

THE BEST FIRMS FOR TECHNOLOGY

accountingTODAY

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DIGITAL PIONEERS

10 tech-forward firms that are leading the profession into the future



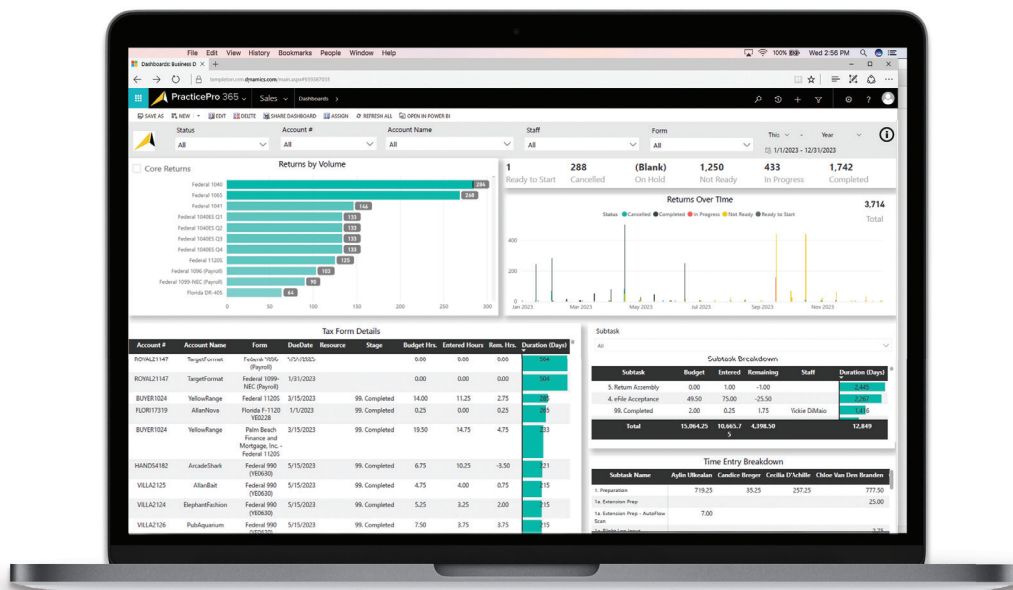


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Top stories



AS THE MOST NORMAL TAX SEASON in a few years wound down, Internal Revenue Service Commissioner Danny Werfel (*above*) told the Senate Finance Committee that the IRS had significantly improved service, and that increased funding from the Inflation Reduction Act of 2022 has enabled the IRS to begin making inroads in addressing the tax gap and tax evasion.

THE PUBLIC COMPANY ACCOUNTING Oversight Board voted to propose an extensive set of new reporting requirements to impose on auditing firms. (*See page 4.*)

Separately, the board imposed its largest ever penalty of \$25 million against KPMG's firm in the Netherlands, even as a new study from Cornerstone Research showed the impact of the board's broader crackdown on wayward auditors: The PCAOB disclosed 46 enforcement actions in 2023, with monetary penalties nearly doubling to \$19.7 million, of which \$18.8 million was imposed on firms, nearly twice the \$9.5 million in 2022.

THE INTERNAL REVENUE SERVICE announced changes in how it sends transcripts for clients to tax professionals, to beef up security. Tax practi-



tioners must now call the Practitioner Priority Service to request transcripts to be deposited into their secure object repository. Other IRS toll-free lines will no longer offer the SOR as a delivery method.

THE SECURITIES AND EXCHANGE

Commission temporarily stayed its climate-related disclosure rule amid a rash of lawsuits. Last month, a federal court also issued a temporary stay in response to lawsuits from two fracking companies. The SEC said that it still thinks its rules are valid, but also believes a stay will facilitate an orderly judicial resolution of the various legal challenges.

COMPANIES LOSE AN ESTIMATED

5% of their revenue each year due to fraud, according to a report released in April by the Association of Certified Fraud Examiners. Financial statement frauds are the least common, but the most costly, making up 5% of the cases in the study, averaging \$766,000 in median losses.

ACCOUNTING-RELATED CLASS- action lawsuit filings and settlements both increased in 2023, according to a new report, even though the cases



took longer to be filed. The report, released by Cornerstone Research, found close to a 10% increase in the number of securities class-action filings involving accounting allegations in 2023. Revenue recognition continued to be the most common GAAP violation alleged.

FOUR YEARS AFTER THE START OF

the COVID-19 pandemic, the IRS's Criminal Investigation division announced that it had investigated 1,644 tax and money laundering cases related to fraud around pandemic relief programs worth potentially \$8.9 billion. As of the end of February, 795 people had been indicted and 373 had been sentenced to an average of 34 months in prison.

PRICEWATERHOUSECOOPERS US

announced that it is realigning its organizational structure across three lines of service — assurance, tax and advisory — starting in July, only about three years after it restructured into two sides: Trust Solutions and Consulting Solutions. PwC US is also adding a new operating committee to run the firm. The firm's incoming senior partner, Paul Griggs, announced the changes in a LinkedIn post.

The PCAOB wants more info

The board voted to propose a sweeping set of new reporting requirements

By Michael Cohn

The Public Company Accounting Oversight Board voted to propose an extensive set of new reporting requirements to impose on auditing firms during a meeting in April, even as the auditing overseer is facing pushback over some of its earlier proposed rules on noncompliance with laws and regulations. The new requirements come in the form of two related proposals, one on firm and engagement metrics and the other on firm reporting. The Firm and Engagement Metrics proposal involves a standardized set of 11 metric areas for every firm that audits at least one public company classified as either an “accelerated filer” or a “large accelerated filer” to disclose every year.

They include information about firms’ overall audit practice, such as how partners’ quality performance ratings affect their compensation, and about individual engagements.

The other proposal, on firm reporting, covers five main areas. The first area is financial information. All PCAOB-registered firms would need to report actual dollar amounts of various fee categories, as opposed to the percentages that are currently required. The new requirements would also provide more disaggregated fee information that is more consistent and easier to compare across firms.

In addition, the PCAOB wants a shorter timeline on special reporting of events such as whether a firm is the subject of a lawsuit or regulatory action. The proposal would shorten the time frame for special reporting from 30 days to 14 days, or more promptly as warranted. Firms would also need to provide more detailed information about any financial issues they are facing, as well as upcoming mergers, acquisitions and reorganizations, and cybersecurity issues. [AT](#)

The IRS must update its plans

A GAO report says it hasn’t fully incorporated IRA funding in its planning

By Michael Cohn

The Internal Revenue Service hasn’t fully updated its plans to use the tens of billions of dollars in additional funds provided by the Inflation Reduction Act, according to a new report released in April by the Government Accountability Office, which found that the IRS intends to use some of the funds to replace legacy IT systems, give taxpayers more online tools and services, and protect taxpayer privacy and security. However, the agency hasn’t fully updated its plans to incorporate these additional funds, the GAO said.

