
Stepping I.T. Up for Cruz-Caymo, Partners, and Associates

Introduction

Dr. Maria Cristina Cruz-Caymo, one of the founders and the managing partner of Cruz-Caymo, Partners and Associates (CP&A), sat in her office together with her partners, passionately involved in a discussion about improving the manual processes of the firm to an automated or reengineered process. When CP&A had opened its second branch in 2010, the partners anticipated problems but viewed these problems as more of an opportunity and challenge to better improve their processes and eventually enhance the accounting and auditing services that they provided to the small and medium enterprises in the local area. As expected with the second office, there was an increase in the number of clients that the firm served, thus communication was vital to the operations of the company. CP&A believed that timely communication about the status of its services to clients -- and being transparent on the processes -- was a way to attain competitive advantage. The second branch also caused difficulty in controlling and monitoring the projects being handled by the staff in both branches. Another major concern facing Dr. Cruz-Caymo was the continually-changing guidelines in the practice of accounting – changes that had to be disseminated and made available to the employees and their clients.

In light of these issues, Dr. Cruz-Caymo needed to determine whether the firm's current information technology infrastructure capabilities would be enough to support its future needs, and what kind of IT solutions could be planned to better improve CP&A's internal operations and services.

Industry Overview

Modern-day accountants can offer many services beyond bookkeeping and auditing. They are financial specialists at the heart of all areas of business. There are four (4) areas of the accounting practice: public accounting (offering services to the public on a project or contractual basis); private accounting (practice in commerce and industry serving only one company); government accounting; and accounting education (accountants in education).

Accounting firms are groups of Certified Public Accountants who pool their talents to provide accounting, auditing and other related services, as well as business consultancy to the public (business establishments). Accounting firms are clustered into groups according to size as well. In the Philippines, the top five (5) identified big accounting firms are: SGV & Co. (affiliate of Ernst & Young), Manabat Delgado Amper & Co. (affiliate of Deloitte), Isla Lipana & Co. (affiliate of PricewaterhouseCoopers), Manabat Sanagustin & Co. (affiliate of KPMG), and Punongbayan & Araullo (affiliate of Grant Thornton). These firms offer accounting, audit and assurance, and tax and business consultancies. In addition to the top five accounting firms, there are also groups of small- and medium-sized accounting practitioners who can be viewed to be competitors in the field.¹

Background of Cruz-Caymo, Partners and Associates

Cruz-Caymo, Partners & Associates, Certified Public Accountants (CP&A) is a general professional partnership duly organized under the laws of the Republic of the Philippines that was incorporated on May 21, 2009. The principal place of business is located at the 2nd Floor, ABC Building, National Hi-way, Purok 1, Parian, Calamba City, Laguna, Philippines. In February 15, 2010, it opened another branch office at 3F Alabang CitiArcade Building, Don Jesus Blvd., Cupang, Muntinlupa City, Philippines to expand and extend its services to clients in Metro Manila and nearby areas. CP&A is established to cater the need for professional guidance of Small and Medium-Sized Entities (SMEs) in the field of accounting, auditing and taxation.²

The firm is dedicated to educating of business enterprises on the importance of a well maintained accounting system in the carrying-out of its activities and good compliance to Philippine Government requirements. (See **Exhibit 1** the logo of CP&A, which uses the laurel wreath as a symbol for wisdom.) CP&A's core values are: passion in delivering super value to clients; excellence in everything they do; respect to all individuals and valuing their contributions; motivation to succeed; being recognized and rewarded with the team's achievements; creativity and innovation in products and processes; empowerment of valuable employees and clients to do what is right; and "being socially responsible to improve the communities where we work and live."³ (See **Exhibit 2** for a CP&A advertisement which was believed to have brought good luck to the firm).⁴

The firm applies a flat organizational structure, which means that the "chain of command" from top to bottom is short and the "span of control" is wide.⁴ In total, the company has fifteen employees in both branches that cooperate in synergy to provide quality services to clients. The employees are: a Managing Partner who supervises the overall operations of the company as a whole; a relationship manager; a Tax Consultant for tax updates and development; an IT staff member for the maintenance of the IT infrastructure; two Supervising Associates for the day-to-day operations of the branches; two Admin Officers in charge of the administration and documentation of the activities of the firm; three Accounting Officers to handle tax compliances documentation for various accounts of clients; and four Liaison Officers to do transactions in various government agencies and banks to effect payment of taxes and the like.

