

Inside⁺ OUTSOURCING[®]

The newsletter for forward-thinking professionals

The background of the newsletter features a stylized bar chart with bars in various shades of blue, green, and orange. A white dotted line with circular markers trends upwards from left to right. A large, glowing white arrow points diagonally upwards from the bottom left towards the top right, passing through the chart. In the upper right, a hand is visible holding a glowing orb. Icons of a document, a target, and a classical building are also present.

Profitability and sustainability

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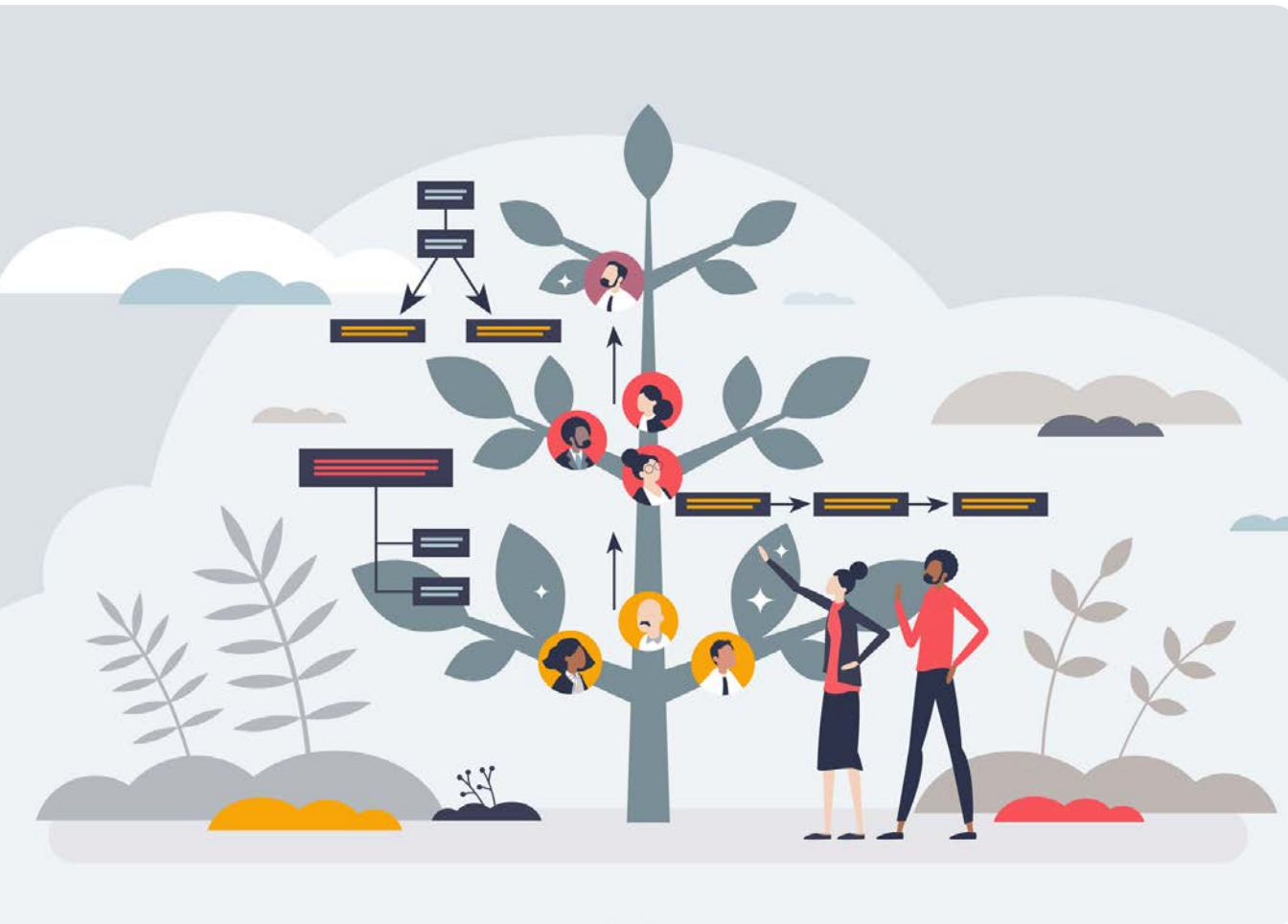
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Success and succession

Can the accountancy profession find a way to build a sustainable future among great disruption? Vipul Sheth looks for an answer.



IS IT ALL QUIET on the Western Front? It's fair to say that, in the battle for the future ownership of the accountancy market, there is a slight lull in proceedings.

