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Inspired Ideas Podcast:

The Change Imperative

Jennifer Wilson: Hi, this is Jen with Convergence Coaching, and I'm so excited to kick off the inaugural episode of our Inspired Ideas Podcast. And with me today is the inspiring and funny work spouse and business partner of mine, Tamera Loerzel. Hi, Tamera.

Tamera Loerzel: Hey Jen. Great to be here with you.

Jennifer Wilson: I'm so glad to be here with you. And I love the topic we're about to talk about. So, there is so much change in our profession, there's so much going on. And it's almost overwhelming, I think. But it definitely is the word of the hour, change. Everything feels like it's changing, and every one of us needs to change in a lot of different ways.

And so, we thought we'd named this first episode The Change Imperative, and talk about why. Why is so much change happening, what's causing it, and what are the areas of change we should be focused on?

So that's what today's about. And, Tamera, I thought I'd just start by asking you, why do you think so much change is happening, and kind of being thrust upon us in the profession?

Tamera Loerzel: I think there are many answers to that, Jen. And I think if we just look out in our economy, and our market, and all the changes in our government, let alone all the global changes that are happening, I think there's all those macro factors. And then if we look in the organizations, there's all kinds of change that's occurring within organizations, with people, and technology, and those areas.

But one common denominator cross all of it is our generational shift that's occurring. And if you'll just look at the statistics, if you look at some of the hard trends that are occurring by, this year is the first year that millennials surpassed the baby boomers.

And by 2020, one in three people will be millennials. And if you look in our businesses and in our organizations, our workforce, by 2025, 75% of our workforce is going to be millennials. And so that doesn't only affect the face of firms and our organizations where we're working, but it affects our clients too.

So the face of our clients are changing. And I think that's having a dramatic experience on how we serve clients, how we communicate with clients, and deliver our services and products to them. Just, how we all work together is changing. And I think that as shifting culture changes, technology changes in our firms and organizations, I think those are some of the big ones. What else are you seeing?

Jennifer Wilson: Yeah, I agree. I was just going to say, wow. The demographic thing is mammoth, and it's causing some interesting behavioral shifts inside firms. And I think that's kind of important to pay attention to. So a part of it is, we have to pay attention to what it's doing to the face of the client, as you said. Part of it is, it's causing some interesting



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mindsets and kind of feelings inside these firms. And so I thought we'd talk a little bit about that. I'll mention one component, and then you can do the flip side.

I'll talk about the waning generation, the one that's sort of spent all this time climbing all the way to the top in these firms, and has finally gotten to that place where they're really reaping the benefit of all that effort, and they want to hold on to that spot at the top.

I always like to say, it's a little bit like mountain climbing or something. I get to the summit, and I want to stand up there and really take some time, and enjoy what I've accomplished. But all this change is making it so that it's almost like there's a second climb. I get to the summit and find out, wait a minute, what do you mean I don't get to rest here? There's a second climb.

And then there's another interesting piece being handed to our baby boomers and older Xs, and that's, "By the way, you're going to take these millennials on this next climb, and maybe they're going to lead, it and you get to support them in it."

And there's frustration among the baby boomers with that, and the older Xs. Maybe there's a little bit of resentment, perhaps, with the idea that, wait a minute, you guys just stay there and work, and I'm ... You should do it the way I did, it should be the way it was when I came up. All those things are sort of sitting with our traditional generations, the ones that have been in power the longest. What do you see?

Tamera Loerzel:

I agree with that. I love your analogy of the mountain climb. And I think it's the mountain peak that's up in the clouds, and we don't ever get to it. And I think that can cause some frustration. It's like, how do we achieve getting to that? Or, the stairs and I think about my running stairs with my running coach .and it's like, one more set, and one more set, and then you stop. And I think the flip side of that is that our young people, especially our millennials, and now it's starting Gen Z by the way, that's starting to enter the workforce, I think that's important to say.

But, they have grown up with change, and rapid change, and access to information, and access to technology. And so they want it now. They're used to instant gratification. And we could argue all about how that's happened, and whether that's good or bad, but that's the reality of it.

And so they're used to instant information, they're used to being able to work wherever, they're used to instant feedback with, with their portals and feedbacks in school. They're used to knowing how they're measured with all the rubrics in schools. And so they expect that as they enter the workforce. And so I think that's a disconnect. Because that's not how many of us, and our Baby Boomer leaders and older Gen X-ers have grown up, and how they developed.



