



NEW  
Edition

bookkeepers**HUB**

# PRACTICE GUIDE 2021

PRACTICAL TIPS & ADVICE FOR ASPIRING  
PRACTITIONERS & BOOKKEEPING BUSINESS OWNERS

# The 2021 Guide to Building a Sustainable Bookkeeping Firm

## INSIDE THIS EBOOK:

- The BIG shifts in the sector
- Why moving beyond compliance aides future firm stability and growth
- How optimising productivity with technology will streamline process, including growing the firm
- Nuances of client conversations leading to additional services and stronger relationships.

Also:

- Growing your firm
- Pricing plans
- Your position statement
- Niche is the new black
- The franchising option
- Marketing tactics
- Value add services

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## Editorial

Whether you are starting out or wanting to turbo charge your practice, this guide, which we publish annually, is intended for the bookkeeper who is seeking to build their own firm and move beyond the contract bookkeeping or employee role. It fits neatly too, as a resource for the established firm which wants to grow the practice.

One big technological change to the profession is automation. Deloitte predicts that more than a quarter of jobs in the business services sector are at high risk of automation in the next 20 years.

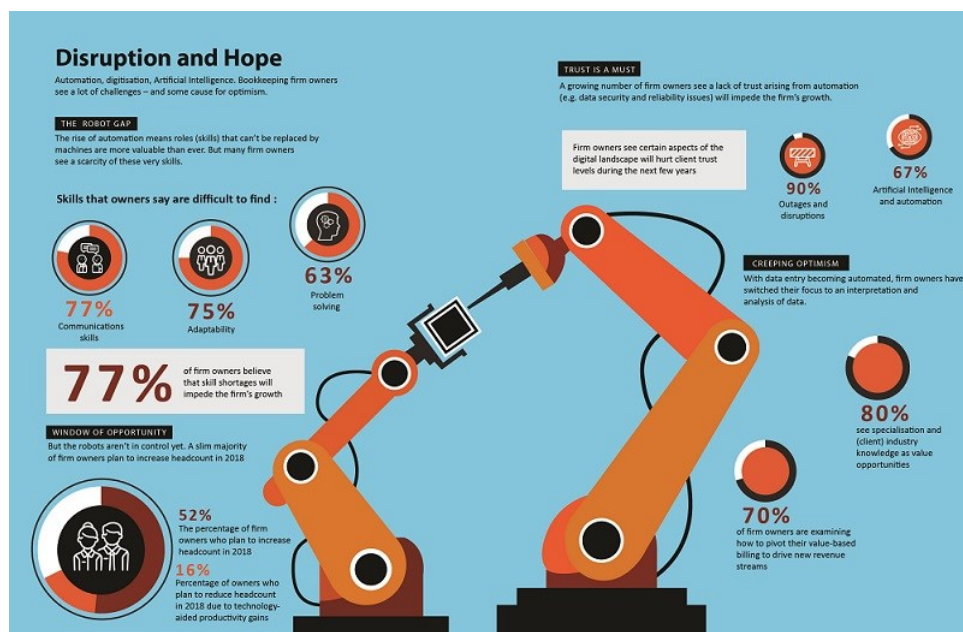
By keeping yourself educated on disruptive technology by reading reports, attending industry or association seminars and keeping in regular discussion with your clients, you'll be able to pinpoint which technology you can leverage to improve your services, rather than be disrupted by it.

Reflect for a moment on how things have changed in relation to fees. There are two schools of thought – fixed rates and fixed fees.

Each school has its devotees. We are of the view that fee structures need to meet the needs of the contemporary business owner who seeks not just to resolve their compliance reporting issues but to get value from their accounting and bookkeeping professionals.

You will already have developed a plan for expanding your services but before you implement consider the issues that are acting, not just as disrupters of change, but also are potential drivers for your firm's profitability. What we know for certain is that a majority of firm owners are keen to move beyond compliance and, literally, become the *Firm of 2018*. Moving *beyond compliance* will be a constant theme in our content going forward. Note the following, based on us speaking directly with hundreds of firm owners in 2018:





There is a growing demand from the sector for support in transitioning towards value-based services *beyond compliance*. Take note too of the rich vein emerging of firm owners who are expanding their customer base of business decision-makers and who understand the importance of expanding their capabilities and offerings. Take note too of the potential gains available to the progressive firm which works constantly to improve its productivity:



This annual guide contains a handy summary of a range of practical issues facing anyone starting or building bookkeeping practice. As well as this guide there is a wealth of practical, readable and useful material on the dedicated site [www.bookkeepershub.com.au](http://www.bookkeepershub.com.au)

Technical skills alone will not enable you to build a successful practice. You also need to find clients – whether through effective marketing, advertising or networking. Beyond this you need to be able to negotiate fees and services with new clients and be able to look after them so that they stay and become advocates.

Progressive, business-minded accounting and bookkeeping professionals who have been early adopters of technology have already transformed their business models away from time-sensitive, manual and spreadsheet-based processes and are building new revenue streams on the back of their productivity gains. That should be a massive wake-up call for those bookkeepers and accountants who earn the majority of their income from data entry which can largely be automated.

The solution for bookkeepers is actually ridiculously simple: focus on deepening engagement with small business customers. Paper, is the first past the tipping point. The stack of tax receipts, invoices, and countless journals at tax deadline time should be relegated to history. Its child's play: receive documents (receipts etc.) electronically sort, upload, and store everything online, including the sharing of documents with clients. Going paperless may mean scanning, uploading, and storing documents online; most will use Dropbox; some will use Receipt Bank to snap and digitally store a photo of receipts every time they buy something for their business.

Productivity gains should be at hand. Consider reporting as a case in point. The value of reports does not lie in compliance; it comes from the advice you provide from the financial reports. The basis for building a revenue stream here lies in being technology-abled to produce timely reports and grow advisory services.

