

Grow, Profit, Exit

*Twelve practical steps to building a
bookkeeping business you can sell*

Katrina Aarsman

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Testimonials

‘I first spoke to Katrina after she was recommended to me by another successful bookkeeper. I was feeling overwhelmed and on the verge of burnout with my practice. I felt an instant connection with Katrina. Through regular Skype sessions she has picked me up and dusted me off and got me focused. She has helped me immensely with [Xero] Practice Manager and I am finally getting it to work well for me.

‘With my fees reviewed, HR under control, Xero Tax close to being set up and my workload under her microscope, I am starting to see that the light at the end of the tunnel is not an oncoming train. I cannot recommend Katrina highly enough, it was the best decision I have made this year.’

Jo Williss

– *Being Accountable*

‘My business was going pretty well, but I really wanted some input from someone who had been there and done that. I was after someone who could point out things I didn’t know that I didn’t know, to help me look at things from a different angle and to step back from the business, evaluate it critically and think strategically on a more regular and consistent basis.

‘Katrina seemed like a logical choice as she had built a very similar business to mine, but to a more successful level. So far she has answered some burning questions that I had and I’ve taken action, which has resulted in me finding and renting commercial premises – a decision that I did not take lightly, and may not have taken so soon without her guidance.

‘Katrina has also helped me work through difficult or challenging situations that have popped up, and it feels great to have someone that I can bounce things off. We’ve looked at some goals and strategies to reach those goals. It’s been a good decision to have Katrina supporting my business.’

Carmen Morris

– *On The Money Bookkeeping*

‘I met Katrina on Facebook and liked how she has been there, done that with her bookkeeping business. She has the experience and knowledge, so we have been able to brainstorm and I have come away from today’s session with a lovely long list of action plans to help me grow my practice.’

Natasha Mackenzie

– *Pinnacle Bookkeeping and Business Solutions Pty Ltd*

‘It was a relief to find Katrina. As a result of using her expertise, I came away with a list of actions to undertake to improve my business and a renewed confidence. What I enjoyed most was being able to use a person who was skilled in the software I needed support in, and we were able to do it using Skype, which overcame the distance hurdle.’

Natasha Sampson-Ly
– *Tashly Consulting*

‘I decided to do the XPM workshop with Katrina because I didn’t have the time to spend to get to know the ins and outs of XPM. So rather than wasting time for a week or two, I decided I would invest my time and money in this workshop and pick up on Katrina’s knowledge. Well worth it.’

Glenn Talbot
– *GTS Bookkeeping*

‘Having attended your webinar, I now finally understand XPM. The way you stepped through XPM made it much clearer than other ways I had been shown. Clear, logical and concise. I enjoyed that you focused on having it functional as part of the learning.’

Gabrielle Osborne
– *Premium Business Group*

Dedication

I would like to dedicate this book to my husband Frank, and my children Stephanie and Daniel for allowing me to see where I could take my business. I appreciate all that Frank did on the home front while I was creating a saleable asset. I could not have achieved what I did without his support and encouragement. And I'm also thankful my children nudged me out of the home office – which was the impetus I needed to take my business seriously.

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Introduction: My journey

My journey as a bookkeeper began when I had children in 1995. I decided that it would be ideal for my family situation if I worked part time, so I started doing some bookkeeping for a friend's business. That then grew into doing bookkeeping for a few other clients. I was working 2–3 days a week, bookkeeping for different jobs. It was similar to being treated as an employee of each one of these businesses. I'd go in on a regular basis (usually weekly), do their bookkeeping and then leave.

I did that for about 10–12 years while the children were still young. Then I got more bookkeeping hours per week as the children were growing. They could get themselves home from school. They didn't need me in the same way as when they were babies.

During those years I was happy doing an hourly rate for bookkeeping. I needed the cash flow for our day to day expenses. But over time, I wanted more. I was a qualified accountant and didn't want to do just bookkeeping; I wanted to help businesses with business advice or more consulting.

I wanted to get more involved in the software, as I thought I knew the software very well. There's only a limited amount of hours in a day or in a week for you to do bookkeeping. At the time I was getting between \$35 and \$50 an hour, and I wasn't earning what I could potentially be earning.

I decided to hire a bookkeeper I knew about; she did some data entry from home. But it continued to niggle me that I needed to do more – that I either needed to treat this as a business worth growing, or get out there and get a full time job, earn more money and perhaps have a more settled situation.

I went to a recruitment company to look for a job for myself. I went to a bookkeeping business to see if they would like to buy the current client list that I had. And I went to another small bookkeeping business to see what they offered. A light bulb went off and I decided I could actually do this. I could actually create that bookkeeping business. There was no reason why I couldn't do that. I was capable and qualified; I had the staff and I had the clients to start a very small bookkeeping business.

Despite this, in my mind I was an employee of 4–5 different businesses, doing their bookkeeping and nothing more. But one day a friend of mine randomly texted me something to the effect of, 'You are awesome at what you do and can achieve whatever you want to achieve.' On the same day I had a new client ring and say that they wanted me to do their bookkeeping on a weekly basis, but I knew I didn't have the time. And bizarrely, that week I had been advised of a bookkeeper that was after more work.

It didn't take long for the penny to drop. It was time.

I rang the bookkeeper to ask about her experience, skills and availability. I then rang the client, set up a meeting and

scoped the work. I introduced the bookkeeper to the client and advised her what she needed to do. I made sure they were comfortable with each other and what the process was, and let them do it.

And so my journey into the bookkeeping business world began.

Over a timeframe like 10–12 years, you become very comfortable with what you do and what you know. It's very easy to put yourself in a rut. You don't challenge yourself by extending outside of your comfort zone, and there you sit.

For possibly many years.

I knew I wanted to branch out and get more challenging work, but I also knew my day to day bookkeeping was the cash flow I needed for our weekly expenses. Letting go of a three day a week bookkeeping gig allowed me to have the time to get other clients at a higher rate, but it was a risk and out of my comfort zone.

There was no clear decision method, it was just, *you've got to do it*.

As smaller work was offered to me in the form of quarterly bookkeeping, I knew my office was getting a little bit small. Also, my children were growing and they were demanding space in the study and on the computers – very quickly it was becoming an issue. I needed to do something about this.

I was being forced out of the home office, out of my comfort zone and into the big wide world of business. At this time I was networking with other small business owners; one of those owners also wanted to get out of her home office, so I started to look for an office in the local area. I chose one of 60 square metres and invited the other business owner to sublet some of the space.

So the situation was perfect.

Deciding to move out of the home office to a rented space was one of the biggest decisions, because it forces you to think seriously about what you're doing and about running a business, not just being a possible employee of half a dozen clients and catering to their bookkeeping needs. Now that I had an office, I was a serious business.

It required a serious attitude. It became a daily job. It wasn't just doing some bookkeeping at 9 o'clock at night when the kids were asleep, or in between loads of washing and school pickups. It became a business that needed direction, structure and leadership.

Around the same time I'd gathered a couple of clients that had required contract bookkeepers regularly, so now I had three part time contract bookkeepers out with clients each week and another in my office doing data entry and reconciliation. I no longer needed to do those jobs. I became the organiser: collecting the work, scoping new clients, advising bookkeepers of what to do, and networking with colleagues and other businesses. I had time for professional development hours, industry events, learning new software and reviewing systems to automate the business. I could also assist staff in their queries as work was completed.

It was a busy life and I loved it, but I strived for perfection. It was my nature to control everything and have a touchpoint at every stage. When the work came in I wanted to touch it, before it was handed to the bookkeeper for them to do. When it was completed by the bookkeeper, again I touched it. When it went back to the client, I touched it.

As I grew, I needed more staff. It was literally every six months that I needed another staff member. I knew I needed to draft interview questions and methods of reviewing their

skills. Within twelve months of being in the office, I needed a person who could do some admin work too. I needed somebody to answer the phone, open the mail, do templates that I was building to automate the business, pay the bills – but at the same time I knew that this person had to be charged out to at least pay her own wage.

Then as the business continued to grow, I was beside myself with long hours, too much work and constant stress at the thought of not servicing clients or completing work on time – or more importantly, not completing the work efficiently. My mentor recommended I needed another *me*. I could continue to accept all the work and under the desk my legs would be running a million miles an hour, but what was the point? That was just wearing me out.

I couldn't continue like that. So I did some figures, prepared some job descriptions and worked out who I was going to employ and how many hours I needed. I also knew that I needed the *crème de la crème* – a 'mini-me'. By this stage I had interviewed and employed several contractors, but I knew this was a different situation; I needed the best. So I either needed to have a recruitment company assist me, or do it myself.

At this stage, being time-poor and needing to find the right person, I knew I needed help so I chose a recruitment company. A recruiter friend put me in touch with a set-fee recruitment firm for \$1900 to find the perfect candidate and guarantee her for three months. The recruitment firm didn't let me down: they found the candidate and she easily took over a lot of the work. I actually did find a version of me. She could do the consulting and review work, assist both clients and staff, and she even contributed in brainstorming sessions with me.

At this stage I was spending a lot of time on my systems. I

wasn't charging out as much as I would have liked, but it was important that I created systems that would work within the business to ensure that the work came in, got allocated to a bookkeeper, went through its review process and went back out to the client – without me needing to touch every process. But I needed a report to know where the work was at any time, what it was up to and what still needed to be done to ensure that we lodged everything on time – and an Excel spreadsheet just wasn't working. It took a very long time, probably years in fact, to evolve my system to a point of acceptance.

My business continued to grow and I continued to put on more staff – some through the recruitment firm and some that I interviewed myself. At this point I realised I was getting a little bit big for my 60 square metres; I needed another office. I was lucky enough to find an affordable office and we moved in, now four years after I had moved out of the home office.

It was a great achievement and I was very proud of it. Over this time I realised that the management of staff and profitability was a real issue. You don't just employ staff, give them a job and pay them. There is more to being an employer and it's all around management and leadership. It's the same with profitability: you don't just get a client's work in, ask a bookkeeper to do the work and then hope at the end of the day you've made some money on it.

Over the time I made many mistakes, surrounding the management of staff and the management of my profitability.

Sometimes I learnt the hard way, but it was always in the forefront of my mind that I needed to be aware of my profitability margins. I needed a system to automate this profitability. It was so important to maintain happy clients and happy staff and to make a profit at the end of the day.

That was my drive from the very first moment of opening the business, and it wasn't always easy; it required attention at every step of the way.

I hope the forthcoming chapters guide you and offer information that you can apply as you grow your bookkeeping business. I aim to help you become aware of the possibilities and pitfalls as you are growing your bookkeeping business.

I wish you luck, but more importantly I wish you fun in your journey in building your dream.

1. Planning to succeed

‘A good plan is like a roadmap. It shows the final destination and usually the best way to get there.’

– H. Stanley Judd

Understanding planning

Planning is crucial to any business. It identifies what you want and where you are trying to go. It will save you time and money in the end if you know exactly where you’re going and how you’re going to get there.

It’s a good way of organising your thoughts, laying them out on paper and then chunking them down so you can act on those to-do lists. To have a plan will reduce your stress levels and the frustration of knowing where you want to be. It gives you focus on what you’re trying to achieve. Unfortunately, most bookkeepers are too busy to plan where they are going.

It's not that difficult to plan where you want to go, but it does require a little bit of time sitting aside quietly and writing out what you're trying to achieve. I used to love to go down to a little kiosk by the beach; I'd sit there by myself, overlooking the water, and plan my week. I found a place where I could clear my head and not be distracted by other things such as home duties and family. Where is your place?

