

# Looking Ahead: Accounting Trends to Know About to Start Off Year 2021

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At the end of 2019, nobody could have predicted the events that 2020 would bring. From our personal lives (toilet paper hoarding, anyone?) to dramatic changes in how businesses run, it will be a year for the history books. One thing is certain, the accounting world is at an inflection point.

While many CPA firms started the year with lofty growth projections and in-person client meetings, the days are now filled with video conferencing, a remote workforce, and likely more conservative goals for the year ahead.

But business does go on, and there are still trends for the industry to note as we look (optimistically) to 2021. In today's accounting landscape — much like that of many industries — [technology](#) will be front and center and will help accountants and CPAs offer new [client accounting advisory services \(CAAS\)](#). And with the effects of a pandemic on the business community at large, collaboration — and adaptability — will be key.

With that in mind, here are the accounting trends I believe will be the top ones to look out for in 2021.

# The Effects of COVID-19 on CPAs

Before exploring the emerging accounting trends, first and foremost we need to address the fact that we're still dealing with a global pandemic. I believe many clients will [remain distressed about continued survival](#) going into the predicted "second wave" of COVID-19 this winter. While the emergence of a vaccine is a positive step, until a solution to opening businesses without constraints is in full swing, client cash flow and balance sheets are heavily susceptible to being touch-and-go.

2021 will also involve cleaning up the mess [COVID-19](#) has caused, including accounting for the [Paycheck Protection Program \(PPP\)](#) funding granted under the [CARES Act](#), and tax debt relief for those still around or out of business. I've also been reading about concerns over the impact on individuals of how stimulus checks and extra unemployment benefits are accounted for. It's a lot to take in! All of this leads to another level of compliance and complexity, over and above the normal work, that CPAs must take into consideration.

However, that "normal" work will continue amid our — sorry but it has to be said — "new normal".

## Working Remotely: Make Your Home Office Official

Due in large part to the pandemic, a new "working-from-home economy" [has 42 percent](#) of the U.S. labor force now working from home full-time, and that's most likely not going to change in the next year. But even pre-COVID-19, accounting firms were recognizing the practical benefits that a remote work setting brings. According to a [2018 survey from Convergence Coaching](#), about 43 percent of CPA firms were giving employees the chance to work from home on a regular basis — and it's literally paying off.

No time is spent stuck in traffic on the morning commute or talking around the break room water cooler, and companies can save [\\$11,000 annually](#) for each employee that works remotely half-time. It also allows firms to recruit from a larger territory and pool of workers to find the exact type of employee you want at exactly the right price. Potentially, you'll also find employees even closer to the customers they will be serving on your firm's behalf.

With easy access to technology tools at home, firms can hire more employees with no additional workplace costs such as office space and utilities. And when it comes to customers, accounting firms can use this as an opportunity to also widen their outreach by using various video conferencing software like Microsoft Teams or Zoom, upload their data remotely, and conduct user shadowing to discuss files or solutions directly with peers or clients. So, buy that nice home office chair you've been eyeing, hang that picture on the wall, and settle in. You are definitely in for a better way to do business!

# More Relationship-Oriented Practices: Client Accounting Advisory Services Are the Ticket

2020 put a lot of pressure on firms to step up and have a constant relationship with clients in a time of immense need. The shift that began this year will continue into 2021, with accountants going from being “just a bookkeeper,” completing transactional duties like data-entry, to a more relationship-oriented strategic business partner. Relationship building and the trust that comes with it are the cornerstones of client — and company — success.

Here’s how I foresee this playing out:

1. Growth in the industry will most likely expand in 2021 due to the new compliance, regulations, and tech security of building a remote team and the end of COVID-19 (fingers crossed).
2. Firms will move their most experienced staff to run point with those clients who are willing to play ball with higher-level services, such as Client Accounting Advisory Services (CAAS) roles that combine technology with the human touch.

As demand and budgets increase, firms will move their most experienced staff upstream and hire more staff accountants to backfill those basic roles. These could be college students cutting their teeth who will learn on the go and move up the ranks over time. Or it could include [offshoring](#) for non-public facing work that includes transactional work, like data entry. Both options work to keep costs down and you more competitive in the marketplace. And the fact that more processes are going to be automated and integrated with technology — which is my next point — means that CPAs have more time to build those relationships with clients on a personal level, even if it’s done over video conferencing.

