



Your Future Practice

Marketing and Growth Edition

Benchmark and compare the leading drivers of marketing and growth for Australian accounting practices.

December 2022



Foreword

Welcome to the first in our series of *Your Future Practice* reports designed to help accountants keep up with industry trends and ideas for running successful accounting practices.

In this edition we have partnered with Momentum Intelligence to conduct research into marketing and growth strategies for Australian accounting practices. Services provided by accountants in public practice continue to be in high demand, however the industry continues to report hiring and retaining staff as key challenges impacting growth.

Our research found that only 35 per cent of practices surveyed will meet or exceed their annual revenue targets during FY 2022–23. We explore what these practices have in common, the key drivers of growth and provide practical examples to help grow your practice.

We trust you will find this edition of *Your Future Practice* useful in helping guide change that drives your practice growth strategy.



About this study

The Access Group is one of the leading providers of business management software to small and mid-sized organisations in the UK, Ireland, and Asia Pacific. We help over 75,000 customers across commercial and not-for-profit sectors become more productive and efficient.

We deliver business wide and industry-focused software solutions that give our customers the freedom to do more of what's important to them.

The Access Group's Accountants Division has commissioned independent research firm, Momentum Intelligence, to create a benchmarking report that helps accounting practices better understand their key business drivers.

The *Your Future Practice* series of benchmarking reports will explore the best practices in Australian accounting firms to help business leaders identify opportunities to improve their practice.

This report explores the results of the Marketing & Growth survey with 435 accounting firms throughout November 2022 distributed by Accountants Daily.

PRACTICE SIZE

I'm a sole practitioner	25%
2 to 20 employees	58%
21 to 200 employees	14%
More than 200	3%

PRACTICE REVENUE

Up to \$250k	29%
\$250k – \$1m	34%
\$1m – \$2m	15%
\$2m – \$3m	5%
\$3m – \$4m	4%
\$4m+	13%

What's inside

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Your practice roadmap to marketing and growth

The *Your Future Practice* series, brought you by The Access Group, is designed to empower accounting practices with data-driven insights to achieve their goals.

As a practice owner or decision-maker, understanding the key drivers of marketing and growth within your practice are vital.

These insights give you an opportunity to reflect on your practice to diagnose, optimise and organise your practice in a manner that will drive forward growth so you can continue to support more clients in achieving their financial goals.

While these actions require time for reflection, action and implementation, the insights show that practices that are able to effectively execute on these items are more likely to achieve and exceed their revenue targets.

Your roadmap to growing your practice:

1. **Motivated staff are more likely to drive positive revenue growth**

Practices with highly motivated individuals are significantly more likely to meet and exceed their revenue targets compared to those with less motivated individuals.

2. **Practices with clearly defined client profiles are more likely to exceed their revenue targets**

Clearly define your ideal client profile and look for opportunities to centre your client base around an industry, profession or market. Practices that do this are significantly more likely to meet and exceed their revenue targets.

3. **Practices with CRMs are more likely to meet and exceed their revenue targets**

Create a culture that values marketing-focused technologies to enable personalised and centralised communications with your clients. Practices that have these implemented are significantly more likely to meet and exceed their revenue targets.

4. **Actively requesting referrals and leveraging digital marketing leads**

Evaluate your marketing strategy and look to encompass more advanced or active tactics, including actively requesting referrals from clients. Practices that actively request referrals and leverage digital marketing outperform those that do not.

Discovering high-performing practices

Accounting practices offer a wide range of services to a wide range of clients and to effectively identify the best practises used by these organisations, it's important to understand the key driver for success.

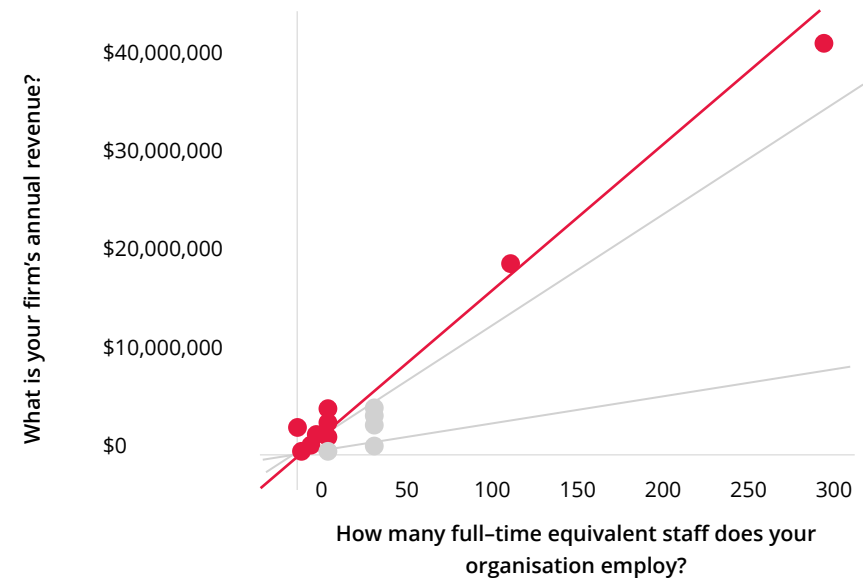
The key driver of success for many service-based practice is people. Regardless of an organisation's size, niche, tactics, or skill, people are the underlying drivers pushing an organisation forward.

