

HOW I GREW MY PRACTICE FROM NOTHING TO OVER \$6 MILLION IN 5 YEARS

Part 2

My purpose in this Series is to provide you, step by step, with proven strategies to grow and improve your Practice. In my last blog post I delivered Lessons 1 & 2, answering the question *"How I grew my Practice from Nothing to over \$6million in 5 years"*. Click here to read [Part 1](#).

Lesson 1 Find a compelling reason for change – the 4 D's.
Dissatisfaction. **D**esire. **D**etermination. **D**iscipline.

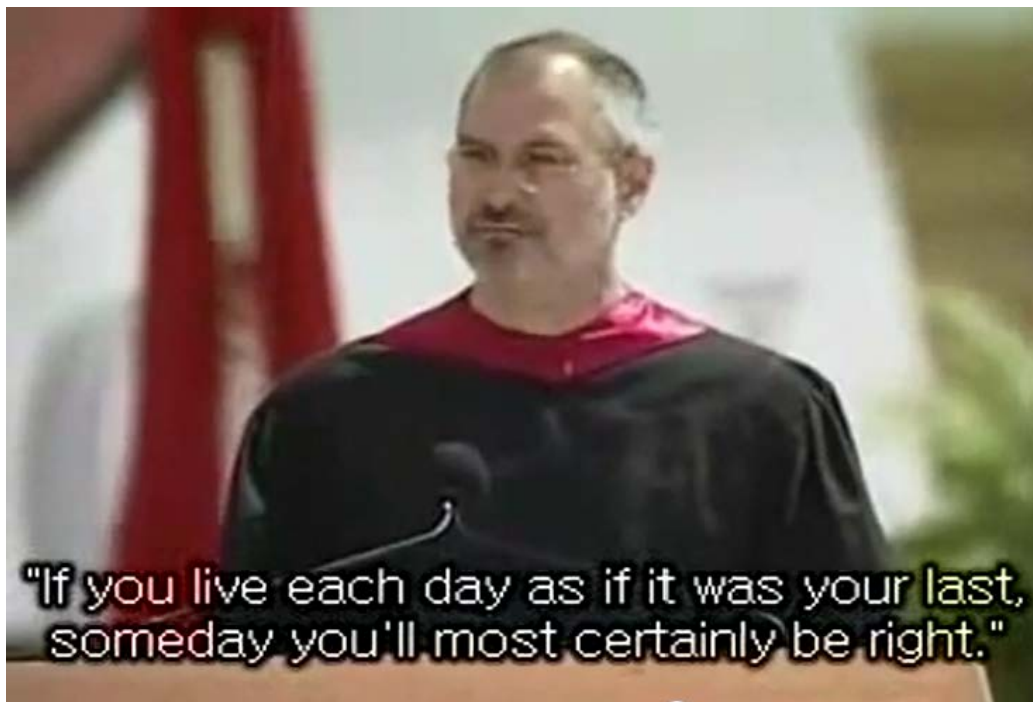
Lesson 2 Develop new habits, starting with your reading. Commit to self-improvement. If you want more, you'll need to get better.

In Part 2, I'm going to deliver to you three more secrets ... or lessons.

Some of you are just getting started and looking to set up a Practice. Others have mature Practices. The information in this series is appropriate to both of you. It's important to remember that I'm an accountant, just like you.

Do you recall your first few weeks working in an accounting office? I started my career in spectacular fashion, spending days upon days in a small, windowless room, cutting, pasting and filing minutes and resolutions into Company Registers. I ran errands around town including the taxation office, securities commission and did the firm's banking. Sometimes we don't understand how all the pieces fit together as we travel through life.

I'm reminded of a speech by Steve Jobs, the founder of Apple, entitled *"Stay Hungry, Stay Foolish"* which was delivered at Stanford University on June 12th, 2005. You can watch [here](#). The timing of the speech was interesting.



Steve was diagnosed with pancreatic cancer in 2003. It was very serious and for 9 months Steve refused treatment. In 2004 he agreed to surgery but not radiation therapy. At the time of this particular address he was in remission. Sadly, the cancer returned and he died in October, 2011.