In part, that’s because the funds are constantly under threat of being rescinded by Congress. The Inflation Reduction Act of 2022 provided \$80 billion in extra funding over 10 years to be used by the IRS to improve its aging technology, enhance customer service, and increase its enforcement efforts. However, over \$21 billion in funding over a decade

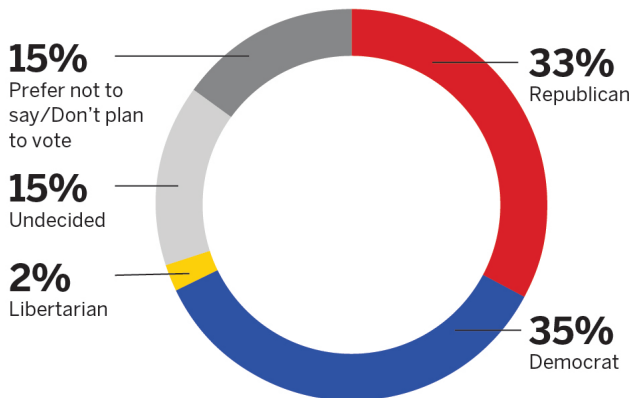
for tax enforcement was clawed back last year as part of the bipartisan deal to lift the debt limit, and was distributed to other federal agencies. To avert the threat of a government shutdown in January, government leaders agreed to accelerate those cuts. Still, the IRS has been rolling out technology improvements in line with its strategic operating plan.

The IRS plan, among other things, said the report, involves retiring and replacing legacy systems and updating programming languages, giving taxpayers tools to access their data and use online services, and ensuring continued security and privacy of taxpayer data. However, plans showing changes to the scope of future work, milestones, and efforts to retire legacy systems have not yet been updated. IRS officials told the GAO that updating these plans is contingent on completing a road map to implement the strategic plan. [AT](#)

By the numbers

A PROFESSION DIVIDED

Which party's presidential candidate do you plan to vote for this year?



Source: Arizent Research

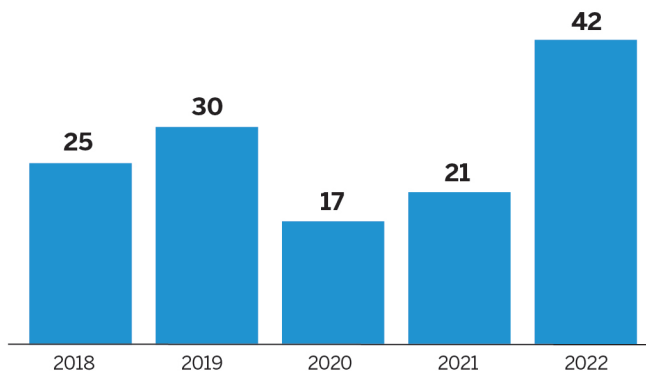
\$25 million

The size of the Public Company Accounting Oversight Board's biggest ever fine, levied in April against KPMG's firm in the Netherlands

Source: PCAOB

HITTING NEW HEIGHTS

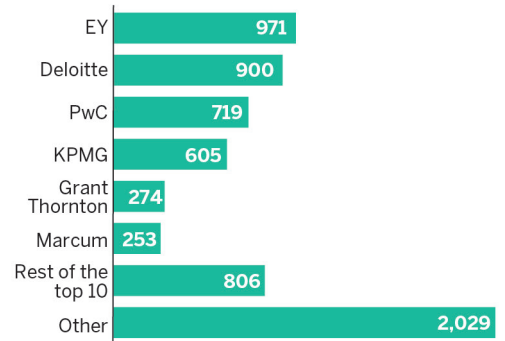
› PCAOB disciplinary actions



Source: Cornerstone Research

WHO AUDITS WHO?

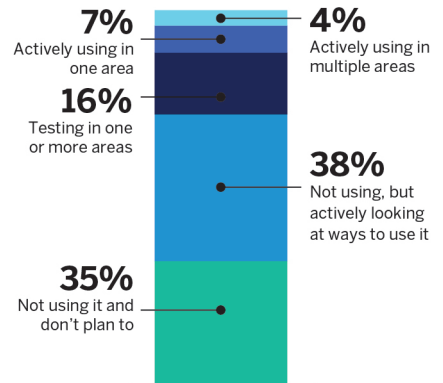
› Number of SEC registered audit clients (excluding SPACs)



Source: Ideagen Audit Analytics

AI ON THE BACK BURNER

› How accountants are currently using artificial intelligence



Source: Rightworks

23.7%

Effective federal income tax rate paid by President Biden and the First Lady, who paid \$146,629 in federal income taxes

Source: The White House

M&A roundup

EISNERAMPER TO MERGE IN TIDWELL

Birmingham, Alabama: EisnerAmper, a Top 25 Firm based in New York, added the Tidwell Group, a tax, assurance, advisory and real estate consulting firm based in Birmingham, Alabama.

The transaction represents the latest in a series of M&A deals since EisnerAmper received private equity funding in 2021 from TowerBrook Capital Partners. The firm split into an alternative practice structure, with Eisner Advisory Group LLC providing nonattest services and EisnerAmper LLP offering attest services to clients.

Financial terms of the deal with Tidwell Group were not disclosed. EisnerAmper has \$848.7 million in annual revenue, 400 partners and 4,000 staff members, while Tidwell Group has \$48.3 million in revenue, 40 partners and 200 staff. Tidwell has six offices in Alabama, Georgia, Texas and Ohio, and specializes in serving clients in the real estate, affordable housing, HUD and USDA-rural development compliance, renewable energy projects, and construction industries.

“Combined with Tidwell’s nationally recognized real estate group, EisnerAmper will have one of the preeminent real estate practices in the U.S. and beyond,” said Christopher Loiacono, EisnerAmper vice chair of services, in a statement.

CROWE ADDS KMJ CORBIN

Southern California: Crowe LLP, a Top

25 Firm based in Chicago, is merging in KMJ Corbin & Co. a Southern California firm that offers accounting, auditing, tax and consulting services, in the third M&A deal it announced last month (see *below*). The deal is expected to close in mid-May.

Financial terms were not disclosed. Crowe ranked No. 12 on *Accounting Today’s* 2024 list of the Top 100 Firms, with \$1.375 billion in annual revenue. The firm has over 500 partners and around 6,300 employees.

“KMJ is a well-established firm with a great track record in delivering exceptional client service with experienced and knowledgeable staff,” said Wendy Cama, Crowe audit and assurance managing partner, in a statement.

The deal will enhance Crowe’s audit and tax staff in Southern California. KMJ has two offices, in Irvine in Orange County and Westlake Village in Los Angeles.

CRETE ADDS REID

Tampa, Florida: Crete Professionals Alliance, a group of accounting and professional services firms based in Tampa, Florida, has partnered with Reid Tax & Advisory Services LLC, a firm with offices in Long Island, New York, and Boca Raton, Florida.

Crete Professionals Alliance was established last year to provide an alternative to the traditional exit options for accounting and professional services firm owners. As is typical with earlier Crete PA partnerships, Reid CPAs transferred its tax and advisory

business to a new entity called Reid, which is owned by Crete PA and the Reid partners and is not a CPA firm, to provide tax and advisory services to clients. Reid CPAs, which is separately owned and governed and remains a licensed CPA firm, provides audit and attest services to clients. Reid and Reid CPAs will operate in an alternative practice structure.

Financial terms were not disclosed, but Reid earns approximately \$25 million in revenue.

Koltin Consulting Group CEO Allan Koltin advised both firms on the deal. “Reid was approached by numerous suitors but chose Crete PA based on the opportunities for professional growth that their associates would have,” he said in a statement. “Crete PA is quickly becoming one of the fastest-growing accounting platforms in the country. They have the entrepreneurial flare and skills that many first-generation founders and high-performing partners and leaders are looking for in a strategic and capital partner.”

