



**2023/2024**

# **GLOBAL ADVISORY TRENDS REPORT**

**Realise Success in the Changing World of Accounting**

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# About this survey

During times of unprecedented change and economic uncertainty, being able to zoom out and gain perspective offers a powerful competitive advantage. The accounting industry is undoubtedly undergoing significant transformation, with advisory trends a massive area of growth. From the rise of advisory services to fee growth and the role of technology, this report investigates what's happening on the ground to reshape the industry, and what defines a leader in 2023.

Investigating key trends relevant to all accountants, we've done the digging and are sharing top insights direct to you.

Spotlight Reporting, in association with our partner, Karbon, collected more than 1,100 responses from accounting professionals around the world.

Respondents were primarily based in Australia, Asia, Canada, New Zealand, USA, the United Kingdom, with data collected throughout March and April 2023.



Almost half of responses (47%) were from small to mid size firms with 10-50 Full Time Equivalents (FTEs) with a further 35% of responses from small firms, with less than 10 FTEs.

- **35%** < 10 FTE
- **24%** 10 - 20 FTEs
- **23%** 20-50 FTEs
- **11%** 50 - 100 FTEs
- **7%** 100+ FTEs





*The current convergence between shifting technologies, consumer demand, and employee aspiration is providing a tantalising point at which opportunities are emerging like never before.*

**Richard Francis FCA**

CEO and Founder of Spotlight Reporting



# Key takeaways



## The world has changed, and it's for the better.

With the arrival of the pandemic, forced lockdowns meant many old habits had to die hard. Firms were forced to adopt new technologies, improve operating procedures, and adopt more flexible working options. On top of this, the narrative that technology was going to steal the accountant's job gave way for the rise of the agile and available accountant, with advisory services more important than ever. Firms that have continued to build client relationships, maintain open and regular communication, and embrace change are the firms that are reaping the rewards.



## Technology isn't our competition, it's our essential collaborator.

Innovation and advances in technology have caused many debates on the relevance and value of the Accountant. "But we will be replaced by robots," I hear you cry.

This simply isn't the case. Instead, advances in technology present huge opportunities and advantages for those willing to embrace change. Already, technology has improved the efficiency and accuracy of traditional compliance work, with those that have adopted solutions able to identify and exploit opportunities to their advantage.



## Key Takeaways



### Advisory is here to stay, giving a competitive edge to those bold and willing.

Throughout the pandemic, many clients reached out to their accounting partners for extra assistance to get through difficult times. Now, faced with economic hardship and uncertain futures, they need help more than ever. With inflationary pressures, political unrest, and the cost of living crisis, SMBs globally have multiple challenges ahead. Accounting firms that offer a diverse range of services and adapt to the needs of clients are those that are not only reaping the rewards but making a significant and positive impact for their clients.



*Innovation is key: Continual innovation and flexibility are key to sustaining growth and improvement over time. You must constantly refine, improve, and reinvent your business strategies. Otherwise, your firm's growth may eventually taper off.*

#### Ian Vacin

Co-founder, Chief Customer Officer  
2022 Practice Excellence Report



# What's the outlook and which services are being offered?

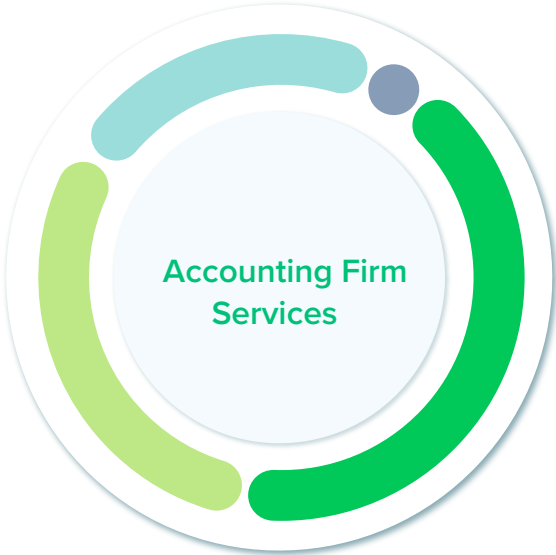
65% of firms identified themselves as 'Progressive' firms offering mainly advisory services, or hybrid firms offering both advisory and compliance services.

A staggering 57% of firms are currently working on offering more services right now, or looking to do so in the future.