In this *Practice Guide 2019* we also tackle some of the thorny issues of automation, positioning your firm, the best pricing model for your firm, looking at best practice as well as offering guidance on your platform (website) and technology issues facing the firm of 2019.

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## Life Beyond Compliance

As you probably know, business owners tend to be very good at generating sales and serving customers. They also usually know their products and services cold. But they are rarely good at understanding finance and accounting. And since many businesses don't have an external board of directors, they often seek support from their 'trusted' advisors. *Why not be the one?*

The hourly method focuses on inputs, efforts and activity at the expense of value, results and outcomes for the customer. All professional sectors — law, advertising, consulting, IT - have completely moved away from the billable hour. That makes for happier team members and happier customers and more loyal customers, because they're creating more value for them. Pricing based on value is customer-centric — a major shift from hour-based pricing of services.

You want to have a conversation with them about something they're trying to maximize, which is value. So, try establishing the idea that value is what's important.

***Marketing is integral to the firm of 2019***



‘Differentiation’ means different things to different people; here it means addressing the question “What makes your firm different?” While it has been satisfactory to use the kind of platitudes we listed above, it does not make your firm ‘differentiated’. And, let’s be honest , most bookkeeping firms are oaky at what they do but most are offering services that have a low barrier to entry or are easy to replicate – like motherhood statements.

- Your point of difference must align with something that a business owner values more than compliance which is often regarded as necessary rather than valuable
- When considering value, it is your expertise and knowledge about the customer’s business that is valuable as well as being a potential differentiator.

When marketing your firm or services, the message here is to highlight your expertise and potential benefits that the business will derive by utilising your services.

Your point of difference should also be discoverable by the potential customer, without the need for you to be pitching direct to the customer. Once contact is made, you should be able to readily demonstrate that you are best positioned to deliver genuine value the potential client.



This is the core of successful marketing. Following the herd is, in effect, being a victim of poor differentiation, and staid positioning.

### ***New revenue streams?***

A major requirement of the future-ready firms is that they develop a business model that layers on cloud-based technology to allow the firm to scale and be more profitable. If you stick to processes which were used in a compliance only practice, you are doing the wrong thing. The future-ready firm grooms clients to use cloud technology themselves. It's an **integration** service. Rather than commoditisation potentially eroding your income, turn digitisation into a new revenue stream.

While you may be sold on the dream of cloud accounting, your clients might need some more convincing. Your clients may ask you, "So what is the cloud?" A great example to use is online banking, which uses the cloud for secure data storage.

Your clients can access online banking from anywhere, at any time. They can do the same thing with cloud accounting software. Your clients no longer have to rely on a single hard drive for their financial data. Instead, they can access that data online from wherever they want, at any time.

### ***Benefits of cloud accounting software***

In comparison, online software has several advantages:

1. Financial data flows automatically into the software from bank accounts and other sources.
2. You can access accounts through any device with an internet connection.
3. You have instant review of customer data and information, such as cash flow.
4. You can use powerful tools and applications to process accounting data.
6. It can grow as your clients' businesses grow.
8. You pay on a simple subscription basis, paying only for the services your clients need.

### ***Data backup***

Computers are fragile things. Hard drives can stop working, operating systems can crash, software can have bugs, and users can make mistakes. It's vitally important to have backups, so you can return to a previous 'saved point' if necessary. In the cloud, this is all done for you – you don't have to lift a finger. But with traditional accounting software it's you – or your IT team – that has to remember to make regular backups and store them securely

Using cloud accounting software puts your clients in control. They can decide who can view their data, and they control each user's level of access. The cloud really is the safest place for your clients' accounts data.

### ***You and your clients working together***

Business moves fast these days. It's vital to use cloud technology if you want to keep up, because the cloud allows you to work together with your clients, teams and advisors. The result? The chance for you to truly partner with your clients to provide high-quality, real-time service. This will help your clients become more productive and efficient.

### ***Clients want proactive advice***

Keeping things simple is always a good mantra when dealing with a client: for example you may find that adding a tool (add-on) like Receipt Bank is a great way to add more value to your clients, simply because it reduces paper flow, increases reliability of data and positions you (potentially) as their number one source for financial advice, who can ultimately lead them to greater success.

Setting up a client can look like a challenge; doing for yourself is the best place to start! It's much like when you are first setting up a set of financials in a financial reporter program – a little tedious to get it all in there just right, but once you figure it out it gets fairly automated.

Comfortable with how to set up one client after another, the learning curve gets shorter and shorter.

### ***Setting up a client***

The typical form will have an array of clients each having multiple accounting and bookkeeping service needs, inevitably creating a mix of moving deadlines.

### ***Which provider; which add-on?***

This is not a taxonomy on the various cloud based accounting service providers, rather we say that a typical, popular accounting platform such as Xero or QuickBooks Online or Sage will have a solution that works for the practitioner. Most will have client management systems in place and document management 'solutions.'

Maybe you have a client who still insists on delivering paper copies of transaction statements. You can show this client some of the client-facing reports, and point out that in order for you to be able to give value-added insights, you need good data that's available in real time. In order to get that good data, you can persuade your client to get into the 'Cloud' could lead them to greater success.

### ***The onboarding of a client***

There is the letter of engaging which is an industry standard; but for the firm of the future there is, again, a need to see this as an unnecessary paper trail. **Docu-sign** is a well-versed standard form transmitting signatures by email. There is always a gap between converting a prospective client to a client who you work with. In the context of the firm of the future an engagement letter in effect becomes part of the process of selecting which services (which level of service) would best suit the client.

If you are growing your firm and running hard gains capacity constraints (who said you can't run a practice effectively with more than seven or eight clients?), then all parts of the 'sales process' need to be made more efficient. Ultimately this will lead to higher revenues. Higher profits for your firm.

### ***Setting up the pricing mechanism***

Technology has advanced the case for moving away from the clunky hourly rate system. In effect, due to the cloud access to financial information is just a click away: this is true for the business owners and the bookkeeper or accounting technician.

