

Marketing Case Study

Based on the Accounting Firm...



**LINDA
McGOWAN** Pty Ltd
Strategies & Solutions for Business

P.J. CAMM
& ASSOCIATES
Helping Accountants Succeed



Prepared By:

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Background

Accounting Firm

Business Name - Linda McGowan Pty Ltd
Business Type - Accountants who specialise in SME's
Location - Brunswick - Victoria
Website - www.lindamcgowan.com.au
Year - 2010/2011



Background

Linda McGowan Pty Ltd is an accounting firm situated in the inner northern suburbs of Melbourne. The firm was founded by the principal (Linda McGowan) in 1995. As a sole practitioner, Linda is also responsible for the firm's marketing strategies and courtesy of ongoing client referrals the firm has experienced single digit growth for the past 3 years.

Linda's major concerns and the reasons we were engaged on a consultancy basis include:

- i) The ageing client base, particularly with her larger client groups
- ii) The focus on compliance rather than consulting
- iii) The impact of the introduction of standard deductions for basic I returns (10% of fees are from I returns)
- iv) The demographics of the profession and her own succession plan to ensure her practice appeals to the next generation of buyers

By her own admission, Linda had taken her foot off the marketing accelerator in the past few years and the firm needed an injection of some fresh 'blood', particularly Gen X and Y business owners.

The Objective

Like most sole practitioners, Linda and the team have been on the compliance treadmill since the introduction of GST but she recognised the need to provide more value added consultancy services to her clients. The focus must be small to medium sized businesses over the next 3 years to produce a sustained period of fee growth and a significant improvement in her profitability and business value.

Our brief included developing a marketing plan and blueprint for the future. The process was to review her branding and positioning in the market then identify niche markets and harness the power of the internet to win more of her 'ideal' type of client. In the process, we introduced a marketing system and a range of tools that the team all now use. It's fair to say that we have unlocked the referral floodgates in the practice.

The results to date have been outstanding with the firm relocating to larger offices in May 2011. The team has grown and are thriving on the shift in focus from compliance to consulting. The growth has been significant, the type of client they are attracting is more in tune with the ideal profile they wanted and the impact on profitability has been substantial.



Clearly not every accounting firm can move beyond tax returns and financial statements and offer insight and financial counsel to their clients. Successfully formalising the process can make a huge difference to your level of job satisfaction and the speed at which you grow the practice. It continues to be a pleasure working with Linda and her team and I thank her for letting me compile this abbreviated report and share it in the public domain.

Pat Camm

Strategic Objectives

- In the crowded accounting services market, the objective is to build a real point of difference and position the firm as business 'experts'
- Change the internal focus from compliance to consultancy to attract more small to medium sized business clients who are looking for business development and marketing consultancy type work
- Communicate to clients and prospects the full range of services on offer and the fact that that the firm is 'so much more than just tax'
- Grow the practice exponentially over the next 3 years then target a growth rate of around 20% per annum for the following 5 years
- Rejuvenate the ageing client base with Gen X and Y business owners
- Involve all the team in building a marketing system and make sure they use the tools to automate the process and deliver consistent, quality outcomes
- Reduce the focus on the Principal so she creates a business that works without her
- Improve the firm's top line gross fees and bottom line profitability
- Maintain the growth over a sustained period to maximise the value of the business and attract buyers on sale of the practice



Why Use P.J. Camm & Associates?

According to the Principal Linda McGowan, "We really wanted to grow the practice and attract a better type of business client who also wants to grow their business. Ideally, we were looking to attract clients who wanted business development and marketing services from us in addition to the traditional accounting and tax compliance services.

While word of mouth referrals remain important, we needed an injection of new, younger clients plus a quality on-line presence to appeal to the Gen X and Y demographic. We had dealt with Pat and his team for several years through his involvement with Cashflow Manager but it was his marketing presentation at an accountant's conference in Bendigo in February 2010 that triggered me to engage his marketing consultancy services.



It has been an amazing journey to date and I sense we have only just started. The changes have re-ignited my passion for my business and we now have a clear direction. Winning new business clients every week is exciting and the team love all the tools. Engaging Pat has been the most important and profitable business decision I have made in the last decade."

Linda McGowan CPA

Advice & Strategy

Marketing is a process that should be planned, logical and ongoing. The starting point in the process was to meet with Linda McGowan and complete a 'fact find' exercise and complete an audit of the firm's current marketing activities. In this meeting P.J. Camm & Associates identified the principal's marketing objectives (outlined on page 2) and completed a SWOT analysis. A number of other key issues surfaced during this meeting including the firm's compliance focus and the fact that clients didn't really know about their full range of service offerings.

