

Public Accountant magazine

Business building



Growing and sustaining your practice in a post Royal Commission era

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The Royal Commission into the financial services industry has literally engulfed the accounting profession with a tsunami of issues that will drown practices if principals opt to do nothing or implement quick fix band aid outcomes.

What's critical is knowing from where those opportunities will emerge and how best to prepare and leverage them in charting a course of future business growth and success.

Therefore, industry and accounting practitioners as a whole, needs to get serious if the provision of consumer focussed service in a highly technical and complex area of financial advisory services is the objective – and therein is the problem – how to respond!

At the forefront of change will be the outcomes of the Royal Commission and negative sentiment being flamed by the constant stream of negative news reports.

ASIC will and has already begun to respond to the appalling practices of the past and a much stricter policing and punishment regime the result.

Any accountant that is contemplating or still providing financial advice without an appropriate authority and qualifications will be found out.

ASIC has made no secret that it is expanding its investigative resources significantly in order to weed out wrongdoers with financial and reputational consequences that could literally result in business closure.

Against this backdrop, the financial planning advisory sector is undergoing a massive transformation in terms of professionalising and lifting education standards with up to 2000 financial planners potentially leaving the industry by 2024.

For accountants, this has enhanced their standing as 'trusted advisers' with great potential to expand beyond compliance to fill a variety of business advisory roles.

The well-prepared firms will be those that position themselves for managing change today in order to deliver better business results tomorrow.

The first priority for accountants will be the provision of exemplary client service by leveraging technology, outsourcing and automated processes to free up staff and resources in order to deliver more personalised, relevant and strategic advice.

The second – and most important priority is getting the house in order with an exit and succession strategy for the principal underpinned by professional and academic talent development pathways to upskill staff and accountants.

Getting exit, succession and retirement right has never been more important and at the same time as difficult as it is at present. The traditional partnership model is not the beacon it once was a source of prospective owners from within to take the helm of the business.

Previously a public practice accountant's succession plan would be to invite the loyal younger staff member to be partner. This is no longer the case for a growing number of practices.

We are seeing fewer X and Y generation employees wanting to move into business ownership for one main reason - debt! They have started their working lives burdened with school fees debt that has been compounded with the addition of lifestyle expenses, house loan repayments, marriage costs, children to fund and as a result have no appetite for business debt!

Their objective is stress free employment while they focus on reducing their financial commitments and obligations.

Fortunately, there are accountants that are adapting quickly to the needs of Gen X and Y and moving to a more proactive staff engagement and career practices.

These businesses are thriving in the new world and attracting graduates, quality staff pathway that facilitates ongoing personal and professional growth with equity opportunities linked to service and loyalty.

What to do today in order to prepare for tomorrow?

The advice contained in the old Chinese proverb best sums this up. The best time to plant a tree was 20 years ago. The second-best time is now'.

Both accounting principals and staff need to be agile and flexible in order to be equipped for the future. This requires a re-think of education and training, including ongoing professional and personal development and growth.

A whole new type of attitude and proficiency requires a profound commitment to learning and training of people, skills and expertise.

Provided they keep skills up-to-date, remain connected to their industry, accountant practice principals and vocation minded professionals will experience ongoing commercial and career success.

Functions within accounting practices will be under constant scrutiny and review with more and more non-client facing roles offshored or automated. Recruits to accounting practices will be sourced from a broader spectrum of backgrounds and academic endeavour – hence the need for structured learning and ongoing professional development and skills study programs for these employees.

Although there is still much uncertainty ahead, standing still and waiting is not an option. There are three strategies/pathways I would recommend accountants consider today in order to ready themselves and their operational team for tomorrow.

Pathway 1 – Financial Planning

Although it is currently a waiting game for the Financial Adviser Standards and Ethics Authority (FASEA) education requirements – there are still plenty of options and scope for accountants to undertake relevant study.

A course on providing general advice in SMSF would be a good starter. This requires the Diploma of Financial Planning with the SMSF short course to create a comprehensive RG146 solution for accountants.

Pathway 2 – Anti Money Laundering

Using the findings of the Royal Commission to date as a guide, an Anti-Money Laundering & Counter Terrorism Financing Skill Set course is a must.

Today's modern financial services professionals are faced with significant challenges to both monitor and detect suspicious illegal transactions and the course aligns the provision of financial services to the requirements of Anti-Money Laundering and Counter Terrorism Financing Act.

Pathway 3 – Keeping abreast of taxation changes

Constant changes to the tax regime mean the need for accountants to stay up to date is greater than ever and practitioners' requirement to be across all of these changes in order to correctly advise clients.

It is an essential requirement for accountants provide taxation services to be able to demonstrate their knowledge of the Tax Agents Services Act (TASA) under the requirements of Tax Practitioners Board (TPB).

Continuing professional development

In addition to academic endeavour and qualifications directly required by the accounting profession and specialised areas of advice, the importance of continuing professional development should not be underestimated – it is a career-long obligation for practicing professionals.

Often mandated by the industry's professional associations, at its core it is a personal responsibility of accountants to keep their knowledge and skills current and in doing so provide immense reassurance for clients.

In Summary

Though it might be easy to focus on fighting today's fires without spending time on bigger more important needs that are shaping the future – the future is coming whether accountants are ready for it or not.

The Royal Commission into the Australian financial services sector is an unprecedented game changer that will result in a new and very different landscape. The imperative is to act now while there is still time to prepare and get things right – as there is definitely no turning back!

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