There are 3 lessons to be learned from Steve's address. Steve talks about passion and loving what you do, through good and bad times. But, the key point I wish to draw out for you today is: "connect the dots". When I first started work I simply did not understand why I was stuck in a small

windowless room, pasting minutes into company registers. There are turning points and events in your life that one day will make sense to you, and prepare you for success. For Steve, believe it or not, it was calligraphy classes!

I'm going to take you on a journey. It's the same path that I took, and a tried and tested 'best practice' approach that I've used over the past 20 years with professional firms, as well as other types of businesses across multiple countries. I'm going to help you connect the dots in your accounting life. Be patient as all the pieces will start to come together and make more sense as you follow along with this Series.

There are no excuses. The journey we'll take crosses cultural boundaries, it works in Asia (including China), it works in Europe, it works in North America, and it works 'down-under'. The approach is based on *principles*. Yes, cultural differences are valid, however, strategies can be adapted, fine-tuned, but this is not the reason for failure.

There is only one major reason why you will not succeed.

Don't worry, of course, I will provide you with the underlying principles, processes and strategies. In fact, I look forward to sharing my story with you and providing information to drive Practice performance. But, here is the biggest obstacle to your success ... Larry Bossidy describes it best. Larry was the CEO of Honeywell (awarded CEO of the year in 1998 by *CEO Magazine*) and co-author of *Execution: The Discipline of Getting Things Done*. Honeywell had a great plan, but it wasn't working. You can have the greatest strategies on the planet, but you will fail unless you become really good at implementation. So, it comes back again to one those 4 D's – Discipline.

My best clients and the most successful are the ones that are the best implementers. We agree upon an action plan, and by the set date, they got the job done, no excuses. Lesson 3 – be a good implementer.

Hey, wake up! Are you already falling into this trap. Have you started thinking about your life and your Practice and the change process? (Lesson 1) Have you visited my eBook List? What books are you reading? Have you download the free Kindle reader? Click here to view the [TNG eBook list](#). (Lesson 2) Not sure where to start? Click below and you'll be taken direct to Amazon (Kindle prices quoted for immediate download).

- E-Myth Revisited (price US\$13.00)
- How to Wing Friends and Influence People (price US\$9.80)
- 7 Habits of Highly Effective People (price US\$11.40)
- Built to Last (price US\$11.60)

Hmm ... still procrastinating? Gosh, what can I say! Seriously, if you are not prepared to invest \$10.00 on a book or two, then you honestly don't have the mindset or commitment to move to the next level. If you want my help and have questions, become a member of TNG Global and send me a message. I'm here to guide you and support you on your journey. I'm also here to sometimes crack the whip! I'll provide more information about TNG's Membership below.

So lesson 3 is, be a brilliant implementer. Now, I'll admit something to you. I'm OK at this implementation thing, but I'm certainly not the best. I'm better at creating ideas, the mess. There are people around you that are really good at organising, and follow through. We'll talk about delegation on another day.

Keep it Real (You don't know, what you don't know)

Lesson 4 'Keep it Real', is the last foundation stone before we get to the 'meat', meaning 'the how'.

In my experience, the majority of people (including myself) are deluded. When someone asks you "how's business?", how do you answer? We're polite and gloss over the real facts.

A few years ago I met with a potential client in one of the best hotels in Hong Kong ('Mr & Mrs SME'). They had a good business and plenty of money. Everything was fine, right? Well, they were certainly not in a crisis. They looked good and they had all the trappings of success. Here is the thing. People

often don't know that they don't know. I teach accountants how to be Business Advisors, which is beyond the scope of this series, but I can tell you from experience that you don't have to be in a crisis to need help with your business (Practice).

As we sipped upon the finest English tea in Hong Kong (the most expensive anyway), I asked Mr & Mrs SME a question. *"Are there any key challenges in your business right now?"* Mr SME smiled confidently: *"Everything is fine"*. Mrs SME just looked at him, and starred grimly.

Yes, the business made good money. However, as I observed Mrs SME's body language, I turned to her and asked her to elaborate. *"My husband works 24 hours a day, 7 days a week. He travels constantly. We don't have a family life"*.

Later, after securing the engagement and analysing their financial data, I learned that the business had plateaued. A business that has stopped growing is not a healthy business. There was a problem.