Look around at other industries and professions. It is true that there are still hourly rate regimes in many parts of the legal system but look at the building industry: they have been on fixed price quotation for decades and that is despite all the unknowns and alterations that come into play as soon as a building project is commenced. They – and their customers – are well versed in the art of adjusting costs for ‘variations’. It is the variations that become the focus of attention not the fixed price methodology.

### ***Recurring revenue***

The benefits of recurring revenue to the firm is compelling: it is the buildup of recurring revenue. It lets both the client and the bookkeeping professional budget; for the client it locks in a monthly fee – no nasty surprises! A monthly fee (or subscription as practiced by the accounting software brands) for the regular, compliance services makes a lot of sense, It transforms cash flow into a predictable and reliable stream.

### **A fixed price service**

In a fixed price service you are building in for down-time etc. so that at the end of the week/month you are actually making money and not need to count how many hours have been ‘lost’. In effect you are earning a much higher rate under a fixed rate mechanism than in an hourly rate system. You work more efficiently because the more hours you gain through efficiency and productivity gains, the more time you have available for higher value activities or winning new business.

The firm of the future will sit comfortably in a world of fixed fees (Uber gives you a fare estimate as soon as you search for the nearest available taxi). The process of discovering your fee schedule and translating that to a set of services available on a monthly subscription prices can demand a fair amount of work and be uncomfortable for a number of existing clients, but the rewards are worth the time and effort.

## **Rules of Marketing**

Perhaps marketing is not something you’re used to; too bad because you need to put some thought, time and probably some money towards it. Otherwise your chances of achieving a profitable and sustainable bookkeeping practice are not great.

The good news is that from a cost point of view it is possible to get a lot more bang for your marketing dollar than at any time hitherto.

### **Finding customers vs be found**

Google said it their book several years ago. In their book *The Zero Moment of Truth*, Google wrote that a customer has the control of which service provider they will purchase from because they have all the tools at their fingertips to make an informed choice. Which is one reason why we have

provided you with some of the 'tools in this guides. Our guides - [\*Getting a Powerful Profile\*](#) and [\*Get the Word out: Google Places\*](#) are critical tools towards being found.

**Finding Customers:** Reaching out to event organizers, or networking group leaders, and offering to give a free seminar targeted to their community (small businesses, trades business owners, contractors etc.)

**Where does this fall short?** In the ever growing skeptical world of prospecting, focusing 100% on outbound "finding customers" is a great example of "Working Harder, not Smarter". Can you still find customers this way? Of course. Should you still use it? Yes, but be prepared to spend a lot of time using cold messaging to get in front of your customers. You can easily spend 40 hours a week cold emailing, only to get 1-2 new customers a month. This method should almost always be supplementing by "Being Found"

**Being Found:** This means prospects "find you" by reading your blog or seeing your profile on LinkedIn or finding your page on LinkedIn or following your comment on Twitter. So it's about finding you in search results on Google (Via SEO or SEM), engaging with you on social media, and through word of mouth or referrals **systems**.

As Google said in their book, prospects go into research mode before making any buying decision, and engaging, educating, and advising them during this stage is a perfect example of setting up opportunities for them to discover your firm.

The goal is to 'pull' new clients in, versus "pushing" your message into the marketplace.

### **Winning a new client**

As any business owner can tell you, acquiring new customers is the driving force behind successfully growing a business. The same applies to financial services firms. But with the right skills and the resources it does not have to be a bridge too far. Consider the story of one of the members of the Bookkeepers Hub who made savvy use of the [Bookkeepers Jobs Board](#) widget. This is her story:

To get new clients without waiting for referrals, she searches 'part-time bookkeeper' ads. She sends her website link in a cover email; she details her focus on helping the business owner and describes how the business will save money in the long run using her services instead of hiring a part-time employee. Of 10 ads she answers, four ask to meet her and two become clients. She makes sure the job is for 10 or less hours a week. Her income has doubled in 12 months. You have to give her points for smarts.

The brutal truth is that referrals alone can rarely build a professional practice. It's brutal because there are two kinds of businesses: those who are winning new customers, and those who are dying. There are also two kinds of professionals and business owners: those who want more customers, and those who are lying.

## The perfect pitch

It's much easier to win new customers when you've got great stuff or a great service. Everything flows from quality—mediocrity is the enemy of professional and business success. How does your service stack up against these tried and proven attributes?

- Is your service more than just compliance; does it have depth?
- Does your service project a solid understanding of the customer's needs?
- Do you offer support and value-add services?
- Do you go the extra mile to empower the customer to do better business?
- Do your marketing collateral – website, invoices, and brochures - present as professional and trust-building?

## How to use segmentation

It sounds intimidating but let's illustrate to dumb it down somewhat

- **Demographic segmentation example:** Here you might want to for example target restaurant owners in Brisbane CBD.
- **Behavioral Segments:** Let's target all newly formed businesses within a 50 miles radius of our location, and invite them to a (example only) *New Business Bookkeeping + Accounting Workshop*.

## Advertising vs one-on-one communication

Can you imagine trying to do one-on-one communication and prospecting 20 years ago? It literally does not scale unless you have a massive budget for a sales team. With the explosion of social media, prospects crave one-on-one communication. They fear the 'faceless' company and love having genuine relationships.

**One-on-one Communication:** Receiving an email, and giving the prospect a call, or reaching out to them on LinkedIn. The point is, you have a 1-1, personalised experience, whether it's during relationship building, sales prospecting, and (one would hope) during client servicing.

## Continuous relationships

As your prospects are online and in research mode before making a decision, the firm or bookkeeper who educates, informs, and engages with the prospects during this phases (without being a pushy salesperson and acting more like a *trusted advisor*), will be better setup for success. Quick tactical example: Offering all new prospects a free guide called *Unleashing the Profit Potential of Your Business* will help the prospect by **educating** them on how to **think** about the decisions they make every day.