At this point in time the firm had no real focus or long term marketing strategy other than hope satisfied clients would refer their friends and business colleagues. Clients perceived the firm as a general tax practice with no specialist services or niche markets. Their website was a billboard, their branding was tired and there was no appeal to the younger target market.

Next we conducted a marketing strategy session to identify potential niche markets and describe their ideal type of client. This involved building a profile including their age, their industries and also identifying the types of services they might want from their accountant.

From these two meetings we then had enough information to prepare a 23 page 'Marketing & Growth Action Plan' that made recommendations regarding:

- **Branding** – development of a new slogan and logo plus a makeover of the reception area and meeting rooms
- **Website** - content is king, search engine optimisation and building inbound links to lift the search engine rankings
- **Niche Markets** – identify and target five areas
- **Referrals** – how to win more client referrals
- **Marketing Essentials** – corporate brochure, e-Brochures, e-booklets and a range of tools including a quarterly client newsletter



Execution & Implementation

We identified the firm needed a **branding** 'makeover'. Given the history and goodwill attached to Linda's business name we decided not to change her trading name but we needed to create a positioning statement (or slogan) that resonated with her target market. Our re-branding recommendation included a new logo and slogan to modernize the look of the practice and make a statement about the type of firm and the services on offer.



The centre piece of the old brand (on the left) contained a poor quality logo and the vanilla colour scheme would not stand out in the crowd. The slogan didn't communicate with the target market or spell out the firm's real point of difference. The brand had aged so the new branding was designed to reflect a firm that is solid, professional and modern.

The slogan addresses the target market (businesses of all sizes) and reinforces the fact that they do 'so much more than tax' by offering strategies and solutions. The queen chess piece symbolizes strategy and leadership. If you know Linda McGowan, this fits like a glove.

Having identified the target market as young business owners aged between 20 and 45, a quality **website** full of rich content was central to the marketing plan. At this point in time it was also important to identify the niche markets and build some remarkable content for these areas:

- **Business Start Ups**
- **Clients Buying Negatively Geared Properties**
- **Self Managed Superannuation Funds (SMSF)**
- **Trades People**
- **Musicians and Artists**



Having a great website is one thing but you need to attract the right type of visitors to your website.

Your content needs to incorporate key words and phrases and be recognised by the various search engines like Google and Yahoo. Search engine optimization (SEO) also involves a number of other things including building inbound links to your website and we did this as part of the process. As you will see, www.lindamcgowan.com.au is the firm's marketing hub and has produced outstanding results for the firm.

Execution & Implementation

The functionality of the website was also very important.

We needed to decide what features to include in the website like a secure client log in area, a shopping cart to sell software and business booklets and a CRM system to send out client emails. The firm also wanted to capture website visitors and let them subscribe to their client newsletter (that we produce for accountants titled 'On the Money'), build a marketing database of prospects and run a blog. The integration of social media including Facebook and twitter into the website was also absolutely crucial given the renewed focus on Gen X and Y business owners.

To reinforce the firm's expertise in their niche areas we also built a number of e-brochures designed to hang off the website for clients and prospects to download. We also introduced the team to a number of practical tools, templates, checklists and software programs designed to 'wow' clients in these areas.

For example, the 'Business Start Up Manager' software and the associated booklets (with their logo on the front cover) have been instrumental in positioning the firm as a leading authority for people starting a business in Australia.

The marketing success the firm has enjoyed is due to a combination of factors. You need to equip pro-active people with the right strategies, technology and tools to get great results.

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Strategies & Solutions for Business

Accounting For Tradespeople

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Negative Gearing & Property

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Thinking of Starting or Buying a Small Business?

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On The Money

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Start Your Business Engines

A recent report from the ABS titled, 'Australian Business Entries and Exits' has just buried the myth that four out of five businesses fail in the first year of operation.

The report suggests that of the 2.07 million businesses operating in June 2007, 85% were still there a year later and 74% two years on. Of the 316,867 new business entries in 2007-08, 71% were still there a year later and there is no explanation as to why 29% ceased. No doubt some were sold and others may have merged.

Of course, some businesses fail but what does failure really mean? If you start a business and realise six months later that you need to change direction and close that business down to start another venture, is that failure? The important point is, most people in business succeed. Surprisingly, the GFC didn't have a big impact on business failures in Australia. The entry rate for new businesses during '2008-09' was down slightly, from 15.3% to 14.4%, presumably because the GFC deterred people from starting their own business. However, exit rates remained steady at 15.4% for 2007-08 and 2008-09.

