

EBOOK

How to future-proof your practice

*Position your practice for future success
with practical tips from accounting
consultancy Smithink*





Contents

Are you adapting to the changing accounting?

Meeting the expectations of the modern client



Discover more

How can technology help future-proof your practice?



The challenge of recruiting top accounting talent





Are you adapting to the changing accounting industry?

Every business needs to evolve over time to keep up with a changing world, and accounting practices are no exception.

The Australian accounting landscape has changed dramatically in recent years. The adoption of digital technology by clients is accelerating at an unprecedented pace. As a result, they're demanding more than ever before.

According to Sage research, 87% of accountants say their clients expect better service levels, without a fee increase. While 82% say clients expect a wider range of services, such as advice on finance and accounting technologies.¹

Many practices are also facing the challenge of recruiting and retaining accounting talent. Skills shortages in the accounting labour market have shifted the balance of power from employers to candidates, who are increasingly seeking a range of benefits beyond just a competitive salary.

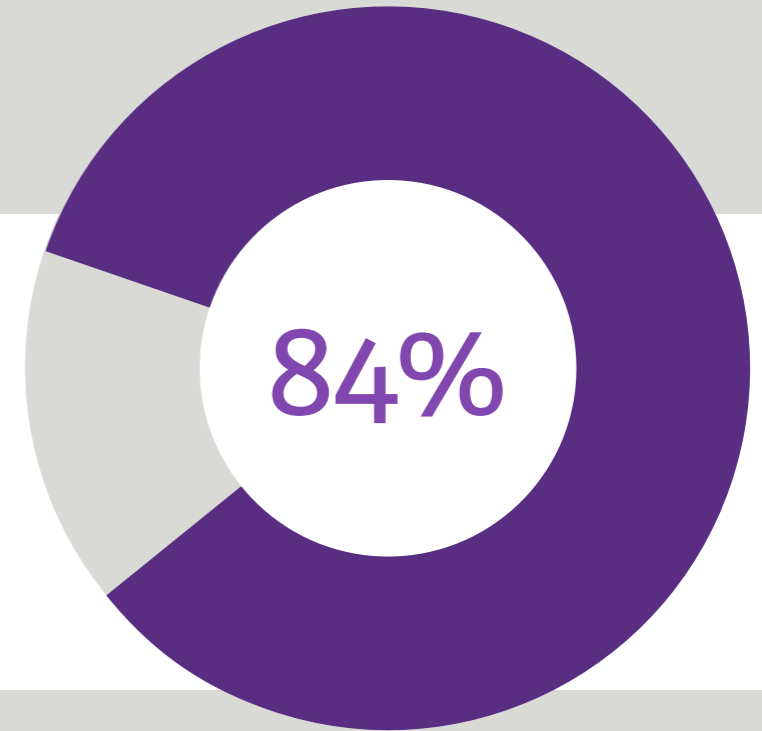
So how can your practice overcome these challenges?

In this eBook created jointly with leading Australian accounting consultancy Smithink, we share best practice insights that founding director, David Smith, has gleaned from his years helping practices adapt to the changing accounting landscape.

Read on to learn tips on how to meet the demands of the modern client, retain and recruit top accounting talent, and the role technology can play in positioning your practice for future growth.

¹ Sage Practice of Now survey, 2020

² Sage Practice of Now survey, 2020



84% of accountants believe the ongoing effects of technology and digitalisation means they must invest more to keep pace.²



Meeting the expectations of the modern client





The opportunity to service clients beyond traditional compliance

Clients are increasingly expecting business and strategy advice that is far beyond the usual core remit of accountancy.

However, a 2020 Sage survey of 175 Australian small to mid-sized practices reveals most aren't adapting to meet this need. They spend only 10% of their time delivering value-added services to their clients, while 83% of time is still spent delivering traditional compliance, bookkeeping and audit services.³

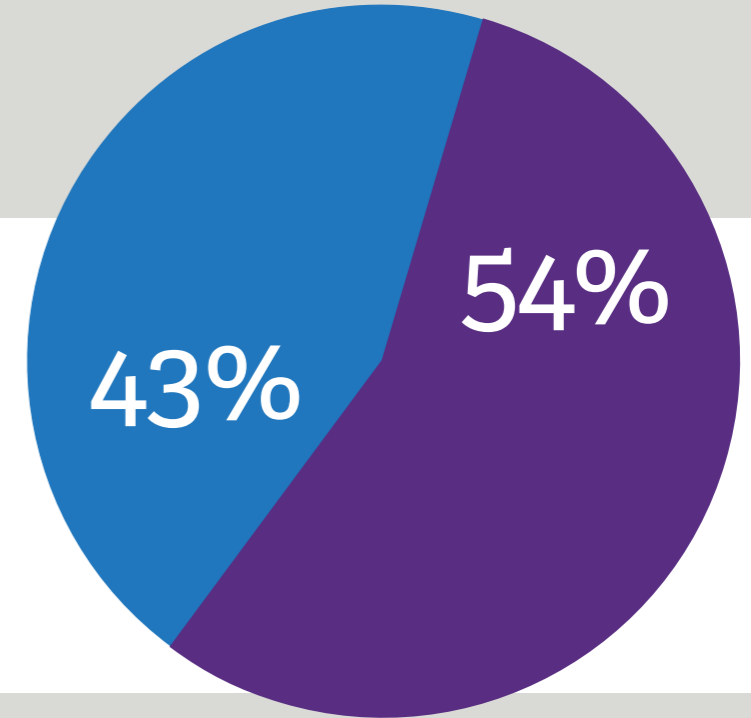
That's not to say that practices don't have the desire to offer valued-added services. Our survey also reveals that 66% would like to extend their services, but don't know where to start.⁴

Now more than ever, significant opportunity exists for Australian accounting practices to extend their services beyond traditional tax and compliance. In the next few pages, we share David Smith's practical advice on how your practice can engage clients to unlock new service opportunities.