Sometimes I'd go down on the weekend, have a coffee and spend an hour or two just thinking about where I wanted my business to eventuate. It was very beneficial; I could have clear thoughts with no distractions and being in that setting was very invigorating.

The times when I didn't get to do much planning were the weeks that were the most ineffective. You're a lot more efficient and get a lot more done if you plan ahead and know what you're going to do. It's so easy to lose time when you don't have a direction. When this happens, you become overwhelmed and frustrated because you have so much to do and there's no planning or forethought.

Planning is the pre-work of achieving your goals. It involves identifying exactly where you want to be in a defined period of time, which allows you to put actions into place to achieving those goals.

Long term planning

The first time I really started to do planning was when I engaged a mentor. He helped me identify what I wanted to do over the next one year, three years and five years. Then we could map out what I needed to do to achieve those goals to get me to the five year destination. It wasn't difficult at all, but it did require time to think about it – and you need a clear space and a clear head to think about exactly what you

want to do with your business, and with your personal life as well.

During this time we identified three main goals that defined where I wanted my business to be in five years' time:

- 1) To achieve a certain dollar value of sales.
- 2) To reach a certain dollar value in profit (my wage).
- 3) To create a sellable business so I could choose when I wanted to sell.

Then we had to break down how I was going to achieve that value of sales, what staff I needed to maintain that value, and what services I would offer. Then I could go backwards to identify what resources I needed to be able to achieve that figure.

Once I had my endgame in sight, we were able to talk about shorter-term action plans to make that end goal work. So in three years I needed a certain amount of dollar sales, a certain amount of staff, and a higher value services. In that vein, I needed a certain amount of sales in the first year – and to achieve that I needed staff of a certain level, with an increase in clients requiring my higher value work.

In reviewing my business at that time I knew I needed that staff member immediately to be able to expand my business, and that staff member needed to be able to perform higher value work such as BAS preparation.

In planning for that expansion I also needed to look more closely at what I was charging and what other services I could bring to the business, therefore moving my services into higher value work and becoming more profitable.

Planning for automation

My planning also involved considering how the business was going to be run in a more automated fashion so I could achieve having the staff, the clients and the extra dollar sales without me having to work extra hours a week. This was very important.

I organised my planning into what I needed to achieve and when I needed to achieve it by, so that the systems were in place over a period of time. A system is an evolving process. It's not something that will be created within two weeks of making that decision. And because there were no ideal systems or workflow management processes for a bookkeeping business in 2009, I needed to create it myself. It wasn't going to happen straight away; it was going to take some time. But it was all in the planning.

Chunking

When I knew my bigger plan I could then sit down, usually at the beach, and work out a 90-day plan. There were certain targets that I wanted to meet over 90 days.

Once I had done my 90-day plan I then chunked it down and did a 30-day plan. Once I had devised my 30-day plan, I created a 14-day plan (or to-do lists). I liked to have a plan spanning 14 days rather than a week, which I thought was too minute. So it gave me two weeks to achieve some of the tasks.

For the next 14 days I needed to achieve certain targets so that my 90-day plan could be achieved. Once my 90-day plan was achieved, my annual plan was on track. Of course there were adjustments required to the plan due to a variety of factors, such as periods of lack of motivation – I am only human. But I knew my endgame so I was able to get back on track quickly, without losing too much momentum.

Plans were often amended; sometimes I would achieve the tasks on that plan sooner and other times I didn't even get to touch them in that month or that week. So they needed to be pushed forward to the next period.

One of the best things that I did learn over my journey was chunking, so it's not just a broad overwhelming list of to-do items. I used to like the 90-day plan because I'd say, 'Okay, in three months' time I need my WorkflowMax to be completed to this level, and I need to have a template on how to scope a client for a new Xero setup.' It was those types of tasks that I chunked into 90 days, and then down into 30-day and fortnightly lists. I could then ensure that I completed most of those tasks within the 90 days.

Benefits of planning

Before I started this more structured planning routine, I really didn't have a plan at all. All I knew was that I was good at what I did. I kept getting new clients, so I needed a new bookkeeper to cater for those clients. And I was always reactive rather than proactive. I was always working on what needed to be done (and often, who screamed the loudest) rather than what needed to be done for the future success and growth of the business. I had no real definitive plan. There was no action list of what I wanted to achieve. I didn't even know what I wanted to do in five years' time.

To have a plan is to have a systematic way of knowing how to get to the end result.

It does save you time and money by planning, because you will know when your resources are stretched to the limit in advance; you might need a contractor to come in and help you out.

It's always quite frustrating and stressful if you don't exactly know when the work is going to be coming in and when you're going to be able to complete that work. It's a good idea to plan ahead with your client work, so you know every quarter the work will come in. If you were to plan what week of the month or which month of the quarter that work comes in, you can plan out your client's work as well.

You become a lot more organised and you don't react to the stresses of others so easily when you are organised and structured. I got to the stage where I knew what week of the quarter a specific client's work was going to be coming in, so in turn I knew when the work would be completed and invoiced. I could schedule out the work over the three-month period rather than rushing at the end of a BAS period, which is what I used to do until I had a more structured process in place.

Working plan

Although business building planning was important for my long term goals, I still did a weekly plan for specific client work. While planning for building the business and systems can be fortnightly, client work schedules needed to be weekly. It was more of a detailed working plan for the work that was required, rather than what was required to achieve the 90-day goals. It's almost like I had two plans going – a shorter 'working *in* the business' plan and a longer 'working *on* the business' plan.

Planning around certain tasks will improve your efficiencies, which in turn reduces wasted time and increases profitability.

There are so many things that can go into planning at a client level that just makes things so much easier for the bookkeeping business to run smoothly.

For example, we plan for when we first meet a client and when we're scoping out their work requirements. We need to know what paperwork and information we're going to receive from the client, and when and how we're going to receive it, so that we can put a work plan in place. We need to create a list of what work items we need to do for that client. Day to day planning is in everything we do as bookkeepers.

Over the years, and as a result of my successful planning, I created many templates that ensured I worked at my most efficient. For every process throughout the business I created a template to make those processes streamlined and consistent. I will discuss these in future chapters.

Time for planning

Now, you might say that you don't have the time for planning. But what's that saying? *Failing to plan is planning to fail.*

It's critical in business to plan not only the growth of your business, but also the work within your business. Thinking 'I don't have time' is unacceptable as a business owner. You need to take this seriously and you need to set some time aside to do the planning. I can guarantee the work will go faster and more efficiently if you set some time to do your planning.

Sure, the work has to be done, but the planning is crucial.

Getting started

If you say you don't know how to plan, then I suggest that you start with a one-year, a three-year and a five-year plan. You might just like to list six things for each one of those periods. What do you want to be doing in five years' time? Do you want to expand your business? Do you want a better

work/life balance – maybe reduce your hours from 50+ to 30 hours? Do you want to sell your business in five years? How much money would you require when you sell your business to recoup your investment?

It's a very personal journey or decision, but write it all down. Think about what you would have liked to have achieved in three years' time, and then one year. That's the start of your plan. I would also highly recommend you find a mentor to prompt and support you in your growth.

Further to this, I think it's important to have a list of six things that you need to do every day. Write them down in your diary. I used to like having a diary with a one-day view per page – I'd tick them off as I did those to-do lists. I might add to them during the day as things cropped up, but I always ticked them off as I did them. You can get lost with all the technology and syncing your computers and all that desirable stuff. But I found that I liked the physical tick-off at the end of the day before going home.

Spend 5–10 minutes at the end of the day writing down the next day's list of tasks that you did not complete, and also some additional tasks that you want to complete the next day.

It only needs to be six items at a time. If you put down too many, you will be overwhelmed with the amount of things you need to do.

You are not alone

Having the use of a mentor at the start, just to get my head around what my goals were, made what I really wanted to achieve very clear. It's often that you know the answer, but it's helpful just to have somebody ask you the right questions and give you the time to think about it.

Putting some time aside to meet up with a mentor is a great idea, just to get those actions down on paper so that you can move towards them. It would also be a good idea if possible to have some accountability with that mentor, so you might need to meet up every two weeks and make sure that you've achieved those goals.

Make sure you're moving towards your endgame and not getting trapped working *in* your business rather than *on* your business. You need to allocate at least a few hours a week to ensure you are achieving your goals and creating a successful business with the least amount of stress associated with a growing business.

Planning was my favourite part of business. It allowed me the time to think about what I wanted. It identified my goals and, with consistent commitment, allowed me to achieve those goals.

Plan for your business success

See below for a list of activities that you may like to try to get started:

- Schedule in your diary at least two hours per week to work on your business.
- Identify your why. Why are you in business? What are your top five reasons why you are in business?
- What does your ideal business look like in one year, three years and five years?
- What are your goals to achieve this ideal business?
- Consider each goal at a time. What would you like to have accomplished in the next 90, 180, 270, 360 days to achieve these goals?
- Create 'action steps' for each of the next four quarters that will result in you moving towards achieving those goals.
- Consider engaging a mentor to help you clarify your goals and action steps – and to hold you accountable.

2. Next level

‘Risk is essential. There is not growth of inspiration in staying within what is safe and comfortable.’

– Alex Noble

Do you need to move out of home?

Every small business is different and every small business owner needs to make certain decisions about how they are going to run their business.

In this chapter we look at the physical space of your business. Do you need to make a decision on whether you need to move out of the home office and lease some space or purchase a building? Or should you set up your office professionally at home?

It’s a big decision to move out of the home office. It took

me a very long time to make that decision. I talked to other business owners. I researched available offices for months as I wanted to ensure I was comfortable with the area, the space I needed and the costs involved.

When I did find a space that I liked, I spoke to as many people as I could – the owner, the real estate agent, etc. I even spoke to the person next door to the prospective office to see what their opinion was of the office building.

It took a bit of time. During that research, I think the mindset starts to change a little bit. It was a slow process for me, but it came with the realisation that I could no longer work in my home office. As my children were getting older, they wanted to use the computer for their own programs. My clients' work was stored in the office and the kids were doing their homework in there. It just wasn't feasible any longer.

I decided the best solution for me was to find an office – and I was fortunate to have another business owner who also wanted to move out of their home office, so I could sublet a section of the premises and reduce costs. Subletting some space was the most ideal situation, because you knew that the other person was growing their business like you. Eventually they would need more space and move on as well, hopefully at the same time that you need their share of the premises to grow your business.

Moving out

If you choose to move out of the home office, you can spread yourself out. You can take all that business clutter and organise it in a much more productive way. You can have your 'own' desk and then spare desks for client meetings, staff and other equipment. The benefits go on in regards to 'space freedom'.

One of the big advantages of moving out of the home office is being able to employ staff. It just lends to being more professional and businesslike. It's not easy to have staff come into your home and have them work in the same space. You can imagine how cramped it can be and how it would feel for that bookkeeper to come into your home amongst your personal things.

Once you've moved into an office I believe it also attracts more clients. You've got a presence in a street with a sign up, so the public (potential clients) are aware of you.

In my case I was lucky to have a sign on a door in a main street with a pedestrian crossing right next to it, so I had a lot of people passing by and seeing it. A high percentage of my new clients were from walk-ins. They had noticed my signage and dropped in to see how I could assist them.