## Campaigning

To illustrate: Let's assume we run an online-readiness 'boot camp' and send a letter to all previous customers who no longer use our service. After 5 days, anyone who doesn't respond, we'll give them a call to check in and see if they have any questions. Finally, on day 12, anyone who didn't respond will get a final email reminder of the event.

**Why do this?** Your prospects are BUSY AND DISTRACTED ... constantly. If they are not working, there's a landslide of marketing messages coming at them seeking their attention. Therefore, a single, isolated message through a single channel will likely fall on few prospects. Most will ignore. But by using multiple step marketing campaigns across multiple channels, your 1% response rate can quickly go to 5, 6 even 7%.

## Data-driven marketing

This is where you **measure, measure, measure**. Sure, you can still be creative. But at the end of the day, it's all about answering these questions...

- Did it bring in a positive ROI? If yes, should we spend more?
- If it didn't bring in a ROI, how can we adjust or optimize the campaign to get to an ROI?
- If it didn't bring in a ROI, should we cut the campaign altogether?

... You work hard to build your practice, and by focusing on the data, you protect your fee income and the profit margins generated vs watching them disappear through scatter-gun, hope-filled marketing.

## Setting goals

### 1. How many new clients could you win in the next 12 months?

If you haven't already set goals for your new firm you should now. Goals help you focus on taking the necessary action to achieve your goals. Goals also help create some key performance indicators (KPIs) you can use to assess your performance every week or every month. So how many new clients should you be aiming for? Some sole practitioners generate enough prospect meetings to be able to convert one prospect a week for six weeks. And one of these sole practitioners turned these prospect meetings into \$50,000 of new client fees.

### 2. Can you see yourself doing this in the coming months? Or are you now screaming at this page "You've got to be joking"? What about half that – more achievable? How many do you want to go for? At the very least, before you read further, choose a goal for new fees for the next 12 months and how many clients this represents.

### 3. The importance of client referrals

The importance of client referrals is noteworthy: the best performing source of converted leads for bookkeeping firms (according to a survey by [www.bookkeepershub.com.au](http://www.bookkeepershub.com.au)) found that the best firms generate enough referrals from their top clients to keep them busy for years!.

**Referrals.** Two things determine; the number of referrals you'll receive:

- a. Your ability to impress your clients so they want to recommend you and your new firm
  - b. Your ability to ask for recommendations from your clients at every meeting you have
- Your willingness, ability and persistence about telling people about your new firm, not your ability as a bookkeeper, will make or break your new firm.

You must also:

- a. Go get more introducer referrals - hook up with accountants, solicitors, and convince them you're worth referring to
- b. Build a website (see ***Platform for your firm***) so it helps business owners who hear about you and check the website to see you are worth talking to
- c. Do regular networking. Love or hate networking it continues to play a major role in helping firms win new clients
- d. Contribute comment to online networks like LinkedIn as often as you can.

Work out how to turn these activities into KPI's you can measure and report on. Take action every week on some or all of the activity areas and you'll grow your new firm.

The one key performance indicator that sets up greater referrals is the number of client meetings you have. Yes they need to be worthwhile meetings (from your clients' perspective) so that they feel predisposed to your firm.

#### 4. Request referrals

It's a key performance indicator - referral requests. You need to ask your clients to introduce you to other business owners. If you don't you'll be sacrificing the single-most effective source of new fees for your firm.

If you're a start-up you have to tell everyone you know about your firm. Ask them to check out your website. Ask them if they know any business owners and get introduced to them. Whatever you do, don't be a shrinking violet.

## Your Position Statement + Profile

You'll want a mantra that communicates to your customers and partners – and all the prospects out there – exactly what you stand for and why your firm exists. Your mantra will act as a guiding light for your partners and employees (or contractors) and set expectations for your customers.

If you're not search-friendly, you are not going to be found by someone looking for a bookkeeper in your area. And if your profile doesn't immediately say to the searcher, hire me! The searcher will keep searching. So how can you be sure that your profile is totally optimal?

Just follow these steps:

1. Make sure you **build a profile** at [www.bookkeepershub.com.au](http://www.bookkeepershub.com.au) . All you need to do is fill in the form that comes up when you register here. Be sure to outline your qualifications and your bookkeeping skills and experience. [Sign up now](#) and you can look at [best-in-class](#)

bookkeeper profiles from some of our top-performing members. Use name of clients (if possible). And keywords that you know have strong pull. Once your profile is built you can also opt-in for a featured profile which enhances your profile to potential employers.

2. **Specialise or generalise?** Whichever way you choose to go make sure you use words which are known as “Long tail” words: these are words that are regularly searched like “Bookkeeper” or “MYOB specialist” or “Payroll and Reporting.” Rather than ‘Bookkeeper, Paddington’, consider a differentiated mantra like “We help clients be more profitable” or “More than BAS Agents”.
3. **An easy-to-edit website.** (See **Your Platform**). There’s nothing more annoying than going to a website week after week and seeing the same home page! It should always be kept up to date. Choose your website look and feel to reflect your positioning and select a theme that is readily built (for example Wordpress).

### **Niche is the new ‘black’**

Look around at every profession and trade and note the trend to specialise. If you own a Citroen are you going to go a mechanic who promotes as “All mechanical repairs; all cars, any model”? The answer is obvious. You will seek out the Citroen mechanic and chances are, you will stick with them for the life of the car. Indeed, if you get good service, you will probably recommend the mechanic to your friends and thus create a virtuous cycle for you and the service provider.

In a world which continues to niche itself into smaller and smaller sub sets of the greater market (thanks to the Google and broadband) the generalist service will struggle, particularly as technology and off-shoring continue to commoditise and consolidate previously profitable areas. Think of it this way: if what you offer can be obtained from anyone, you are competing against everyone. You won’t rank.