This is the sixth partnership for Crete since it was established in 2023.

CROWE ADDS ECONOMIC RESEARCH FIRM

Chicago: Top 25 Firm Crowe announced that is adding the team from economic research and consulting team ITR Economics. One of three recent deals for the firm, the combination is expected to boost Chicago-based Crowe’s strategic advisory capabilities with economic insights and



More details on each deal are available on [AccountingToday.com](https://www.accountingtoday.com).

analysis. ITR Economics will operate as a subsidiary of Crowe.

“ITR is a well-established firm with a proven track record of nearly 95% accurate forecasts and delivering exceptional client insights and intelligence that empower business leaders to make informed decisions in this ever-changing business environment,” said Chad Kellar, leader of Crowe’s strategy and transactions consulting business, in a statement. “Adding the ITR team and capabilities allows us to enhance the value we bring to our clients and play a more meaningful role across their value chains.”

FINANCIAL INDEPENDENCE JOINS LEVEL FOUR

Bloomfield Hills, Michigan: Financial Independence, a financial management and advisory firm based in Bloomfield Hills, Michigan, joined Level Four Financial LLC, a Dallas-based wealth management firm that’s affiliated with Top 100 Firm Carr Riggs & Ingram, as an independent team. The Financial Independence team oversees \$565 million in assets.

WITHUM MERGES IN BBD

Philadelphia: WithumSmith+Brown, a Top 25 Firm based in Princeton, New Jersey, has added BBD LLP, an accounting, tax and advisory firm based in Philadelphia that mainly serves nonprofit and government organizations.

As part of the deal, BBD’s five partners and 40 team members will

join Withum but remain at their current Philadelphia office, which is in the same building as Withum’s current Philadelphia office.

Financial terms of the deal were not disclosed. Withum earned \$540 million in annual revenue in 2023, while BBD earned \$8 million in annual revenue. Withum has approximately 2,400 team members, including over 230 partners, working in 23 offices.

In March 2023, Cohen & Co., a Cleveland-based firm, acquired the investment management audit and tax practice of BBD, enabling Cohen & Co. to top the rankings of the most new SEC audit clients added to its client roster in 2023 (see *page 10*). Withum is now taking over the remainder of the firm with the latest deal, expanding its nonprofit and government client base.

“We are thrilled about this partnership with BBD, as it further deepens our existing bench of expertise in the not-for-profit and government sectors and underpins our commitment to serving our communities,” said Withum managing partner and CEO Pat Walsh in a statement. “It also expands our presence in the dynamic Philadelphia business community and within the Mid-Atlantic region.”

CROWE ADDS BELT HARRIS PECHACEK

Houston: Crowe LLP, a Top 25 Firm based in Chicago, entered into an agreement with Belt Harris Pechacek LLP, a Houston-based firm that provides audit and support services to lo-

cal governments, for the BHP team to join Crowe. The transaction promises to expand Crowe’s presence in Texas, particularly with public sector clients. Crowe’s audit and assurance business unit includes over 1,400 professionals.

“BHP is a well-respected firm in the Texas market with a significant presence serving the public sector,” said Wendy Cama, managing partner of audit and assurance for Crowe, in a statement. “At Crowe, we have ambitious growth plans, including expanding in key growth markets such as Texas, and our decisions are always grounded by our core values of care, trust, courage and stewardship.”

“Since the inception of our firm, BHP’s goal has been to be the best in Texas at auditing local governments, including cities, counties, school districts, universities, and other special purpose districts,” said BHP managing partner Robert Belt in a statement. “Crowe has an impeccable reputation as a market leader and our existing clients will benefit from an expansive offering of professional services.”

Koltin Consulting Group CEO Allan Koltin, who advised both firms on the transaction, stated, “BHP is one of the preeminent governmental audit firms in the state of Texas and was sought after by many acquirers. They chose Crowe because of their outstanding reputation and the additional resources that they can provide to BHP’s clients. The deal will also provide great growth opportunities to BHP’s associates and accelerate their career paths.” **AT**



More details on each deal are available on [AccountingToday.com](https://www.accountingtoday.com).

Daydreamers and envelope-pushers

Lindsay Stevenson's transformation team drives innovation for Top 50 Firm BPM

By Danielle Lee

To date, two different meetings with bosses have ended up defining Lindsay Stevenson's career.

In the first, she was distraught and overworked in the office of the Arizona accounting firm where she was employed as a CPA about nine years ago.

"I sat in the managing partner's office and cried that I didn't think the profession was ready for me, that I wanted to change how I worked and served clients," she shared.

Her husband was worried she was a workaholic (a condition she describes as mostly self-inflicted, not due to the particular firm) but she had started public speaking about change leadership at industry events and volunteering at the American Institute of CPAs, which gave her more satisfaction than her long hours of client-facing work.

So she left her public accounting job to work as a vice president of finance and tax at a bank, and then launched her own consulting firm that helped firms become more purpose-driven by aligning culture with strategic initiatives, and introducing equity and inclusion initiatives and training.

But then came her second pivotal meeting, this time with Jim Wallace, CEO of San Francisco-based Top 50 Firm BPM.

"He asked, 'What would you do if you could create your perfect dream job?'" she recounted. "I wanted to work in transforming and helping firms, and the profession, to think differently. He said, 'Let's do that.' I said, 'Oh, really?'"

While Stevenson had enjoyed her job at the bank and "really, really loved" the work her consultancy was doing to help firms innovate, her external role had some drawbacks.

"The bad part with consulting is that you never see the end results," she said. "You're designing what's important and getting pumped up, but at the end of the day, they do the heavy lifting, they can celebrate, and they see how it is operating on a daily basis."

But since Wallace gave her that opportunity to draw up

her dream job, Stevenson has been able to do all of that, becoming BPM's chief transformation officer three years ago. She has since built a transformation team of nine people to guide the firm's wide-ranging innovation efforts.

Incremental changes

Among the recent initiatives that Stevenson's team is undertaking is a firmwide project: building a "data lakehouse," which improves business intelligence and machine learning by migrating data to a new management platform created to house both structured and unstructured data. From forming the committee to implementation launch, the project took 11 months.

"The process is essentially, we need this, and we submitted it to the PMO [project management office] and [said] 'It will take this investment, this energy' ... and we got the greenlight," she explained. "We created a separate steering committee of genius people that understand the data, internal and client-facing, and then had months of researching vendors. We went through demos before finally choosing vendors and a new product team and, with the IT group, identified the resources we needed from them to be successful."

Large-scale projects like this require project managers, but BPM's transformation team also oversees smaller initiatives that don't require a full-time PM. Recently, the assurance team wanted to use artificial intelligence-assisted writing tool Grammarly to improve their internal and client communications, so BPM beta-tested it with a small group to great success before expanding the user base. And Stevenson's team is also helping the firm try out and collect feedback on virtual-office software Kumospace for potential future implementation, while the IT team recently built the tax department a chatbot to provide quick, safe and relevant

tax information within the firm's internal, private environment.

The range of project sizes underscores Stevenson's philosophy of gradual shifts being key to success.