I got a lot of excellent local clients from walk-ins. I became a solution to their problem as I was just up the road or on their way to work.

There are some bookkeepers that don't want to move from home and that is perfectly fine. They have a situation that works for them. I personally found I had a new enthusiasm and a very different mindset to my business once I moved out. It became more professional and with fewer 'home' distractions I had the ability to focus on what I saw was the potential of growing a successful business with staff.

This would allow me to do the work that I enjoyed and delegate the work that needed to be done, such as compliance work, but still control and oversee my staff. I could separate my work from home, so I could leave work at the office and walk away from it at 5.00 pm.

Minimise your risk

There are some bookkeepers that are fearful of the cost of rent and expenses. I was certainly the same before I decided to just do it.

It is a risk, granted. You do have to pay, for example, \$1000 a month – which is say, \$250 a week. You've got to earn an extra \$250 a week just to pay those rents and outgoings. But if you don't do it, will you grow as fast as if you do?

Sometimes we do have to take risks. However, there are ways to minimise the risks. For example, I took out the lease for just one year so I didn't see it as a major loss if it didn't work. But I also chose an option for three years after the first year, so I knew that once I was settled and everything was working then I wouldn't have to move again too soon. I was also fortunate to sublet part of the space, so I had the future availability to grow.

Just remember that you can ask for negotiable terms. I had the owners do some work at the office. I needed some skylights and security doors, and they were willing to do a few things for me to get in.

They included most of the outgoings in the quoted lease amount and gave me one month free if I renewed after my first year. There are so many bargaining tools that you can use. Just do some research and talk to other real estate agents when you are negotiating your lease.

You need to also be mindful of your office location for your clients to get to. They need to be able to park nearby. If it was in a busy shopping area or road then you'll get more people seeing you, which is ideal.

What is your business model?

Before you make the decision to move out, you do need to understand the pros and cons of both situations to make the decision that is right for you, your family and your business goals. Maybe you are satisfied with the home office; maybe you do have a separate office for you and a staff member. This is great! Fantastic!

Or maybe you don't want to grow and have multiple staff; maybe you're satisfied with what you have. What is your business model? Have you thought about what you want it to look like after one year? After three years? Do you want to have the flexibility?

Are you fearful of growth?

I know in my case it took me a very long time to make the decision to move, and that lack of a decision held me back from growing my business earlier. Maybe it was timing – and that I didn't feel ready to move and upscale my business. However, I now think I was. I think I was able to move and upscale earlier than I did. I was probably two years behind what I could have been.

I know many bookkeepers have a fear of growth. It is a mindset that we don't want to fail; we don't want to get out of our comfort zone. But the only way to grow is to expand your mind, reach out of your comfort zone and take a risk.

I think you'll find in most cases when you take a risk – and you know the dangers and the benefits of that risk – you will succeed. I'm not suggesting you go and rent a \$20,000 per annum office. My first one was \$11,000 per annum, including outgoings. It wasn't that much of a stretch. It was something that I could afford even if I didn't grow my business.

A lot of people don't want to go into an office because of the fear of that cost, but if you don't do it, you may not grow. It's so easy to stay in your rut and not try. That's fine – if that's what you want to do, then be comfortable with that. But if you are dreaming of getting an office in the thought of growing your business, then just take that risk and do it.

You can share rented spaces. There are a lot of co-work situations now. They're popping up everywhere and you can hire a desk for a day or a month. I know of places where it's \$50 a week just to hire a desk. Obviously that's not going to give you the room and the staff that we're talking about, but it gets you out of the home office and it gets you mixing with other business owners as well.

Some people don't like to be away from home. They like to be in their pyjamas and slippers and do their work from home. They like the idea of picking the children up or taking them to appointments in between working. And again, that's fine if your business model is not to grow your business and not to have a commercial office. Then you'd be content with that.

But I know that for myself, when I moved out of home I was no longer a mum with part time work. I was a business owner with a family. I wasn't on the computer all the time at home. I didn't have to look at my emails while I was making dinner. I didn't have to tell the kids to get off the computer because I needed to do this report, because I didn't have time during the day. I was more organised. Everything was in the office and I left my work at the office. It didn't impinge on my home time.

Invest in your business

After four years in my first office I decided I was established enough to purchase my next workspace. I was outgrowing

the original office and needed more space. So that's what I did. And rather than funding somebody else's investment, I decided my business would fund our investment property.

The ideal situation is to purchase your own office (possibly through your own self-managed super fund). Then your business is paying for the purchase of your investment asset. You may not expect to do this with your first office space but it is something that can be done.

I would recommend you get some taxation and financial advice if you are thinking about this, as it is important to buy the property in the correct fashion for your future retirement.

From experience, if you want to move out of the home office and are just too fearful of moving out of your comfort zone, then I suggest you *just do it*.

Business expansion – the time might be now!

Some actions that you might like to consider after you've read this chapter:

- Review your business model. Do you want to expand your business? Is your business held back by working from home? Consider the implications of clients and staff coming to your home.
- Review rental costs and availabilities in the area you would like to work from (usually close to home).
- Review possible buildings for sale in your area and consider the interest compared to the rental costs.
- Look at subleasing; you can either sublease from a colleague or another small business owner, or you can hold the main lease and sublet part of that space out to other business owners. Why don't you ask in your network if anybody else has the intention of moving out of their home office?
- Check how far you are from the telephone exchange, as this will impact your Internet speed.
- Prepare a budget and cash flow projections to see what the costs are in having an office and what extra income you would require to support the move.

3. Passionate staff

‘People are definitely a company’s greatest asset. It doesn’t make any difference whether the product is cars or cosmetics. A company is only as good as the people it keeps.’

– Mary Kay Ash

When to employ staff

For a business to grow, it needs to engage staff or contractors to contribute to this growth. It’s really important to choose the right staff suitable for your business.

You will know when you are ready to employ staff as you can no longer do all the work yourself, and you’re becoming inefficient and stressed from working too many hours. Employing staff allows you to delegate the work to others. It’s an advantage to employ staff with different experiences and qualifications than you.

This allows you to grow your business by adding additional services to what you're already offering. For example, you might be a business that is only working with MYOB, but you can employ staff to assist those clients wanting to move to a program like Xero or Reckon. This is a great way of growing your business.

With the way the bookkeeping industry is evolving at the moment, you can't possibly do all the work that you want to do while also learning new programs within the cloud accounting space.

If you were to employ staff with experience in cloud accounting, then it makes everyday work so much easier and you can leverage off their knowledge as well. In addition, you can brainstorm with another person while you're learning the systems together.

Alternatively, that person you employ may not actually know a particular cloud accounting product, but may be willing to learn the product and be the 'champ' within your business: in other words, someone who knows the software inside and out and becomes the go-to person.

You as a boss do not need to have all of the answers and be able to provide all of the services. That's what staff are for, and that's how you can truly grow your business. It's also an advantage to have staff for brainstorming and getting different ideas from different people.

If you employ staff with different qualifications and experience than you, then they can give you ideas and educate you in ways you may not be initially aware of. The important thing to understand is that you don't have to be the only one that knows everything. It is a shift in thinking.

It's time for a holiday (imagine that!)

Do you feel as if you are unable to have a decent holiday or have time off when you're sick? I know this happens to many bookkeeping business owners – you wouldn't dare to have a mental health day, or have a holiday for more than a week.

But when you employ staff you can go away for that 3–4 weeks at a time and actually have a couple of days off for mental health. Just to refresh yourself and recharge your batteries, so that you can come back and give 100% to your business and to your clients.

Are you at risk of being burnt out? Do you struggle to switch off during personal time? Do you like to be in control of everything? As bookkeepers we traditionally like to keep the work close to our chests; we do it ourselves, and we often don't want to share the work. We don't want to hand over our clients, because they're *our* clients – we know them, we can do the work faster and we're better at keeping them happy. But this is not the way to grow a business. You need to share.

Do the work that you want to do

If you don't employ staff, you won't be in a position to delegate the work that keeps coming in – and it will just keep coming in, because that's the habit of a bookkeeping business.

In my experience, work builds upon itself. You can't grow efficiently, you will become ineffective and then you start losing clients. You don't get to branch out into the other services that are available in the bookkeeping industry and you lose that opportunity to grow.

Employing staff is the perfect opportunity for you to do the work you are passionate about, by delegating jobs like data entry so you can focus on other tasks such as consulting or training.

It is important to find staff that are as passionate and enthusiastic as you. Passionate staff are the ones who have a great desire to give good customer service and support you in the growth of your business.

When you know that you are ready to employ staff – or you have an inkling that you would like to, but you're not ready to just jump and you don't know how to do it – then I suggest that you do some planning and be prepared early. Think about what you want, where you want to take the business and what the business needs.

Think about the job description of the person that you want to put on. What work will they be doing? What services? How many hours will they be working per week? How much do you need to pay them? Will they be a junior bookkeeper or do you need a senior bookkeeper to assist you?

Also be open to the fact that over the stage of your business growth, you will need different staff for different reasons.

How to employ brilliant staff

Again, before you employ different people, have a look at what's being advertised at the time. Have a look at the jobs on Seek or CareerOne.

When I needed to employ staff I advertised on Seek. It was inexpensive, but I got over 100 applicants. There were a lot of applications to go through and there would probably be about 10% that were worth talking to and following up with.

Then I got cleverer. The next time I advertised for a staff member I added a list of questions in the Seek advert, so that I could weed out the bookkeepers who knew what they were talking about from those who had no idea. I designed three or four questions that would test their experiences, or how they would review and reconcile a BAS. Just some simple questions to test their understanding of the GST. But you also can get a feel of how they communicate with you and whether they even bother to answer the questions.

You would have a lot of candidates that didn't bother to answer the questions, so you would disregard those. Then you would have another group that did answer the questions, but had no idea what they were talking about. Again, you would weed out the obviously wrong answers. You would be left with a few candidates to follow up with – and you didn't have to read all of the 100+ applications that came in.

Choosing the right staff

Once I had my list, I would analyse the possible candidates and rate them according to their qualifications. If they were an accountant or had a Diploma in Accounting, for example, I'd rate them a 5/5 in the area of qualifications. If they had five years of experience with MYOB, that would also be a 5/5 for longevity. But you would look a little bit deeper in the experience they have, because they may say that they have had fifteen years of experience in MYOB, but they haven't actually used it for ten years. Or maybe they had a job that was one day a week, so had very few hours of MYOB over that fifteen years.

So you need to be a bit investigative to get the truth out, because you don't want to employ a staff member that is not quality. You've got quality customers and a quality business. You don't want to put a bookkeeper in that does not have that same quality.

After I've been through that process, I do an interview over the phone. I would have a list of questions about where they got their experience from and how they would do job accounting, for example, or just some basic questions to get them to talk about their experiences that would be relevant to your clients.

Again, you get a feel of what type of person they are. Do they sound like a person who has that experience and cares about what they do? Are they enthusiastic? Are they talking with a bright voice or are they dull and boring and not really enthusiastic?

When I've decided that I want to have a face-to-face interview, I bring them in and we go through some more questions. Usually it is in front of a computer and a software program; I ask them to do certain tasks on that software. You can test their efficiency and their understanding. You pick up very quickly when they've got no idea. And you can get a feel for how good that candidate is.

Alternative ways of employing staff

My first staff member was employed under the traineeship scheme so I was reimbursed some of her wage and her training was subsidised. There are recruitment companies that provide this service for free; match a candidate with your requirements.

