

DO BETTER BUSINESS
YOUR PRACTICAL GUIDE
MY FIRM. MY FUTURE.

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INTRODUCTION

Accelerating technologies and new client expectations are transforming the accounting profession. If members in public practice are to rise to the challenges and opportunities the future presents, they will need to consider if their current systems and processes are fit for purpose. Is there a way to do better business?

Doing better business will mean different things to different firms, but it may include streamlining processes to drive operational efficiencies, evaluating your service mix, reviewing your current staffing, and building a workplace culture that attracts and retains the very best from a shrinking pool of talent.

In 2019, CPA Australia released its *MY FIRM. MY FUTURE. Report*, which identified key themes that will be crucial for accounting firms to consider as they respond to the forces reshaping the profession.

The report is based on a CPA Australia survey of 446 public practitioners, including 333 members and a separate survey of 113 accountants in public practice. Additionally, CPA Australia surveyed 610 SME and 401 consumer clients. These findings were reinforced by seven focus groups involving 54 members in public practice held around the country in metro and regional areas, as well as 16 one-on-one in depth interviews with CPA Australia public practitioners. During these interviews, members discussed their own experiences, opinions and projections regarding the firm of the future.



Doing better business has emerged as a key factor shaping the future of public practice. For instance, three quarters of accountants believe the greatest value of technology is improved efficiency in their work and practice. Other key drivers include reduced time spent on administration and compliance, improved quality of services, improved client engagement and communication, and remaining competitive.

Along with leveraging technology, doing better business may also require evaluating the service mix. Around a third of both consumers and SMEs expect to need more services from their accountants over the next five years and the firm of the future must be equipped to meet emerging demands.

The change in client needs may also require a shift in practice structure, however attracting and retaining appropriately skilled, emerging and talented employees is a major issue for members in public practice. Furthermore, 77 per cent believe that the skills and qualifications required of their employees are changing.

This practical guide aims to help you to identify and implement new ways to do better business. There are tips on technology that can help to streamline operations, and ways to gain greater insight into the efficiency of your current systems and processes.

There is also advice for defining a new workplace culture and developing thorough reporting practices to measure your success.

The aim is to help you embrace a better business approach to ensure your practice is fit for the future.

PART ONE

A BETTER BUSINESS STRATEGY

Embracing a better operational approach will help to future-proof your practice, but what do you want to change about your business?

Now is the time to set your business up for the future with new systems, processes and structures to drive efficiency, meet new service demands and foster a team of top talent.

Irrespective of the size of your practice, consider the following questions:

What do I want to achieve in my business?

Visualise what you want your business to look like for both yourself and your clients. Identify the opportunities and threats in the market, as well as what your clients need from you and the value they bring to your business.

What services do I want to deliver?

The most successful firms operate as efficiently as possible for the services they provide. For example, if you wish to add higher-value advisory services to your offering, you will need to build processes and systems to support them and explore ways of leveraging technology.

Do I have the right business structure?

A change in service offering may also require a new business structure. For instance, if your business is still working to a pyramid structure, with a large number of low-level staff, you may need to shift to a flatter structure or a diamond structure with a large number of experienced middle-range employees who can add greater value for clients. This can be achieved by automating low-level tasks and upskilling staff in specialised areas.

Do I have the right team in place?

Developing a team with mixed skills will help you to meet new client demands. Ensuring that you have the right people carrying out the right tasks is also an important consideration for doing better business.

Do I have the right business culture?

Your workplace culture is the characteristics and personality that define what your business stands for. It shapes the environment you create for your employees and the kind of service you deliver to your clients. It encapsulates your reason for being in business and the values that help to drive your success. Tips for defining your culture are included in Part 2 of this guide.

What is the value and risk of outsourcing?

Outsourcing to low-cost offshore centres is a growing trend for Australian accounting practices as it can reduce the cost of low-margin services. However, it can present a concern for some SMEs and consumers who do not wish for their information and data to be stored or processed overseas. When identifying opportunities for outsourcing, be sure to understand your legal obligations and seek consent from your clients.

