



2023 WICPA ACCOUNTING & AUDITING CONFERENCE

YOUR SOURCE FOR KEY UPDATES & INSIGHTS ON TIMELY ISSUES

HIGHLIGHTED TOPICS:



THE FUTURE OF WORK: HOW AI & AUTOMATION CHANGE THE GAME

Explore recent developments in AI, cut through the hype to understand AI better and discuss how AI can be used to automate business



ETHICS & DECISION MAKING

Discover underlying principles that can lead to an ethical culture in the workplace



THE GREAT GASB/FASB: THE HITS KEEP ON COMING

Receive a high-level overview of the most impactful GASB/FASB pronouncements you need to have on your radar

THURSDAY, NOV. 9 | WICPA OFFICE & WICPA CPE LIVESTREAM

9:25 – 10:15 a.m.

ESG: Current State of Play: What Companies Need to Know Now

Karen Baum, CPA, CFE, *Managing Partner, Sustainability & ESG Services, BDO USA, LLP*

Firm Names New Sustainability & ESG Leader; Tower To Retire

The firm has announced a new Sustainability & Environmental, Social & Governance (ESG) leader: **Karen Baum** will take on the role of Sustainability & ESG managing partner and oversee the U.S. ESG Center of Excellence (COE), effective Nov. 1. She will succeed **Christopher Tower**, who **will retire on Oct. 31**. In addition to these roles, Baum will continue to co-lead BDO Global Sustainability & ESG Services development, working with sustainability experts across the globe to drive creativity and innovative solution design.

"I'd like to thank Christopher for taking on the role of BDO's first ESG head and for his tireless efforts to drive this important area forward. to the numerous other leadership positions he has held over the years," says CEO **Wayne Berson**. "We will miss the passion he brought to all the leadership positions he held over the years and wish him all the best in his retirement."

"I'd also like to congratulate Karen on her new role," he adds. "I look forward to her leadership in continuing to build our sustainability credentials and grow this exciting area of our business."

SUSTAINABILITY & ESG: A BRIGHT FUTURE

As one of the five CLIMB strategic imperatives, Sustainability is critical to the firm's success. Under Tower's leadership, the firm established an ESG Center of Excellence, published its inaugural sustainability report and participated in its first Climate Week, among other accomplishments.

"I'm excited to step into this role at this critical juncture," says Baum. "Sustainability is a business imperative and will be transformational for BDO and our clients."

Noting that the ESG market was estimated at \$50 billion last year and is only expected to grow, Baum says adapting our services to the evolving market will be key to activating the tremendous revenue potential sustainability presents across all business lines.

"On behalf of the entire COE team, we're truly grateful to Christopher for his vision and legacy - and will continue to deliver on our promise of excellence."

ABOUT BAUM

Baum has led the firmwide ESG Services Strategy and has served as Advisory's ESG Services leader since the ESG (now Sustainability) strategic imperative was established in September 2021 and will continue to lead Sustainability & ESG services development globally. As a corporate finance professional, she has served as Advisory's National Market leader and Transaction Advisory Services National Partner at BDO in addition to serving in industry in multiple C-suite roles for private equity backed portfolio companies. Her industry experience includes serving clients in the consumer products, entertainment, media and broadcasting, healthcare, retail and technology sectors.

Related article:

- **22 Principals Retiring Through Year-End — Wish Them Well**

SIDEBAR

SUSTAINABILITY & ESG HIGHLIGHTS

BDO has made great strides to expand its environmental, social and governance (ESG) commitments, set data-driven goals and take action, including:

- Signing the [United Nations Global Compact](#).
- Joining the [Net Zero Financial Service Providers Alliance](#).
- Engaging stakeholders through a materiality assessment.
- Completing a full greenhouse gas inventory to determine the firm's carbon footprint.
- Pledging to achieve net-zero greenhouse gas emissions by or before 2050 and halving emissions by 2030.
- Committing to the [Science Based Targets initiative](#).
- Bringing to market sustainability and ESG service offerings.

9:25 – 10:15 a.m.

