



Your Perfect Firm

Turbo charge your revenue

Your Perfect Firm

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Introduction

Technology is now such an integral part of people's daily lives which means that your SME clients are now much more digitally aware of what could be potentially available to them and their business.

It is undeniable that the accounting and bookkeeping sector is rapidly transforming to respond to the challenges of digitisation, competitive markets and regulatory scrutiny. But how prepared are Australian and New Zealand firms for this transformation? How can the industry move forward with confidence?

This is what has happened in the bookkeeping profession. In our view, it is well and truly time to refer to the role of bookkeepers, more appropriately as 'accounting technicians'. This will become more obvious as we move through these pages.

The 'perfect firm' is the firm of the future. The firm that thrives and displays excellence in all that it does for its clients, staff and its presentation, is the firm that will always be learning, innovating and developing new strategies. Technology will swamp stagnant firms, making them largely irrelevant; the sooner technology is implemented, the sooner results appear and the sooner higher fees and more profits will emerge.

The revenue opportunity

While advances in software technology have replaced a myriad of tasks previously done by bookkeeping professionals, these 'environmental' changes have created a variety of new opportunities in the profession. Enter the bookkeeping software expert, helping the business owner stay up to date on the tools that will help the business grow while troubleshooting and maintaining these elaborate systems.

The software expert takes as many forms as there are software applications to choose from. That's why we have chosen this topic as it very much presents as a future-looking practitioner at work. Consider too that apps have become the essential 'tool' for many tech-savvy practitioner. In the context of moving from data gatherer and keeper of the books of the business, we propose that technology is the driver that matters to a practitioner and their clients, is **advice** around implementation of best practice in technology.

What is an App advisor?



Think about how many apps you have access to on your iPhone, your Mac, your PC or your iPad. Now with an ever-expanding universe of apps, you are able to increase productivity as

well as undertake tasks you could not have done before (at least on an easy basis). It's an access to advisory work with business clients. App advice can be a revenue opportunity. Consider all the challenges facing a business today, especially sales and cash flow. Business owners are experiencing new pain points and problems that they do not know how to troubleshoot on their own.

Most business owners manually chase debts, wasting enormous amount of time and expending energy where an app can make all the difference. As a trusted advisor the accounting technician (once called a 'bookkeeper') can research and offer a system that you can readily link to their accounting platform.

With the thousands of apps and platforms available, it has already become impossible to keep up with them all. It matters not whether we are talking about, QuickBooks Online or Xero or Sage or an MYOB product. The accounting software ecosystem has rapidly developed functionality across most apps needed for business application.

Each area of a business – sales, marketing, processes, finance, people – needs to be modernized to digitised standards and with a range of industry-specific solutions, the accounting technician is ideally positioned to ensure that their business client are as modern as can be in an increasingly digitised world.. As accounting technicians, you have prime access to data and, most importantly, invaluable skills that enable a clear understanding of how businesses work. That puts you in the box seat to help your clients to make the most of cloud accounting and the surrounding digital app-ecosystem.

System integration

Many will have noticed service providers, new firms which call themselves 'systems integrators'. It is a given that most business owners will have an interest in systems in order to efficient in their operations and to access real-time information of their business and to save time and money. However, they do not, generally, have the time or the skills needed to research the best software for their needs and to be to readily integrate such systems into the business. Indeed most are concerned that errors can be made in such areas as stock, customer data and financial information that could impact on banking and credit provider relationships, as well the compliance matters of tax, super etc.

The opportunity for the accounting technician is to be able to highlight these and many more pain-points to the client and thus, critical in them understanding the value of system integration service.

In all of these non-compliance services the question of fees does require a solution that can be applied systemically, rather than case-by-case. They take time and knowledge to implement and as such, must be considered as high-level value offering for your clients,

creating new revenue streams for your firm as well as an opportunity to increase pricing. We cover this in greater detail in our Pricing eGuide.

