

## 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, 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 in Vietnam who claim to be working with more than 300 accounting firms in Australia are renovating their offices to accommodate 50 new staff because of the growing demand. This group are just one of the 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 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.

While GST has turned the vast majority of the 9,000 Australian accounting firms into compliance sweatshops, it's no surprise to find 'growth' is the number one concern for partners and principals. 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

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## Wake Up Call For Accountants *Continued*

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 us, 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.

If you're ready to get off the compliance treadmill and massively improve your job satisfaction, profitability and practice value then stay tuned for the launch of our **Accountants Accelerator Group**. This coaching division will help your practice 'take off' but should you want to get moving immediately contact me on 03 9824 5300.

*Pat Camm*

## Want To Continue To Receive The General Journal?

Future editions of The General Journal will only be available electronically. The distribution list has grown to over 3,000 firms across the country and the costs of printing, mailing and administration have prompted this change. To continue receiving your regular General Journal newsletter, simply log on to the homepage of [www.pjcam.com.au](http://www.pjcam.com.au) and subscribe to the newsletter in 15 seconds!



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**HELPING ACCOUNTANTS GROW AND SUCCEED**

Here at P.J. Camm & Associates we are dedicated to helping accountants in public practice improve their practice efficiency, profitability and business value.

Our marketing consultancy services are designed to help you grow your accounting practice and attract more of your ideal type of client. We develop strategies that are success driven and provide software, systems and tools to ensure your marketing generates a better return and more client referrals. We can help you identify your niche markets and build a brand and website that will appeal to the next generation of business owners. When pro-active accountants combine the strategies with our tools they can achieve phenomenal results. You can read more about these results in our [Marketing Case Study](#).

Our services to the accounting profession are both broad and deep and we recognise the need to deliver cost effective solutions and results. Our approach is personal so you enjoy support, guidance and accessibility. Here at P.J. Camm & Associates we are committed to *Helping Accountants Grow and Succeed*.

**What Type of Accountants Do We Service?**

We primarily work with smaller accounting firms with one to three partners and up to 25 staff. They are generally ambitious accountants of all ages 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 and tools behind the strategies so they deliver consistent, quality advice to their clients. They invest in their practice and are prepared to work hard but they also want to work smarter and spend more time working **ON** their practice.

Our clients are principally based in Victoria but we are expanding nationally courtesy of our road show of practice management seminars, our website content and ongoing client referrals. We

## Surprise, Surprise!



I have noticed a trend developing when providing marketing consultancy services to larger accounting firms. When asked to describe their 'ideal client' these firms are telling me they are looking for clients who are prepared to pay \$20,000 to \$30,000 in annual fees, have a SMSF and need more of their services. They tailor some of their marketing towards this type of client but their success rate is poor. As Gomer Pyle would say, "Surprise, Surprise!"

So where do these big clients hide? The fact is, if you look at your 20 largest clients you'll probably find most of them started out as small 'fish'. You nurtured them and over time you grew their business and profitability, you helped them with some tax planning strategies like buying an investment property and possibly establishing a SMSF. You might have helped them re-structure, obtain finance for vehicles and equipment then implemented asset protection strategies.

You probably now handle their financial planning and are their business coach, totally entrenched in their accounting, tax and financial lives. If they are baby boomers you're probably now talking to them about succession planning and maximising the value of their business. It's fair to say that it would be very difficult for another firm to win their business (but don't get to complacent!)

Clearly, large \$30,000 clients don't grow on trees and you need to nurture your smaller clients and help them grow their business and their wealth. In turn, they will want more of your services and refer new clients. On the subject of referrals, what are you doing to win more of them? Most firms simply hope clients will refer but 'hope' is not a proven marketing strategy. You need a system in place to encourage and monitor referrals and possibly reward your referral sources. Given most accountants feel uncomfortable asking for referrals, we have developed a range of tools to help you in this area.

While word of mouth referrals remain the most important source of growth for accountants, the next generation of business owners live on the internet, communicate using social media channels and Google is their best friend. They learn about most things online using their smart phones so a web based marketing strategy is essential.

Incredibly, a lot of accounting firms still don't recognise the importance or value of a quality website. Statistically speaking, less than 30% of accountants have a website. Of the firms that have a website, 90% simply have an 'electronic billboard' with the who, what and where' of the practice. In my opinion, the primary purpose of an accountant's website is to generate new business but most accountants still don't believe in their pulling power. I just did a Google keyword search for the term, 'Accountant Essendon'. How many searches a month would you expect to find? The result was 170 searches or annualised, more than 2,000. Would you like to pick up 5% of them as clients? Ignore this on-line trend at your peril.

But do you need to grow the firm? Absolutely! Buyers gravitate away from firms who are in fee decline and what impact will the introduction of standard deductions on some of the I Returns have on your fees in 2013 and beyond? You'll also find firms looking to buy accounting fees will shy away from practices with an ageing client base. You might need an injection of Gen X & Y business owners to appeal to these buyers. If the profile of your top 20 or 30 clients suggest the majority of them are also baby boomers, there is a danger that your fees could disintegrate over the next few years.

