

# the General JOURNAL

## Editorial **April 2020**

The COVID-19 pandemic has forced accountants to change their modus operandi. Social distancing mandates and self-isolation rules have taken face-to-face client meetings off the agenda at a time when clients desperately need your help. Most firms have their staff working remotely from home and meetings are being conducted via Skype or Zoom.

Clients are anxious and uncertain given this pandemic arrived with little or no warning. Many have been forced to close their doors and go into hibernation. It's a whole new world and they are turning to their accountants for help and guidance regarding their eligibility for a raft of Government incentives.

As the shock starts to wear off, one thing is obvious – this is a massive opportunity for accountants. In this newsletter we explore the opportunities and examine what you need to be doing right now to help your clients get to the 'other side' of this crisis. Your clients are crying out for strong leadership and you need to give them a step by step 'game plan'. It's time to get on the front foot and communicate with your clients via phone, email, Skype or Zoom. Offer crisis coaching sessions and run through the game plan with every business client. A newsletter is an absolute must.

Historically, the accounting profession has been recession proof, however, this situation is different. Some industries will win but plenty will lose and hundreds of thousands of businesses have gone into hibernation. Sadly, plenty won't come out the other side. Some of them will be your clients so you can expect fees to drop but you won't be Robinson Crusoe, ninety percent of businesses will see a significant drop in revenues. Cash flow will be a major issue and your debtors could blow out. If your future maintainable fees drop, so will the value of your practice.

The share market is in turmoil and the superannuation balances of some baby boomer practitioners may have taken a hit. As a result, they might defer the sale of their fees. On the flip side, the pressure from clients and associated burnout from dealing with COVID-19 might

bring forward some exit plans. Only time will tell but if you're looking to buy, sell or merge we invite you [contact us](#) today.



A lot of firms describe themselves as pro-active on their website but the next few months will really sort the reactive from the proactive. This is a huge opportunity to shift your focus from compliance to consulting because COVID-19 has forced accountants to take on a consulting role. When the dust settles, some firms will dive deeper into business advisory work while others will slip back into their old compliance ways. As you'll read in this newsletter, 2020/21 will be a defining year for accounting firms.

Of course, accountants also need help to navigate their way through this extraordinary situation. There's no handbook on how to help clients deal with a pandemic and as you'll read in this newsletter, this is a once in a decade marketing opportunity. If you need a strategy session to develop your own game plan we are here to help. If you're looking to grow your firm and need a newsletter, video or webinar, [contact us](#) today.



Enjoy the read and take care.

*Pat Camm*



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# What's Your Client COVID-19 GAME PLAN?



The COVID-19 pandemic has forced accountants to change their modus operandi. Social distancing mandates and self-isolation rules have taken face-to-face client meetings off the agenda at a time when clients are in desperate need of help. Not only that, the majority of staff in the profession are now working remotely as Federal and State Governments release stimulus packages, grants and subsidies to rescue businesses.

It's a whole new world and accountants have had to quickly adapt to this evolving crisis and find new ways to function to help their clients weather the storm. For the past few years we have had a generation of young accountants wanting the flexibility of working from a remote location but most smaller firms have been reluctant to make the call. They are concerned about the distractions and productivity and generally view it as a lurk rather than a staff retention strategy. A month ago, even the most progressive firms couldn't imagine all the team working remotely from home for weeks or possibly months on end. At the end of this pandemic it will be mainstream.

COVID 19 struck with little or no warning and the uncertainty has created panic, anxiety and fear.

Entrepreneurs don't like to sit idle but a lot of businesses have been forced into hibernation on the back of government restrictions and instructions.

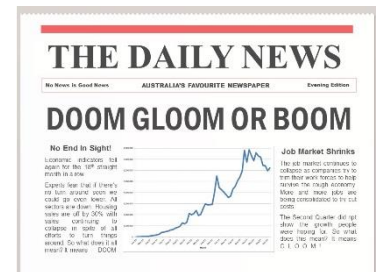


So, what are the risks for your firm?

It's vital that you lead from the front because unfortunately, this crisis could spell doom for some clients. Retailers, restaurants, airlines and tourism, cinemas, entertainment, conference centres and other industries are in pain and will want advice regarding stimulus payments, employee retention, job keeper entitlements and cost cutting. Restructuring advice might also be on the agenda and there could be fee pressure from these struggling clients. Their work might need to take priority in the short term but they could turn into very slow payers.

