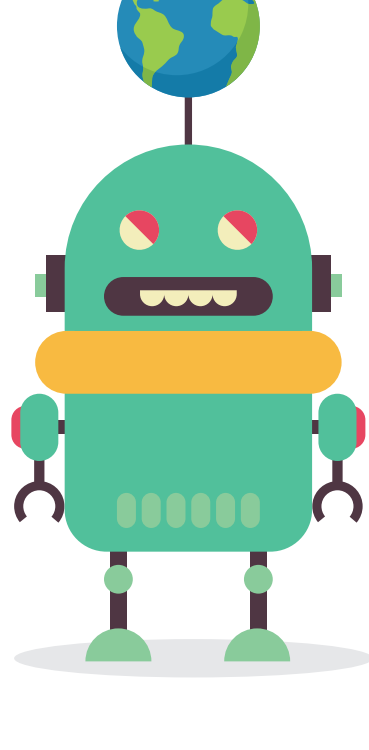


# Client Dispute Mediation An Opportunity

For Accountants

## to Demonstrate Value Added

Robots are taking over the earth. Well, not anytime soon, but the concern about automation and computerisation reducing the need for human input is very real, and the effects of this trend are being felt in the accountancy world too. With computer programs connecting to bank accounts and performing the work of bookkeepers, it surely can't be long before tax returns, bookkeeping and vat returns will fall prey to the Great Destroyer aka computerisation.



So what is the way forward for the accountant in this brave new world? Surely the traditional role of accountant as number cruncher has to evolve in business advisor. The accountant has to evolve from being an information processor to an information interpreter; from being a number cruncher to finding creative ways of adding real value to clients' businesses.

One of the growing trends in commerce, which reflects a trend in society at large, and which could potentially save business £millions, is effective dispute prevention and resolution.

New research from the Federation of Small Businesses (FSB) shows disputes are costing small firms in England and Wales at least

**£11.6 billion**

/year



FSB's latest report, 'Tied Up: Unravelling the dispute resolution process for small firms', reveals for the first time the scale of disputes in the economy.



Of 905 small businesses surveyed, **70%** said they have faced at least one dispute in recent years.



On average, the amount under dispute is **£18,000**

It can cost a small firm a further **£17,000**

That means that on average it costs a business as much to resolve the dispute as the disputed amount itself!

The consequences of disputes can be devastating for small businesses, ranging from short-term cash-flow difficulties right through to insolvency.

### The FSB research also discovered that:



- 43% of SME's are most likely to deal with a dispute informally or semi-formally, either privately or using an advisor, such as a solicitor or an accountant, to help find a resolution.
- 19% of firms took their most recent dispute to court.
- An astonishing 17% were left with their most recent dispute unresolved.

### The most worrying statistic comes at the end:

Less than one in

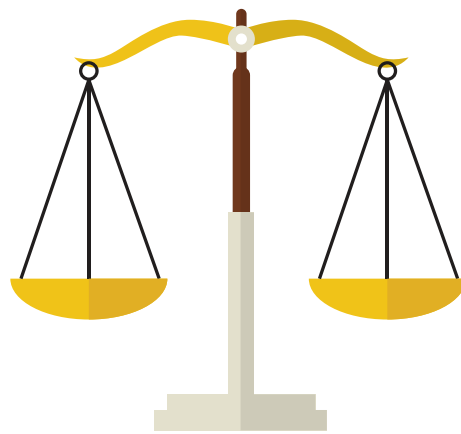
**10 (8%)**

used alternative dispute resolution, such as a professional mediation, to try to resolve their dispute.



To summarise this picture we can say that more than **90%** of small businesses are willing to use an unprofessional / informal method to resolve the issue, or are prepared to let the issue keep rumbling on, or are prepared to spend as much as the disputed amount on lawyers and court fees!

This begs the question why is it that these small businesses are not aware that the Ministry of Justice estimates that mediation for dispute resolution is at least **80%** less expensive than the legal route, and many times faster and more effective?!



So how can accountants use this research to their advantage?



Quite simply, accountants are uniquely placed in the inside of businesses, and so are likely to become aware very early on of any disputes in which a client is becoming embroiled. With a sound knowledge of the ADR [alternative dispute resolution] scene, the accountant is in the perfect position to guide a business through the options, thereby saving the business the negative costs associated with ongoing disputes, as well as earning themselves well deserved recognition for their role in bringing the matter to ADR.