How Small Firms Can Evolve in the Covid-19 Environment

Preparing Future Ready SMPs

Robyn Erskine
Johnson Kong
Naofumi Higuchi

July 15, 2020
(9:00 – 10:15pm
NYC Time)
Moderator & Panelists

Moderator: Robyn Erskine, Deputy Chair, IFAC SMP Advisory Group

- **Johnson Kong** – He was appointed as a member of the IFAC SMP AG in 2018, having been nominated by the HKICPA. He has over 30 years of professional accounting experience and specializes in restructuring, insolvency, forensic and litigation support work. He is currently the Managing Director of BDO Hong Kong and President of the HKICPA.

- **Naofumi Higuchi** – He became a member of the IFAC SMP AG in 2017, having been nominated by the JICPA. He is the current Technical Director of JICPA and also lectures part time, specializing in IFRS at Tohoku University Accounting School in Japan since 2018.
Preparing Future-Ready SMPs

• **Practice Transformation Action Plan**
  – A Road Map to the Future
  – Embrace Change
  – Leverage Technology
  – Focus on Talent Management
  – Evolve the Firm Operating Model and Build Advisory Services

• Dedicated webpage featuring examples/ case studies from innovative SMPs and PAO initiatives
Adopt & Embed Technology

1. Conduct an Environmental Scan
2. Align with the Long-Term Strategy & Formulate a Realistic Implementation Plan
3. Adopt the Cloud
4. Involve Clients in Technology Decisions
5. Identify and Support an Internal Technology Champion
Areas That SMPs Can Evolve In The Digital Era …

1. Offer On-going Learning and Continuous Development
2. Empower Staff to Innovate
3. Engage in Transparent Career Progression Conversations
4. Introduce Flex-Time
5. Use a Variety of Recruitment Techniques e.g. social media
1. Move from Transactional to Strategic Services
2. Re-Evaluate the Services provided and Marketing Strategies
3. Move into a Niche Market
4. Use Networks, Associations and Alliances to Add Value
5. Conduct a Regular Strategic Review
Panel Discussion
Japanese SMP’s Initiatives in IT

Naofumi Higuchi
Technical Director – Japanese Institute of CPAs
Networking: IT specialists can exchange information with accounting firms

**HR/ Budgets**
- Partners

**IT Tool**
- Automated tools and techniques (data analytics, RPA, AI)

**IT Infrastructure**
- Joint IT Center, e-work papers, cybersecurity, Apps for practice management
- Info exchange, skill up, consultation

**Practical Issues**
- IT specialists
  - Exchange information about IT tool and Apps, CPD training
  - Demo by suppliers and SMPs, introduction of best practices
  - Training, e.g. cyber security
  - Consider to set up a special web page @JICPA – webinar, recommended books and licenses, information sharing
  - Cover PAs and IT specialists

Physical events, webinars and virtual meetings cover across Japan
Joint IT Infrastructure Center (In process)

Some of SMP audit firms consider to set up,

Cloud Service (Jointly Used)

Data Center for Firm A
- Connected to Virtual Desk Tops and user group management
- E-work papers (File servers)
- Data delivery with clients

Data Centers for each firm (B to Z)
(Virtually divided not to confuse data)

Joint Data Center
- License mgt server
- Virus mgt server
- URL filter server
- User mgt server

Firm A
- Office
- Clients
- Home

Firm B - Z
- Office
- Clients
- Home

Audited clients by each firm

Secure data delivery

Cyber Security

Internet connection
Q&A Session