"Any organization wishes they spent 100% of their time on innovation and cutting-edge, crazy ideas that could change the world," Stevenson explained, "but in reality, most transformation is all incremental changes that bring you closer to the outcomes we are really passionate about."

Of course, this runs the risk of instilling impatience — or even disillusionment.

"The challenge in the day-to-day environment is you can feel not as inspired by big ideas, the kind that trigger that excitement, when working on one step to make it possible," she shared. "Those incremental shifts build a strong foundation for meaningful transformation — if you don't spend time on that, there is failure on the big side. All of us are daydreamers by nature, envelope-pushers, but [change] needs to be realistic and impactful: the steps to get outcomes; the big, flashy things to report at the end are not the whole process. There's always so much going on, so focus can be challenging."

Transformation is inevitable

Daydreaming and envelope-pushing is not only what attracted Stevenson to her role but led her to create it, and with that, a new way of thinking throughout the firm.

"When I was first brought on, we were building innovation and transformation into the culture, to be woven in and directed in more intentional ways," she said. "Quickly after that, we brought in our transformation manager and worked to build out change in our leadership strategy, and what that looks like as we progress and weave it into projects ... At the same time, our director of business intelligence and data governance has a team focused on transformation, how we are leveraging data, do we have a data roadmap, how do we position ourselves to have access to business intelligence. We have two teams inside the transformation [department],

and since then we have built out our project management office where we manage and filter products, and the PMO helps with resource management and allocation."

Stevenson oversees weekly team meetings that are structured to give every direct report

four minutes to address their top three priorities, then list any barriers or "asks" of the team or firm.

"It's really effective for us as a team, to collaborate with each other; it works really well," she said, explaining that as none of the team members are in the same location, meetings are conducted remotely over Microsoft Teams.

Stevenson credits BPM's being "really great around strategic planning" for helping work these ideas up the leadership chain: "There is a lot of connection to strategic priorities. We make time for ideation, because you never know when something really great is going to strike. With our strategic ideas and outcomes, we keep each other in check. It's so fun to work on that ... Sometimes it isn't as fun to be accountable, to [ask],

'Is this something we want to be five years from now?' If the answer is unclear or no, we don't focus on that."

Having to shoot down ideas is a continual, but necessary, hurdle for Stevenson and her team.

"There is so much talent in the organization, from the interns up to the CEO, really smart, engaged, incredibly bright people who have ideas all the time," she shared. "The hardest thing, in the beginning, is saying no to something. There are a lot of really good ideas, but only some are really great."

It is Stevenson and her team's job to help the firm discern the difference, and to inspire staff to tap into the kind of idealism that has guided her career, and led her into this role of guiding others.

The transformation team was created "so people don't feel so discouraged, so they keep thinking, keep dreaming, keep considering," she said. "You don't know when a good idea is going to become a great idea ... We want the firm to transform, for people to share ideas, to continue to grow, and we have to lead by example." **AT**



'You don't know when a good idea is going to become a great idea We want the firm to transform.'

Cohen & Co. tops 2023 SEC client rankings

Overall new client additions — and departures — continue to rise, thanks to M&A

By Daniel Hood

Having dominated the quarterly lists of new Securities and Exchange Commission audit engagements for the first half of 2023, Top 100 Firm Cohen & Co. topped the rankings for the whole year by a wide margin.

The Cleveland-based firm grabbed the top spot almost entirely due to its March 2023 acquisition of the Investment Management Group of BBD, a Philadelphia-based provider of audit and tax services for registered and unregistered investment companies, which yielded 54 new clients. Overall, the firm brought on 62 new engagements, and netted 57. (See “*Net engagement leaders.*”)

Big Four firm Deloitte brought on the second-largest number of new SEC audits, with 40 new engagements, netting 21. Los Angeles-based GreenGrowth CPAs netted the second largest number of new clients, with 34, largely because it acquired portions of two audit practices: Colorado-based Gries & Associates and Utah’s Pinnacle Accountancy Group.

The 737 new engagements signed in 2023 mark a major jump, continuing a rising trend that started in 2021. Client departures, however, also jumped, to 829 from 752 in 2021 — outpacing new client additions for the third year in a row. (The figures don’t match up exactly in part because

of lags between when a company leaves its previous auditor and when it reports engaging its next auditor, but more importantly due to M&A, since an acquired company will be reported as a departure, but will not engage a new auditor.)

The league tables

Big Four firm Ernst & Young topped the ranking of new market capitalization audited, thanks to the \$53 billion from Corona, California-based energy drink manufacturer Monster Beverage Co. (See “*New client leaders,*” below.)

Cohen & Co. came in first in terms of new assets audited, the majority of which — \$206.4 billion out of \$233.8 billion total — came from ETF developer Select Sector SPDR Trust.

Deloitte came in second in both new market cap and new assets audited, and topped the list of new audit fees. Miami-based cruise operator Carnival accounted for almost half of its new assets audited, at \$51 billion.

Grant Thornton, meanwhile, ranked second in new audit fees, with contributions spread relatively evenly across 26 new clients. [AT](#)

For more details, visit AccountingToday.com.

New client leaders

BY MARKET CAPITALIZATION AUDITED

Auditor	New market cap
Ernst & Young	\$76,398,520,555
Deloitte & Touche	\$75,156,012,311
KPMG	\$25,167,917,372
PwC	\$23,340,917,296
Grant Thornton	\$8,810,323,428

BY ASSETS AUDITED

Auditor	New assets
Cohen & Co.	\$233,768,154,835
Deloitte & Touche	\$117,789,576,831
Ernst & Young	\$62,884,034,891
PwC	\$35,238,576,000
KPMG	\$20,426,083,575

BY AUDIT FEES

Auditor	New fees
Deloitte & Touche	\$80,413,176
Grant Thornton	\$44,935,421
PricewaterhouseCoopers	\$35,548,742
KPMG	\$25,896,463
Ernst & Young	\$22,242,132