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And so they do expect us to develop the same, and it's not the same. So those are some definitely ... Conflict, it causes conflict too.

Jennifer Wilson:

I know, and I think that what we have to realize, and this is the advice I guess, that I give to the traditionalist, the guys that have been in there the longest, is that we want to do business in the marketplace we wish we had, but we have to do business in the marketplace we have.

Tamera Loerzel:

Right.

Jennifer Wilson:

And we have to anticipate the marketplace that's coming. And we really believe that Baby Boomers and older Xs need to find a way to say, "Hey, the market is changing so rapidly, and the people who are driving it are these millennials and these, maybe, very old, the oldest Gen Zs. And how do we get those people to come in here and help us drive it?"

So yes, without a doubt, the change imperative is, NextGen talent and NextGen clients have different values, different expectations, and they have all the market power. And so, how can we as firm leaders facilitate creating workplaces and creating service provider offerings that NextGen clients and talent are going to want to work with us, above others? And how, what kind of changes are we going to have to make? And I think that's causing the change imperative.

Tamera Loerzel:

Yeah, I think so too. And I think the flip side, they were talking about advice to traditionalists. I think advice that I and we've been giving to that NextGen workforce is, how can you learn, how we've gotten to where we've gotten, and how organization has been built, and then take all of their knowledge, their technology, what they see can be changed, and marry that. And it's almost like a step that gets skipped sometimes, I think.

And so, if we can facilitate that, they'll be able to come in and be more ready to drive change. And I think that's super important to understand is, as we come in and we see things, it could be, my arms are crossed and this is dumb and my eyebrows go down, and I see something better. But if I can come from it, how did we get here? And I can learn, then I can marry what I see as possible in my knowledge. And I think that's important too. That's part of that mindset shift, I think that's important to convey.

Jennifer Wilson:

So Tamera, we've been helping for a while try to navigate this change, and we've been trying to figure it out ourselves too. And we place change into three buckets. I wondered if you might want to talk a little bit about that, and give some examples in each of the three buckets. And, just have our listeners better understand that?

Tamera Loerzel:

Yes, absolutely. And I think the three buckets that we have been really looking at are in the areas of talent, the areas of technology, and client experience. And while they're



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three separate or distinct buckets, they very much overlap as we start to talk about them. I think there's also a fourth bucket, Jen, that sometimes we talk about, that's kind of an umbrella.

And you pointed to it around mindset, leadership and culture, and how are we leading? And again, I think that covers them all. But if we just looked at talent, and we've been talking about people, I do think the value system, I do think how people have grown up in the use of technology, and I can Google to get information, I just have access to that. We're all connected, all of our devices are connected. And so I just have so much access to information that we have not had five years ago, or 10 years ago. I think that's a big one. And I think part of that then really points to flex, and how we work. And being able to have more control about when and where I work, and how I work.

And I think that's different, versus the traditional, I have to be in the office and do the commute, and how we work is different, and how we want to be able to work. I think Gen X really started to introduce this work-life balance, saying, "I want to be at my kid's baseball games," and watch Baby Boomer parents maybe struggle with some of that, and have to really work hard. And you know, career was a priority. And millennials today are like, "It has to be that way. I have to be able to do it all and figure out how to produce it all."

And I think that's one of the big talent challenges that firms have really been figuring out. How do we migrate to that, so that we don't give up our non-negotiables with client service, and profitability, and responsiveness, and all of that with the changes in how talent works. So those are some of the big ones, I think, that we've seen. And also, what skills are required for talent.

It's been a very technical profession, and I think it's a people-based profession. And advisory, and the whole movement of consultative in our relationships. So that's changed how we develop people, and the kind of skills that we're looking for.

Jennifer Wilson: Yeah.

Tamera Loerzel: So those are some big ones. I see. And I can start talking about technology, but before I go there, any other thoughts you have on talent that you'd add?

Jennifer Wilson: Well, I've got a kind of an overarching umbrella one. I mean, you hit on some of my big, big hot buttons. But I would also say, right now inside firms this minute, and this is 2019, late 2019, huge capacity issues inside firms. And an enormous challenge that we're facing right now, with firms not really having the right talent or enough talent to manage their current workloads.