As many firms mature on their advisory journeys, the number of firms choosing to focus on only this type of work is ever increasing. Clients are also becoming more aware and educated on the role that a Trusted Advisor can play in their success.

In contrast a dwindling number of compliance based firms continued to put Advisory services on the back burner at the expense of growth, including adding new services and clients, and building up a competent team.

Where does your accounting firm currently sit in terms of **outlook and the services** you offer?



24% **Progressive Firm**  
offer advisory services

40% **Hybrid Firm**  
offer 50/50 advisory and compliance services

33% **Traditional Firm**  
offer tax and compliance services

3% **Unsure**

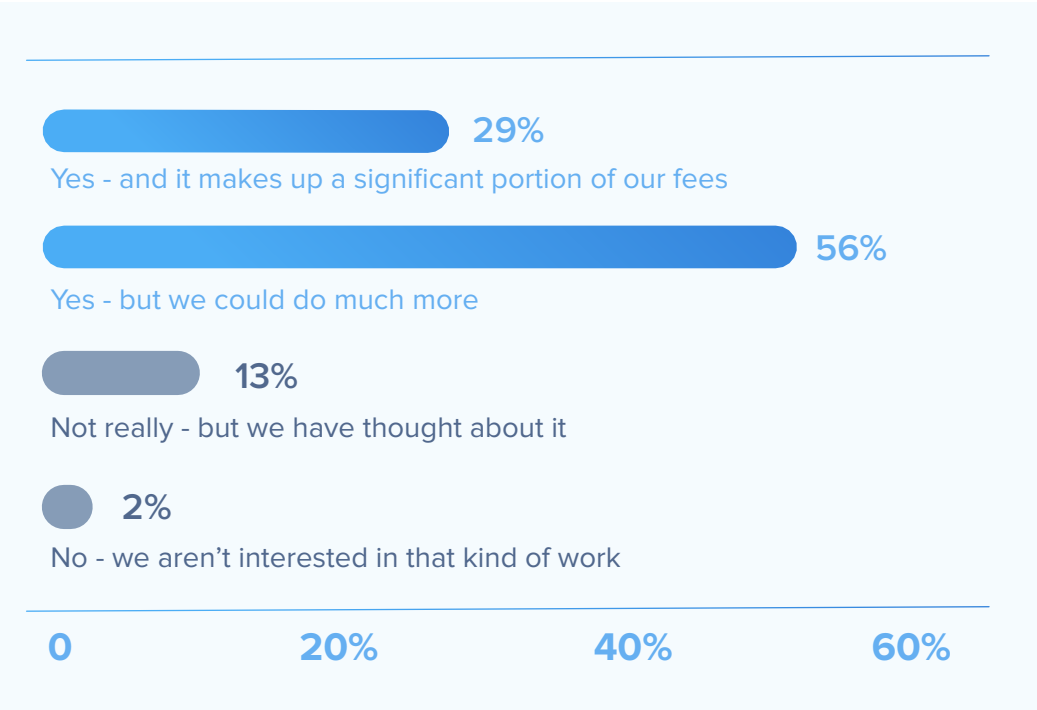
# How many firms are offering advisory services and do they want to offer more?

With the number of advisory-led firms growing, it's not surprising to see that **29% of respondents** said **management reporting, mentoring, forecasting, or similar work**, makes up a significant portion of their fees.

**More than half (56%) of respondents** are looking to do **much more of this type of work**. The question is no longer "if" a firm will provide these services, but rather "what" services will they provide, as they begin to see the many benefits that come from offering advisory services.

This finding is part of a broader trend, that is, the rise of investment in and focus on building strong client relationships. For example, a number of large trading banks are now also engaging clients and their accountants on an annual basis. This helps educate SMB clients on the benefits of a strong Trusted Advisor relationship.