Source: Ideagen Audit Analytics

Net engagement leaders

Firms	Net engagements	New engagements	New market cap audited	New revenue audited	New assets audited	New audit fees
Cohen & Co.†	57	62	\$2,673,739,072	\$5,306,228,114	\$233,768,154,835	\$4,360,146
GreenGrowth CPAs†	34	35	\$981,542,694	\$26,309,055	\$101,569,226	\$1,336,943
Deloitte & Touche	21	40	\$75,156,012,311	\$43,427,381,669	\$117,789,576,831	\$80,413,176
Fruci & Associates†	13	16	\$2,259,083,638	\$16,913,515	\$159,625,487	\$1,104,583
Grant Thornton	12	26	\$8,810,323,428	\$23,679,253,099	\$20,034,049,926	\$44,935,421
Assentsure†	11	11	\$172,866,179	\$169,261,810	\$309,038,337	\$2,113,000
Turner Stone & Co.	9	10	\$101,397,456	\$21,080,910	\$48,807,954	\$1,002,761
Olayinka Oyebola & Co.	8	10	\$38,335,811	\$54,096,909	\$124,686,498	\$484,413
Enrome	8	9	\$117,611,926	\$343,176,302	\$814,343,616	\$2,477,327
Victor Mokuolu CPA	8	8	\$39,403,152	\$8,377,310	\$10,539,717	\$756,890
Assurance Dimensions Inc.†	7	10	\$88,243,097	\$25,953,521	\$72,410,773	\$596,181
Ark Pro CPA & Co.†	7	8	\$478,795,019	\$444,746,721	\$823,037,134	\$2,021,123
Onestop Assurance	7	8	\$308,864,212	\$282,557,845	\$301,950,551	\$2,361,739
Grassi & Co. CPAs	6	8	\$103,643,293	\$53,418,135	\$96,960,853	\$1,503,180
Reliant CPA†	6	7	\$511,730,809	\$1,720,923	\$77,195,801	\$406,429
PKF USA	6	6	\$323,868,492	\$276,669,000	\$404,178,015	\$3,434,613
Moss Adams	5	12	\$2,298,754,187	\$1,501,469,667	\$5,279,063,853	\$12,731,970
RBSM	5	10	\$594,350,862	\$25,582,794	\$656,924,426	\$1,188,510
Wolf & Co.	5	5	\$649,984,176	\$466,973,407	\$5,187,530,065	\$3,113,743
EisnerAmper	4	11	\$522,588,792	\$1,466,335,600	\$5,285,937,809	\$11,327,458
Tait Weller & Baker	4	6	NA	NA	NA	\$327,922
Adeptus Partners†	4	5	\$741,928,188	NA	\$550,885,996	\$513,069
Mazars USA	4	5	\$536,746,284	\$130,661,454	\$321,311,398	\$1,262,940
Salberg & Co.	4	5	\$177,857,443	\$2,731,304	\$55,243,210	\$947,276
Elkana Amitai CPA	4	4	\$3,174,372	\$2,729,752	\$4,172,855	\$162,500
Horne	4	4	\$23,041,787	\$31,335,522	\$117,633,807	\$775,606
HTL International	4	4	\$467,477,399	\$163,296,892	\$200,803,795	\$720,000
Pan-China Singapore	4	4	\$172,920,096	\$11,507,698	\$59,676,172	\$296,000
Crowe	3	6	\$1,995,641,636	\$900,105,156	\$18,540,951,115	\$3,603,657
Weinberg & Co.	3	6	\$149,765,198	\$40,011,914	\$47,069,644	\$660,000
R Bolko CPA†	3	5	\$2,027,949	\$6,453,732	\$4,678,052	\$136,700
Fortune CPA Inc.	3	4	\$44,925,322	\$70,993,779	\$159,304,563	\$850,982
Barton CPA	3	3	\$2,729,125	\$24,930	\$16,525	\$45,250
KG CPAs	3	3	\$385,236,672	\$151,398,509	\$58,844,855	\$252,000
Urish Popeck & Co.	3	3	\$28,445,791	\$5,981,268	\$16,711,123	\$341,748
Forvis	2	7	\$1,062,396,588	\$256,302,000	\$4,444,155,545	\$1,791,916
Haynie & Co.	2	6	\$74,513,915	\$47,741,451	\$67,381,170	\$712,364
UHY	2	6	\$6,227,981,853	\$62,935,392	\$1,598,386,168	\$2,517,383
LJ Soldinger Associates	2	4	\$15,312,864	\$103,000	\$589,002	\$157,538
Haskell & White	2	3	\$91,592,050	\$10,691,000	\$73,593,642	\$1,096,129
RJI CPAs	2	3	NA	NA	\$280,158	\$15,940
RRBB & Co.	2	3	\$48,690,342	\$21,990,153	\$36,341,911	\$1,118,549
Simon & Edward	2	3	\$52,140,011	\$46,100,493	\$57,265,198	\$600,601

Ranked by net engagements; ties are broken by the number of new engagements, then by alphabetical order.

† New engagements include significant gains from the same previous auditor, often an indication of a merger or other change in firm structure, or that some of the new engagements have a corporate affiliation, as with Cohen & Co., which added 54 new clients thanks to its March acquisition of the Investment Management Group of BBD.

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Special Report

Taking a CAS practice to the next level



Leveling up

Accounting firms are pioneering ways to upgrade their CAS practices

The rise of the remote partner

The process of becoming a remote partner isn't much different from the traditional path — but it may take some extra effort

By Chris Gaetano



When Daren Daiga's husband had to move to another state for his job, it looked at first like her time with Capin-Crouse was over. Daiga had worked for the Indianapolis-based firm since 2013, eventually growing into a valued senior tax manager. She liked the firm, the firm liked her — but then her husband's job necessitated a move to Dayton, Ohio.

In other circumstances, Daiga would have needed to start looking for work at firms in the Dayton area, but Capin-Crouse was loath to let an experienced manager go and Daiga herself wasn't keen on changing employers either. Eventually, they came to an agreement that allowed her to work as a fully remote senior manager, which she did for five years before finally being promoted to partner in 2022.

"To lose a manager who knows the work and who knows the training and who knows [how to] train people and have

a big impact, that would have been difficult," she said. "I love where I worked, so I could not imagine working anywhere else, and since they were able to accommodate remote workers, even fully remote workers, well before COVID ... we were able to make that transition."

Daiga is a remote partner, a designation becoming more common in the wake of the pandemic lockdowns. Like remote workers in general, remote partners at accounting firms are not necessarily new, but in recent years their numbers have certainly grown. Experts believe they make up about 5% of the total share of accounting firm partners; if one counts those who started as on-site partners and then went remote, the estimate grows to about 10% to 15%.

These leaders can be found all over the country. Some, like Andrew Pitt, a Buffalo, New York-based tax partner with

GHJ, a Top 100 Firm headquartered in Los Angeles, wanted to change firms and had some very specific needs that, in the end, could only be met by a firm over 3,000 miles away.

"I knew exactly what I was looking for, so I was targeting this specific position," he said. In looking for firms, he and a recruiter decided to look outside Buffalo. "It really was the culture and diversity of leadership I was looking for," said Pitt.

Tabatha Broussard, a Baton Rouge-based partner at Oklahoma-based Top 100 firm HoganTaylor, was also looking for a specific kind of practice. Having already been a partner at another firm for seven years, the shift to remote work during lockdown opened her eyes to the possibilities. But she didn't want to work remotely for just anyone — she wanted a firm that matched her own expertise with the energy industry. "HT's energy practice is impressively developed, stacked with exceptionally smart professionals serving exciting clients, so it was kind of like 'Check that mark right there,'" she said.

For Vivian Gant, a partner at Florida-based De La Hoz, Perez & Barbeito, the reasons were more personal: two small children. Unlike other remote partners, she is not especially far from the office, just a half-hour drive, but the way her schedule worked with her family, it was much easier to go fully remote. "[Younger people] maybe think public accounting is just going in and getting burnt out for a few years so it looks good on your resume, then work for a private company until you die," she said. "That is not necessarily what it can be. You can still be a mom. You can still do different things."

And sometimes people become remote partners without intending it. Tom Corfin, who lives in New Hampshire, was working at a firm in the Northeast when it was acquired in 2018 by Atlanta-based Top 100 Firm Aprio. Having previously worked remotely for almost a decade, he was well positioned to be a leader when Aprio — which had already been supportive of remote work — leaned even harder into the position during the COVID lockdown. He was officially made partner at the beginning of January 2023, when, he said, he "was already six years ahead of the curve."

