



New Strategic Advisors

The changing role of
modern accountants

Virtual Round Table Series
Accountancy Working Group 2018

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The changing role of modern accountants

The traditional role of the accountant has been to provide bookkeeping and audit services to their clients in line with regulatory and tax bodies of whichever jurisdiction they belong to. The phrase 'bean-counter' is an oft-used derogatory phrase painting accountants as dry individuals with no concern for anything other than numbers.

While this analytical role of any business' annual performance via balance sheets and profit and loss statements is still an important part of an accountant's job, it is becoming increasingly commoditised and automated by advanced cloud-based programs. Crunching numbers and providing raw data is fast becoming the domain of artificial intelligence (AI) and machine learning, while progressive accountants are adapting to this new environment by developing other areas of their expertise to become professional business advisors.

In a world of e-commerce and globalised customer bases, the challenges facing clients are changing, incorporating more aggressive tax regulations, revenues arising from multiple jurisdictions and increased competition.

The role of the modern accountant is one of strategic advisor, or as one of our participants below puts it 'powerful interim CFO.' Advisors need to understand what

makes their clients tick on a human level to understand what advice they require to make the decisions that will drive their businesses in the direction they want to go.

The role requires a business partner who understands the pressures of entrepreneurship and is able to think laterally and creatively, using financial data to find solutions to pressing problems. In the discussion below our members passionately emphasise the value of building trusted partnerships with clients.

Having the ability to interpret financial data in the best interests of the senior management, while offering advice based on that interpretation, will be the way accountants remain valuable to their clients; embracing technology and using it as an asset, rather than seeing it as competition. Providing access to professional cross-border networks will be another crucial factor that gives new modern strategic advisors that competitive advantage.

The following discussion draws on the expertise of seven modern strategic advisors from the IR Global membership. You will hear from accountants in the UK, Switzerland, USA, India, Canada, Belgium and Hong Kong on proactivity and dynamism, the rise of AI, approaches to tax planning and the benefits of an international outlook.



The View from IR

Tom Wheeler

MANAGING DIRECTOR

Our Virtual Series publications bring together a number of the network's members to discuss a different practice area-related topic. The participants share their expertise and offer a unique perspective from the jurisdiction they operate in.

This initiative highlights the emphasis we place on collaboration within the IR Global community and the need for effective knowledge sharing.

Each discussion features just one representative per jurisdiction, with the subject matter chosen by the steering committee of the relevant working group. The goal is to provide insight into challenges and opportunities identified by specialist practitioners.

We firmly believe the power of a global network comes from sharing ideas and expertise, enabling our members to better serve their clients' international needs.



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John E. Curzon's major areas of practice through which he delivers intentional and strategic results include: merger and acquisition consulting; succession planning; business and tax advisory and business valuations.

John is involved with a number of forward-looking organisations that allow him to connect his knowledge and expertise with his passion for leadership.

He is a member and Past Chair of the Oklahoma Governor's International Team (OKGIT) and a founding collaborator of the Network of International Creative Entrepreneurs initiative (NICE) – two efforts that are expanding Oklahoma's influence beyond US borders.

John is also chairman of the OSCPA Editorial Board of CPA Focus Professional Magazine and is a contributing author. He is a member of the Tulsa Region Board of Directors for Junior Achievement of Oklahoma, which works to develop entrepreneurship in students.

John is a Certified Public Accountant accredited in Business Valuation and is a Chartered Global Management Accountant. He is a Certified Valuation Analyst and a Certified Merger & Acquisition Advisor.



ENGLAND

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Chris has more than 14 years' international tax and accounting experience in advising and working with businesses to facilitate their aims, particularly with regard to both domestic and international expansion, and through the provision of bespoke tax advice. His clients include high net worth individuals, growing small and medium-sized enterprises and multi-national businesses.

As a chartered accountant and chartered tax adviser, Chris is well placed to provide clients with a tailored, bespoke service. His experience ranges from leading on-site audits, to representing clients during business acquisition or sale, as well as a variety of tax and business planning projects.

Inspire was formed in 2004, with the intention of filling a gap in the market for a unique firm of advisers providing a service to entrepreneurs, owner managers and their businesses focused on delivering a proactive, relationship-based approach to clients.