I did get several of my employees through the Seek method and then later on I also used CareerOne, which was free advertising, and I wanted a very specific person. It was a contracting role so not a mainstay in my office. I wanted accountants that could go out there and just hold their own. I wanted someone who could do everything I do (reconciliation, BAS, etc.), so I needed a certain qualification

and certain experience. It was free, so it was worth a try. I did touch on 2–3 really good candidates and put one of them on in that way.

At one stage in the business I wanted a really good accountant who could do my job: a ‘mini-me’ if you like. I wanted them to work at my office almost full time and they needed to have the qualifications and experiences – but I needed a certain personality as well, and I decided that I didn’t have the time or the ability to find that type of person.

I decided on using a recruitment company. I was recommended to a recruitment company that charged a set fee. They interviewed some candidates and did the background tests in a way I wouldn’t have known how to, to ensure my chosen candidate was a good fit for my business. They even offered me three months’ guarantee, so if they didn’t work out I would get a replacement for free.

And it was a lot less than the cost of normal recruitment companies, so I paid \$1900 for a high-quality accountant. That was a very good experience for me. I got a very good candidate and she was very capable of doing whatever I could do. (Well, mostly!)

I must admit that I’ve been very lucky with the staff that I found. I had very loyal staff who were dedicated to their job and dedicated to client/customer service. They were loyal to me and they were very supportive. They would often want to be involved in the growth of the business, so it wasn’t just coming in at 9 o’clock, doing their job and leaving at 5 o’clock.

They wanted to discuss my ideas for the business and help make decisions; they wanted to help shape where the business was going.

The cost of employing staff

Many of you will be thinking there's a big cost and a lot of time required to find somebody. Well, it's important to get the right person, so you do need to put in a bit of time to find the right person. If you put the wrong person on, you waste even more time in training them and getting them used to your culture and the way that you do things – for them to then leave anyway. That's just not worth it.

If your business model requires business growth, then you need to put staff on. There's no other way about it, you've just got to do it. You've got to get over yourself and delegate that work to others, because you can't possibly grow your business and continue doing the same amount of work.

Yes, there is a cost to employ somebody. You've not only got their wages, but you've got their super and Worksafe and you've got to factor in their leave entitlements. There are templates out there that calculate the actual cost of a staff member based on hourly rate. You do need to be smart about it and make sure that you can recover that cost and make a profit on it.

I knew when I put on my accountant to take over my work, I needed to take a small hit to put that person on and pay her the money that she wanted, because she was a good candidate. You've got to take that risk, so that you can grow your business.

Minimise your risk

I did question at the time whether I had enough work for employing a staff member, but again, you've got to understand the risk. For my business I minimised the risk by always employing people on a flexible basis. I didn't

employ people 100% full time; they were 3–4 days a week. I always employed them for a little bit less than what they were available for in terms of hours, so that if I got busy then they could step up and could do more work.

I always managed to engage staff that had some flexibility, as it's the nature of a bookkeeping business: we need flexibility. Bookkeepers are usually mums wanting to do some work around school hours; they can, on the odd occasion, do some night work or some weekend work, or work that extra day if the work's there. So you always want to go for flexibility.

Don't overcommit. Don't hire them full time if you don't have full time work. For example, let them know that you've got two days a week and then you'd like to build it up to four days a week in the future.

Before you jump in and employ somebody, think about what you need. What does your business need? Where would you like to search for the right candidate so that your services can grow, utilising that person's skill?

Sometimes you just have to do it

When I knew that my business was about to have another growth spurt, my mentor told me that I just needed to hire another 'me'. There is no way that you can deal with all of this extra work that comes through the door and still maintain your health and your sanity. You've got to take a hit at the time and take the risk. If it doesn't pan out well, then you've tried. But if you know your business is in growth and you can see the potential, then just do it.

There are templates and systems out there on how to interview people: what are the questions you might ask them? How might you test people on their accounting

software? There are templates for job descriptions and employment contracts. Over the years I created my own and had HR specialists assist me in setting up the contracts.

There are industry websites out there that you can place an ad on for the right candidate. Alternatively, by utilising your network you can use word of mouth; people may know bookkeepers that need work. You could share a bookkeeper with another business. You might want someone for two days a week and you may know another business wanting them for another two days a week. You might have found somebody that wants full time work and that can work as well.

Are you ready for your passionate staff?

Below are some actions that you might like to consider if you're ready to employ staff:

- Consider what work is currently available to be handed over to a new staff member.
- Document what work will be available in the future considering your business goals.
- What other services would you like to provide in your business?
- Consider the type of work: what skills and qualifications are required? Where will the work be carried out? How many hours would be required?
- Write a job description for your ideal candidate.
- Document your business culture and current staffing.
- Review the current job offerings on sites such as Seek – i.e. work requested, qualifications and remuneration.

4. Marketing for growth

‘Today it’s important to be present, be relevant and add value.’

– **Nick Besbeas**

Marketing Alternatives

Marketing is so much more than spending money on advertising. I believe that networking and finding opportunities within your network and database are a big part of marketing your business.

This chapter will open your mind to other ways that you can market your business and increase your sales without having to spend a cent. The only money I spent on regular advertising was to add my website link to my free Yellow Pages listing (approx. \$40 a year).

Networking

There's always a benefit to networking with a variety of different groups. You get a lot of support from others and you learn what they're doing and how they're getting clients. Running your own business can be very isolating, and brainstorming with other business owners can be very helpful.

I would network in three areas. Firstly, connect with other bookkeeping businesses to reduce the isolation factor and see how others are running their businesses. When building relationships with others, you get to trust them and learn from how they operate. Bookkeepers are very generous with their knowledge and keen to share. You could create mastermind groups where you can meet and brainstorm ideas and resources.

You can also share work, such as during overload or the use of certain software. I would often get asked by a QB bookkeeper to assist her in MYOB. When I started with Xero, other bookkeepers would pass on Xero setup or work they didn't feel capable of doing. I became the go-to person for more challenging work. And that is because I networked with bookkeepers; we learnt each other's strengths and utilised our experiences.

There is also the possibility of creating joint ventures, whether through casual sharing of work and responsibilities or the creation of more formal agreements.

Currently, there are many possible ways of networking with other bookkeepers. Being a member of an industry association such as the Institute of Certified Bookkeepers allows you to catch up regularly for education sessions and build relationships with other bookkeepers. There are also casual coffee clubs – for example, with Australian Bookkeepers Network – where you get together, share

knowledge and build rapport with each other. And Pure Bookkeeping has 'Mastermind' live and virtual meetings.

The second area of networking is with small to medium businesses. I joined a networking group where we met each week and shared our individual industry knowledge, brainstormed areas of running a business and also had one to one sessions to learn more about each other's businesses so that referrals could be made. These meetings were an excellent way of learning how to promote your business and highlight the benefits of using your services. You learnt about getting your business in front of not only the 20–30 people in the room, but out to their networks.

When you network in this manner you will be asked to talk about your business. Don't always tell them about the services you provide. I would recommend you tell stories about how you've helped your clients. Talk about experiences you've had and what benefits you've given your clients. Maybe read out some short testimonials. Educate your listeners about what a BAS agent is and why businesses need them. Our clients buy time. They need time to operate, market and grow their business. We provide them with that time by working on their compliance.

The third way of networking is with aligned businesses such as accountants, business coaches, financial advisors and mortgage brokers.

Near the end of my business I had aligned myself with an accountant and we started to do some joint seminars and information sessions. I presented information sessions on Xero or tips on what to do before June 30th, and the accountant spoke about tax planning or property investing. We invited our clients and introduced each other to prospective new clients. It is a great way of getting your business known, putting yourself in front of prospective clients and building a strong relationship with an accountant.

You could do similar events with other businesses that align with your services. The first thing a business coach requires from their client is accurate, complete and reliable figures. The same with financial advisors – they need clients' figures presented in a certain and reliable way to be presented to a financial institution.

Marketing excuses

The common marketing excuses are:

1) I don't need to market, I have enough clients.

I was in this scenario for many years, but didn't realise my potential until I decided to take my business seriously and see where I could grow it to. Marketing starts the pre-sell process and sets you up to get work for the future. In reality it can take a while for any marketing to take effect.

2) I don't have time for marketing.

Create some time to work on your business. Maybe put aside just an hour a week to consider what clients you want and how you can get them – this makes you proactive. It is like a breath of fresh air when you find some time and space to think about your business.

3) I'm not ready for marketing.

There are many excuses out there – such as that you don't have a business name, or business cards or a website. No point in waiting for something else to happen. Just start some form of marketing or networking and just move forward.

Branding

Go through a branding exercise of what your business is all about and what customers you want to attract. It gives you a better idea of where you can spend that time for marketing, whether it's on Facebook or LinkedIn.

Find your point of difference to other bookkeeping businesses. Why should they choose your business over another bookkeeping business? Consider who your clients are and how to attract them. What are your clients' frustrations and pain points? What keeps your clients awake at night? Do they understand where their money is going? Why do they need you?

Build your branding and use it everywhere so people recognise you easily. Build an avatar of your perfect client; find out who they are and where they hang out. Spend some time thinking about who you want to work for and target those people. I would suggest getting a copywriter to assist with some marketing wording that you can use regularly.

Free advertising

There are other ways of getting your name out there as well. There are a lot of websites that are free to advertise on such as womo.com.au, australiaonlineadvertising.com.au and localbusinessguide.com.au just to name a few. You could ask your clients to put reviews up on these websites.

I relied heavily on the software I specialised in such as MYOB and Xero Accounting and became partners or certified consultants with these software companies. As a result I received a lot of work via their websites. Ensure your profile on their websites are complete and you have good 'marketing talk' in the descriptions to separate you from the pack.

Xero and MYOB, for example, have marketing tools within their websites; you can promote their products and services in a way that also puts your business in the face of clients. They even have a ‘marketing fund’ where you can get paid to hold an event to promote their products.

Website

I would also recommend having a website. When I first started I had a one-page website and that was sufficient to let people know that I was in business.

It was a point of call if somebody saw my name on the MYOB partner’s page. For example, they could go and have a look at the website and see what I was all about, what my business was, where I was located and the services I provided.

Then a few years in, I wanted to expand that website, because I wanted to have a bit more credibility and offer a few more services. I needed to let people know how broad my experience was, which required a larger website.

It took a bit of time and money in getting it set up, but I knew that I wanted to attract a different clientele, not just the mum and dad businesses. I was after more credibility, hoping some accounting firms would have a look at it and I could get referrals from them.

When you get a website, you might add blogs to it, fortnightly or monthly. This increases your visibility, using search engine optimisation.

It puts you up higher in Google Analytics – you can measure that and see how effective the blogs are and what people are looking at.

Facebook

Facebook is now also another form of marketing your business. Create a business page, put a cover photo on it, invite your friends and family to like it and then get them to share the posts that you put up.

You can schedule posts so you don't have to be on it all the time. When you go to networking meetings you can share your Facebook page with other business owners, so they might like to jump on and share your page too. Use videos and photos to create interest – Facebook loves it. You can link your blogs from your website to your Facebook page.

Utilising your database

Start creating a database (perhaps in MailChimp) and email a regular newsletter out to clients about why your other services will be useful for them. In the same way, email to accountants and other aligned businesses explaining why your business will be beneficial to their clients.

