



## A view from the top

Claire Sleep, practice manager at the ICAEW, gives an overview of issues for advisers



The key themes set out by the ICAEW's 'Tomorrow's Practice' report in 2015 are still relevant now, says Claire Sleep, practice manager at the ICAEW. Practices must seriously consider:

- Additional revenue streams
- Benefits of working in a niche
- Referral network strategy
- Marketing your practice and differentiation
- Staying relevant

She summarises this as meaning practices will need to be more client-centric, while niche specialist providers will develop.

Time needs to be "found now" to plan for the future, says Sleep. "We have got into a tizzy in recent years in seeing technology as disruptive and therefore a bad thing. But what about the opportunities?"

Business owners' perception of the value of compliance work is that it's "quite small", and should be an aspect of the service an accountant can provide them. Technology "opens up avenues" to enable practitioners to provide broader business advice in real time, Sleep explains, and should help automate the low-value work. "We know chartered accountants are the most trusted adviser – so, as a virtual finance director for your clients, you're extending that path," she adds.

However, the changing regulatory, political and client landscapes fail to afford senior practice leaders time to meditate on the future, or plan accordingly.

But the cost of not looking forward will be that change continues – for example with ongoing audit threshold increases – and clients' choice will be based on those offering sleek and affordable compliance services alongside more valuable consultancy.

"Practitioners' bottom line will be based on the value they provide clients," says Sleep.

Online systems and technology will help free up your time – if you give some of it up now, to make plans.

"The practice as a whole is going to change and look different – but that's not to say it's dead," says Sleep. "The way we work will be different, but the fundamental skillset will be the same."



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The Newsletter for Forward-Thinking Professionals • 2017 // Issue 12 • [www.advancetrack.com](http://www.advancetrack.com)



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# Grasping the nettle

With practices in the midst of dealing with new accounting standards and impending digital tax rules – under the shadow of Brexit – what does 2018 hold for them? What plans have they outlined, and what does success look like? AdvanceTrack spoke to senior practitioners to gather their thoughts and opinions on the year ahead.

## What are the key aims for your practice in 2018?

**Brendon Howlett, operations director, Wood & Disney:** We are confident we will continue to grow in 2018 and will increase our capacity, revenue and profits by taking advantage of the changing landscape of accountancy. The disruption being caused by rapidly changing technology and MTD presents real opportunities to be at the forefront of the new dawn of accountancy and help our clients focus on their goals and aspirations by looking forward and significantly reducing the time spent looking in the rear-view mirror at historical accounting data.

**Carl Reader, director, d&t:** We're looking to continue our net client growth path at d&t. This year, we've adapted our model to focus more on customer retention, which has actually not hit our new client take-on in any way. We're also looking to broaden our range of services to both local and franchising clients.

**John Brace, managing director, Harwood Hutton:** We're going through a period of change in our practice, with two partners retiring and two younger partners coming through. So there's a bedding-in process and transition. Clients, for example, are dealing with new people. We'll look to settle those changes and continue to grow the practice in the next year. It's important to

stay 'Brexit-ready', particularly as that issue develops and changes.

**Paul Barnes, managing director, My Accountancy Place:** As compliance areas – and bookkeeping – become far more streamlined, business owners are placing less value on them, which means margins are eroded. Our focus for 2018 is to streamline our own processes as much as possible in order to be able to deliver our services more efficiently to maintain margins, ahead of the impending price erosion. The other side of the equation is that the expectations of accountants is rising. With the numbers stacking up far more consistently than they did previously, because of the use of cloud accounting, clients want to move up to the next level. That means better insights, advice and support in growing their business and smart tax planning. We will be investing in skilling up our team to move up to that next level, to move our clients up to their next level.

## Are there certain sectors or service lines that you expect to develop in 2018, and why?

**Howlett:** We will continue to increase the level of advisory services we provide and as the traditional compliance-focused role of accountancy is redundant in our opinion; we just cannot compete with the machines!