The *Your Future Practice* series has a core focus on highlighting the effectiveness of people within organisations and layers this with powerful and tangible tactical applications that can progress an organisation towards its goals.

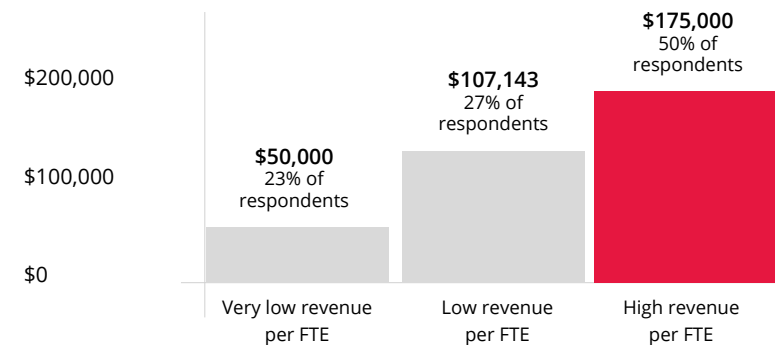
In the *Your Future Practice* reports, we refer to a commonly used measure for evaluating an organisation's effectiveness and efficiency – revenue per FTE. Revenue per full-time equivalent staff member is calculated as the organisation's total revenue divided by its number of full-time equivalent (FTE) staff.

In this series, revenue per FTE will be used to identify the top-performing practice, regardless of their overall size, to help practice leaders, like you, better benchmark your practice and to explore the opportunities you could be taking advantage of.

Analysis of firm FTE by revenue



Revenue per FTE breakdown



Discovering high-performing practices

In this *Marketing & Growth* edition of the *Your Future Practice* series, best practice will be identified by separating the organisations that believe they will exceed their revenue targets compared to those that will meet or fall below these targets.

By comparing this as a core measure, we are able to highlight the key differences between organisations in their approaches to growing their practice.

One in three practices (35 per cent) surveyed believe they will exceed (or far exceed) their annual revenue target in FY 2022–23.

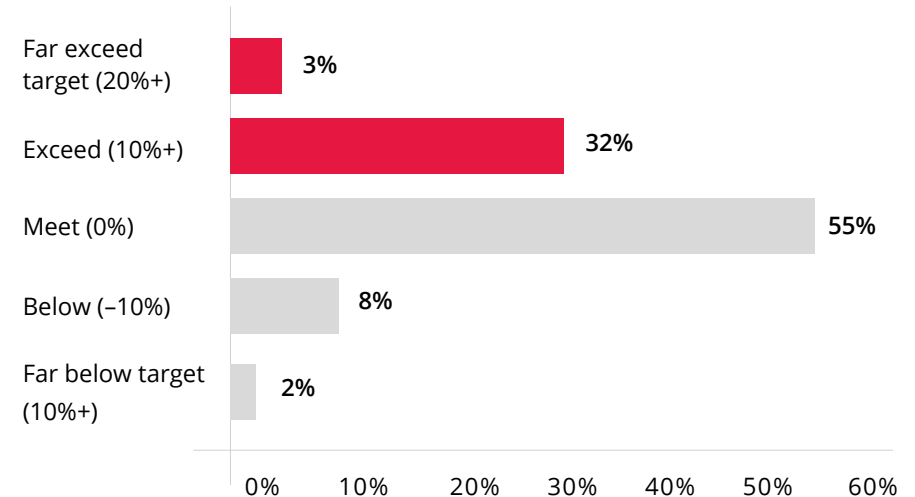
When comparing these data points across practice sizes, we see a distinct difference between the likelihood of achieving the annual revenue targets as the practice grows in size.

There are a number of factors that determine this, including:

- Larger practices are more likely to have set processes to focus employees towards revenue objectives.
- Systems and technology enable practices to better map their revenue projections and to ensure they're on target.
- Employees at larger practices are more likely to have remuneration schedules aligned to achieving and exceeding their revenue projections.