The day to day

The remote partners we spoke with reported that, in terms of their day-to-day work, there are not that many differences between themselves and their on-site counterparts. More of their meetings are online, but much of the work is the same, because even on-site accountants are increasingly serving clients remotely, and there is still a large degree of asynchronous communication that generally does not require physical presence. For instance, Kevin Loiselle, a tax partner with Aprio based in the San Francisco area, noted that the firm's

German clients are handled out of the Atlanta office, which works with them remotely anyway.

Remote partners did not report feeling especially left out of key communications and decisions among firm leaders. Many said this was because the partners would mostly meet online anyway, due to being dispersed among several offices. Kimberly Hastings, a Colorado-based remote partner for LA-based HCVT, said this is largely due to the investments that firms made in communications and collaboration technology.

"Technology is an amazing thing, so even when we have monthly partner meetings for various groups — I'm on multiple committees for the firm and I'm our practice lead — a lot of these calls are already happening via Teams or Zoom because you have people in different offices," she said.

Not everything is exactly the same, though: Remote partners say they need to be more on top of maintaining connections than people who are in an office. Danielle McGee, a Michigan-based partner for Los Angeles-based Katz Cassidy, said that, as a remote leader who is responsible for managing remote staff, she needs to be more intentional in keeping contact. "Since I came on as a remote partner, we've hired a bunch of remote employees ... I tend to do a little more intentional outreach to them because I know if you don't, it's easy for someone to not feel connected."

Loiselle, the San Francisco-based Aprio partner, said he had to slightly modify how he fulfills his staff development and coaching responsibilities, since he can't be in the office all the time, focusing more on several large sessions a year versus lots of smaller day-to-day interactions. "I do end up going to Atlanta several times a year to lead technical training for wider groups of people who all get together at our headquarters," he said.

The remote partner has gone from being almost unheard of to appearing in firms across the country. While technological enablement is one reason, another commonly mentioned factor is the talent shortage. "Talent is getting harder and harder to find in the accounting profession and the pipeline is shrinking and our clients are demanding more and more," said HoganTaylor CEO Randy Nail. "So we've got some good old supply and demand economics going on: Accounting firms need to serve their clients, and to do that you have to be open to finding talent in different places and figuring out how to make it work within their culture."

McGee also noted the declining number of accounting graduates but added that there's an increasing number of retirements. "Firms need to be open-minded to having employees that are remote," she said. "I think our field as a whole has to have trust in our employees to begin with." **AT**

Voices



PATHWAYS TO GROWTH

Cross-selling hasn't worked; 'Land and expand' instead

By Gale Crosley

Accounting firms are short on resources and are actively seeking ways to address the deficiency. Many are pruning their rolls, culling unprofitable or problem clients. Others are taking what I consider a highly questionable approach, one that was in vogue 20 and more years ago.

I'm talking about cross-selling. Sounds like a motherhood-and-apple-pie concept, but it's fraught with issues, which is why its failure rate is high.

I learned this the hard way when I introduced one of my first midmarket CPA firm clients to an account strategy session method, which I had learned selling in the large accounts division at IBM. Once a year, the sales/systems engineering team would brainstorm ways to increase revenue by expanding our offerings for a particular client. We recognized that without achieving a deep understanding of the decision-makers and decision-making, we were unable to expand our reach and revenues. This required a strategic focus on the power and politics of C-level executives, not just on solutions.

During the account strategy session, I observed that the team kept reverting to a tactical cross-selling discussion around the services we should sell. When I attempted to level up the conversation to the role of power and politics, it became clear that the sole relationship was between the lead partner and the CFO.

In such situations, if the CFO is not interested in a particular service, there's nowhere to go. The way to avoid dead-ending is to also forge relationships with the owner, CEO, director, COO, CIO or others. That way, recommendations rejected by the CFO may still receive consideration.

Do this instead

Getting a handle on power and politics can be a heavy lift

for many partners. However, in the corporate world, land-and-expand, as it is known, is a well-known approach. It is a systematic, focused means of growing larger accounts by strategically cultivating multiple C-level relationships, then matching needs to solutions by applying your knowledge of hidden agendas and influence among decision-makers.

It is managed by dedicated account executives who are paid — handsomely — based on the revenue growth in the account. They have a skill set much prized in the corporate world. Land-and-expand is considered the highest level of strategic solution-selling involving human motivation and interpersonal dynamics.

If hiring a dedicated professional to optimize revenue among strategic clients is not in the offing, it is possible to help an existing partner become a highly effective account executive by teaching strategic solution-selling skills and reducing their chargeable hour load to provide the needed capacity. The leverage is significant, as revenue can exponentially exceed an hourly billable rate.

Breaking down the wall

Account executives who are financially rewarded for driving large-client revenue are motivated to bring in others. This helps break down the wall of resistance among partners who consider clients "theirs." That proprietary thinking is the other big reason cross-selling has long been unsuccessful.

Partners who are highly protective of their relationships may question the ability of any other partner to do right by their client. The thinking is, basically, "No worries, I've got this."

In many firms today, it's often perceived by other partners that it's easier to seek out new clients than to crack the hard-

headed nut, i.e., the partner who resists reaching beyond their comfort zone and experience to uncover opportunity. (The one who answers “No” to expanded services like wealth management, business valuation, international, tech or tax credits!) Account executives, on the other hand, see accounts as belonging to the firm, not to them.

Landing and expanding is a proven strategy that can help accounting firms deliver high-demand, profitable services. At

a time when resources are scarce, it makes sense to identify clients that represent the highest potential for the most profitable firm revenue growth. Culling the bottom frees up resources, but cultivating the top is the way to the most efficient revenue growth! **AT**

Gale Crosley, CPA, is a leading consultant to accounting firms on revenue growth. Reach her at gcrosley@crosleycompany.com.



TAX STRATEGY

IRS loses on conservation easements — for now

By Mark A. Luscombe

After the Internal Revenue Service identified syndicated conservation easements as potentially abusive transactions and designated it as a listed transaction, the agency initially had some successful enforcement actions in court.

However, adopting an increasingly popular litigation tactic, litigants began attacking the means by which the initial IRS guidance was adopted, and specifically failure to comply with the requirements of the Administrative Procedures Act, which requires public notice of proposed action and opportunity for comment.

While it had been the position of the IRS traditionally that the APA did not apply to it, courts have begun to take a different view. The Tax Court initially supported the IRS's position, and the 6th Circuit supported that position on appeal. However, the 11th Circuit reversed the Tax Court on the same issue and held that the IRS had failed to meet the requirements of the APA.

The IRS responded by starting to shift more guidance to the form of proposed regulations that hopefully comply with APA requirements. Those proposed regulations were issued in November 2023. The IRS also successfully had legislation enacted by Congress to limit the losses permitted to be claimed on syndicated conservation easements. The agency also has continued to attack in court the promoters and appraisers involved in these syndications, and has also continued to pursue the taxpayers claiming these losses in the courts, with the 6th Circuit on its side and the 11th Circuit opposed.

The SECURE 2.0 Act, enacted at the end of 2022 as part of an omnibus spending bill, included a provision that disallows a deduction for a qualified conservation easement contribution made by an entity taxed either as an S corporation or a partnership (including LLCs taxed as partnerships) if the amount of the contribution exceeds two and a half times the shareholder's or member's tax basis. The legislation also included reporting requirements for the shareholders or members seeking the deduction.

