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# Diversify or face the consequences!

In this practical piece Gordon Gilchrist outlines what the modern accountancy practice should do to stay profitable and successful.

The accountancy profession is constantly changing with less paper solutions such as cloud accounting and digital filing the new reality, along with the prevalence of mobile technology.

The need to maintain profitability with the rapidly changing environment Practitioners' do business in is now essential for the success of an accounting practice – so here are a few thoughts that may be helpful if you want to diversify your offering as a Practitioner;

## Understanding what clients will pay good money

If a new client were to approach you saying that were setting up a business offering a service that few people would choose to buy, given the choice, I suspect you would suggest that they reconsidered and thought more along the lines of offering a service that most people do want to buy. Yet ask yourselves the same question. Are audits, accounts, tax returns etc services that most of our clients would choose to buy?

It surprises many outsiders looking into our profession that we can do so well offering services that clients would actually prefer not to pay for. Were it not for the fact that they have to buy these services, I wonder how many clients we would actually have today.

That said, as Practitioners, we remain our clients most trusted advisors when it comes to money and, although not specifically paid for it, are often the first point of call for many clients for a large range of issues and needs that our clients would be happy to pay for. When we look at these issues, the consistent ones remain;

- Strategic Planning
- Wealth Management
  - Retirement funding
  - Legacy planning

- Exit Route Strategies
- Tax Planning
- Finance & Corporate Finance
- Profit Improvement

It seems to me that we now need to offer these services more formally so that the client no longer just looks at us as 'the accountant' and the real value advice is no longer just "all part of the service."

## Understanding how to reward and involve your staff

Staff and partners have always been our strongest assets but the number of accountants seems to be dropping year on year. The need to keep good staff is essential to your success and profitability.

You need to provide an environment of challenging work, good communication and excellent training, especially in the area of IT. "People will do that which they are rewarded for", says Peter Drucker. More and more firms are introducing incentive schemes for both their staff and partners especially in the areas of:

- New clients
- Cross selling
- Finding new staff – Bounty Scheme, and
- Chargeable hours

## Generating new fees from clients

Cross selling techniques that work include;

**Newsletters** – send your newsletter out with a covering letter that highlights a particular article that is relevant to that client.

**Client Alerts and Datamining** – this is the most powerful cross selling methodology because firms ONLY email clients who would find a particular Client Alert relevant. Firms are using datamining to identify which clients would find a particular Client Alert relevant and the best firms often find

4 fields within the database that make the email most relevant – for example:

Dear John

Because you are over 50 years old, are married, have 2 children and your income last year was the highest ever, you will find the attached Client Alert on pension contributions most relevant. You can also refer to our webinar on the subject by clicking here (15 minute summarising the recent changes affecting our clients).

Once you have had a chance to read the attached and viewed the webinar, I think it would be useful if we could organise a meeting to chat this through. There is no charge for this meeting and I was wondering how you were fixed for next Wednesday at 3pm either at your offices or at mine?

Kind regards  
John Smith

The *Helpsheet* Idea – have a list of helpsheets available at reception and ask your receptionist to ask the clients, when they are at reception, which helpsheets they would be interested in having. Her role would then be to run off fresh copies of those helpsheets selected by the client, give them to your client whilst your meeting is taking place and, most importantly, hand you the list of helpsheets that the client ticked so that you know which were of interest to your client. You can also ask your staff to take the list of helpsheets out to the client and to discover which areas the client is interested in.

*Reception slide show* – run a PowerPoint presentation that changes the slide every 10 seconds or so, running through all the different add on services you provide.

*Seminars* – are always a great way of introducing new ideas to clients and running 2 or 3 per year will significantly increase cross selling opportunities.

*Webinars* – another very effective way of educating clients. A number of firms produce an informative webinar every month, some live, all recorded, and post onto the firm's website.

Always let your clients know that you provide unlimited phone support for those quick queries we all get from time to time. You do not want clients to think that they are going to be sent a bill every time they pick up the phone but you do want them to call you so that you can hear their needs, and from that, you may well be able to help them (and charge a fee).

### **Understand Value Pricing and triple your profits**

Our research at 2020 suggests that, on average, about 1% of all phone calls actually give rise to a fee exceeding €500. We also appreciate that a good deal of the profitability in most firms arises from the extra add-on work. Therefore, if you were able to increase the conversion rate from phone call to cross-sell to 3%, you would triple your profits. The first thing to do therefore is to train staff to ask questions around the client's query to establish how much money, risk, emotion or security is involved, and thereby gauge the value of the advice to the client. Always remember that just because you know the answer

to the client's query, does not mean it is worthless, (i.e. don't just give the answer away down the phone).

### **How to set and agree the fees with clients**

There are 2 clear areas to discuss; Compliance work. The most profitable firms are well down the line of agreeing a fixed fee for all the routine compliance work (and are "onboarding" clients into the cloud environment) and the extras are, in fact, as a result of all the cross selling or proactive ideas listed above. For example, "when you are a client of this firm, we will do your audit, accounts and tax returns for €3000 AND included in that will be unlimited telephone support so that you can contact us at anytime. You also get our quarterly newsletter giving lots of ideas and tax saving opportunities AND you will be invited to 3 seminars during the year. Additionally, we produce ongoing helpsheets, which you are most welcome to have. Etc etc."

*Non compliance work.* When clients do call or come to a seminar and are asking for something extra, this is when you need to learn the skills of Value Pricing – i.e. what is this work worth to your client at that particular time. This is the number one skill of a successful accountant today and, because the income from compliance work is falling (thanks mainly to the cloud) if firms are not able to do this effectively, they will leave so much money on the table, they run the risk of not making enough money to attract quality staff – a major problem!

The modern accountant needs to be flexible, proactive and think 'outside the box' to future proof his or her business – diversify now or face the consequences!



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