HONG KONG

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Andrew earned his bachelor and master's degrees in 1996 and 1998 respectively. As a Certified Public Accountant based in Hong Kong, he began his career at Value Plus CPA since its inception. With his flying start, Andrew quickly rose to the status of Chief Executive Officer.

With more than 20 years of experience in public accounting, management consulting and business advisory services, his CPA firm has served hundreds and thousands of portfolio clients from different sectors all over the world and was selected as "Business Advisory Firm of the Year" by Corporate INTL magazine due to his all-round experiences in strategic business development.

His numerous engagements include: business formation, company secretarial services, financial accounting and reporting, auditing and attestation, tax advisory and planning, forensic accounting as well as transaction advisory services.



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Florian Diener is managing partner and founder of Diener Advisory.

Diener Advisory is a global award winning independent Management Consulting Company helping professional services firms to bring all their financial and operational related topics to the next level of organisational effectiveness. Diener Advisory helps companies to expand EBIT, increase profitability and enhance shareholder return.

Florian Diener has more than 20 years of experience in management consulting and interim management of companies and institutions of all industries with an emphasis on all finance, accounting and controlling related matters, including business process improvement, restructuring and outsourcing advisory.

He holds a master's degree in business administration (MBA/Dipl.-Kfm.) from the Munich School of Management (LMU) and a banking degree from the Bavarian chamber of commerce (IHK). He has also published various business articles and is founding member of an exclusive Swiss referral network (Beraterzunft).



BELGIUM

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Yves, is a certified accountant and tax advisor and general manager of Comptafid Benelux NV, a Belgian company established in Brussels in 1978 and Antwerp in 1995. The company is mainly active in accountancy and tax advice (national and international), guiding its clients to the different specialists on the Belgian market such as notary firms, law firms, insurance brokers, real estate and financial specialists, marketing and publicity firms.

Comptafid Benelux NV services Belgian clients and, at the same time, focuses on foreign clients for their Belgian as well as their international transactions. Located in the capital of Europe, Comptafid is committed to produce high quality work on a personal basis, delivered and aimed at practical solutions.

With its international experience, Comptafid emphasises the knowledge of languages and is sensitive to different legal cultures. Languages such as English, French, Dutch and German are commonly spoken in the company.



INDIA

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Darshan has more than 25 years of experience in assurance services, risk management advisory, tax advisory, technical opinion, financial due diligence, fixed asset management and corporate restructuring.

He has experience setting up companies in the US and Europe, and has handled company liquidations in Botswana and due diligence in Mauritius. He has significant cross-cultural exposure, including interaction with professional services firms in the USA, Singapore, Australia, Botswana, South Africa, China, Dubai, Canada and Hong Kong.

He is an executive member of JHI's Asia Pacific Committee and a member of a special interest group on audit and tax which meets regularly.

Darshan is a fellow member of the Institute of Chartered Accountants of India, New Delhi, and holds a Treasury Management Certification from XLRI, Jamshedpur. He also holds a Certification in International Financial Reporting Systems and has been a member of various Corporate Law Committees in PHD chamber seminars at both national and international forums.

QUESTION 1

Do your clients expect proactivity and, if so, how do you evidence your ability to be dynamic?

UK – Chris Downing (CD) For us certainly, we recognise that a lot of accountants refer to themselves as proactive and the term is losing its relevance. Everyone says it and not many do it.

It's about giving the client that evidence, we find that frequently investing time with clients, whether they pay for it or not, gives us an understanding of what they are doing and creates opportunities to add value and add forward planning around their business. What they are expecting is for us to see things as they are happening and we find the best way to do that is to be with them.

US – John Curzon (JC) The key evidence reflecting our ability to be dynamic is communication. It's about developing a relationship with your client with an expectation that you will know what's going on with their business because of that.

We differentiate ourselves by not just sending out a newsletter with information that is broad and general, but attempting to identify what type of information is useful for a particular client and sending information specifically tailored to them. It may not always be beneficial to them, but it shows we are thinking about them.

We spend time with them asking questions that other advisers don't ask them, including what their goals and dreams are. How they respond to those questions gives us insight into who they are and what's important to them. We can then share our expertise in some of the unique services we provide in that advice area.

We have a fairly large firm by our standards here, but we do have a special relationship with all our clients. It's a matter of making sure that concept of how we approach our clients is understood by all our staff.