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And everybody being overwhelmed with work, and feeling very stressed about that, and feeling like they can't do proactive change initiatives or personal development initiatives. And some tremendous frustration among the talent, and maybe a little bit of minimization among the leadership.

I think firm leaders are like, "Hey man, this is busy season. This is normal. We've lived through worse." Those kinds of things. But this capacity issue has been persisting for some time now, I'd say at least two years of real serious shortage. And so I think in the talent area, one of the change imperatives is figuring out capacity. Which means hiring different kinds of people, hiring non-CPAs, reworking the service delivery models to bring non-CPAs into the service delivery process, outsourcing, all those things.

And I think that is so important, that it's going to be the subject of our next podcast episode. There's no doubt about it, that we have to talk about capacity first. Because without capacity improvements, all this change discussion can be a little bit academic.

Tamera Loerzel:

Right. I agree. I mean, I think that's one of the biggest challenges. Is, any time we talk about new initiatives or new services or ways to serve clients, or even, let's call some clients. I don't have the time to even do that, and it's a capacity challenge.

And technology, and process improvement, and lean, and all of those things I think have been huge for firms to really look at and address. But that takes capacity, to drive those initiatives as well. So it's definitely a push and pull that we're seeing firms experience.

Jennifer Wilson:

So let's talk for a quick second about some of the things driving technology change. What are your top, few that are on your list of things that you're just hearing firms talk about, or worry about, or work on?

Tamera Loerzel:

I think one big one, and it's tied to talent, is this ability to work remote. And how do we really enable, from a technology perspective, remote workers. And providing more of that flexibility, and that control. And how do we create the culture, how do we train people, how do we communicate? And I think that's new and different for a lot of existing leaders today, and trying to figure that out.

And so I think figuring out how to use and get really comfortable with those technologies, and we're a virtual company, and we still struggle with those technologies, and we're learning those every single day. I think that's one of my top ones for sure. You know, I also think just really getting support with the scheduling and the workflow technologies is another big one that we're seeing.

And then, this is one that people are evaluating; Where are we going with data analytics and AI, and all of those new trends? And it's not out there in the future, it's now. And so, how can firms capitalize on that? And I think that's something that we



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see some firms sticking their toe in, but most firms are like, "I'm not sure how or when it's going to apply to me." And I just think it's going to be here way sooner than they think it's going to be, and we need to get ahead of it.

Jennifer Wilson:

I agree, Tamera. And I would put data and all things data kind of almost at the top of my list. Not just for technology trends, but also client experience trends. Our clients, our NextGen clients are going to expect to be served like ... I don't know, they're going to expect your website to be a little bit Amazonian. They're going to expect it to know them and personalize, and they're going to expect it to serve up ideas, and solutions, and ask questions, and interact. And most of us don't have anything close to that.

And not only do we not have the technology built to have that interactivity, we don't really have the data collection happening on the clients. And the databases that we do have are disparate, and they are not very clean. And up to this point, I think most people have sort of paid lip service to data. And I always use the example when I'm talking to firms or to audiences, I'll say, "How many times and for how many years have your marketers begged you to just get an email address from somebody and put it into the system?"

And it's something so simple as an email address, and we act like that's this nonsense request that marketing's been making, or something. And yet it is most critical piece of data, it's such an important identifier. And and we might have five databases, and two of them have the email address, but they have two different URLs because the firm changed names or something. And the data's not clean in these firms, and it's hard to keep it clean. And we under-invest in admin, and so most firms don't have a data steward, or somebody who's really militant about making sure the data's great. And if the data's not great, then we can't take advantage of artificial intelligence or personalization, or data analytics, or business intelligence, or any of those cool things that are coming.

And that's not, by the way, just a CPA firm problem.

Tamera Loerzel:

No.

Jennifer Wilson:

All the clients have the data problem, many of them anyway do too. So, anyway, I would put technology on my, or data, on the top of my technology list, I think. Because, like you said, they've got to get going now.

Tamera Loerzel:

Well, and I think that ties to the third bucket of the client experience, and the trend with the clients. You know, you pointed to how do we better serve information, and we need to know our clients. And so I think that's super important. But I also think clients are looking for an elevated level of service and knowledge, and not so transactional. And so, how do we elevate our deliverables and being proactive?



