Small Firm Big Impact

PODCAST POWERED BY CA CATALYST

CHARTERED ACCOUNTANTS™
AUSTRALIA + NEW ZEALAND

EPISODE 3 TRANSCRIPT

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JS - Hello and welcome to the CA Catalyst Podcast - Small Firm Big Impact. I'm your host John Schol - chief executive at Malloch McLean

If you are new to the podcast CA Catalyst is an innovation program designed to help CAs in public practice embrace the future of the profession. It's all about the skills, the technologies and the strategies that you need to enhance your firm's performance, and continue to build value for both yourself and your clients.

In this efficiency focused episode of Small Firm Big Impact we'll take a good hard look at data security, analytics, and operational best practices.

Where we'll touch on the systems and processes firms can adopt so you can do more for your clients. We'll look at simple and effective ways for us accountants to free up our time so we can focus on the things that matter. So where's the best place to start shaping and forming our future focussed plan? Well right here.

And to help us answer your questions and mine I've pulled together two leaders that have the information, experience and practical know-how in their respective fields.

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So with me is Clayton Oates the founder of QA Business Pty Limited who is an accounting technologist and Aly Garrett founder and principal of All In Advisory and the host of the Acuity podcast.

Clayton, Aly, welcome to you both, I really appreciate you taking the time out of your busy schedules to be with us.

CO - Wonderful to be here John.

AG- Absolutely, thanks for having me John.

JS - Clayton, now I've met you on a number of occasions Every time we've talked I've been intrigued by your conversations but I've always walked away thinking 'I'm not sure what you actually do' but it sounds really cool. So I'm stoked to have you on the podcast and of course my first question to you has got to be, what does an accountant technologist and thought leader actually do?

CO - Ha ha I'm still trying to work it out John, um but I suppose in essence having grown up in the accounting profession and then looked at accounting technology around twenty five years ago thinking that's going to be the future, that's going to be our future and it's going to be part of our clients' future. My goal and role is really to help accountants, bookkeepers and consultants use technology to create a better connection with their clients. You know what do we need as professionals, what does our profession need, what does our client need and how can we work together to actually enable a future that's exciting and more effective and delivering on a promise of small business technology helping people buy back time in their life. If I can play some small role in that I'll finish up a happy man.

JS - I think it's a really important role and especially for us accountants trying to get across to the technologists what we actually want to do and we want achieve on a daily basis sometimes gets a little bit lost with all the fancy gizmos that seem to appear in a lot of the software that we use. Now Aly you must be classified as an early adopter of cloud technology given your journey to the technology stack that you've currently got and you've gone from strength to strength as a small business adviser and principal at All In Advisory. So as CAs we're bombarded with consistent

messaging about freeing up our time which sounds simple but's often never very easy to do in practice, so what do you think the efficiencies should be in this day and age for the modern accounting firm?

AG - It should be that if any task can be automated it should be, if there's a process it should be put forward and automated through technology, so utilising all the tools around us and all of the tasks and all of the processes, we should be able to build technology over that, to automate a lot of that and then integrate each of those pieces so that we're only touching it once. What we want to do is really save time and make sure that the right people are doing the right jobs and technology plays a part in that.

JS - And Clayton you've probably seen your fair share of changes over time, what are the key things that you think most accounting firms are looking for as far as efficiency goes in their practice?

CO - Yeah I suppose one thing to go back is understand the difference between efficiency and effectiveness, what are we trying to achieve, not only in our firms but also with our clients, so we need to discern that first of all, do our due diligence, do our sort of investigative sort of work as to what outcome are we actually after here, so we can actually ask the right questions and work out what solution is appropriate to actually achieve that outcome. And that's really about understanding all the parts of your business, you know the accounting firm is a business like any other really, we wear all those hats around sales and marketing and we have a technology aspect as well and people and HR and so forth so, we need to actually understand all the key components of our business and really then look for solutions that you can tick off.

JS - So Aly if we listen to this podcast and we're looking to make a move towards becoming more effective and more efficient, what would be one of the key operational areas within our accounting firm that we should be looking at to begin with?

AG - I would take it from I guess where I started which is finding that base foundational accounting product that you're going to utilise. For me that was Xero

and so what I was able to do was put clients on to Xero if they weren't using any other particular products or convert them across, but that took a long time, it actually took over ten years for me to convert every client across to Xero and that was a choice that we made because we wanted just the one platform, so our staff were well versed on it. And so then all of our client ledgers lie on that and then we were able to then build in the tax component, the working papers component, and then the practice management component on top of that so about eighty percent of the core of our business is run through those products and they integrate with each other and we automate the back end. So the first step definitely for us was finding that base foundational product and then step by step moving our clients and ourselves through that and then we understand it and know it really well.