After two decades of working with business owners, here is what I know. The truth is, I have never ever met a business (including an accounting practice) that doesn't require some kind of improvement. It may not be a crisis, but business is complex and people are, well ... they are people, emotional and proud, and sometimes often deluded.

So, please don't tell me that everything is fine in your Practice. I know that is a lie. Let's keep things real.

Lesson 4 is therefore, recognising that every business and every accounting practice needs improvement. I know that that you have some challenges and frustrations. I'm fairly confident that you have problems that you are not even aware of right now. I also know as a fact that there is 'gold' in your Practice. Gold that can be extracted when you are open to think differently. (Here is a clue ... you have clients that desperately need your help)

How to extract the gold? How to help my clients? How to improve my Practice? How to get more balance in my life? Answer: ... well, there is a large group of you that will do nothing. You are not sufficiently dissatisfied or motivated to change. However, there is a group that wants more from their professional life. This series is designed for you. TNG Global is built for you.

Begin with the End in Mind

Lesson 5 is my personal favourite.

Tom Watson, founder of IBM, attributes his success to having a clear focused vision of where he wanted the company to be 5 years ahead. I'm a huge fan of Stephen Covey, author of *"7 Habits of Highly Effective People"*. You may recall Stephen's second habit is 'Begin with the end in Mind'.

This is the essence of Lesson 5. Let me prepare you mentally ...

Forget your current circumstances. For this exercise, set aside the blood and the guts of every day working life. Take out a clean sheet of paper (or your tablet!).

With one exception, I want you to distance yourself from your current problems and circumstances. The exception being that you are confronted with a 'life and death' crisis. If you have a crisis situation, then you'll need to address that urgently. I'm going to assume that you are not in a crisis.

Close your eyes ... picture your future, five years from today. Dream ... remove the shackles. Avoid getting sucked back into your current circumstances, and don't look back. Look forward and imagine the ideal life you wish to create.

Where are you living? What kind of work are you doing? Where is your Practice located? How many employees? What are your revenues, profits? How many days do you work? Create a clear, focused vision. Please don't worry about 'the how' at this point. Just focus on the future and your dream lifestyle.

A few years back, I was working with the Board of a PVC (plastic) pipe manufacturing business in Malaysia. They were looking for a new direction. Competition from China was killing margins. The process I use for this task is Strategic Planning. It's at the core of my consulting work over the past 20

years. For those interested, I have a course inside TNG Global called *“The Accountant as Business Advisor”* where I teach Strategic Planning, among other consulting skills.

Anyway, after a month of working with the PVC pipe business, here is what we (the Board) decided. The company was located close to the Thai-Malaysian border. At that time, free trade agreements resulted in an upswing in cross border traffic. The company had a fleet of a dozen trucks which were in heavy demand. The Board decided to move into the logistics business! A bonded warehouse was built, and the fleet was expanded. The following year the fleet had increased to more than 50 trucks!

Now, I admit that decision was pretty radical. It’s a rare outcome, but anything is possible. In reality, as I mentioned above, I think you have enormous potential to grow. Accountants are literally sitting on a gold mine. I’m genuinely excited for you in terms of creating the future. Lesson 5.

It goes without saying that my advice to you is to create a Strategic Plan (SP) for your Practice. Here is a table of contents for the process I use at True North Group. Clearly this blog is not designed to teach you strategic planning, but bring awareness to the fact that it is a wonderful process.

Preparation	Culture and Purpose
Research, analysis, fact finding, SWOT	Action Plan
Vision	Ranking of priorities
Corporate goals	KPI’s
The Report	Review and Revise

Ideally, I recommend that you have the SP process independently facilitated. I realise that’s a serious investment (expensive) as it takes 2-3 months, usually longer. It’s a comprehensive process.

In the previous blog post I promised a solution to your relationship issues. As a sole practitioner, you’re unlikely to have this problem, but partnerships, like marriages, are always going to be a challenge because people have different personalities, different working styles, and they are emotional. The solution I was referring to is Strategic Planning, and here’s why it works.