Of course, it's not all doom and gloom because some industries will boom. If your clients are supermarkets or manufacturers of medical supplies, toilet paper or cleaning

products then they will probably enjoy a massive spike in profits. Other winners include video conferencing, telecommunications, toy suppliers, gym equipment and beauty products. These clients are more likely to need tax planning services and advice around managing their growth.



Retention of your existing clients is the cornerstone of future growth and now is the time to step up as their trusted advisor. Make no mistake, this crisis presents a massive opportunity for smart accounting firms because a lot of firms are yet to communicate with their clients. They are too busy putting out client bushfires and responding to emails and calls. These business owners are getting information about the government packages second hand. Clients of the proactive firms are sharing their information with friends, family and business colleagues and when the crisis ends, I predict we will see mass migration of clients from reactive firms to proactive firms.

For years we have discussed the challenge of accountants shifting their focus from



compliance to consulting work. Well, here's your chance to make the move because it's the perfect time to get on the front foot and start calling your business clients. Below we have put together a checklist of items to discuss with clients on that call and no doubt, these conversations will create extra work opportunities. Most importantly, they will strengthen relationships.

## WHAT'S YOUR PLAN?

# GAME PLAN

These are extraordinary times that require exceptional leadership. No one knows when this crisis will end but your clients will judge you based on how you respond.

It's judgement day because the advice you give clients could be the difference between thrive and survive. There's no instruction manual for accountants and your clients don't expect you to have all the answers, however, they do expect you to provide them with a game plan. They need help to identify and claim every piece of government assistance on offer. Clients with a clear road map to follow remain calm.

For the members of our coaching club, the [Accountants Accelerator Group](#), we have produced a checklist they can roll out with their clients. Member firms are now equipped with a list of strategies to discuss with clients and most importantly, each team member will deliver a consistent message.

The checklist includes strategies around:

- Update Your Financial Records - this provides a true financial picture including figures around wages, cash flow and profitability. These figures are essential to apply for some of the government subsidies that require proof of the decline in revenue as well as qualifying criteria for things like the Job Keeper payments. It also gives you a picture of their tax position which will help you decide if you need to look at deferral of any tax obligations.
- Prepare a Cash Flow Budget - not easy to produce in these uncertain times but it's all about calculating the business' cash position over the next few months. Factor in the entitlement to government grants and Job Keeper payments.

- Apply for Government Stimulus Incentives - Federal Government Cash Boost of between \$20k and \$100k for eligible businesses
- Apply for State Government Subsidies & Grants - state by state it varies but for example, Victoria and NSW are offering \$10k payments for eligible businesses. These figures can be added to the cash flow forecast.
- Job Keeper Entitlements - with updated payroll records you can assess any entitlements and those figures can also filter through to the cash flow forecast.
- Understand the Loan Concessions provided by the banks
- Tax Office Deferral Options
- Marketing Plan – every business needs a new marketing plan!



It's time to communicate so get your team on the phones, email, Skype and Zoom. Offer special crisis coaching sessions during the day, night or weekends. Don't miss this opportunity.

The Accountants Accelerator Group is a marketing program specifically designed for ambitious accountants who want to spend their time HELPING clients, not FINDING clients. The programme has a proven track record of delivering long term compound growth for firms of all sizes, from sole practitioners to 4 partner firms. Members are getting a constant flow of enquiries, leads and new clients. Most importantly, these aren't just any type of client, they are their ideal type of client who want value added services and are prepared to pay the right fees.

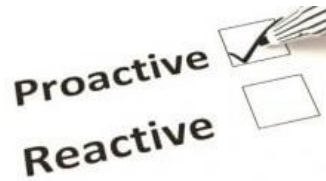


# COVID-19 PROACTIVE vs REACTIVE ACCOUNTANTS

It seems as though every decade accountants gets a massive marketing opportunity. They are pivotal moments for the profession and right now this pandemic is one of those moments.

Let me explain ...

Let's turn the clock back to the year 2000 and the introduction of GST into this country. There was a lot of commotion and confusion around the 'new tax system' and accountants emerged as big winners. Most SME's were pushed to computerise their record keeping with the introduction of Business Activity Statements and firms took on the preparation of the BAS's.



