

# Major opportunities exist amid the challenges of COVID-19

Many of the changes the COVID-19 pandemic has thrust on accounting firms are opportunities to accelerate the profession's needed transformation, according to Koltin Consulting Group CEO Allan Koltin.

In the keynote Wednesday at the Rainmaker Companies' virtual 2020 SuperConference, Koltin urged the attendees to define these opportunities for their firms, outlining a number of key areas accountants should be addressing now.

"Leaders have to be open-minded; there's a new blueprint in play and they need to get on board with it," Koltin urged. "There is so much change, a new pathway, a new gateway. You can't get people to change sometimes when the status quo is so good. Talk to your people and partners to come together on the issues."

Koltin acknowledged that many firms' revenues have done well in 2020, perpetuating the status quo, though this factors in the Paycheck Protection Program loans that many firms received, as well as overall lower expenses, like the cost savings of attending conferences virtually.

But despite the profitability many firms are seeing, Koltin cautioned there are bigger market shifts at play, and that 2021 is not guaranteed to get better. Given that, Koltin explored into a few major areas experiencing transformation.



## New talent in new spaces

With the pandemic exposing underperformers, Koltin applauded firm leaders for finally taking actions on "the decisions made that had been sitting there, lingering, for years."

"There were more good, tough decisions in the last nine months than the past few years," he continued, explaining that this has included changes in partnership status. "If it's cancerous, it's time to go. I say to leaders, 'You did that this year; why not last year or the year before?' It's because a recession is a terrible thing to waste."

While the pandemic has forced some tough personnel decisions, including for the largest firms that had to furlough, lay off or cut salaries, it has also brought new opportunities in hiring, Koltin explained, with loosened geographical constraints.

In fact, in Koltin's view — which he noted has angered some — the traditional office is never going back to its pre-pandemic iteration.

"It's not about bricks and mortar anymore," he said. "I believe in three to five years, we will get rid of that space. The metric will drop down to 150 square feet per person. We will redesign offices for what we want them to be — a center for collaboration and training, a place to have meetings — and build it out accordingly. It's a difficult conversation — some of you think that after the vaccine, we will come back to 2019."

Because of this more virtual model, staff can be hired from anywhere, Koltin stressed, forcing firms out of their antiquated methods of recruitment.

He recommends taking more of a guerilla approach to recruiting, backed up with sufficient firm resources, in a stark contrast from what he has witnessed for years: “I go into firms, and ask how they get new people. They hire search firms. No disrespect, but 90 percent of the people they see are looking for jobs, and are not that good. To unlock the trap on talent, we need to find people that are really happy, doing what they want. It doesn’t matter anymore if they’re not in our backyard.”

To successfully tap into this larger well of talent, Koltin advised, firms have to create a stronger collaboration between marketing and HR.

### **Making an impact in diversity and inclusion**

These departments and resources will also need to be engaged to address the issue of diversity in the profession, a topic that has become even more pivotal in 2020.

“Diversity and inclusion — where did this come from, it hit us right in the face,” Koltin said. “We need to listen, learn, and begin talking about it.”

These conversations were happening before 2020, Koltin added, but without enough traction: “In so many meetings, [there was discussion about] finding Black accountants. ‘We can’t find them. The Big Four has millions of dollars to find and hire them.’ It’s the schools we go to to recruit.”

So, Koltin continued, firms should be reaching out to groups like the National Association of Black Accountants, “who can say, ‘Here is a list of schools; there are three in your region you don’t come to.’ To make an impact or a change, go do it.”

Koltin also touched on firms’ responses to the racial injustice movements of this year, which he categorized as falling into three categories: posting a message of support on social media “to check it off;” doing nothing in a wait-and-see approach; or “trying something, make a mistake, get hand slapped, and learn from it.”

He mentioned one large firm that lost a top client from including “Black lives matter” in its statement about diversity and inclusion. The CEO told Koltin that though those three words cost them a client, their internal response was “good riddance.”

### **Culture vs. values**

Those kinds of statements speak to the values of a firm, which Koltin addressed in discussing firm culture.

When Koltin explains to firm leaders that the remote workforce will outlast the pandemic, they often express worry about the firm’s culture.

“Let it go,” he advises them. “You are going to evolve to a new kind of culture. What will not change are your values — how you talk to people, the level of respect, trust. When someone is in your bunker covering your backside, you can count on them. This is not culture, but values. Keep your values, and keep defining them.”

One example of a cultural shift Koltin has witnessed is in mentoring relationships, which used to be conducted “with a checklist, like an IRS agent. You’re there, but not engaged.” Now, with the virtual office setup and tools like video conferencing, “You talk regularly and get to know each other. We want to know the things you’re managing at home and deadline with. Sometimes the visuals are so powerful. The level of intimacy with people, because you are listening and watching, is better connected than it has ever been.”

One value all firms should prioritize is transparency, according to Koltin.

“The more transparent firms are, the more they get out of people,” he explained. “People draw their own conclusions — why let them have the wrong assumptions?” He went on to share the story of one firm he worked with that said, “‘We’d never think of sharing our balance sheet.’ They’re accountants! They know how to access and read it. Be open, be transparent, talk about it.”

Koltin does draw the line at partner compensation, sharing that he’s had to break up many fights over discrepancies of just a few dollars.

### **New client services, relationships**

While the tumult of this year has pushed for the changing models Koltin outlined, the core work of accountants remains highly valued. “In good and bad times, people need us, they need compliance,” he said. “In a strange way, we got rewarded in 2020 for bad behavior.”

Still, he continued, the pandemic has revealed the long-discussed need for broader service offerings. “We all knew in the last five years that the future was in advisory, consulting and outsourcing services like cyber, wealth management and client accounting services,” he said. As such, he added, 25 percent of all new talent coming into the profession are not accountants, and that’s not including “how much of the work will someday be done by a bot.”

“Yes, there are certain technical positions to hire,” he added. “You can train them to be business-getters. Train them to own the client, not rent the client.”

Renting a client is for compliance work like tax returns, Koltin explained, while ownership requires deeper soft skills. “We are looking for someone with great communication skills to own, not rent, relationships.”

Koltin reflected back on his more than four decades in the profession when heralding, “The advisory phase in accounting finally here.”

“We are finally going to shift from clients’ most trusted advisors — that’s a given — to clients’ most valuable advisors, impacting their business,” he said.