CO - There's no set formula on this because we were entirely opposite, we decided to build a software advisory division in the firm and we chose very specifically to have multiple vendors because we were essentially concerned that if we put all our eggs in one basket eventually we will be disappointed and that has proven true over the last twenty five years, so it's about then how do we deal with disappointment but it was mitigating risk for us. We have a wide array of clients from small start-ups, farmers, through to larger corporate type businesses so we knew that one product wasn't going to suit all because we're fairly widespread, we're a diversified sort of practice so yeah I can see both sides of this coin.

JS - And so what are the no brainer tools that people can use and implement reasonably quickly inside their practice if they are looking to transition to a more efficient and effective practice?

AG - We looked at what is it that we needed to provide to our clients, for us it was the accounting, it was the corporate affairs, it was the tax and then it was our internal, how do we engage and quote. We then looked at our engagement and quoting tool because we have a lot of clients that are on fixed billing and monthly billing. We put a product called Practice Ignition in to help with that and that links with Xero. We then looked at that corporate compliance and for us that was a BGL suite so we use their self managed super fund and also their corporate compliance, and then as I said before we use that Xero foundational product and there are other products around that that we do use, for instance we use Account Kit, so for those

accountants that have large groups that require inter entity loans or complex division 7A or group structures, we use that. So each of those products talk to each other and they build on top of each other but one thing we learnt really early on is that we just don't want a very large tech stack that we only gets bits and pieces from each, we want to use a product and use it to its maximum potential and fully understand it before we bring any other products in, but when we looked at those core base products it did a majority of the grunt work and has actually worked incredibly well, we did not have an administration person for nearly eighteen months because with the size client base that we had and the integrations that we had it was actually sustainable. Obviously we've grown since then but it was a really great starting point and it showed me that it was absolutely possible to have a cloud integrated system for an accounting firm that functioned well.

JS - Well that's a fantastic story to tell and I'm sure it encourages others that are looking to take that step forward to look at opportunities where you can combine not only different pieces of software but actually get the maximum use out of it because I'm sure we're all guilty of using pieces of software and only get ten, fifteen, twenty percent of the use out of it and not being able to leverage it as much as we could. Clayton what efficiencies have you seen with some of the tools that accounting firms have put into their practices?

CO - I love what Aly's just said then, it feels as though we're getting there. When I was looking at building our consulting business, so we're not a firm as such, we're now a consulting business but you know what's the purpose of a business in the first place and Peter Drucker talks about that, this is to find and keep a customer or a client or a patient or whatever it means to your organisation. So how do we do that? Well marketing and innovation are the sort of the two drivers of that, the catalyst for that. The reality is if we're going to grow and continue to grow our businesses we want to have a process and a way of actually communicating that and then onboarding as Aly said through PI or whatever solution you're using there. So, so the marketing piece was big for us, running events and seminars, so we went down the Mailchimp path, it was simple, easy to use, we could actually run campaigns, we could build landing pages, we could run targeted events, we could segment our database and our client base, so we had relevance when we were communicating with them, and we found Zoom many years ago. So we're seeing

that as an ability to connect particularly in these Covid times with clients and actually do virtually all remote work via that application. So they've been two critical sort of pieces, to grow our business but also then better service our clients in this remote cloud based environment.

JS - So Clayton you touched on innovation there, and of course we need to do the business basics well so that we can then market to our clients and then we can do additional value added work to them. So what have you seen as far as operational impact around scheduling, job management, resource planning, those types of scheduling activities that accountants have to do, consultants have to do, what are you seeing out there that's working well for firms?

CO - Take it away Aly (laughing).