Maximizing Capacity in Your Firm

Doug Lewis, *Director, The Visionary Group*

How to Increase an Accounting Firm's Capacity



M&A + Advisory Consultants
for the CPA Profession



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- Capacity Expansion + Growth Realignment
- Value Pricing + Client Upscaling
- Expanding Advisory Services
- Partnership Agreements, Buy-ins + Comp
- Managing Partner Roundtables + Retreats



Aging & the Impact on Succession

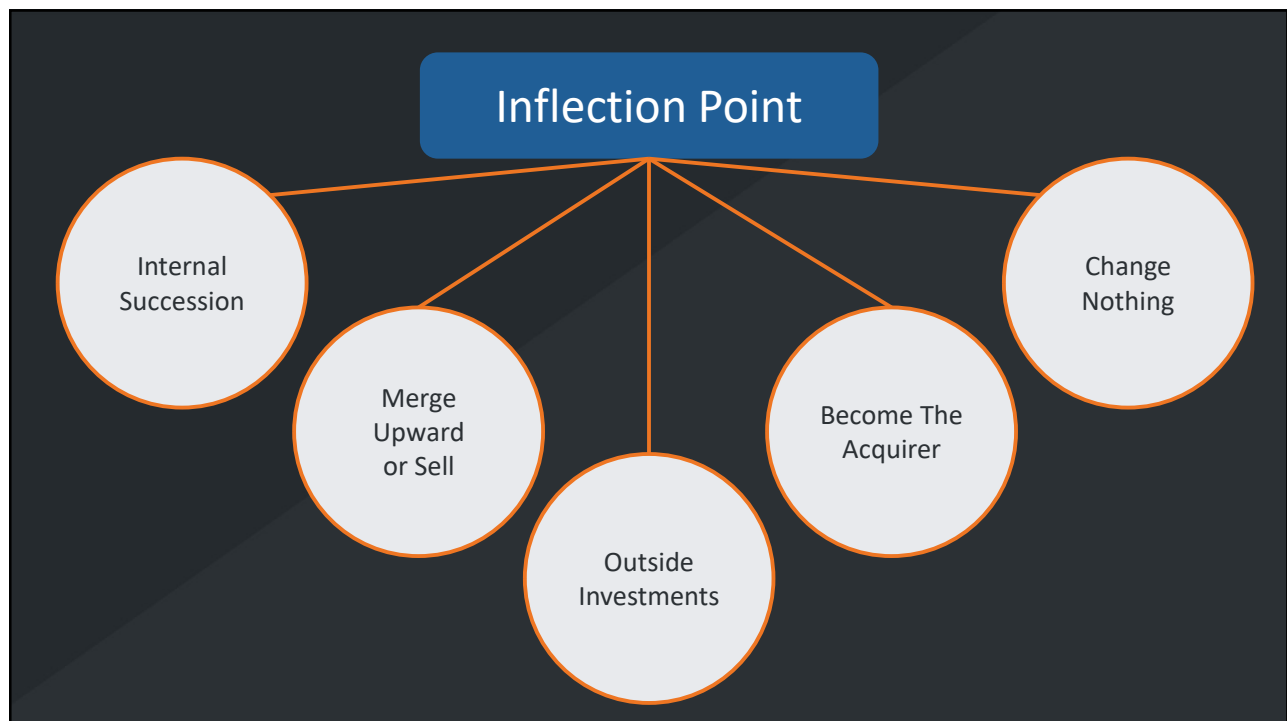
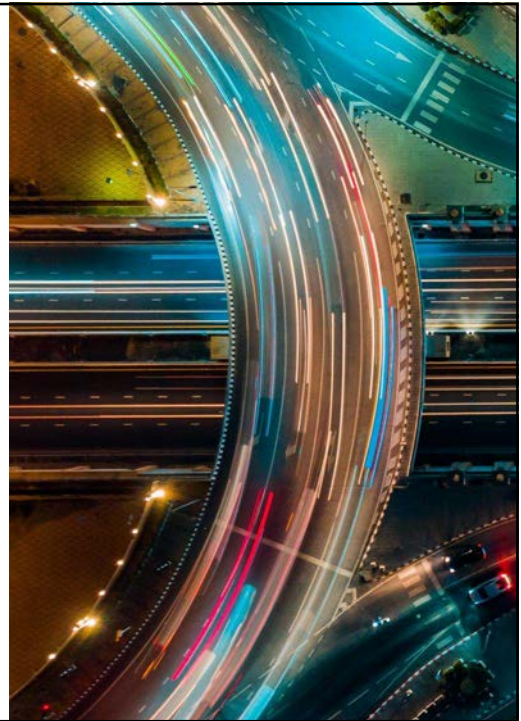
Age

The average age of a CPA in the U.S. is 55

- 75% of AICPA members became eligible for retirement in 2020
- 84% of firm owners expect succession to become a major concern within 10 years