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Especially in the accounting profession where we've been mostly historical, how do we help them identify these trends? You just said the data and the technology trends, our clients are experiencing these, they're experiencing all of the talent ones, they're experiencing the, how do we do flex? They're experiencing the whole generation gap and people retiring. They're experiencing every one of those things, so how can firms really support clients from that perspective? And enhance the client experience and what they're receiving from you.

And that value add, I think, is super important. And that's the fun stuff, if you will. I think that's a lot of what our young future leaders are looking to be able to provide as well, and use technology to do some of that basic production that we've done in the past.

So I think that's a good tie between technology and client experience. What else are you seeing around that client experience? What would your top one be?

Jennifer Wilson:

I think that it's just understanding the motivators of that NextGen client. Really beginning to ask their NextGen clients what they would like to see changed or improved, maybe building an advisory board just of NextGen clients of a variety of different types, who are using different services. And asking, hey, as you think about us as a provider five years from now, what do you feel like we're going to need to be doing or offering? Or how would you like to interact with us?

So I think that might be something that I would put high on my list of NextGen client change imperatives or initiatives. I also think that that this whole idea of going down the path with our NextGen clients, and recognizing that we don't know a lot of them yet. And the reason we don't is because they're hiding behind a traditionalist that's still running their business, or they're hiding beside their parents in this family office, or high net-worth client, or a family business or whatever it is, and we haven't taken the time to get to know them.

So to me, one of the big change imperatives right this second is; For every single meeting you have with a traditionalist client, find out who their successors are. Figure out what their succession plan is, maybe there's a consulting opportunity for us there. But more importantly, if they already have that sort of mapped out, how can we get those people to come into the room? How can we build relationships with them? How can we bring our NextGen talent along so that they can build rapport with the next-gen people at our clients? I think that's a real boat we're missing at this point.

Tamera Loerzel:

I agree. And you just made me think, Jen, about this whole idea of the NextGen, and making sure we have NextGen, both from the client and from our firm perspective, is to let go of some assumptions that we've had about how we've worked with that client. I think sometimes we get stuck, and that's what the client expects. But we haven't stopped to ask, what's changed? And what isn't changing that we should talk



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to them about changing? Because they're hearing about it from somebody else. And if we're not doing that, if we're not being proactive about that, it could cause concern.

And maybe we should be evaluating other providers. And during that transition is a perfect time to start considering other providers. And so, we have to let go of, maybe some of those norms or ways that we've operated, or communicated, or delivered our services to the clients, especially as it gets transitioned. But I think, even before that. So I agree.

Jennifer Wilson: Tamera, what you said just made me think of is this idea ... There used to be some sort of a car ad or something that, this isn't your father's Cadillac, or something.

Tamera Loerzel: Yes.

Jennifer Wilson: I don't remember what the ad was, but it was all about trying to say, "Hey, we know you don't want to use your father's whatever. You're too NextGen for that. So we're not that. We're NextGen. Please don't think of us like that."

And I know that's kind of sad to think about, sort of throwing away those traditionalist norms, and maybe some of the stuff we've been doing makes perfect sense and we should keep doing it. And I would agree with that. But I do think we need to think about, we're trying to build a firm that's not their father's firm, or their mother's firm, we're trying to build a firm that is the NextGen firm. Where talents and clients of a NextGen want to work with us.

That's what we should be thinking about. That to me is the number one mission or imperative around all this change.

And I think Tamera, at this point, I want to point to one more thing related to change imperative. I want to suggest a future episode. I think we should invite a practitioner to come and talk to us about all the reasons that people are resisting change, and what they're doing to help scramble over that.

Because change resistance is real. And we know, because we're helping people try to scramble over it. So I know that that we'll have that as a future episode, but I know our next episode will be all about building that capacity, and really creating solutions, or building and really solving that capacity problem.

So I'm looking forward to doing that with you before we start inviting practitioners in. And I thank you, and I think our listeners for participating with us in this first episode of Inspired Ideas by Convergence Coaching. And I look forward to talking to you all in the future. Thanks everybody.

Tamera Loerzel: I look forward to more. This was fun.



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Jennifer Wilson: I know, I agree. Thanks, Tamera. Bye!

Tamera Loerzel: Bye-bye!