What technology can help me to do better business?

Process automation, practice management software and a customer relationship management system can create transparency and efficiency across your business. These tools are explored in Part 2 of this guide.

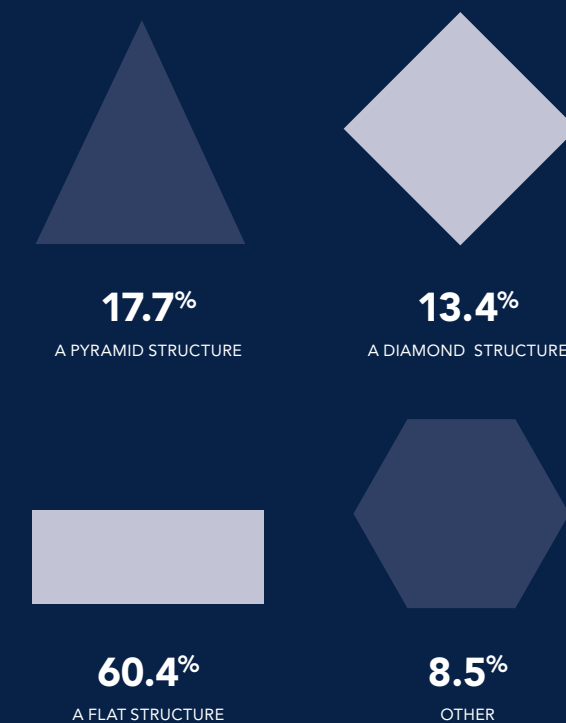
Do I have the right network?

A multi-disciplinary network of external partners can add value by helping you to meet a broader range of client needs.

ORGANISATIONAL STRUCTURES

The structure of firms is evolving away from the traditional pyramid to a flat structure or diamond structure.

The current organisational structure of practices



n = 446

Source: CPA Australia's survey of members and accountants in public practice July 2019

BETTER BUSINESS TIP!

Are you ready to change?

Doing better business requires a short-term investment in new systems and processes in order to achieve longer-term business benefits. Assess your working capital to define the best time to start.

PART TWO

PREPARING TO DO BETTER BUSINESS

Now that you’ve identified where you can improve operational efficiencies, it’s time to start building the systems and processes to help you do better business.

To identify where you can make improvements, you’ll need to understand the strengths and weaknesses of your current processes and document how things should be done.

Start by collecting data about your business.

Step 1: Prepare timesheets

Ask everyone in your business to fill in a timesheet each day for two months. Be sure to capture every daily and weekly task on a micro level, as well as who is completing it and how long it takes. Ask your team to check their time sheets at the end of each day to ensure the data is accurate.

Step 2: Document the process behind the tasks

Allocate a person in your team to be the ‘governor’ of a task. Ask them to document the process behind each task, step by step. This could be done in an Excel spreadsheet, for example, or videoed on a smartphone.

Step 3: Test the process

Ask someone in your business who has never completed the task to test the process. Is the process seamless? Are any steps missing? Are there any unnecessary steps? Is there a better way of doing it?

Step 4: Sign off on the process

Test the process yourself and ensure that all principals in your business sign off on it.



BETTER BUSINESS TIP!

Take your team with you.

Doing better business may require small or significant changes. Explain to your team why you are making the changes and how the new systems and processes will free up more of their time to do more valuable and satisfying work.

PART TWO

PREPARING TO DO BETTER BUSINESS

WHAT CAN BE AUTOMATED?

Many lower-level, repetitive tasks that don't require human intervention – especially those that don't generate revenue, such as booking meetings, invoicing and onboarding clients – can be automated via smart technology.

Technology is transforming the business landscape – and providing the tools to help transform your practice. A wide range of tech tools are included in the *MY FIRM. MY FUTURE. Leverage Technology Guide* to help you to choose the best software for your business, but here are a few that can help you do better business.