## Automated Processes: Will They Steal Your Job?

According to an ACCA study, [over 50 percent](#) of C-level executives in the accounting industry expect the development of automated accounting systems, and if there was ever a time for efficiency, 2021 is it. Why? Because you need to focus on soft skills that sustain those long-fought-after client relationships by collaborating on business priorities and strategy. Tasks like invoice generation, payroll processing, data entry, and account auditing can be readily automated through technology, which lets firms significantly cut down on the time and money required to complete these tasks and better leverage the talent they have for higher-level work and initiatives.

Regardless of the industry, I hear this question all the time: “Won’t automation take away jobs?” On the surface, that seems against what I’d previously mentioned regarding hiring. But as someone that knows technology, I can attest the answer is no. There will always be a need for human interaction in our industry. Technology that allows for automation and collaboration has allowed accounting firms to experience a new efficiency level and

significantly enhance their organizational output, reducing human-prone errors, boosting productivity, and raising client satisfaction. Sounds like a win-win to me.

## **Cloud Accounting Solutions: Join the Revolution**

[Cloud solutions](#) have revolutionized every industry — from automotive to education to accounting — by offering a wide range of functionalities and stable security features that are more reliable and efficient than the ways of old. I've seen this play out throughout my career, and it's truly amazing the leaps and bounds brought about by digital transformation.

To put a number to it: According to [FinancesOnline](#), "67 percent of accounting professionals prefer [cloud accounting](#), and over 58 percent of large businesses have already implemented it within their infrastructure."

Every day, I see accountants, CPAs, bookkeepers, and small businesses embracing cloud solutions that give them access to the same Sage and [QuickBooks software](#) they already use in-office, but now from anywhere, be that at home in their living room or their local coffee shop. The stories that keep me energized are those of improved collaboration, more efficiency, and the added simplicity in day-to-day processes. When people experience the cloud and have that first eye-opening moment, there's no better part of the day. From inventory and sales to expenses, CPAs can have anywhere, anytime access to business and accounting data. And because cloud-hosted solutions also give companies and clients real-time anywhere access to financial documents, this simplifies the compliance process. At Swizznet, we cloud-enable literally hundreds of users every month. Seeing these digital shifts are the absolute highlight of my day because I know the power they unlock!

## **Risk Mitigation and Compliance: Prevent the Breach**

With the recent breach of federal government systems, security will be front and center in 2021. Unfortunately, many people may have short-circuited compliance and security in 2020 in a rush to remote systems, and this has increased the risk of a cyberattack or an actual breach of your data. A breach of your systems is bad enough, but then it's the tsunami of mitigation and litigation afterward that causes the most damage.

A breach leads to 1) client losses, 2) your reputation loss, 3) significant Cyber IT expense to remediate systems, 4) increased oversight/audits on people, processes, and systems, and 5) possibly litigation against you.

In 2021 compliance and risk mitigation must take center stage. First off, don't look at it as an inconvenience or necessary evil. Look at it as a service to your clients that can bring peace of mind, differentiate you in the market, and drive revenue with clients. It makes you unique in our industry. Oftentimes, clients are turning everything over to you, trusting you with their personal information, so they have to know it's safe and secure and that you have their best

interest at heart.

Companies that adopt comprehensive governance, risk, and compliance (GRC) initiatives in 2021 will be in a better position to detect and prevent catastrophic losses. Yes, CPAs and accountants are faced with compliance tasks on a daily basis (you know this), but firms that leverage those insights will have a competitive advantage as they make their way through the new year. Those compliance initiatives — combined with risk mitigation — are an extremely valuable way to leverage new market opportunities, especially when compared to other firms that don't make that a priority.

## **The Bottom Line on 2021**

With potential solutions to COVID-19 on the horizon — my fingers are crossed — it will take time to get people back out and spending like they used to. Business clients for CPAs will not bounce back overnight. It will be a stair-step-type recovery with the advancement of each national/state plan (i.e. social distancing and masks, a vaccine, staged closures, etc.).

However, I'm optimistic that it will slowly get better and better throughout 2021. While there is no "on/off switch" — and at times it might feel like one step forward and two steps back — there will be an overall advancing toward an end in sight. Use this time to bring additional value to your clients on a daily/weekly basis, becoming an extension of their team by being a strategic partner and showcasing your CAAS value! It's a great opportunity to provide a real-life case study and will benefit you as we move into the new year and beyond.

Learn more about cloud hosting for accountants by [visiting Swizznet today](#).

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