IFAC GLOBAL SMP SURVEY: 2018 SUMMARY

TECHNOLOGY

TALENT

ADVISORY SERVICES
6,258 SMP respondents
24 languages

% BY PRACTICE SIZE
- Sole Practitioner: 16%
- 2-5 Partners & Staff: 30%
- 6-10 Partners & Staff: 9%
- 11-20 Partners & Staff: 11%
- 21 or more Partners & Staff: 34%

150 countries

% BY REGION
- Europe: 39%
- Asia: 36%
- Africa: 12%
- Australasia/Oceania: 1%
- North America: 3%
- Middle East: 3%
- Central and South America/Caribbean: 6%
38% VIEWED TECHNOLOGY DEVELOPMENTS AS A SIGNIFICANT CHALLENGE

28% PLAN TO ALLOCATE MORE THAN 10% OF TOTAL PRACTICE REVENUE OVER THE NEXT 12 MONTHS TO TECHNOLOGY INVESTMENT

37% Development of in-house skills and expertise in IT

32% Adoption and use of cloud options for clients’ interface and servicing

29% Provision of business insights from data analytics as a new service offering

29% Using technology to expand geographical reach in servicing of clients

23% Recruitment of non-accountants (e.g. IT specialists, data scientists)

15% LESS THAN 1% OF REVENUE

31% BETWEEN 1-5% OF REVENUE

26% BETWEEN 6-10% OF REVENUE

13% BETWEEN 11-15% OF REVENUE

9% BETWEEN 16-20% OF REVENUE

6% ABOVE 20% OF REVENUE

2 Combining high and very high
Anticipated significant changes in the finance manager/accountants’ role in a small business over the next 5 years.

78% Navigating new technologies affecting traditional accounting and finance roles.

73% Managing cyber security and IT risk.

68% Focusing on use of data to drive strategic decision making.

Guide to Practice Management for SMPs, Fourth Edition
Includes a new module on developing a technology strategy, hardware and software options, technology risks, new and emerging technologies, and leveraging technology for practice innovation.

Gateways articles & videos
- Developing a Technology Strategy
- Cybersecurity: Eyes Wide Open
- Data Will Drive Audit Quality
- The Changing Face of the Accountancy Profession
- Navigating Ethics in a Digital Age
TALENT

54% HAVE DIFFICULTY ATTRACTING NEXT GENERATION TALENT

DO YOU HAVE DIFFICULTY ATTRACTING NEXT GENERATION TALENT?

30% NO

54% YES

16% N/A

CHALLENGES FACED ATTRACTING NEXT GENERATION TALENT

- Lack of candidates with the right mix of skills: 66%
- Competition from larger practices: 57%
- Increased opportunities in other fields: 44%
- Concern about work-life balance and flexibility: 41%
- Concern about technology impacting jobs and opportunities: 27%

*N / A: Not applicable

* Combining high and very high
Talent management initiatives introduced or planned for implementation in the next 12 months:

- Flexible working hours or work days: 47%
- Technical training programs: 46%
- Direct incentive and reward programs: 43%
- Enhanced work environment: 39%
- Mentoring and career coaching programs: 38%
- Virtual work arrangements: 32%
- Soft skills development programs: 31%
- Career enrichment programs: 28%

TALENT RESOURCES

GATEWAY ARTICLES & VIDEOS

- Finding Talent, Keeping Talent
- Searching for Stars: Youth & Talent Management
- Technology Brings Opportunities to Attract Young Talent
- Building Profitable Advisory Services: Specialize Your Young Talent
- Attracting and Retaining New Talent: The Case for SMPs

43% plan to allocate more than 5% of fee revenue over the next 12 months to training (technical, soft skills, mentoring etc.)

Revenue allocation categories:
- LESS THAN 1% OF REVENUE: 17%
- BETWEEN 1-5% OF REVENUE: 40%
- BETWEEN 6-10% OF REVENUE: 23%
- BETWEEN 11-15% OF REVENUE: 11%
- BETWEEN 16-20% OF REVENUE: 5%
- ABOVE 20% OF REVENUE: 4%
ADVISORY SERVICES

86% PROVIDE SOME FORM OF ADVISORY/CONSULTING SERVICE

53% CORPORATE ADVISORY

50% MANAGEMENT ACCOUNTING

TOP 4 SERVICES

31% RESTRUCTURING/INSOLVENCY/LIQUIDATION

27% HUMAN RESOURCES POLICIES AND PROCEDURES/EMPLOYMENT REGULATIONS

OTHER SERVICES PROVIDED%

24 Succession planning/Business transfers

24 Business development

21 Forensic accounting/Fraud investigation

16 Information technology

14 Enhanced corporate reporting

12 Wealth management/Retirement planning

6 Others
PRACTICE REVENUE FORECAST

ANTICIPATE A MODERATE OR SUBSTANTIAL REVENUE INCREASE IN ADVISORY SERVICES OVER THE NEXT 12 MONTHS

51%

Advisory/Consulting and Other Services
Tax (including compliance and planning)
Accounting, Compilation, and Other Non-assurance/Related Services
Audit and Assurance (including review and other assurance engagements)

Firms of the Future—Building Advisory Services
Integrated Thinking & Reporting Requires Trusted Advisors: Guiding Your SME Clients
For Small Businesses, Trust Goes Beyond the Numbers
SMPs Can Add Value with New Services
The Future of Small Practices & Service Offerings
TOP GLOBAL CHALLENGES

CONSISTENT CHALLENGES DRIVE OPPORTUNITIES FOR INNOVATION

48% PRESSURE TO LOWER FEES

- Set prices for certain services based on estimated value for the client
- Evaluate and group clients to offer different service levels
- Maximize technology to improve processes and lower costs

46% ATTRACTING NEW CLIENTS AND RETAINING EXISTING CLIENTS

- Develop relationships with other firms for referrals and create a networking plan
- Create a marketing strategy that embraces all areas and activities of the firm
- Develop a social media strategy to engage with clients and attract staff

46% DIFFERENTIATING FROM COMPETITION

- Specialize in a specific industry sector or niche
- Leverage technology when communicating, providing services and engaging with clients
- Invest in educating and training staff, both technical and soft skills

45% KEEPING UP WITH REGULATIONS AND STANDARDS

- Embrace online learning for flexibility and join with other firms for specific sessions
- Set aside time and organize informal group staff discussions on changes
- Take advantage of professional accountancy organizations resources and join local business associations

Visit the Knowledge Gateway for more ways to address these challenges.
IFAC supports the SMP sector through a number of initiatives to raise the profile and build the capacity of SMPs globally. With input and guidance from the SMP Committee, IFAC represents SMPs’ interests to standard setters and regulators, facilitates the sharing of tools and resources to help them compete in the global marketplace, and speaks out to raise awareness of their role and value, especially in supporting small- and medium-sized entities.

The IFAC Global Knowledge Gateway has received more than one million visitors since inception and now hosts over 625 original articles and videos, and links to approximately 10,000 related resources and news around the world.

Through the Gateway, SMPs can access high-quality resources in key areas, including audit & assurance, ethics, practice management, technology and business reporting.

Sign up for The Latest, our twice monthly Gateway digest.

Some regions, countries, and larger SMPs were not well represented in the 2018 IFAC Global SMP Survey. Therefore, caution should be exercised when attempting to generalize the results to specific countries, regions, or SMPs of all sizes.

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