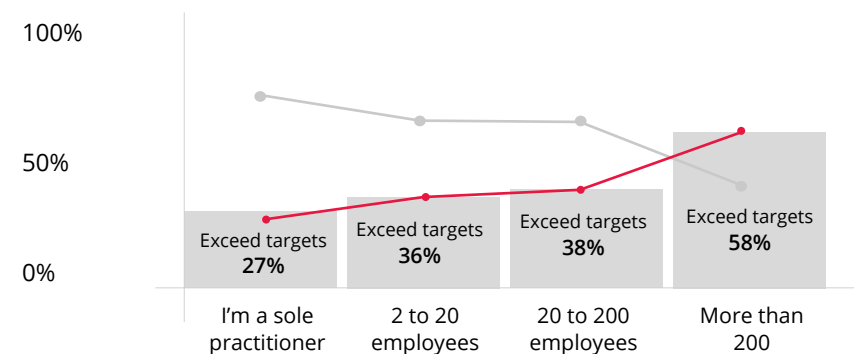
Target projection

Will your firm meet its annual revenue target in FY 2022–23?



Target projection by FTE

Will your firm meet its annual revenue target in FY 2022–23?



Key drivers of practice growth

1. Engaging with your people

People are the driving force behind every successful (and unsuccessful) organisation globally and this is no different for accounting practices.

Only 1 in 3 practices (34 per cent) indicated that their staff are highly motivated to complete their daily tasks and contribute to their firm's success.

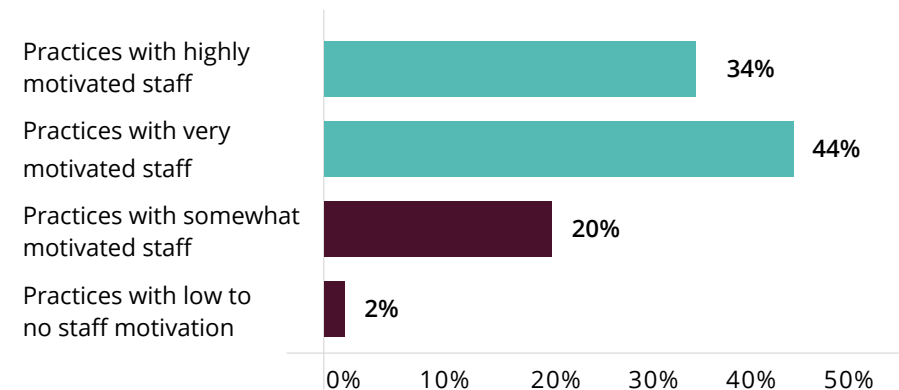
This study highlights the importance of these factors when considering the likelihood that practices will achieve their revenue targets in line with their growth objectives.

Practices with employees who are highly motivated to complete their daily tasks and contribute to their firm's success are more likely to exceed their revenue targets.

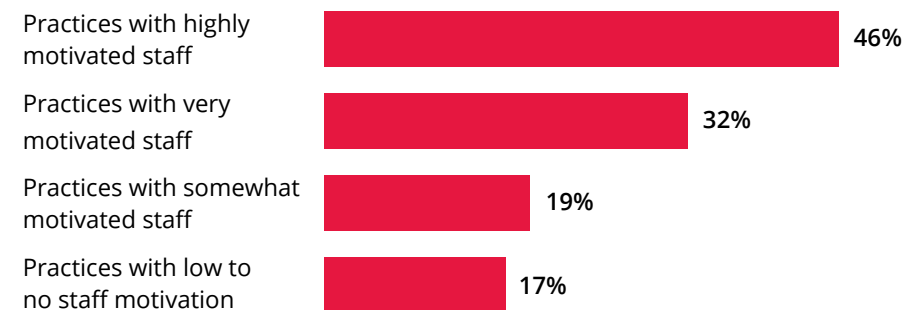
Practices with highly motivated staff are 1.5x more likely to exceed their revenue targets compared to those who had the next level of motivation among staff.

Staff motivation

In your experience, how motivated are your firm's employees to complete their daily tasks and contribute to the firm's success?



Likelihood of exceeding revenue targets



Key drivers of practice growth

1. Engaging with your people

Hiring and training is a time-consuming and costly process for accounting practices, meaning retaining high-performing staff is a must for high-performing practices.

This study found that 1 in 4 practices have high turnover levels with greater than 10 per cent staff turnover in the last 12 months, with the majority of practices (62 per cent) having low staff turnover (5 per cent or less).