1. Practice management software

Practice management software creates transparency and efficiency across your business. It ensures that work is tracked, delegated, and completed on time. Tasks with deadlines are logged and assigned to staff so that your team can collaborate. It can be the central repository for proposals, payment processing, workflow management, client communication, reporting and more. The best ones will integrate with your cloud accounting ledgers.

2. Process automation

Automation of manual tasks, such as tax return preparation, bookkeeping, data collection, tax submission and report generation creates greater efficiency within your practice and more convenience for the client. It's a form of artificial intelligence. For example, the automation of your accounts payable function would extract invoices, reconcile them with a purchase order, and process the invoice and the payment. Meanwhile, automated compliance tools take care of Tax Office paperwork, such as BAS and IAS documentation.

Every step of the manual process – from marketing through to billing – can be automated. Consider the following scenario:

- A prospective client visits an accountant's website, which includes a free tax guide that can be downloaded when they enter their email address.
- The accountant's integrated software captures the prospective client's email address and adds it to its marketing and events list.
- When the prospect becomes a client, their details are automatically swapped over into practice management system.
- A series of emails with checklists and forms are automatically generated and sent to the new client to complete online. When the forms are returned, the data is automatically populated in the customer relationship management system.
- A client engagement letter is then sent, which the client signs, along with an authorisation for fees to be deducted from their bank account, if they wish to do so.
- This triggers a workflow in the practice management system – due dates are created and work can be allocated to staff.
- The agreed fees are automatically deducted from the client's bank account and the transactions are reconciled in both the accountant's and client's accounts.

WHAT CAN BE OUTSOURCED?

Some lower-level tasks still require human intervention, but you may be able to outsource them to low-cost offshore centres or to members of the gig economy, to allow your team to focus on developing the higher-value services demanded by your clients.

The following steps will help you to determine which tasks can potentially be outsourced:

Step 1

Create a column in a spreadsheet and list all lower-level tasks that still require a human intervention.

Step 2

Create another column for the level of benefit outsourcing each task would bring to your business and rate it from 10 down to one – from most to least beneficial.

Step 3

Create another column for the level of benefit that outsourcing each task would bring to your client and rate it from 10 down to one.

Step 4

Identify which tasks have the highest score across both columns. Outsourcing these tasks is likely to bring the greatest benefits to your business.

It's important to note that some SMEs and consumers express concern about their accountant sending work offshore. Before choosing to engage an outsourcing provider that operates offshore, ensure that their clients understand and are willing to accept the change.

ADOPTION OF NEW TECHNOLOGIES HAS DRIVEN AN INCREASING AUTOMATION OF BASE-LEVEL ACCOUNTING TASKS.

PREPARING TO DO BETTER BUSINESS

DEFINE YOUR CULTURE

Your culture is underpinned by the vision and values that define why you are in business and what you aim to do.

The following activity will help you to define your mission and values. You may wish to do this with your team.

Activity: Create your vision statement

Your vision statement defines the fundamental, unique purpose that sets a business apart from others of its type. It also shapes the quality of your systems, processes and services.

When writing your vision statement, you may wish to include:

- Why you are in business
- How you conduct business
- What your clients get out of your business

Next, define your values – the key behaviours or attitudes – that support your mission and drive the overall culture that helps in doing better business. Start by answering the following question:

What do we want people to say about us when we're not in the room?

