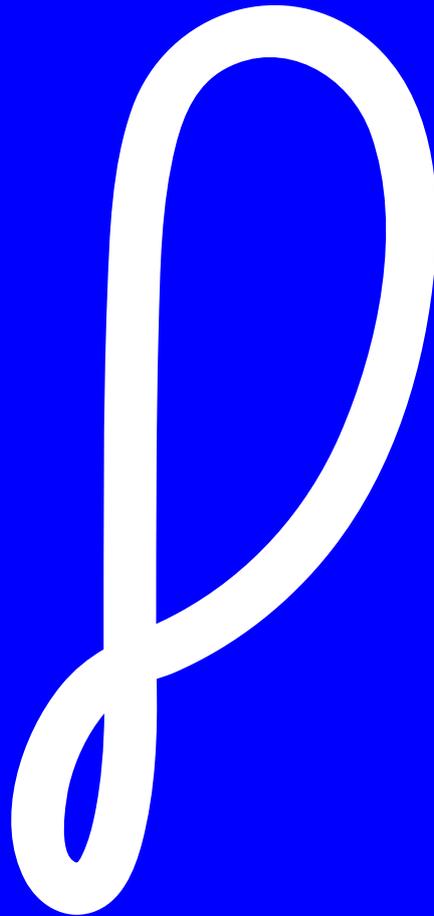




# Enriching Productivity Leads To Profitable Client Relationships

for Accountancy Firms





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## FOREWORD

Accountancy firms are facing an onslaught of new disruptors entering the market who are using re-engineered processes and new technology to deliver cheaper more efficient services.

In this competitive landscape, accountancy firms must embrace change to maintain differentiation and secure loyalty amongst its clients, whilst at the same time acting with an entrepreneurial spirit to attract new clients.

Whether it is catering to the needs of clients' increased expectations, dealing with new regulations, or handling the generational shift in staff, the accountancy profession is on the cusp of the digital revolution that sees technology at its heart driving productivity that translates directly into creating profitable client relationships, which will future proof practices. As clients demand more and technology drives better ways of working, the decisions that accountants make today will define the future not only of the profession, but for the industry as well.

**So, are you ready to drive that change?**



## INTRODUCTION

The incentive to increase productivity in Accountancy Firms has never been stronger than it is today. Changing the way firms operate is now a necessity to future proof business. The rise of online accounting, and disruptors such as Cloud computing, GDPR and Making Tax Digital (MTD) is already having a huge impact on the accountancy profession, and with the development of AI technologies, blockchain and cryptocurrencies we can expect to see great changes afoot for the profession.

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All this is pushing productivity within accountancy firms to the fore. As clients demand more, technology, cloud collaboration and productivity tools are driving better ways of working within firms reshaping the modern workplace, and tech-savvy accountancy firms are being pushed to the front of the queue when it comes to securing new clients.

To compete traditional accountancy firms must have the incentive to develop into digital practices.

The accountancy profession is on the verge of an evolutionary change. The decisions it makes now will define its future, and how it will survive, evolve and thrive. If done right, it will be an interesting and positive journey – let's make the right start.



**Productivity  
pushes firms  
to the front of  
the queue in  
securing new  
clients.**



## ENRICHING EMPLOYEE PRODUCTIVITY TO DELIVER EXCEPTIONAL CLIENT EXPERIENCES

In today's fast-changing world to drive competitive advantage, employees need better ways to work, meet, and share ideas and information to get things done, in a fast and agile manner.

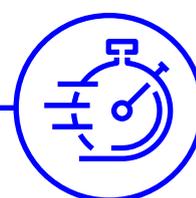
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For accountancy firms the biggest single digital impetus is moving clients from paper to computer. An integrated accounting solution that links the client and the accountancy firm means that there is less room for error, and the barriers to enhance productivity can be pushed aside.

There's a whole world of apps which integrate with online accounting platforms to transform workflow and make practices more efficient. From onboarding apps which allows the creation and sending of online proposals, through file management apps which can pull client data straight from practice software to populate documents with the information needed; to reporting apps which sync with a client's online accounting software from which the practice can build cash flow forecasts to track actuals versus budget throughout the years for clients. Forecasts can then be automatically updated as fresh data comes into the accounting software.

As the saying goes whatever it is you need to do, **“there's an app for that!”**

Technology is seen as a problem solver. Eliminating manual workflows, paper-based procedures and the need to re-key data from one system to another will make accountancy firms more productive and agile. While digitising documents saves on office space needed to store physical documents, by storing documents in a digital document archive with a powerful search function documents can be retrieved speedily and greatly improve staff productivity.



