching, including skills in communication, relationship-building, creative problem-solving, business acumen, data analysis, and more. Leaders can't expect their people to magically know what to do in a different professional situation — so, when introducing technological efficiencies, they need to anticipate the impact it will have on their workforce and have a plan for managing successfully through it.

Bencik also cautions leaders not to disregard the suggestions of less experienced professionals who are entering the profession. For better or worse, she says, process improvements in the name of technological efficiency tend to disproportionately affect the people with the least amount of experience in the firm. When not packaged the right way with the why behind the change, it can feel like unsupported or unreasonable change. These people may be less experienced, Bencik says, but "they're the ones coming in with fresh eyes, and I think we sometimes we discount their ideas due to their years of experience when they might have the biggest ideas to propel Tax to the future," she says.

More than data jockeys

A similar ethos has been guiding the technological transformation at another firm. It has gone through the process of evaluating their operations to identify areas where automation can replace some manual functions and free up time for higher-value consulting services, particularly in the area of "change management." The firm is clear about what is needed to make the technology work.

"There is some upskilling involved," says their managing director, and this is necessary not only to develop advisory-level skills for interacting with clients, but also to make the best possible use of the technological tools the firm is employing.

"It's not enough just to know how to use it," says the managing director. "The question is, how do you train them to leverage the efficiency you can get from technology, but at the same time build up their understanding of tax knowledge and the application of tax laws so that they're not just automated data jockeys — so that they're actually high-value tax professionals who can deliver value solutions to our clients, which is really what I think our clients are paying us for."

Key takeaways on efficiency

At the executive level, the over-arching theme of these conversations was that efficiencies, however they are achieved — through automation, workflows, processes, cuts, or any other means — mustn't be implemented without assessing their impact on employees and clients, as well as on the firm's service quality and culture.

Fortunately, these executives say, such an assessment can often yield hidden opportunities that might otherwise be overlooked, creating the sort of win-win scenarios that can propel an organization forward during difficult times.

Collaboration & communication

Problem-solving is key and one tax technology leader at a large firm asserts that their firm's technological expertise lends itself to a somewhat different approach, one he describes as more of a collaborative relationship between firm and client.

"Because our technologies are so fluid and so automated, we can provide pretty much any type of service requested by any type of client," says the tax tech leader, adding that this gives the firm a tremendous amount of flexibility in managing client relationships and allows it to adapt its approach no matter what a client's specific needs are.

"One of our strengths is that we can provide a more customized, fluid approach rather than just offering a service with in-house technologies," the leader explains. "It's a client-centric, data-driven approach to servicing our clients."

Patrick Duffany, the Managing Partner of New York-based CohnReznick's tax practice, agrees, noting that the essentials of client service really boil down to communication and responsiveness.

"Clients don't like surprises, so it's really all about communication and managing expectations," Duffany says. Even when things don't go according to plan — which frequently happens (for example, a client delays in sending you data), "If you proactively explain in plain English why the timing to complete an engagement is off, you can build a lot of credibility." The opposite is also true, he says — if you're not regularly communicating with your and keeping them apprised of the status of their engagement and not sharing insights with them, they may not be clients for long."

Key takeaways on client services

Despite all the talk about technology in tax, the view from the C-suites appears to be that the accounting business still runs primarily on personal relationships that are developed and nurtured over time. The enduring message here is that accounting services and how they are delivered may be changing rapidly, but one thing remains constant — the business itself is built on a foundation of trust between firms and their clients, all of whom are people who, in a professional sense, strongly need each other.

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TALENT: Solving the people puzzle

Growth, efficiency, and technology may dominate the professional conversation in accounting, but in the *Thomson Reuters Tax Professionals 2022 Report*, the number one priority for midsize and large accounting firms was attracting, recruiting, developing, and retaining top-quality talent. Why? Because a number of factors — the pandemic, a growing preference for hybrid work schedules, industry consolidation, the shift toward advisor or consultant roles put pressure on firms; while a lack of professional development opportunities and an increasing unwillingness to work crazy-long hours dramatically altered the employment landscape for working professionals as well.

In our conversations with executives at large firms, the search for and development of top talent is still clearly a top priority. What's remarkable about how these firms are thinking about and addressing the talent issue is the degree to which they are weaving talent development into the very fabric of the organization — and how disappointed they are if they don't happen to get it right.

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As FORVIS CEO Tom Watson has explained, one of the driving forces behind the FORVIS merger was to create even better professional growth opportunities for their employees. The reason, he says, is that when people feel as if their career has stalled, or that their work life is stagnating, they are more likely to seek opportunities elsewhere. Company retention rates are lower than in previous generations, after all, and given the amount of movement in the industry as well as an almost universal hunger for experienced people (including tax professionals), there are plenty of opportunities for motivated professionals who want to advance their careers. Therefore, it is critical that FORVIS create as many of those as possible inside the firm.