AG - So we have two components of our business, one is a bookkeeping side and we use a product called Asana, so when we set up we had the benefit of setting up all of our processes and in Asana for our bookkeeping we literally have every single step of each potential persons bookkeeping listed for the client and they also have access to that, so any single person can come in and actually tick off each of those items. We also have a suite of video files behind that that we've done through Loom so that anybody could literally come in and do any of it. Asana for workflow processing has been amazing. We've actually also just jumped on board because we had some real issues around document storage and workflow, even though we use XPM it wasn't really where we needed it to be, so we now use a product called FYI Docs which is absolutely changed the systems for us and has been a real game changer and we're super pleased. So that helps us with workflow, automations, email filing, document storage, securely sharing documents with clients, but what I absolutely love is the task assignment and workflow, it links in with XPM and I can just get a snapshot of my whole business on one page.
The process for us has actually built in scalability and so it doesn't matter how big we get we have that process which is always the same and we also outsource, so we needed to have our processes absolutely down pat because that person isn't sitting next to us which obviously helped when Covid hit because we literally just went remote and nothing changed, and so I think that process has certainly been what I would call our success story and yes it was hard yards in the beginning and you had

to find the time, but as you grow and we are growing quickly, that process and scalability has helped us enormously.

JS - So Aly if I could just drill into what your statement was before around Asana, so you've got the steps listed, the Loom video sitting behind that instruct your clients on how to deliver work to you.

AG - We have it on how they deliver work to us, we also have it on how we're going to deliver it to them. They know what is going to be done on what day and who's done it. So they can go in at any point in time. It gives them an enormous amount of information if they choose to use it, but it also stops a lot of questions especially in that transactional space, it is so volume heavy. They need oversight just as we need oversight and so it helps us with this two way communication and honestly our bookkeeping team couldn't live without it.

JS - What's it done to the relationships you've got with your clients that are using this information and this technology?

AG -It really helps to build that trusted relationship and certainly for us that's been the game changer. And if I can touch on the marketing which is what Clayton touched on before, we put marketing on warp speed and communicate with our clients constantly, potentially over communication, but that's also won us clients because our clients talk to other clients and they say 'well I don't hear from my accountant ever', 'oh well here's all this information that my accountant has just given me' and I literally have people rolling through the door because of that, it builds the relationship.

JS - And how difficult was it to get your clients to embrace this new technology and to follow these systems and to pick up on those steps and watch those videos.

AG - In everything that we do the onboarding and the set up is the most important part. I invest enormous amounts of time and so does the team in doing that and that involves reengineering the processes, reeducating themselves and their team and we do hand hold, and it takes us about three months to onboard a bookkeeping client but once we have them we have them for life. I have some clients that I've

been in the business for over twenty five years they have stayed with me for that whole time and yes obviously we've improved the way that we do things, but our clients are becoming incredibly sticky and they actually don't, I would think that they wouldn't want to leave (laughing) because they wouldn't know how, they think that we've got everything under control because we do, and they're seeing that, they know how detailed it is. And this is the other thing, when they see how much work is involved they understand the fee, they understand that there's value in it, they don't think that there's some person doing nothing at the back end, they actually understand how much is involved in getting that piece of work to them, it's helped with certainly those fee conversations.

JS - In the initial discussions with those clients, and the initial work that needs to be done, that all takes time, but what's the payback like for you and your business once you've done that with one client?

AG - Because we've got a lot of the processes that we basically press rewind and play - a lot of that is already sitting there and we obviously customise it to each client. I would say eight percent of each bookkeeping job is pretty much the same and we do communicate that up front. I take a two fold approach when I'm onboarding a client, we do charge for a set up fee but nowhere near as much as what we get back. I get that back in loyalty and the longevity of the client but also the margin that we get because we're using so much technology and so much automation behind the scenes, so when we fee it's more value billing to be honest rather than time based, so we get it back over a period of time, but it's a two way street.

JS - Absolutely so what I'm hearing you say is investing the time upfront and leveraging the technology gets you a far better return in the even short to medium term, it's not taking years to get that return back is it?

AG - It's very short term, I'll get it back within six months. If you do workarounds or your don't get the set up right will cost you time and money and nobody can pick up the job because it's in your head, we don't do any workarounds, we challenge ourselves, we say to ourselves 'is this the best way to be doing it?' and if it's not we'll say 'it's not, hey guys, we need to change it', we talk to the client about 'look

there's a better way, can we change that?', we actually make changes quite constantly and the clients just get used to it, it's better for them and they trust us to do that.

JS - So are we hitting this tipping point now Clayton with the technology that we've got and the opportunities and the tools that we've got to now bring things together and be able to educate clients in a way we've never been able to do before, to educate our team in a way that they've never been able to do before to really leverage the technology that's out there for the modern accountant?