Switzerland – Florian Diener (FD) Our clients are looking for a dynamic sparring partner who is on par with them. They want to talk to an entrepreneur who knows the market and its challenges, somebody coming out with ideas and knowledge.

Accounting and bookkeeping is a matter of course where margins shorten. Our clients desire cloud-based accounting and bookkeeping solutions, but tailored advice around that on a 24/7 basis. We need to be very proactive, acting as a business advisor or a powerful interim CFO. We give clients access to our expert global network, which is a unique selling position.

Our approach has changed in the last few years and more and more clients are moving away from accounting – they need more than that.

India – Darshan Chhajera (DC) Our approach is to first understand the business of the client, assessing what the client actually needs. Many times the client is not able to express or articulate his requirement, so we help the client to identify that.

We update our clients with regulatory changes and discuss the potential impact on them through regular emails and meetings. We have developed an in-house faculty to help clients address the radical statutory changes that India is currently introducing, like GST, Ind AS (IFRS) and Internal Financial Controls (similar to SOX).

We not only advise clients, but hold their hands through the implementation process, to ensure the desired results are achieved. We also organise workshops and seminars to help clients develop new techniques to handle strategic challenges.

Connectivity is very critical for an advisor and our partners keep meeting clients, call them for get-togethers and share new developments.

We also have a publication called 'In Conversation' which is issued twice a year. In this clients share their experience of our firm.

Hong Kong – Andrew To (AT) It's perhaps fair to say that the traditional perception of the number crunching accountant has evolved over recent years. With the advancement of new technology, cloud accounting, social



Andrew To pictured at the 2017 IR 'On the Road' Conference in Singapore

media playing an ever-important role and client demands changing, the modern-day professional is almost unrecognisable compared to the age-old stereotype.

The ABC is to 'understand your client.' We have to reach out to our clients, by talking face-to-face, understanding their financial needs, and tailoring our services and advice to clients through understanding the existing and possible future rules and regulations for each industry.

We demonstrate proactivity by developing a powerful business plan, bringing that plan to life with the proper options. We then aim to choose the optimal structure for our clients' business and provide sound advice about insurance, commercial property, establishing a board of directors, disaster planning (to protect data and assets) and succession plan development.

Educating clients about year-round planning is important, as is tax-season preparation and filing, liability and record-keeping. We advise on personal financial planning, including budgets, retirement, insurance, estate planning and more, and will help our clients learn how to make the most of today, and prepare for tomorrow.

We firmly believe that communication and empathy are the key to a successful long-term relationship, and achieve the win-win situation.

Belgium – Yves Lecot (YL) This is one of the ways in which we stand out from other accountants and tax advisors in Belgium. It has been the case for years that our discipline has not properly considered the specific business of clients. Belgian companies are focused on mitigating taxes as far as possible, since taxation is rather high.

Once a new tax law, or an update of tax law comes out, people are focused on a way to avoid paying extra tax, rather than consolidating the new rule into their businesses.

People in Belgium believe that accountants and tax advisers are solely focused on mitigating tax burden. For example, setting up a parallel circuit of grey/black cash transactions.

We have never played that role, but instead act on a dynamic level from the start, concentrating first on getting the business into good shape, financing their activities and working with the management to achieve goals and run a profitable business.

During the last 10 years the government has been very active in closing down tax loopholes, so we consider tax savings as a dividend. Our clients can form a virtual office with us, through our datacenter in Brussels. This gives clients who are connected directly to our data and software, the opportunity to work together all the time.

Our clients appreciate that we are monitoring their businesses and expect us to react on issues before they become a problem. Anticipation is the most important action that the clients expect from us.

With an accounting reporting on the real business, we can signal any upcoming stress on the enterprise. We 'manage' their company alongside the owner, without losing our independence as an external advisor.

QUESTION 2

How are you reacting to the rise of artificial intelligence in accounting (AI accounting programmes)? Are you assimilating this into your practice or finding other ways to offer added value?

Switzerland – FD Artificial Intelligence will not stop and machine learning system will turn the whole accounting industry inside out. Clients are asking more and more questions about this and how it will affect pricing structures in the future, meaning less people and shorter timescales.

It could change the way audit and bookkeeping is done going forward and we feel there is already a sense of this, so we have started to offer more value-added services, becoming more technology orientated. We have started to offer individual reporting and financial analysis services for example using analysis around non-financial information.