Email clients with discounts or offers of a free service for all new clients referred by them. Even within your database there exist more sales. You can upsell your services to existing clients and add value to existing services. I always believed there is more income to be had from your client database – find the time to think about what can be drawn out from your existing clients. And I don't mean just for the sake of getting more money, but from the point of view of brilliant customer service.

Block out a few hours to work on your business, and in particular think about how else you can assist your current clients. Think about their businesses – what they have been asking for that you have avoided due to time restraints?

There is so much work out there for bookkeepers that I don't see other bookkeeping businesses as real competitors. As long as we offer good value and excellent service, other bookkeeping businesses can provide the same thing to their clients. As we know, almost every business needs a bookkeeper and there are a lot of small businesses out there.

Don't spend money on marketing, spend time on promoting your business

Consider these action steps to get your marketing strategy started:

- Check out business networking groups such as BNI in your area. Ensure the group has over twenty regular members attending weekly and they consist of strong growing businesses – not just business owners wanting to replace their employment income.
- Research other community/council networking meetings, such as the Chamber of Commerce.
- Ask to present something to networking groups such as software demonstrations.
- Personally contact the accountants of your clients. Ask to meet them to learn about their business and to be their preferred bookkeeper (even discuss your mutual client).
- Find associates you can joint venture with (i.e. hold presentations/workshops together to pool clients).
- Buddy up with business coaches, mentors, accountants and financial advisors.
- Ask clients if they have colleagues and other business owners that complain about their bookkeeper/accountant – or just have an issue with their accounts.

5. Let's get systemised

'Organize around business functions, not people. Build systems within each business function. Let systems run the business and people run the systems. People come and go but the systems remain constant.'

– **Michael Gerber**

The difference a good system will make

A successful bookkeeping business can be measured by the systems that it runs. When selling your business it will be important to have smoothly running systems to improve the saleability of that business. But we'll talk more about that in later chapters.

It's important to have good systems, which improve the efficiency of your working life. It's very easy to be inefficient with manual operated systems, but there are so many good

systems out there that improve the effectiveness of your workday.

The trick is finding out which systems suit your needs and that you can understand – it's important you're comfortable with them and would like to work with them. You are much more effective if you have good systems in place. It just makes things run a lot smoother. Automation is the key in this world of bookkeeping.

The bookkeeping industry has moved so fast since 2012 with the use of cloud technology and new software, which has allowed us to take greater advantage of the options that are out there. They allow for more automation and streamlining than when we had to do them manually.

While we're improving our efficiencies and the automation is helping us streamline our processes, this also improves our profitability. Although there might be a small cost in installing and instigating these systems, over the long term I guarantee it will improve your working life. You'll have more time to spend on doing chargeable work at a good hourly rate, rather than doing frustrating, stressful, administration tasks the slow way.

What systems do you need?

Often many businesses have too many systems; in turn, that makes a business inefficient. Those systems may be incomplete. It's important to have a look at the different possibilities or at least choose a few applications that can solve several of your pain points. You could either do a trial or go onto the Internet and have a look at the reviews on each one of the systems and what people get out of it.

Don't forget to use your network and ask questions. There

are lots of forums, Facebook groups and bookkeeping associations that have many resources on their websites. Pure Bookkeeping Australia also have created an entire system to assist bookkeepers in running their business. It is not necessary to reinvent the wheel.

If you don't have computerised systems you're doing a lot of manual work, often duplicating the tasks. It's an inefficient use of time and resources. In this chapter we'll look at the options of online systems to assist your business to manage your operational needs, such as your workflow and client management.

A computerised system is one that captures and organises information in a way that can improve the efficiencies of your business.

Practice management software

One of the first programs I installed in my business was WorkflowMax (WFM).

I stumbled across this several years ago before Xero bought WFM. I had trialled a few others, but when I looked at WFM I could see the potential. When I realised that Xero was purchasing it I thought I'd give it a good three month trial and see if it met my requirements.

I trialled the system with a few other colleagues. We worked out how best to set it up, which was a bit of a minefield. It was relatively new, so it didn't have a lot of people out there using it and we couldn't go to other bookkeeping businesses and ask for advice. Since then Xero has increased its features for accounting and bookkeeping businesses to include more practice management tools and taxation. This new version is named Xero Practice Manager (XPM).

In 2016 there are many more bookkeeping businesses and accounting firms that are using XPM and you can certainly get advice and attend some workshops. XPM is not only a database for your client information, it also holds all your jobs and the tasks that you need to do for each job.

You can use more of the features in XPM by estimating the number of hours that it will take you to complete that job and assigning staff to work on that job. You can invoice straight out of XPM when staff enter their logged time and you can monitor that time against the estimations that you've already put in. In this way, you can see the profitability of the job, or if it's taking longer than you expected. Then you can alter your invoicing as required.

Once you've set your jobs up, you can flag them as a recurring job. I created jobs for every BAS that we did for each one of our clients. Each client had a template for a BAS job that recurred every three months. Each job would last a period of time and would be allocated to a certain staff member, so it was ideal in managing my workflow throughout the office – and for managing the staff's work as well, indicating when they needed to start a job and when they needed to complete a job.

Then, because we're invoicing out of it, we have the amount of time staff applied to the job and can also ascertain the profitability of the job. We can get a profitability report for the client or the staff member. There are a lot of KPIs (key performance indicators) that we could get and a lot of reporting to help us manage the performance of the office. But more importantly, it would tell me the job status. For example, the job would move its way through stages: 'planned', 'in progress', 'ready for review', 'sent to client', 'signed', and eventually 'lodged'.

I found it an invaluable asset in my business and I would encourage you to have a look at it.

Other systems

There are other systems that we used, such as the Microsoft Office products. With Outlook I could synchronise my staff calendars onto my computer and view what they were doing or where they were. The staff would have folders for each one of their clients, and any emails that were completed would be filed away in those folders.

There are lots of Microsoft Office tips and tricks that can be used with those products. If you're doing something that appears manual with an Office product that you think can be done better, then seek out a professional or a consultant and get advice so that you know you are being the most efficient that you can be.

Another excellent product that I used was Google Apps. I had all of my email accounts linked through Gmail, so all of the emails for all of the staff were in the cloud and they could be accessed through a login from any computer. They would synchronise from each staff member's computer into the cloud and I could access them at any time if I needed to.

Similarly, I could access my own email on my iPhone, iPad and my computer – they were all synchronised at the same time, so if I was emailing out of my iPhone it would synchronise in my computer as a sent out email. This I also found invaluable.

We also used MailChimp for our newsletters, so we would email out newsletters and keep a database of all our clients and whoever wanted to receive newsletters from my website. From time to time we would send out a newsletter that would give the client information about what was happening for that quarter. The obvious things that every client needs to know: remembering when it's BAS time, how and when superannuation had to be paid, etc.

They were just the basics that every client needed to be reminded of – because they did forget, even though they did it every quarter.

I'm sure you've got clients like that as well.

Another program that I used was a recorder called BB Flashback. Whenever I wanted to teach a staff member or a client something, I would record it and then file it in a folder so that they could refer back to it at any time. The Express version is still free to download. I loved this little program; it was very easy to use. There are many similar recording programs available.

Set up a simple but consistent filing system

I also created a filing system in the computer, so clients had their own folder. Within that folder was a separate folder for each year. Within that year were separate folders filled with the work for each quarter or month. Then I'd have some generic names for other subfolders to record an asset register, correspondence or even just admin records.

This folder could be accessed from any computer, so it was sitting on a server, although it wasn't actually a true server; it was called a NAS drive. It was just a storage box that was the point of call for all of our computers to go to. A backup system is also important for maintenance of your data files and your client information.

I think the biggest thing with any system is that we want to get away from any manual entering where we have to duplicate our processes – especially with workflow management. It's very important to have tight workflow management, and that you're not relying on an Excel spreadsheet to be

updated – and possibly missed. You can get into a real mess with an Excel spreadsheet. It took me a long time to sample several of these systems and decide which one was the best one, but it was worth doing.

Create the time and you will benefit

I know there's a lot to do and you're usually very busy doing the work rather than spending time on systems, but it's really important to spend the time on creating an automated system – perhaps when you are the least busy with BAS.

You need to schedule that time and do it, even if you get it done over a three month period, like I mentioned in Chapter 1 with planning. Spend an hour or so a week on XPM to get it set up and work on what needs to be done. Get some inexpensive staff to come in and enter the information that needs to be entered in manually for the first time.

A lot of times you can import information in. For example, you can actually import the client base into XPM. But unfortunately you can't import everything into XPM, as there are limitations.

I can guarantee you there will never be a right time; you just have to do it. I know there are many systems out there and it's very confusing, but grab at least one and test it out.

You might want to test one a month for a little while – or if you are satisfied that something like XPM is the system for you, then just get in and do it. I guarantee there will not be one system that has every bell and whistle you need, but if you can get the majority of the big ticket items off your wish list then you're as close as you're going to get.

Share the workload with colleagues

Brainstorm with other bookkeepers; organise some time to get together to work through certain areas of your business. You may like to get each person to do certain tasks – for example, one person to write blogs and another person to do the newsletters. Or share the tasks, each person doing three monthly newsletters per year and sharing the content so you end up with twelve months of newsletters. Is there someone in your network that you can share the load with?

Can your business benefit from being systemised?

Here are a few actions to get you thinking about your systems:

- Consider what is working and not working in your current systems.
- Research two or three practice management programs and read their reviews and study their features.
- Make a wish list of what you would like from your practice management software.
- Document the areas in which you could improve your efficiencies and how you could do this.
- Schedule in your diary when you are going to research the options.
- How do you intend on implementing the systems you require? Will you outsource to someone who's done it before?
- Start getting your database down on a spreadsheet – collecting consistent information so you can import it into the software you choose.

6. Pushing boundaries

‘For success, attitude is equally as important as ability.’

– **Walter Scott**

What can you achieve?

Transitioning from being a sole bookkeeper to one that decides to build a successful bookkeeping business requires a shift in your mindset. You need to challenge yourself and go outside of your comfort zone.

You need to challenge yourself almost every day. Changing your mindset to acknowledge yourself as the leader will help you build a successful bookkeeping business. It’s not easy to do but it can be done. In the process of changing that mindset, you will improve yourself.

You will improve the way that you do things, you will expand

your knowledge and experiences and you'll also improve the services that you're offering to your client, because you won't be staying with a certain method or certain habits. Growth and success comes from consistently moving forward.

You will actually go outside of those habits and explore other actions that will give results. It's very easy for bookkeepers to stay in a rut and just continue to do the work that's been offered to them and not be challenged by their clients or by themselves.

There was a time early on in my bookkeeping business that I did get into a rut; I satisfied myself with just working for the few clients that kept me busy and bringing in the money so that I could contribute to the cash flow of the household.

It took many years being in this state before I realised that I needed to do something more. It's really about talking to others and making that decision that you are ready to expand your horizons, to take a risk.

I had to get out of my three day a week job to have the time to expand my experiences and really give it a go. Yet when I did, I was so pleased – and I matched the same amount of income almost immediately. It was well worth the journey, because it challenged me and I felt a lot better for it. There is a lot written on mindset and there's a lot that can be done to change that mindset quite simply.

Mindset is mental

Mindset is a mental attitude that predetermines how a person responds to situations. Mindset is a mental inclination or a habit. It's a certain way of thinking and a certain way of determining your opinions. With some work with a mentor you can actually change your thoughts and habits to get more positive results on what you're trying to achieve.

