

The Process of Change - What it Really Takes

If your firm is not achieving controlled profitable growth at a rate of 20% per year or more, if you are struggling to find and retain top-notch staff, if partners are working harder to keep less, if fees are an issue with your clients, if you are struggling to maintain mediocrity - doing what you've always done will only create more of the same. To create a different result by doing what you've always done is Freud's definition of insanity.

To create a different result requires change. Change is difficult. What *specific changes* to make to create *your* desired result is another issue. That journey begins by clearly defining *specific results* in terms of income and quality of life sought for the partners and staff. What are the results that you want? What changes must be introduced to achieve them? How long will it take? What is the cost vs. the benefit? How will you create the change? How will you know where to begin? How will you overcome inertia? How will you know when you arrive? Who will make the decision? When?

The journey begins with a decision. There are three frogs on a lily pad; one decides to jump. How many frogs are left? The correct answer is three. Deciding to jump is vastly different from jumping. A trap that firms fall into is confusing making a decision with creating results. We tend to become obsessed with making the *right decision* (paralysis by analysis) which in itself becomes a major obstacle. Did we make the right decision? Did we have all the information requisite to make the decision? Is it possible that a better decision could have been made if better information were produced? It's always better to make the right decision rather than the wrong decision. We forget the simple fact that a decision by itself changes nothing. Did you implement the decision? Did you *do* anything? A decision is the **beginning** of the process of *doing*, not the end of the process.

Doing something actually requires.... doing something. Doing makes things happen. The currently popular concept of *knowledge management* advocates gaining intellectual capital to grow your firm. Learn forensic accounting, hire MBAs, develop niche specific knowledge, and get additional certifications. The AICPA is advocating an internationally recognized certification and has added specialty designations for business valuation and web trust among others. What advocates seem to forget is that: ***Knowledge is only useful if you do something with it.*** There is a huge knowing-doing gap. Doing something actually means doing something! It means addressing the hard and scary work of making something happen. It's much easier and safer to sit around and have meetings and intellectual conversations, to add to your library, build databases, train for

additional certifications, invest in technical infrastructure - and never actually implement anything.

Doing means learning. Learning means making mistakes. Learning means tolerating inefficiency. Learning means tolerating failure. Learning requires encouraging and teaching people to try things they've never done before, to try things beyond their existing abilities. The only way people learn is by doing things they've never done before. If we only do what we already know how to do, we won't ever learn anything. The firm culture must make learning and stretching the envelope mandatory. It must acknowledge and support effort. Repeated effort and doing creates change. There is no easy way to encourage people to learn. They must be motivated to learn for their own reasons, not the firms'. You must address the WIIFM factor. You must accept the fact there's always going to be a trade-off between efficiency and learning. Learners are never as proficient as experts. Learning comes at a price. One price is the experts might not get to use their expertise and that the learners might make mistakes. If you really want to build a learning organization, you must be prepared to pay the price.

The biggest obstacle to learning is fear. The most powerful and pervasive emotion in the workplace today is fear - fear of feeling foolish, fear of clients, fear of billing, fear of failure, fear of peer pressure, the accountant's cultural fear of making a mistake. Learning requires tolerating people who make mistakes. Learning means tolerating inefficiency. Learning means tolerating failure. To move from knowing to doing you need to change your firm culture to the opposite of traditional thinking. You must build a culture of forgiveness. A tolerance for error and failure must be built into the firm culture, not for accounting specific issues but for growth and development. Traditional culture says "quality is the *absence of defects* as defined by management or professional edict." (We believe "Quality" is the presence of value as defined by the customer.) The entire culture of the profession, right down to the name itself, has developed around the concept of accountability. If you are to be held accountable for every mistake that you make, how many chances are you going to take? If you live in a culture that reveres perfection, how will you handle the mistakes of the learning process? How eager will you be to convert your ideas into actions?

That's the way we've always done it. Another huge obstacle to cultural change is professional (or corporate) memory. The underlying emotion is, again, fear. "This is the way we do things around here, it's the way of the profession" overrides "this is the right way to do things." Mistakes are the bane of the profession. The best way to avoid mistakes is to continue to do things the way they have always been done. That's fine for the attest function. It vastly limits non-attest functions and

severely restricts change. Eventually, such as with hourly billing, what was originally adopted as means to an end becomes the end itself. What are created are sacred cows - things that are taken for granted, belief systems, processes, practices, rules you perceive will help you get things done. In truth, all they do is create obstacles to getting things done.

So where do we begin? Begin by *making a decision to do something*. Be open to change. Begin by building a culture of action. Cultural change is evolution, not revolution. It takes time. Be prepared to make an investment in time and money. Be prepared to start *doing*. If the doing is consistent, you can expect a handsome return on your investment. If you expect the future to be better than the present, you need to begin *now*. Plan your work and work your plan. Remember your goal is *better than*, not *optimal*. Do something today better than you did yesterday. Enjoy the result. Gain confidence. Internalize the new behavior. Do something tomorrow that's better than today. Internalize the results and move ahead.

How do I change my behavior? We believe what we are programmed to believe. Our conditioning and programming began the day we were born and has reinforced and almost permanently cemented what we believe about ourselves and about what goes on in our world. Whether that programming was right or wrong, true or false, we believe it (belief systems). Our belief systems control how we behave in the world, determines our behavior and determines our success or failure. Programming creates beliefs, beliefs create attitudes, attitudes create feelings, feelings determine actions, actions create results!

If you want to manage yourself to create different results, start by consciously changing your programming.

In successful firms there is no knowing/doing gap. There is no difference between how they think, who they are and what they do!