

In a world of change, firms need all the friends they can get

BY DANIEL HOOD

In the struggle for growth, accounting firms often believe they need to choose between two options — mergers or going it alone — but there's a third possibility that allows them to reap the benefits of scale and a larger firm footprint, while maintaining their independence: joining a firm association.

That's certainly the theory behind the BDO Alliance, one of the largest associations in the country, which kicked off its 25th anniversary celebration at its annual meeting in May.

In his opening keynote, alliance executive director Michael Horwitz explained the group's 1993 origins by quoting then-BDO chair Gary Wetstein: "It really was conceived because whenever we had a couple of clients in a new location, we felt we had to go open an office cold, or look for a merger. The better alternative was to work with select firms to serve the needs of certain clients without having to open a new office or merge."

Now with over 200 member firms, the alliance offers connections across the country — but arguably just as important is that it serves as a platform for sharing best practices across firms, a service that's crucial in an era when the profession is facing an unprecedented pace of change.

The need to adapt

The magnitude of those changes was a common theme for the speakers at the alliance's annual meeting, highlighting the importance of resources to help firms meet the challenge.

"For those of you who believe the profession can be insulated from change, that's a false optimism," Barry Melancon, president and CEO of the American Institute of CPAs, told alliance members in his keynote. "The profession can't say 'We're fine.' If everything else in the world is changing, we need to change too. Are we well-positioned for mak-



Courtesy: BDO Alliance

BDO Alliance executive director Michael Horwitz at their annual meeting.

ing the changes that go with not being fine? Yes — if we're willing to change, if we're willing to take risks, we are very well-positioned."

And in a later session, ConvergenceCoaching founder and consultant Jennifer Wilson made clear that the time frame for preparing a firm is, effectively, now: "Many are saying, 'Can't these changes wait five or 10 years until I'm out?'" she said. "Well — no."

Even setting aside the challenges posed by fast-developing technologies, demographic changes, new workplace dynamics, and a constant drumbeat of legislative and regulatory releases, there remains the simple fact that running an accounting firm well is hard.

In a panel on succession planning, consultant Marc Rosenberg pointed out a sobering fact: "Eighty percent of first-generation CPA

firms don't make it to the second generation."

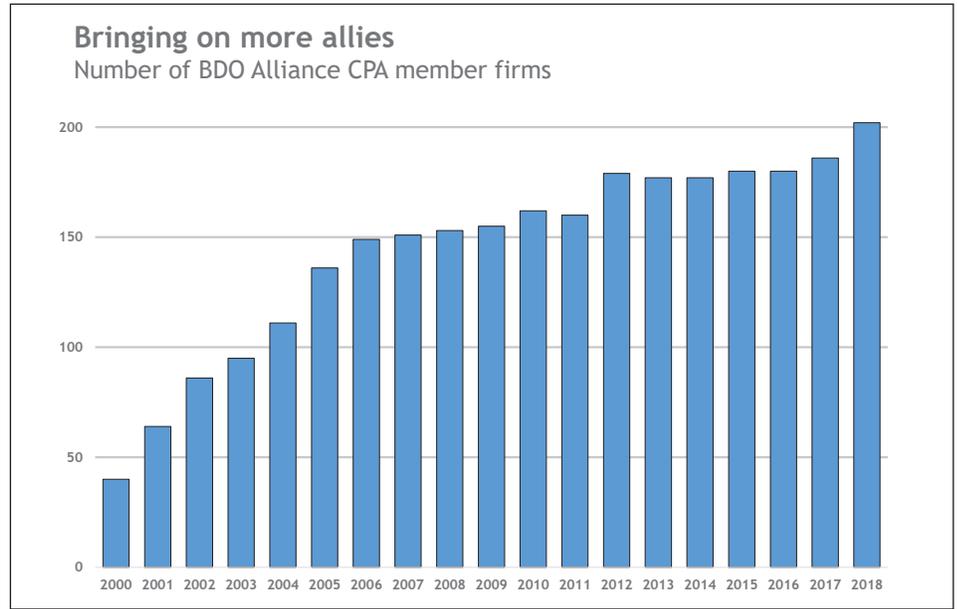
Consultant and former Top 100 Firm managing partner Carl George explained at least some of that 80 percent with this observation in the same panel: "A surprising number of firm leaders don't understand the business of public accounting — how to run an accounting firm."

Helping firms overcome that knowledge gap is one of the key benefits of the alliance, according to Horwitz, who shared that two of its major promises to members are "to share insights that BDO USA is gathering as we transform our own firm, and to continue to seek out and illuminate the best practices that are being implemented by our CPA and BRN members."

The alliance has 202 firm members and 107

members in its Business Resources Network — with 16 additions in 2018 alone, including Bill.com, Right Networks and Expensify. Nine prospective members attended the May event, including two Top 100 Firms, and the alliance noted that it’s looking for new members in a number of geographic areas, and that’s it is specifically looking for local alliance firms in these cities: Anchorage, Alaska; Cleveland; Milwaukee; Norfolk, Virginia; Spokane, Washington; San Diego; and San Jose, California.

Besides adding new members, Horwitz reported that the alliance is taking other steps to add value for members, including a new online Tax Reform Center, upgrades to the BDO Alliance portal, new training offerings, and more marketing promotion (the alliance’s Net Promoter Score rose from 58 in 2015 to 82 in 2017).



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