One way you can change your mindset is by modelling excellence. If you know of another business owner that is doing a great job, there could be traits within that person that you would aspire to. If you model your actions in the way they're taking action, then that's a good way of changing your habits and seeing other ways of doing things that have positive results.

I had a few mentors throughout my journey and I loved the experience with every one of them. I think that each business owner should have more than one mentor over the life of their business, because each mentor brings different things to the table for you to explore and challenge yourself.

Say *yes*, then work out the *how*

Another way of overcoming your mindset is to say *yes*, and then work out the *how*.

I used to say that I would bluff it until I knew it. There was a bit of confidence that came with this, but you do have to know your limitations and you have to back it up with finding the know-how. There were certain situations where although I didn't know the answer at that time, it was in my realm of knowing – of finding out what the solution was. So I bluffed it and then figured out how to do it.

If I felt it was something outside of my knowledge, experience and capabilities, I recognised it and let my client know. In these circumstances I recognised my limitations (whether it was time or in-depth knowledge) and I would recommend my clients to others to get that advice. It was good business to know of alternatives and be aware what other services or products were out there to recommend as the need arose. You remain the go-to person to solve their problems as you know where to go for the solution.

You are not alone

Another way is for asking for help. You can do it all yourself, but you don't have to. A lot of people out there, who have done it before, are willing to offer solutions and help others.

It's always a pleasure and a confidence booster to say that I have achieved what others are trying to achieve, and that I can assist them in their growth too. A lot of people are willing to help others, and a lot of people get a sense of enjoyment and satisfaction from actually doing that for you.

Don't be shy to ask for assistance. People can always say no or give you an alternative.

Just do it

If you know there are things that you are not confident in, then get yourself educated and move forward. Sometimes you've got to make a decision just for the sake of making a decision.

When I wanted to move out of the home office it took a very long time; it was probably over a year before I made the decision to move out and did some research on whether I should do it, the costs involved and where to go.

I feared moving out of the office and I got to a point where I was so frustrated with myself for not making any decisions that I decided I was just going to do it – I was going to jump and see what happens.

I didn't overcommit to anything, but sometimes you've just got to do it and take that leap of faith.

Educate yourself

At every opportunity, educate yourself and learn new systems. This will build confidence and knowledge. You may not always use the information that you're learning straight away, but learning does build on itself – as does confidence.

You may be surprised that of the information and the knowledge that you do gather, you may recite something two years later or six months later about something suddenly relevant. You didn't even realise that knowledge was useful. It builds on other information; you just appear confident in your knowledge and what you can offer. Clients will be very impressed with the way your knowledge expands.

In that regard you can talk more confidently, once you have a bit of knowledge behind you and you know that it's going to keep building. Sometimes in the early days I heard myself talking to a client about a particular solution and I actually surprised myself because it wasn't knowledge I used every day, but it was back there when I needed it.

I know a lot of bookkeepers that are coming out of working full time, who now have children. They set up some bookkeeping clients, and then they realise they're actually quite good at it and it's what they want to do – they want to expand. Yet maybe they don't have the qualifications or experience. In that case, I suggest that you just keep moving forward and educating yourself.

Don't let the fact that you don't have a degree or a specific qualification convince you that you can't actually do it. If you have decided that bookkeeping is for you and it suits your other needs – and that you have a little bit of entrepreneurial thinking that you want to grow it into a business – then get more educated in the areas that you feel less confident in.

Keep moving towards your *why*

Examine why you want a bookkeeping business and why you're doing what you do. What is it you want to do? Is it that you want to make more money? Is it that you want some financial freedom? Maybe you want more time, by building a business and allocating work to others so that it frees up your time? Is it just for the knowledge of growth? Is it the satisfaction of building something? Why do you want to grow your bookkeeping business?

It's important to recognise why you are doing this. Make sure that you do reward yourself as well: you're going to push through your boundaries, learn new systems, get more clients and do more work, so you need to reward yourself when these things occur. Whether it's just having a day off or a holiday, it's really important to have a balance in your life. It's not all about work, work, and work.

You need to find that balance that allows you to have that time off, even if it's just to sit down in the sun and read a book. You need to look after your health as you are pushing your way through the growth of your business.

There is only feedback, not failure

From time to time you may get criticised or challenged on what you are saying or what you are doing. You may feel like you're a failure because you're losing clients or not getting the clients you want.

There is only feedback, no failure. If something doesn't go the way you had planned or doesn't get you the desired result, perhaps inquire why and get the reasons for it. It may have absolutely nothing to do with the way that you have performed.

To get feedback is a good way of growing and building confidence for the next time that you go into those challenges or go for those new clients. Treat it as an opportunity – one of learning and personal growth.

You can do it

Determine what will make you feel more confident within those areas. Maybe you're not confident in payroll, so you've decided to just not do payroll. That's a pretty big excuse to cut out quite a lot of possible clients, so I suggest you go and find out what the mystery for you is within payroll.

There are bookkeepers willing to teach you, and there are memberships out there that can put you onto somebody that you can shadow. Watch how they do the payroll or allow them to help you set up your payroll; even do the payroll for your client until you are confident.

If you are not growing your business because you are scared of failure, then I suggest you get over yourself. If you are questioning yourself, then question why you can't do it. If you are questioning whether you *can* do it, you're already assuming that you have an opportunity, a *chance* to do it. Then you can possibly do it – so just go out and do it!

Focus on the positives and keep moving forward

These activities will get you thinking about why you can do it:

- List twenty or more things that you are good at and that you can do.
- Document how you can expand your business using these skills.
- Write a list of what you would like to do with your business outside of your current skillset. Then create a list of the excuses you make not to achieve these things.
- Review what you could do to change each one of these excuses.
- What education or experience do you need to build your confidence in these areas?
- What are the steps you will follow to get this education and experience?

7. Automating workflow

‘A leader is someone who steps back from the entire system and tries to build a more collaborative, more innovative system that will work over the long term.’

– **Robert Reich**

Automation is the key to a successful business

At the heart of every successful bookkeeping business are amazing workflow systems. Automating workflow is where we can finally achieve autonomy within the office. You can go away for that long period of time, you can work part time, and your business doesn’t need you to be there to control every step of the work that comes in and out of the office. You truly become efficient, because things will just flow through without having too much pre-thought about where it needs to go and what needs to happen to it.

You'll save on costs with this method too, although it does take a bit of time and money to set the systems up. It's worth it over the long term, because you don't need to keep duplicating what you've done every week. You do it once and it flows through – and you do it exactly the same way for every job that comes through.

Unfortunately, most bookkeepers act reactively. As the work comes in, that's the work they do first – or 'whoever screams the loudest'. That's when we react and perform that work first.

When we've got an automated workflow system, we have a process in place for what work needs to be done, when it needs to be done and who it's getting done by. As other work comes in that does scream for attention, we can adjust our workflow to cater for that, but at least we have an organised system behind the scenes so we can cope with those reactive, stressful situations.

For example, a client may need certain information for the ATO within two days, or they're after a bank loan and you've got to put together a whole package. There are things that come into our bookkeeping world that we need to do quite quickly, knowing that we have the automation happening behind us. Other bookkeepers are just flowing through the system; they don't need to stop you and find out what to do next.

Avoid the common mistakes

Automated workflow should be documented so everybody knows and understands how it's going to work.

Without that automated workflow, you do tend to lose money because you're not as organised or efficient. You're

just doing things at different times with no real thought or planning involved. You can end up with late submission of work as well, because you don't know that it's ready or that it has to be done. It's not scheduled and there's no workflow management. It's very frustrating and overwhelming when you have no idea where the work is.

Sometimes the business grows too fast; you have a heap of work but probably not enough bookkeepers, and everyone's just rushed and stressed.

Start setting up your systems early, even before you put staff on – when you do put on additional staff, they can just move into that system and it will go smoothly.

Successful workflow in a bookkeeping practice is the ability to receive the work and push it through the different stages for a successful and timely completion – no matter how much work there is.

I've lost clients before when I haven't been able to manage all of the workflow. Too much came in and I didn't have the resources. I've disappointed clients and I've lost them. It became more and more apparent to me that I needed systems, automation and communication. All of those things are really important.

Creating your successful workflow system

To set up successful workflow management, you do need a system (and I strongly recommend an online program) to track the workflow and the clients that come in. If you've got a new client, then everyone knows what's going to happen with the job and where all the information is.

Ideally, when you meet the client for the first time you want to have some checklists to tick off to get the information you need, in the right format, for your database. Not just name and address, but what paperwork we receive, when we receive it and how we receive it. It also records the peculiarities of the job; so if there are wages, or drawings, or a motor vehicle, then we list the registration numbers and the percentages of business use. Who does the invoicing? Who handles the petty cash? The profile sheet is 2–3 pages long and it details everything about the client.

Streamlining this process makes it so much easier later on when you are rushed and put under pressure, or when the bookkeeper is not there, or whatever the circumstances are – as does happen within our businesses.

Whether it's you or a staff member, you will have a checklist that details how to enter the information into the system, so the new client is added to the database. The checklist will detail what jobs are required to be created and when to recur them. They'll copy any PDF documents, engagement letters, etc. into the folders, allocate the jobs and the paperwork to the bookkeepers and set up the folders, whether they're physical folders or computerised folders in the same format. For example, you'd have a 'Default' folder that has a sample of the subfolders within that folder, so you're just copying that folder into the client folder area. Then the bookkeeper gets notified of the job and they will know where the paperwork is filed.

Early on I did employ an admin person to handle this admin work but also to do bookkeeping. It is important to ensure if employing an admin staff member that they at least charge out work to pay their own wage.

Documenting for automation

On the new client's first meeting checklist, it will also have the entire list of job tasks that we need to do – so we'll break it down into a very detailed list of what work is required, and by when: what bank accounts need to be reconciled, what journals are required, how the payroll is to be processed and what reports to prepare.

Then I liked to have a default section of tasks that need to be done for every client. For example, reviewing the bank reconciliation for any un-presented cheques or un-deposited funds. Review the debtor sums to see that they balance and that there aren't any old debtors. Review the creditors for the same thing. So there are some basic reviews happening for every client. To automate it, we set up a template to allow for efficiencies. We weren't reinventing the wheel each time.

Then as the bookkeeper progresses through the work they will change the 'state' of the work so that anyone can see what stage the work is at. I generally used about eight different states so the jobs always started off as 'planned', then move to 'in progress' when the work starts. And then the bookkeeper would continue to change the state as the work progresses. At a certain stage of my business the bookkeepers would change the job to 'BAS Review Ready' so the accountant knew the job was ready for the BAS to be prepared.

Then it was emailed to me for a final once-over before it was to be emailed out to the clients. So I'd just have a final look at the Profit and Loss and Balance Sheet, just to check that it all looked okay. Then it went through its stages for BAS lodgement, so if it was sent out to the client, we had a state of 'BAS sent to the client'. Then we needed the authority form back so we got a state of 'BAS ready for lodgement'. Then it was ready for lodgement. So the final stage was

‘BAS lodged’. That’s where it stayed until the end of the BAS period, and then all the jobs were completed once the BAS period was over.

Set up reporting to stay in control

I could produce a report at any time and say, ‘Okay, which ones have still got the authority for BAS lodgements sent out to clients that we haven’t received yet?’ Again, I had a staff member in charge of the BAS lodgements. They needed to contact the client, maybe once a week, to make sure they get the authorities in, and then follow up with that. And then weekly they might lodge the BAS forms and then give them over to me for signing. Everything had a process and it worked really well.

