



KATO Survey

Are chickens coming home to roost?

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80% of accountancy practices ignore staff in downturn planning

In their annual survey to 200 accountancy practices, KATO Consulting polled responses to the effects on business and the measures undertaken to combat anticipated problems during the economic recession. The most striking finding was that over 80% of the firms taking part admitted to developing strategies to cope with the downturn, without consulting or discussing with their staff.

More worryingly and featuring strongly, when asked which areas of the business required improvement, most of the respondents identified the need to increase the speed and efficiency of work. Conversely, this is work performed by those members of staff who have not been consulted and yet are expected to bear the brunt of the work required to implement new strategies. Combine this with the freeze on

recruitment that is also forecast by many, the real responsibility for surviving the tough times ahead may lie with people who may not be willing or indeed able to shoulder the burden.

KATO Consulting encourages firms to consult or discuss with their staff, the development and implementation of their strategies to counter the global crisis. Phil Shohet, KATO Director, says, "Partners are moving into unknown territory and their firms need people in the front line producing more (and more efficiently). Without advising or consulting them, however, there is no guarantee that the staff will, or can, contribute at this level."

The Survey also highlighted a range of serious issues now facing the independent sector of the profession. Over 80% of the



firms taking part see little or no prospect of growth in the current economic climate and over 60% foresee a reduction in turnover growth and a commensurate shrinking in profits per partner.

Over a quarter of the firms questioned expected to lose clients, either as a result of business failure or because they move to an alternative practice, with up to 20% of fee turnover at risk. Reasons for the movement other than price include the firms being too reactive and not proactive with advice. Increasing the percentage of chargeable time (recoverability) was also seen as a key area.

Perhaps most worryingly, 65% of respondents said that the performance of partners/directors needs to be improved. KATO Consulting recognises that at the level of the organisation, partners/directors must rise to the challenge particularly at the level of corporate governance. Phil Shoet adds, “Partners not in accord and poor leadership are highlighted as potential barriers to growth and I suspect that this will frequently be the primary stumbling block to implementing effective solutions. Some of these issues have been with firms for quite some time and action should have been taken previously to solve them.

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Those polled included semi-national and independent firms across the spectrum.