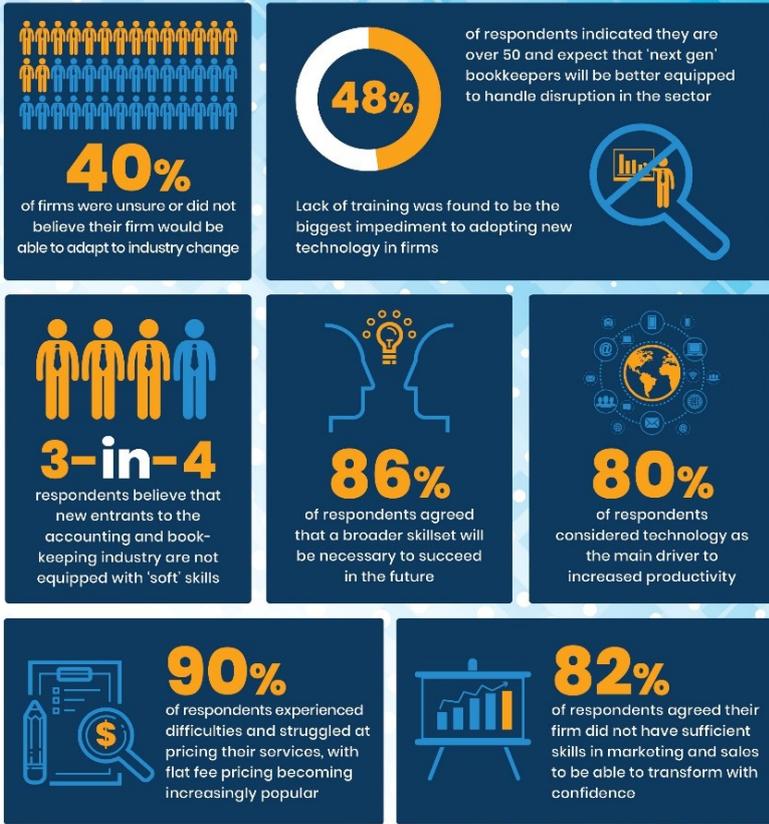
Business Advisor

As compliance bookkeeping has become easier to automate, many have found themselves focusing on deeper relationships with fewer clients. And many are surprised at how willing business clients are to spend more time talking about the things that matter to them rather than the pesky compliance stuff. Despite the grumblings around self-referral as an advisor, there is a legitimate purpose in being positioned as an 'advisor' (with all the proviso's regarding tax and financial advice). It is frequent positive interactions with a client that lead to a more positive relationship overall, where accounting technicians are finding that they can cultivate a more profitable practice because they are able to offer more value at a fixed price.

We remind readers of the Bookkeepers Hub '*Roadmap to Transformation*' report which explores how Australasian and New Zealand accounting and bookkeeping practitioners are preparing to future proof their practices and sets a benchmark for firms in a time when the industry faces it's biggest changes in history.

YOUR ROADMAP TO TRANSFORMATION

A VISUAL SUMMARY OF BOOKKEEPING PRACTITIONER'S ROADMAP TO TRANSFORMATION REPORT



The report focuses on key areas of practice management and reveals detailed insights on technology, innovation, strategy, professional development and marketing. The research is part of the *Bookkeepers Hub* commitment to understanding how firms are adapting to changes and how the *Bookkeepers Hub* can support those changes now and in to the future.

Above all, we believe that many practitioners have been static where profits revenues have been drained not just by competition from accounting firms, other bookkeeping firms, but also by the accounting software sector, which has been attacking the 'white space' of SME's which do not have a regular accounting technician supporting them.

Scope creep too is a drain on profits and where technology as well as restructuring of pricing can put a stop to this, one of the biggest costs to running a firm. In that regard, you spend more time on the project that you initially thought, especially given that there are often many demands from clients that may not necessarily fall within the scope of your work.

Readiness for Industry Change

The accounting and bookkeeping landscape is constantly evolving, and firms need to be flexible and adaptable not just to survive, but to thrive in times of change. When respondents (in a survey) were asked whether they believe their firm is equipped to deal with changes to the industry, a small majority said yes, and the remainder were either unsure or said no. With around half of respondents not feeling confident in their firm's ability to adapt to change, it's clear that practices should be encouraging more discussion around how industry is shifting and how they can prepare their firm for change.

