



The Business Discipline of Practice Growth:

Pivot to Projections

***Because the Current Market Needs Analysts
More than Historians***

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One important principle which growth consultants know is that major upheavals in economic conditions present an opportunity for significant growth. For firms which understand this concept, it's time to spawn new service innovations that clients and prospects want and need right now. And that they are willing to pay for.

With so many of us sequestered at home, it may be some time since you've actually been in your car. But you've probably not forgotten the difference between the view out your rearview mirror, and what you see out the windshield. Applying the metaphor to accounting highlights the contrast between where we've been, and where we need to go as a profession in the current environment.

Look Ahead!

Disappearing from sight as you gaze behind you are the traditional activities that have sustained (and constrained) us, namely tax and audit. Ahead lies the opportunity to use financial analysis and predictive data analytics to help businesses reset in an environment of economic upheaval.

It's time for firms and practitioners to turn forward, as we pivot from collecting and responding to historical data to identifying and solving business problems. Tumultuous shifts in our economy and society present a unique opportunity to assist our clients in new, productive ways.

As clients navigate choppy financial waters, they need financial services to help them manage costs, inventory, accounts receivable and funding. Never done it, you say? Not trained as a consultant? Not to worry. You've got the skills you need. Your people just need practice. The key is to modify your services, which represents one of the three elements of strategic growth. (The other two are buyer groups and distribution channels). Changing up one or more of these elements enables you to shift strategy and drive growth.

I've turned numerous auditors and tax people into analysts by encouraging them to perform financial analysis/data analytics on their own practice group or service line. It's the same skill set that will help you uncover your clients' business problems and respond with uniquely effective solutions.

It's All in the Numbers

“In a time of uncertainty, the numbers will tell the real story,” says Carrie Beam (carriebeamconsulting.com). Beam is a PhD who specializes in data science, predictive analytics and decision support. She helps CPA firms help their clients turn analytic results into tools to help businesses with problem-solving and strategic planning.

Beam uses data analytics to uncover a business story or situation. When framed in a way a client can understand, the analysis informs key decisions. An example is a client whose revenue mix has changed in recent weeks. Beam would help the client analyze the shift, i.e. determine if the revenue mix is changing at a faster rate than in the past, or if the lower numbers represent a seasonal or cyclical dip. Given the findings, Beam would help the client identify appropriate mitigating actions.

Covid-19-related panic buying and shortages offer an additional example. Once the stay-home mandate was announced in northern California where Beam lives, grocery stores were quickly stripped of commodities including chicken, hand sanitizer, toilet paper and Tylenol. Her analysis of each category revealed the following:

- The rush to purchase chicken probably represents panic buying and will soon reverse itself.
- The disappearance of hand sanitizer points to a semi-shift with permanent demand patterns, potentially resulting in the conversion of existing facilities and the possible opening of new, permanent manufacturing plants.
- The toilet paper frenzy (which is curious because Covid-19 is not a digestive disease) appears not to be a permanent pattern, thus does not suggest the need for a new plant.
- The demand for Tylenol, commonly used to treat fever, may show a temporary spike and a somewhat elevated long-term demand.

You may not have a Ph.D., but you certainly know how to connect the dots—the data points that will tell a story your client needs to hear in order to adjust to changing times. Read the tea leaves and understand that routine tax and audit services for many will come second to business survival. Lenders can be convinced that projecting the future is much more important right now than peering into the past. And financial analysis and data analytics services are what your clients need now.

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