

Double-Digit Growth

An innovative on-screen “dashboard” helps clients — and a California firm itself — monitor performance in real time.

CHALLENGE

At Armanino McKenna, LLP, one of the 25 “Best of the Best” accounting firms in the nation according to *Inside Public Accounting*, managing partner Andy Armanino, CPA, needed to find a way to quantify key performance metrics — in real time. The analytics were essential to the growth-oriented, middle-market firms Armanino McKenna serves.

SOLUTION

The firm’s IT consulting practice had already been working with clients to show them how to use executive dashboards to help respond quickly to market challenges and make better decisions. “We realized we needed the same kind of information ourselves, so we decided to drink our own Kool-Aid,” says Matt Armanino, Andy’s brother and COO at the firm.

These days, even in the most volatile of market conditions, Andy Armanino can flip open his laptop and with a few keystrokes quickly see where the firm stands — that day — in terms of charge hours, realization, billing and collection, profitability by service line and other key performance indicators (KPIs).

“Previously, those KPIs were difficult to get at, requiring a lot of heavy lifting by our IT team,” he says. “We might do it in advance of a partner meeting, but the rest of the time we would wonder about it. You might see people with their heads down and figure you’re doing OK. But that’s not the way we want to run our business.”

Adds Matt Armanino: “We want to be the go-to resource for the CFO group — on their speed dial — not just on finance issues but with business process or people issues that will help them grow their businesses.”

UNDERSTANDING CLIENT NEEDS

That holistic approach underpins year after year of double-digit growth and development of a robust consulting practice that now contributes about one-third of the firm’s annual revenue. “We don’t want to be a product provider, selling audits or tax returns,” he says. “We want to understand what the

client needs, where they want to be in the future, and how to help them get there.”

The firm kicked off a project internally to develop a custom business intelligence (BI) solution tailored to the firm’s needs. Using a web-based platform called QlikView, the firm created a second-generation BI product that works with ProSystem fx® Practice Management and provides an easy-to-use graphical interface that partners of the firm can use to review firmwide metrics or to drill down to get specific performance data on individual clients, engagements, offices or staff.

NAVIGATING A PATH TO SUCCESS

“One of our core values is continuous improvement, and this tool supports that effectively,” Matt explains. For example, top-level numbers for the valuation practice might be on track, but drill down and you discover charge hours for two people are way off. You investigate and find one person on vacation and the other in need of guidance. “That might have been masked before because the high-level results

Brothers Matt (left) and Andy (right) Armanino are a go-to team who help firms chart their growth with real-time analytics.



15%

Average annual growth at Armanino McKenna, thanks to the firm’s approach to understanding client needs. In the heady dot-com days, annual growth reached as high as 25 percent.



FIRM FOCUS

Empowering Environment

Armanino McKenna does a lot to set itself apart from the competition. “To serve clients the way we do requires attracting the right people, and making them feel empowered,” says Andy Armanino. Two specific examples:

Staff and Manager Advisory Boards. Staff members from across the firm, elected by their peers, serve on an Advisory Board that meets monthly and is empowered to help the firm solve problems. “It gives our young stars a chance to get their feet wet in a leadership role,” Andy says. A similar board, elected by the firm’s manager group, meets monthly and plays a key role in driving initiatives.

A Quarterly “Investor Call” with the Staff.

Unlike many firms that prefer to keep financial matters close to the vest, Armanino McKenna holds webinars updating everyone in the firm on key firm metrics, statistical information, goals and key wins. “We’ve decided that kind of openness is a risk we are willing to take. We want our people to feel part of the place and engaged in moving the firm forward,” Andy says.

looked OK,” Matt says. “Now we can see areas where you can drive continuous improvement.”



WATCH YOUR PROFITS GROW

To learn more about Practice Intelligence, and watch a video featuring the Armanino brothers, visit CCHGroup.com/Partners.

‘AN APP-LIKE EXPERIENCE’

“The tool we deployed gave us wonderful information,” Andy says. “It allowed us to see where our business was headed, where we could make changes and take advantage of opportunities.”

And it helps timewise, Matt says. “It’s a solution that can be deployed in a matter of weeks, not months, and that users can learn in a few hours. “It’s an app-like experience. If you know how to use an iPhone or Google, you can use this product to answer the ‘how are we doing’ questions.”

A NATURAL PARTNERSHIP

About a year ago, the firm was asked to make a presentation to 50 to 75 managing

partners at a Moore Stevens affiliate conference.

A 20-minute demo of Armanino McKenna’s dashboard was a hit, especially with Mike Sabbatis, president and CEO of CCH Tax and Accounting North America,

who was in the audience and quickly saw the potential value for other CCH customers.

That fortuitous meeting grew into a natural partnership. Working together, the firm and CCH have developed ProSystem fx Practice Intelligence, which consists of the QlikView platform and a custom version of the firm’s dashboard that accesses Practice Management data files. It’s a web-based solution that keeps up-to-date firm data live in memory for quick analysis and fast graphical response. Armanino McKenna acts as the implementation and consulting partner, working with other CPA firms to tailor the solution to their specific needs. —John Hiatt ■