



Stuck in a Time Warp?

Wake Up Call For Accountants

Can you believe we are approaching the 12th anniversary of the introduction of GST in this country? In that period of time a lot of things have changed in the accounting profession with most firms moving towards a paper less office and dual screens on every desk. We have also seen the arrival of cloud computing and outsourcing plus the explosion of social media.

Despite all the technological change in that period, many firms remain in a time warp and are sinking in the compliance quicksand. These firms are busier than ever trying to meet compliance deadlines but unfortunately, busy doesn't necessarily mean billable. They are still fixing their client's 'computerised shoebox' records and hallucinating that they can charge premium accounting rates for what is basically bookkeeping work. In case you don't already know, compliance work is now a commodity. An outsourcing group based in Vietnam claim to be working with more than 300 accounting firms in Australia and they are renovating their offices to accommodate 50 new staff because of the growing demand. This group are just one of many outsourcing options available to Australian accounting firms and despite no one confessing to shipping the work overseas, this strategy is a big part of the landscape in 2012 and beyond.

Over the years, accountants have sought several solutions to the compliance trap including MYOB, QuickBooks, Cashflow Manager, BankLink and other software programs. Xero and outsourcing are now touted as the latest panacea but history suggests 'one size does not fit all'. You need to assess the needs of the business (bookkeeping, invoicing, payroll, inventory, full blown general ledger etc.) and match those needs with the accounting skills of the business owner. It's 'horses for courses' and if your reflex is to push one of the double entry accounting programs at your business start up clients then you deserve the computerised shoeboxes, write offs and headaches. It's time to stop blaming the clients for their poor record keeping and start matching their business needs with their accounting skills so you get better quality records.

It's no surprise to find 'growth' is the number one concern for partners and principals in this country given GST turned the vast majority of the 9,000 Australian accounting firms into compliance sweatshops. Three years ago finding quality Gen X & Y staff was the big issue but what do you expect to attract when you don't have a website and simply run a compliance sweatshop? Outsourcing the compliance work may have pushed the staffing issue down the list of priorities but how on earth can you expect to attract new clients and recruit quality staff when all you do is deliver basic compliance work? Suburban firms have become a sea of sameness offering a commodity known as compliance. They compete on price for low end bookkeeping work and under cutting is a flawed strategy and a recipe for write offs. When a potential new client contacts your office what do you describe as your point of difference? Please don't tell me personal service because everyone says that which means it can't be a point of difference! GST somewhat disguised the need for marketing but it needs to be back on your agenda, NOW!

The GST compliance burden also led to an explosion of bookkeepers but their results have generally been poor because they're just not accountants. Having said that, why do these firms throw double entry accounting programs at clients and expect perfect records? Go figure. As the Victorian distributor of Cashflow Manager I can be accused of being biased here but the majority of small business owners need a simple single entry bookkeeping program like Cashflow Manager. They don't need and certainly can't drive sophisticated double entry accounting programs to simply record their receipts and payments and prepare invoices. Imagine if 95% of your clients gave you a reconciled cash book and left you to complete the finishing touches like journal entries for debtors, creditors, stock and depreciation. It's no coincidence that the firms who are big users of Cashflow Manager are generally in a much better position today than their counterparts who made MYOB or QuickBooks

their software of choice 12 years ago. It's also no surprise to find Cashflow Manager has won the PC User Magazine's Best Buy award 2 years in a row and has just received their product of the year award for best cashbook program.

The profession is now littered with 'compliance sweatshops' characterised by an ageing client base, no website (or just an electronic billboard) and fees that are either flat lining or in decline. They lack a rainmaker and some believe the solution is to buy fees. However, what some of these buyers fail to realise is that compliance limits your growth. It soaks up your capacity and ability to offer the services that clients really want - strategies and advice to help them grow their revenue, profit, business and wealth. In the noughties this lack of capacity created a perfect opportunity for a predator to attack the accounting profession. The 'business coach' was born and they offer high impact advice at premium rates while accountants fight over the low level compliance work. They have no interest in offering compliance services, probably bought a franchise, got some marketing training and are charging and recovering at premium hourly rates. They didn't steal this type of work from accountants, we gifted it to them on a platter.

The cynics will question if there is a real demand for business coaching services. Well, according to the US Department of Labour, Employment and Training, business coaching and associated services are expected to be the fastest growing industry in that country over the next 7 years. Forecast growth of 83% will even outstrip the demand for health care for the ageing baby boomer population. It will grow four times faster than the demand for accounting and tax preparation services (21%) in the same period. Australia will mirror this trend but the introduction of standard tax deductions for certain individuals will probably mean negative growth in the tax return preparation sector over the next few years.

It's fair to say that accountants have been asleep at the compliance wheel and while the business coaches outsmarted us, it's our fault for becoming complacent. Doesn't it make sense to be in a growth industry? Your clients need to see you as their business coach, not just their compliance accountant. You need to offer more than just compliance to improve your job satisfaction and reduce the pressure that comes with low level work and rolling deadlines. I'm not suggesting you throw away all your accounting and tax training but you need to elevate yourself above the rest of the pack by offering your clients what they really want. It will lift your profitability but more importantly, it will attract more referrals and go a long way to solving the growth issue. When was the last time you talked to your clients about growing their business, their branding, marketing, website and how to harness the power of social media to win more business?

If you're one of the firms bogged in compliance you probably don't have much time to devote to consulting. That's fine, until your clients find out what other people are offering. When you qualified all those years ago there was probably no such thing as a 'business coach', only people with MBA's working with large companies. They weren't a threat to your practice but now there are business coaches thick on the ground and they are providing consulting services to small business owners, some of which are probably your clients.



Pat Camm is the principal of P J Camm & Associates (www.pjcamm.com.au), a firm of practice management and marketing consultants to the profession.