Employee skillsets

Our research endeavoured to discover what skills were most important to current accounting and bookkeeping practice. Client interaction, verbal communication and accounting and business knowledge were voted the most crucial skills for practitioners. With client interaction ranked most important, it is clear the top priority amongst firms is securing work and ensuring clients have a positive experience when dealing with a firm. Verbal communication was voted next most important – a skill which can be used in a wide range of reporting and actioning on accounting and bookkeeping processes, especially when it comes to pitching and client interaction.

As the third most important skill, business knowledge, is essential to any practitioner, as expertise in accounting matters and business is the crux of any practitioner's job once automated compliance work is done. On the other hand, the least important skills were organisation, teamwork and research.

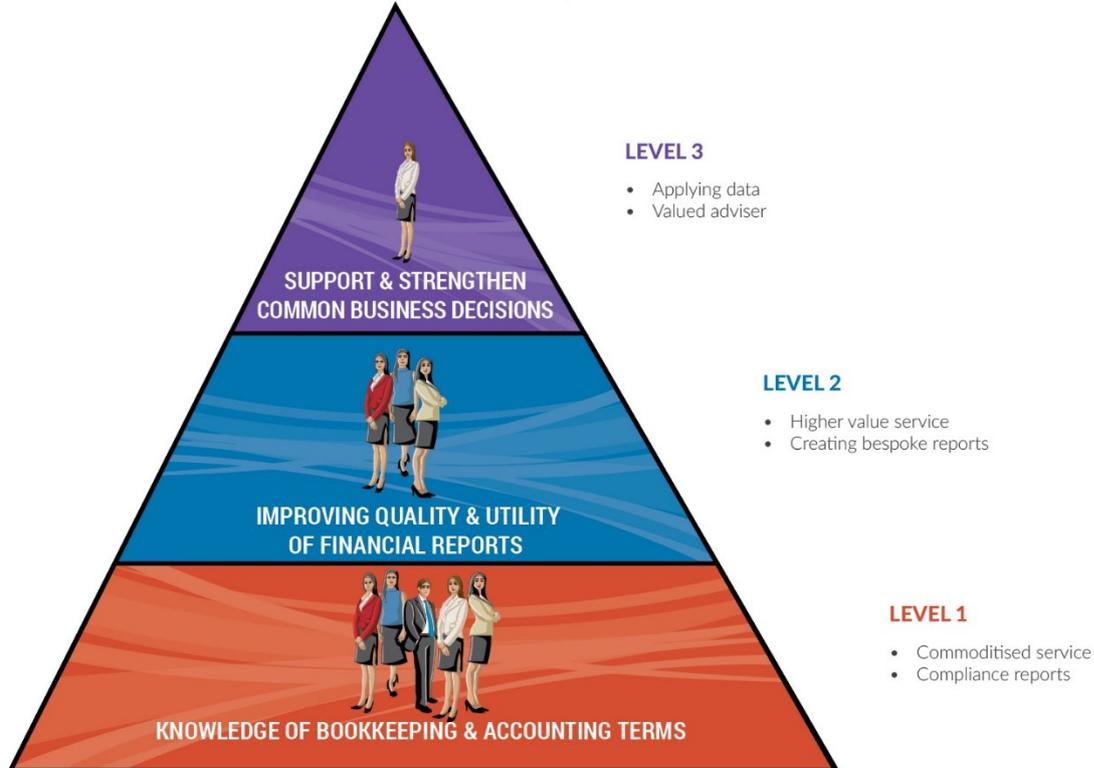
Broader skillsets for employees

In an increasingly competitive market, job (for employee and contractor) candidates are expected to have a broad array of skills that can serve a business client in a multitude of ways. When asked whether future employees will need to learn more than just what is taught at a college or tertiary institution, a majority of respondents agreed that a broader skillset will be needed to succeed in the future. A small percentage stated that they would not, or were unsure. This indicates that the accounting and bookkeeping landscape is ever-changing, and employees are increasingly recognising the need for transferrable skills in the industry.

