

Road Ahead for the Profession



Padma Shree awardee and the ICAI past-President CA. Manoharan presents future perspective of accountancy profession in the present article. He describes the opportunities and challenges for the profession. Knowledge in the new areas of consultancy work along with attendance in workshops and training programs can help accounting professionals prepare them for professional assignments. Scope for accounting professionals to grow, expand and excel in India is tremendous. Business entrepreneurs require professional firms towards the professional establishment as well as its expansion. The author recommends, if only Indian firms can address their challenges with right attitude, they can accomplish their goals competitively. Read on...

Introduction

Indian accounting firms are mostly in the nature of small and medium firms and, hardly, there are 300 firms that can boast of a constitution comprising 10 or more than 10 partners, if that can be the benchmark to categorise them as big firms. Many of these firms have grown only when the family members of the existing partners have qualified as chartered accountants but the trend is changing where non-family members constitute a firm and grow as an entity to compete with the multinational accounting firms. Although size has no correlation to quality, in the emerging scenario, size would be of relevance to scale up to the growing economic needs and globalised competitive market. Therefore, Indian professionals need to measure up to the expectations of the service seekers both in the Indian context as well as in the international arena.

Opportunities

Besides the traditional areas of practice, accounting professionals in India have tremendous opportunities in the field of consultancy services. A chartered accountant can contribute in terms of business plan advisory, finance and capital advisory services enabling the client to pick and choose the funding options available in the market. The wide range of services that flows in the consultancy field include services relating to project appraisal and funding by way of private equity



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or other means, IPO, valuation, due diligence, merger and acquisitions, risk assessment, debt syndication, restructuring of business, ERP implementation, internal audit, system audit, knowledge process outsourcing (KPO) and wealth management. Knowledge in these areas would bring immense opportunities and there is no dearth of work for a professional who has skill set to venture into these areas.

Challenges

Indian professional firms are facing many challenges in view of globalisation and unprecedented growth in the economy. These challenges demand reorientation in the approach and attitude of the professionals in public practice. The emerging areas of opportunities indicated above call for different skill sets, knowledge and delivery mechanism. There is one significant difference between the consultancy field and the traditional areas of practice encompassing statutory audit, tax audit, etc., is the fact that the competitive environment in the latter is confined within the profession being an exclusive domain whereas in the former it is widespread. A chartered accountant embarking on rendering consultancy services has to compete with multinational entities, corporate bodies and other professionals in the management consultancy field.

In order to ensure quality and timely delivery of services and to be in the reckoning, Indian professional firms have to reorient themselves to provide for acquisition of skill sets by partners and associates; they need to create verticals paving way for specialisation within the firm; they must not only keep adding new talent but continuously endeavour to retain such talent within the firm; they need to aim at geographical spread and reach out to cater to the needs of the clients having regional or national presence; they ought to invest in infrastructure; they should also be prudent and proficient in billing the value for their services without underselling them; and, above all, they need to cherish and uphold values and ethics.

Knowledge and Skill Sets

In the current and emerging scenario, knowledge is power. Across the globe, we find that knowledge-driven economies are growing faster. Therefore, every Indian professional would do well to constantly update his knowledge and consciously acquire the skill sets required for effectively applying such knowledge. Soft skills such as communication skills, negotiation skills, presentation skills and linguistic skills would be

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of immense strength to a professional for the delivery of his knowledge-oriented services. Appropriate support can be drawn from technological skills and managerial skills by periodical and proper orientation and training.

Knowledge in the new areas of consultancy work may be acquired by studying the relevant literature and accessing information through web. Attending workshops and training programs focusing on specific topics would be useful. Participating or assisting in the execution of work by other professionals or mentor firms will help to provide the confidence required to handle assignments independently. Templates of reporting and documents drafted would serve as a model in the initial implementation of work without any need to reinvent the wheel. Mid-size firms can even afford to organise periodical in-house training programs for partners and the senior staff. Small and medium firms can even organise joint training programs as it would pave way for exchange of thoughts/ideas, sharing of expenditure and bring in the best talent as resource persons resulting in enormous synergy. Individual empowerment by undergoing specialised post qualification courses; online courses can also be explored. Knowledge of business and various sectors is very essential to gain basic competence to advice properly. Every professional who has the competence in the consultancy field should groom and train others to build multiple teams within the organisation and replicate solution methodologies in different locations.

Positioning of Divisions

Indian professional firms should be in a position to create divisions demarcating the areas of operation into different verticals. For example, a chartered accountancy firm can segregate the areas of practice into audit and assurance division; tax and allied services division; and consultancy division. Even if there are

three partners, each one should attempt to specialise so as to head and lead one of these divisions. In the emerging scenario, specialisation is the order of the day. A specialist in audit, another one in tax and yet another professional having proficiency in consultancy can come under one roof to constitute a strong professional firm and render multifarious services to the client. With the emergence of limited liability partnership and the scope for having multidisciplinary partnership firms involving professionals from accounting and legal field in the near future, there is enormous scope to expand and grow and also to build multi layer teams in each vertical created within the firm.

Human Resource Development

India can be proud of having the demographic advantage in the global arena. In the Indian context, it is no longer the problem of unemployment but it is the problem of un-employability. Even for the educated youth with whatever qualification, these days, orientation and training seems inevitable. Many of them are raw products coming out of the institutions and universities; some are semi-finished and only a few are well developed competent ones. Therefore, good amount of time needs to be invested in grooming, nurturing, training them with orientation programs at the inception as well as at periodical intervals.

