



EXECUTIVE SUMMARY

Future Accountants - Australia

A summary of interviews with future
focused accounting firms:

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Dext

Respondent Profiles and Methodology

This summary report was commissioned by Dext to understand the positioning of various accounting firms within Australia and to develop greater insight into how such firms were responding to industry changes to continue growing their business and elevate their success to the next level. Respondents were all pre-identified as 'next generation accountants' who have in the last 2 years achieved excellence in growth, innovation and bringing excellence to their clients. Content from the interviews will be used in blog posts, videos, and case studies to promote the respondent's businesses to a wider audience.

Respondents were pre-identified but otherwise they were all key decision makers within accountants and SMBs.



Objectives:

- Spread knowledge about modern accounting innovation and Next Generation accounting



Introduction Outline

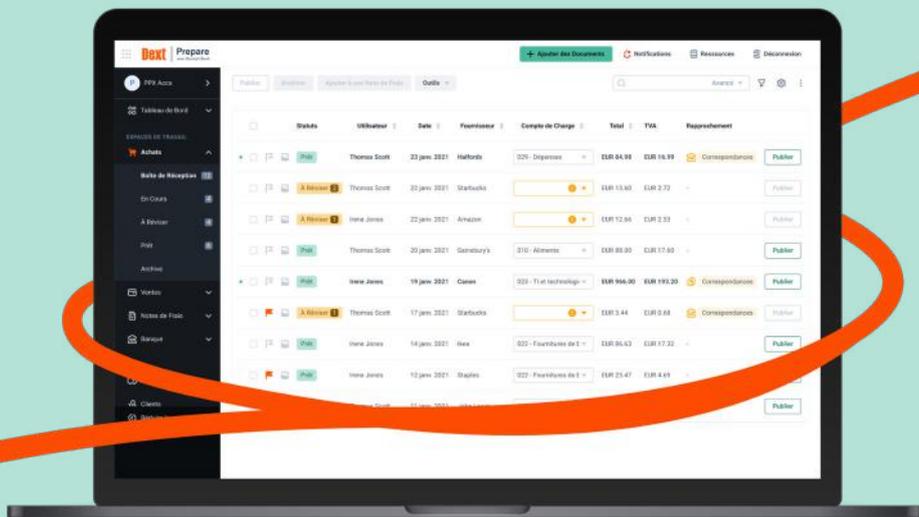
This is a summary report, and only the key findings from all Australia interviews have been included. The full interviews and recordings can be found in the appendix.

Current Positioning

Respondents were all highly experienced in accountancy with most having worked in the field long before setting up their own firms, with most being established in the last ten years in response to a perceived need for a modern accountancy that puts the client at the forefront of their focus. All were very adept at using cloud technology with respondents being heavily reliant on software such as Dext and Xero to bolster their client offering and deliver a service that otherwise could not exist within the same capacity.



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The New World of Accountancy

Cloud technology was referred to in exclusively positive terms and the idea that this had in some ways revolutionised the accountancy space was clear - less time was being consumed by manual and tedious data entry and the flexibility which enabled ease of transition to remote working (from home in light of COVID-19) were cited as the main advantages. Secondary benefits - that were still significant but less impactful - included greater transparency with clients (the idea that clients could see what the accountant was doing and what work was being done), data being centralised into one place for improved access, some cost saving e.g. on printing, and reduced environmental impact with less need for paper. The time-saving efficiencies of cloud software enabled business growth with firms being able to handle a much larger volume of clients and more freedom to dedicate hours on other aspects of the business or their personal lives e.g. flexible working hours being more possible.

“In the last couple of years, you’re now starting to see the fall out from that choice we had to make. We’re now able to assist our clients in real-time, compared to practices who chose not to embrace technology and find themselves a quarter or even a year behind with the numbers.