The graphic below illustrates how important business literacy is in determining future prospects of a firm.

BUSINESS FINANCIAL LITERACY PYRAMID

What's your business literacy level?



Technology - again!

As we noted at the outset of this guide, the accounting and bookkeeping sector has seen a growing trend in the adoption of technology in everyday practice. In the majority of firms, productivity has increased because of new technology; only small number of firms have productivity decreased because of technology. This data suggests new technology has a largely positive impact within accounting and bookkeeping (and their clienteles') workplaces. Though technology is a beneficial asset, some firm's surveyed stated productivity only increased slightly. It is clear however that new technology has had different levels of success amongst firms, though it is difficult to see how technology will continue to disrupt those firms where a priority has not be given to adopting a basic technology stack.

Surviving & Thriving



An important element of preparing for the future is devising strategies to minimise the impact of uncertainty or slow periods. This allows firms to adapt to suit market conditions by operating in a more agile and flexible way. Our survey found notable issues including:

- Most respondents answered increasing new business initiatives, e.g. networking at events, cold calling and advertising and upskilling.
- A significant number of respondents said that their firm does nothing to combat these slow periods, which indicates that most not all firms are being proactive in surviving slow periods.
- Results also indicate that there is the potential for more firms to use multiple strategies to increase their efficiency and profitability.

Making marketing an imperative

Most accounting technicians rely on referrals for work; few get customers via a passive website. It is useful learn from retail business. When you into a store such as IKEA, looking for, say a bedside table, you will note that the typical products in that category are set up 'in situ displaying all the bits of furniture that can (and perhaps should) go as a complimentary products to encourage you, the shopper, to spend more money with them.

The strategy is simple: have a few base products, and then add-ons to allow you to personalise that product to your requirements. When compared with the original product, the upsells alone can be much more than the base cost.

Then they want you to buy other complementary products. They don't display just the bedside table. They add some products to show it off which you can also buy in store.

As an accounting technician, are you just selling your clients the side table, or are you upselling and cross selling app advisory (for example) too?

Don't fall into the trap of thinking that you know exactly what your client wants or the size of their budget. Make sure that you remember to offer your complementary services. Does the client need some add-ons like credit control, or payroll? Are they on the right BAS schedule? Are they up-to-date in their tech stack?

Also, think about other people who provide services that don't compete with yours to the same ideal client. Can you do a deal to cross sell each other's services? Perhaps a financial advisor?

Sometimes this can feel uncomfortable so it's important that you build it into your sales system, but also into a system of annual reviews.

Offering higher value services can, surprisingly, result in a more satisfied client simple because you have moved on from the annoying compliance stuff to more productive matters the feeling will be mutual as the practitioner is able to offer their client exactly the right product for their lives.

Change your mindset from selling to helping your clients to build a bookkeeping service that is unique to them and customised to suit their business.

The annual review is an opportunity to make sure they are aware of add-on that they don't know you offer that would be ideal? Don't assume that they will remember you told them about it once, three years ago. Remind them.

Let's have a look at how revenue can be delivered (by upselling) an app advisory service offering:

The revenue opportunity

Services	Pricing low*	Median*	High*
App implementation	\$500	\$1,000	\$2,000
Tech integration	\$750	\$1,500	\$3,000
Support	\$250	\$500	\$1,000

*median estimates; monthly billing, annual agreement

Above is a model designed to stimulate an approach to pricing advisory work and establish the 3-option 'rule' for offering choice to a business client. The table can be expended to include:

- Digitisation health check/best practice
- Technology training for staff
- Finance function reviews*
- Reporting (KPI, metrics)
- And so on

*This may include invoicing (system), credit control, cash flow alerts etc.

Given the wave of digitisation experienced in many industries (especially retail), many business owners do not know what is needed to be tech-ready. Indeed few would have the necessary tools to be 'optimal' in terms of digitisation. For sure accounting data will be digitised, even to the extent that tools such as apps are applied, yet do they know ways to improve. You can charge for that.