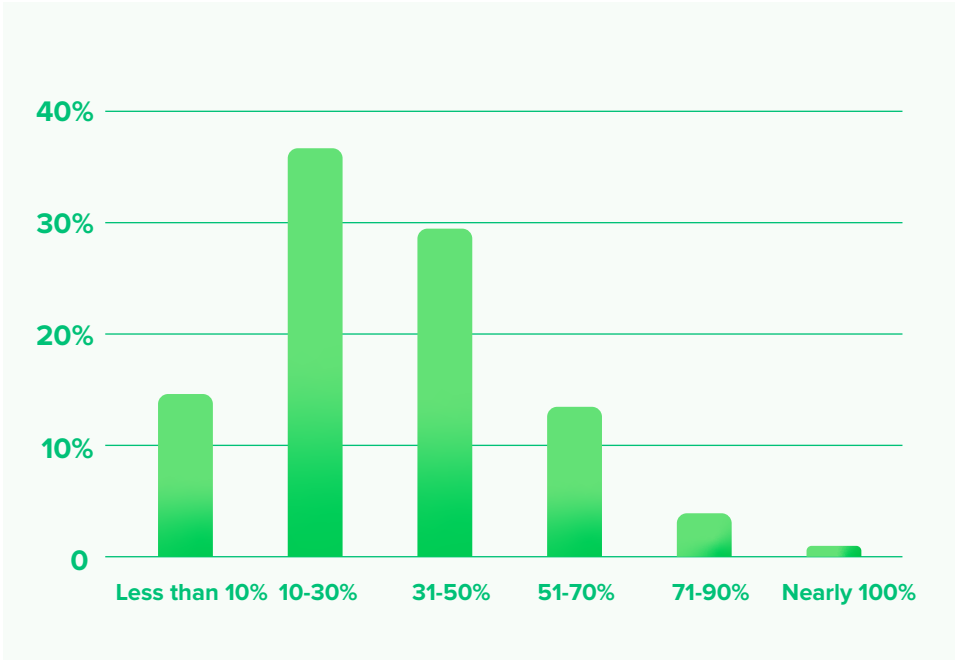
Do you provide **management reporting, mentoring, forecasting, or similar work**?



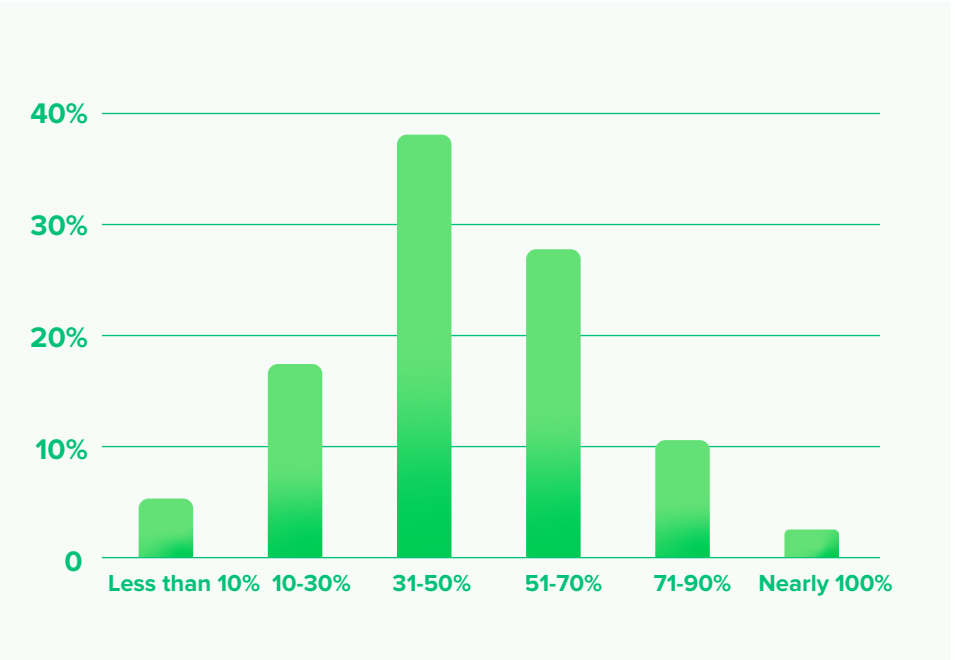


# Current revenue vs. Future revenue

How much of your **current revenue** comes from advisory work?



How much of your **future revenue** would you like to come from advisory work?



## Current revenue vs. Future revenue

For some time now, there's been a small cohort of confident advocates proposing that advisory work generates higher revenue streams and improved margins across the board.

The data is in and the results are compelling! **Current revenue streams from advisory led services have increased since the 2021 /2022 report.** In fact, a majority of firms report that at least 30% of their fees come from advisory services, and many firms now report 70-100% advisory fee outcomes.