As you would expect, the survival rate for start-ups was highest for those businesses with annual turnover of \$2 million or more (85.6%) and lowest for those businesses with less than \$50,000 (65.0%). The survival rate for start-up businesses that employ staff (82%) is much higher than those that don't employ staff (67%) which may seem odd given many start-up business owners are advised to start small, keep costs down and defer the decision to employ staff. The moral of the story is if you have the knowledge and experience in your industry, network, contacts, financial backing and quality staff in the sales and operations area you have a very good chance of success. In fact, in some cases it will fail track your business success.

The study also profiled businesses in Australia. In June 2009, Australia had more than 2 million businesses. A large percentage of Australian businesses were in the construction industry (17%), followed by professional, scientific and technical services (11%). Rental, hiring and real estate services accounted for 10% of all Australian businesses. There are 1.2 million businesses who are literally sole traders with no staff and there are only 6,349 businesses in Australia with more than 200 employees. This is less than 1% of all Australian businesses that employ staff and the micro sector (with 1-4 employees) makes up 68% (487,096) of businesses who employ staff in Australia. The next rung up is businesses that have 5-19 employees 233,957 (12%).

Despite all the negative press and lack of finance available, the GFC hasn't destroyed the start-up sector in Australia. Indeed, there are plenty of opportunities for smart start-ups to grow and prosper. Starting a business is a bit like a game of chess that requires the right opening moves. If you're thinking about starting a business come and talk to us today because we are passionate about small business and the success of our clients.

Tax Office Data Matching Activities

The Tax Office (ATO) has detailed their data matching programs relating to motor vehicle purchases and real property transfers. For example, the ATD will request and collect details of up to 2.5 million Australians who have purchased or acquired a motor vehicle costing \$10,000 or more during the 2010 financial year. This will be gathered from State road authorities and other Government Sources. With respect to real property transfers, they will collect identity and transaction details from state revenue authorities for property title transfers between July 1, 1999 and June 30, 2010. This information will be used to identify non-compliance with Capital Gain Tax and GST obligations.

The greatest compliment we receive from our clients is the referral of their friends, family and small business colleagues. Thank you for your support and trust.

Results

As a result of the strategy session and written marketing action plan, we have created a blueprint for the firm to follow. The brand has been updated and the firm is now focused on some marketing objectives. All of the firm's marketing collateral and tools, including their website, have been re-worked with a focus on their target market and niche areas.

The impact of the changes have been significant in terms of website traffic, the number of leads, the number of enquiries from prospects in the target market and actual client conversions.

Statistical Results

Attached is a graphical representation of the monthly fee increases (compared to same month in the previous financial year). You'll see that every month shows an increase from the prior year and the trend is continuing into the new financial year.

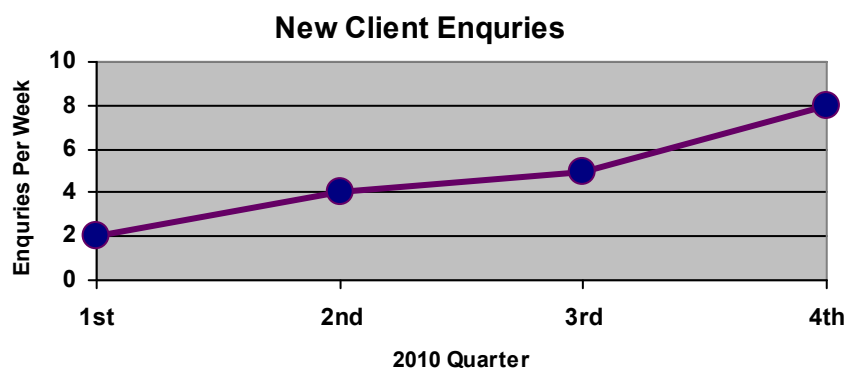
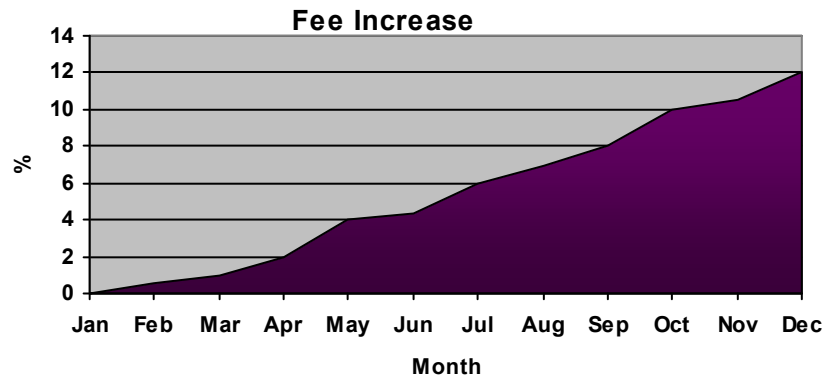
The figures, charts and graphs all support the improvement in monthly billings, website leads, new clients and traction with the niche markets. While the practice achieved only single digit fee growth in the past 3 years, 2010/11 proved a breakout year with growth of 41% and the July and August figures already show significant increases on last year's numbers.