Summary

- The aging professional population is confusing and not clear
- This uncertainty is fueling succession concerns



Stats

To Set Some Tone

- 9.5% drop in college enrollments
- 16.5% drop in junior college enrollments
- 127,000 to 95,000 sitting for the exam
- Baby boomers retiring
- 75,000 upcoming accounting grads

Think of a swimming pool

Being less dependent on CPAs is a critical factor in a firm's growth path

* Source: American Institute of Certified Public Accountants

Set the Stage

Time Compression

The Client's Perspective

Building Enterprise Value

The M&A/PE + Succession Factor



Time Compression Factor

Year-Round Revenue Generators

- Client Accounting Services
- Wealth Management
- Advisory Services

What Services Can Free You?

Free you from being dependent on the shrinking supply of CPAs so you can still grow



Client's Perspective

What Do Clients Think?

Do they care about **HOW** you get their work done or **IF** you can do it for them?

Key Capacity Points

- Clients want insight
- They want work done on time
- They want the data to make decisions

Clients Rely on Your Firm to Provide Data

The “tools” your take to get there do not really matter. What matters is you can deliver what they need.

Building Enterprise Value

How to Make a Firm More Valuable

- RPH & REP
- Pricing realignment
- Client upscaling
- 1040s & small clients
- Advisory services
- Depth of professional bench
- Culture



Hidden Capacity Factors

Traditional M&A
Private Equity
Succession





How Do You Maximize Capacity?

What Path or Paths Work for You?

Look at options beyond recruiting to expand your firm's capacity.

Core Capacity Options

- Outsourcing/Offshoring
- Client Culling / Upscaling
- Value Pricing
- Redirection
- Advisory Services
- Technology Investments

Outsourcing Misconceptions



Staffing Shortages Are International

It did not work for us

Our clients will not accept it

The price is too high

Quality is not there



Client Culling/Upscaling

Changing Clients

The clients you built the firm on may not be the clients you need going forward

How Do You Decide...

- How much to raise fees by client?
- Which clients to shed?
- How to communicate this to a client?

Pricing – Value Strategies

Is There a Price Ceiling?

Fee increases with client culling/upscale is an area many firms struggle to implement.

Pricing Mindset Value Killers

- Fear clients will leave
- Inability to handle client objections
- Not valuing what you do

Supply + Demand

- Clients have nowhere to go



Redirection

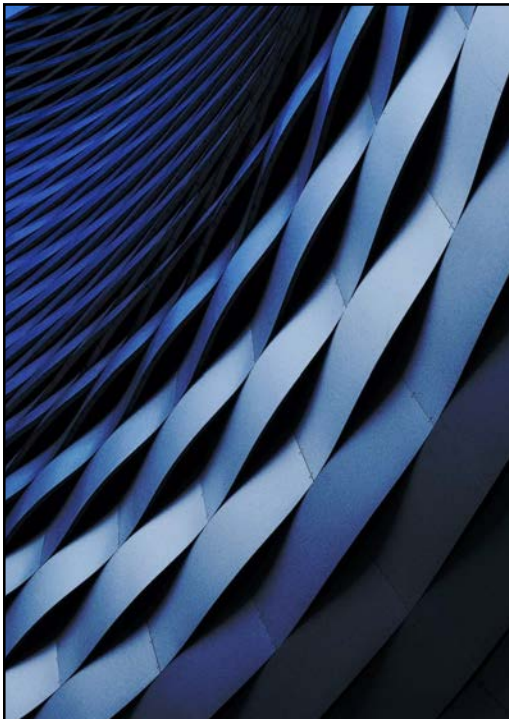
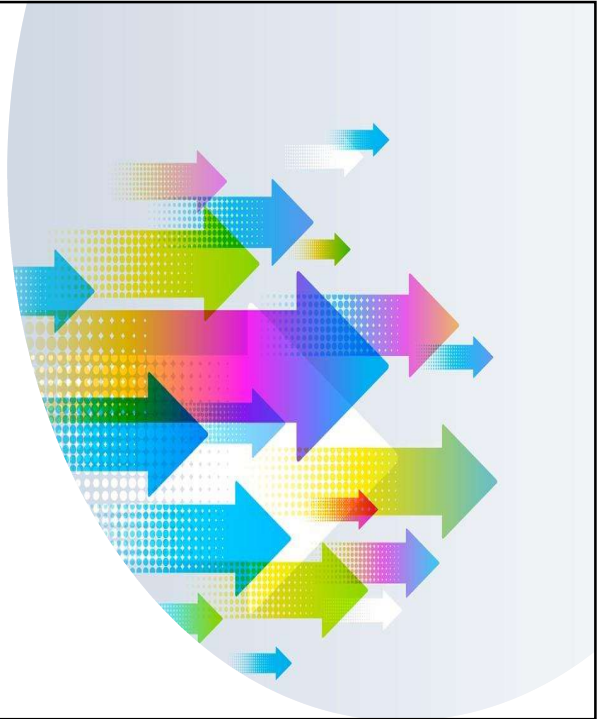
What is Redirection?