The proactive firms ran GST seminars to educate their clients. Some even ran bookkeeping workshops to train clients to use their preferred software program. The outcome was the elimination of shoebox records (but not computerised shoeboxes!) and a reduction of write offs. The reactive firms just battled their way through and carried their clients through the transition to the GST system. Almost overnight, fees spiked by thirty percent as did their profits and the value of their practice.

By 2010 the GST effect had worn off and the fees from a lot of firms had started to flatline. The truth is, accountants didn't really believe in marketing and just assumed their clients would continue to refer new business. However, around 2010 there was a big change - the internet had taken hold of our lives. Most accounting firms in 2010 who had a website simply had an electronic brochure that just listed the who, what and where of the firm.



They were so busy with compliance work they didn't notice their ageing client base. Their referrals started to dry up because their older clients aren't as socially connected as the millennial generation. Social media was growing in popularity and the next generation of clients in their 20's and 30's sought advice from Google and reviews not their parents and peers. Plenty of firms got complacent and failed to adapt to the digital and social age.

The smart firms tapped into the change in consumer behaviour and built lead generation websites. They gave away free information and resources in exchange for a prospect's email address which built a pipeline of prospects. They then nurtured them with educational newsletters, videos and e-books. The pro-active firms who invested online and embraced social media started to attract their ideal type of client.



That brings us to 2020 and the COVID-19 pandemic. This is tracking to be the biggest social upheaval the world has seen since World War II. The updates and announcements are coming at a breakneck speed and we have a health crisis that is triggering a massive financial crisis. Clients are distressed and the threat of losing their business, their job and their house is real. Others are concerned about their superannuation balance heading south. They all need help.



This presents you with a massive marketing opportunity. Now, the term 'proactive' is one of the most mis-used words in the accounting profession. Just about every firm describes themselves as proactive on their website but let's look at what the real proactive firms are doing to help their clients through this crisis.

Firstly, clients want strong leadership and as their accountant and trusted advisor they need you to communicate with them. No doubt you've been busy on the phone and email dealing with nervous clients. Some

firms have sent out off the shelf newsletters produced by various bodies regarding the Government Stimulus packages. Some are too busy putting out client ‘bushfires’ to send anything while the real proactive firms like members of the [Accountants Accelerator Group](#) have contacted their clients 5 times in the last 14 days. Their communication pieces have covered:

Accounting Firm Policy Statement	How the firm is geared to handle the situation - restricted face to face office visits and staff working remotely. Phone and email is business as usual.
First Government Stimulus Package Summary	Details of the cash bonus for employers, increase in the instant asset write off etc.
 <p>FURTHER ECONOMIC STIMULUS PACKAGE MEASURES</p>	Updated details of the cash bonus for employers and how the system will work via Business Activity Statements. Job Keeper details and state government assistance packages.
<p>16 Page E-Book</p>  <p>RECESSION RESCUE</p> <p>HOW TO RECESSION PROOF YOUR BUSINESS</p>	Practical strategies to help every business deal with an economic downturn with lessons we learnt from the GFC in 2008. It covers key issues including the importance of a cash flow budget and updated financial records. It examines how to unlock hidden cash in the business, debt reduction strategies, the Pareto Principle, marketing in a downturn, the use of technology and retaining key staff.
Action Checklist for Businesses	This provided clients with a practical checklist of steps to follow so they have a sense of direction. They feel like they have a game plan that has a settling or calming effect. It also means every staff member is delivering a consistent message.

By sending the right messages they are displaying leadership, building trust and providing practical advice. To retain your existing clients you need to be on the front foot. Clients need to maximise their cash boost entitlement and plan for the storm ahead. Simply reacting to client calls and emails is not enough as the proactive firms are already in top gear.

Some firms are running webinars and others have developed various crisis management support packages using a medical triage analogy. Some (if not most) businesses are currently in the intensive care phase and will hopefully move to the recovery phase then into rehab phase and eventually recovery. Different services are offered at each phase. Some firms are working on upgrading their website and posting blogs to help their niche industries with strategies on how to adapt their business model (e.g. restaurants producing 14 day isolation food packs, florists and other retailers creating dive thru options and gyms hiring out their equipment.) Necessity is the mother of invention.