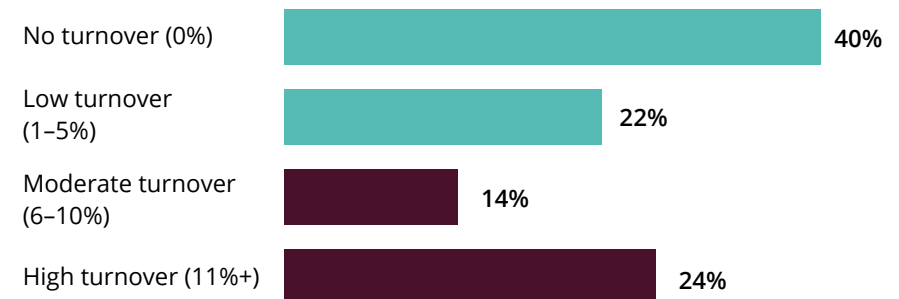
Practices with little to no turnover saw higher likelihoods of being able to achieve their revenue targets compared to those with high employee turnover rates.

Those that believe they will exceed their revenue targets have lower median staff turnover (6 per cent) compared to those that will meet or fall below their revenue targets (8 per cent).

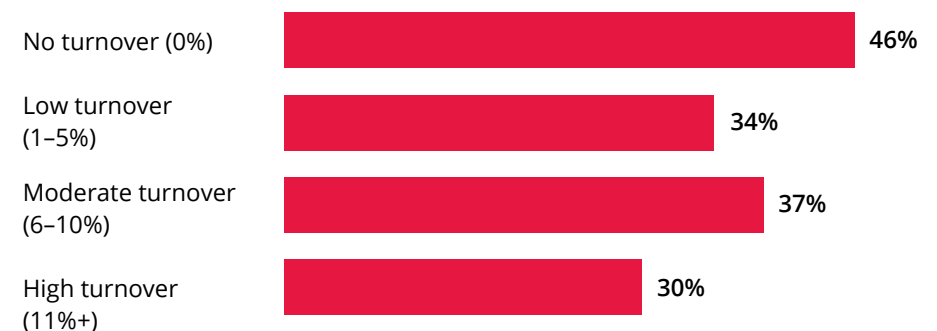
These insights point to the critical nature of retaining valuable intellectual property (IP) and client relationships that your people develop in their time at your practice.

Staff turnover

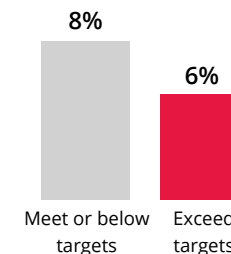
What is your approximate staff turnover for the last 12 months?



Likelihood of exceeding revenue targets



Median staff turnover by target projection






Creating a motivated and empowered culture drives practice growth.

Your mindset as a practice owner is critical in driving the behaviours and motivation of your team.

The research shows teams that are highly engaged and motivated are more likely to deliver results that exceed above revenue targets.

By achieving these targets, morale is improved and a cyclical environment of positive outcomes is created. Therefore, it's important to set achievable targets that are layered to enable success and to create motivated, high-performing teams.

Key drivers of practice growth

2. Know your clients

Accountants build strong bonds with their clients through developing a deep understanding of their clients' wants, needs and desires.

Accounting practices that are able to identify, define and engage with clients of a similar profile promotes efficiency and scale within a practice's marketing and growth program.

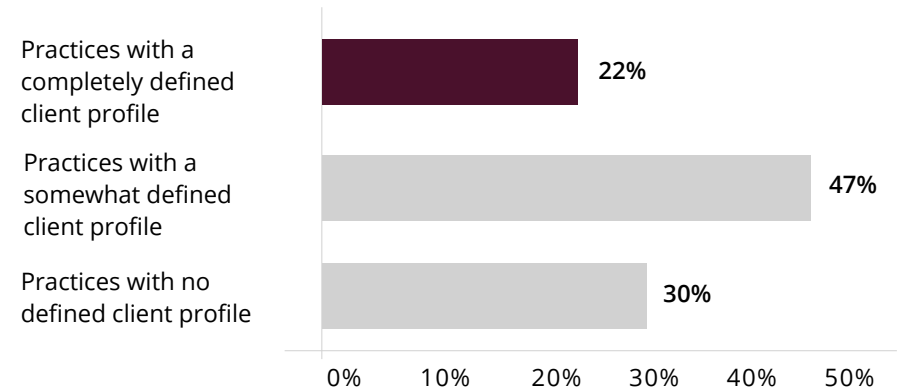
The first step of establishing an effective marketing strategy is to truly understand the type of client that best suits your practice from a profitability, lifestyle and business continuity perspective.

Despite the potential opportunity, this study highlights that only approximately 1 in 5 (22 per cent) of practices surveyed have a completely defined client profile.

However, this study shows that practices with a completely defined client profile are 1.5x more likely to exceed their revenue targets (48 per cent) compared to those with no defined client profile (32 per cent).

Defined client profile

Does your practice have a clearly defined client profile?



Likelihood of exceeding revenue targets



Key drivers of practice growth

3. Opportunities with client specialisation

Once a practice has a clearly defined client profile, they are able to explore the opportunities to specialise in niche markets, industries or professions to help unlock further efficiency, referrals and overall business growth.