**75% of  
clients return  
documents  
within 24 hours  
when firms go  
digital**

Some accountancy firms are reporting that by going digital, they are finding that 75% of clients return documents within 24 hours, while 50% of clients return documents within the first two hours of receipt [source: Plum Consulting].

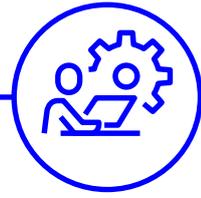
Globally, companies in Australia [27%], France [27%] and the UK [25%] say they are most impacted by accountancy tasks, and firms say that dealing with money management related administrative tasks is demanding over 35% of their clients' time year-on-year [source: Plum Consulting].

Making Tax Digital [MTD], the HMRC initiative designed to make the UK tax system more effective, efficient and easier for taxpayers to use, is having a big impact on how accountancy firms engage with clients.

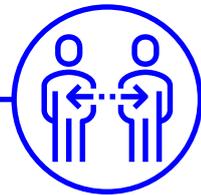
HMRC estimates that 1.2 million businesses are subject to the MTD rules, which became law for VAT periods starting on or after 1 April 2019 (or 1 October 2019 for organisations which are deemed to be more complex). Under MTD rules, VAT-registered businesses trading over the VAT threshold of £85,000 are required to keep records in a digital format, ensure that the transfer or exchange of VAT information is digitally linked, and submit their VAT return information to HMRC using MTD compatible software.

As it is no longer possible to submit VAT Returns via HMRC's website, many businesses are turning to their accountants to submit the returns on their behalf. As a result, businesses are using MTD for VAT as the catalyst to revolutionise their business accounting, ease the administration accounting burden, and ultimately change the way that they interact with their accountants. With the next MTD rollout not due until 2021, many accountancy firms fear that HMRC won't do enough to communicate MTD to relevant businesses – if the VAT rollout was anything to go by.

Accountancy firms are now starting to re-examine their practices to meet the increased expectations of clients. The way you communicate with your clients and the number of 'touchpoints' along the client journey must be designed to engage with the clients in the most frictionless manner possible. Often firms focus so intently on getting new business, that they lose sight of the need to develop a real client services strategy.



**Don't let your client service become complacent ... give your team the right productivity tools to deliver superior client experiences**



**Businesses want to interact with their accountants using their communication channel of choice – and expect to get the answers 24/7**



The key is to engage both your clients and your team. If your team is not excited about your services, and do not have the right productivity tools in place to deliver the services in a timely and smooth fashion, then your clients won't be either. The needs of the once happy (and lucrative) clients of the firm may change, and if your client service has become complacent, clients may seek that service with another firm, costing you long-term revenue and potential referrals.

It's important, therefore, to have regular touchpoints with your team – whether weekly or monthly – using brainstorming sessions on ways to innovate and make your clients feel special. This helps employees to feel part of decisions made in the firm, increases staff loyalty, and keeps the entire firm focused on delivering a superior client experience that leaves clients feeling heard, seen and appreciated – a factor that can be measured in increased revenue on a practice's bottom line.

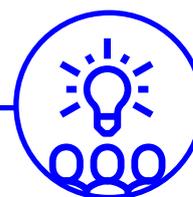
Businesses expect to be able to interact with their accountants using their communication channel of choice in a two-way frictionless manner. To facilitate this, employees in accountancy firms need reliable access to all of the tools and information that they need to do their jobs, regardless of the device being used or their location. The more compatible practice technology is with the way that employees work, the more effective and productive accountancy firms become.

Employees expect to be able to do their jobs from anywhere, participating in meetings and collaborating on ideas and projects with clients as easily as if they were in the same room.

While virtual meetings offer much greater flexibility, they introduce their own challenges. For instance, the tendency to multi-task whilst on a conference call means a drop in levels of engagement compared with in-person meetings. However, using video technology helps to lessen such issues as non-verbal gestures can be seen in the same way as in face-to-face meetings. This makes for a more engaging and productive work experience.

Some years ago, Prism coined the phrase “B2B Retail” to represent the idea that just because you are using digital tools to assist clients and present information, you still need to create an environment that feel like a face-to-face customer service environment but by using digital tools. In this environment, staff can assist clients – both corporate and consumer – to give a seamless experience.

With digitalisation in the workplace being so closely linked with competitiveness and performance, it is clear that technology fuels productivity as it becomes an enabler that allows smarter working practices.