Business owners are comparing notes. Proactive firms are already getting referrals because their calm clients are sharing their experience with their accountant. They have been given a clear plan while the clients of reactive firms are rudderless as they sail into uncharted waters and possibly a perfect storm. We’ve already seen panic buying and don’t think accountants are immune from this downturn. The recessionary warning bells are ringing loud and clients will jump ship if they can get help to salvage their business. No doubt, some clients will fall over and your fees will take a hit plus your debtors will blow out. You might also lose key staff.



If you want to discuss what the high-performing, proactive, firms are doing differently in this environment, we invite you to talk to us today.

**HELPING ACCOUNTANTS GROW** 

# CAN A WEBSITE IMPACT ON YOUR FIRM'S VALUE?

I recently published an article on the factors that impact the [value of an accounting firm](#). They included key issues like profitability, location, the age of your client base and mix of clients between individuals, businesses and SMSF's. Other valuation variables include your staff and use of technology. However, I missed an important valuation tool ... your website.

So, does your website impact on the valuation of your firm?

***Check Your Website's Value Now \$\$***



Increasingly, websites are being seen as digital assets that can lift the value of an accounting practice. If your firm's website is simply an electronic brochure that lists the who, what and where of the firm then it's of no real value. These websites are just billboards in the desert and they don't attract new clients. On the other hand, websites that consistently generate leads and new business on auto-pilot are extremely valuable. Would you pay more for a firm who has a website that has generated in excess of \$100k of new business year on year for the past 3 years? I certainly would.

All the recent research and studies suggest 'growth' is the number one issue in the accounting profession. Outsourcing seems to have partially solved the staffing issue while technology remains a major challenge for firms. If you need proof that growth is a major issue, in Victoria we have several hundred registered buyers looking to acquire fees of between \$150k and \$3M. The majority of these firms have an ageing client base and are flat lining or in decline. They are just hoping their existing clients will refer new business but hope isn't a proven marketing strategy. Referrals have moved online and 5 star Google Reviews are important social proof.

If you look at the websites of the buyers (if they have one) most of them are electronic brochures. Clearly, a lot of sole practitioners and partners treat their website as a

cost rather than an investment. As you know, if you view your website as an expense then it's not going to appear in your balance sheet as an asset.



Some of these accounting firms spent thousands of dollars years ago creating a sophisticated website that has delivered zilch. Since then, the technology and website platforms have changed but when an accountant gets a zero return on their investment they understandably abandon ship. Your website should be considered a permanent work in progress and it's never 'finished'. I've even seen firms try and resuscitate their pretty website because they spent a small fortune to build it. Here's an important lesson, you can't polish a moccasin. The rate of change is accelerating in the website space with advanced web technology and digital marketing tools. What used to cost \$20,000 might now cost only \$1,000. Beautiful website skins that firms paid \$10,000 for in 2015 can now be purchased for \$72 from sites like [www.templatemonster.com](http://www.templatemonster.com)

To illustrate the real value of a website for an accounting firm let's look at a member of the Accountants Accelerator Group who has generated a 6 figure return from his website for the past 3 years. Paul Dobson is the Principal of a Melbourne CBD based firm and says, "It's been incredible. The website is our silent salesman that targets our ideal type of client across several niche industries and it's highly valuable. It brings in new business clients every week. It's been like a snowball effect growing year on year".

But what is the value of the website?

According to Paul, "It's an interesting question but based on the results from the last few years and the new features being introduced, I would expect the website will continue to deliver even better results going forward. If I was selling the practice tomorrow, I would definitely want a premium price given the growth is almost guaranteed. If I knew that half a million dollars of new business was coming my way over



the next 4 or 5 years thanks to the website I would be prepared to pay a premium.”

Paul made an interesting comment regarding the value of staff, “If you had a staff member who brings in \$100k of new business every year you would do everything to retain and reward their services. Typically, these rainmakers end up leaving the firm, take a parcel of clients with them and set up in competition using all your IP. Our website is effectively a rainmaker that works 24/7 365 days a year and doesn’t take annual leave. The cost is irrelevant as we get a huge return on our investment”.

There are plenty of sceptical accountants who have ‘invested’ in non-performing brochure style websites and it’s no surprise to find they can’t get their head around a high performing site. Linda McGowan is another member of the Accountants Accelerator Group who is generating up to 10 leads a week off her website. Some of the leads are for individual tax returns that aren’t her target market but Linda says, “New clients are the lifeblood of the firm and they energise the work place and the team. We are fortunate because we don’t take on every prospect and refer some of the smaller clients to another member of the group who is at a different stage of their business life cycle.”