³ Sage and Smithink Accountants Survey, 2020

⁴ Sage Practice of Now survey, 2020

⁵ Sage Practice of Now survey, 2020



54% of accountants provide clients with a faster service thanks to technology, while **43%** say it improves their client service.⁵



How can you engage your clients to unlock new service opportunities?

David Smith believes the key to unlocking new service opportunities is to change the way a practice engages its clients.

"A process is needed to instigate client conversations and uncover the issues concerning their business, and even their family," says David.

Key to making these conversations a success, says David, is asking the right questions.

"You should ask questions that are 'expansive,' where the client can't simply answer yes or no, but instead encourages an answer that's more narrative. It's in the telling of the narrative where you can discover issues you can help them with."

"As the client is talking, you need to be thinking 'what question should I ask next,' with the objective of drilling deeper and further exploring the issue of concern."

"Once the client's issues of concern are known, you can then formulate a proposal as to how you and your network of advisers can assist your client."

"This process shows that you care about your client and their business, and will strengthen your relationship with them."

"It takes time to develop the skills to question clients effectively. Conducting mock sessions is one way to do so, however it is really with experience that skills improve."

How often should you engage your clients in this kind of conversation?

"The more you interact with your clients, the deeper your relationship with them and the greater likelihood opportunities will be unlocked," says David.





How can you engage your clients to unlock new service opportunities? (continued)

Our survey reveals 48% of Australian practices interact with clients on a quarterly basis, 28% monthly, and 14.3% weekly. These regular interactions present a great opportunity to deep dive into the key business issues clients are grappling with.

“At least once per year, every accountant should have a meeting with their client with the specific aim of uncovering the issues their business is facing.”

“Regular anecdotal surveys consistently reveal that accountants believe they can generate at least 20% more revenue from their existing clients by unlocking additional service opportunities.”

“Life events affect everyone and businesses change. It’s critical your client’s issues are addressed as soon as they arise. The more you discuss issues with your client, the more they will consider you their port of call should any arise in their business or family.”

Why you need a network of advisors

Many accountants don’t feel confident asking clients about their business, fearing they may lack the expertise to help them.

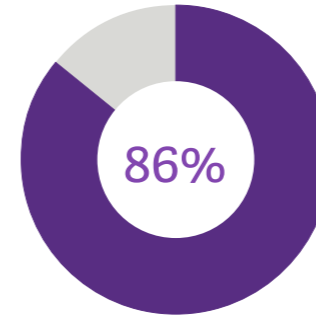
Critical to gaining this confidence is to build a network of advisors. This network can help you assist clients across the broad spectrum of their business needs.

“Your network should include advisors with a variety of specialities, such as marketing, public relations, information technology, human resource management, legal and process improvement, as well as financial planning,” says David.

“When you need to consult the expertise of one of your advisors, it’s important that you stay involved in the process of helping your client, rather than merely referring the client to the external consultant.”

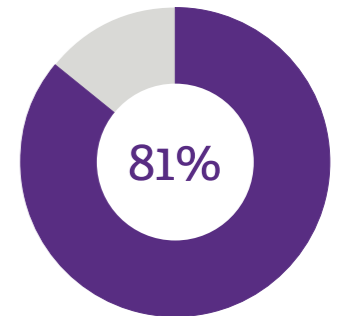
“The accountant’s role is to ensure that the external advisor is effectively briefed and that they stay on track and deliver quality advice to the agreed scope and timelines.”

“In this way, the client perceives that the accountant is facilitating solutions for all aspects of their business’ issues. Accordingly, they will be more likely to seek help from their accountant for the wide range of issues they may face in the future.”



86% of Australian accountants believe practices need to increase technology adoption to stay competitive.⁷

81% of Australian accountants believe the accounting sector is embracing digital technology.⁸



⁷ Sage Practice of Now survey, 2020
⁸ Sage Practice of Now survey, 2020



What value-added services can you provide?

Small businesses account for 68.6% of the business clients served by Australian practices, our survey reveals.⁹

In addition to compliance services, these small business clients need assistance to improve their performance. This presents a significant opportunity for firms to expand their service offering, as well as broaden and deepen client relationships.

So what do Australian practices consider as the key pain points small business clients require help with?

Here we list the most significant according to our survey, with David's insights on how you can help your clients.

Cash flow management

64.6% of Australian accountants highlight cash flow management as a key issue facing small businesses.

"Managing cash flow is a critical issue for all businesses, yet many small businesses lack the capability to effectively build reliable budgets and cash flow forecasts," says David.