CO - Yeah absolutely I mean just the explosion of apps you know in the last sort of ten years has created sort of this negative side being just this overwhelm and I think we've got to master it all and just this inertia, it's like 'too much I'm not going to make a decision', and also this heavy reliance thinking well my major software vendor is going to do it all for me, they're going to build out their solution that's going to handle every aspect of my practice, that is not going to happen. I can tell you it's not going to happen, it's not a commercial approach that's sustainable for that organisation, it'll bloat their software particularly when it's built for small to medium sized firms. You've then got to look for best of breed or end points that actually can connect back into those applications.

So I just, I do hope that the large scale vendors and there's four or five of them in Australia and plausibly around the world - continue to have that nice open playing field, they don't just gobble up best of breed and say 'I'll have that thank you very much', and we're seeing some of that, so we just i think we need to push back and say 'hey no we want to see that as sort of an industry type standard or at least as part of the three or four in every aspect. Because at the moment some people are sitting on their hands saying 'well I'll just wait, I'll wait for my mainstay supplier to actually build in these applications', but do what Aly has done, do the hard work, you might as well rip off the band aid once, instead of just playing it and having that pain for years and opportunity cost of not doing it, that will be significant, it will diverge you from where the market is, where you are now in the market and where you could be and where your competitors are or your colleagues are in five years time, so there's some very strong divergence there. Treat it seriously, this is your business and the way you service your clients, it's fundamental, this is the engine that

sits behind everything we do and if we tune it well, if we build it well - you'll get the benefits from it and we're seeing it, you know - people are doing it, it's not something that can't be done, it's now validated, you have got reference points, whereas ten years ago it was a lot more difficult to say 'oh someone's done that', it's now available but you've got to go through the hard yards, there's no shortcuts.

AG - I like to call it app fatigue, and this is a question I get asked constantly, how do you keep up? And the things that I do to keep up is to constantly challenge myself, do a lot of research, watch the videos that the suppliers give, jump on their webinars. It helps, for me because I'm specialised in a particular area which is tourism and hospitality, that's why I've done that, I'm very niche and very boutique. I know all of the apps in that TH and L space really well. Connect in with your industry, connect in with other people in your industry and see what they're doing, connect in with your team, they're amazing, they have so much knowledge and information. But don't get overwhelmed, find your first point of call, find your foundational product and start to build from there. You'll breathe life into it. But you can't know all of it and if we try it's going to be too overwhelming, so just start with those little foundational pieces I think, that's certainly how it's worked for me.

JS - Okay so Aly if I've heard you right there is quite a bit of investment that goes into that initial discovery of what apps to actually use and then there's a lot of work that goes into making them work for your business that pertain to your clients and the way that you do your work on a day to day basis. Now obviously you're seeing the operational efficiencies of that, what about the financial visibility for your business. How has it changed your business and how would you explain that to others and encourage them to do a similar thing to what you've been doing?

AG - The tech stack for us has allowed us to really eliminate the overheads in our business and we run very lean. So when you consider, we didn't get a printer in our office for over three months, we got one, and I'm like 'why do we even have it, we never use it'. I bought a box of postage stamps when I started, this is two years ago, I still have them, I'm worried that the postage will go up and we won't be able to use them. So when you consider all of the time that people are spending in admin on all of those functions that are no longer required and you're getting real time data that you can then pull levers in your business immediately, like I know from a resourcing

perspective what I'm going to need in a week, in a month, in six months, all of those things are incredibly important and I think what we deliver to our clients we should be able to deliver to ourselves. And so yes we've spent an enormous amount of time in research and development and set up, but that will benefit us for years and years to come, and then we're just tinkering around the edges and making it better.

JS - So when we're talking about a modern accounting firm and we're talking about accountants and accounting technicians that can sell, that can look beyond the numbers, that can communicate with their clients, that show some empathy and can actually understand what's going on on a day to day basis it is really changing what a modern accountant really does look like because it's changing the habits that they have and the mindset they have even around administration support team technology.

AG - Absolutely. And a lot of the feedback I get is 'what about the training ground for these administration junior accountants if the tech is doing it?' You can train them in different ways, the technology if it's able to do it why shouldn't it do it? For instance the way I train my people is obviously there's a lot of processes and the tech does it but they still have to understand how to utilise it, they still have to understand the basic foundational components of it, and I specialise a lot in advisory so the training ground for me is to bring my staff into meetings with me so they get to see how it works, what the conversations are and they get to find out there's actually a process in that too and most of the things we talk to our clients about eighty percent of the time they're usually the same and it's just tinkering around the edges, so if anything can be automated we're going to use the tech to do that and the junior accountants or the people just come in, they don't want to do all of that boring stuff all the time anyway and they make mistakes and the tech does it (laughing). So you actually get a higher accuracy point and people are doing jobs that they want to do that you're getting more value from and can bill more for, you got a happier team.

