



Phil Mulvey , Chief operating officer of Crowe Horwath at PWC Building, Auckland. 25th January 2016 New Zealand Herald photo by Fiona Goodall

Breaking up might be hard to do, but unions take work too.

That was the challenge Phil Mulvey took on when Crowe Horwath New Zealand decided to bring its operationally separate accounting practices under a single firm structure.

The 56-year-old chief operating officer says the firm had grown to the point where the six countrywide office heads could no longer look each other in the eye and say it was the best way to carry on. The crunch came when Mulvey, then based in Southland, was told by his Otago counterpart to flick through *NZ Farmer* magazine, to see ads for both firms side-by-side on the same page.

"We were actually in some ways competing with each other, which was ridiculous," he says.

The nature of accounting was also changing, with the arrival of technology solutions for run-of-the-mill compliance work.

"Compliance accounting is what chartered accountants have done for hundreds of years," says Mulvey.

But now, meeting the legal requirements for running a business - the tax returns and annual accounts - is becoming cheaper and commoditised.

"And we're at the forefront of driving that cost down.

"You might ask: why the hell are we doing that? We're cutting our own lunch, right?"

"But it's our job to do that, it's our job to do the best thing for the client and there's no point trying to hang on and overprice a commodity that is becoming cheaper." While there will always be a place for compliance work, he says, the new Crowe Horwath model is about relationships and more often than not, the firm's new recruits are not chartered accountants.

Mulvey says three years ago, the firm had no business in the Waikato. Now an ex-banker has built up a multimillion-dollar Crowe Horwath office there.

"He's a relationship manager, he's a business person, he understands financials and we've now built a business that has got about 35 people in Waikato." The advantage of a more relationship-based model, combined with using a New Zealand-wide pool of specialist talent, is the ability to pull together the right people across its 600-odd staff to meet the client's needs, says Mulvey.

"What research shows is the more touch-points that a client has with our business, the more satisfied they are with what we do.

"Clients want more from us, but they don't want more of the same." Behind the scenes, the process of change began with Mulvey's appointment to head the New Zealand operation, with a resulting move from Invercargill to Auckland four years ago.

Individual office systems had to be broken down to create a single, unified firm. Given that everyone had their own way of doing things, that was probably the hardest part, Mulvey says.

The result was akin to starting afresh with a whole new business, he says.

It's a lesson Mulvey took from an earlier merging of two large accounting practices in Invercargill.

He calls it his lightbulb moment, when he realised he wasn't leading the same firm, only twice the size, but creating an entirely new business.

The same applied with Crowe Horwath. "It's not their old business carrying on in a different shape, it's a new way of operating and we're on that every day.

"That's a big cultural transformation to make and that's why people find it so hard.

"The 'big four' started this journey probably as far back as the late 70s, early 80s and it took them decades.

"We actually succeeded in doing it within two years and what we're doing continually now is working on making it better and more efficient." Mulvey says it's important to have a solid plan that shows staff the direction the firm is heading in, but also to live that plan.

"In the plan we've got the nice words and the pretty pictures, but we've also got a very detailed version of the plan which talks about how we implement it, when we implement it and how we measure success.

"That was actually the difficult part of putting the plan together."

The firm has kept signwriters in steady business, with a series of name changes in the past decade or so, operating most recently under the WHK banner, and Mulvey admits the Crowe Horwath brand will take time to achieve the name recognition of rivals.

Part of a global network, the Australasian Crowe Horwath business delisted from the ASX last year after a A\$200 million takeover by privately-owned Australian financial planning group Findex.

Mulvey says the groundwork is being laid to add wealth management services to the New Zealand Crowe Horwath offering.

"I think we've hit on what the market wants and we're structuring ourselves to be able deliver it.

"There's no point banging your head against the wall and saying we'd really prefer things the way they always have been where we turn up to work and do a set of compliance accounts, put them in an envelope and send them to you.

"Those days are gone."