

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

Part 4

HOW TO GET WHAT YOU WANT BY GIVING CLIENTS WHAT THEY WANT

Welcome to part 4 in this Series.

In this post I will uncover lesson #7 that helped me grow my Australian Accounting Practice from nothing to over \$6 million in revenues in 5 years. Ranked in the late 1990's by *Business Review Weekly* as the #1 fastest growing accounting firm in Australia.

To recap:

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.

Lesson 3 Become a brilliant Implementer

Lesson 4 Keep it real. Every business and every Practice needs improvement

Lesson 5 Create a clear, focused vision

Lesson 6 Take control of your calendar by planning ahead and blocking out important (not necessarily urgent) activities.

When making mistakes is a good thing

I'm an accountant that has made more mistakes than most.

There are many people that will judge me negatively by that benchmark. I like to read the blogs of other founders and entrepreneurs to learn from their mistakes.

In the past, entrepreneurs rationalised their mistakes as learning experiences. I accept that, provided the experience takes you in a new direction where you have learned something valuable to make better decisions.

I make mistakes because I try to innovate. I'm entrepreneurial which means I try things that have never been done before. As a result I make a lot of mistakes, but it comes with the territory.

The Pivot

The truth is, no-one ever succeeded at anything without some kind of failure. In modern day business school language we call this a 'pivot'. This is a new term coined by Eric Ries who wrote the recent book: [The Lean Startup \(2011\)](#).

"Pivoting" is a familiar word in Silicon Valley startup world. When your first business model isn't working (and this happens more often than not), the founder will pivot to plan B, then plan C, etc.

Here's an example. When I started my Practice in Sydney in 1990 I wrote to everyone I knew, including clients and potential clients. The message was that I had started a Practice that would deliver more than just tax and accounts preparation. I used the phrase 'management consulting', meaning that I wanted to help clients beyond the numbers. A year later, our fees were still 99% tax compliance based. I failed.

Years later after trying different approaches, pivoting, I eventually got the model right. I was then overwhelmed often meeting 3 or 4 new clients per day!

The truth is along the way, I lost some clients. I lost money. I lost employees. I didn't know the word 'pivot', but I needed to do something differently.

I've mentioned this previously, but here are a few things that started to work:

- I focused on the needs of my clients. I took an interest in my clients' business.



- I changed my reading habits. I learned new skills like strategy, management, HR and marketing
- I went through a re-branding exercise. It's called positioning in the marketing world
- I hired people who had different skills to me eg marketing advisors.

“To improve is to change; to be perfect is to change often” – Winston Churchill

Entrepreneurs fall in love with their original ideas, but fail to pivot because they can't admit it's not working. Successful entrepreneurs have to know when it's time to change focus in order to stay in business.

One of the most famous examples of successful pivoting is Steve Jobs. When he returned to Apple in 1997, the company has annual losses of over \$4 billion. What did Steve do? Apple had to rapidly innovate to keep up with the changing technology. He saved Apple by cutting their product line by 70%, focusing on only four main products.

Famous Pivots



Co-founders Steve Wozniak and Steve Jobs

Apple

Then: They were a company that revolved around selling elementary computer kits.

Now: They make beautiful computers, phones and iPads. The most valuable company on the planet.

Wrigley

Wrigley didn't always sell gum.

In fact William Wrigley Jr. stumbled on the value of gum while giving it away for free. Mr. Wrigley Jr. moved to Chicago in the 1890's and took up work as a soap and baking powder salesman. He got the idea of offering free chewing gum with his purchases, and the gum proved to be more popular than his actual product. Wrigley went on to manufacture his own chewing gum brands, Juicy Fruit, Spearmint and eventually Doublemint.

Today the company grosses billions in revenue and is one of the most recognizable brands in American history.