This study found that more than 1 in 3 practices surveyed (38 per cent) currently specialise in certain client segments.

Examples of these specialisations include:

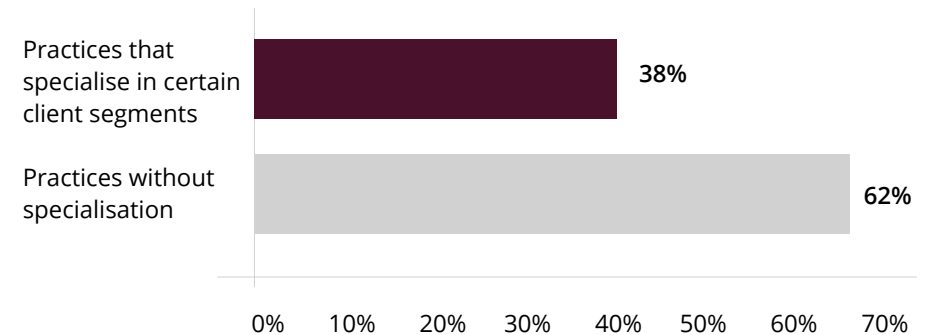
- eCommerce and retail
- Agriculture
- Building and construction
- Hospitality
- Family-owned business

This study found that practices that specialise in certain client areas are 1.12x more likely to exceed their revenue targets compared to those without any client specialisation.

This further reinforces the opportunities for accounting practices to grow their practice by better understanding their market and optimising their systems, processes and people to maximise their potential.

Client specialisation

Do you specialise in certain client areas?



Likelihood of exceeding revenue targets



Key drivers of practice growth

3. Attitude towards technology matters

Accounting practices often turn to technology for their back-end processes to improve efficiency, reduce manual handling and boost productivity.

However, sales and marketing technology is generally underutilised or overlooked by accounting practices, opting for more traditional methods of managing their client relationships.

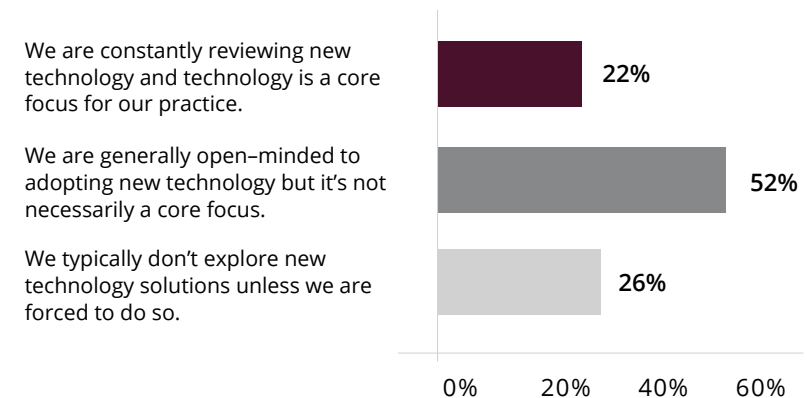
This study found that only 1 in 5 practices (22 per cent) indicated that this type of technology was a focus for their organisation. A broader 52 per cent indicated that they were open-minded to adopting new marketing-based technology while the final quarter has very little interest in this.

However, the differences between these attitudes is stark when we explore the likelihood that organisations will achieve and exceed their revenue targets.

Organisations that are focused on these types of technologies are 1.6x more likely to exceed their revenue targets compared to those that typically don't explore new technology solutions.

Approach to sales and marketing tech

How would you describe your firm's approach to investment in CRMs and other marketing-focused technologies?



Likelihood of exceeding revenue targets



Key drivers of practice growth

3. The importance of CRMs

Client relationship management (CRM) tools are an invaluable resource for businesses looking to grow and to expand their customer base with capabilities such as marketing automation, client notes, automated reminders and more.

However, this study found that only 14 per cent of practices surveyed have a CRM that is used in its entirety. Meanwhile, an additional 31 per cent conceded they have a CRM but it is not used to its full potential.

Therefore, less than half of all accounting practices surveyed have a CRM solution in place. This is significantly lower than the global industry-wide average which is reported as to be closer to 91 per cent.