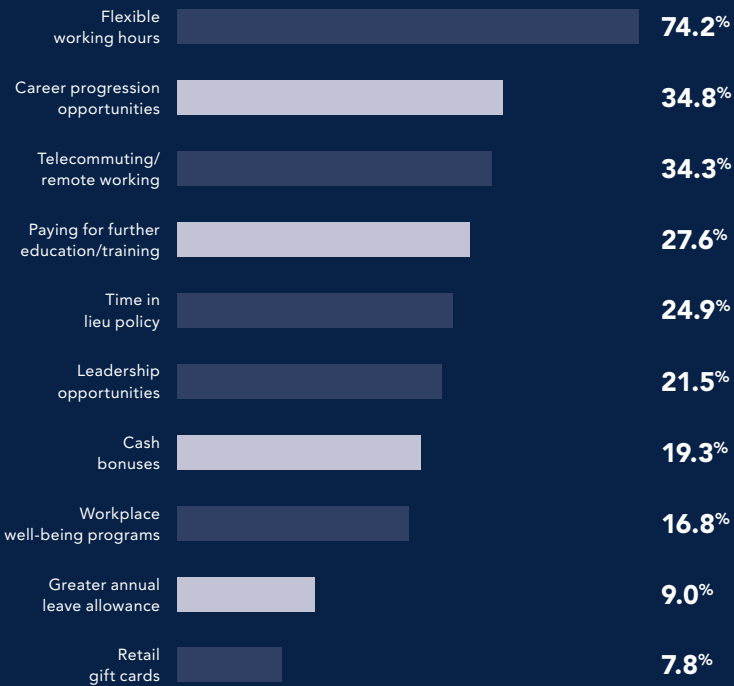
The words will be specific to your business, but here are some ideas to get your started:

- Professional
- Fun
- Responsive
- Respectful
- Agile
- Innovative
- Precise
- Trusted
- United
- Valued
- Authentic
- Client-focused
- Outstanding

DEVELOP TEAMS OF STAFF WITH MIXED SKILLS. IDENTIFY THEIR STRENGTHS AND HOW THEY CAN WORK TOGETHER TO SUPPORT YOUR BUSINESS PLAN.

TALENT RETENTION STRATEGIES

Which of the following strategies is your firm using or planning to use to help retain skilled and and qualified talent in the next five years?



n = 610, consumers
Source: CPA Australia's survey of consumers and SMEs September 2019

FROM IDEA TO IMPLEMENTATION

Now that you have what you need to do better business, it's time to implement your strategy. Where should you start?

1. Live your values

You may have involved your team in defining your values and mission, however it is still important to ask everyone – including yourself – to sign off on them. Sharing your values with new recruits will also help them to understand what you stand for.

A focus on values will provide:

- A purpose for going to work each day
- A framework for accountability
- Standards to help measure performance.

2. Share your values with your clients

Explain your mission and values to new and existing clients, so they are clear on what you stand for. You may wish to include your mission statement and values on your website and in brochures for prospective clients.

3. Develop thorough reporting practices

Report on your progress each month – as if you were reporting to a board. Assign governors who are responsible for reporting on specific areas of your business, including the status of projects, metrics for the previous month, new business development outcomes and error rates.

4. Expand your network

Building a multi-disciplinary network of external partners can help you to meet the increasingly complex requirements of clients.

Consider the way consumers receive medical treatment from their GP. The GP is the first point of contact – they know their patient's situation and have knowledge of their medical history. For more complex issues, the GP would refer them to a specialist. The medical records are kept centralised at the GP's practice, so they maintain a full medical history of their patient. A similar model in your business would allow you to remain the primary contact for the client.

When building your network, seek external partners who share similar values to your business. Further advice for building a referral network is including in *MY FIRM. MY FUTURE. Look to Specialise Guide*.

5. Value your team

A human resources strategy will help to determine the future success of your business. You need to attract and retain the people you need now and in the future. Your culture will play an important role in attracting and retaining the best people. Motivate, inspire and develop your team by offering:

- a career plan that includes training and development
- work-life balance with a genuine commitment to flexible working practices
- a seamless working experience with access to technology, this will be even more important in the future with more people working remotely.

What is the gig economy?

The rise of technology and digital platforms has led to the growth of the gig economy, where suppliers meet short-term demand for skills and services, and where those who need access to those skills and services can source them without committing to long-term contractual or employment relationships.

More than one quarter of established accountants (27.8 per cent) expect to rely on the gig economy to provide on-demand assistance in the next five years. For newer practices, this proportion is highest, at 48.3 per cent.

BETTER BUSINESS TIP!

When engaging workers from the gig economy, apply the same standards as you would to the regular recruitment process by looking for relevant work experience and checking referees or testimonials.