The firm, being small, has an advantage over larger firms because everyone is well aware of each function; thus, when a problem arises, such as an absence of one employee, they can immediately fill the post and continue with the demands of the work without delay to provide good customer service. Everyone has each other's back, which shows a culture of excellence, sharing and being trustworthy.

Also, the firm is organized primarily to conduct audits; render bookkeeping and accounting works; install accounting systems, internal controls and budget procedures; to act as managers, consultants, managing agents of persons, firms, associations, partnerships and other entities; to provide management, organizational and technical advice for developing agencies, organizations and other kinds of entities; to undertake, carry on, assist or participate in the promotion, organization, management, reorganization of corporations and partnerships, agencies, and other entities, particularly those involved in development undertakings.

Likewise, CP&A established core business processes for its operations, which are: (1) Business Registration, which includes assistance for the formation procedure, planning, and registration with the relevant government agencies such as SEC, DTI, BIR and other Philippine government agencies; (2) Bookkeeping process, which includes recording of financial transactions and pertinent adjustments to support the financial statement of the client; (3) Tax and Other Statutory Compliance, which includes tax guidance by understanding the needs of the clients and increasing awareness of current tax issues and trends; (4) Advisory service, which is designed to contribute long-term success and competitive strength of the clients and to provide them with proper systems and capabilities to implement; (5) Audit and Assurance Service, which provides up-to-date auditing techniques and procedures that, together with a thorough understanding of each client's business, result in an audit approach fully customized to its needs; (6) Agreed Upon Procedures, which is based on the clients' needs and circumstances -- CP&A carry out audit procedures that have been agreed-upon with third parties for specific objectives and for reporting on factual findings; (7) Monitoring and Control, which applies visual control as a technique to ensure information is well communicated using visual signals instead of texts or other written instructions among the members of the team; and (8) Document Retention, which aims to obtain a mutual understanding with the clients to its policy in documents retention.

CP&A has been serving various clientele industries such as Business Process Outsourcing, Importers & traders, Constructions, Engineering Works & Materials Testing, Gasoline/Fuel Station, Laundry and Dry Clean Businesses, Information Technology Companies, Fast food and Restaurants, Pharmaceuticals, Trucking and Forwarding Services, Educational Institutions, Non-government Organizations, Cooperatives, Religious Organization, Real Estate Brokers, Mining Companies, Lending Companies, and Packaging Companies.⁵

Strategic Position

MSMEs are defined as any business activity/enterprise engaged in industry or agri-business/services whose total assets -- inclusive of those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment is situated -- have a value falling under the following categories in Table 1.1:

Table 1.1
Classifications of MSMEs in the Philippines

Company Size	Asset Size
Micro	Up to Php3,000,000
Small	Php 3,000,001 - Php 15,000,000
Medium	Php 15,000,001 - Php 100,000,000
Large	above Php 100,000,000

Source: *Small and Medium Enterprise Development (SMED) Council Resolution No. 01 Series of 2003 dated 16 January 2003*

An MSME can be a sole proprietorship, cooperative, partnership, or corporation. According to recent data from the website of Department of Trade and Industry, MSMEs account for 99.6 percent of total registered enterprises. Out of the 946,988 businesses that operated in the Philippines, 99.6% (942,925) were MSMEs. Of these, 90.3% (851,756) were microenterprises, 9.3% (87,283) were small enterprises, and 0.4% (3,886) were medium enterprises, as shown in Table 1.2.