"This should be a core competency for accountants that can enable them to work with clients to create these forecasts and track performance. There are several software applications designed to efficiently assist with this process."

⁹Sage and Smithink Accountants Survey, 2020





What value-added services can you provide? (continued)

Business growth

43.3% of Australian accountants highlight business growth as a key issue facing small businesses. 40.6% also highlight price pressure/competition and 24.6% managing costs as key issues.

“Seeking business growth and addressing the competitive nature of business is always high on the agenda for business owners,” says David.

“To help their clients in this regard, accountants often require the advice of an expert. This is where having a strong network of advisers is critical.”

“However, there are services accountants can provide within their core competency that can help the client improve their business decisions.”

“With the help of scenario planning software, accountants can help clients understand the financial impact of their decisions.

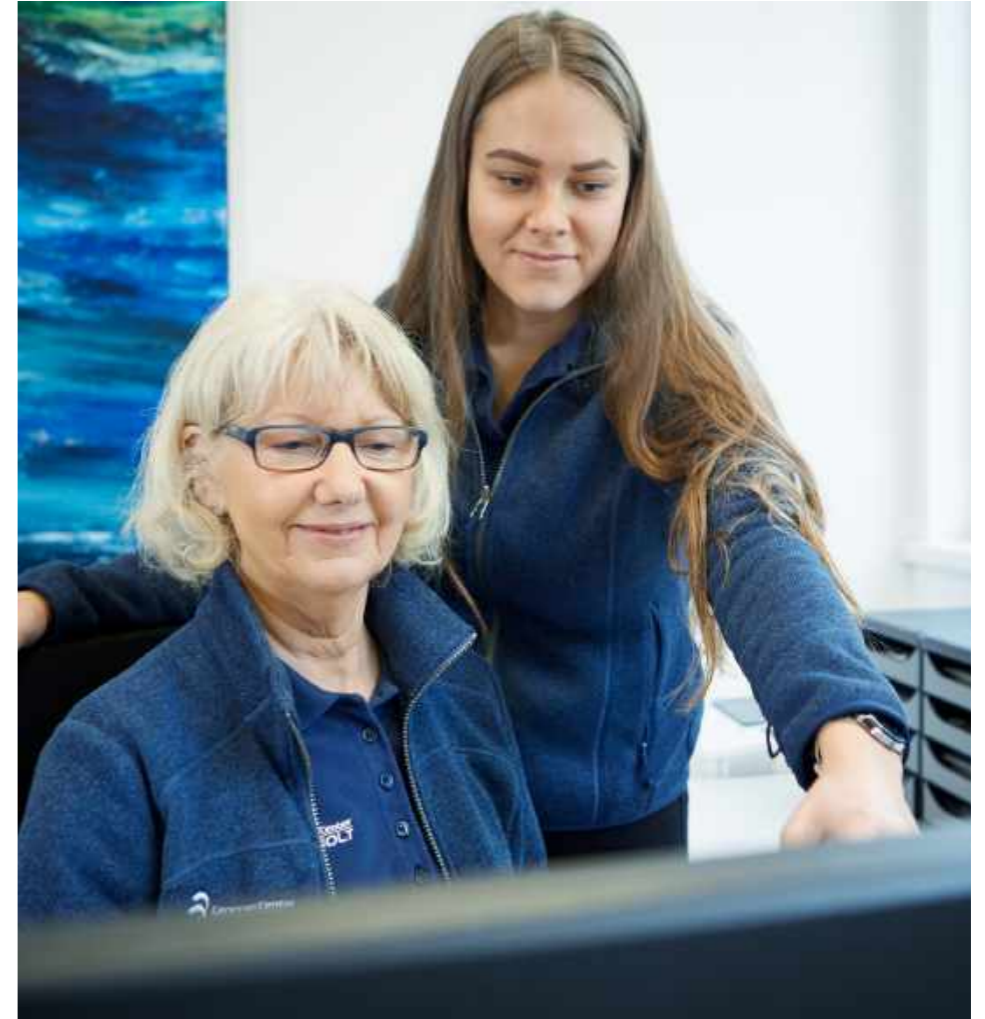
“For instance, how will price increases or reductions impact profit and cash flow? If sales reduce due to a reduction in marketing costs, what will the financial impact be? How can cash flow be improved without changing income or expenses? These are just some of the insights accountants can provide.”

Legal compliance

29.7% of Australian accountants highlight legal compliance as a key issue facing small businesses.

“Laws relating to business finances are generally within the core competency of accountants. However, businesses are also impacted by laws across a broad array of activities, including human resources, privacy, competition, environmental and consumer protection, to name a few,” says David.

“Once again, legal experts should be part of a firm’s network of advisers. Scenario planning may also help clients understand the financial impact of any changes they need to make in their business.”





What value-added services can you provide? (continued)



Hiring and retaining people

24.6% of Australian accountants highlight hiring and retaining people as a key issue facing small businesses. 20.6% also highlight managing technological change as a key issue.

“There is ample opportunity to help your clients with these two issues, as almost every business is grappling with them. This is where your network of advisers will be critical to delivering the services your clients need,” says David.

Strategic business planning

18.9% of Australian accountants highlight strategic business planning as a key issue facing small businesses. 13.1% also highlight owner succession planning and 9.1% managing governance and accountability as key issues.