These facts probably explain why growth is now the number one issue for public accountants in Australia. Having said that, how is it that some firms are flat lining (or in decline) while others are growing at more than 30% per annum? My top clients are winning new business clients every week and tell me "small fish are sweet". They understand they are in a service industry and basically sell their time. They don't fuss about the size of the business client they are catching as long as they fully recover their time on the job.

They understand the importance of a web based marketing strategy and recognise the fact that you can only make a first impression once with a prospect. Increasingly your website will be the first thing people 'meet' and an amateurish website or no website at all is not the type of impression you want to make with a potential new client or employee. What do the 70% of firms without a website say when clients ask, "Do you have a website?" You can only tell them, "It's under construction" for so long before you look like a dinosaur and Gen X and Y will judge you in a blink of the eye.

If you are looking to rejuvenate your ageing client base you can't afford to be without a website that tells people who

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## Surprise, Surprise! *Continued*

you are, what you offer and most importantly, why you should be their accountant. It's available 24/7 and gives you the opportunity to present your firm and the services you offer in the most positive light. However, it needs to be more than just a billboard and should 'talk' to your niche markets with highly relevant, quality content.



When it comes to websites, content is king. If you produce great targeted content clients will come to you. Deliver great service and your clients will share your story and refer new clients. Make no mistake, creating a content rich website that targets niche markets is quite a process. It is not a marketing silver bullet that guarantees you \$20k, \$50k or \$100k of new business every year but without one you are missing out.

Historically, firms looking for a quick fix have bought a website 'off the shelf' that contains nothing but a series of outbound links to the ATO website. These websites and billboards don't attract prospects and duplicate content is not going to help you get up the search engine rankings. Your website strategy should include differentiating yourself in a crowded market but these sites just bury you in a sea of sameness. Of course, once you build a website you need to be found using search engine optimisation (SEO) techniques. These include on page content and off page SEO such as building inbound links from 25 other websites and directories like Hotfrog and TrueLocal.

Given the shortage of accounting staff in the talent pool your website should also double as a recruitment tool. Let's be honest, without a website you have virtually no

chance of attracting the best Generation X and Y candidates. Before they apply for an advertised position they will thoroughly review your website (including the partner and staff profiles) and check the careers section to see if you offer ongoing training and staff incentives. Your website must appeal to this demographic, send the right message, be up to date and sell the career benefits on offer.

If your current website isn't driving new business it's probably a template or static billboard. It's time for a new website. Firms who generate more than \$50k of new business each year from their website recognise the importance of having a blog, analytics, niche markets and the ability to edit their own website. These firms circulate their client newsletter through the email system in behind the website and have a process to convert website leads to appointments.

With more than 100 firms looking to buy fees in Victoria it's a very competitive market. I can assure you that vendors check a buyer's online credentials and if they find a billboard (or no website) it doesn't enhance your chances. Don't get me wrong, there is nothing wrong with buying fees as part of a growth strategy but spending several hundred thousand dollars is an expensive marketing campaign. My advice for practitioners in buying mode is make sure you invest in your own practice before you invest in someone else's!

While a website is a critical marketing tool for accountants, it is not a silver bullet. To be successful you need to understand that marketing is a process that requires a combination of tools, marketing strategies and people (who implement). We are offering a select number of clients a website that includes content for up to 10 niche industries and services. You can read all about that offering at <http://www.pjcammm.com.au/our-products/websites-for-accountants/>. If you're serious about growing your practice contact us today.

*Pat Camm*

## Do Your Clients Need Finance?

Our vehicle and equipment finance division continues to grow on the back of referrals from Accountants. Through our manager David Jakimiuk, we are currently offering finance at rates as low as 6.99%. We also offer access to fleet discounts on new vehicles that could potentially save you and your clients thousands of dollars. The referral fees we offer accountants are based on the price of the asset being financed and contact Dave today on 0417 363 720 or (03) 9824 5300.

| Amount Financed     | Your Fee (inc GST) |
|---------------------|--------------------|
| <\$20,000           | \$0                |
| \$20,001 - \$35,000 | \$220              |
| \$35,001 - \$50,000 | \$275              |
| \$50,000 - \$70,000 | \$330              |
| > \$70,000          | \$385 Plus         |



## Merger Or Takeover?

One of the most important aspects of buying a practice is how you transition the clients from the vendor. For most, this is a one-off event but you need to get it right given you are probably spending several hundred thousand dollars to buy what is fundamentally a client listing.