With such compelling results, and growing confidence in advisors to price for value, it's not surprising to see that **42% of firms are looking to grow future revenues from advisory services to be 51% or more of their fees.** In addition, a significant portion (40%) are looking to grow to 31%-50% of revenues coming from advisory services.



*Offering such in-depth insights into our client's businesses has allowed us to increase fees on average by 400%*

*In the last 12 months we have picked up 15 new clients in our Management Reporting service at \$595 per month!*



# Fee Growth

In the current year, cash flow forecasting has been overtaken by Virtual CFO and Advisor work, and Strategic Planning and Coaching as the area of fees firms would most like to grow.



## Cash flow forecasting

Cash flow forecasting has long been a top priority for firms looking to grow additional revenue, and should be Accounting 101 for clients. However, this service has often been under-utilised by practices, as it's often seen as costly to deploy and reserved only for those clients needing finance.



## Be the guide, not the hero

Overall, Trusted Advisors have woken up to the need to be the guide, not the hero, in a client's success. Gone are the days where the requirement was to be a technical expert.

The value of assisting clients to develop and deploy a well-defined, succinct strategic plan that takes into consideration budgeting and cash flow, is paramount to ensure the client achieves success. Setting a clear direction, and holding clients accountable can be just as beneficial as a piece of tax legislation. If you're flying with no set destination, you're guaranteed never to reach it!