“Accountants can largely rely on their own knowledge and skills to assist clients with these issues. Where they lack the skills necessary, they should call upon the expertise of their network of advisers,” says David.

“There is a significant opportunity to assist your clients with respect to governance and accountability.

“Small business owners often know what they need to do to improve the performance of their business. However, they usually spend too much time addressing day-to-day issues, and not enough on long-term strategic changes.”

“When they do commit to addressing long-term issues, small business owners aren’t kept accountable. They often fail to hold regular management meetings to track progress, instead adopting a ‘seat of the pants’ management style that leads to almost constant fire-fighting of issues.”

“You have the opportunity to help your clients gain control by establishing a framework of good business governance. You can help them create management meeting agendas, maintain action lists, report and monitor business performance, and make key decisions to address issues.”

“You can help ensure your client’s governance and accountability stays on track – something that’s highly valued by business owners who often have little business management skills.”



The challenge of recruiting top accounting talent





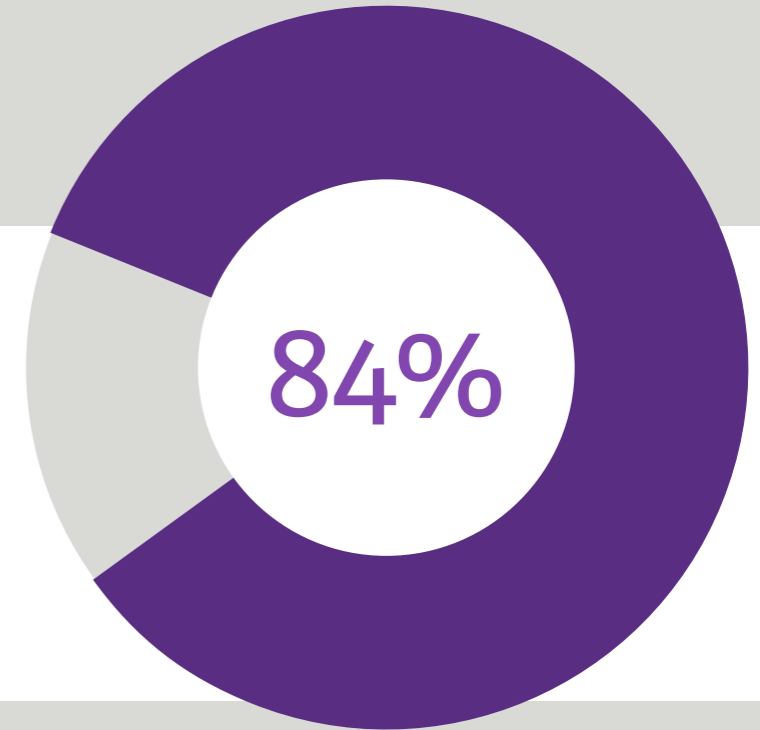
The challenge of recruiting top accounting talent

Recruiting and retaining the best accounting talent is a key challenge for Australian accounting practices.

Our survey of 175 Australian small to mid-sized practices reveals that recruiting new staff members is the third most pressing issue facing firms. 11.7% ranked the issue as their top concern, marginally behind growing their firm (13%) and getting the most from technology (12.7%).¹⁰

The shortage of skilled accountants has placed the onus on practices to stand out from the crowd to attract top talent. Many practices are recognising the need to position themselves as an employer of choice. To attract and retain the new generation of young accountants, they're offering a range of new benefits that appeal to this group's progressive values.

On the next page, let's look at the most desired benefits today's accountants are seeking, which David Smith believes practices must offer to attract and retain the best talent.



84% of accountants feel younger employees have different expectations and attitudes, forcing change to attract the best talent.¹¹

¹⁰ Sage and Smithink Accountants Survey, 2020

¹¹ Sage Practice of Now survey, 2020



Top 7 benefits accountants in public practice seek from their employer

1 Competitive salary

Whilst offering a salary isn't anything new, it must be emphasised that star performers and the best accounting talent need to be paid above market. However, many firms are in the practice of paying all staff at generally the same level. Star performers need to know that they are valued, otherwise they will look elsewhere in the knowledge that demand is high.

2 Flexible work arrangements

Many accountants are looking for flexible hours and the ability to work from home, so they can better manage family responsibilities. Australian practices are increasingly recognising this need. A CPA Australia survey reveals 74% of practices are currently offering or plan to offer flexible working hours to help retain skilled and qualified talent. While 34.8% are offering remote working to their employees, for the same reason.¹²

To offer such benefits, practices must ensure they have the right technology in place, including software that can help enable paperless working, as well as video conferencing technology.

3 Quality training and providing interesting work

27.6% of practices are offering or plan to offer training or further education to their employees, according to CPA Australia. This statistic reflects the desire of today's accountants for their employer to support their career development.

By providing staff with training and involving them in interesting assignments, a practice demonstrates that it values its employees and is committed to their development. The benefits of investing in staff development can go beyond simply developing skills in a particular function. It can be a foundation for best practices and skilling up. Higher skilled employees can achieve more and more easily take on work delegated by senior staff, thereby freeing up their time.