We help clients to manage strategy, compliance and operational risk and are holding sessions for clients where they can get access to machine learning information. The time will come soon when we have to adapt.

Belgium – YL In order to use AI, it is extremely important that all data is recorded, not only that sourced from the client.

There are so many other resources from other, unrelated parties, that it needs the team to work with other experts to make it all available for our use. The specialised services of IT managers are also important so that this AI can be used to better manage data, generate better business results and create a better climate in the company.

As an example, a Belgium bank asked us to look for a way to optimise its decision process on mortgage requests from clients. The bank wanted to give a decision within a 24-hour time, but we said that three seconds would be enough. Nobody believed us.

Our plan was to gather all relevant client data, including income, business revenues, weekly expenses, number of children etc from client bank accounts. We combined this with data on real estate prices in Belgium and rental prices, plus information on insurance.

Adding in the address and the price of the home they want to buy and how much equity will be put down, allows the bank to decide in less than three seconds. They did it, and it meant that it took more time to fill the request in, than make the decision.

This could never have been done without AI, so the accounting firm must be always prepared to utilise technology to its benefit. Our transparency around what we are doing with data is the basis of our success.

England – CD I think a lot of it comes back to the relationship you have with the client and how you understand them. A machine can do processing, but the actual empathy and understanding you have of a client's mindset and their mental position at the point you are delivering advice is something you can't get from AI.

One of the places we are seeing growth at the moment is in the interpretation of management information. Clients are looking at the results of a quarter and want to interpret the figures reliably in order to make business decisions. A lot comes down to how well you know the clients and who you are dealing with. A lot comes down to the decisions they are comfortable making; do they take risks or are they conservative.

Traditional accounting is becoming more commoditised and will end up being almost like a supermarket approach, favouring the person who can provide the cheapest service. How that advice sits alongside the accounts is where we can add value to a client and their business.

Hong Kong – AT Artificial intelligence is improving the operation of companies and affecting all sorts of industries. Time and labour costs are saved by adopting advanced technology. As digital technology influences, nearly every aspect of our accounting practices, we must concede that new challenges exist that create new problems, especially in how we serve our clients. We have evolved from an industry based on one-on-one communications to an environment where accountants can handle 'cases' without ever meeting their clients.

Our clients feel less a part of the process than ever before; they tell us they believe that they are less engaged in financial matters. And this holds true even as we increase our communication with more emails, compelling web portals and a host of social media posts. Although we often feel in constant contact with our clients via digital technology, available round-the-clock to answer every question – our clients perceive we are not bringing them into the process. This feeling of alienation will surely translate to lowered client satisfaction and less referrals.

Rather than go old-school with the reactive phone calls and frequent update letters, we need different strategies and tactics. Our clients are often even more technologically sophisticated than us, so, if they are going to take the time to read emails, we need to make sure they come directly from their staff accountants and auditors.

Clients don't care that you are handling hundreds or thousands of other engagements. Their engagements are the only ones that matter to them and they expect reciprocal engagement from us. They need to know that they are our firm's priority. Know your clients and understand how they communicate. Give them the contact they need.

India – DC We understand that the use of artificial intelligence is increasing, but our work area is mainly in audit and consulting, where we rely on data analytics.

We understand that auditing with technology seems to be an imperative and not an option, requiring meticulous planning and implemented through the timely involvement of all constituents. As a firm we are preparing ourselves for this transition in the way audits are conducted.

We also use CAAT Tools (Computer Aided Auditing Techniques) in our audit function, which reduce the time and make the audit effective. Personal relationships are very critical, but they have to be coupled with updated knowledge and trained personnel.

Our consulting and tax teams also engage with clients to provide strategic business and tax advice. This helps in building relationships and also builds the confidence of clients regarding our advice.

US – JC Clients want a friendly face and the knowledge that someone they believe in is on their side and looking out for them.

There is definitely going to be a change to the accounting profession and I think there will be a wider gap between the commodity type of accounting services and the advisory type of services. The ability for us as advisers to be the advocate for the client and help them work through their business problems is crucial.

There are programmes out there that attempt to provide solutions to business problems based on data, but, for the most part, they involve a Q&A process. I have learnt that client interaction has to be collaborative. One question can be answered in many different ways that AI can't replicate fully.