Take the time to look through any professional service such as law firms or accounting firms and you will soon identify which firms are successful in terms of Google ranking.

Most bookkeeping service businesses are generalists. But you do have a choice –especially if you do the work and identify where you locate yourself in a service offering.

### **Specialise, Niche or Generalist**

Most people realise that positioning means standing out from the crowd and differentiating yourself from your competition. However, less people realise that it’s also about making sure you clearly position yourself as the solution to your clients’ problems. That way you’ll be the first person they think of when they need help.

Yet, there is a natural fear of missing out on a potential client because you haven’t mentioned their sector on your website. The tendency to strive to appeal to as broad an audience as possible is the norm. If your firm specialises in all services, to all clients and avoids all messaging that may lower your appeal to a narrower audience, ordinary is the end result.

Integral to the research process in establishing your business also requires researching an industry category where you may be seeking to establish a niche or a target market. Ongoing compliance work can become a bit of a gravy train; a steady stream of business and repeatable processes makes

comparatively light work of adding to the bottom line. But is this sustainable given our opening reference to the rapid advances in technology leading to many services becoming a mere commodity with the consequence of driving down value and hence fees.

Ideally, you want to be able to market your services to new business starting up as well as established businesses; you will also want to have marketing material (which we will look at later) that can be used to position you and your bookkeeping business as being 'open' for business. The more you understand about the nature and dynamics of the industry the better the chances of gaining business as well as the social revenues, wages, taxes, rents, etc. paid. What level of profitability is the norm? Is there a benchmark that operators should reference to?

Creating differentiation around expertise is not easy, but it is essential if you want your firm to be firm of the future with sustainable revenues. One of the difficulties in recognising a particular area of expertise is that it may not at first be apparent. Yet much of this is also about perception. You do not have to be a thought leader in order to appeal to a client in a particular sector; as long as your client thinks you are. It is about you being the best fit for their needs, as perceived by the client.

In our experience, the best outcomes where you 'own' a position in your client or prospective client's mind. And that can be related to character and expertise but more likely to be a case of a prospect or client thinking that you or your firm really knows their stuff. With that perception, they will not look elsewhere for bookkeeping services. There are great benefits including:

- Your prospects will see you as more than just a last minute fixer of messy books
- You have choice over the clients you work with and sell it to the market and its latent prospects

You can charge more

### **Finding your 'sweet spot'**

Take a look at the chart below. In the bottom right hand corner you have a valuable product or service, but it's not unique, so you always have to compete on price. In the upper left corner, you have a mediocre product that is unique – but you own a market that doesn't exist!

In the bottom left corner, you have a mediocre product or service and other firms are doing the same mediocre thing. You want to be in the upper right corner, where you have a great service that's also unique. That's the place where margins are higher and where profits are made.

### 💡 Framework



It may be an iterative process to discover your sweet spot, where you can settle on a great service; once found, let it bloom.

Let's look at a mythical character – Leslie – who runs *The Café Bookkeeper*. Leslie started life owning a café with her boyfriend but found the hours punishing, so sold up and retrained as a Bookkeeper, did her time working for a few friends in the hospitality sector but, again, came face to face with long hours and unproductive time moving between the premises of her clientele.

Leslie has been transitioning her local, non-virtual bookkeeping business into a lean, efficient and highly profitable virtual bookkeeping service. She recognized a gap in the industry where owners needed help and had already cut her teeth on the financial management of a hospitality business. She also learned some hard lessons when she transitioned to the bookkeeping business: her biggest challenge in the beginning was pricing her work and that's where she made the biggest mistakes. She also had to learn how to choose the right clients.

All her clients came from people she knew and by word of mouth and established relationships within the industry community. Not all were 'ideal' clients.

### **Become a category authority**

Leslie is now focusing on upgrading her business further as the 'category authority' – not just built on referrals. She is focusing on building her virtual delivery system by equipping her clients with appropriate systems to enable her to work virtually and focus on marketing.

Why not focus on being expert in an industry category and this be one of a few experts, or, better still, the only professional clients can obtain that service or specialised knowledge from?



Being better than the incumbents is tough. They will fight for their territory. But the rewards of being a leader in a specialised niche in a too-crowded market are manifold:

- Higher fees recognising your special skills and knowledge
- Better work you get satisfaction from doing
- Productivity gains from being able to manage work that systems can be built around the client who seeks you out based on your niche service
- Greater prosperity from a sustainable and scalable business model.

Repositioning pays: change the song-sheet (that is, your 'mantra') about what you do.

- **Google My Business**. As all things Google, this feature is a must for local search: people search for professionals in their area so show them you're a candidate by displaying your location.
- **LinkedIn**. Use your membership profile page to enhance your LinkedIn profile; LinkedIn is **the** tool to help you manage your professional image and identity online, and whilst your experience, expertise and credibility are at the core – powerful imagery significantly helps to communicate your story to potential customers, business connections and employers.
- **Understand your local market**. SME owners always need a bookkeeper. But you need to meet their needs which are by no means uniform across regions or industries. For example a start-up business has very different needs from a 10-year old multi-million dollar business. And a cafe or restaurant has very different needs to a dentist or plumber. So cover the bases that you feel best suit your skills and promote them on your profile and elsewhere (see #3)
- **Promote, promote, promote**. Even if you're a natural introvert, you can still promote effectively. That's what we at Bookkeepers Hub are here for: to provide the forum for you to pick up techniques, and channels for you to tell your story. How? Check in on our [Blog posts](#) and follow us on [LinkedIn](#). You will be amazed at how many prospective employers find service providers on LinkedIn. (Check your listing at [www.bookkeepershub.com.au](http://www.bookkeepershub.com.au))
- **Become a life-long learner**. The best and highest earners in any professional group are the ones who invest in professional development. On-going [professional development](#) will make you more valuable to a potential employer
- **Leverage your effort**. Building a business or professional practice is about consistent communications, so set time aside every week to post articles or comments on the above channels. Eventually you can present stories to local media and further build your profile to a local community.