CO - One thing I'd run in parallel with that is look at your pricing models in line with that at the same time basically because you can end up with a lot of white space that you can't fill if you sort of gain these efficiencies in reduction of overhead but if you don't shift your pricing model and actually build and obviously constantly add

value and it needs to be in the eyes of the client then you're going get to this point where I've got all these efficiencies and suddenly oh I'm efficient but I've got half to a third of the business in a relative terms of what's coming into the business.

AG - You just fill that with new clients. [laughs]

CO - Absolutely, you do, that's where marketing comes in so I was going to go full circle with that because we're moving to a subscription based pricing models that are coming into firms, here's the whole suite, it's a concierge service effectively. So what are all the things that our clients would love from us that we're capable of delivering and then bundling that into a subscription model which gives you some scalability leverage ability.

JS - Aly what sort of software are you using in that regard?

AG - So in relation to management reporting we actually go pretty basic for a lot of our clients cause that's all they need, we customise a lot of the Xero reports and they're doing some great dashboards at the moment around cashflow and also KPIs. If our clients need three way data, so profit and loss balance sheet and cash we utilise products like Spotlight, Fathom, Futurely, but we don't push people down that path unless they're sophisticated, they understand it, they've outgrown their Xero reports, because it can get confusing. A lot of the information that we talk to our small to medium sized businesses on can be pulled from that real time data from a Xero or a MYOB or into a Quickbook, so really important that I think we utilise what we have first, re-educate our clients, have those really good solid conversations with them so they understand their business and then if they want more we progress them down the management reporting path.

CO - Yeah I think the thing to remember there too is that majority of small businesses in Australia are still not at base camp, they're still not at this point of being able to have a timely and accurate P&L and balance sheet, even with the cloud, you know, in fact it's just probably more they just perceive that they have, unless you've got an active advisor that's actually monitoring this and taking responsibility for it we could walk down mainstreet here and pick out ten small businesses and I know that at least half a dozen of them really don't know where they're up to, even if they're

using a cloud application so that's a big responsibility for us as a profession to actually step into that, don't go past that too quickly, get those procedures in place, have they got an end of month bookkeeping checklist that they sign off on or their bookkeeper signs off on, back to the basics there. From accountability point of view as well, so that still needs to be done on mass, certainly in our country and I think it's similar around the world.

AG - But what a great opportunity we have.

CO - Oh it's huge, massive, massive, because you're creating that connection through just dealing with that 'oh I've always wondered, I've never had someone tell me that', it's just, we don't want to have this conversation in five years time, I don't think we've delivered on the promise and all of us need to take an active role in getting this sorted.

AG- And what I do a lot for new clients is I do a lot of webinars on how to understand your numbers, how to improve profitability so I actually get a lot of them in the room all at once and re-educate them rather than one on one and I actually do that for free because I want to build community anyway, but then they always want to go into that management reporting cycle because they see the benefit all of a sudden and that's how I sell advisory, I give away a little bit for free so they actually understand what it is, they feel more educated and more in control of their business and they then are more invested to want to move forward.

JS - So there's a real paradox here for our listeners isn't there because a lot of our listeners will be on a time and cost traditional system versus live data in the cloud taking significantly less time to get the reports completed, sent to the client, meeting on Zoom versus face to face or travelling out to the client, they'll be thinking to themselves I'm giving more value, it's taking me less time, is my business still going to be profitable, what am I actually going to do with all this spare time and am I still going to have the same revenue left at the end of the year, or do I actually have to go and get a whole lot more new clients just because I've become more efficient? How have you handled that Aly?

AG - I valuetise, so I guess I do value billing is my definition of what that is, so I know what the market would pay for something like that, so it doesn't matter how I do it, that's what they're going to pay, there's only a certain level of money that they're going to pay for and I communicate with them and I think with any service we need to provide the value proposition, I just make sure that that value proposition is strong and that they understand it and they are always willing to pay for it. I actually had a situation this year where I onboarded a new client and they actually didn't understand their business so when I quoted I well under quoted and so within three months I went back to them and I said 'look this is what you're getting, this is what we've given, I actually need to up your fee', I upped their fee by double and they were totally happy with it and like 'yep, yep we got it, we see the value that you're delivering us'. This year I doubled it again because of all the value that we were delivering to them through that transactional compliance advisory piece. They had a business that they were running on MYOB they had no oversight, we pushed them up to Xero, put in Xero projects because they're a builder, they doubled their profits in one year and they doubled their team members and they credit pretty much all of that to us, there's actually a testimonial up on our website to show that. What we do is incredibly powerful and if we care for our clients and want them to succeed we must help them understand their businesses and that means we need to be on the front foot to give them best practice to show them what is available and show them that there are better products available, that's my perspective anyway.