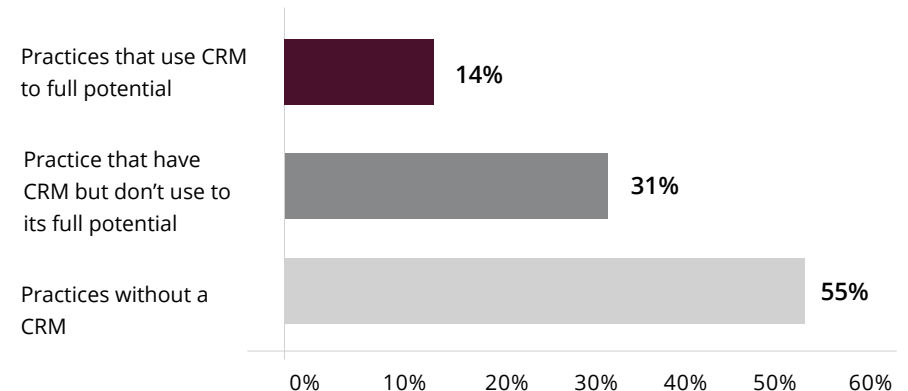
There are opportunities that point to the power of CRMs within practices. This study found practices that use their CRM in its entirety are 1.5x more likely to exceed their revenue targets than those without a CRM.

This is a tangible step practices can take to evolve their sales and marketing to drive growth while separating themselves from competitors.

¹Reference required:
<https://www.superoffice.com/blog/crm-software-statistics/>

Use of CRM

Does your firm currently have a CRM technology solution in place?



Likelihood of exceeding revenue targets





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Access to practice & CRM data in the one place is a great driver of collaboration, empowering you to engage more efficiently with your current clients, as well as winning and onboarding new ones.

David Francis, The Access Group

Key drivers of practice growth

4. Marketing your practice

Marketing an accounting practice is often a low priority for many practice owners, but understanding the tactics that are most effective is a critical next step in growing your practice.

Unsurprisingly, this study found the majority of practices (75 per cent) are continuing to use referrals as their most common category of marketing tactic to grow.

Slightly less than 1 in 2 practices (46 per cent) are using digital marketing tactics and only 1 in 4 are using community engagement tactics to grow their client base.

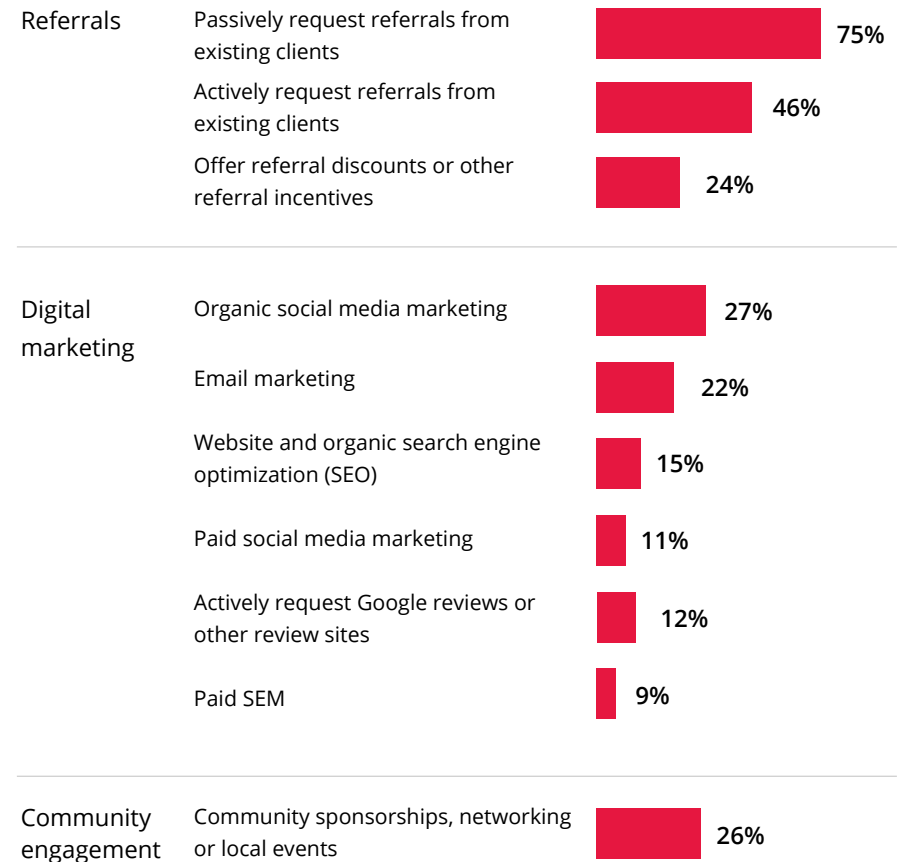
Referrals are an invaluable resource that derive from an accountant's greatest strength – providing great client service. However, less than 1 in 3 practices (30 per cent) are actively requesting referrals from their existing clients.

Within digital marketing, the most common tactics are organic social media marketing (27 per cent) and email marketing (22 per cent) while search engine optimisation (SEO), social media marketing, Google reviews and search engine marketing (SEM) are only leveraged by approximately 1 in 10 practices.