The last few years have seen dozens of financiers providing a war chest to firms in an attempt to build scale, efficiencies, broader services and broader reach. There can be no doubt that the landscape for accountancy and advisory services has been disrupted.

But, with so many deals made and players looking at similar types of acquisitions and bolt-ons, it feels like the dealmaking has dried out for the moment. It should also be noted that private equity runs in investment lifecycles – and there will be a period of bedding in and integrating the various assets at play. So, what next?

There are tales of disgruntled staff and disgruntled clients among some of these new



“Can independent firms find people internally to buy out the existing owner-partners? Even in a ‘custodian’ model where goodwill isn’t a factor, finding the next sets of hands to steer things is far from easy”

model firms – certainly there are independent practices that have taken opportunities to bulk up on new people and new customers.

We haven’t seen a collapse though – certainly nothing to compare to the demise of the trio of consolidators 15-20 years ago; namely: Tenon, Vantis and Numerica. And then there’s the independent firms. I recently wrote a blog about their potential – certainly focusing on differentiating themselves from the pack.

WHO WILL TAKE YOUR PRACTICE FORWARD?

Ultimately, both types of practices have succession issues to resolve – and resolution

will be a critical part of their strategy. Simply, for the PE-backed practices, they must grow and be more efficient while keeping their people and their clients happy – and then they will have to find a new owner to take it to the next level. So far, we haven’t seen any huge PE flipping going on... and one wonders how much driving of EBITDA can be achieved without both great ambition and application.

Independent firms are, ironically, in a similar boat: to grow, improve and then find someone to take their practice onto the next level. Can they find people internally to buy out the existing owner-partners? Even in a ‘custodian’ model where goodwill isn’t a factor, finding the next sets of hands to steer things is far from easy.

Succession (i.e. a sale) is, in some ways, the tail wagging the dog for both types of practice. Setting out a great strategy that shows a knowledge of the clientele, what to serve them and done in an efficient, high-quality, manner, will make your practice attractive for either private equity or the next generation of accountancy owners. ■



Vipul Sheth is founder and managing director of Advancetrack



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In profile: Ashlea McElhone

Advancetrack introduces Ashlea McElhone, who is looking to supercharge our engagement with the accounting community.



WHAT IS YOUR CURRENT ROLE AND RESPONSIBILITIES?

I've joined as marketing manager. We have a bunch of amazing people working with Advancetrack to drive awareness of the brand and engage with our communities, but our MD Vipul has been managing this himself while building and maintaining a business. This as you will know is nearly impossible unless you work 24 hours a day.

My role is to take some of the pressure off and help plan, brief, organise and move things forward when it comes to all things marketing.

WHAT IS YOUR BACKGROUND?

Straight after school, I spent eight months in the UK during my gap year and three months in Wisconsin, US, as a counsellor at a summer camp, teaching 5-13 year olds how to do archery, waterskiing and tennis. So I have some experience of two of Advancetrack's geographies!

When back in Cape Town, I studied PR which I realised wasn't for me. I moved into project management, which I feel right at home with.

I've worked for a variety of different companies in different industries but have grown to love marketing. My favourite thing is seeing a company step into its own, making bold choices, being brave and human, and showing (not just telling) how what it offers supports their audience. A company that really lives out its values is the best.

HOW DID YOU GET THE ROLE? HOW HAVE THE FIRST FEW MONTHS GONE?

Vipul was one of my clients when I worked for a marketing agency a few years ago. He reached out towards the end of 2024 to see if I was interested in joining the team. I was looking for something new so the timing worked out.

The first few months have gone great. It's so nice starting a new role where you already

know most of the team, the service offering and the brand, but have something to offer that will hopefully improve its message and reach.

WHAT DOES SUCCESS IN YOUR ROLE, AND FOR ADVANCETRACK, LOOK LIKE?

I have a list of things! They are interconnected of course, but it's always good to break things down to specifics:

- Support the Advancetrack team in working cohesively towards the same goal.
- Build brand awareness and recognition.
- Support the growth of a following in Australia and New Zealand.
- Support company growth.
- Give Vipul time back to focus on the things he's great at! ■



A conversation with Mark Holton: Accountants' near-term priorities

Advancetrack caught up with accountancy consultant Mark Holton to discuss the current forecast and priorities for the Australian accounting industry.

MARK HOLTON HAS BEEN working within the accounting industry for the last 40 years, specialising in assisting clients and accounting firms alike. From his long-standing membership with CPA Australia to his robust passion for the industry - he has become a leader in the field of business advisory services.

