



Implementing the Next Level An Important Task for Accountants!

Whilst there is some debate as to the degree that individual accountancy businesses will be affected by changes in the marketplace relating to taxation returns, financial advice and superannuation fund audits, you would be a very brave accountancy business if you elected to reject these changes out of hand!

At the very least why not have an each way bet!

There are numerous examples all around us about changes that are occurring in the business community – think about:

- video stores
- travel agents
- retailers

now competing with businesses such as Amazon and other internet selling organisations.

As a "numbers orientated person" my suggestion is that in the first instance you identify what the "Potential Fee Slippage" might be for your accountancy business.

I believe this is fairly easy to calculate because the group of clients that will be most vulnerable to "fee slippage" are those that currently pay you less than \$3,000 per annum. These clients probably do not receive any additional services other than the preparation of income tax returns.

The Benchmarking.com.au analysis of accountancy businesses in Australia – 2016 identified that in the "average firm" ("all firms' average") 77.1% of that average firm's clients paid less than \$3,000 per annum with the average fee being \$1,246.

The "average firm" had a total income of around \$2.1 million, with a contribution from the under \$3,000 billing segment of \$579,263. This is the group of clients from which you are most vulnerable to incurring fee slippage!

Why not utilise the "Potential Fee Slippage and New Opportunities Calculator" to determine what your potential "Fee Slippage" could be?

A Fee Slippage of 20% of these fees would be a significant loss of revenue for your firm wouldn't it?

You could then use the "New Opportunities" segment of the calculator to analyse how many clients you have in the \$3,000-\$10,000 category.

I suggest that you then prepare a list of the services that you are currently providing to clients in the fee category up to \$10,000 that is not related to taxation return preparation, annual accounts, business activity statement preparation or periodic financial accounts.

Benchmarking.com.au “all firm average” indicated that the average fee being paid in the \$3,000-\$10,000 category of clients was \$6,637 from 101 clients. I doubt whether there were any additional non-taxation services performed for these clients.

You now need to identify how many of these \$3,000 to \$10,000 category clients you believe you will be able to market additional services to.

How many of these clients have asked you to perform additional services over the last few years that, for various reasons, you have not been able to undertake?

How many of these clients are always keen to try something new?

Based on this review I believe that you will identify 20% to 30% at least of your clients, in the \$3,000 to \$10,000 category bracket, who are worth talking to about the introduction of a new range of services to assist them in their day-to-day business operations and to add value to their businesses.

You will then be in a position to calculate what the new revenue could be to your firm.

A few years ago Deloitte produced a report “Digital Disruption - Short Fuse Big Bang” and recommended that businesses that believe that they would be confronted by “digital disruption” should develop strategies to create “new revenue streams”. This is what this exercise is about – identifying where you can create “new revenue streams” for your accountancy business basically from your own clients.

You will need to ensure that your team has undertaken some training and your accountancy business has appointed “product champions” and “industry champions” and you have identified products/services that your clients will be interested in you supplying to them.

These products/services could include:

- Debtors Management Review
- SME Debtors Systems' Manual
- Virtual Chief financial Officer Service
- Business Plans
- Budgets and Cashflow Forecasts
- Succession Planning

You might find it beneficial to ensure that your accounting team has undertaken some familiarisation on the concepts of marketing and professional selling. It's a good idea to undertake this type of career development with a number of your clients.

There are quite a number of accounting firms around Australia that are working with a reputable Master Sales Coach to develop professional marketing and selling skills for accountants at the same time as identifying improvements that SME clients could make in their business operations. If you would like an introduction to the Master Sales Coach please contact us.

I know that at the end of this exercise you will have identified a group of clients that you are potentially liable to “fee slippage” and this exercise might assist you to reach out to those clients in an attempt to minimise the “fee slippage”.

By utilising the “Potential Fee Slippage and New Opportunities Calculator” you will also be able to identify those clients that, if you took the time to talk to them about the additional services that they might like to receive from you, they would be prepared to commission you to undertake those services and pay you for them.

This is “implementing the next level” within your accountancy business.

Nothing remains constant for very long in this world. By undertaking the calculation to identify “potential fee slippage” and then identifying the “potential opportunities” that are within your current client base you will have clearly identified the clients to whom you should be talking to now about offering new services to.

We are attaching a complimentary copy of the ESS BIZTOOLS/ESS BASIP “Potential Fee Slippage and New Opportunities Calculator” which I invite you to start using to identify the “potential fee slippage” and the “opportunities” that we believe are available within your accountancy business.

To assist you in this process we are presenting a special **free** webinar “Understanding Potential Fee Slippage and Identifying New Opportunities for Your Accountancy Business” on Thursday, 16th March 2017 11am AEST 12-noon AEDT. Please ([click here](#)) to register to participate in this webinar.

If you have any questions you would like discussed during the webinar or any other questions in relation to our products, please telephone 1800 232 088 or send us an email on peter@essbiztools.com.au.

Good luck with implementing the next level within your accountancy business.

For further information on our products please visit:

www.essbiztools.com.au

www.essbasip.com.au

www.essbizgrants.com.au

Have a wonderful day.

Peter Towers

MANAGING DIRECTOR – ESS BIZTOOLS PTY LTD

+61 7 4724 1118 | 1800 232 088

peter@essbiztools.com.au

www.essbiztools.com.au | www.essbasip.com.au | www.essbizgrants.com.au |

www.esssmallbusiness.com.au