¹² My firm. My future. Report 2019, CPA Australia



Top 7 benefits accountants in public practice seek from their employer (continued)

4 Providing exposure to clients

Client management skills are highly regarded and desired within the accounting sector. So offering employees the opportunity to work directly with clients is an attractive prospect. Not only will it help increase their value as an accountant and further their career, it will also help them perform more effectively in the interests of the firm.

5 A workplace that cares about its employees

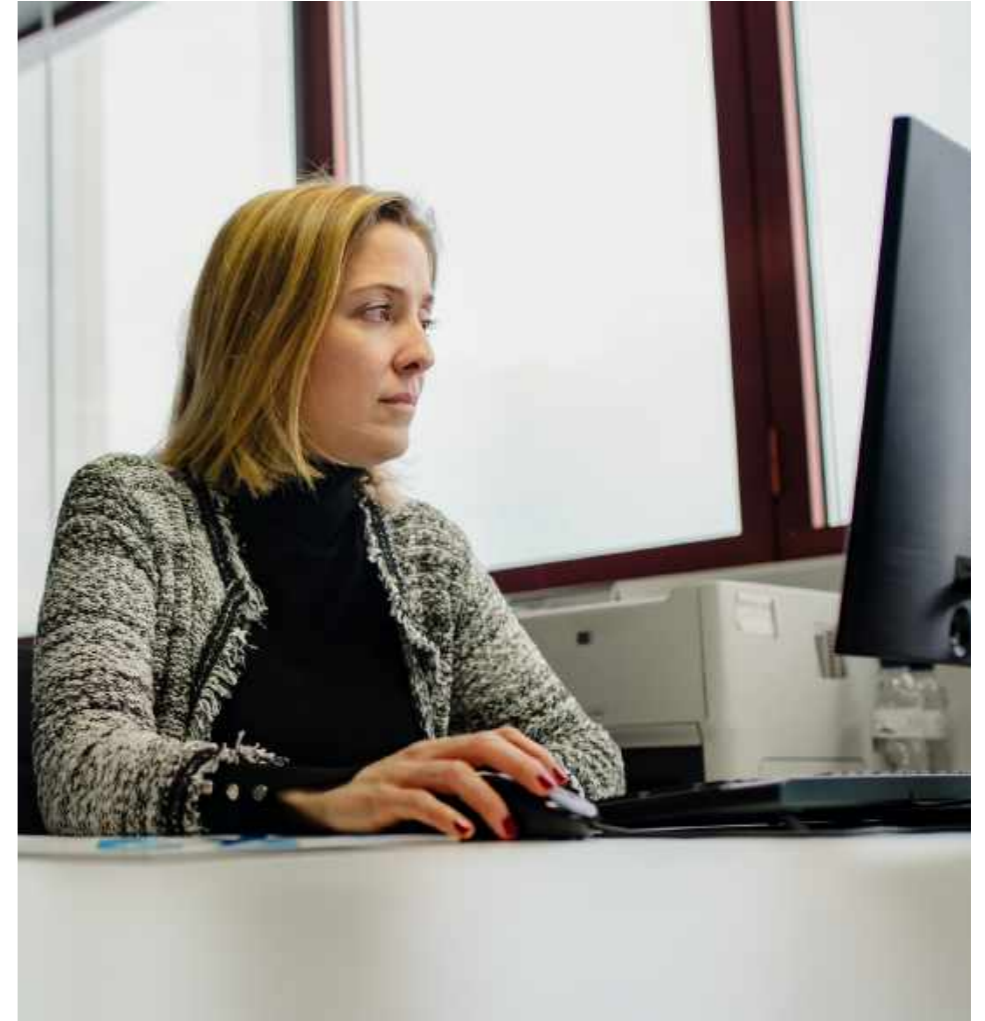
Like most job seekers across all industries, today's accountants are looking for a workplace that values their well-being and takes measures to ensure their work is meaningful.

After all, someone who has positive experiences at work, and finds their work engaging and meaningful, will be a greater asset to the firm than someone who doesn't.

The issue of employee engagement – and ways of enhancing it – has become a key focus for many Australian businesses. Sage research reveals that 40% of companies are using pulse surveys to monitor employee engagement. Almost 47% said they have plans to adopt new ways of working to focus on employee experiences.¹⁴

Having clear communication channels between employees and management, offering personal development courses, making an effort to create a positive work environment, and holding office events like lunches or birthday celebrations are just a few ways firms can help improve employee engagement.

¹⁴The Changing Face of HR report, 2019





Top 7 benefits accountants in public practice seek from their employer (continued)

6 Quality feedback and recognition

Providing regular and balanced feedback allows a firm to show that they value their employees and are invested in helping them improve. It also allows for transparency between the firm and the employee, and therefore can contribute to their well-being.

Too often, practices only provide negative feedback to their employees. It's recommended that firms implement a performance review system that focusses on providing quality feedback. This should include how the firm can work with the employee to help develop their career.

Sharing praise and recognition of an employee with the company, such as rewards system in company town halls, newsletter or team emails will help team members to feel valued and encourage others to work hard.