Now, however, in a Tax Court case arising from the 10th Circuit, the Tax Court has reversed its previous position and agreed that the syndicated conservation easement regulations were invalid, holding that the regulation's basis and purpose statement failed to meet the procedural requirements of the APA. (Valley Park Ranch, LLC, 162 TC --, No. 6, Dec. 62,442.) With the Tax Court now aligned with the Eleventh Circuit view, Valley Park could spell trouble for the IRS position in all circuits.

There was a fairly strong dissent in the Valley Park Ranch decision, taking the position that there was no substantial basis for reversing the court's opinion issued four years earlier. The dissenters were of the view that the failure to include a statement of basis and purpose was not fatal since the basis and purpose in the case were obvious.

It is not clear whether the IRS would see any merit in trying to appeal the Tax Court decision to the 10th Circuit. Now that the Tax Court has shifted its position, it seems less likely that any other circuit court would follow the 6th Circuit. It is also

not clear that even the 6th Circuit would stick to its position.

Looking ahead

The situation in the long term still looks favorable for the IRS. It now has specific statutory authority to attack syndicated conservation easements that are too abusive under the statute. The agency can continue to revise its regulations to meet APA requirements. The reporting requirements will aid the IRS in identifying syndicated conservation easements offerings. The Tax Court has continued to deny deductions to shareholders and members of syndicated conservation easements involving gross overvaluations of property subject to the easement. Some of the principal promoters of the syndicated conservation easements have been convicted in federal court of conspiracy to commit wire fraud and aiding

and abetting the filing of false tax returns. An appraiser for a number of syndicated conservation easement deals has also pleaded guilty to conspiring to defraud the U.S.

The Valley Park Ranch decision probably means that some early participants in syndicated conservation easements, before statutory changes to the law and before revised IRS regulations, may be able to continue to claim some of the significant past losses associated with their participation. However, with new legislative restrictions, new regulations, and criminal actions against the aiders and abettors, the IRS appears likely to curtail the worst abuses carried on by syndicated conservation easements in the future. **AT**

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Mark A. Luscombe, JD, LL.M, CPA, is principal analyst for Wolters Kluwer Tax & Accounting.



BOOMER'S BLUEPRINT

CAS: Branding is important

By L. Gary Boomer

Client accounting services — or is it client accounting & advisory services? — has been a buzzword across the accounting profession for years. Yet, despite its prevalence and the potential it holds to redefine professional services, a consensus on its definition seems elusive.

Different firms, as well as different authoritative bodies like the American Institute of CPAs and CPA.com, offer varied interpretations of what CAS encompasses. This diversity in understanding reflects the evolving nature of accounting and the need to align these services with client expectations and the rapidly changing business landscape. In other words, the profession needs to view these services from the client's perspective, rather than from the inside out.

The challenges

At its core, CAS/CAAS aims to transcend traditional transactional and compliance services, venturing into the realms of advisory and consulting. However, the transition is fraught with challenges, primarily due to the heterogeneous nature of the definitions provided by service providers.

Each firm tailors its CAS/CAAS offerings based on its

strength, market position and client needs. This diversity leads to a spectrum of services that, while beneficial, complicate the task of setting industrywide standards and create confusion in the market.

The AICPA and CPA.com have been at the forefront of efforts to bring uniformity to what CAS entails. Their definitions often emphasize the integration of technology, strategic planning, and business process improvement into accounting services. Nonetheless, these efforts are juxtaposed against individual firms' and non-CPA competitors' definitions, which might prioritize specific service aspects, such as financial planning, risk management or digital transformation consulting.

From transactional to transformative

To navigate the complexity of CAS/CAAS, it's helpful to consider the services under four broad categories: transactional, compliance, advisory and consulting. Capacity is a challenge at the transactional and compliance level, while capability becomes a challenge at the advisory and consulting levels. The following definitions will hopefully provide some clarity.

- **Transactional services** include day-to-day bookkeeping and accounting tasks. While essential, they are increasingly becoming automated through software solutions and artificial intelligence, pushing firms to consider higher-value offerings. AI is everywhere in the business capability model.

- **Compliance services** ensure that clients meet regulatory requirements and reporting standards. Although critical, these are often seen as baseline services that many clients expect as a given, while many providers view them as highly technical and advisory.

- **Advisory services** represent a step up, focusing on providing strategic advice to help clients better manage their finances, optimize operations, and plan for growth.

- **Consulting services** delve into more specialized areas such as financial modeling, visioning/planning, mergers and acquisitions, and technology implementations. Here, the expertise is not just in accounting but in leveraging financial insights to drive business transformation.

Advisory and consulting services are more of a team sport, while the rugged individual can often meet the wants and needs of transactional and compliance services.

Aligning with market wants and needs

Amid these challenges and rapid change, there is a growing recognition of the need to brand and package service offerings in a way that resonates with clients. This means moving beyond jargon and profession-specific language to articulate the tangible benefits these services can deliver.

For clients, the value of these services is not in the technicalities of what the firm offers but in how these services help them achieve their business objectives. Too many firms get caught in their silos, restricting data flow and communications. They are also caught in the existing business model, believing time is money, rather than money is time.

Whether improving financial visibility, strategic growth planning or operational effectiveness, firms must package and price these services as part of the client's success story. In other words, how does the firm make the client the hero?

This client-centric approach requires a deep understanding of the challenges and opportunities within specific industries and the ability to tailor services accordingly.

Competing strategies

Most firms have elected to add corresponding services to tax and accounting (transactional and compliance), but is it more compelling to start with a blank slate, determine target clients, and then package services around those clients while including tax and accounting in the package, rather than

leading with tax and accounting? From the market's perspective, clients want advisory and consulting services and require transactional and compliance services. Value is determined by the client, not by the provider. Most firms have too many clients and are underserving their ideal clients.

The future of CAS/CAAS

The future is promising but demands a concerted effort from firms to redefine and align their services with the evolving market. This includes a continuous investment in technology and talent, fostering a culture of innovation, and developing a nuanced understanding of the industries served.

Moreover, as the profession navigates the impacts of outsourcing and AI, it is crucial to embrace these changes as opportunities rather than dangers. Branding is a marketing function. The accounting profession should rethink its approach to marketing and sales. Order-taking is no longer enough. Professional marketing and sales are needed to sustain and grow the profession's relevance.

Action plan for alignment and innovation

Here are your next steps as you move your firm forward in CAS/CAAS:

1. **Begin with a blank slate.** Challenge the status quo by reimagining your service offerings from the ground up. What is your vision for the next three years? Do you have a strategic plan to support that vision? This process involves identifying ideal client profiles and understanding their evolving needs, which extends beyond traditional accounting services.

2. **Embrace ideation and experimentation.** Innovation is the result of creativity and experimentation. Foster a culture that encourages creative thinking and experimentation, allowing for developing new services and delivery models that respond to the changing business environment.

3. **Leverage technology and AI.** Strategically applying outsourcing and AI technologies can enhance efficiencies and enable team members to focus on high-value advisory and consulting services. This transition requires investment in technology and training to increase capacity and capabilities. AI is everywhere (or should be) in your firm.

4. **Focus on client-centric service design.** Design your service offerings with the client at the center, ensuring you address their specific business challenges and opportunities. This approach enhances client satisfaction and positions the firm as a stakeholder in client success. It can also allow team members to operate according to their unique abilities.