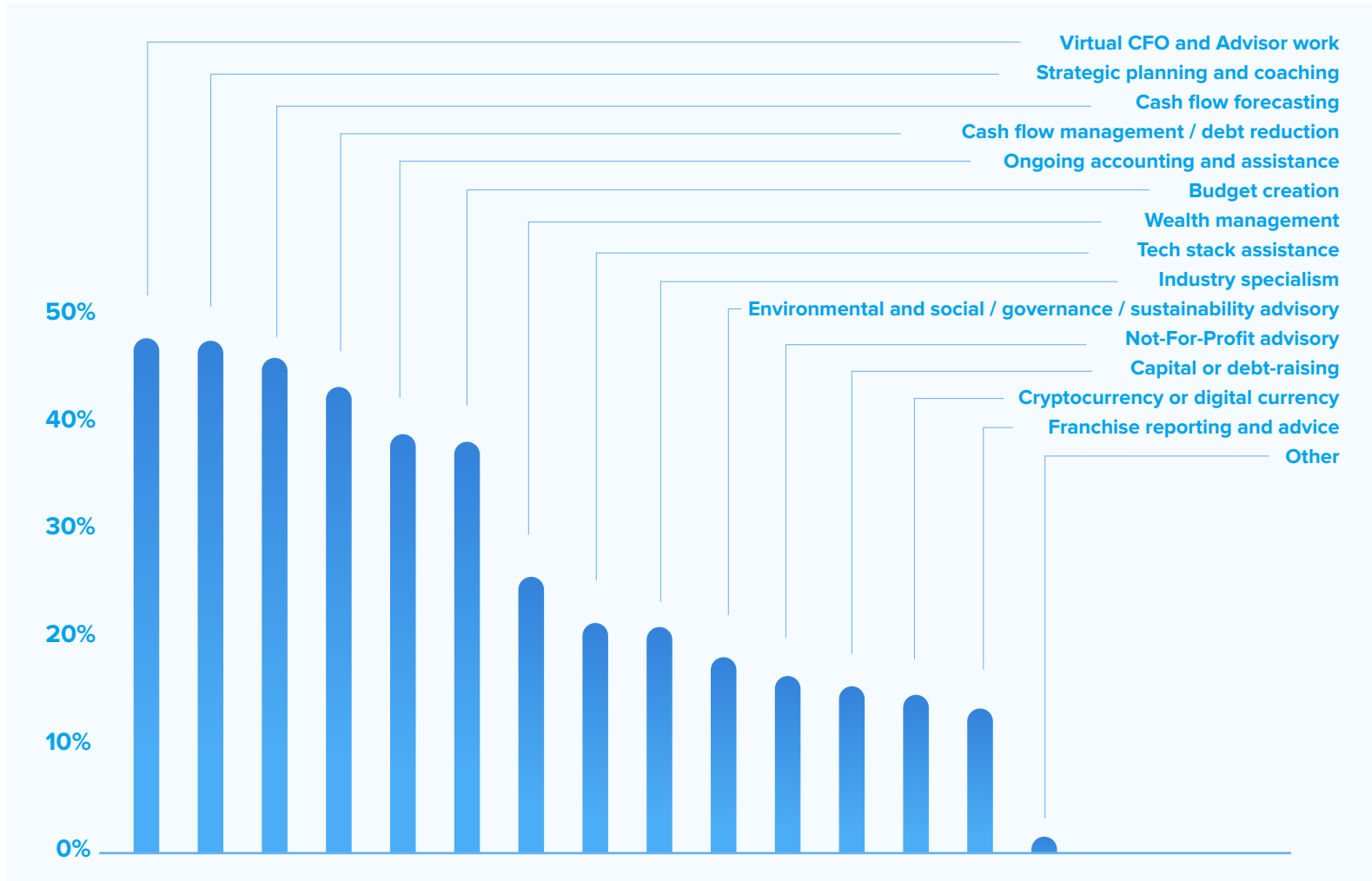
## New services including ESG Reporting

On top of advisory services, we're seeing a number of new services hitting the radar of progressive accountants in 2023. This includes Industry Specialism, and Environmental and Social Governance (ESG) reporting. Over time, we expect to see more to come from both of these areas as firms look to focus on areas of specialities, niche verticals, as well as adopt and scale ESG reporting.



## Fee Growth

Which fees would you like to grow in the **next 1-2 years**?