MULTIDISCIPLINARY NETWORKS ENABLE A FIRM TO OFFER CLIENTS A RANGE OF PROFESSIONAL SERVICES TO SOLVE INCREASINGLY COMPLEX ISSUES.

PART FOUR

MONITORING YOUR PROGRESS

You've embraced a better business approach, but the job's not over yet! You'll need to continually monitor your systems and processes to ensure they are supporting your success.

Understand your profit

It's not enough to measure your profit – explore the factors that contribute to your bottom line and regularly check in on the efficiency of your new systems and processes.

For instance, when measuring your debtor days, consider whether there is a better system to reduce or eliminate them. For example, can you invest in technology to give clients more ways to pay? Should you invoice clients at the start of the year and filter your service across 12 months?

Here are some examples of key performance indicators to measure in your business:

- Turnaround time for work
- Growth in firm profit per annum
- Days of work in progress unbilled
- Error rates
- Days of debtors outstanding
- Number of clients gained and lost
- Fee growth per annum
- Quantity and dollar value of leads for each marketing campaign
- Revenue per marketing hour
- Average fee per client
- Growth in average fee per client.
- Improvement in the client satisfaction index based on client surveys



Measure the success of your culture

- Does the performance of your business reflect your values?
- How satisfied and motivated are your team members?
- Do they require training and development?
- Do they have career aspirations that you can help them achieve?

Consider introducing an employee survey to gauge how they feel about their job and have regular one-on-one catch ups and team activities to help reinforce your values and culture. Maintain clear communication with your team, be open to suggestions of new ways of doing things and remind them that they are central to your business success.

CPA Australia's *MY FIRM. MY FUTURE. Report* explored the key trends transforming the accounting landscape. Embracing a better business approach will help your business rise to the challenges and seize the opportunities that these trends present.

Whether it is building a strong culture, applying more rigour to your metrics of success, streamlining the delivery your existing services or developing a strategy to provide new services to clients through relationships with external suppliers, outsourcing partners and use of the gig economy –doing better today will help to set up your firm for future success.

ADDITIONAL RESOURCES

MY FIRM. MY FUTURE. E-LEARNING

MY FIRM. MY FUTURE E-LEARNING is a complimentary suite of online modules designed to help you with all you need to manage and grow a successful business. The suite will enable you to develop a holistic plan tailored to your individual business or provides the flexibility to select topics that are most important to your immediate business or client needs.

This suite of online modules will continue to evolve to address the essential and future business needs.

MY FIRM. MY FUTURE. REPORT

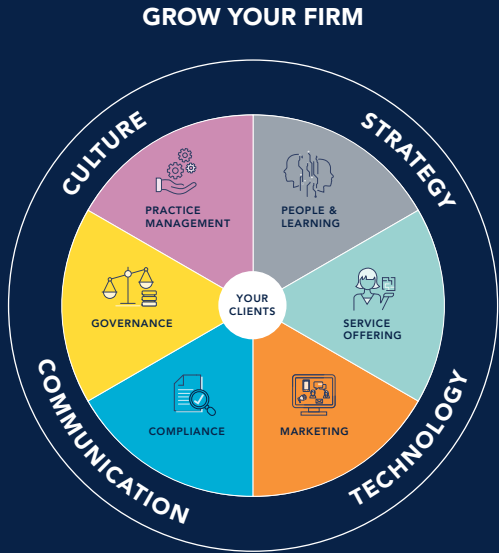
The MY FIRM. MY FUTURE. Report provides an in-depth analysis of the changing accounting landscape. It explores the key forces reshaping the accounting profession and provides public practitioners with the evidence and insights they need to make informed practice and service development decisions.

TECHNOLOGY ONLINE

Refer to our range of online resources for tips on technology, cyber security, data protection, data breaches and selecting an IT service provider.

BUSINESS MANAGEMENT

A range of tools, templates and resources to help you in the management of your business.



THE MY FIRM. MY FUTURE.
e-learning suite covers 10
essential business categories