5. **Navigate the impact of private equity.** Consider the strategic implications of private equity in the accounting

profession. This may involve evaluating opportunities for investment in technology, talent and market expansion to drive growth and innovation.

6. Adopt a continuous-learning mindset. The shift toward advisory and consulting services demands a commitment to continuous learning and professional development. Engage in a peer community.

Overcoming the gravity of the past

Transforming to a more innovative and client-centric service model isn't without its challenges. The accounting profession has historically been rooted in tradition, with a strong

inclination toward maintaining the status quo. However, the gravity of the past should not outweigh the pull of the future, and the future is bright.

Firms willing to rethink their service models, embrace new technologies, and focus on delivering value-aligned services will be better positioned to thrive in the evolving landscape. Change leadership, process management, and project management are all required. We call this the Transformation Triangle! Think — plan — grow! **AT**

L. Gary Boomer, CPA, CITP, CGMA, is the visionary and strategist at Boomer Consulting Inc.



ARTIFICIAL INTELLIGENCE

Generative AI for small and midsize firms

By Bill Armstrong

Businesses across the globe are at the beginning of the artificial intelligence revolution. As they're exposed to various forms of AI, they're experiencing how impactful the technology can be. In the accounting profession, firms are using AI to complete repetitive tasks, analyze financial information quickly, identify anomalies, and create initial drafts of professional writing. A recent survey from accountants revealed that 69% of those surveyed who use AI believe it has had a positive impact on their job.

Major accounting firms have announced billion-dollar investments in AI use, but much less has been heard about how small and midsize firms are leveraging this technology.

Without breaking the bank, small and midsize firms can make smart investments to adopt AI and tailor it for specific uses. With the release of generative AI, it has never been easier for firms to own AI models that uniquely serve their business processes.

Picking the right AI model

There are three different approaches that firms can go about in adopting generative AI: out-of-the-box, custom-developed, and assembling.

1. Out-of-the-box: Purchase the technology from a variety of vendors.

To date, many small and midsize firms are leveraging an out-of-the-box model. These generative AI applications, like ChatGPT, can be a cost-efficient option for those firms, but have their limitations.

Out-of-the-box models can be unreliable, lacking the practical context needed to aid accounting firms. They're trained on publicly available information without access to specialized articles behind paywalls or whitepapers produced by industry experts, and their access to public information can have time limits, leading the model to provide outdated information.

Additionally, data security is a concern when using out-of-the-box AI models. Closely evaluate the AI company you're partnering with to ensure you maintain compliance with applicable professional standards, regulations and contractual commitments. Sensitive data should generally stay protected within your own network. Be sure allowable data sent to the generative AI model outside your own network isn't being kept any longer than absolutely necessary, and that your client contracts disclose the use of this technology and provide consent to use their information where applicable.

2. Custom development: Build an in-house model with custom generative AI.

Businesses could choose to develop their own generative

AI model from scratch, but that could prove costly. For an accounting firm, building a model would require a lot of proprietary data that could be difficult for some firms to access, especially if the cost of acquiring the data is high.

3. Assembling: Adopt offerings created by companies such as Microsoft, OpenAI, Amazon and Google, and integrate the technology with current business processes.

Small and midsized firms should take advantage of the technology by partnering with an AI company to assemble their own generative AI model on top of a preexisting application.

Assembling/maintaining a model

Traditional machine learning models require thousands or even millions of data records for the technology to become highly accurate. Generative AI typically requires no training. Firms can use the technology out-of-the-box in numerous ways to streamline processes.

There are already a variety of companies integrating generative AI into their product offerings that small and midsized firms can utilize.

ChatGPT has an enterprise version and Microsoft has a variety of generative AI offerings rolling out through familiar products like Excel, PowerPoint and Microsoft Dynamics.

Firms can take the technology a step further by building on top of it with prompting. Prompting can be used to provide extra context to a generative AI model, or to give it a persona, which allows it to access specific information in its corpus.

If you want to add extra context to your generative AI model, you could, for example, feed it an article about updates to lease accounting in 2023, and ask the model questions about the article, or to summarize it. If you want to give your model a persona, you could

tell it to take on the role of a tax partner and to write a memo about Internal Revenue Code Section 163(j), including citations.

Assembling a generative AI model on top of existing models could be a cost-effective option for many firms, and tools such as Microsoft’s Azure Cognitive Services or DataRobot are a starting point, though these require a close eye when it comes to maintenance.

A firm that assembles a generative AI model is essentially building its technology on top of someone else’s, possibly entangling firm data with the AI company’s and putting it at risk of being collected. Just like with an outsourced model, closely evaluate the AI companies you work with to secure data and not violate any applicable commitments, regulations or professional standards.

Firms should also consider the costs of managing the generative AI model. The lack of AI training and education can be a major barrier to finding talent with the necessary skill set to manage AI models, but with the right governance, you can make small investments in management by building AI capability between IT and client services.

Making small investments will prolong the building process, but it grants small and midsized firms the ability to gradually invest in long-term AI development.

Small and midsized firms don’t need to spend millions of dollars to start adopting and experimenting with custom AI solutions. Partnering with AI companies or building a small skill set internally is a great way for them to leverage this technology. **AT**

Bill Armstrong, CPA, is chief innovation officer at Moss Adams. Reach him at bill.armstrong@mossadams.com or (949) 221-4077.

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The permanence of change

Daniel Hood
Editor-in-Chief

Time passes, and things change.

Confusingly, the certainty that nothing is permanent is one of the few things that will be true forever, and the truth that most things are writ in water may as well be carved in stone.

Things change, and how you think of them has to change as well. Things that don't work now may improve — or go away entirely.

Take artificial intelligence: It can be easy to dismiss now because it is subject to hallucinations, and it writes mediocre copy, and it doesn't know everything. But all that will change: AI will stop hallucinating, it will write more fluidly, and will continue to digest — and be able to deploy — far more information than it currently can. To be fair, it may never be everything its boosters claim, but it definitely won't stay in its current state.

Things change, and what seems like the most important thing in the world today may mean much less tomorrow.

Take our preoccupation with the retirement of the baby boomers, which has driven two decades of M&A, alternative practice structures, private equity investments and much more in accounting. It won't be long before all those boomers will have retired or died (or decided that they won't retire until they die). In just about five years, the first members of Gen X will reach retirement age, and we'll be looking at a very different set of demographic issues.

Things change, and what once seemed a

failure may return in triumph.

One of my favorite examples in accounting is outsourcing, which enjoyed a brief vogue a quarter century ago, before basically disappearing for a decade or more, largely because it was not ready for prime time. Now it's back, and the outsourcers and offshore partners are ready for prime time — but there are firms who were burned last time who won't go near it.

Things change, and the certainties of the past can evaporate overnight.

For three generations, the flow of unskilled graduates into firms was so regular that accountants could build their firm models around it — but that flow was cut more or less in half over the 1990s, and the profession has been struggling to maintain those models ever since.

For good or ill, sooner or later, everything changes. That doesn't mean you should give up on planning; instead, regularly revisit your assumptions, and be ready to adjust your plans and practices if your assumptions no longer fit the facts. What was true when you entered the profession may not be true six months from now; what worked for generations may stop working tomorrow. Be ready to adjust yourself, your firm, your plans and your thinking.

Time passes, and things change — but so can you.

— Dan Hood

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