

TAX TALKS

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

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198 | The Three Pillars of Growth

Focus on the three pillars of growth to grow your practice.

The Three Pillars of Growth

In 2007, 2008 and 2013 BRW nominated Chan & Naylor as Australia's fastest growing accounting practice. In 2013 alone Chan & Naylor grew by 42.8% to \$18.6m revenue.

How was Chan & Naylor able to grow so fast, more than doubling in size in one year? Yes, most of this came through acquisitions, but at least 15% came through organic growth, which is still an impressive number. So we asked Ed Chan, co-founder of [WIZE Mentoring](#) and founder and non-executive chairman of [Chan & Naylor](#), how they did it and learned about the 3 pillars of growth.

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

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How v What

Change how you do things. Success is in the How, not in the What. The How is much harder than the What. Everybody tells you what to do but nobody tells you how to do it.

You need systems and processes. You need an ideal team structure. And you need the right leadership. These are the three pillars of practice. One without the other will not work.

Pillar # 1 Systems and Processes

Get your systems and processes right. Get the right software to do the work, but that is only the start. Where the success is how you put them together.

Document your systems and processes. Review them and look for efficiency. There is always potential for more streamlining.

Managing the traffic flow is the most important one. If you do not have processes and system to manage the traffic flow, it will drown you. In an accountancy practice there is a huge amount of traffic. It consists of communication traffic things like emails, phone calls meetings and people expect you to add value to them. And it consists of production traffic, doing the work, BAS, tax returns etc. Managing these traffic flows is what kills accountancy practices.

Pillar # 2 Team Structure

Get the ideal team structure in place to manage the traffic flow. There are two traffic flows – communication traffic and production traffic.

Communication and production traffic require two different types of individuals. It is difficult to find somebody who can manage both traffic flows. Somebody who is good at production traffic is usually not so good at communication and vice versa. There are very few super stars. And the few that are out there are very expensive to retain. So stop dreaming of them. Separate the traffic flow and then put the right person into the right seat on the right bus.

You start doing everything. As you grow, you need to withdraw and replace yourself with the right person for that particular division.

We will cover the ideal team structure in more detail in ep 199 and 200.

Pillar # 3 Leadership

Leadership is the third pillar and the hardest part. Leading people is hard. But if you don't lead and train your people to lead, then your practice won't go beyond a \$1m per partner. You can get to a \$1m per partner with systems, processes, team structure and brute force, but you can't go significantly beyond that without leadership.

If you look at the BRW Top 100 accounting firms. Very few pass \$1m per partner. Their strategy of growth is to bring in more partners.

The problem with this model is that growth is based on people and not on systems. Their partners are finders. A lot of firms grow by catching butterflies with a butterfly net. But if you build a garden that attracts butterflies, then you don't depend on those partners.

The big hurdle is cost. It costs a lot of money to build and maintain the garden, but if you do, you own it. Partners might leave. Your garden won't.

Leadership brings everything together. You can put the best system into your practice, hire the best people and build the best blueprint. But without leadership, it will just stay there. It will not go anywhere.

Leadership is not about being the Prime Minister of Australia. Leadership runs throughout an organisation – from the CEO to the receptionist who answers the phone. You need to empower all staff on all levels, so that they can run the business from bottom up – and not top down.

You at the top need to encourage, educate, empower and motivate. If you have the right person in a seat, they will take that power and run with it. If you got the wrong person in a seat, you are wasting your time. So make sure that 80% of who they are fit that particular job they are trying to do. Then you can train the last 20%.

Three Pillars of Growth

So these are the three pillars of growth that allowed Chan & Naylor to grow so exponentially. But please listen to the episode itself since Ed explains this in much more detail.

To hear more of Ed's business growth strategies for accounting firm owners, please visit 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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