It's all helping our clients understand the technology and how it can assist them with more informed decision making. Technology allows a much increased access to data, so machines can put that into all sorts of formats, comparing it to suggest certain responses or answers. It still, however, takes an adviser who understands the business to assess that correctly.

This is a concept of risk awareness – as we move more and more towards reliance on data, I see our greatest value in helping our clients understand what they are seeing and how they can use that in a way that will improve their business.



Florian Diener pictured at the 2017 IR Annual Conference in Berlin

QUESTION 3

How do you approach tax planning with your clients? What are some of the key issues you are dealing with?

US – JC Here in the US we don't have quite the same regulatory attention that is seen elsewhere with tax planning and the increased responsibility for professionals.

At the same time, we do still have requirements that we have to follow. The approach we take with tax planning goes along with proactivity. We have always taken the approach that we want to know well ahead of the end of the year how our client is doing and what kind of expectation they should have with respect to their taxes. We refer to this as value-based tax planning and the key is knowledge.

We spend time with our clients identifying issues around what their tax situation might look like once everything is identified and settled. We have an interesting opportunity now with a new tax law, understanding what that looks like, what the differences from the old tax law are and what their business should be doing about it.

The other part to this is understanding the markets that our clients are in. They may be in a market within the US that has not only Federal tax issues, but also State tax

changes that could occur. We have contacts in other jurisdiction around the world and make sure we have access to what is happening there as well.

Hong Kong – AT Hong Kong has a simple, predictable, low tax system. According to the 2016 Paying Taxes* study of 189 economies, Hong Kong has one of the most tax-friendly economies in the world. Why? It is the only city that imposes three direct taxes and has generous allowances and deductions to reduce the taxable amount.

Profits tax is capped at 16.5 per cent, income tax is a maximum of 15 per cent, while property tax is 15 per cent. More important are the taxes that Hong Kong does not impose. There is no sales tax or VAT, no withholding tax or capital gains tax and no tax on dividends or estates.

Due to our territorial taxation system, the profits tax (Corporate Tax) in Hong Kong is only charged on trade, profession or business in respect of profits arising in or derived from Hong Kong.

For tax planning, one of the most challenging tasks is to claim offshore exemption for our clients. We advise them on ways to claim offshore by assessing and analysing their sources of income, their purchases and sales process, their vendors and customers, the effecting location of the purchases and sales contracts.

India – DC We periodically review our clients' affairs, helping them calculate tax on earned profits and build a year-end scenario. Our tax team spends time working out possible tax planning options alongside short and long-term implications.

Most of these techniques help the client to defer their tax burden, keeping in view the long term implications. The objective is to optimise tax.

As an example, one thing we often recommend is that a director or promoter rents his individual property to his company (at a market price).

The company gets a 100 per cent tax rebate on that rent as an eligible expense, at a full corporate tax rate of 35 per cent. That income, in the hands of the individual, is taxable at a rate of 22 per cent, as there is a 30 per cent rebate allowable on rental income, leading to a tax saving of 13 per cent.

Changes in tax laws in India are generally affected through a Union Budget presented annually. Our firm analyses the budget critically and communicates the key changes, updating all our clients in a crisp and simple language following the budget presentation. The senior partners also assess the impact of changes on specific clients based on their business.

We don't do offshore structuring as of now but are looking for association in this regard.

England – CD Again it comes down to the way in which the client runs their business. As our clients are entrepreneurs, they are inherently risk takers. Some clients are more risk averse than others, and some will always be willing to push the boundaries.

Sometimes, we have to bring them back from those boundaries!! In the UK and around the world, the position between what is legally allowed and what's morally allowed has become blurred. That's becoming very much of a challenge and a lot of the problems stem from the

complexity inherent the tax rules. If it was fairly simple and there was one tax rate that everyone paid irrespective of what they were doing, then there would not be many loopholes in such a scenario.

Part of the issue is that tax rules don't always keep up with commercial reality. E-commerce and international trade is evolving incredibly quickly, but the tax laws dealing with that are so far behind that it makes it an awkward area to comprehend. It is difficult to stay compliant, particularly when the rules don't fit the actual commercial reality.