Think SALT. Why use internal tax resources in areas where deep expertise is needed?

- Use an outside specialist

Factors That Prevent Redirection

- Internal perception of quality
- Fear other work will be taken
- Identifying external partners to use



Advisory Services

What is Advisory?

Revenue that:

- Is not tax, accounting or auditing
- Solves or evaluates non-compliance problems or opportunities.

Resource Consumption

- Advisory does not require a CPA to grow

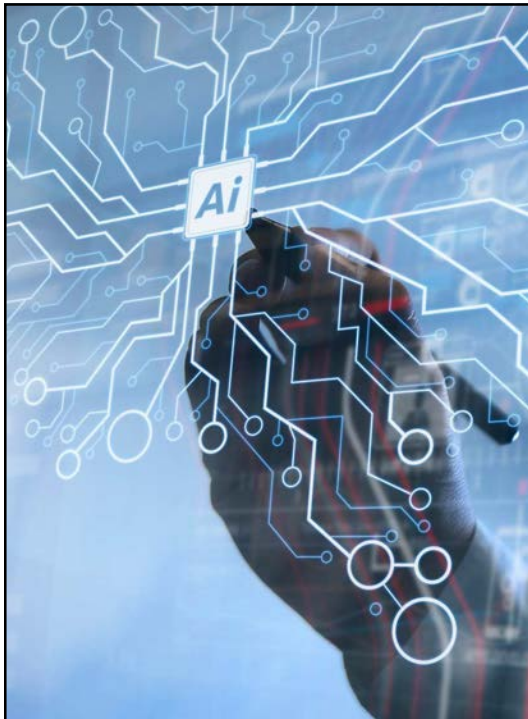
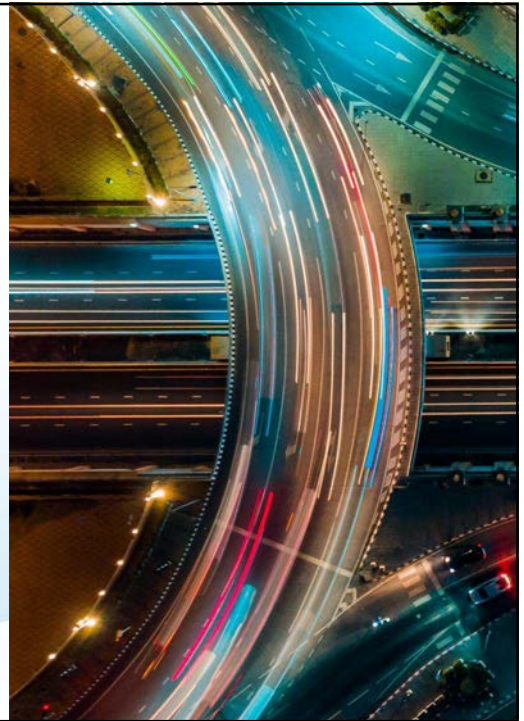
Creating/Expanding These Services

- Build it / Buy or Merge it / Partner

“Hot” Service Areas

High Growth Sectors

- ESG Reporting
- Wealth Management
- Business Brokerage
- Family Office



Technology Investments

The Cost of...

- Artificial intelligence tools
- RPA – Robotic Process Automation
- Other workflow and system needs

The Hidden Costs

- Training on how to use it
- Updates & maintenance
- Who is going to manage it internally

Possible Next Steps



Discussion

Offshoring?
Pricing?
Client Mix?
Advisory?



Analysis

Can you survive with the
talent shortage unless you
take other steps?



Go / No-Go

If you do nothing?
If you do take action,
where do you start?



What's Your Vision?

How do you weigh your options?

Not Sure Where to Start?

Scan this QR code

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