# What's happening on the inside

**We asked the question 'which software or technology are you looking to implement in 2023?' Reporting & Forecasting software came out on top.**

With a focus on Cash Flow Forecasting, Cash Flow Management, Budget Creation, and Virtual CFO work, it's not surprising that most firms are looking to implement a Reporting and Forecasting tool in the next 12 months.

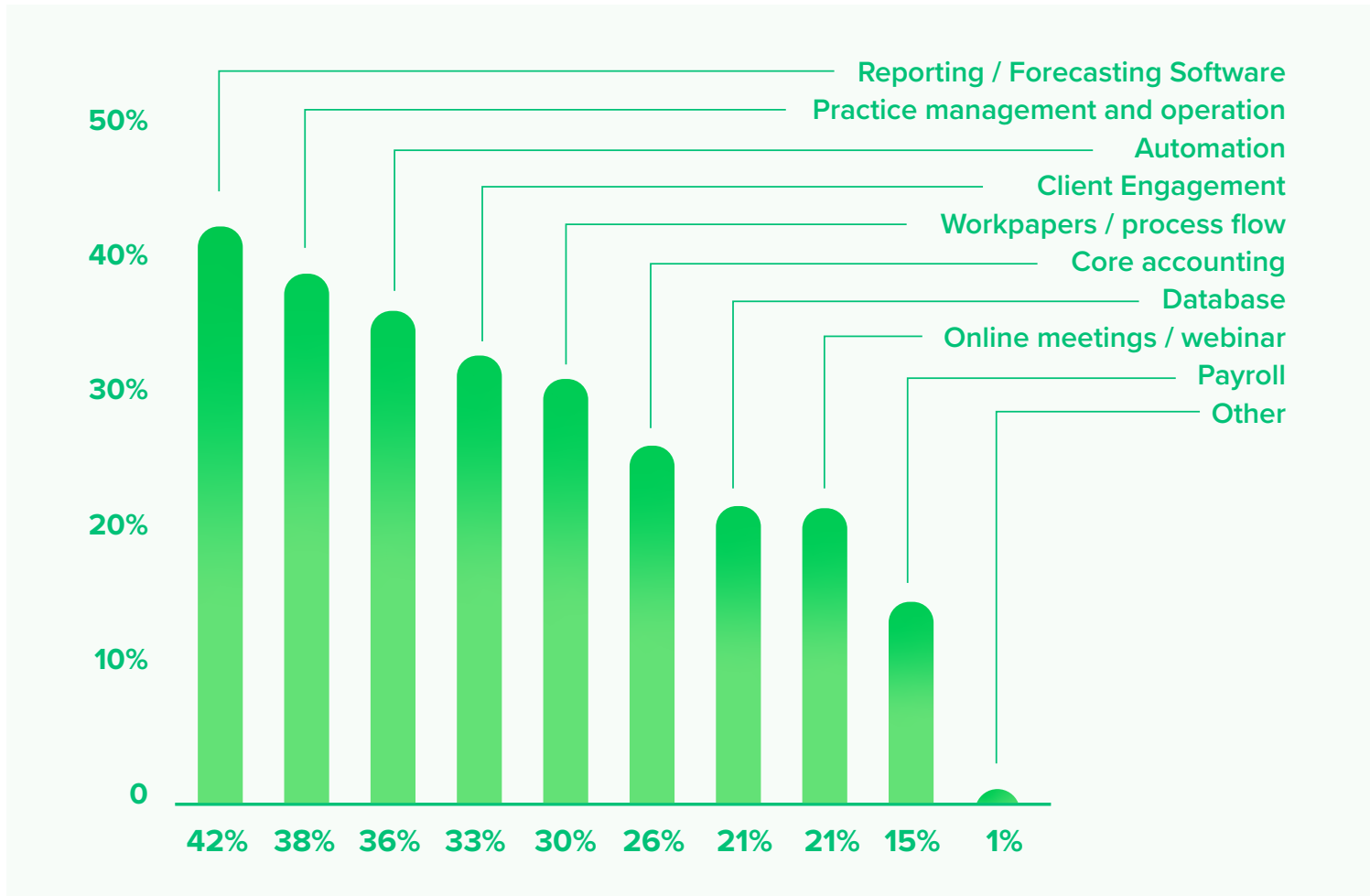
**This was closely followed by practice management and workflow.**