## The Franchising Option

Starting up a bookkeeping practice is a great pathway to independence and profitability. Yet there is more than in way to start and operate your own bookkeeping business. Going down the franchise route is one choice but considering the franchise route is a significant decision for a burgeoning start up. Here we examine the pros and cons of joining a franchise.

## **What is a franchise?**

Franchising is one of Australia's fastest-growing business sectors, worth an estimated \$150 billion a year. There are around 850 different franchises with more than 60,000 outlets.

When you buy a franchise, you buy into an established network with an established name and established systems. Franchising relies on the principle that there is strength in numbers: being part of a larger group allows you to benefit from a strong brand and economies of scale (this means you get better deals because there are more of you).

The 'franchise' is actually an agreement where the parent company (the franchisor) sells the legal right to use its brand name and business concept to an individual operator (the franchisee). The franchisee pays an initial fee and an ongoing royalty for the right to conduct business under the name of the franchisor.

## **A franchise or an independent operation?**

Franchise businesses are, in business model terms 'turn-key' businesses; like the McDonalds franchise system. They have both advantages and disadvantages to the independently minded businesses. The greatest advantage is that they do have a track record of sales, profits and systems. The bad thing is that they can have an entry cost higher than the cost of establishing your own practice.

Let's list some facts about franchising:

- Franchising allows expansion/growth of a proven concept and method of operation. It's a turnkey business and ongoing training and support.
- Franchisees cannot be successful unless the franchisor is successful and a franchisor cannot succeed without successful franchisees—they help sell franchises and can take the franchise organisation to new levels of growth.
- Franchisees own their own business (making the day-to-day decisions yourself) operating under the franchisor brand, trademarks, marketing systems, successful methods of operation, advertising, training, management and assistance--opportunity to succeed as a business owner.
- There are situations where there is a lack of adequate support, lack of franchise systems, inadequate ops manuals, lack of strategic planning

## **Fact-finding**

It won't be difficult to get opinions about franchise systems since existing franchisees are always willing to share their opinion with any prospective franchisee. The best source of information, which is close to the pulse, comes from existing franchisees. You will know immediately whether the chain you are considering is worthwhile simply by gauging overall sentiment.

Sandie Menzies co-founder of franchise system Shoebox Accounting says on of the advantages of the Shoebox franchise system is that it offers the franchisee a proven business model. "We have

been in business a number of years and all our franchisees are very satisfied with their decision to buy into Shoebox Bookkeeping.

“They don’t have to worry about new clients as we have a broad marketing program that attracts business customer which then flow to the franchisees.

“Though our efficiencies and we have been able to optimise workflow which benefits the franchisee. The fixed fee basis enables the franchisee to earn a higher hourly rate than what is generally charged by independent bookkeepers.

“There is no doubt that one of the big advantage of being in a franchise it’s the flexibility around working hours; they can work from home and the support we give in terms of keeping up with changes in the industry.

“There are significant threats facing independent bookkeepers such as accounting firms moving into the bookkeeping space. Being part of a progressive franchise system is a great way of being shielded by the changes.”

### **The benefits of buying a franchise**

One of the great advantages of joining a franchise system as a franchisee is that you are given proven templates by which to operate your business. For many starting out in small business, the safety net of a franchise can be irresistible. No doubt, the success rate of franchisee businesses compared to independent operators speaks for itself: over 80% survive their first 18 months of operation.

A key advantage for a recent entrant to the industry is that leads are provided to the franchisee based on marketing efforts of the franchise system. Ji’s is a great example of this which has translated its business model where a central call centre handles on inbound calls for prospective buyers/customers and distributes the leads to the relevant operator according to geographic location.

Another advantage over the independent operator is that a good franchise system can bring to table the collective mind and skills of a number of professions critical to success. These have been honed over many years and proven to work. In other words, a well-structured franchise system is a blueprint for a franchisee’s success.

### **Are you suited to own a franchise?**

Franchise systems do not suit an entrepreneurial type person. If control is a big issue for you and you love doing things your own way, then a franchise may not be right for you either.

Take a good hard look at yourself in the mirror. Are you an enthusiastic decision maker? Are you a positive person? Are you prepared to work hard? Can you handle success?

If you aren’t confident enough to start your own business from scratch, then a franchise may be the solution.

The greatest risk you take when buying a franchise is to rush in without doing enough research.

Successful franchisees are people with some or all of the following attributes:

- Previous business experience
- Who understand risk management and have insurance in place
- Who understand that sales don't mean profits
- Who are not necessarily using their own home as business collateral
- Who understand issues around staff, cash flow, accounting, legal and compliance business experience, who will extend and reinforce their brand?

People need to look behind 'headline' figures and beyond the first franchise system that catches their eye to make sure they're putting their money into something that will survive and be profitable. You can't accept things at face value; there may be more information you need to get the full picture.

### **How to evaluate a franchise and/or a vendor**

You need to be thorough and ask some tough questions. There are skills that we can train for and there are some like work ethic, communications skills, personality and being a team player that you can't train for. It would be wise for an intending buyer to speak to other franchise owners – at least two or three.

#### **Pros**

- As a start-up you're at a big advantage - one plus point for start-ups is that you haven't already spent years building up your firm and then have to deal with completely changing the way you work. A start up can dive straight into a franchise with energy, enthusiasm and a franchise- focused mind-set from the get go. In fact, the majority of those who join accounting franchises are start-ups.
- Support network is valuable - Having to deal with admin is a burden for those going it alone. Your franchisor will support you by providing a training package to give you the skills to run your practice.
- A good franchisor should provide you with a proven business model with a strong brand, training, business development support and marketing materials, technical support, field visits, investment in industry research, product research (for example cloud-based accounting software systems and the opportunity to build a sustainable business with a proven exit strategy

#### **Cons**

- Fees: Generally, as a franchisor you will also pay a franchise fee, to cover the initial training and elements of the franchise package, and an ongoing management services fee. The franchisee will also contribute a national marketing levy to contribute to the national marketing initiatives

- Autonomy issues: you might be required to use a particular accounts package or software provider, but you might get preferential rates from those recommended suppliers. Franchisees will be required to follow a proven system and business model
- The vast majority of franchise systems will not allow you to exit for a fee and trade under your own name with your previous clients and there will be strict post termination clauses.

