CPA Crossings

Transforming Your Firm's Business Model:

Workforce Transformation and Talent Management Strategies

Executive Summary

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Talent, technology, and other massive forces are affecting every professional services firm. The impact is upending business models and providing just as much opportunity as challenge. While no one has a crystal ball to predict the future of accounting, this research can help CPAs and accounting professionals make more informed and confident decisions about the future of their firms.

We surveyed hundreds of accounting professionals representing firms of all sizes from 31 states. From their responses and feedback, four key points stood out for firm leadership to consider.

1. **Most respondents expect their firms to shrink in headcount by 20% or more in the next five years.** How will accounting firms continue to see growth and profitability with smaller teams? This prediction alone seems to be enough to consider restructuring accounting firms now to prepare for the future.

2. **This dramatic reduction, driven by technological advances and a talent crunch, will upend the pyramid practice structure that accounting firms have successfully leveraged for a century to sustain growth and profitability.** An important driver to success in the future will be retaining the best performers within accounting firms. The pyramid practice structure was not designed for talent retention. In fact, it functions in an opposite way: filtering talent out. What other options are presenting themselves to firms that are willing to change?

3. **To be successful in the future, accounting firms will need a new practice structure that accommodates and focuses on the "6 Ps" of Business Model Transformation:**
   - Precision hiring
   - Proactive retention
   - Practical technology implementation
   - Pricing expertise
   - Practice area expansion or focus
   - People acceleration

4. **Other industries have success stories to tell.** Companies in manufacturing, health care, technology, and other industries have all faced similar workforce challenges and have been able to reshape their professions. The key has been recruiting, retaining, reskilling, or upskilling parts of their staff as specialists through technology-based training and innovative and personalized professional development. These companies saw improvements in productivity, company growth, talent retention, employee engagement, client/customer satisfaction, and more.