

# TAX TALKS

Australia's Tax News Podcast - The Podcast for Australian Tax Professionals

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## 174 | Practice Management

Practice management is something we all do. We all have to somehow manage our practices- no matter how large or small these are.

### Practice Management

But practice management is also the hardest thing we do. Tax and accounting is easy when you compare it to managing staff and optimising work flows. So we asked Ed Chan, co-founder of [WIZE Mentoring](#) and founder and non-executive chairman of [Chan & Naylor](#) for his advice.

Here is what we learned but please listen in as Ed Chan explains all this much better than we ever could.

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### Complementary Skills

There are grinders, minders and finders. And you need to have all three skills in an accounting practice. They are complementary. Having said that, the personality of the owner will often dominate the personality of the practice.

If the owner is a finder, he will have great interpersonal skills and find it easy to attract new clients. But without minders and grinders, his clients will churn.

If the owner is a minder, the place is usually really organised. Everything is in the right spot and pretty efficient. But without finders and minders there are no new clients and no-one to do the work.

And if the owner is a grinder, then he is really busy. Grinders love being busy. They run their practice by brute force, working long hours at 30% to 40% efficiency.

But if a principal can bring the three complementary skills together, then the practice will thrive. They keep the grinders in the grinding world, the minders in the minding world and the finders in the finding world. They don't try and expect a grinder to be a finder or vice versa. That is the secret of a firm's efficiency, scalability and profit. It is just identifying the complementary skills and getting them to work with each other.

### Finders

Most people setting up firms are finders with good personality skills. Generally the grinders work for somebody else because they don't have the personality to bring work in.

In the rare case where the principal is a grinder, they have to spend money on marketing, but of course marketing is very expensive. If you don't know what you are doing you can spend a lot of money and waste most of it.

## **Personality**

If you are naturally a people-person, then your interpersonal skills come naturally. If you are more of a grinder, you can put it on but you can't sustain it for a long period of time as it burns you out. You can pretend but generally you will find it very difficult. Yes it can be learned but whether you can sustain it for a long period of time that is debatable. It is always best to work within your flow.

## **Traffic Flow**

In an accounting practice managing the traffic flow is everything. You deal with hundreds of clients and phone calls, thousands of documents. You need to understand and manage the flow of all this.

## **Investment v Expense**

An accountant doesn't necessarily think like a business person. Accountants have a natural tendency of seeing all costs as an expense. But you need to see some costs as an investment. An investment into your staff. Your firm. Your brand. If you see everything as an expense, you won't invest into your practice. And hence you won't grow.

## **Practice Management**

The problem is that most of us grew up as grinders. We went to university and learned how to do the work. But then we suddenly find ourselves in a minder or finder role by either setting up our own practice or moving into management. But we were never taught how to manage people, how to attract new clients. And so we often struggle in these areas.

A practitioner who starts his own business often focuses on the production line – the grinding work. They focus on time sheets and productivity. But production is just one division. You need to spend time on the other divisions as well.

## **Divisions**

There are 7 divisions in an accounting, tax or advice practice that you need to balance to grow.

### **Division # 1 Board**

The board sets the strategy. This is where things go wrong. A fish rots from the head down.

### **Division # 2 Marketing**

You need to fertilise the soil for the seed to grow. You need to build the awareness for your product and brand. Most accountants don't spend enough money on marketing.

### **Division # 3 Sales**

You need to sell the service you offer. This is where a natural finder will be in his element.

### **Division # 4 Production**

This is where most of us feel at home – at least the grinders among us. At our computers – doing the work.

### **Division # 5 Quality**

You need to always have an eye on quality. Listening to what your clients are telling you via reviews or directly. Clients are in the best position to tell you where you get it wrong.

### **Division # 6 Back Office**

This is the glue that holds everything together. Think admin.

### **Division # 7 Accounts**

Making sure you pay your bills and clients pay you – on time.

You need to get all 7 divisions right to grow – and if you don't, you wither. But usually accounting firms only have 2 or 3 – unaware of the other 4 or 5.

### **Usual Strategy**

Accounting firms usually grow by the strength of individual people – their finders. The finders go out there and catch clients like butterflies with a butterfly net. The problem with this model is that whenever the butterfly catcher is not out there, that's the end of the growth.

### **Central Marketing**

The trick is to create a garden that attracts butterflies. But that it is very expensive. A stand-alone firm will find it difficult to carry the cost of doing that. But in the group marketing costs can be shared.

So this is the strategy that Chan & Naylor pursues. Chan & Naylor has 5 people in its marketing department who do all the marketing for its network of 11 offices, sharing the same brand.

*To hear more of Ed's business growth strategies for accounting firm owners, please visit [www.wizementoring.com/taxtalks](http://www.wizementoring.com/taxtalks) where you can download a copy of WIZE Mentoring's free eBook – The Accountants 20 Hour Workweek.*

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