I think one of the main things with automating your workflow is that you have to delegate. You might think that you can do it just as quick as other people, but you will have difficulty growing if you don’t let go. You can’t hold everything to your chest.

If you create a system that manages your business, then you just need to be overseeing the results. You’re just looking at the big picture, the ‘helicopter’ view. You’re not looking into the detail of the work being done. We’ve already assessed our staff, we’re satisfied with the work they’re doing, and we’re doing a review to ensure that we’ve got most of our BAS done at a certain period of time. The staff is following up on the work and your admin staff are following up on the lodgements, so you really don’t need to be too involved in the day to day.

I know that it does take a long time to set these systems up from scratch, but if you utilise the knowhow of people who have already set these up by either outsourcing some

of the work or getting their templates, you can fast-track your results and start to focus on your successful, profitable business. The sooner you start, the sooner your business will be automated.

Simplify the process, automate it and then delegate it

The below actions will help you think about how you can automate your business:

- Make a list of:
- What you do that is manual (i.e. no presence of automation).
- What you do that is duplicated (i.e. entering information more than once).
- Lists or checklists you rewrite regularly.
- Jobs that recur every month or quarter without automation.
- Tasks that take you a long time but could have shortcuts.
- Thinking about each of these areas, write a way you could automate the process for each list item.
- Set aside time in your diary (even an hour every Friday morning) to review each one of these items and work on automating them.
- Don't re-invent the wheel – mimic how others are doing it.
- Make an appointment to review their changes in three months' time to see if the new processes are working and can be improved on
- Create templates for common tasks you do regularly (i.e. On-boarding a client – what is the information you collect, what questions do you always ask?)
- Delegate what you can to others.

8. Team leadership

‘Outstanding leaders go out of their way to boost the self-esteem of their personnel. If people believe in themselves, it’s amazing what they can accomplish.’

– **Sam Walton**

Delegate

To run a successful bookkeeping business with staff, you need to know how to lead your team.

It’s important to delegate work within the office to staff. I’ve illustrated before that it is a mistake to hold onto work yourself for too long, when we all know you’re not going to get the data processing and reconciling done. You need to concentrate on growing the business and the higher level of management. It’s important to get your head around that you’re actually managing staff.

You've employed your staff and you've realised what you need for your business – now you need to manage that staff.

Having staff allows us to grow and share the knowledge and experience that each one of us have. We get to brainstorm with each other, and it just makes our working life a lot easier when we get to do that. You get more done, and if you manage your staff well then you get it done efficiently, maximising your profit – and allowing you to work on and grow your business, which is ultimately what we want to do as business owners.

Most bookkeepers, however, like to keep it all to themselves. As we've decided we're growing our business, we need to get over that and put staff on; we need to be able to allocate that work to staff. You've got to understand your staff. Get a good mix of different staff – both junior and senior – so that you can get different levels of experience onto different styles of jobs.

You can't always control the work that comes in the door, but you can control the work when it's in the office: how it's done, whom it's done by and how efficiently you can perform it.

If you don't manage your staff you are subject to losing clients, because they get dissatisfied with the work not getting completed. Even staff morale can be affected if you are unable to manage your staff in a positive way.

Successful staff management

Successful staff management is the ability to know what staff you need at any given time to be able to control the business from the sidelines – to ensure the workflow through the office uses the systems that you've created, with a minimum of interruptions or inefficiencies.

Staff management isn't something that we as bookkeepers are born to do, although because we have business acumen, we should be able to understand the rules and principles behind good staff management.

I would sit down with a bookkeeper for fifteen minutes on a Monday morning – they would give me their list of work and what stage those jobs were up to – and if they were waiting for information, or if they didn't know what to do. We'd go through their workload and say, 'Okay, which jobs can we complete this week and which ones need further information to be completed next week?'

If we don't have the answers to that job's queries, then we'd still need to complete the work to move it through the system, and make a note that we'd need to get those answers in the next BAS period. Your staff need to be aware that work has to be turned around, for example within a few weeks, and that they cannot sit on work. It has to be completed in a timely manner so that your business can invoice to pay the wages and bills.

It's important to recognise the skills and abilities of your staff, so that you don't give them work that doesn't match their abilities. This can cause bad staff morale; they're trying to do a job, but they're not achieving it and aren't able to meet your expectations.

It's harmful to give staff work that they just can't cope with, and it doesn't help anyone if you are getting staff into situations where they are going to make mistakes and not meet your expectations. Criticising or blaming staff is not positive and it will affect the staff morale.

However, it is important to recognise that you can train staff in certain areas they may be deficient in. If you train them they will understand and they will improve, so next time you

will be able to give them the work once you're confident that they understand those principles.

It's important to be there as support for your staff so that they can come up and ask you questions – and for you to explain the results that you're trying to get. You shouldn't be withholding your knowledge. It's important that you are open, especially with your staff. Your knowledge isn't a secret.

The idea of good staff management is to be able to manage them in a way that allows the work to flow through the office, using the systems that you've introduced. If a staff member is not actually using the systems correctly, they need to be trained. They must understand that the systems are there for a reason: making the office efficient.

Trust your processes

You also should trust yourself with the process of choosing and assessing staff, and allow these workers to just get on with the work that you've required them to do. You don't want to be looking over their shoulder all the time to make sure they're doing the right job in the right way. You need to trust the processes that you've put into place and that you have checked their abilities.

You needed to manage those staff. The systems might be in place to state where the work is at and where it needs to go, but you need to be able to manage your staff to ensure that they get through the work in the required time.

That's what the systems are there for: to tell you how long they've been there and what they're up to. You need to keep leading it through, but this will diminish over time when staff members understand that you need to get the work in, process it and even have time for questions.

There are a few office rules that you need to create and be comfortable with. For example, we emailed the client with our queries and then again a week later to remind them, warning them that any unanswered queries would be held over to the next BAS period. As we know, many clients take their time in responding, but as a business owner yourself you cannot hold onto un-invoiced 'work in progress' for a length of time. If we continued not to get the required answers the client would be warned that the transactions would go to their loan account. It's about you as the business owner making the staff understand that this is the process and the clients will also learn how you operate.

It may take a little while to get staff to work like that. You need to review your staff's work and make sure their standard of work remains at a high level and that they adhere to your rules, even though you've trusted the process that you've got the right person with the right abilities.

Review to your standards

As you're reviewing their work to check that it's all of a good standard, you may find areas you can train them in. For instance, some of my bookkeepers didn't quite understand why a balance sheet was displayed in a certain way, or they would accept certain balances without understanding that they shouldn't be there. You might have a training session with them to just give them a bit more understanding about certain things that are not as clear to them.

Do not take it for granted that your staff know what you know. Take the time to educate them fully in understanding the financial reports they are producing and the reason for the results. Review their work, ask them questions relating to their understanding and take every opportunity to continue to educate them. It will be to the advantage of your clients,

the employee, your business and the industry in general.

No matter what, you need to respect them as people and not judge who they are and what they do (or don't) know.

Empower your staff

A good staff manager empowers their staff to find the answer for themselves. If you were to provide them with some logins to bookkeeping industry websites to find answers on legislation, how GST should be treated, etc, then that will allow the staff to take the initiative to find answers for themselves. However, make them aware that they can't spend an hour trying to find an answer. Allow them to ask those silly questions if they need to (no question is too silly!), but ideally you want them trying to solve their own questions.

One of the things that I didn't do early in my business is that I didn't allow a bookkeeper to have contact with the client. I would get the work in and I would give it to the bookkeeper. They would do the work and then I would communicate with the client what further information was required – I'd get that information, give it back to the bookkeeper and then they would finish the work again. A client might have questions, and I might have to go back to the bookkeeper.

I did this for a long time at the start because I wanted to be in control of everything. It was my business, my client. I didn't want the clients to know I wasn't all over it and I didn't encourage that connection between the staff and the client.

As I grew, I knew I had to let that go. It's a big learning curve while you're growing your business and dealing with all these things that you hadn't dealt with before.

Once I realised that I wasn't going to grow if I don't empower my staff more, I then allowed them to contact the client. I let the client know that I had such-and-such person doing the books and that they'd be in contact to retrieve the information and ask follow-up questions. I wouldn't let them send the information or the final result out to the client – I would always review it first.

I did that for a very long time; I'd review everything that went out of the office. The bookkeeper would get to a BAS review stage and I'd review it. As you grow you have to get somebody else to help you review it. I hired an accountant to do that; she would review work I used to do. And as the staff had been there for 2–3 years, they were then trained in how to do a review the way I wanted it done: what things to look out for, how to review the results, etc.

Staff/client relationships

The staff relationship with the client grew as well, which is always a good thing. That's the growth of your business; you're trying to get to that stage where you're just overseeing it and managing everything, and the staff are doing all of the work and having contact with the client.

You don't need to have day to day contact with the client. You need to let that go. Allow the staff to be the business. Manage them well, keep up morale, pay them well, and let them enjoy being part of the business.

We would have regular staff meetings and discuss certain things in the business. Sometimes we'd brainstorm the way they believed the business could be run. We might expand into these services, or provide this training and set this up, and so on – they loved getting involved in the growth of the business. Allow them to do that.

I think it's a fantastic thing that they have that interest and they're involved; it builds a connection with the staff and the business.

I know it's quite daunting to now be seen as a manager of staff, but read some leadership books and consider how you want to manage your staff and how you want to relate to them. We all have personalities, so we just want to have a harmonious time within the office – it has to feel right.

If you manage your staff well, you will be able to grow your business. One of the detrimental things to a growing business is the turnover of staff. It's quite time-consuming to put a new staff member on and do a handover – and often an outgoing staff member might not be replaced by incoming staff quite quickly, so a handover might not even occur.

You have to be aware that this can happen. I always liked to have more staff and more staff hours available than I needed, especially in the growth of the business. My purpose was to grow the business to a certain point and then think about whether I wanted to sell the business or not – but I wanted that growth, so I needed extra staff.

The profitability over the journey may not have been as big as it could have been, but there was a purpose in it: growing a good, solid base that could then either run itself or be sold.

Be the leader you want to be, not just hope to be

Here are some actions to get you thinking about your leadership skills:

- Document job descriptions for each staff's role (not the staff themselves, but the position) and for yourself.
- Document a job description for the next role you would like to fill.
- Document your expectations for your employees – being as realistic as possible. Include skills, qualifications, work ethic and accuracy vs speed.
- Think about how your employee would perceive these expectations such as ability, attitude, belief in themselves, confidence and understanding their position.
- Ask your employees what their expectations of you are. What qualities would they expect to see and feel from you?
- Set up a regular time to meet with staff and review what work they have on and to review their work.
- Read leadership books such as *The One Minute Manager* by Ken Blanchard and Spencer Johnson, and *The E Myth Revisited* by Michael E Gerber.

9. Growth explosion

‘Success works as a cycle – growth and contraction, balancing and unbalancing – all while you’re encountering hurdles that get higher and higher over time.’

– **Julien Smith**

Managing your growth

When your business has a growth spurt – and it will from time to time – it’s really important to manage that growth. Managing your growth is the ability to recognise when a growth spurt is occurring and being prepared to delegate the work so that it is completed in the most efficient manner.

If you don’t manage your growth, you will most likely lose some clients.