JS - And what we're really seeing is that a lot of our clients are looking at value in terms of the investment in your services rather than the cost of those services, so they are seeing gains at the other end by engaging with you?

AG - Absolutely, they're seeing oversight in their business, they're seeing efficiencies, they're seeing real time data, they're understanding their businesses so they can make appropriate decisions, it's improving their profitability, it's honestly all win. I haven't seen anybody move away from a cloud system.

JS - It's powerful isn't it? How many clients do you have Aly?

AG - Oh around two hundred now.

JS - Wow and they've all migrated onto the cloud and they've all stayed on the cloud.

AG - Not one has moved off, not one has moved products either. I honestly believe that has to do with the setup, the investment, the communication and the education. If you don't get any of those pieces right it's most probably our failure and so you need to be confident in what you're doing and understand it and help them, we are actually here to help them and support them, we don't just put them on a product and leave them alone, you wouldn't do that to a staff member, we must help them understand it - certainly there are benefits in doing so.

JS - So Aly it would be fair to say that your technology stack has been built and has been built over a period of time, for those listeners out there that are perhaps contemplating changing from what they're currently doing, Clayton could you just tell us what a technology stack is and why it's important for an accounting firm?

CO - It's a collection of applications effectively that perform specific tasks, you think of your marketing piece Mailchimp or Zoom does your communications or you might be using Eventbrite for running an event that you're running with the clients, Asana for your job management and those sorts of things, it's pulling all of those pieces of your business processes together, maybe in individual applications that hopefully communicate with each other and this is where we're at with a lot of these applications, many of them do dovetail and connect into your core accounting engine, but a lot of them still don't, or it's clunky you know, you've got to go through a third party application, a connector to actually do it. This technology stack you're really trying to solve sort of these wedges of business processes in a way that actually they will all communicate and talk to each other. So you've got to go eyes wide open that it's not a perfect connected world in all of this there are different commercial considerations between these companies as to how they work, so don't think that it's 'oh yeah great, I'll just magic fairy dust and it's all going to connect', that is not the case. We're getting there, we're moving in the right direction there, I think we as a profession play a role in actually articulating what we expect and need and why, we've got to give some commercial understanding as to 'hey here's a benefit for you guys to actually connect better together', and what we're seeing is the apps themselves are starting to connect with each other instead of just

necessarily straight into the core accounting engine. So you might be running a webinar and your registration engine is going to connect to your webinar presentation engine, knit together a suite, think of it as a suite of applications that actually work together as much as possible to actually give you business process outcomes really that are better than what you started with.

JS - So if I'm sitting in an accounting firm now and I didn't even know I had a technology stack and I'm listening to Aly and her wonderful technology stack that's been built over a period of time, how do I actually evaluate my current technology stack?

CO - When you're partnering with software companies, and we're partnering in our firms for solutions that are vital and critical pieces of infrastructure for our own businesses. But we're also partnering with applications that are critical for our clients businesses, you think of your Xeros and QBOs and all those cloud based core accounting engines, so it's very important we conduct our own due diligence as to who are we going to partner with, this is going through a sort of investigative process of partnering because my view really was that I want to choose wisely on the way in because I don't want to be sort of switching and changing two years, five years in. Don't be too opportunistic about this because for most of us and most people in the profession that I know, we're lifers, we're in this thing, you know, this is what we do, we're going to stay with that client as long as the client allows us to serve them, we are what's known as, and Simon Sinek talks about this and James Carson in a book called *Finite and Infinite Games*, we are playing the infinite game but guess what? Many technology companies are playing the finite game, it's a different game, so how do we coexist? This is what's critical, what questions can we ask, have we read the partnership agreements? Do we know that some companies, some vendors, some major vendors in the world interrogate clients' balance sheets and profit and losses for purposes of marketing to them? Do we know that? Have we discovered that? So we need to be brave and bold enough to ask the hard questions. If we're going to be sharing technology with clients, and that's a big risk isn't it, we're fearful of that, we're fearful of introducing anyone new to our client base unless we've gone through the due diligence as much as we can and we feel comfortable that this is a relationship I'm prepared to shout from the rooftops about. Now is it going to be perfect? No, it is a partnership. (laughing) Right? We know how they work,

