

Professional Services

Accountants not doing enough

Mark Fenton-Jones

Suburban accounting practices are failing to support their small business clients, a report says.

The Accountants Benchmarking Report for the 2010 financial year by Brisbane-based consultants Nixon Advantage found the average revenue per client of the 373 practices across Australia and New Zealand surveyed was \$3880. The worst result from an individual practice was \$98 and the best was \$31,173.

The average profit per director – defined as earnings before income tax and before directors' salaries – was \$311,163.

Chief executive officer Rob Nixon describes the results as disappointing because they show that suburban practices are focusing on compliance work rather than additional services for businesses.

He says that the firms participating in the survey service a total of 62,000 businesses and about 90,000 individuals and earn fees in the range of \$750,000 to \$3 million.

Nixon, who helps accountants improve their financial position, says that only proactive firms would achieve higher fees per client.

"It's time the accounting profession stepped up to help business clients," he says.

In his workshops, Nixon challenges accountants to provide ideas that help business clients improve their wealth, profits, cash flow, asset protection and if appropriate, succession plans – what he calls his "Fab Five" list.

He stresses that suburban firms can do more for small businesses and at the same time earn more revenue.

While utilising his five-point list may help achieve that goal, he puts cash flow analysis and understanding as top of the list in discussions with clients.



Rob Nixon . . . 'It's time the accounting profession stepped up to help business clients.'

Photo: GLENN HUNT

Nixon says that such an appraisal will help an accounting firm stand out from the other suburban practices that are offering only compliance services.

Also a strong believer that many accounting practices are ineffective at marketing is Michael Carter, who founded the Practice Paradox on the premise that the majority of accounting firms are not very good at communicating the value of what they do – and what they could do – for clients.

Carter, who teaches accounting firms about marketing and selling additional services, believes that practices that are effective at marketing, communicating and selling not only grow at faster rates and have higher fees per client, but that clients of such firms tend to be far more appreciative of and have much stronger relation-

ships with their accountant. Carter is also a founder of Businessfitness, which publishes the annual industry benchmarking report, "The Good, the Bad and the Ugly of the Accounting Profession".

Since 2008, the report has noted a significant shift in the top challenge facing firms – from handling the impact of the work that followed the introduction of the GST to growth.

In his view, the key differentiator between firms that stagnate and firms that grow is the ability to communicate value to clients.

He recently wrote that "it's clear that two-thirds to three-quarters of the Australian accounting industry are uneducated in the latest marketing and selling skills and technologies".

But Brett Kelly, a senior client director of Kelly + Partners, who

forecasts revenue from the firm of \$10 million this financial year and wants to expand its Sydney coverage, takes the view that a practice should address its inability to make money out of compliance first before holding itself out as a business adviser.

"If you can't run your business exceptionally well, on what basis can you hold yourself out to advise someone else?" he asks.

"You can earn outstanding returns on compliance business. Why do two things poorly?"

He suggests that a better strategy is for accountants to explain the value of compliance work to clients.

"The point is accountants can't explain the value they add. They should explain the value of their core business before they get into a new business," he says.