Traveling throughout Australia and across the world to impart his knowledge and skills, Mark believes in taking the time to connect with accountants.

His business, Smithink, runs workshops and courses that inform accountants on how they can turn their practices into great businesses. They offer memberships that are designed to inform their clients and provide educational insight into the industry alongside in-person and virtual events.

Mark reflected on his experiences with Advancetrack after meeting the founder, Vipul Sheth a few years ago at an accountancy bootcamp in Queensland. After speaking with Vipul again at another bootcamp in the UK, he got to know more about Advancetrack and the work the company does and just how it can assist the Australian accounting industry to elevate its practices.

Using Mark's expertise and experience, we sat down with him to discuss the current forecast and projected future within the Australian accounting industry when it comes to priorities.

During this interview you'll read all about the past, present and future that accountants should be looking out for when reaching for their goals.



WHAT HAVE ACCOUNTANTS NEGLECTED TO PRIORITISE THUS FAR?

I think there's been a fair bit of criticism of the industry over the years. The industry is very good at doing compliance work. It's very good at preparing financial statements, complying with tax laws, representing clients in their mission trying to satisfy their respective tax offices around the world. I think what it's been neglecting for a while is business advisory services, such as ongoing tax planning or exploring financial strategies that could help the business improve.

I've always believed it's all about making the client's business more profitable, cashflow strong, and worth more tomorrow than it is worth today. I think every client is interested in improving the business, the most significant investment they've ever made in their lives. I think as an accountant, we need to prioritise

“There's been significant advances in technology, not just around recent stuff like AI, chatGPT, and how we utilise that in our firm in becoming more efficient in the way we do our day in, day out core-based business”

the skills that are required to be able to be a better business advisor.

A lot of those are not technical skills. We're all very strong technically. I think we need to prioritise soft skills like critical thinking, self-management, how to ask the right questions

of clients, how to manage difficult clients, how to listen more effectively, and then build upon the client's responses, how to find out what's important to the client. I don't think that we put enough priority, enough training, enough development of our teams in the soft skills area, which is so critically important to diversifying your firm and offering the type of service we all know clients want.

We offer services clients need. That's compliance. They can't do it themselves. If they don't do it, they get penalised. Business advisory is a bit different. You don't get penalised for not doing it. But I think we need to put more of a priority on the systems, processes and people in place to be able to offer advisory services. This is not just one-off in a piecemeal fashion whenever something's needed. But as a more regular annuity model where we're in the business of helping our clients grow better in their success and create a more valuable business.

WHAT ARE THE TOP FIVE POINTS ACCOUNTANTS SHOULD BE PRIORITISING IN 2025?

1. Technology: I think we need to be concentrating on technology. There's been significant advances in technology, not just around recent stuff like AI, chatGPT, and

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how we utilise that in our firm in becoming more efficient in the way we do our day in, day out core-based business. I think we need to focus on technology and make that part of our DNA in the accounting firm.

2. Impact of AI: Secondly, I think we need to get our head around the impact of AI. Will it replace accountants? I mean, who knows? How long will that take? Will it happen? I think it's undeniable it's going to have an impact. At the moment, I think we're looking at AI and we're thinking about, okay, what's it doing? How do I utilize it? Do I get it to write articles for me, write emails for me?

At the end of the day, I think we ought to think a bit deeper about this. We've got to start to look at what real-time online information might be available to us in the future, how we can leverage AI as part of our service offering, and I think even more, how do we turn it into a service that the client's going to pay for? I mean, it's fantastic to say it'll do X, Y, Z, but how then do we back end that into a service offering that is of value, that is priced appropriately, on value, not time, and turn that into a model the clients will want to buy?



accountants don't want to go back to the office full-time. Billion-dollar companies like Amazon are struggling to get their people back to the office. I'm a big believer that when COVID hit, it was convenient for us to send people home. We had no choice. A lot of accounting firms did very well in that process, in fact, found that productivity increased while people were working at home, maybe because they weren't socialising in the office.

But now we want to bring them back because culturally we don't have the same mix in the office. I think flexible work arrangements are part of the future. I think it's one of the ways that we have to recruit and retain good quality people, because that's still one of the biggest issues (in the Australian accounting industry), and that's finding good people irrespective of where you're operating. So flexible work arrangements. Working from home hybrid models, I think is just part of the game as we move forward.

3. No code and low code tools: I think we need to look at more automotive no-code and low-code tools in the way we do business. There's been quite a few articles on this, but essentially, a recent study out by [Zapier](#) found that 90% of no-code users believe their company has achieved faster growth because of the no-code tool adoption. Now, for a lot of us, no-code means what? We really don't know. I think we need to get interested and start to get our minds around some of the technological investments, and also how we can utilise them in our firms.