This presents a major opportunity for practices to capitalise on the lack of competition in these marketing spheres.

Marketing tactics

Which of the following marketing tactics does your firm use to attract new clients?



Key drivers of practice growth

4. Marketing your practice

Practices likely to exceed their revenue targets are not necessarily using more of these marketing tactics compared to those that are not exceeding their targets.

On average, both segments of practices both use two marketing tactics to grow their practice. These marketing tactics vary between practices due to a variety of factors.

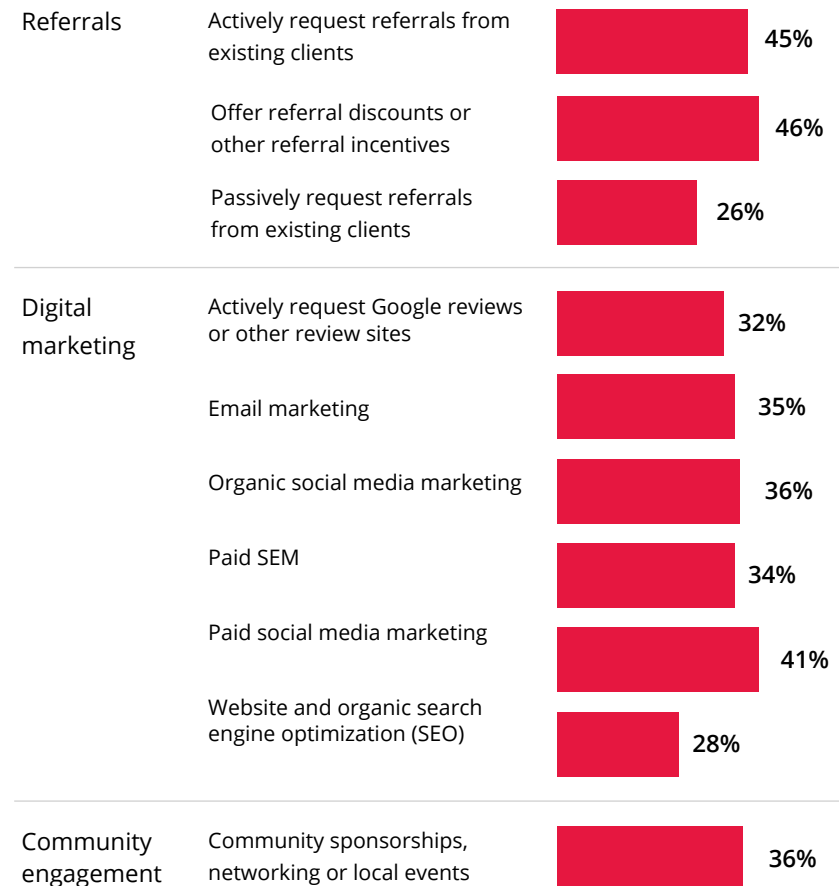
However, this study found that practices that actively request referrals or offer referral incentives were much more likely to exceed their revenue targets compared to those that primarily relied on passively requesting referrals.

By deploying any one of the digital marketing tactics, practices were also more likely to exceed their revenue targets compared to those that passively requested referrals.

This presents an opportunity for accounting practices to explore more active and advanced marketing tactics that will ultimately lead to higher likelihood of increasing revenue without necessarily increasing their marketing workload significantly.

Marketing tactics

Which of the following marketing tactics does your firm use to attract new clients?






Focus on the marketing tactics that work best for your practice based on your ideal client profile.

The research shows companies that are reaching their revenue targets aren't necessarily investing in multiple different marketing tactics. Instead, they are focused on a handful executed with intent via knowledge of their client profile.

Key drivers of practice growth

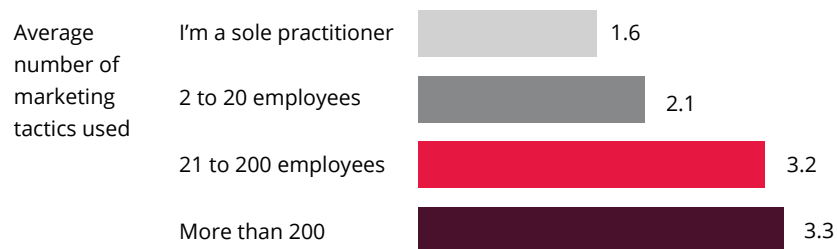
4. Marketing your practice

Understanding and benchmarking your practice's level of marketing activities is important when considering your marketing and growth strategies.

This study found larger organisations are more likely to deploy more marketing tactics compared to smaller organisations.