When someone valuable leaves Withum, for example — particularly if they are joining another accounting firm — the executives there take it as a sign that they need to re-double their efforts at listening and communication.

"I think retention is like everything else — it's about communicating and developing relationships with people," says Withum's Steve Talkowsky. "We have programs for coaching and mentoring, but it is important for our leaders to reach out to our folks regularly and ask: Hey, what are you working on? Are you okay? Is everything all right?" Then it's about listening, he says — making sure people are doing what they want to do, respecting their abilities, and providing them with an educational path to get what they want out of their career.

Managing the hybrid worker

Another challenge for accounting firms today is maintaining a vibrant corporate culture when no one wants to come into the office for more than two days a week. Indeed, fewer people are willing to work long hours, and employees — younger professionals, especially — want a much clearer idea about what their career trajectory is going to look like.

At Chicago-based Crowe, for example, a big part of the company's diversity, equity, and inclusion policy is about finding ways to provide everyone they hire with the opportunities they are seeking. In order to make that happen, however, Crowe's Bencik says that she and the other managing partners have had to start thinking differently about adapting traditional notions of *work* to today's post-pandemic reality. "There are individuals who want us all back in the office," Bencik says, adding that she understands why. "In the office, you learn a lot by sitting next to people and working through problems together, and that's not the kind of learning that can be replaced by talking to someone on a screen or taking an educational webinar."

That said, she also understands that many of the young people which Crowe is now hiring actually *started* their careers on Zoom, so the office environment isn't as comfortable as their home office. "I just think we as managers need to be a bit more nimble and agile in our thinking about these issues" because thinking differently may actually result in higher productivity and a stronger culture, she notes.

"The young people we hire are still hungry to learn and to gain experience, so it's up to us to teach them how to get to the next level."

Build careers, not jobs

At one firm, one of the keys to finding good people is looking for them in non-traditional places, says the firm leader. "We have a strong interest in people who have demonstrated skill sets across a variety of disciplines," the leader continues. "They don't necessarily have to be career tax professionals, because deep industry experience for one of our industry groups is also of inherent value." After all, tax can be taught, but experience in a specific industry has to be earned through years of hard work, the leader explains.

At FORVIS, Greg Shoemaker and Tom Watson are confident that the new firm's emerging culture will be a differentiator that allows them to attract and keep great people. For example, one of the reasons the firm is investing so much in technology is not simply to boost efficiencies where possible, says Shoemaker, it's also "to increase job satisfaction and engagement — to get people working on higher-value things that they feel makes a bigger difference."

That said, the firm's biggest differentiator, says Watson, is a sincere commitment to mutual success. "We are a very people-focused firm that tries to find ways for people to become their best self, and to do that you have to have a very inclusive culture so that no one has any unintended roadblocks put in front of them," Watson explains.

But inclusivity doesn't mean accommodating everyone's personal whims. "We don't want our team to view FORVIS as a place where you come to work and get a paycheck — we want them to view it as a place where you build a career," Watson says. If you want to build a career at FORVIS, he adds, be ready to hold yourself and others to high expectations. Goals the company sets are designed to make employees stretch and get better, he says, and for those who embrace the firm's well-practiced blend of coaching and leadership, many new opportunities will open up for them.

Key takeaways on talent

The professional workplace is indeed changing, and making accommodations for people who want to work hybrid schedules is certainly part of that evolution. The truth is that traditional notions of hard work and career ascension still prevail at many top firms, and the leaders of those firms understand the need for effective mentoring, training, and leadership development, not only to help employees succeed, but to strengthen the firm overall.

The message for aspiring accounting professionals is that the opportunities are out there, you just have to find the firm that best fits your skills, temperament, and ambitions.

Conclusion

Accounting executives at the highest level are grappling with a number of significant challenges simultaneously, but in conversations with the Thomson Reuters Institute, the push for growth and the need to develop and retain top talent were consistently mentioned as top priorities. Still, none of the executives we spoke with appeared to be pursuing growth for growth's sake; instead, their growth goals were inextricably tied to their desire to improve client services and create a more dynamic culture for their employees.

Technology, too, was frequently discussed as a means toward greater efficiency, but with the understanding that the resulting changes in workflows, processes, and job responsibilities have a direct impact on employees, and that impact must be factored into the technological value equation. Indeed, hybrid schedules and improving technology are not going to change the fact that, at its core, accounting is still a people business — run by people for the benefit of clients, who also happen to be people.

Conversations with these executives suggest that no matter how technologically sophisticated a firm might become the factors of client relationships, communication, leadership, and a strong foundation of trust are still as important as ever.

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