“We’re now able to assist our clients in real-time, compared to practices who chose not to embrace technology and find themselves a quarter or even a year behind with the numbers.”
- Marcus

If you’re thinking about implementing technology in your practice now, I think it’s a no brainer. We found that 98% of our clients wanted that change and wanted us to be advisors to their business.” - Marius



A Human-Led Approach



Differentiating from the competition was rarely seen as a huge challenge and respondents placed a large amount of confidence in their ability to deliver a human-led service that emphasised client communication, increased touch points (not just once a year), assisting clients in a more readily available way - to the extent that one respondent was in the process of setting up a 'support portal' that provided videos, how to documents, process guides on Payroll, weekly webinars, troubleshooting queries, etc -, keeping at the forefront of technology to continue providing an efficient bookkeeping service, and some degree of tech savviness amongst the sample e.g. SEO, Social Media, organic Google searches being used as a tool for lead generation, with a sense that this was mostly enough to stand out against other accountancy firms.

Australian respondents had thus placed a greater emphasis on packing in a value-added support for the client at no extra cost - things like picking up the phone to ask for guidance were actively encouraged and the idea that these could be charged for was generally discarded (except in extreme cases) as logically this might disincentivize clients from seeking help when it was needed, and there was some further focus on fostering a better work-place community that encouraged teamwork and bonding amongst staff.



"I've also recently implemented a fixed fee model so that clients know exactly how much my services cost. That's important because I don't want them to feel uncomfortable calling me under the idea that it will cost them to do so." - Laura

There was a perceived demand for accountants to diversify in order to ensure relevance within an industry that had become increasingly automated and so a bigger shift towards advisory, wealth management services, guidance, business support (especially in light of the COVID-19 pandemic) alongside the traditional bookkeeping services that, while still integral to the overall offering, were now performed in a more time efficient way and to some extent in the background. Some changes to the infrastructure of the business involved recruiting staff who were actively engaged with new technology and willing to learn, no longer utilising timesheets, moving into a 'fixed fee' model (as opposed to charging per time spent) and where support related activities were often built into the costs, and some degree of improving email response time, delivering faster turnarounds, and driving client relationships through internal KPI.

"Technology has helped us to massively shift the way we offer our services. Now, we only charge for advice. We don't charge for compliance lodgement of tax returns, or and business activity statements - they don't even get listed as a price point. What clients are paying us for is our expertise and business guidance throughout the year.

We also ensure that we engage with our clients personally. If they've got a question, I'm going to have a meeting with them and I'm not going to charge them for it. If we need to talk for a couple of hours about it, whatever the client needs, that's fine, it's all built into the relationship we want to have with them." - Marius



Challenges, Lessons and The Future

Respondents had experienced a variety of challenges that ranged from adopting new technologies - the process of migration itself, encouraging team members to take on new software - and adapting to a new way of communicating with clients; some perception that the role of accountants had shifted from being purely transactional to more proactive in terms of needing to engage with clients more frequently and actively, the difficulty of training this new mindset into staff, and some awareness that the human element could potentially become lost as a result of automation and remote working i.e. clients not meeting their accountant face-to-face so less likely to treat them as a person.

There was a defined sense that accountancy would continue to integrate more with technology to enable flexible/remote working and greater automation of compliance duties - the added risk that compliance-only firms faced redundancy at some stage in the future - but also a consciousness that the technology couldn't do everything, and so firms were starting to position their guidance/expertise, good communication and exceptional service as their primary value proposition. While this continued development was viewed as the



“They need our support more often so we moved away from that reactive style of just doing their taxes each year and wishing them well to a proactive approach driven by our clients’ needs. We set meetings throughout the year to regularly catch up with the client. We have dozens of touch points depending on what we’re doing with them, whether it’s a quarterly BAS or VAS depending where they are.” - Ben

largest innovation currently, there was some conceptual understanding of IT blockchain and cryptocurrency (and the challenges these could introduce to the landscape later on), an impression that Australian payroll was becoming more simplified and a greater demand for reporting tools to provide a better offering - where currently they only repackaged financial data in graphs, flowcharts, segmentation - thus a need for data to be interpreted differently and presented in a more functional way.

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