

New Global Survey Reveals Digital Transformation, Talent Management as Key to Growth for Small Accounting Firms

Accountants working in small- and medium-sized practices (SMPs) are embracing technology to better serve clients and attract and retain top talent, according to [2018 IFAC Global SMP Survey](#) results released today. IFAC (International Federation of Accountants) received more than 6,000 responses from SMPs, representing 150 countries, about their performance in 2018 and marketplace factors most likely to affect them in the future.

The survey found over a quarter of SMPs (28%) plan to allocate more than 10% of practice revenue over the next year to technology investment, reflecting its critical importance in practice management and operations. The most frequent responses to technological advances have been the development of in-house expertise in IT and the adoption and use of cloud options to better serve clients.

“As the first-choice strategic adviser to their clients, firms are recognizing the importance of adopting technology to provide insights and expertise and strengthen their role as trusted business partners,” said IFAC CEO Faye Choudhury. “It is well-known that the majority of SMPs’ revenue is generated by traditional compliance services, but there has been an increase and diversification in the provision of advisory and consulting services that are real-time, forward-looking and based on specialized industry or sector knowledge, which is a trend we expect to continue in the future.”

Tech-enabled Service Offerings

As transactional activities become increasingly automated, firms are also leveraging technology to provide business insights from data analytics as a new service offering. A significant majority (86%) provide business advisory and consulting services, with a majority (51%) predicting a moderate or substantial fee revenue growth over the next 12 months in this service line.

Talent in the Digital Economy

Talent remains a top challenge for SMPs. The majority (54%) have difficulty attracting next generation talent, with 66% stating the number one reason is the lack of candidates with the right mix of skills. This

highlights the importance of continuing education and the development of new competencies for the digital global economy. Additionally, firms are implementing talent management initiatives to both attract and retain staff. The most popular initiative is the introduction of flexible working hours or work days.

Survey Method

The [2018 IFAC Global SMP Survey](#) received 6,258 responses, representing 150 countries. It was conducted March – May 2018 in 24 languages. The survey design and reporting were undertaken in collaboration with Sarah Webber and Donna L. Street, lead researchers from the University of Dayton (US).

Designed to be completed by senior SMP professionals, whose clients are predominately small- and medium-sized entities (SMEs), the survey takes a snapshot of key issues, and tracks important trends and developments, facing this critical sector.