Before any work commences in this advisory work, set up a payment plan for project. For example:

- Project estimate: \$1,500
- 50% upfront charge
- 25% to set up
- 25% at implementation.

This approach can be applied to your services and packages across the various headings.

Struggling to get clients?



Whether you are new to the world of being a bookkeeper or accounting technician, getting clients or working on better clients that earn you more, you'll be wise to consider several key challenges.

One is the generalist trap

Most bookkeeping practitioners don't have an area of expertise and can't define who their ideal client. Conventional wisdom suggests that it's smart to be diverse across the full range of bookkeeping services. The risk here for the practitioner – or firm owner – is that the bookkeeper is constantly on the back foot and accepting any type of work that comes their way.

In short, they are more focussed on 'WHAT' they offer rather than 'WHO' they're dealing with. Surely any self-respecting professional who values their time and their skills want to be rewarded and be seen as the person who can solve client problems as well as proving leading edge services that can flow to the bottom line of the client's business.

Too many bookkeepers arrive at their work with the hope that their ideal client will contact them. The reality is that work must be put in to generating leads (for example an optimised website based on a specialised bookkeeping service and then driving the leads through a qualifying stage. This may simple mean a responder email seeking out more details including phone can email contact details.

A point of difference

There's a massive paradox present in the professional market: look around at bookkeeper and accountant websites or directory listings and what do you notice? Sameness is the answer. The fact is most bookkeeping and accounting firms tend to look the same. And because most firms do not have the budget to stand out from the crowd and compete with larger firms who buy space on Google, there is a real disconnect between wanting to attract new clients and actually attracting a client who may be searching for a bookkeeper just like you.

Typically, a firm will offer a roll-call of services:

- Bookkeeping services
- BAS Agent services
- Friendly and honest

Still awake? It's the sameness that is stupefying. Too few professionals spend any time investing in building a profile that can act like a magnet and one that genuinely presents a point of difference. Consider each of these examples as a mantra for the service provider:

- 'We help business be more in control of their finances'
- 'You live life; we do the numbers'
- 'Your books done online, anytime, anywhere'

Assess for yourself which mantra from the first list or second list, a business owner searching the internet will be tempted to click through to or pick up the phone and call.

Future-proofing your firm against the relentless march of the digital economy means making each part of your service offering compelling and visible.

As these niche specializations become more and better defined, we will continue to see important changes in our profession. The days when any untrained person can post an ad in

the phone book under 'bookkeeper' and get clients without any sort of qualification are coming to an end.

Niches and specialization also help us by removing the element of competition between colleagues from the equation. Rather than having all bookkeepers doing mostly the same things in the same ways, we now have a variety of software, strategies, and communication styles to choose from. A client that is not a good fit for my business may be a perfect fit for yours, and by knowing you and referring that client your way, everyone benefits. It creates a supportive relationship among our peers, and we see it growing each day as new forums appear on social media and local professional networks are established to share education and ideas.

There is a case for specializing. Some might say it's the way of the future for a lot of practitioners. Lawyers do it; general medical practitioners do it, accountants do it. And most bookkeepers do it too. They mostly are generalists. After all, an accountant does accounting and a bookkeeper does bookkeeping, right? You wind yourself up each day and off you go.

Here's a key fact to consider seriously if you want to grow your income: when business owners look for accounting and bookkeeping services, the top two qualifiers are experience and expertise in the customer's industry.

Choosing your customers



Whereas the number one challenge that independent bookkeepers (and accountants) usually struggle with is getting clients, the specialist will often be in position to be more selective. The generalist will generally have a smorgasbord of clients, some small, some big, some good, some bad. The specialist will have higher hourly rates, be more productive and able to position themselves as an advisory professional thus generating an even higher fee rate.

The specialist will readily be able to identify prospective customers and therefore will have the ability to do regular and effective marketing. It's really tough to get the word out about your services when you're not quite sure who your potential customers are exactly.

