

## *Pathways to Growth Time to tackle technology*

By **Gale Crosley**

Published May 29, 2019, 5:50pm EDT

I'm not a betting woman, but I would wager a vanilla latte that you've recently attended a meeting about the need for your firm to transition from accounting to consulting. If that hasn't happened, it should. Soon. Our profession is at a historic crossroads, and for firms with growth ambitions, the evolution from bean counter to trusted advisor/problem solver is the key to that growth.

To learn more about this timely imperative, I turned to one of accounting's leading visionaries, Jim Bourke of WithumSmith+Brown. Jim, a Withum partner, serves as director of firm technology and leads the advisory services practice. New Jersey-based Top 100 Firm Withum offers "local to global" advisory (consulting), tax and audit services.

### **Data is King**

We began our wide-ranging conversation about advisory services and the link to technology with a declarative from Jim: "Data is king. It is at the epicenter of technology strategy, and will remain there for many years to come." With so many traditional tax and audit services increasingly enabled by technology, practitioners are freed to pursue higher-level work, i.e., consulting. And access to data is the path to get there.

In the task-driven model of the past, we may have had the ability or ambition to become consultants. But we were so busy driving billable hours that we had little capacity for developing robust consulting offerings. Traditional technology afforded us reasonable memory and computing capacity. Now that the cloud has opened access to large data sets — giant amounts of information in one place available at any time — our potential for adding value has, in technical terms, gone through the roof.

By leveraging data from multiple sources, we can now perform analysis in areas based upon non-financial data. For example, for a weather-dependent enterprise like an airline or car wash, one can now cross-correlate huge historical weather and revenue data sets to create future revenue projections.

Making the transition to consulting presents a magnificent opportunity if we go for it, and a major threat to our very existence if we don't.

### **Powerful motivation**

Jim makes a powerful case for the embrace of technology in light of the commoditization of audit and tax. Despite efforts to drive efficiency, firms face ever-eroding margins, with pricing pretty much a race to the bottom.

Lifestyle presents another impetus. Millennials are no longer willing to enslave themselves to tax-and-audit-imposed deadlines. Our deadline-fueled practice has fostered a fairly miserable way of life, and young practitioners are refusing to play. Certainly, they admire the lovely homes, vehicles and vacations that hard work can bring. But they're just saying no to excessive on-site hours, busy-season Saturdays and absence from family.

### **The Withum Way**

The next question for Withum was how to acquire the expertise needed to offer data analytics services. Hiring a stable of young tech wizards and waiting 10 years for them to mature was not an option. The answer lay in the acquisition of a complementary firm. Not a look-alike offering the same traditional accounting services. And not a

managed-services provider to keep clients' systems operational. But a technology partner able to use client data to help them solve far-reaching business problems.

## **You've got what we want**

Jim turned to his own trusted advisor, Allan Koltin, the brilliant practice management and M&A consultant and principal of the Koltin Consulting Group. With Allan's counsel, Withum made an acquisition that Jim says is among the best in the firm's 45-year history. The acquired data analytics business, originally known as Portal Solutions, has today evolved into Withum Digital. It brought many assets, including a team of data analysts and data scientists. Using a full complement of tech tools, these experts can drill deep into client data that not only reveals past performance, but can predict future operational and financial achievement.

Portal Solutions proved to be a match made in tech heaven for forward-thinking Withum. In addition to experts and systems, Withum acquired new revenue channels and a robust pipeline of consulting projects. The acquisition has been a solid home run. Among big wins is the enormous potential for cross-pollination of two different sets of buyer groups and services. Today, the firm's largest-ever engagement is an advisory services client that came through Portal Solutions.

Withum CEO and managing partner Bill Hagaman endorses the approach. "We have embraced and encouraged innovation in order to remain competitive and successful," he said. "We have been making investments in technology and skilled professionals whom we believe will move our firm forward, and are seeing signs of positive return on those investments." Hagaman believes that getting out in front with technology "presents an opportunity for Withum's team members to share innovative solutions with clients and help them succeed in today's tech-driven business landscape."

Understandably, not all firms are in a position to make an acquisition. Alternatives include strategic alliances, i.e., identifying a firm that offers the desired tech services and engaging with them in revenue sharing. Over time, a knowledge transfer to your firm can lead to in-house expertise.

## **Cyber anyone?**

When Jim Bourke observed that clients were purchasing cyber-related services from other sources he asked the question, "Why not from us?" He understood that offering tech-based consulting on an annuity (not deadline) basis could address the lifestyle issue, while offering profitable, in-demand services. An example is a cyber device that monitors web traffic 24/7, scanning for unusual activity and alerting the firm when something suspicious is detected. The firm can charge a monthly fee for this high-value service. No late nights required.

The Withum cyber experience is impressive and inspirational. Jim recognized that virtually every client has a need for cyber services. But he knew that his firm, like most, was not in a position to offer them. What was required was a wholesale change in perspective — an acknowledgement that in order to remain relevant, Withum would not only have to think differently, it would have to become different.

What might "different" look like for your firm? Jim suggests going straight to the source by inviting the CEOs of your top clients into a room ... together! Find out what services they are seeking from other technology consultants. Ask the big question: "If we were able to provide these, would you buy from us?"

I've been preaching for years that sustainable growth requires looking at your market from the outside in — putting yourself in the mindset of your buyer, then providing services that align with those needs. It's easier said than done, especially when it involves a possible retooling of your firm, or a major acquisition. But it's a risk Jim and I strongly advise you to take. The time to tackle technology? Yesterday!

*Gale Crosley, CPA, is a leading consultant on revenue growth for accounting firms.*