



Lessons From The Accounting World

By John O. Cunningham

Business enterprises have developed a habit of constantly re-engineering their operational structures and methods in order to improve efficiency and gain an edge in the never-ending battle for clients.

Professional service firms, by contrast, have often locked into traditions that provide resistance to the smallest of changes. But those days may be coming to an end as leading-edge firms begin looking to their most successful clients for lessons in business methodology.

For example, Becky Dowd and Barry MacQuarrie of Kirkland, Albrect & Frederickson (“KAF”) revealed to RainDance 2008 attendees how operational re-engineering dramatically improved productivity, costs and employee morale at their accounting firm.

The firm of more than 50 employees designed operational changes to meet the needs of clients and service-providing employees alike, improving work-life balance while measurably enhancing the quality and efficiency of their work.

Among the changes that Dowd and MacQuarrie cited as catalysts for these improvements, were the following:

1. KAF allowed employees to work at home, especially during tax season when 80-hour work weeks are not unusual.
2. The firm changed its operational focus from billable hours to “projects completed per person [or team],” causing the firm to adopt the perspective held by clients.

3. KAF offered pricing discounts for work done during non-peak demand and non-urgent work, giving clients a way to save money on their projects by planning ahead, and giving firm employees a more even and manageable spread of work.

4. The firm created work teams to service particular clients or groups of clients so that those teams would be more knowledgeable about their assigned clients, more responsible to them, and more efficient.

5. Employees developed an online “paperless” system that enabled all personnel to track current client information, financial data, work product, and the latest revisions to tax returns and accounting statements, thereby facilitating document workflow from one reviewer to another, permitting remote access and collaborative work at all hours, and eliminating the need for multiple printouts, explanatory memos and meetings.

The results? KAF realized a noticeable drop in time spent per tax return, an increase in returns generated per employee, and a reduction in crunch time events. The firm also experienced better employee retention through higher job satisfaction among employees at all levels. Cycle times for returns dropped from many days or weeks to just a day or two in most cases as well.

Dowd and MacQuarrie also noted that the revolutionary approach of KAF generated some considerable buzz in the industry, leading to tens of thousands of dollars worth of public relations exposure that came from trade journal editors intrigued by the firm’s success story.

“We enjoyed a huge savings of many thousands of dollars in paper costs and space costs by moving more toward a paperless system with electronic storage [and backups],” MacQuarrie added.

He predicted that a continuing focus on technology improvements and client-driven innovation could usher in more changes in the near future, such as client options for fixed-fee or hourly billing, and technology surcharges for special services or for hourly bills that are greatly reduced by significant technology applications in which the firm has invested.



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