### Getting up and running

You will be provided with the tools and methodology that the franchisor has developed, but it's up to you to use them wisely.

Whether you go down the franchise route or brave it alone, success will only really come about through hard work and commitment.

Despite the added support of a franchise, it's certainly not an 'easy way out'. With a franchise you will be expected to put in the same level of effort, time and enthusiasm you would if going it alone.

### Franchising checklist

- Obtain names of franchisees for you to interview
- How are existing franchisees going?
- How many franchisees are there?
- What are the plans for expansion and growth? What kind of training, education and support is provided?
- What are the renewal and termination; terms and conditions?
- Can I afford to buy the franchise?
- Am I comfortable with the franchise, their products, services, brand and image?
- What projections are available which confirm or fail to confirm your projections?
- What continuing services do you provide after the franchise business has commenced?
- Your involvement: what will happen if I do not like the franchise business? Upon what basis can I terminate the contract?
- Who will be my link with you after I have opened for business? Can I meet some of your staff?
- What help will I receive in local advertising and promotion?
- Get a copy of the **Franchising Code of Conduct** (You can download this from the Australian Consumer and Competition Commission site [www.accc.gov.au](http://www.accc.gov.au) or phone 1300 302 502). Read and re-read it. This code requires franchisors to disclose specific information about their business when entering into, renewing or extending a franchise agreement. This code is supported by the law and is administered by the ACCC, which will investigate any franchise complaints
- Franchisors are required to provide you with this at least 14 days before you enter into an agreement with them (but you should allow yourself much more time than this to fully read this document).



You can never do too much research or get too much independent legal and financial advice. Assess how much money you have available and your borrowing capacity. Do the figures on the start-up costs: the initial purchase price, the ongoing fees, the legal costs, a shop fit-out and purchasing stock.

You want to be confident that the franchise business is reputable, financially strong and good at what they do.

While you may be tempted to skimp on professional advice, independent legal and accounting advice will save you money in the long run.

## Value-add Services

### The packaged solution

What combination of service options would make your service package irresistible? No one-size-fits-all answer to that question, unless you have developed a niche service - for example to the hospitality sector or the trades sector; then you have an insider's knowledge and you can look forward to your SMB client saying "When can we start?"

A guide produced and published by the Bookkeepers Hub and available to members, *Breaking the Time-for-Money Barrier* addresses illustrates the key blockages to moving away from the hourly rate treadmill to the packaged services business model. It addresses:

- The key value-based services you could offer to potential clients that will immediately differentiate you from 95 percent of other bookkeepers and which boosts your practice income (see ***Position statement***)
- How to move from an hourly rate mindset to a value mindset to facilitate switching to packaged pricing
- How to set up a bookkeeping business based on profitable service packages that attract the ideal client for your skills and experience.

### Offering cash flow maximisation solutions

For example, a step-by-step system to improving cash flow. What would this look like?

The basics of good cash flow can be summarised as:

- Sales are not what bring in cash flow – collection is!
- Focus on keeping Accounts Receivable current
- Create and implement a consistent A/R system

Clients don't really care about bank reconciliations what they really care about is maximising cash flow so if your client sends out invoices (and most business do) then they need an efficient and

effective A/R system that ensure an invoice is converted into cash flow as soon as is practicably possible. The operative word here is: 'system'. As every bookkeeper knows few business have installed a system for managing A/R, most winging it". A system would be considered by most business owners as a valuable asset; hence it can become a valuable service for the bookkeepers.

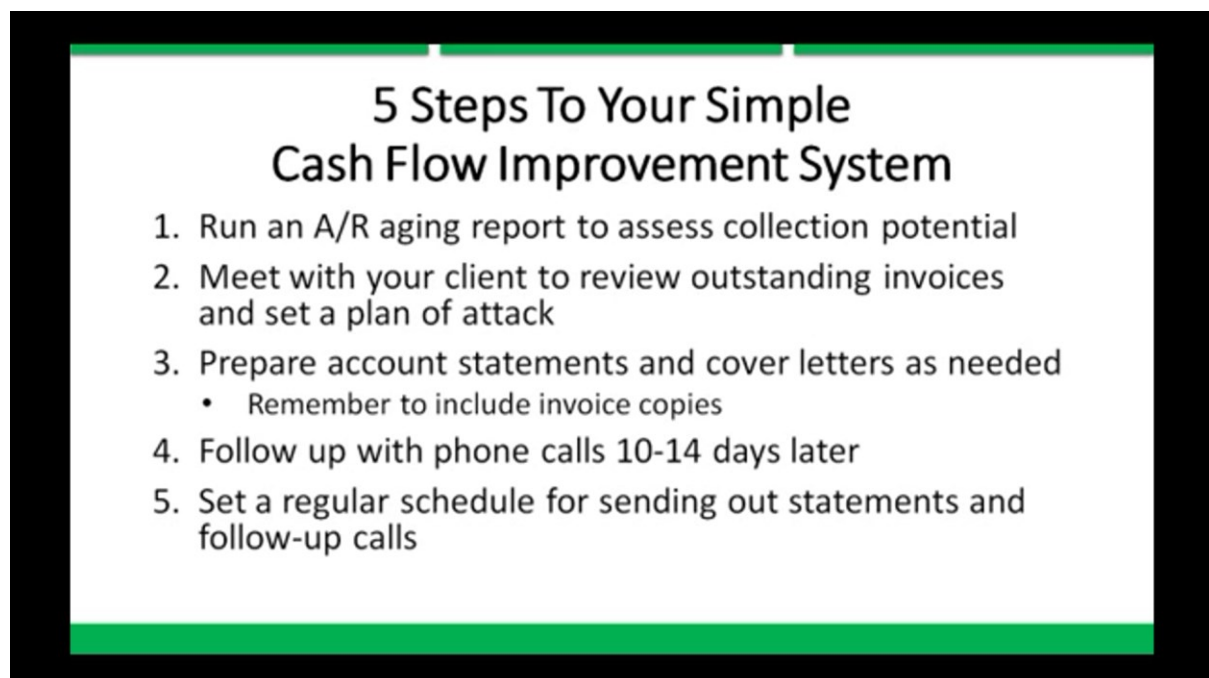
### **A win-win service every bookkeeper should offer**