Starbucks

The coffee shop which now inhabits every street corner (and sometimes two on each street corner) did not always sell fresh-brewed coffee to customers. They started off in 1971 selling espresso makers and coffee beans, which Howard Schultz (current chairman, president and CEO) fell in love with on first taste. After his visit to Italy in 1983, Schultz was determined to actually brew and sell Starbucks coffee in a European-style coffeehouse, and transformed Starbucks into the nationwide java sensation it has become today.



Facebook

Then: It was Facemash, a site comparable to HotOrNot.com, putting two pictures of people next to each other and asking the user to identify which one was "hotter."

Pivot ...

Now: It's Facebook. Do I need to explain more?

Founder Mark Zuckerberg (left)

Microsoft



The 1978 Microsoft team (yes, Bill Gates bottom-left corner)

Then: They created BASIC interpreters for the Altair 8800.

Now: They became the architects behind Windows in 1984 and it's now the most popular operating system in the world.

Product-Market Fit

How do we avoid failure? How do we launch a new product or service and make it a success?

Without going too deep into Startup business models, the short answer is aligning the product or service with the needs of the customer or client. It's also called product-market fit. It's called listen to the customer. Do you really know what your clients want? Let's explore that in a little more detail.

With this in mind, things get very interesting when you try to apply this Silicon Valley 'guru' methodology to the accounting profession!

The Research

All of the research and surveys I have ever read over many decades across several continents say this about practising accountants and their clients:

Challenges that Accountants face:

- I feel fee resistance from my clients
- Keeping up to date with regulations and managing deadlines - struggling with work-life balance
- Keeping up with technology (Cloud Accounting)
- Attracting new Clients/growing
- Finding and keep good employees

On the other hand the Clients say this:

- My accountant is not responsive
- My accountant does not understand my business
- I need a partner to provide proactive strategic advice
- Expertise (a Specialist)
- Current and efficient with technology
- 20% of clients are dissatisfied with their accountant

Did you notice something really interesting? Clients do not rank fees at the top end of the list!

Seriously. How can that be?

Accountants feel resistance to fees and yet clients don't rank it as a top issue. Huh?

"In my view, accountants don't understand the needs of their clients. They are totally out of sync"

I'll go a step further. The only reason accountants have a business at all is because of Government regulation. The very thing they complain about is their lifeline. Without regulation accountants would be dead.

Consider this. Accountants are not charging enough, which is resulting in clients being under-served and neglected. It's a level of incompetence. It's a disgrace.

It gets worse. Sadly, many business owners see little direct value from statutory accounts so, while recognising they have to be produced, regard them as historical and out of date.

Accountants admit the Financial Statements are Flawed - a UK Study

A few years ago a UK group surveyed 250 accountancy firms and found that 73% of the Partners in Public Practice acknowledged that there were fundamental flaws in the annual accounts.

The Partners were not saying that the accounts are wrong or didn't comply with all the relevant laws and standards. What they were saying is that annual accounts are of little or no use to the business owners. They didn't give business owners the information they really need to grow and manage their business.

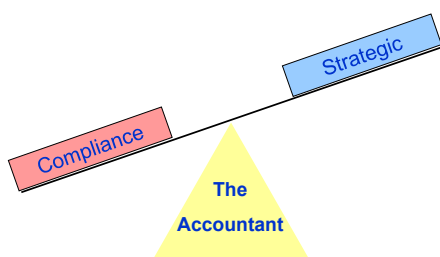
Whilst SME audits are not mandatory in most western countries, there are still audits required for SME's in many Asian countries. I seriously wonder about the quality of these 'audits' given the low fees being charged. Knowing the usual material importance of inventory to the profitability of a company, I wonder if proper stocktakes are really being conducted, for example.

The Accountant of the future

SME's need help. Who can they turn to?

Can accountants step up and provide the support so badly needed by their clients? Accountants need to consider getting the balance right.

What is the right balance?