they're challenging. But, through mutual respect and participating in the feedback loop and being open and honest and respectful, bringing our manners, and I think we all need to do this and tech companies need to do it and a lot of advisers need to do it, is understand each others position, but also don't be afraid to be very strong and firm about what we believe to be a future path that we perhaps should be going down for the betterment of our end mutual client and the customer essentially of the technology company. That's my soapbox but (laughing) we have not solved that, I've seen terrible acts of unethical behaviour over twenty five years, I don't want to see again in the next twenty five years, and we almost need an ethical charter I think between the software vendors and the accounting profession, and it's probably up to us to write it.

JS - So Clayton if I'm sitting here now in an accounting firm, a traditional accounting firm, and I'm trying to evaluate the technology stack that I currently have, what would be the one tip you would give me as an owner or a partner or a principal of that firm to do to initiate that particular review?

CO - Be bold to get rid of all of it. What are we changing today that's actually going to have an impact in the future? If we were going to start this thing again with what we've got today and what we know, what would we do different? And this is the same conversation we can have with clients. I tell you what, by doing it yourself, clients whether you tell them or not that you've done this, they are going to know, they are going to see a different approach to how you work with them, they're going to see a different sense of enthusiasm in the organisation, there's going to be a progressive forward thinking mindset that clients are going to want a piece of. It's just the nature of things as when we make these changes, they're bold and scary, but just come from that angle and work back, work back at 'ok where' do we start with this, we're going to remodel this house'.

JS - Are you really telling the listeners that strategy is where it starts, you've got to understand what the next five years looks like, what success might look like?

CO - Absolutely.

JS - Aly have you got anything to add to that?

AG - Yeah look I've been in boardrooms asking those specific questions in small, mid and large firms and I go through a couple of things with them, one, do they really want to change, but two, what are your core baseline products that if you changed what would the benefits and efficiencies be? And I guess I put it into what I call big bangs and small wins, are there really some tech pieces that we can put on to get people used to change, to get them to see any benefits that we could potentially bolt on immediately?, and then people get this confidence around that and then we start to work on our big bang in the background and that might be your foundational product like moving from XPA to Xero potentially. And the way that I've done that in prior firms is I guess I've looked at the pain points and said 'these are all the pain points, this product can potentially help to fix those', but I've taken a really staged approach because I know how difficult it is to bring change into these organisations. So, I would start with doing webinars for clients and if they wanted to move to an online product and then if you choose what online product it is, for me it was Xero, I then got a few clients building client ledgers and so people got more comfortable with that, and then we went to that next step of ok well maybe potentially we can move the client ledgers there, so we're just using Xero rather than XPA and Xero, and then we're like well we're already using Xero products, can we use Xero Tax, then we bolt that on, can we use Xero Working Papers, bolt that on. So I use that really staged approach but it helps people to process the change and it also helps people to get that change mindset, that they're also seeing the wins along the way. So for me it was around finding what that baseline functional foundational product was and in most accounting firms it's what you use as your client ledgers and your administration which is usually either an XPA, a MYOB or a Xero or some other product like that, and then looking at whether that product is suiting you or not and what other products are out there that might be better and how you then transition through that, that's how I've done it.

JS - Ok Clayton let's talk about road blocks, the security of data is never more important than it is in the cloud, what's the best method for securing it?

CO - Reality is that the cloud storage is highly likely that it's a lot more secure that what people are using in their own on premise in desktop, that's just a given. You've stepped it up a gear anyway going to the cloud, you think of these entities

that are mostly public companies, they've got strong vested interest in securing that data and that is their business, a data breach there suddenly undermines, potentially billions of dollars of market capital, so that is their business. However at a practice level protecting things like the software called Practice Protect for example, that deals with the issue of people changing in organisations, how do you know when someone leaves that you can quickly deal with all the logins that they actually had access to? I think that's an important part, Rippling, in the US there's another product that does a similar sort of thing. So that piece as a custodian of data and think of it as you being that, we have a role and a responsibility in this area so it's important that we ask the direct, hard questions, perhaps that we're skirting around, don't just take it on blind faith, ask it the questions, where's your data stored? What's your data security sort of process/protocols here? Ask those questions because you are highly likely to get asked them yourself so be proactive about that in the first place. So yeah it is a role and responsibility that we do have, we do need to take it incredibly seriously. Again drilling into those terms and conditions, you know, I know I harp on this because I discovered it recently was the fact that where some software vendors, their business is clients' data, and we have to understand is that something that we're comfortable with or not comfortable with?, and we need to be, and I'm not saying one way or the other necessarily there, but some vendors will market a product that they own, let's say alone, to a client, off the back of the interrogation of the clients balance sheet. You think of Google, we give up a lot of data there for the benefit of a free, useful application, so there's this trade off that's constantly happening and different firms and personally we'll have different thresholds as to what's appropriate or not, but you do need to go there.