Fundamental to doing this successfully is securing the luxury of time for our team so that they can build closer collaborative relationships with our clients and meet with them more frequently to analyse the real-time data available and assist them in their decision-making to achieve their goals.

We will also be looking at improving our workflow efficiencies – for example, by getting the financial data to be entered seamlessly into our cloud accounting packages. We see AdvanceTrack playing a key role in helping us achieve this.

**Reader:** In the franchising market, we're looking to further develop our Franchise Dashboard offering so that we can offer unique insights for franchisors, which will be a worldwide first. For our local clients, we want to increase the value-add that we can offer, by focusing on providing an FD-level outsourced service to more of our growing clients.

**Brace:** We've been authorised for a year on probate services, so will push that this year. We are also looking towards customs advice and consultancy. We've never done that in the past, so are recruiting the appropriate skills. It will complement with our VAT import/export offering. This new service will be beyond just helping clients fill forms, but a real understanding of the duties they will face. This is of great importance as Brexit approaches.

**Barnes:** The focus will be on advisory services. We want to improve the performance of our clients' businesses, not just the quality of the financial records. Accountants are in such a strong position to fulfil this need for small businesses to work with professionals who help them to build and execute strategy. No-one understands the science of business better than accountants but we've got to excel in communication, emotional intelligence and generally influencing our clients and their teams.

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## Are there broader issues or developments you expect to impact practices in the next year?

**Howlett:** Brexit is the number one topic at the moment but MTD is still lurking in the shadows and will undoubtedly go ahead, so we expect a raft of communications and legislation over the next few months. Depending on the precise nature of the details for MTD I think a number of practices won't be able to convert their clients to digital data in time. So, what will happen to those practices – some of which are still in denial – and more importantly, what will happen to their clients, some of whom may not even be aware of MTD based on conversations we have had?

**Reader:** I think that automation will continue, and we'll see areas such as payroll and bookkeeping become far easier to manage as the machines take over. We'll also see more online services aiming at the compliance end of the market, and larger clients will want more than just the numbers processing.

**Brace:** There are continual concerns about HMRC, including MTD – will that get implemented properly? And recently, dealing with the new trust registration process, introduced when tax advisers are least able to do it. Alongside our concerns with HMRC's direction of travel, life is becoming extremely difficult due to the development of tax legislation. It is creating more work but it is difficult to charge clients for it – we can't do it for nothing so there will be difficult conversations ahead.

**Barnes:** The economy obviously has a part to play. If investors lose confidence in the UK markets because of whatever happens with Brexit, it affects small business. The economy has been improving since the last recession and if anything triggers a decline back the other way then that will push us back. We want to invest in developing our people, products and processes, and in turn help our clients to do the same. We don't want to have to play extra safe; we want to be progressive.

“As numbers experts we're in a great position to interpret real-time financial data”  
Brendon Howlett, Wood & Disney

## How do you see technology being involved in your practice's development in the next 12 months?

**Howlett:** Technology is great. It's here to stay and will continue to get better and faster. We've embraced it and all of our team will build on their existing knowledge and educate our clients about how to use it to their advantage. As the numbers experts we are in a great position to analyse and interpret the real-time financial data, make recommendations and introduce efficiencies through more suitable apps, for example. “Resistance is futile”, as someone once said in *Star Trek*.

**Reader:** It will be a vital part of what we are doing. We are aiming to continue to build our industry-specific IP, as it allows us to provide a much more rounded solution to our clients. We are also aiming to work towards understanding the activities as well as the results of our clients, as their management teams can only make informed decisions having been given both sides of the story.

**Brace:** We see AI and further automation coming down the track, but there won't really be great change for us in the next 12 months. The big thing is GDPR, which interacts with all IT-related data issues in the practice.

**Barnes:** I think the future will be focusing on properly embedding the right applications and deeply integrating them into the firm. Rather than quantity of applications, it will be the quality of them and the successful use of them. You know what your firm's weaknesses and needs are and you should be focused on sourcing and implementing the tools that you need, not the ones that you are being sold.



Kevin Reed is a freelance journalist and former editor of *Accountancy Age*

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