Switzerland – FD Switzerland has a very attractive tax system with a moderate tax burden. Clients are more likely to ask questions about where they should locate their branch or business. Tax competition between cantons or communes is intense and taxes are discussed a lot, so it's important to choose the right location, because this can have a significant impact on tax burdens.

Through our network we operate in all these areas of Switzerland as well as offshore, lots of technology companies come to Switzerland for other reasons beyond tax.

Belgium – YL The accountants and tax advisors that have the most success internationally, are always the ones specialised in offshore structuring. We do not use these kind of structures as this, in many cases, leads to money-laundering.

Belgium no longer accepts this kind of tax-avoidance and the penal consequences are huge. One of the reasons our economy is booming is that all the money previously held offshore is now being returned to the economy. Low bank interest rates also help, creating further stimulus for our clients. Our mission is to guarantee a correct tax return in the first place to keep this situation going.



Members including Chris Downing pictured at the 2017 IR Annual Conference in Berlin

QUESTION 4

How important is an international outlook for accountants offering advisory services? Any concrete examples?

England – CD It's vital for us. With any kind of client business at the moment there is the potential for an international dimension. For example, currently, we have a client who manufactures in the UK and is looking to sell their product in the US, while moving some research and development to South East Asia.

If that had happened a few years ago, we wouldn't have had the international capacity and they would have gone to a multinational firm, causing disruption for the client and them losing the continuity and relationship they have built to this point.

An international outlook is essential, not only from our point of view and retaining clients, but to make it easier for those clients who want their businesses to become multinational.

Belgium – YL Very important. Accountants link, translate and provide cultural context to clients looking to expand abroad. IR Global helps with that.

US – JC Because the US is such a large market, many US companies don't reach out beyond what they can see and touch in the US. For those that do ask the question about expansion overseas we want to be able to provide them with the knowledge and understanding of how they can enter into any international market place. IR Global is a valuable resource for us to provide that service.

I think the companies that are already active on an international basis are those where their industry as a whole has more of an international platform, such as energy technology, or web-based sectors with applications throughout the world. From a local manufacturing perspective, it becomes a little more difficult for a business owner who is already relatively successful to take that next step to expand into an international market that is not familiar.

We also help international companies entering into the US market. Historically, it has been difficult for companies to enter into the US market without significant cost and time. We are actively pursuing ways to make this process more efficient and effective. We are also developing strategies for companies to work within the new tax policies.

In the last year we have had a number of referrals from our clients that are doing business in Australia, the UK, Ireland and The Netherlands. We have clients active in nearly 30 countries and the ability for us to refer a client to a professional in another country has been very valuable. Likewise, we have been working with some of Chris's clients, helping them to enter the US market.

As we move through the next five years, there is going to be a lot more activity on an international basis. Companies who want to stay on top will have to have more of an international presence.

Switzerland – FD Switzerland is at the centre of Germany, France, Italy and Austria and we have major cross-border activities in these countries. It is very essential to have a network to offer cross-border advisory services, since many people live in Germany, Italy, France or Austria and work in Switzerland.

A lot of tax and accounting services spring up to service people travelling across borders for work that become liable for taxes in home and host countries. One other big advisory topic is transfer pricing between these countries.

India – DC The auditing and accounting framework in India is largely aligned with international standards. However, the applicability of International Standards on Auditing and IFRS in India generally has a gap of 1-2 years as compared with developed economies.

For example, new reporting standards are applicable in India for accounting periods commencing on or after 1st April 2018. Similarly, IFRS equivalent standards became applicable in India much later than many countries.



Yves Lecot pictured at the 2017 IR 'On the Road' Conference in Singapore

As a firm we are closely monitoring new pronouncements (mainly accounting / auditing) issued internationally, their implementation challenges. This helps us in proactively helping our clients and teams prepare for implementing those pronouncements once effective in India.

Indian companies are looking for acquisitions internationally and are also interested in getting international investment to scale up their operations in India. As our economy grows, clients prefer chartered accountants with international exposure.

Hong Kong – AT More than 90 per cent of the accounting industry is tied to compliance services in areas such as accounting, audit and tax - but don't look there for encouraging signs of industry performance.

According to consultant Allan Koltin, this level of service (a Level 1 service) is a service a client doesn't want but needs. A higher level of service (a Level 2 service) is a service a client both wants and needs, and hence, will pay value for. As technology continues to replace more of what accountants do when providing these types of services, clients look for the cheapest options because they are compulsory.