4. Flexible work arrangements: Study after study has been showing recently that

5. Cyber security: Hackers target accountants and bookkeepers because they have access to client data. They hold a gold mine of information and they don't draw from the same public and police attention as larger



firms do. I think we've got to be super vigilant around cyber threats. I think we need to have strong password protection. I think we need to look at cybersecurity measures and insurance measures as part of just what we do day in, day out.

But be very, very careful about the data you hold on behalf of the client. I see that as a major threat in the industry as we move forward.

6. One extra tip for our reader! Education.

We educate accountants well in this game when it comes to technical stuff. We've got to look outside the box. What can make them better people, better managers? What can help them lead people? It's an old cliché, how do you become a manager in an accounting firm? And the answer is just hang around long enough and eventually you'll become one.

But are you a good manager? Have you been trained how to manage people, how to manage systems, processes? I know we knew how to do that, but people are different. The most important resource we have is people. So I think we need to start to open our eyes, think outside the box, and start to offer training that not only improves their technical skills, but improves their people skills.

WHICH COURSES WOULD YOU RECOMMEND FOR EDUCATING ACCOUNTANTS?

They are out there, traditionally outside the professional bodies, but there are courses available. The event Smithink run, which is the [Young Guns course](#), every year, focuses on non-technical training, how to manage, how to lead, how to diversify your business, mental health for accountants, how to present, how to network. That sort of stuff doesn't come naturally, because from day one with university, we're trained to be technical. We go into an accounting firm and we're employed to be technical. Eventually, we're let loose on the public. And I think that's where the void is.

HOW CAN YOU UTILISE OUTSOURCING YOUR COMPLIANCE WORK TO ACCOMMODATE THOSE PRIORITIES?

There's a [number of benefits](#). There's access to resources that are not readily available onshore. You know, I said earlier that recruitment and retention of staff is tough. There are less graduates coming out of university going into the profession. Other more attractive disciplines are biting, chewing away at the guys that traditionally used to come through. Offshore outsourcing has great resources. Well-trained resources, well-systemized resources. I think, again, you've got



to look outside the box a little bit. So definitely access to resources, definitely cost efficiency, reduced overhead costs. It's a proven fact that offshore staff cost less than onshore in the majority of circumstances. If you're getting an equivalent skill set at a lesser price, that is more cost effective.

Your costs reduce, your profit increases. More importantly, you're getting highly qualified staff to do a good job offshore as well as onshore. I think we need a balance here. We don't just need one way or the other. We've got to think liberally about what the future



holds. I think also access to advanced expertise and specialised skills, whether it's self-managed super fund audits, whether it's even business advisory support.

If you're going to utilise whatever software you're going to use out there for business advisory, who's the best person to get all the data into it? An expensive onshore resource or a very efficient, less expensive offshore resource? I think it's improved data security and confidentiality is maintained strongly with offshore providers because of the centralised nature of what they do. I think you'll gain scalability and flexibility that otherwise it's been proven very difficult to gain onshore.

This can lead to better time management, which leads to more capacity, more time to diversify your accounting firm and start to offer those advisory services and other diversified services we all know we need to do, but have struggled or failed to implement so far.

"Let me tell you, working in advisory, helping a client build a better, successful, more valuable, more profitable business is not boring"

Obviously, it takes time with outsourcing to be able to get the offshore team to understand how you do business, but it's short-term pain for long-term gain. In my mind, it's a no-brainer in the current environment.

WHERE DO YOU SEE THE FUTURE OF THE AUSTRALIAN ACCOUNTING INDUSTRY GOING IN THE NEXT FIVE YEARS?

Most importantly, the demand for skilled accountants is growing rapidly. You know, in Australia, we're forecasting to have a shortage of 58,000 accountants by 2033. That was

a study put out by the [Australian Financial Review](#) in 2024. This presents a significant opportunity for graduates. The Australian accounting sector offers job stability, competitive salaries and clear paths. It is a brilliant profession. I think it gets undersold in the fact that it might be perceived as being boring or repetitive. Let me tell you, working in advisory, helping a client build a better, successful, more valuable, more profitable business is not boring.

Understanding what keeps your client awake at night, understanding what's important to them, working on a variety of different projects in a variety of different areas for a variety of different clients, I think is the future of our industry.

Compliance will still be there, don't get me wrong. I think it's also naive to think it'll stay the same in the future with automation, AI, and other technological advancements. ■



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