

ACCOUNTANCY

PRIVATE CLIENT FIGHT

Accounting firms are fighting harder to win business from wealthy individuals, with mid-tier firms trying to steal clients from the big four. **Report: Nassim Khadem**

● The fight for private clients between the big four and mid-tier accounting firms is intensifying as both groups seek to get a bigger stake in what is seen as fertile billing ground.

"The big four are getting back into the private client space but they don't own the space," says Brett Kelly, senior client director of the nation's fastest-growing accounting firm Kelly + Partners. "I suspect many firms are not sure what they're in business for. We are very clear that we are here to serve private clients."

Kelly had a short stint at PwC before leaving and some years later starting his own firm to focus solely on private clients. His pitch to win new clients is about trumpeting the fact that he runs a mid-sized business and can understand their issues. It's also about offering greater face-to-face interaction at the

Arm wrestle: Mid-tier firms are chasing private clients



senior partner level and not billing the client by the hour.

So far the pitch seems to be working. About 85 per cent of the \$14.3 million the firm earned in 2010-11 was from advising private clients on issues such as asset protection and income tax.

Meanwhile, firms such as BDO are stepping up efforts to steal mid-tier private clients from the big four. "We made a strategic decision to go after their clients," says John O'Donnell head of BDO's Sydney private client division. "We don't think that they [the big four] are structured to serve those clients. The clients see themselves as a little fish in a big pond."

While more than one in 10 people at PwC work in its private client business, the ratio of senior partners who deal with clients personally is lower than in a typical mid-tier firm. For every partner there are more than 10 staff servicing a client.

Mid-tier firms use this as ammunition to go after private clients. They can market themselves as having a more personalised service and genuinely caring about the client's business. "We don't chase the top 50 ASX listed companies," O'Donnell says. "But we do go after private to large corporations, high net wealth individuals, entrepreneurs and start-up companies."

He says the crucial part of winning business is developing a personal relationship with the client that expands over generations. "When we are working on succession plan for a client, we will ask the second generation what they want to achieve in 10 to 30 years' time," he says. "We need to be positioning ourselves as the trusted adviser at the beginning, not just the end."

John Brazzale, managing partner at Pitcher Partners, says it's all about getting personal. The firm's private clients typically are property developers, construction companies, land developers and major real estate agents.

He says most business won is through referrals from their other banking and lawyer clients. The firm also offers clients free seminars, lunches and forums on issues affecting their industry.

"It's about being in constant contact with your client," John says, joking that

A PITCH TO WIN A PRIVATE CLIENT

What mid-tier accounting firms tell private clients to get them away from the big four:

PITCH ONE: "I'm a private business owner just like you, I understand your needs better."

PITCH TWO: "I can give you a more personalised service, you won't be a small fish in a big pond."

PITCH THREE: "I will charge you a fixed fee; you won't be billed by the hour."

PITCH FOUR: "We offer free seminars and lunches with lots of groovy information relevant to your business."

PITCH FIVE: "Call or email me any time – after hours and weekends included."

sometimes he sees his clients more than their wives do. "It's about dropping in on clients when issues arise. It's about investing in them, taking them to industry seminars and external functions relevant to their business.

"It's about constantly talking to clients about what's important to them . . . and making sure you're available to meet and talk to clients whenever they want to meet and talk. Quite often that means spending time with them outside of normal business hours."

While mid-tier firms are pitching hard and want to own the private client space, the big four also recognise it's a key area for growth. PwC's private client business grew 30 per cent in the past financial year and the firm intends to double the revenue it earns from private clients in the next few years.

"We know what its like to run your own business, we run one ourselves," says David Wills, PwC's national managing partner, private clients. "Our people have diverse backgrounds and career paths including entrepreneurs and business owners."

Of the \$1.4 billion in total revenue PwC earned in the 12 months to June 30, 2011, private clients delivered PwC \$145 million in fees. While its private client business was the firm's fastest growing area, recent acquisitions of Canberra accounting firm WalterTurnbull and Brisbane practice AshleyMunro, mean only about 10 per cent of its private client growth was organic.