Consider for example that you are a specialist in restaurants and have a good knowledge of Point of Sale systems and experience in integrating the systems to Xero or to QuickBooks Online. You've got your finger on the pulse of the latest advances in POS and able to demonstrate this to each customer. Now that's worth money to the customer!

If you have many of your clients within the same industry, you will be able to view information on these clients all at the same time. You won't have to spend as much time switching your brain between industries to remember what makes certain KPIs better for one client or another. With niche clients, this makes the setup process much more palatable, as coming up with customized KPIs and reports for one client would then translate easily to other similar clients – again, with probably minor tweaks.

Stand in the customers shoes



Stand in the prospective customer's shoes for a moment and consider her choice when faced with choosing a 'generalist' bookkeeper who offers general bookkeeping services and a bookkeeper who has a profile revealing a specialisation in that industry. Which professional do you think she would choose? And would you imagine \$5 or \$10 an hour premium for specialised services would deter the customer?

Customers will be drawn to professionals who understand their needs. You can't be an expert across the board but you can be a specialist in a specific vertical. 'Finding your niche' is somewhat of a cliché but there are compelling reasons why specialising should be considered:

- There is a perception if not a reality that specialists are experts
- Customers expect to pay higher fees to a specialist
- Being a generalist can be inefficient when you're unfamiliar with the industry
- Generalists will have a mix of low to high quality clients; a specialist tends to have a higher proportion of high-quality clients

Building your fee rate

As a specialist you immediately differentiate yourself apart from the competition. Simply put; there are very few specialists in a niche field and your skillset is valued by prospects in that niche. You're onboarding time is short and trust is built quicker when the customer feels you understand her unique needs.

In all sales processes it is the appointment that is sought. This can be a tele-appointment using Zoom for example. This is where the 'rubber hits the road' where your clients can be effectively marketed to ensuring not only that the basic bookkeeping services are attended to but where more valuable and specialised services can be secured.

You will accentuate your efforts to secure ideal clients by building a deliberate referral system. This can be traditional networks such as accountants where you raise the bar for referrals by marketing yourself as a specialist practitioner (for example being expert in an industry such as hospitality or construction).

By positioning yourself as a specialist in an industry for example, you can approach networks inside the industry for example by contributing to industry association newsletters. There may indeed be an opportunity to budget for some advertising in such periodicals.

Separate the proposal from the letter of engagement

It's key that the proposal and letter of engagement are kept separate. The former is about articulating the value you are going to bring in a very clear and concise way and encouraging them to say yes, while the latter ensures compliance with your institute or association and has all the regulatory elements required. Keep the function of each separate, so that their purposes are clear.

Written documentation should be kept in respect of oral advice provided to clients especially where that advice could result in loss or damage if not followed. File notes (even in the form of subsequent emails to clients confirming the advice you have just provided) are an essential risk management tool that is often overlooked.

A LOT of bookkeepers struggle with...

- How do you clearly and confidently communicate your value?
- How do you charge higher fees without your prospective clients saying no?
- How do you package your bookkeeping services so more people buy at higher prices?

Clients want proactive advice

You will be able to help clients steer their business toward success in real time. It's also important to note that this isn't about delivering doom and gloom news to your clients. If, for example, a client appears to be doing well in certain areas, you can monitor data from your desktop (or device), based on what you see, you can bring it to the attention of your client and a plan or action to stay the course.

If you have set up KPIs (as part of a value-add service) for a client and there are problem points highlighted, you can help pinpoint what's wrong and come up with a plan to correct course before it's too late. There are automated alerts based on customized thresholds available for most cloud accounting software platforms.

A future-proof firm is all about helping clients beyond core accounting. More importantly, it's about forming 'customers for life' throughout the entire year, not just around quarterly reporting or end-of-year time.

Most practices realise the practitioner of tomorrow will need to be more of a business advisor—something clients are increasingly demanding. However, one of the main reasons SMEs switch practices is because they don't receive any proactive advice, just reactive service. Believing they know what their client's situation is, many practices simply don't ask their clients about their business. But the reality is that businesses are changing all the time and practices often make assumptions about a client's situation that are mistaken.

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