Table 1.2
Total Number and Percentages of SMEs in the Philippines in 2014

Company Size	Total Number of Companies	Percentage
Micro	851,756	90.3%
Small	87,283	9.3%
Medium	3,886	0.4%
Large	4,063	0.4%
Total	946,988	100%

Source: <http://dti.gov.ph/businesses/msmes/msme-resources/msme-statistics>

In this 2014 data, the majority of the MSMEs were located in the National Capital Region (NCR), with 211,974 business establishments; Region 4-A (CALABARZON) with 122,562; Region 3 (Central Luzon) with 83,279; Region 7 (Central Visayas) with 50,078; and Region 6 (Western Visayas) with 47,166. These top five (5) locations accounted for about 63.1% of the total number of MSME establishments in the country.⁶

CP&A's target market was the micro, small and medium enterprises (MSMEs), hence its two locations were strategically located to target clientele that were concentrated in MSMEs belonging to Region 4-A and the NCR.

CP&A had multi-talented, competitive, experienced partners and employees to meet the demands of these clients. A company strove to help MSME's be aware of the importance of proper accounting to maximize earning potential through compliance with the existing laws in the Philippines. To achieve of the company's vision, employees believed in providing good services in the field of tax consultancy, auditing and accounting. Lastly, the firm adhered to a culture of faith wherein everything they did was for the glory of God.

Among the developments in the practice of accounting are the Professional Accreditations and Continuing Professional Education (CPE) Program. Various professional accreditations that have been imposed to Certified Public Accountants (CPA) -- such as Republic Act 9298 or "The Revised Accountancy Law" -- require that individual certified public accountants, firms and partnerships of certified public accountants engaged in the practice of public accountancy must register with the Professional Regulatory Commission (PRC) and the Board of Accountancy (BOA). Also, all CPAs shall abide by the requirements, rules and regulations on Continuing Professional Education (CPE) to be promulgated by the BOA, subject to the approval of PRC, in coordination with the accredited national professional organization of CPAs and shall be offered by any duly accredited organization or educational institution.

These accreditations and CPE programs can be perceived as both opportunities and threats to CP&A. They can be viewed as threats for the reason that failure to comply with such requirements can prevent the CPAs to practice public accounting. On the other hand, however, the imposition of these professional accreditations and requirements for CPEs standardizes the accountancy profession and may open opportunities to the public practitioners to be at par with the big accounting firms locally and globally.⁷

Current Information Technology Infrastructure of CP&A

The employees of CP&A are capable of performing business technology tasks such as: use of productivity software; ability to work remotely away from the office; manage relationships with customers online; create website content; use social media, e-marketing, and search engine optimization; find information for the business; online banking; paying bills; ordering from suppliers; paying taxes online; providing advice on regulation; and completing other government transactions.⁸

In addition to the productivity software applications such as word processing and spreadsheets, employees also use MYOB (Mind Your Own Business) integrated accounting and inventory management software to monitor the daily operation and effective administration of the different business transactions. Also, CP&A partnered with the distributor of MYOB⁹ software in the Philippines, to be one of their authorized resellers of their software offerings.¹⁰

CP&A has had a website for over three years. It has undergone a significant redesign about two to three times by a colleague but is being updated less often now because no one was trained to maintain the website.¹¹

Communication is vital to CP&A's operations. Thus, to maintain a good partnership or relation to clients, lines are open for free consultation, tax information, and updates anytime using messaging, e-mail communication, phone/text inquiry, website, and the company's Facebook page.¹²

Computer hardware platforms of CP&A include desktop PCs and mobile devices. The operating system platform used is mostly Microsoft Windows. For handheld devices, the OS's are either Android or iPhone OS. The networking operating system used is Windows Server, and the firm's network hardware provider is Cisco.¹³

Internet access is fairly good with normal speed via broadband, although employees experience slow download speed and poor Wi-Fi connectivity once a week or more. CP&A's telecommunication service providers are PLDT SME Nation¹⁴ and Globe Telecom. In particular, PLDT SME Nation has been providing entrepreneurs with technologies suited for their needs from business-enabling voice, broadband and mobility solutions. Globe myBusiness,¹⁵ in turn, provides MSMEs with mobile, internet, data, landline, and innovative business solutions.¹⁶