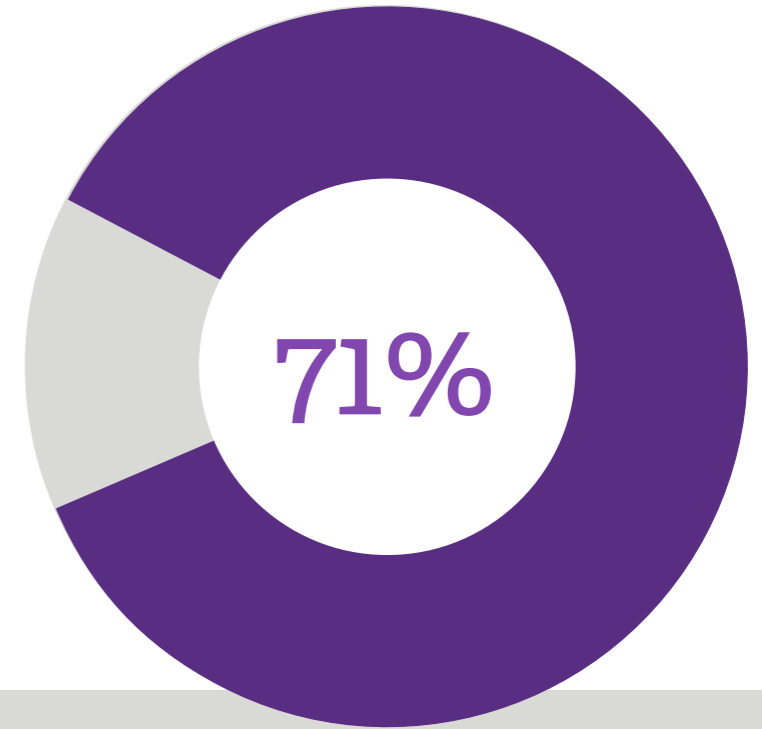
7 A socially responsible workplace

By 2025, millennials are expected to comprise 75% of the Australian workforce.¹⁵ As such, many firms are evolving to cater to the values of millennial accountants.

While Baby Boomers typically sought workplaces that simply offered job stability and a high salary, millennials often seek different qualities in an employer. A firm's corporate responsibility and commitment to diversity are often important factors millennials consider, after basic needs, like adequate pay and working conditions, are met.

¹⁵ <https://www.pwc.com.au/ceo-agenda/ceo-survey/2019/turning-inward-to-reduce-the-talent-gap.html>

¹⁶ Sage Practice of Now survey, 2020



71% of Australian practices are currently, or have plans to, offer training to help improve their staff's technological literacy.¹⁶



How can technology help future-proof your practice?





Enhancing practice efficiency with technology

To adapt to the increasing demands of both clients and employees, accountants must evolve and optimise their practice.

Adopting cutting-edge technology is key. Many practices are turning to modern cloud software that offers the scalability, flexibility, and mobility needed to overcome the common challenges they face, including:

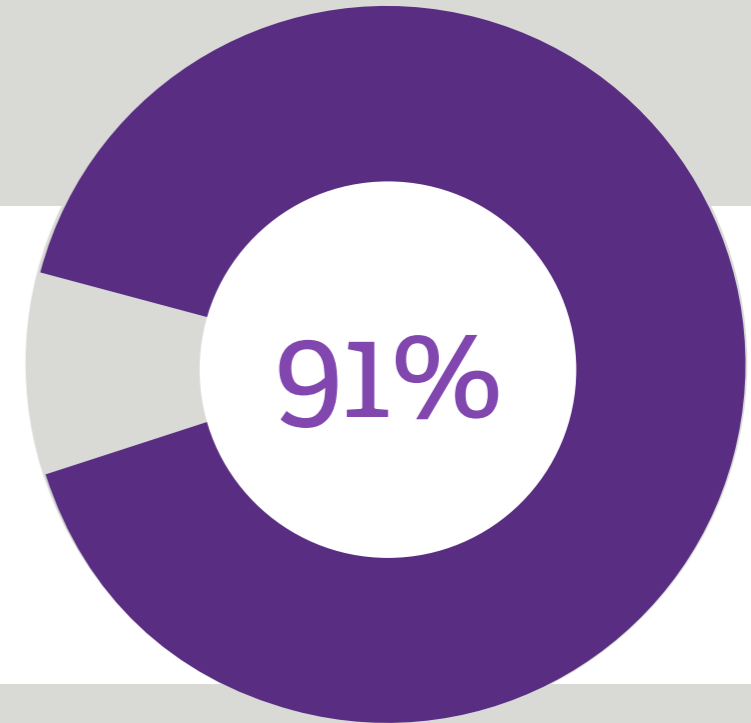
- Fragmented practice data that's difficult to view, access, and manage
- The inability to be connected to clients and colleagues anywhere, anytime, on any device
- Difficulty managing clients and delivering a superior client experience
- Time-consuming manual processes

Cloud software can help your practice cut down on manual tasks. Facilitate better communication with your clients and team. Gain more visibility of your practice data. And deliver better, more value-added services.

Those who don't adopt new technology will fall behind, unable to adapt to the constantly evolving needs of clients, staff, and their business.

On the next few pages, let's look at how Customer Relationship Management (CRM) tools and business intelligence capabilities offered in cloud software solutions can benefit your practice.