It’s about alignment. When I walk into a business, its common to find Partner ‘A’ (Director A) heading north-east. Partner B is heading south, and Partner C is off in another direction. I remember working with a 4 partner law firm in Sydney. It was like herding cats. Each partner had their own agenda and fixed in the way they did things. Getting alignment was a huge challenge, but we eventually got it done. I also remember working with a family run furniture retailer. The father wanted to exit and hand over to the children. Sadly, this is a case where the father (and founder) simply could not let go. In frustration, the eldest son quit the business and created his own company.

The essence of Strategic Planning, in terms of how I facilitate the process, it to find ‘True North’ for an organisation. Yes, that’s why I called my firm True North Group, and used the tagline *‘giving your business direction’*. Once you find ‘north’, once you get alignment in an organisation, it’s a beautiful thing to watch a business literally take off. It’s the concept of $1 + 1 = 3$, meaning the whole is greater than the sum of its individual parts.

It’s not about changing a person’s work habits or their personality. In very rare cases, where partners cannot find common ground, alignment, I’ve seen partnership splits. I think that’s healthy. On more than one occasion I’ve worked with husband and wife businesses where the parties are literally in tears and on the verge of divorce. It’s a reality of life, and people are leading lives of desperation and frustration. The husband was out on the road doing sales calls and having lunch. The wife was back in the office managing the budget and trying to find enough money to pay the weekly wages.

Yes, I took them through the SP process, and I can tell that that this couple today have an industry award winning business and still happily married with a nice new waterfront home.

That’s why I have created an accountants training course entitled ***‘Building a Better Practice Series’***. It’s an online, video based eLearning course for members of TNG Global. The first module covers Strategic Planning. Needless to say, it’s incredibly valuable and affordable to everyone, thanks to the technology available these days.

If you are interested in 'face to face' consulting with me, I'm available. Simply email me and we can set up a time to chat and discuss. If you don't have my email address, go to the Contact Form at the bottom of our home page at: www.tng-global.com

If you wish to learn more about becoming a member of TNG Global, click the button 'Join TNG Global'. Become a 'Blue' member for just USD\$39.00 per month. SAVE more by subscribing to the annual membership.

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Accountant Case Studies

To repeat what I said in Part 1 of this series:

Changing the direction of your Practice and your life is a bit like a New Year's resolution to give up smoking or weight loss. It cannot be done unless you are fully committed. No excuses. That takes time, it takes discipline, and ... having good reasons for change.

It's vital to make a long term commitment.

Lesson 5 is about creating a clear, focused vision and that is best achieved via a strategic planning process. Just this week I was chatting with a North America accountant that went through a strategic change process a few years ago. We met in 1999 and he attended one of my training programs. He says:

"As part of the change, I divorced my two business partners, sold all my real estate and jumped into a new way of life, and business. Basically I moved with my two key staff to an independent location, invested in paperless office software and am now able to do everything I need to do online, with visits to the office to do face to face meetings with clients. My goal in the medium term is to sell the main practice to the staff or an outsider. In the meantime I'm for the most part still having fun. I'm always looking at new things to learn and new ways to do business - so I'm hoping to get some inspiration from TNG Global."

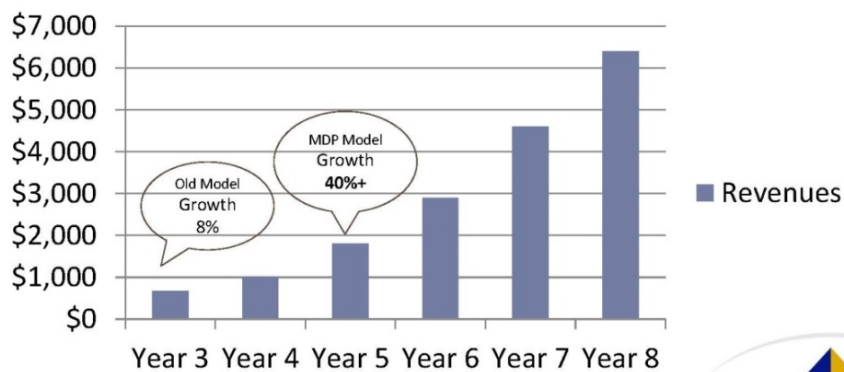
Let's talk about creating a vision for an accounting practice. In Part 1, I promised I would share with you some facts and figures about my own Practice during the growth period. I'll also use another accounting firm as a case study as I worked closely with them over a number of years.

