

Accountancy gets productive

First industry-wide benchmark produced for sector

By LYNN KAN

[SINGAPORE] The Republic's accountancy sector has plugged a gap in its productivity drive with the first industry-wide productivity benchmark.

The Institute of Certified Public Accountants Singapore (ICPAS) and SAP, which produced the benchmark, intends to publish it at least yearly to track productivity trends in the sector, said ICPAS CEO Lee Fook Chiew.

The first benchmarking exercise, involving 65 CPA firms and 126 professional accountants in businesses, lets firms and accountants compare themselves with their local and international counterparts for the first time on measures such as cost, sales, human resources and technology.

The results showed Singapore CPA firms fare worse in devoting training hours to employees, and also took twice as long to respond to proposals than their global peers.

While they are better in cost recovery than their global peers, that may not be an indication of an efficiently run practice.

"Firms can charge only so many hours in a year and this may not be the best indicator of a firm's efficiency in running a profitable firm," said the report. "As a result, firms accept low-value clients, consuming a firm's limited capacity and preventing it from reserving capacity for its most valuable clients."

The accompanying report suggests Singapore CPA firms could re-evaluate new business models such as value pricing, where pricing is based on the value of service provided to the client rather than the cost of the service.

Singapore has ambi-

Productivity scorecard

How Singapore CPA firms fare against their global peers

		S'pore average (2012)	Peer group	
			Average	Top 25 %
Costs	Operating margin (%)	19.7	11.4	20.0
	SG&A (%)	29.6	30.7	15.0
	COGS (% of revenue)	45.3	58.2	49.0
Sales	Proposal conversion rate (%)	58.5	53.3	80.0
	Proposal request to delivery cycle time (days)	38.2	17.7	7.0
	Billable time spent by project management resources on project management (%)	82.3	53.2	95.0
	% billable services costs not billed to customers	9.5	19.2	5.0
People	Employee turnover (%)	31.9	25.8	13.0
	Training hours per employee	31.1	46.5	64.0
	Time to hire (in days)	38.5	29.0	21.0
	Time to fill resource request (in days)	15.1	10.1	5.0

- Singapore metrics are significantly worse than global average peer group
- Singapore metrics are average and on par with global average peer group
- Singapore metrics are significantly better than global average peer group
- Singapore metrics are on par with global top 25% peer group (first quartile)

Source: Institute of Certified Public Accountants of Singapore and SAP

tions to raise the accountancy sector's GDP contribution from 2010 levels of 0.46 per cent to close to one per cent by 2020.

But the diversity in terms of firm sizes and types of practices necessitates different measures of productivity for different groups, and therefore, different fixes.

In a recent interview with BT, associate professor Themin Suwardy of the Singapore Management University's School of Accountancy called the lack of an industry productivity benchmark a "big gap" in a sector striving for higher levels of productivity because firms would not know in which areas they can improve.

Mr Lee said that the benchmark will uplift firm-level productivity, as companies can implement programmes that directly target their identified strengths and weaknesses.

He added that the bench-

marking exercise also gives a snapshot of the current levels of productivity in the sector and gives ICPAS an idea of the "common gaps" faced by firms.

"This will facilitate efforts by the institute and government stakeholders to establish targeted initiatives and programmes to raise productivity across the sector," he said.

Firms that BT spoke to acknowledged the usefulness of the benchmark in making their practice better-oiled, but saw ways to make it more useful and relevant.

Terence Ng, partner of CPA firm Ardent Singapore, said that there should be more than the 65 CPA firms participating in the benchmark. "It should have at least about 200-300 CPA firms to make the results more representative."

Singapore has about 700 public accounting firms.

Mr Lee agreed that the reach of the benchmark

should be wider. "Broader participation will enable further analysis and comparison and facilitate efforts to raise productivity among such firms in the sector."

Moreover, the benchmark's findings and questions should be segmented according to firm sizes.

Currently the findings reflect a wide range of firms from those with revenues of US\$100,000 to US\$10 million.

Mr Lee said that subsequent editions will take into consideration firm sizes.

As for whether the benchmark should be produced more regularly, Mr Lee said: "Efforts to raise productivity may take time to bear results. Hence, it may not be useful to conduct such benchmarking more than once a year."

However, ICPAS will consider tailored benchmarking exercises to meet specific objectives and conduct them on a case-by-case basis.