¹⁷Sage Practice of Now survey, 2020



91% of accountants believe new technology is delivering value to their practice.¹⁷



Why CRM tools are critical for today's practices

The relationship you have with your clients is fundamental to the value of your practice. So is unlocking new business opportunities from them.

However, many practices face the problem that their client data is scattered across multiple disparate systems, making it a challenge to identify trends, address client needs, and provide a superior client experience.

One of the most effective ways to overcome this problem is by adopting CRM tools offered in modern cloud software solutions.

What are CRM tools?

CRM tools are critical to many businesses. It provides staff with a single place where all client data and interactions are logged. This allows employees to view and analyse all the latest information about each client, so they can offer better customer care and, ultimately, generate more business.

By providing a central view of all your clients and prospects, CRM tools can help you discover more opportunities, send the most effective marketing messaging, and resolve problems faster.

"Accounting practices are increasingly seeing the value, and necessity, of CRM tools. They can help improve customer relationships and retention, drive new service opportunities, as well as win new clients," says David Smith.

On the next page, let's look at the key benefits CRM tools can offer your practice.



75% of large Australian practices say their CRM solution is important to their practice.



8 ways CRM tools can benefit your practice

1 Reliable client data

CRM tools provide a place where all your employees can find detailed information on your clients and prospects – from contact details to the size of their business, to the details of previous calls and email exchanges with them.

You can also easily record personal details about your clients, like birth dates, spouses, children, pets, interests and even things like coffee preferences. This kind of information will help your team build personal relationships with your clients.

2 Identify new business opportunities

With all your client and prospect data easily accessible in your CRM, you can much more effectively identify those who may be interested in your services.

Whether your marketing programs involve referral networks, conventional and or digital advertising, telemarketing or even direct mail, CRM tools allow you to segment client and prospect data, to deliver more effective, tailored communications.

3 Open data for all employees

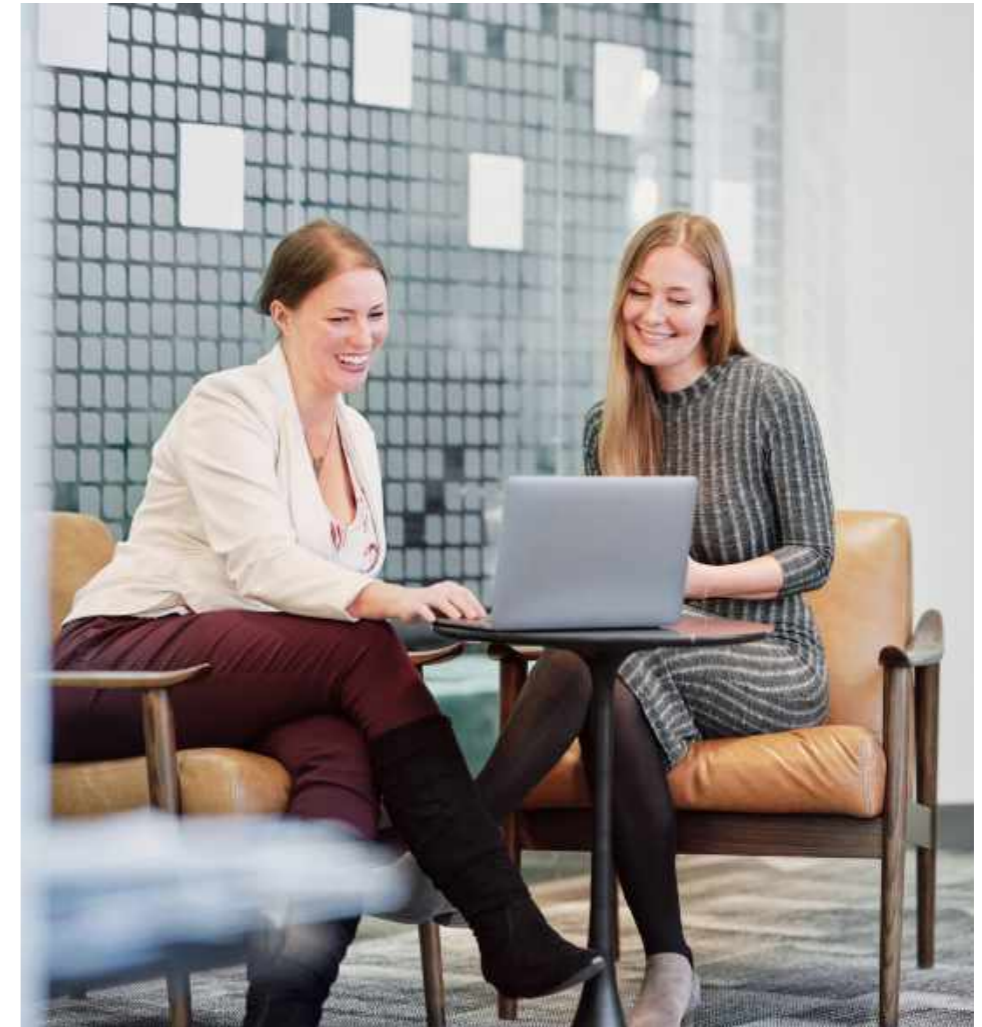
In many practices, information about clients is stored in the heads of key staff or in files only people certain people can access. CRM tools make this kind of information available to everyone.