**Productivity  
becomes an  
enabler for smarter  
working practices,  
and fuels staff  
performance**

## AS ACCOUNTANTS BECOME THE GO-TO ADVISER, IT SUPPORT BECOMES CRITICAL

Traditional services such as accounting, bookkeeping, corporate tax management, payroll, compliance work such as final accounts and company registrations continue to be the mainstay of work for accountancy firms – but becoming the trusted adviser to whom clients come running for advice needs to be the goal.

According to the International Federation of Accountants (IFAC), although 93% of SMEs would like to turn to their accountants as a source of business advice on issues such as business planning, strategy, and market development, many said their accountants were unable to provide this advice as a service. This is surprising given that by switching up their service offering accountancy firms can tap into new revenue streams which sees them become an integral part of their clients' businesses.

Increasingly, accounting professionals are being called upon to help solve complex and challenging business problems, and this requires accountants to leverage their core competencies of critical thinking and problem-solving skills.

Findings from the CPA Horizon 2025 report (source: Certified Public Accountant body), shows accountancy firms overwhelmingly believe that they will need to evolve their practices by providing a greater variety of services, and sharpening and adapting the skills required to meet the increase in demands from clients which translates across all industry sectors.

Providing insightful business advice on top of core accounting services, has been a talking point of the industry for some time, but many are unsure of which path to take when making changes to their firm.



**Becoming the  
trusted adviser to  
whom clients come  
running for advice  
opens up new  
revenue streams**



**Findings from  
the CPA Horizon  
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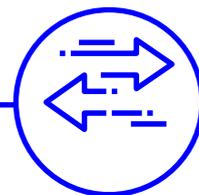


Accountancy firms have a wealth of financial expertise and readily understand different business models and industries – valuable knowledge that can be used to help existing clients set targets and plan for growth. This pushes through an ever-increasing confidence that an accountant’s role is more strategic.

By creating a dashboard on their clients’ businesses using live-feed data, not only can accountants see errors before they develop into year-end error corrections, but they can also monitor changes in the business and the likely impact, highlighting problems before they have a chance to take hold. For example, the impact and the recovery time needed when a client suddenly incurs a bad debt from a customer with a low credit rating.

Real-time updates on the business through live bank feeds etc, and emerging payment methods such as digital direct debit and pay direct-from-invoice, that eliminate lost and delayed invoices and payments, ensures that the practice always has to hand the most up-to-date figures available on its clients’ businesses.

This real-time view of their client’s business allows accountants to interact with clients on a real-time basis, that sees the accountant become a trusted partner or even a constantly present companion.



**Technology  
allows accountants  
to interact with  
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become trusted  
partners**

Accountancy firms need to be able to engage with clients on which ever platform clients are using. At the same time, firms need to be highly efficient in their use of productivity tools in order to respond to clients' requests seamlessly, so the correct IT support infrastructure must be in place 24/7. For accountancy firms, IT support takes on a whole new meaning, where timeliness is critical.

But not all IT support service providers are the same, and it is essential for accountancy firms to select the right service provider. Get it wrong, and bang goes productivity, client service and connectivity. Get it right, and the accountancy firm becomes able to service its clients with a superior client experience – each time, every time, and all the time, in a highly productivity manner.

Providing a frictionless client experience across multiple channels can be a challenge. Legacy IT, fragmented technology environments, and data spread across many different systems means that integration remains one of their biggest headaches to enabling practices to deliver a great client experience.

Often client data is held in silos across the practice, with multiple departments using processes, programmes and platforms which are completely different to others. Bringing these together is the skill in using the correct IT support provider, and an essential element for accountants in helping to deliver an enhanced client experience across multiple platforms to their clients.

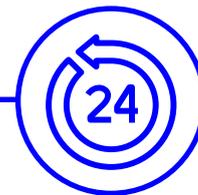
Technical support from an established MSP (managed service provider) such as Prism Solutions provides access to industry and vertical specific market knowledge.

This ensures accountancy practices can focus on their core ability – adding value to the client – whilst eliminating the need or desire to spend money and time re-engineering or 'ripping and replacing' existing systems, as well as reducing the need for practices to undertake costly IT integration projects.

As for the new batch or start up firm, they can start as they mean to go with the Prism Box – the managed solution.

Clients expect technology to be always on – 24/7 – regardless of the platform being used. Often it is only when tech fails and there is an interruption to the seamless client journey, that people make the connection between technology and client experience. Research (source: PwC's Digital IQ survey) shows that although creating better client experiences is a digital priority, for many it has continued to drop year-on-year as a driver.