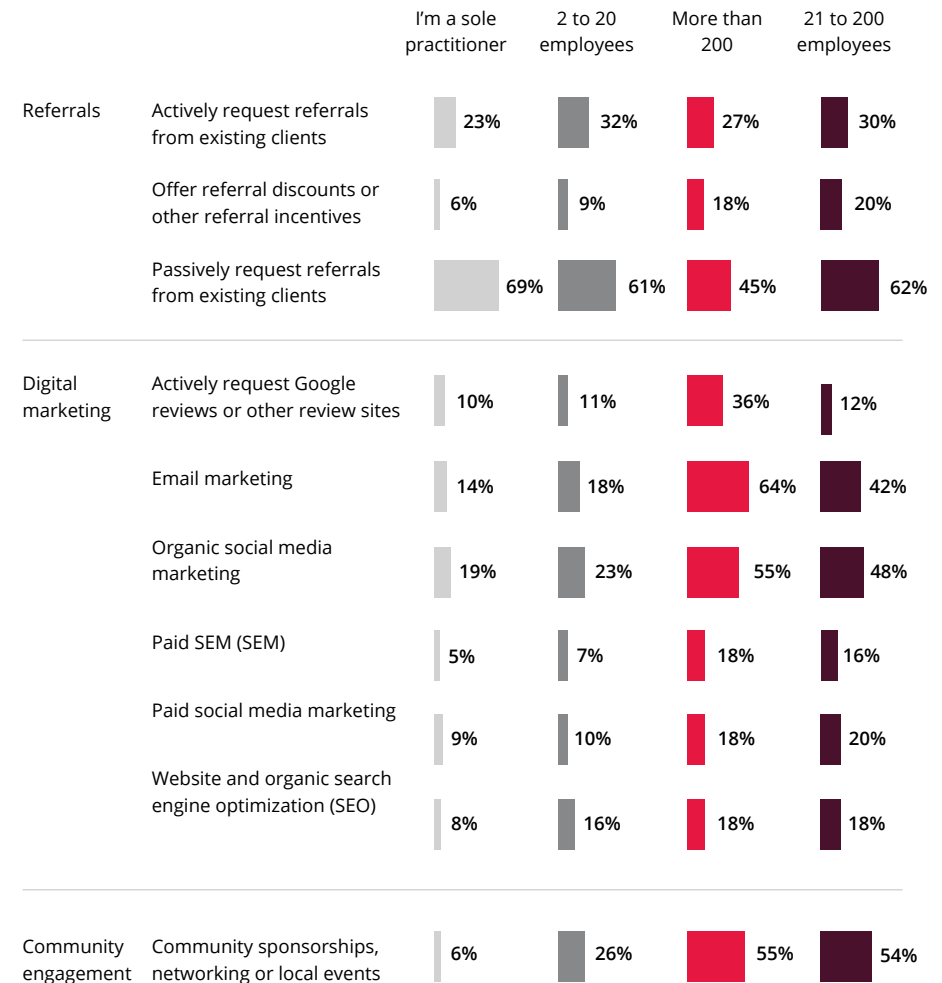
In particular, larger practices are more likely to invest in digital marketing and community engagement tactics compared to smaller practices.

Generally, though, the use of effective tactics – such as actively requesting referrals from existing clients – are consistent across most practices.



Marketing tactics

Which of the following marketing tactics does your firm use to attract new clients?



Key drivers of practice growth

5. Advice for practice growth from your peers

Marketing and growing your practice can be a challenging undertaking but with the right principles in mind and a clear strategy, there are opportunities to capitalise on a lack of noise in the marketplace.

This study asked accounting practices to provide practical advice to other firms on how they can best leverage marketing to grow their client base. Each of these comments derive from practices that are growing and are planning to exceed their revenue targets in the next year.

These comments highlight a range of opportunities and reinforce the importance of understanding your client base, servicing your clients well and leveraging social and digital marketing in conjunction with active referrals to grow your business.

What practical advice would you offer to other firms on how to best leverage marketing to grow their client base?

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Stay current and be interesting, be active on social media and educate your clients all at the same time.

Focus on ideal client profile and drive marketing/personal appearances in the domain.

Make a start and be consistent with your social media. And don't forget to tap into your already existing client base for referrals and reviews.

Offering events related to business growth techniques for their clients and allow random guests.

Offer different pricing packages, offer training of programs, sell something that will enhance and simplify the client's life/business.

Referrals are good – good clients tend to refer other good clients, but bad clients will refer other bad clients... Beware bad client referrals.

Service clients well, keep fees reasonable, make strong connections and keep things as simple as possible.

Understand your core offering, communicate that through your website and push traffic to your website.

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About the Access Group

The Access Group provides solutions to run your entire practice with best-in-class powerful tax, compliance and practice management software to help optimise compliance workflows and advance every aspect of your accounting practice.

For more info, visit: <https://www.theaccessgroup.com/en-au/accounting-practices/> or contact us at 1800 660 670.