Instead, it will be services that involve advisory, consulting, wealth management and performing outsourcing functions (such as CFO duties) that offer the most opportunity for accounting firms in the near future.

Level 2 services are those that clients want and need and will pay value for. These are services that many firms can do in-house, such as estate planning and tax solutions, business valuations, feasibility studies and budgeting. Level 3 services include advisory work, consulting and outsourcing services, such as CFO work.

Level 4 services focus on wealth management: helping the client accumulate, protect and grow their wealth. There is a story of a firm resigning from a USD100,000 audit so they could represent the client in the sale of their business. The business sold for USD50 million, and USD40 million of that was parked with the CPA firm's asset management arm. The fees from that annuity were worth five to 10 times what the audit was bringing in.

As such, an international outlook is crucial for a modern accountant to keep pace with the rapidly changing global economy.



Members pictured at the 2017 IR Annual Conference in Berlin

QUESTION 5

Why are your clients using your services – what are you doing that makes you stand out as their accountant of choice?

US – JC We are asking new clients questions that other advisors have not asked them before, in order to understand their business – not just what they do, but why they do it?

We want to understand their goals and expectations of themselves, including what influence they want to have in their community. We have clients that have great businesses, but want to have an impact on their communities, so understanding what motivates them helps us develop a relationship and help them in a way that matters to them.

The other thing that differentiates us is tax planning. We invest the time to research some of the more sophisticated strategies available, so as we work with a client we may recommend something that another adviser won't, because not everybody understands it. Likewise, when

some of these companies come in and try to sell our clients on some unusual tax scheme, we have enough knowledge about that to explain it to them impartially. This will include risks and rewards plus the pros and cons of a particular strategy. Some clients are more risk averse so overall we focus on our clients' needs as opposed to the list of services we provide.

Hong Kong – AT Our business focuses on the provision of professional services to maintain our long-term relationship with our clients.

Developing a partner relationship with clients is important to make us stand out as their accountant of choice, because it helps us retain clients for the long term. We develop the relationship - beginning with trust. Once we

become a trusted advisor to clients, they will appreciate our efforts, and treat us as a peer more than just a service provider.

As mentioned before, assessing the actual needs of clients through communication is important, but we believe that 'actions speak louder than words.' Our problem-solving approach is to give a helping hand proactively when they are in need of professional assistance.

Most of our clients do not fully understand all the concepts applicable to accounting, auditing and taxation, so we provide solutions in layman's terms, that our clients understand.

We also believe that each job is a 'business lesson' we can both learn from.

Belgium – YL We have been in the top twenty accounting firms in Belgium for some time and have won a lot of prizes. New clients come to us every day.

England – CD I think one of our key advantages is that we have defined our target clients very clearly. We work with owner/manager entrepreneurs who want to progress their businesses and want to drive them forward. We go through that lifecycle with them from the growth phase to the time they want to exit the business.

We do not focus on a particular business sector, it is more about the person behind the business and their journey.

We provide face-to-face time and personal advice they are not getting elsewhere. We also have a team looking after the corporate finance side of things, business valuations and corporate acquisitions. We have a service called Finance Director on Demand, where we act as the finance director for a business. We will attend board meeting with them and spend time with them as their finance director would, helping them make strategic decisions.

Switzerland – FD We position ourselves between a trust service provider and a proactive interim CFO. We act more as a business advisor, interacting with clients and agreeing on strategies. Being client-centric is a must, so our services are individually tailored around financial and business advisory services, building a network with other advisory professionals to support that tailored advice.

We advance client mission through smart strategy, responsible management, close collaboration and integrity.

India – DC Most of our clients have been with us for a long time and those who join us, continue to use our services. Our clients' trust is based on their past experiences with us.

Our medium-sized and small clients want all their services under one roof, which is something we are able to provide because of the basket of services we offer – tax, accounting, audit, risk assessment, system and process mapping, internal control assessment and advisory.

We continuously engage with all our clients on a regular basis through emails, newsletters, workshops on relevant topics. Our managing partner is closely associated with a prominent Industry Chamber and the firm organises workshops/ seminars in collaboration with this Industry chamber for our clients providing them with a platform to interact with business leaders.

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