Yet, the keys to delivering an exceptional client experience that drives repeat business, inspires loyalty and maximises profitability in the firm lies in a firm's productivity to be able to connect with clients in real-time, and have access to real-time data that's always on.



**Clients expect  
technology to be  
always on – 24/7 –  
so having in place  
the right IT support  
provider is critical**



## STAFF WELLNESS AND ITS IMPACT ON PRODUCTIVITY

Research by Ashridge Business School shows that technology fuels productivity. Employees who are able to work remotely are among the most satisfied, happy, creative and productive. The opportunity to work remotely pulls in top talent – a key factor with the imminent arrival of Generation Z employees (those born from the mid-1990s to the early 2000s) in the workplace who expect to be able to work from any location.

As digital natives, Generation Z employees understand that innovation and change are a constant. Their constant desire for knowledge will make them a key asset in the workplace. To ensure that accountancy firms attract and retain this valuable talent they will need to provide the necessary technology and give them the opportunity to lever various types of development opportunities.

Compared to their millennial predecessors (those born from the early 1980s to mid-1990s), 23% of Generation Z employees list development opportunities as a top attraction driver, compared with only 17% of their millennial predecessors, according to Gartner's Global Labour Market Survey.

Developing wellbeing and wellness in the workplace is one of the highest priorities for forward thinking accountancy firms, and it remains a critical key to developing commercial success. The conversation has gone beyond going to the gym or cycling to work, and is moving to how people feel about where they work including is there a true work/life balance, and is the employer able to create or further an awareness to embed health and wellbeing in the workforce, including creating physical features such as chill out areas, or therapies such as massages, and relaxation techniques.

According to AXA's latest Stress Index [source: <https://www.axa.co.uk/about/inside-axa/stress-index/>], those working in the accountancy and financial sectors are struggling to manage their levels of stress, with 87% saying that they feel stressed at least some time during a typical week, whilst 7% say they feel stressed all of the time.



But it is not just stress that has an impact. Without the right productivity tools in place, accountancy staff find they need to work longer and longer hours just to get things done. According to French researchers [source: Marc Fadel, Grace Sembajwe, Diana Gagliardi, Fernando Pico, Jian Li, Anna Ozguler, Johannes Siegrist, Bradley A. Evanoff, Michel Baer, Akizumi Tsutsumi, Sergio Iavicoli, Annette Leclerc, Yves Roquelaure, Alexis Descatha. 'Association Between Reported Long Working Hours and History of Stroke in the CONSTANCES Cohort'. Stroke, 2019; DOI: 10.1161/STROKEAHA.119.025454], being first at the office and the last to leave may help get you that promotion, but you get a 29% greater risk of stroke thrown into the bargain – and those who worked long hours [as many accountants do] for at least ten years had a 45% greater risk of stroke.

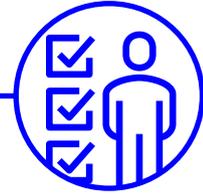
Paying attention to your staff's health and wellbeing not only creates a reputation for being a good employer enhancing your brand image and reputation, but it also impacts on employee motivation and engagement in the workplace and helps to drive a more productive and happier workforce.

Recruitment challenges continue in the accountancy profession, and an employer's brand has a huge impact on a firm's ability to attract the right talent. Setting the firm apart from other firms competing for the same talent.

Attracting and retaining talented individuals means that firms need to engage more with the millennial talent, adapt to the skills they bring, and supply the necessary technology they need to do their jobs in the digital age. After all, this is the generation that has grown up with mobile apps.

Millennials, who will form 75% of the workforce and a sizeable proportion of clients by 2025, have a different set of expectations and lifestyle priorities that cannot be met by traditional firms. On the one hand accounting firms need to embrace new technologies to remain competitive creating a vision of growth, whilst on the other, they need to align their services with their clients' ever-changing needs and challenges in order to grow profitable client relationships.

The needs of Generation Z differ from millennials, and it is important that accountancy firms better understand what today's graduates are focused on – learning and developing skills. "Employers looking to gain a career commitment from their Generation Z employees must ensure they offer these opportunities," says Lauren Smith, vice president of Gartner's HR practice. "In today's digital age, graduates know they possess unique skill sets that are very much in demand and make up for a lack of experience. Management approaches must adapt to this new reality and must make sure that employees' portfolio of skills stays relevant – a key concern of Generation Z – but they can improve the performance of employees by up to 26% and triple the likelihood that their direct reports will be high performers."