The challenge for the accountant is to move up the economic value chain and provide higher value services as we move deeper into the technology and global knowledge age. There is a growing band of accountants around the world, who are making the great transition, but it's still very small.

Today, the modern accountant's role (and responsibility) is to improve organisational strategic and commercial performance. There is a growing trend for others in the finance team to have commercially focused roles. The scope of this type of work can be broad and includes determining strategy and

business plans, reducing costs, negotiating sales contracts, systems development and improving human resources policies.

If accountants are to be regarded as business leaders, and valued advisors they have to meet the challenge. To be effective, leaders need to learn, read and think across a wide range of topics.

Building a Multi-Disciplinary Practice (MDP)



Here's the way we positioned client services at True North Group in Australia.

We created distinctly branded divisions with people possessing a wider range of skills from marketing to human resource management. Clients are interested in growing their business, creating and protecting long term wealth. Of course they also want to minimise taxation along the way.

Let me share with you a real life client case study from when I was in Practice to demonstrate what is possible.

Case Study – ABC Computer Repair Business

Here's an example of how the MDP concept worked for my firm.

ABC Computers was a new client, referred by another client, a Law firm.

Upon meeting with the directors of ABC I made a mental note. If you have read [Strategy 101](#) you will understand when I tell you they were a 'C' class client. A quick scan of the prior year's Financial Statements showed an amount of \$800.00 for accounting fees. OMG. Not good. Definitely a 'C' or a 'D'.

Not wishing to judge a book by it's cover, I continued with the initial client meeting process (which is a Course available for members of TNG Global).

ABC Computers repaired computer hardware and printers. They had 12 employees. A typical small business but they had ambition and a dream ... 'spark'. My gut said they had something special, so I decided to visit them. Their previous accountant had never visited their premises.

As part of our new client on-boarding process I offered them business advisory services (beginning with strategic planning and marketing support). They accepted.

We offered them our personal financial planning service, and they accepted.

Fast forward, a year later our fees were running at \$36,000. Yes, \$36,000 per year, recurring. I'm sure the previous accountant would not believe this story. Here was a client that had been trained by the previous accountant that \$800 was the market value for accounting services. I'm also sure that the client thought "*Oh, that's expensive*" for filing a tax return.

Here's the thing. ABC Computers continued to pay us \$36,000 per year for many years. When the owner visited our office he literally skipped down the corridor to greet me with open arms and a warm hand shake. He was sooo happy to see us. I'm guessing he saw us as valued business partners and advisors.

Let me repeat one more time in case you missed the lesson here. Lesson 7 is:

“Accountants feel resistance to fees and yet the clients don’t rank it as a top issue. Accountants don’t understand the real needs of their clients”

In my experience, clients want help to grow and manage their business and they are willing to pay handsomely for such advice. In the process you will build stronger relationships and more loyalty.

Beyond delivering value added services to clients, there are several other strategies TNG adopted in response to meeting client needs. Things like billing methods and service standards. We'll cover these topics in future posts.

You can share this post with your partners and email me if you have any questions or comments.

Print a PDF version by clicking this link: [How to get what you want, by giving Clients what they want.](#)

All the best,

Marc R. Bruce
[2 December 2015](#)

Suggested Plan of Action

1. It's time for accountants to pivot (change direction to meet the needs of clients)
2. **Lesson #7** – Listen to your clients and deliver services to match their needs.
3. Develop a **Strategic Plan** for your Practice and create a range of value added services beyond tax and audit and compliance.
4. Target the right type of clients. To begin extracting the 'gold' in your Practice, download [Strategy #101](#) by clicking this [link](#).



About the Author

Marc Bruce is an Australian accountant, and the founder of TNG Global, a Community for Accountants who are making a difference in the world.

TNG Global Alliance (use TNG logo)	Business Advisor Training Courses (incl. Strategic Planning)	Offshoring/ Outsourcing Solutions
Online Professional Community	Resource Exchange 'ReX'	Marketing Support