If clients do indeed value cash flow then, if your clients send out invoices, they need a consistent A/R system to stay current.

Set up and implement cash-maximising services for true win-win results:

- Better cash flow for your client
- More revenue for you

These can be distilled into a system: as in the following steps:



The image shows a presentation slide with a black background and a white central box. The title '5 Steps To Your Simple Cash Flow Improvement System' is centered at the top in a large, bold, black font. Below the title is a numbered list of five steps, also in black font. The steps are: 1. Run an A/R aging report to assess collection potential; 2. Meet with your client to review outstanding invoices and set a plan of attack; 3. Prepare account statements and cover letters as needed, with a sub-bullet 'Remember to include invoice copies'; 4. Follow up with phone calls 10-14 days later; 5. Set a regular schedule for sending out statements and follow-up calls. The slide is framed by a thick black border.

### 5 Steps To Your Simple Cash Flow Improvement System

1. Run an A/R aging report to assess collection potential
2. Meet with your client to review outstanding invoices and set a plan of attack
3. Prepare account statements and cover letters as needed
  - Remember to include invoice copies
4. Follow up with phone calls 10-14 days later
5. Set a regular schedule for sending out statements and follow-up calls

Even the basic exercise making a follow up phone call can be part of the service. It is easy for a bookkeeper as the business owner often drops the ball when it comes to that phone call. It is a difficult, loaded call for the owner; not for the bookkeeper.

Note that if you are doing the bookkeeping and it is A/R services as opposed to collection services; the idea is to setting up the system to be calling and "checking on the status" of the open invoices and to make sure that everything is okay with your client's customers; more like a customer service call, as opposed to a collection / demand for payment type function

Cash flow maximisation is just one illustration of a value-added service that bookkeepers can be implemented. Consider offering a cash flow 'premium' service to the client as a value added service.

## **Finance for the small business client**

Another value-add service that has been seriously overlooked is assisting and facilitating a business owner to secure essential finance for equipment finance, capital expenditure on plant and equipment.

### **Securing business finance in 2019**

Financing capital expenditure has become a significant challenge for business owners going into 2019. Banks – the traditional providers of finance to business – are placing a raft of new hurdles before the business borrower as a result of APRA (the banking sector regulator) squeezing the banks to toughen up their lending criteria. New non-bank lenders are

Whether the business owner is a tradesperson, a manufacturer, a hospitality business operator or a haulage contractor, borrowing for capital expenditure just became harder.

Professional advisers –bookkeepers, accountants - are well placed to assist their business clients particularly when it comes to ensuring accounts are up to date, putting systems in place to have robust credit control and assisting in the preparation of loan application.

### **The commoditisation challenge**

As the age of smart technology has fallen squarely upon us, commoditisation of services across all industries has created certain expectations as to how services are priced, packaged and delivered. Consumers are becoming increasingly accustomed to acquiring inexpensive, fixed-price, pre-packaged, DIY or instant products and services online, and they are transferring these same expectations to legal services.

Here are four tips to survive in the smart tech age:

#### **1. Commoditise**

Clients want bookkeeping services that match what they're receiving from other industries – instantaneous, fixed-fee, pre-packaged services with little to no commitment.

Rolling bookkeeping services into a click-and-purchase bundle is definitely a challenge, but it's not impossible, and innovative firms are finding ways to satisfy this demand.

Could you deliver some of your offerings as 'virtual' services?

#### **2. Reduce costs to offer lower prices**

The business consumer demand for faster, cheaper bookkeeping services can only be met with increased efficiency at the firm level, which requires quality cloud-based systems and applications (see *Technology for the firm of the future*).

#### **3. Smarten up your marketing**

(Read **Marketing Tactics**). Position your firm where clients expect to find you. For smart technology users, this means online. A large percentage of consumers now prefer to research products and services online before purchasing and will go straight to a company's website or Facebook page.

A brilliant website is the heart and soul of any smart tech marketing campaign. It should be interactive, informative, up-to-date and allow your clients to learn as much about your products and services as possible before starting a conversation.

Could you increase your online exposure through social media, RSS feeds and blog posts?

#### **4. Become an innovator**

The best way to stay at the front of the smart tech crowd is to be one of the innovators. As technology advances, no doubt the role of bookkeepers will change and traditional methods of business will become obsolete. Practitioners who can continue to integrate smart technologies into their firms will be able to offer clients better service, affordable prices.

##### **Taking a value approach will overtake hourly billing**

Future-looking bookkeepers will change their approach to client relationships. Instead of being a basic service provider charging an hourly fee, they become a value-added charging a flat monthly fee for a basic service with value added expertise.

Many bookkeepers will become expert in cloud accounting, and the many add-ons that make businesses much more efficient. By doing so, clients will be more than happy to pay an ongoing flat fee for the basic bookkeeping service because they got more added value services from the relationship.

##### **Focus on profitability**

Time spent on the job is meaningless: it is bottom line profits that count in business. That's what you are a business owner under the umbrella of a bookkeeping practitioner. Change your focus from top- line revenue to key bottom-line profit for each client.

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