But what are the secrets to a smooth transition? Without doubt, the key ingredient is the right chemistry between buyer and seller. Remember, clients are often a reflection of the principal and their business, social and family networks. These networks tend to refer their friends, family and business colleagues because they basically like you and the way you do business. Be warned, if the buyer and vendor aren't working in the same 'chemistry lab' then expect clients to be confused and suspicious and they will vote with their feet. Ask yourself this basic question - Is it a good cultural fit and do we provide a similar level of service at compatible rates? If you're not on the same page, walk away now.

Much of the discussion prior to settlement should focus on the level of service and special client requirements. To successfully transition the clients and staff, both parties need to co-operate and try to look beyond the numbers and balance the chemistry. They say opposites attract but that is a recipe for disaster when looking to 'merge' two accounting firms. Of course, don't forget your staff in this process because they are often the 'glue' that binds the two practices together on your departure. They don't want to feel like they got 'sold' as a package deal and if the synergies aren't there they will leave relatively quickly which could prove disastrous for both parties.

Make no mistake, with every sale there is always a dominant party. However, it is important to make the purchase look more like a merger than a takeover. In the early stages of the transition it is very important to avoid 'rocking the boat' because the vendor will resist wholesale changes and could be offended if you decide to ditch their systems and processes that successfully served them for decades. Instead, look for gradual change as the buyer becomes more au fait with the business and the clients become more comfortable with the new owner. As part of their due diligence, vendors should ask the buyer what their plans are during the transition process and get some idea on implementation timelines. A buyer should be planning the entire process and don't forget it's your retention funds at risk if the clients walk in the first 12 months.

On settlement day it needs to feel like business as usual. There should be minimal disruption to work flow and clients should receive a letter notifying them of the 'merge' and the benefits they will derive. Include a copy of your latest newsletter (like our On The Money newsletter) and your business card with the new contact details. The letter should also introduce the new owner and briefly outline their background and experience. Reassure them that the merge will be seamless from a service and pricing perspective and make sure that both the buyer and vendor sign the letter. Next, make an effort to visit the top client groups as soon as possible to introduce the new accountant and make sure the vendor briefs the new accountant about each client before the meeting. One final point, make sure you let the client do all the talking at these meetings!

## Practices For Sale

- **Southern Suburbs - \$600k**

Sole practitioner retiring with a large base of small business clients including numerous clients in the building and construction trades.

- **Eastern Suburbs - \$180k**

Home based retiring sole practitioner with predominant small business client base.

- **Mornington Peninsula - \$110k**

Another home based practitioner retiring with a general practice including a mix of individuals and business clients.

- **Gippsland - \$350k to \$450k**

Several firms available ranging from \$350k to \$450k in fees plus a larger firm looking for an equity partner to 'phase' the principal out over the next 5 years.



## A Client Newsletter That Drives Referrals

Referrals remain the lifeblood of your practice but what are you doing to remain top of mind with clients? All the surveys suggest you need to touch base with your clients at least 4 times a year and an electronic client newsletter is the cheapest and most effective touch point.

Your newsletter must contain relevant content and the truth is, clients don't want to know about technical tax issues and case law - they expect you to know that. They want strategies to grow their business and their personal wealth. Your newsletter should address tax planning strategies, tips on cashflow management and marketing plus succession planning. It should resonate with your target markets and alert clients to your capabilities and full range of financial services. If you aren't sending out a client newsletter both you and your clients are missing out.

Theoretically you might be able to write and produce your own newsletter but it can be time consuming and choosing topics, writing articles and managing production can all pose problems. We still find many firms subscribe to 'off the shelf' newsletters full of technical tax content that clients don't open or read. By contrast, **On The Money** is a quarterly client newsletter we produce for accountants that is designed to educate clients about financial matters, marketing and business growth strategies. It includes a bumper budget edition in June every year. We provide the newsletter in electronic format for easy email distribution and it also comes customised with your firm logo each March, June, September and December. It is available to accountants for only \$220 per annum and for more information or a sample copy simply call or email us today.



## A Professionally Designed



As mentioned in the editorial of this newsletter, a quality website is a necessity for any accounting firm looking to grow. It is your 21st century business card that lets you target your ideal type of client and various niche markets.



Given your website is often the first touch point with a prospective client, what type of impression are you currently making? If you're like most firms and looking to inject some youth into your ageing client base then a 'billboard' type website won't appeal to the tech savvy Gen X & Y business owners. It should showcase your skills and tell prospects why you should be their accountant.

We are offering a select number of accounting firms a high quality, content rich website that has a real marketing focus. It's unique and not an 'off the shelf' billboard because we tailor the content to your specific niche industries and services. It suits small to medium sized accounting firms looking to project a professional image and includes a number of features. It also has an inbuilt email marketing system so you can target client groups and distribute your newsletter at a click of the mouse.

If your current website isn't performing then it could be time to invest in the Accountant's Marketing Website. It is simple, affordable and most importantly, effective. You can measure its performance with built in analytics that are cutting edge and for more information about The Accountant's Marketing Website go to <http://www.pjcam.com.au/our-products/websites-for-accountants/> or contact us on (03) 9824 5300.