What are the key drivers to improve performance? Profit is not a driver, it's the result of certain actions. Beyond profit, there are a small number of key metrics that drive the performance of a professional services firm.

Average fee per client (client groups)	Revenue per employee (productivity)
Marketing metrics (eg new clients of the type you want)	Labour costs/Revenues %
Operational metrics (on time filing of tax returns)	Productive hours per employee
Accounts Receivable (in days)	Work in Progress (WIP) metrics

The Bruce Partnership
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TRUE NORTH GROUP

Revenue & Growth AUD\$'000



What's more important is to monitor trends over time. Make decisions based on facts and fine-tune strategy. For example, our average fee per client increased from less than \$5,000 to over \$30,000 over a 5 year period. That's huge. I can hear you screaming at me *"my clients wont, and cannot afford to pay those kind of fees"*; *"you must have different clients to my firm"*. I started growing my firm from a base very similar to you. My clients were nothing special, but like many businesses, they had great potential to grow if guided.

The solution is marketing. But wait ...

Accountants are cost conscious. I get that. Cost cutting is the most primitive and simple strategy to increase profit. However, focusing on costs alone to grow a business is really dumb. If I hire a qualified accountant and pay them \$100,000 then I expect a return. Something above \$300,000 in billables, right? The same applies to marketing.

Very few SME business owners and accountants I've ever met (and I know a lot of them) understand how to run a corporation. There is a reason why 98% of the worlds' businesses are SME's with less than 15 employees. Marketing is like oxygen to a business. Without marketing, it will die. Now, I can hear you saying things like *"it's unethical"*, *"accountants aren't allowed to advertise"*; *"I've never needed to spend money on marketing in the past"*; etc.

Accountants already have a de facto 'marketing department'. It's the thing they complain about often. The Government. It's these mandatory rules and regulations that keep you in business. If it was suddenly optional to file an income tax return, where would your Practice be today? Write a thank you letter to Inland Revenue!

Seriously though, it's true. I'm sure you understand by now that I think differently. One of my 'secrets' is marketing. It's such an important issue that we'll devote specific time to it in a future post.

So, the TNG growth path accelerated from less than 10% per annum, to around 50%, and the reason is marketing. The question is: *"grow what?"* What kind of Practice do you want? A colleague in Sydney and a partner of one of the Big 4 accounting firms said to me: *"Marc, I've spent the past 20 years climbing the ladder to success. The problem I now realise is that the ladder was propped up against the wrong building!"* Lesson 5 addresses this question and the recommended solution is strategic planning.

I'll mention one more metric that I'm proud about, and that is collections. Accountants are notoriously bad at managing accounts receivable. It's not unusual to find average collection rates beyond 90 days and in some cases 6-12 months. Hey, I actually worked with a Malaysian accountant

who often collected fees after 12 months. Clients handed over a cheque the following year when the books arrived to start the next year's work! OMG.

In my own case, I managed to get collections below 14 days, and often the client WIP ledger was negative. Can you imagine that? I certainly believe I can add tremendous value to a firm strategically in this aspect of their Practice. I'm an advocate of value based billing and fixed fees, but it's not as simple as that. You guessed it, that's a topic for another day. Remind me to tell you the story of how I billed a client (and collected) \$99,000 over a 48 hour period. Yes, from start of the engagement, to completion and banking!

My point is this. You need to conceptualise and create your 'dream' Practice. Anything is possible.

By all means share this post with your partners and make comments. You can print a PDF version by clicking this link: **Part 2** (Lessons 3, 4 & 5). Feel free to email me with any questions.

In my next post, I'm going to help you find more time. Accountants are busy people, overloaded. I get that, so we'll address that next. Till then, start dreaming, and ... together, we can make a difference in the world.

Have a great day!

Marc R. Bruce

31 October 2015

Suggested Plan of Action

1. **Lesson #3** – Be a great implementer. More action, less talk. Just do it
2. **Lesson #4** – Keep things real. Be honest in assessing your current circumstances. Organise facilitation of a Strategic Planning session for your Practice. Use the resources available to you here at TNG Global
3. Start conceptualising a clear focused vision for your business and your life – **Lesson #5**.
4. Join TNG Global today!