Each month the website progressively created more leads (with the exception of the Christmas holiday period) and the level of client referrals also increased on the back of the strategies and supporting tools.

Most importantly, the type of client fitted the target market and we watched the leads grow from 10 a month to 8 a week (and increasing).

Another key metric is the percentage of leads that the staff convert into profitable clients. Prior to our involvement the estimated conversion rate was around 50% but this figure is now more than 90%. The firm has even turned away some prospects who don't fit their criteria.

Attracting more 'ideal' type clients and improving the conversion rate has translated into a significant improvement in profits and business value.



Conclusion

It is important to understand that there is no marketing silver bullet for accountants.

This case study serves as a useful guide but it is really just the tip of the marketing iceberg. To be successful, you need to combine the strategies and the tools with people who are committed to implementation. Helping Linda McGowan Pty Ltd produce a written marketing plan complete with a list of priorities has given them a blueprint and logical sequence to follow. Because the plan includes allocating responsibility for tasks to each team member they have all 'bought in' and they understand their role and the scheduled timelines.

Each person is therefore accountable and they can monitor their progress and success along the way. Remember, if you keep doing things the same way you'll continue to get the same results. It's no coincidence that Linda McGowan Pty Ltd have a quality website, use the latest technology and tools, focus on niche markets and set realistic targets that they measure and monitor.

If you've been asleep at the marketing wheel then here's your wake up call. Make sure you read the e-booklet on our website, *The Marketing Essentials for Accountants* because it tells you why you need to be marketing NOW.

Here at P.J. Camm & Associates Pty Ltd we are dedicated to helping accountants like Linda McGowan grow and succeed. Call us today and take the first step towards a more profitable, valuable and efficient practice.



How We Help Accountants

As Michael Gerber points out in his book, *The E Myth – Why Most Businesses Don't Work and What To Do About It*, "Most people work IN their business. The secret is NOT to work IN it, it's to work ON it so that you don't have to work IN it." Sure, you've heard it all before but the fact is, most principals and partners in accounting firms struggle to find time to work on their business.

We service a large and expanding network of accounting firms across Australia on the back of our annual national road show of seminars. Our services to the profession are both broad and deep and include general consultancy, marketing consultancy, profitability diagnostics and benchmarking. While our consulting services provide you with the 'why and what to do', our software and range of purpose built tools are designed to give you the practical 'how to do'. You can read more about these tools in the 'Products' section of our website or you can download 'The Essential Product Catalogue for Tax and Accounting Professionals' from www.pjcamm.com.au

We help firms develop their marketing plan and build content rich websites to attract more of their ideal and targeted clients. If you are looking to buy or sell a practice, a parcel of fees, merge or want to investigate partnership opportunities, we can also assist you. In addition, our vehicle and equipment finance service offers your small business clients excellent rates of finance and access to fleet discounts plus we offer you referral fees.

Contact us today if you're:

- Looking to grow your accounting practice but are struggling to win new clients
- Thinking of starting your own practice and need a marketing or business plan
- Contemplating buying or selling an accounting practice or a parcel of fees
- An established firm with an ageing client base who are flat lining or in decline
- Lacking strategy or need a marketing action plan to grow your firm
- Poised for growth but need some assistance to take the next step
- Confused about your marketing options and where to start
- Looking to systemise the processes around the niche markets in your practice
- Wanting to transition the practice from a compliance base to a consulting practice
- Looking to grow your revenue and profits by adding additional client services



We primarily work with smaller accounting firms with one to three partners and up to 25 staff. They are generally ambitious accountants who want to grow their firm and maximise their profitability and practice value. They recognise the importance of marketing and are willing to put some resources, time and tools behind the strategies so they deliver consistent and quality advice to their clients. They invest in their practice and are prepared to work hard but they also want to work smarter.

We believe our offering is unique and our pro-active team is incredibly passionate about *Helping Accountants Succeed*. Speak to us today and let's get to work ON your business so it is more profitable, valuable and saleable.

Pat Camm

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