This means team members can stay fully informed about clients, client interactions and outstanding tasks, which not only drives efficiency but also improves the overall client experience.

4 View interactions from all channels

Today's clients make contact through a huge range of 'channels' – or contact points – whether that's by telephone, email or social media. CRM tools give you a central place where employees can get up-to-date with all interactions, regardless of channel.

It can also help you create workflows that ensure all steps are followed in a timely manner for particular tasks, for example, when onboarding a new client or marketing to a prospect.





8 ways CRM tools can benefit your practice (continued)

5 Easily communicate with clients

With your CRM providing visibility of all your client interactions and details, it's much easier to proactively engage clients to address potential issues they may be facing.

CRM tools offered by cloud software often include client community portals. These can help provide a much more collaborative and seamless client experience. Instant messaging, as well as self-service and document signing tools can help enhance communication and make working with clients far more efficient.

6 Avoid repetition with clients

One of the biggest bugbears for clients is having to repeat the same information to different practice team members. CRM tools can store all information from previous interactions in a central place that all staff can see, making this problem disappear.

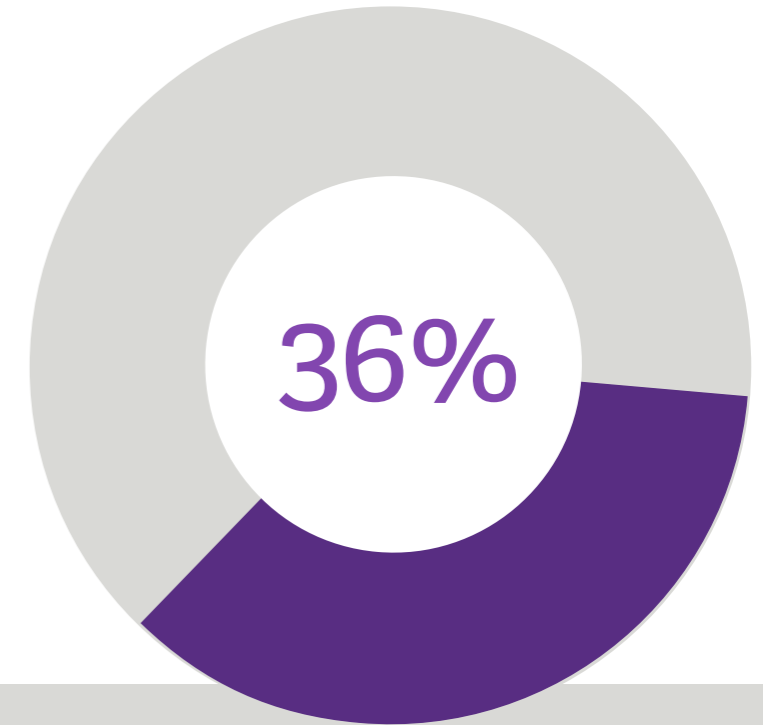
7 Always up-to-date with mobile

When your staff are visiting clients on site, mobile CRM tools lets them record the details of meetings in real-time and gives them access to client information from anywhere.

8 Reports and insight

CRM tools can provide you with powerful dashboards where you can understand exactly how your team is performing – from calls logged, to marketing emails sent, to customer enquiries resolved.

¹⁸Sage and Smithink Accountants Survey, 2020



Only **36%** of Australian practices have adopted CRM tools.¹⁸



4 ways business intelligence tools can benefit your practice

Your practice's survival depends on being sufficiently agile to deliver the service level clients expect.

This includes rapidly identifying and addressing problems within your practice, as well as taking advantage of any client opportunities. Therefore, the need for better, faster, and more fact-based decisions is more relevant than ever before.

Business intelligence tools offer a competitive advantage by equipping you with insights into your clients' business, so you can make swift, data-driven decisions.

Here are the key benefits your practice can realise with business intelligence tools offered in cloud software solutions:



Deliver better client services

They can help you transform your clients' data into critical insights about their business. With these insights, you can deliver proactive advice that goes beyond traditional tax and compliance.



Save time with automation

Complex data challenges can be simplified with automated processes that accelerate time-to-insight. You can also optimise workflows by replacing lengthy, manual processes with simplified dashboards and automation.



Gain insights into your practice

You can gain instant access to data and insights via intuitive dashboards and visualisations to make data-driven decisions. And effectively monitor internal practice data to improve staff productivity, job management and meet your KPIs.



Stay informed and manage by exception

Business intelligence platforms can help you stay instantly informed on critical events within your practice or clients' business. For instance, you can receive alerts for breaches in financial thresholds, or variations in operational performance.



How can Sage help future-proof your practice?

Optimise your practice with Sage HandiSoft Cloud, the next-generation cloud platform built for Australian accountants and tax agents of all sizes. This client-centric solution can help your practice:

- Boost productivity with effortless compliance
- Gain data-driven insights into your clients' business to deliver the services they need
- Effectively collaborate with your clients and team members with automated workflows and communications, client self-service, dashboarding, and reporting



Visit the webpage
and discover more.



Discover More >

Level 11
Zenith Tower B
821 Pacific Hwy
Chatswood, NSW 2067
1800 660 670