The Challenges

Dr. Cruz-Caymo was realizing that the transformation of the business processes of CP&A to an automated one would require cost, time, and resources -- but the return could be a competitive edge for the firm. Together with her partners and employees, they have identified difficulties in the business processes and determine if it can be improved through the help of information technology. The employees all agreed of the following:

1. the firm commented on the bulk of papers and documents being produced for the transactions from the clients;
2. updating of clients using social media, messaging, e-mail has become a tedious job;
3. retrieving of clients' responses from different platforms has become complicated and there is a big chance of damaging the authenticity of documents; and,
4. there are so many standards and guidelines from different agencies and regulation bodies but everyone must be familiar with these documents, and the presentation of these documents could be better.¹⁷

The Concerns

Dr. Cruz-Caymo realized that there are many things that can be done to improve services for both the internal and the external environment of CP&A; however, her initial concern was how the employees would respond to the time and effort that they would have to devote for the project and eventually to the changes in their work and processes if an IT solution were to be implemented. She also wondered how CP&A's clients would act in response to these changes if the firm found a better way of performing its services.

The Dilemma

With the many IT solutions out in the market, there were many options that CP&A could use; however, Dr. Cruz-Caymo needed to select the best IT solution for CP&A that would be suited or fitted to the needs of the growing firm. In particular, she needed to determine: 1) which types of information systems would benefit the operations, management, and clients of CP&A, 2) the time that it would take to develop one and 3) which information system must be developed and implemented first based on the current situation of the firm.

In addition, she wanted to maximize the current IT infrastructure capabilities so that the cost for the acquisition of technology would be minimal and the impact on the financial capability of the firm would be low but would explore new or emerging technologies that could be used for the firm.

Exhibit 1
Logo of CP&A



Your Partner in the Business.

Source: Caymo, Ma. Cristina C., 2016, Unpublished

Exhibit 2
Advertisement of CP&A

TAX ISSUES??!!?#?!?



We can help!

Source: Caymo, Ma. Cristina C., 2016, Unpublished

Endnotes

- 1 Business Forum Philippines. 'Top Accounting Firms in the Philippines.' July 19, 2013. Accessed 20 October 2016. <<http://www.businessforum.ph/threads/934-Top-Accounting-Firms-in-the-Philippines>>
- 2 Cruz-Caymo, Partners & Associates Website. Accessed 15 October 2016. <<http://cpacruz caymo.com.ph/>>
- 3 Noche, Dorotea M. 'Business Process Analysis: A Professional Guidance on Auditing Firm of Cruz-Caymo, Pano & Associates.' September 2011. Unpublished.
- 4 Noche, Dorotea M. 'Business Process Analysis: A Professional Guidance on Auditing Firm of Cruz-Caymo, Pano & Associates.' September 2011. Unpublished.
- 5 Interview with Dr. Maria Cristina Cruz-Caymo. 10 October 2016.
- 6 Department of Trade and Industry Website. '2014 MSME Statistics.' Accessed 19 November 2016. <<http://dti.gov.ph/businesses/msmes/msme-resources/msme-statistics>>
- 7 Interview with Dr. Maria Cristina Cruz-Caymo. 30 October 2016
- 8 Interview with Dr. Maria Cristina Cruz-Caymo. 7 November 2016
- 9 Mind Your Own Business Software Website. Accessed 8 November 2016. <<http://mseedsystems.com/product/myob-accounting/>>
- 10 Interview with Dr. Maria Cristina Cruz-Caymo. 7 November 2016
- 11 Ibid.
- 12 Ibid.
- 13 Ibid.
- 14 PLDT SME Nation Website. Accessed 8 November 2016 <<http://www.smenation.com.ph/>>
- 15 Globe myBusiness. Accessed 8 November 2016 <<http://mybusiness.globe.com.ph/>>
- 16 Interview with Dr. Maria Cristina Cruz-Caymo. 7 November 2016.
- 17 Interview with Dr. Maria Cristina Cruz-Caymo. 14 November 2016.