JS - Do your homework, be aware of exactly what rights you're giving up and but always start in house and understand what weaknesses you have inside your internal security especially if you're going into the cloud and all of a sudden there's logins for all sorts of different applications.

CO - And share with your clients, be open with your clients around this, get them involved in this conversation, you don't want a surprise just that at some stage in the future of a gotcha that they were unaware of, because we either didn't ask the question or we held it back from them. You're on their side of the desk.

JS - Valuable insights. Aly for those in the cloud, what should they be doing next?

AG - Be inquisitive, find out what's happening from the suppliers, ask them what's on their roadmap, where to next? Speak to people in the industry to find out what products they're using and how it's worked for them, but always go on this journey of self improvement. I don't believe that my tech stack will stay the same, in fact I've moved pieces in and out already because there were pain points or it wasn't working how I wanted. So be prepared for change and I think that that's what we need to really understand is that I find the tech the easy bit, it's actually the change management and bringing people on the journey with you that can prove to be the most difficult. So make sure that you've got your team and your clients on the journey with you and always make sure that you're one step ahead and you do that by research, you do that by being inquisitive, you do that by watching webinars, asking others what they're doing, so that's certainly what's worked for me.

JS - And Clayton for those who haven't taken the leap yet, what's the first operational move they should make?

CO - Do that internal systems review basically, look at the way you're doing things because that will bring new insights as well and don't be afraid to get a different set of eyes in on that. Get your clients involved from the client experience angle, involve them in the process, ask clients what do they want?, it's amazing the amount of times we don't do that, find a need and fill it basically and use technology to do that.

AG - Do you know Clayton the best thing we ever did was when we started we brought in somebody that had no accounting experience and asked them to say if we're doing something silly to question us as to why we're doing it that way and he challenged us in so many ways that our processes are completely different because we had to undo, or for myself, twenty five years of professional practice experience (laughing) it is about thinking about things differently.

JS - So I'm hearing from both of you that vulnerability is a key to finding new ways to do new things

AG - We have to understand that we don't know it all and that we need to lean on each other, we need to lean on the software suppliers, we need to lean on the CA in order to help us to get to where we need to be to deliver the best results for our clients.

CO - I'm a huge fan of the software community, I'm a massive fan of the accounting profession, together, if we can join together and come closer together we're running on some parallel tram lines at different times, but if we can actually just stay focused on who it is that we're serving ultimately, is our client and their customers. But that is what we need to keep firmly focused on and come back from that to work out what can give us the best result to actually impact others and help others, ultimately buy back some time in their life, achieve the goals and dreams that they have in their business, us also in our businesses by helping other people get what they want, we'll get what we want, that famous Zig Zigler quote which I just absolutely love.

JS - What a wonderful way to finish, Aly, Clayton, thanks so much for your time and insights today, I'm sure everyone listening has got plenty out of it, I know I have. Thank you.

AG - Thanks for having me.

CO - Thanks mate.

Thanks again to Clayton Oats - founder of QA Business, and Aly Garrett - founder and principal of All In Advisory. So that's a wrap for this Episode of Small Firm Big Impact.

If you'd like to continue the conversation further then please visit the CA Catalyst Community Group in MY CA, where both myself and our guests will seek to answer your burning issues that you might have in regard to the episode.

Don't forget there's also some really fantastic resources that your membership with CA ANZ gives you access to.

Head to the CA Catalyst section on the CA ANZ website where you can find practical resources like case studies and playbooks.

Also on the website, you'll find The Library, and the Tools and Resources Hub with plenty of practical information and great insights to support you in practice.

And lastly, my personal favourite - LinkedIn Learning - which is free for CAs - and can be tailored to your personal learning needs.

This has been "Small Firm Big Impact"- I'm John Schol, speak with you again soon.