Following closely behind on the tech shopping list is the ability to streamline operations and become more efficient through automation, with Practice Management, Automation, and Client Engagement also high on the list.



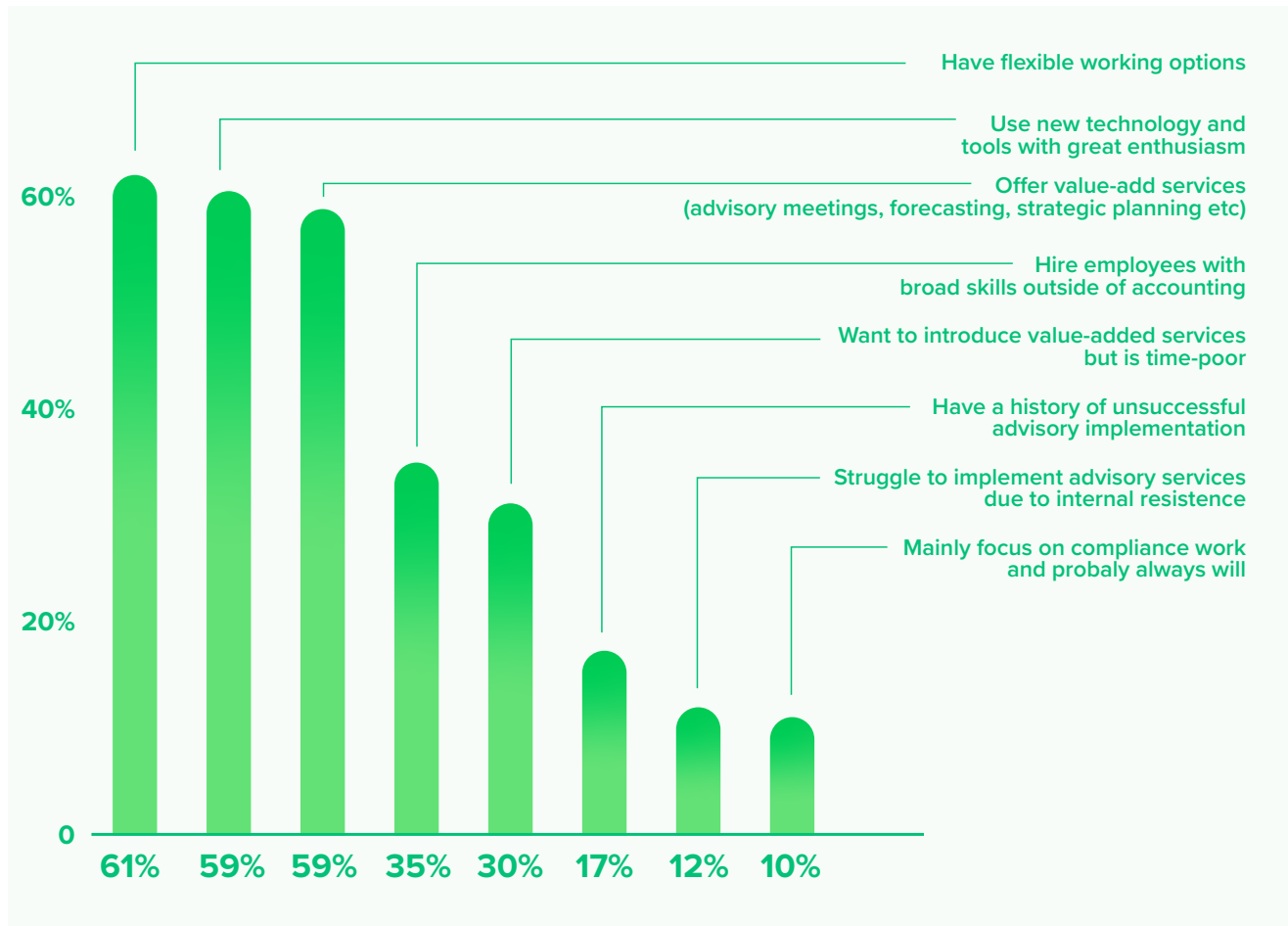
## What's happening on the inside

Which software or technology are you looking to implement in 2023 (or revisit)?



# What's happening on the inside

Does your accounting firm...



Karbon's 2022 Practice Excellence Report stated that:

*Leading firms use workflow and CRM tools 120-130% more, and BI tools 238% more than Laggard firms*



# Biggest challenges for the next 12 months

## Hiring & Retaining Staff

Not surprisingly, Hiring Staff remains the number one challenge facing firms in the next 12 months, closely followed by Economic Impacts, and Work-life Balance.

Good talent has always been in short supply, however the impact of lockdowns and closed borders has continued to compound issues.

At the entry level, there have been record low numbers of university enrollments. Intermediate and manager-level staff members are feeling the brunt of burn out, or the lure of travel after the last three years of lockdowns. Those in more senior positions are choosing not to buy into existing firms, rather become the captains of their own ships.

In addition, the desire to have more control (time and money freedom) combined with significantly reduced set-up costs and barriers to entry, has led to an increase in boutique consultancies.

The 2022 Practice Excellence Report noted

*The increased focus on talent management directly reflects a resounding response to the Great Resignation, as firm leaders implement strategies to attract and retain top talent. And as the world changed seemingly overnight, the focus on technology highlights the shift to remote work, with firms needing the mix of tools to keep their remote teams functioning.*





## Biggest challenges for the next 12 months

### Economic Impacts

Economic impacts are going to continue to be challenging for the next 12 months and beyond. There are many industries that are facing a raft of challenges, from supply chain issues, severe weather events, rising interest rates and inflationary pressures, depressed capital markets, and so the list goes on.

The good news for accountants is that clients often need us just as much if not more in tough times, than they do in good times.

While flexible working options, increased well being measures, and the 4-day work week are benefits that are becoming more widely adopted, work-life balance took out the third place as the biggest challenge for the next 12 months.