Clearly, you can't afford to get complacent and online marketing trends will keep changing. If you’re targeting prospects aged 20 to 45 you need to keep on trend and Paul says, “We recognise the importance of video and social media to our target market. Being a member of the Accountants Accelerator Group gives us a serious competitive edge because it’s their job to work on our marketing. My job is to spend my time helping clients not finding clients.”

In closing, websites for professional service firms like accounting firms can be a significant driver of growth. They can add value to your bottom line profitability and on sale they can also help deliver a premium price.



## BREAKING NEWS FOR ACCOUNTING FIRMS!

When surveyed, clients often suggest that one of the main reasons why they changed accountants was a lack of communication. Some clients might mention price, slow turnaround times or a failure to return phone calls and emails but failing to stay in touch is high on the departure list.



Newsletters let you alert clients to your full range of accounting, tax, financial and consulting services. They can build loyalty and while your newsletter won't directly lead to an engagement or 'sale', they often pave the way. They help you keep in touch with clients, referral sources and can even introduce your firm to new prospects. In the digital age, every accounting firm needs a regular client newsletter and if you don't have one, your clients are missing out and you are ignoring a proven marketing tactic.

Newsletters assist with client retention, can cross-sell and up-sell your services plus help build new client relationships. They let you engage with your niche markets and provide the ideal forum to 'ask' for referrals. The quarterly 'On the Money' newsletter we produce exclusively for Australian accounting firms is branded with your firm logo and it passively asks for referrals at the foot of each edition. Your newsletter provides a valuable touch point with clients so you remain top of mind.

That said, we have spoken to a number of accountants whose shoulders droop when we mention newsletters. They are eager to create and send newsletters, but they just do not have the resources or time to produce them. Other firms opt for 'off the shelf' newsletters that are full of technical tax and case law. Guess what, your clients don't want to do a Masters of Taxation by correspondence.



They want information on how to grow their business, their profits and their wealth. They want ideas on how to manage their cash flow and tips on succession planning. Right now they want advice on Government Stimulus Payments and the Job Keeper scheme.

We have developed a standalone newsletter service which does all the work for you. "On The Money" is a client newsletter that is designed to help you nurture your clients for enhanced retention and market to prospects and referral sources effectively, without costing you valuable billable time or costly effort.

**Don't get enough client referrals?** Your newsletter includes a referral request that politely asks your clients for referrals to their friends, family and business.

**Clients not buying enough of your value-added services?** The content of this newsletter 'sells' your full range of services including your value-added consultancy services.

**Losing clients?** The newsletter provides tips on growing their business, the latest marketing tools and apps. It makes you look marketing and tech savvy plus positions you as a priceless advisor, so you retain your clients for longer.

**Not winning enough NEW business clients?** You can use the newsletter as a free giveaway from an opt-in box on your website. It encourages business owners to sign up for useful information on growing their business, then sells your services alongside advisory articles.

**Don't have the time or expertise to produce your own newsletter?** We produce the quarterly newsletter for you - customised with your firm logo and contact details. Producing an in-house newsletter can be time consuming, you sacrifice valuable billable time and you have to decide on topics, research and write the articles, then format the newsletter. On The Money is a 'Done For You Service'.



**Can't write compelling content?** Accountants aren't journalists and too many firms think buying an off the shelf 'tax' newsletter is the solution. The truth is, content is critical and clients don't want a newsletter full of tax law, the latest tax cases and rulings. They want to know how to grow their business, not do a Masters of Taxation by correspondence. For that reason we provide content on hot topics for small business owners including the latest marketing techniques and business automation tools, tax planning ideas, the latest apps for business and wealth creation ideas. Having said that, the bumper June edition each year contains all the important budget and tax changes.

**Can't get your newsletter out on time, every time?** A big challenge with client newsletters is developing the habit so they go out to your client database on time, every time. This newsletter is delivered to your inbox a week before the end of each quarter so all you need to do is email it to your clients.

The quarterly 'On The Money' newsletter for accountants is available in a format that allows you to:

1. Email the newsletter to your client base
2. Print the newsletter and mail it to your clients
3. Post the PDF of the newsletter on your firm website



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