**Paying attention  
to your staff's  
health and  
wellbeing drives  
employee  
motivation**



**87% of  
accountancy  
professionals  
say they feel  
stressed**

## DISRUPTORS AND BEING A DISRUPTOR

A recent study by the Association of Chartered Certified Accountants (ACCA) found that over 50% of C-level executives in accountancy firms expect the development of intelligent, and automated accounting systems to have the highest impact over the next three to ten years, so accountancy firms must be ready to adopt these technologies.

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Cloud computing, GDPR, and Making Tax Digital (MTD) are already having a huge impact on the accountancy world, and the development of AI technologies, blockchain and cryptocurrencies are expected to see great changes afoot for the profession.

As Open Banking, FinTech, and disruptive technologies begin to collide with Financial Services, accountancy firms will need to grow in this area in order to future proof their businesses.

The recent introduction of Open Banking/Payment Services Directive 2 (PSD2) is adding to the problem, as changing regulations which require complete visibility and control over customer data introduce the risk of incurring financial penalties.

Banks already recognise the important role that accountants play in supporting their clients. Via Open Banking/PSD2 accountancy firms can receive live-feeds on the financial state of the practice's clients, and with the link into accountancy packages and bank accounts, machine learning can be applied to forecast and manage cash flow.

For accountants, the real change for them will come with the increase in transparency and speed of payments. With their clients' permission, they will be able to look through payment histories in far greater depth than ever before. By having access to their clients most current transactions on a daily basis, accountancy firms become more efficient in managing their clients' affairs and can guide their clients' decision-making based on present data, not historical records.



**As disruptive  
technologies collide  
accountancy firms  
are well-placed  
for growth**



However, with open banking also comes the threat of third-party digital accounting service providers to automate and commoditise some accounting functions as they begin encroaching on accountancy firms' revenue. Accountancy firms can mitigate against this by being fully digitally connected to their clients harnessing the power of digital technology even further.

Add to this the rising threat of the millennial accountancy firm that is snatching clients from tradition practices, and it becomes clear that as client expectations change, accountancy firms need to keep up.

Tech-savvy smaller more agile accountancy practices which have created good processes early on using productivity tools, are able to implement technologies which help make those processes more scalable far quicker. This gives them an edge over more established firms, although larger firms can quickly catch up if they eliminate the processes that are slowing them down.

In order to compete, some accountancy firms are merging, and rescaling to survive. With this M&A activity comes the challenge of integrating different IT systems, software, working practices, and silos of data. All of which creates further productivity challenges. To overcome this, technology and having in place the right IT support provider is key in making accountancy firms more productive.

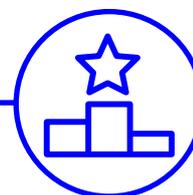
While the profession needs to build for the future, it is also becoming a disruptor in its' own right.

In the legal sector, for instance, the Big Four – Deloitte, EY, KPMG and PwC that make up the world's largest consulting and accountancy firms – have extended their offering into supplying legal services and are already drawing an additional revenue of \$30 billion [Source: ALM Intelligence, Elephants in the Room Part 1: The Big Four's Expansion in the Legal Services] from the legal services market.

Despite all the disruptions, the accountancy profession is more positive than ever before about embracing disruptors such as artificial intelligence to speed workplace productivity even further.



**Accounting firms  
need to step up as  
the rising threat  
of the millennial  
accountancy firm  
bites**



**Productivity  
and technology  
lies at the heart  
of creating a  
successful, agile  
and competitive  
accountancy  
practice**



## THINKING DIFFERENTLY FOR GROWTH

Accountancy firms who resist in investing time and money in major changes to their practice will continue to do so until they start losing clients to more forward-focused firms.

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As companies continue to face data challenges, heavy regulations, worry about the huge amounts of client data spread throughout their businesses, and mounting anxiety about possible data breaches, forward-thinking accountancy firms are well placed to engage with their clients more often by providing a multi-faceted service.

In addition to providing core accounting services, accountancy firms can develop solutions to complex problems by integrating knowledge, expertise and resources from a number of disciplines that add value to their clients' businesses.

Becoming part of the digital revolution with their clients, sees accountancy firms grow as they take advantage of the many revenue generating opportunities (including being able to charge more for their advisory services) as they become the ultimate go-to adviser for their clients.

Being able to deliver a superior client experience in a highly productive manner is a key business driver for accountancy firms in attracting new clients, and the talent to service them.

Embracing digital in all its forms is the key enabler to enhancing productivity – it leads to more profitable client relationships – and that leads to success.





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