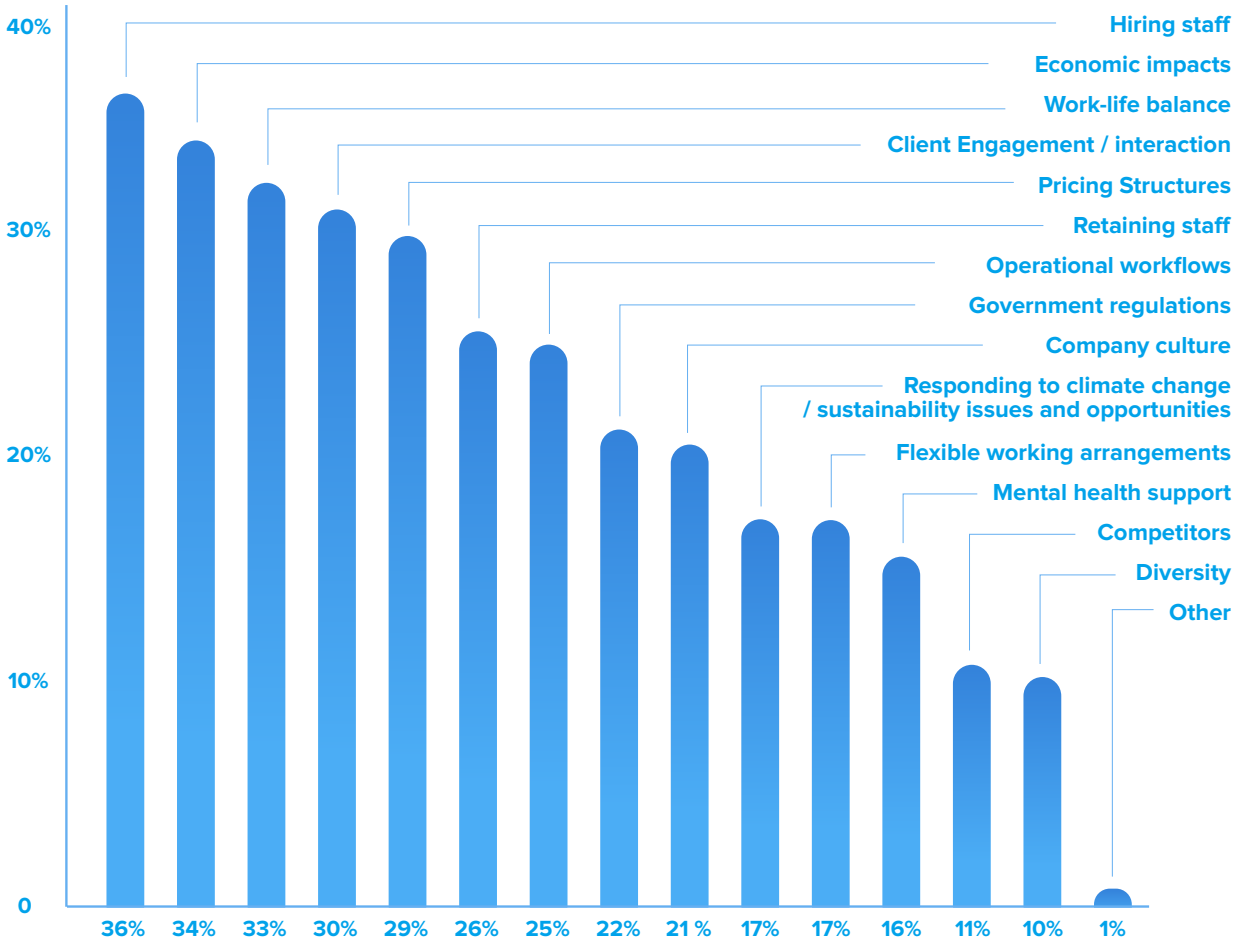
### Pricing Structures & Client Engagement

It's interesting to note that Pricing Structures and Client Engagement round out the top five challenges. While many firms have reported increased advisory fee revenues, there is still plenty of work to be done.



# Biggest challenges for the next 12 months

What are the biggest challenges for your accounting firm in the next 12 months?



**Eric Saumure** of Zenbooks summed up the sentiment of many business owners when he stated his focus for the next 12 months

“  
*Managing growth.  
 Not growing too quickly and  
 managing our cashflow  
 during growth.*”

# Where to from here

To take a look back in time, the two key themes from the 2021 report were the war on talent, and the variety of service lines. Throughout 2022 we've seen leading firms embrace these challenges and capitalise on opportunities available.

Where people have not been available to fill vacancies, entrepreneurial firm owners have looked at how can they automate, outsource, or solve the issue differently. For instance, a number of firms who struggled to find talent simply merged with others who had it. Those who were reluctant to offer more flexible work options are now forced to do so. Firms with strong brands, that have embraced technology and offer flexible working environments, continue to set themselves apart. **While the great resignation had its time, we see the emergence of a true modern practice.**

In 2021, firms were diversifying service offerings beyond tax and compliance services. A broader range of value was provided through **management reporting, budgeting and forecasting, and strategy and mentoring**. These service lines have yet again been highlighted in 2023. Key challenges remain around firms resourcing, training and allocating the time invested to scale these services.

The progressive firms who have already embraced and embedded these services are now also looking to flex their muscles in other areas including;

- **Wealth Management**
- **Industry Specialism**
- **Environmental Social Governance Sustainability Advisory**

It is with great optimism that we look forward to supporting the shape of such progressive firms, and these service lines in the future.





SAMPLE REPORT



2022 PRACTICE EXCELLENCE REPORT

