

MANAGING A SUCCESSFUL PRACTICE AND THE CHALLENGES FACING THE PROFESSION

Summary of workshop discussions

Chairperson: Alan Rajah

Delegates: George Abu Farha, Tareq Alosimi, KC Chia, Adam Crowson, Alberto Dalla Libera, Matthijs den Os, Ben Ho, Terry Lawler, Nakano Masanori, Ady Nordman, Yoshihiko Tezuka & Qiu Yuxia

There was a clear distinction in how practices are run in the East and West. In particular the hierarchical structures of firms in the East are more profound and there is a clear distinction between the managing / founding partners and other partners in the organisations. This ferments through the office where an 'open door' policy, as practiced in most Western countries, is not applied in the East.

There was a common problem in recruiting young and ambitious partners to join firms and this was partly caused by the value of goodwill that had to be purchased on joining a firm. There were also risk factors attached in becoming a salaried and equity partner.

Terry Lawler mentioned the changing focus of the various age generations was an issue. The aging population of accountants in public practice is an issue with a large proportion over 50 and 55 in Australia. There are also an increasing number of women joining the profession & understandably many do not have the same career ambitions as many males.

All delegates had a partnership agreement in place. It was suggested by Ady Nordman that an 'arbitration clause' should be included in every partnership agreement to ensure that there is an appropriate solution in any future partnership disputes.

There were different methods in recruiting staff and there was a common issue in the risk in engaging recruitment agencies, where staff could be poached after 6 months. Ben Ho's firm uses online recruitment to recruit staff

Various methods were discussed in retaining and rewarding staff including profit share, six monthly sick and holiday bonus, recurring share in fees for clients introduced by staff, flexitime & other forms of incentives.

The ability of firms to send their key staff for GGI Easy Meets, and international client meetings was a key motivating factor for staff who undertook cross border work.

Staff need to be appraised on a regular basis to ensure that their work is monitored and documented and their achievements are recorded. The use of appraisal forms for jobs over a certain budget should be encouraged as well as annual appraisal forms.

Firms need to review their succession planning at the earliest possible opportunity to ensure that the appropriate steps are taken to pass on the reins to new incoming partners.

It was important for firms to focus on niche markets to ensure that they are able to grow their practice. The ideal practice would be where every partner brings something different to the table which will enable the practice to expand on its core strengths and capture new markets.

Firms should be using the tools provided by GGI to grow their individual practices. The most important aspect of the network was building relationships among fellow professionals within the network.

Firms should be utilising their local national and international trade organisations to boost their international trade.

The use of social media should be considered as the younger generation tend to rely on this form of communication. However, only LinkedIn has generated new clients.

Terry Lawler mentioned that firms should consider the methodology and approach to billing for business services by changing from time base to value based billing.

Part of strategic planning for any firm should include building a branding strategy to target local and international clients. Firms need to identify the type of clients they would like to target and avoid over reliance on major clients.

Timely management reports should be produced on a regular basis and appropriate action should be taken by partners.

Investing in the appropriate tools and IT system is a key aspect to ensure firms continue to grow and maintain their cost base.

Western firms should invest in marketing during the current recession to ensure that they continue to maintain their market share.

There are a number of challenges facing the profession and this includes additional compliance imposed by authorities in respective countries. There will be a need to upgrade IT systems to comply with the additional requirements and how do firms 'sell' this additional cost to clients.

The accountancy profession is currently subject to SOCA (Serious Organised Crime Reporting) regulations while the legal profession still enjoys a legal privilege with clients.

Younger partners with specialised knowledge and experience are being head hunted and firms need to ensure that they are rewarded appropriately to ensure that the firm's future is secured.

Changes in political decisions could result in firms losing market share such as the increase in audit threshold for limited companies. The exchange of information between Swiss and other European nations could result in clients moving their accounts to different jurisdiction.

In conclusion, delegates should be encouraged to exchange information, relating to issues affecting their firms, between fellow GGI members. This would enable firms to obtain an opinion on how a practice matter should be dealt with.