Attracting new talent in the profession to join a small or a medium size firm appears to be a tough task. Every Indian professional firm should have a plan of succession so that such firms continue to exist and grow. A professional firm should identify talent and offer due recognition, salary and status so as to attract and also take steps to retain young professionals in the firm to grow and stabilise with job satisfaction. Retention is possible only by providing wider exposure; opportunity to handle work of greater magnitude and also providing right ambience resulting in a sense of belonging. A firm needs to provide the social status for

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every professional associated with it and it should also take care of fulfilling or facilitating the fulfillment of his social needs such as housing, conveyance, etc.

Geographical spread

Another challenge faced by an Indian professional firm is to execute any work across the region/country. Similarly, getting assignment of certain works would depend on the extent of geographical presence of such firm in as many locations as possible. This situation demands that every such firm should identify professionals/firms in different geographical locations and develop an understanding for mutual reference and sharing of resources, particularly human resources, for execution of works. Initially, this could be by affiliation or merely an association for convenience but gradually it can take shape as a formalised net work arrangement. Once the reliability and compatibility is established after mutually collaborating for a few years, merger can be contemplated by converting the firms within the network in other locations as a branch. By this approach, a small and medium firm can evolve itself into a bigger firm by developing branches in many centers. No doubt, this is easy to say but challenging to accomplish. But, if there is a sustained approach, systematic planning and undiminished enthusiasm, this can be gradually but certainly made to happen.

Infrastructure

Generally, infrastructure takes a back seat and it is a non-priority item for many Indian professional firms. This mindset should drastically undergo a change. Every firm should aspire to have stability in the place of operation and allocate a percentage of earnings every year for acquiring adequate space besides procuring modern gadgets and tools. Further, every firm should spend in installing and documenting systems, procedures and controls to secure and enhance operational efficiency. Knowledge database should be developed leading to industry wise specialisation and also in select areas like transfer pricing. In the light of various reforms and legislations in the offing, such as convergence with IFRS, XBRL implementation, Direct Tax Code, Goods and Services Tax legislation and a new Company Law, appropriate investment in software solutions and tools, books and periodicals, equipments of latest technology assumes greater significance.

Billing Standards

It can be said without fear of contradiction that many Indian professional firms are unable to recruit young

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professionals in adequate numbers and thereafter retain them on a long term basis for two reasons. One is the inability to pay near to market salary and secondly, not being able to guarantee partnership and provide lucrative practice with variety of work exposure in view of the limited areas and scales of operation. While the second one can be addressed by tackling the challenges identified above, the first one can be handled only by empowering the firm with phenomenal cash inflow which in turn depends primarily on systematic, periodical billing for the appropriate value of the services rendered and methodical follow up for collection without ending up at any point of time with liquidity crunch. Under selling of services undoubtedly cripples the growth potential of a small and medium professional firm.

Components of the service rendered, in many cases, are not properly identified and added on to the billing. Invariably, it is the practice of annual billing or common fee package for multifarious services that leads to under-selling of services. Many do not even consider the man-hours spent as one of the important ingredients for billing. Of course, in deserving cases, rendering of services for a low cost or free of charge may be justified but that policy or approach should be an exception and not the rule. A professional who renders services backed by knowledge, values and competence always does the billing for commensurate value with absolute confidence unmindful of losing the client. He not only demands greater value for services, but also commands respect and credibility. In the long run, such a professional experiences that quality in serving and billing begets qualitative client irrespective of the cost of services.

Quality and Values

Most important challenge to any small and medium firm is to ensure quality in anything it does and to adhere to the ethical norms laid down for the profession. The first one can be ensured by building

competent teams in the organisation and the later by imbibing values and appreciating that growth should not be at the cost of ethics. Even when we can comfortably execute the work by ourselves, we need to train a few youngsters and assist them to develop to our stature. They in turn should groom and build next generation and this is how a perpetual institution can be built and perennial succession can be secured. Even if the trained individual leaves the firm, which event can happen to any firm now and then, one should not feel bad as attrition is part of growth trajectory in any field and this is one such way we can repay our gratitude to the profession and the society.

Adherence to values is a challenging task these days as many players around us in the system do not attach any significance to this aspect. Aspiration to become rich in the shortest possible time can be the root cause for deviation from established principles and best practices. History tells us that Gautama Buddha deserted all the prosperity and left the palace in search of peace. On the contrary, many in today's world seem to be destroying peace by joining the mad race in search of material pursuits. Prosperity is welcome but not at the cost of peace of mind. Contentment is too great a virtue to be given up. No one is poor if he is contented and the one who lacks it can never be considered rich irrespective of the phenomenal wealth that he may possess. Besides, by sheer hard work, vision and competence one may reach the top but he can stay there only if he possesses integrity and not otherwise. No doubt, in the modern world we need to be adoptive to many changes happening around us in infrastructure; communication; technology, so on and so forth. But the one principle which remains fundamental to human life always and never changes is the need to adhere to value system.

Conclusion

There is tremendous scope for the accounting profession in India to grow, expand and excel. Significant percentage of the members of the profession is serving businesses in house by joining employment. Business entrepreneurs, these days, require professional firms to do the hand holding in the establishment of their businesses as well as in the expansion and restructuring plans. They expect professionals to be part of the decision making process instead of merely providing inputs for decision making. If only Indian firms can address the above discussed challenges with vision, zeal and right attitude, they can accomplish their goals competitively, make a mark and bring glory to the profession. ■