You could quite possibly lose money during a growth spurt, because you may not work as efficiently or effectively as you normally would on a regular day's work level. When you get busier and you have a lot of clients coming through the door, you tend to panic and be reactive, so it's quite easy to lose efficiency (and therefore profit) at these times.

It's also very easy to be overwhelmed and stressed. To avoid those emotions, it's best to have a plan on how to manage your growth.

Managing your growth also allows you to get where you want to go. You have direction; you know how you are going to complete the tasks required to grow that business.

In reverse, if you don't manage your growth well, you could lose those clients and lose money. You may even lose staff if they're overwhelmed and stressed. If there's just too much work in your office, then it's possible you will lose staff and damage the morale of the business.

Obviously you're going to feel overwhelmed and stressed and you may even feel incapable of running the business successfully if you don't manage your growth.

Recognise your growth spurts

It's important to be aware of when you are having a growth period – you can sometimes sense that it's happening. You get several businesses enquiring about your services, you're starting to make new appointments and you're also getting into a BAS period. A growth spurt often happens before the end of a financial year or shortly into a new financial year.

It can also happen in December–February as well. People will come out of Christmas saying they want to be more

organised – they’re going to outsource their bookkeeping, and they want certain tasks done. You know you’re going to be busy between June and August, because it’s also got the extra pressure of year-end compliance work. In January–February, because it’s straight after Christmas you’ve got your BAS period deadlines and all your new enquiries as well.

There was a time when I didn’t manage my growth well. I would have several new clients at once, and when you get a new client it’s usually a lot of work getting up to date: setting up systems, educating the clients, educating the staff member of what needs to be done. There have probably been a couple of times when I’ve been caught out and I didn’t actually hand the work over quick enough – I held onto it, thinking the staff were already pushed to their limit and I couldn’t add extra work.

I didn’t hand it over to any staff member; I thought that I would start it myself. The weeks went on, and more data entry needed to be done; the job was accumulating upon itself and I was doing bits here and there, asking a particular staff member, ‘Can you just do this processing, and then I’ll fix all the rest?’

But in the meantime, other work was coming in, and all the demands of the day to day business were building on top of knowing I had all these particular jobs to get done quickly.

Then the client was starting to say, ‘Where are my figures? They’re not up to date. I need to know what I’m up to. I need to know who my debtors are.’ The client became very irate and annoyed with me. Because I wasn’t getting to the work I passed it over to a staff member – and if you’re unable to scope it properly and write out what needs to be done, then that staff member does what he or she *thinks* is correct.

Again the time blows out and you're losing profit right there. You're paying for staff, but you're not going to get that money back, because you've got an unhappy client. It was a very bad situation and it was very upsetting to me because I don't like to let anybody down. As I imagine you don't want to let your clients down either.

It's really important to recognise that you will have growth spurts in your business; you need to be aware when they are happening. It's almost like a gut feeling – you know that it's happening.

Your confidence will rise as you continue on in your business and as you get more and more work. Clients are attracted to that. When the growth happens, it's evolution. It's just going to happen.

Be prepared for growth

To manage that growth you need to be prepared. One of the best ways of being prepared and managing that growth is to have your systems and your automations in place.

Have templates ready. Build up your set of templates – again, you can find templates on some of the bookkeeping industry websites. You can engage a mentor with a bookkeeping business background. I've got a few templates available on my website (www.bookkeepershq.com.au).

The templates that would be good to have are ones that you use every week in your business. Every time you see a new client, you have a template for details to get from them. These templates are also your scoping documents. You'll scope what type of work you need to do for this client, so it's not just the quote – it will be more detail of what needs to be done.

Then I had a template of a job list; I would make a list of everything that needed to be done, so if I was then to pass the work over to a bookkeeper, they'd have a list of exactly what needed to be done. Set this up, review this, bring in this, reconcile it to this, do the BAS for this. Whatever the job list was, just make a list of absolutely everything that needs to be done for that job.

Once you've got your templates and you're meeting a whole lot of clients, it's all documented what you need to do, as soon as possible. If your bookkeepers have a full schedule at the moment, you might need to have a chat to them and see what their workload is like.

They may say that they're terribly busy ('I've got all of this work to do') but you might be able to say, 'Well, that job's not required for another month, so I'd like you to do this job,' therefore delegating the work and being able to control the workload a little bit more.

Also, as I mentioned before I liked to have staff that were available for more hours. You always have that flexibility. You don't book them in for 30 hours a week when you really only need 25 hours a week. I wanted the flexibility of being able to say, 'Okay, I need you for an extra five hours, this week.' When you are employing staff, ensure that you have some flexibility there.

Backup plan

If this isn't possible, then have a backup plan. Find out if there are other bookkeepers that are willing to work for you from time to time. Obviously it is not ideal to have a 'stand in' or 'temporary' bookkeeper work on a client's file if they're not going to be the dedicated bookkeeper. But sometimes in the spirit of getting the work done, this may need to happen.

I'd recommend that you get the work done efficiently; the 'stand in' bookkeeper can make notes on the peculiarities of that client, so that when the dedicated bookkeeper does pick it up, they can already have documented notes to say what happens, who gets paid wages, who gets the drawings, etc. I had another template to document everything about a client. If a bookkeeper's just doing a rescue job, they can start filling out the template on that particular client.

I think it's better to get the work done by the required time without putting the pressure on regular bookkeepers – and then, get into the flow of handing over the client's regular work to a bookkeeper. We can see who's got what jobs and re-evaluate the work that goes to the appropriate staff member.

Another way to manage growth is to always be aware of what bookkeepers have got on for the week. Be aware of your current workload in the office and don't promise something you cannot achieve. Otherwise, you are setting yourself up to fail. It is okay to say no, or push certain jobs out to when you will have time to concentrate on them. You control your business – not your clients.

Utilise your non-BAS periods

During a growth spurt you'll often be required to create new systems or find out new information, so there are always challenges coming up. When you're in a bit of a quieter period, it's a good idea to do a bit of research and find out about new systems. You can advise clients of what systems are available for them to manage their growth, but also to find businesses that can actually consult and implement these systems for them. So outsource this work.

Often when you are growing and these challenges occur, the

client wants things to happen that you know you don't have time for – so if you had somebody else that can set it up, then at least you don't lose the client to another business.

That's happened to me before: we got a new client and were unable to get the information how we want it, when we want it – but in the meantime the client was getting frustrated; they also wanted to be able to set up this other add-on to improve their efficiencies. We suggested that we could do it, but were working on getting their figures up to date before we could implement that add-on.

While we're all trying to get the work done, we're not having the time to have a look at the add-on applications – so then the client goes elsewhere, finds the add-on application and takes it on in-house.

Then, you're slowly losing your connection with that client, because they've gone elsewhere; we're trying to do some of the work and they've got somebody else to implement the new add-on. If we knew of a business we could outsource to get this work done simultaneously, we would have had a better result.

A growth spurt will happen when your mindset is open for new business. I truly believe growth will happen when you are ready for it.

In my experience, if you put it out to the universe that you are ready, the universe will provide. I am not a religious or particularly spiritual person but if your mind is truly ready for things to happen, they will happen. Your growth will happen organically. But ideally your business should be prepared for it. There were periods of time I would get 3–6 new clients a week. It is always in the planning that you will succeed.

The universe will provide when you are open to growth

Ask yourself these questions to see if you are ready for a profitable growth spurt:

- Do you have time to source new clients, via marketing or networking?
- Will you be able to provide the same excellent customer service to your current clients and to your new clients?
- Do your staff have flexibility to take on more work – both regular work and once off availability?
- Have you got an automated process of scoping and on-boarding new clients?
- Do you have templates to gather information from your new clients in an organised and efficient manner?
- Can you rely on your staff to take on the new client work with little supervision or explanation (other than your scoping and job checklists)?
- Have you reduced your hours working in the business so that the staff can run the business with little input from you?

10. Maximise profits

‘Profitability is coming from productivity, efficiency, management, austerity, and the way to manage the business.’

– **Carlos Slim**

The importance of maximising profits

Inefficiencies during growth spurts will result in lost profits – and most likely, lost revenue.

Maximising profits is extremely important when you are growing your business. It’s very similar to managing your growth, because while you’re growing you need to ensure that your profits are also growing, or at least not going backwards. When you’re maximising your profits, you’re going to feel a lot more confident and successful.

You will be a lot more settled, which in turn improves your

staff morale, and your clients are happy if they're dealing with a business owner that isn't stressed and overwhelmed with work.

More profits means more money to you and to the business, and also to the staff. You can improve their working life or their working environment, offer bonuses and attract good quality staff.

While you're maximising your profits, you know that you can walk away and have an extended holiday, because the business is running successfully without you. That means that your staff are continuing to do the work that is brought in, which is paying for the overheads. So you can actually have a break and get away.

Create long term profits, not just long term clients

Often bookkeepers concentrate more heavily on getting the work done and not so much on the profitability of the job. This is very true for all of us. We're keen to satisfy our client and we don't think of the profit margin. We have a job to do and it's important for us to get it done in a quick, accurate way. But more importantly we need to concentrate on the efficiency of that process – and that's where we can maximise our profits.

If we don't consider this, then you will be stressed during the week when you know that you have to pay the staff and you're not making any money. I'm sure there'll be some sleepless nights in worrying about the cash flow and how it's all going to happen, and that impedes your growth. You can't grow if you are stressed and overwhelmed – you'll end up too scared to have any growth, because you're losing money currently and you need to protect yourself.

What I recommend is that you look at the profitability within your jobs and make sure you maximise that profitability so that you can open yourself up to growth. We all know that profit is the difference between your business income and expenses. Managing this profit is the art of ensuring that you charge enough for your time that you cover your overheads.

In particular, you minimise the write-off of your time. In our business it's all about time, chargeability, productivity and margins. We would expect our wage costs, including employment costs, to be approximately 50–60% of our income. That's what you should be trying to aim for. Your overheads would be between 20–30% and then you have your profit of 20–30%.

Monitor your profitability

There are a few ways that you can manage your profit. Firstly, you should create a system to monitor this, so I would start with your profit and loss statement. I liked to put my wages and employment costs in the cost of sales area, so that I could see what my gross income was (less my employment costs).

I wanted to maintain a gross profit of approximately 50–60%. Anything relating to paying a staff member would go into the cost of sales: wages, contractors, superannuation, staff amenities, any recruitment costs and so on.

Be aware of your charge-out rate – that it is reflective of your qualifications, years of experience and knowledge. At the time of writing this book at the start of 2016, the bookkeeping industry *average* rate is \$55 for bookkeeping and \$64 for BAS work (as per the 2015 ICB survey). However, I believe a good independent bookkeeper with years of experience could be charging between \$65–\$70/hour for data processing,

and \$90–\$100/hour for BAS review work. Training and consulting work could be charged out at \$100–\$120.

Find out what your colleagues with similar qualifications and experiences are charging. I've found that bookkeepers of recent times are happy to share information, so don't be shy to ask.

My recommendation is, you need to find staff with different experiences and levels of qualifications, so that you engage bookkeepers (whether employees or contractors) that you pay between \$28–\$32/hour. If you require just basic data processing with no reconciliations, for example, then you may pay up to \$25/hour. It depends on what your business model is.

Then as you are growing, I would recommend you engage a bookkeeper that has similar experiences and qualifications and abilities to you. You might be paying them closer to \$32–\$35/hour.

Be aware of the chargeable hours of each one of your staff each week. You do need to put a system in place that will give you reports, which will tell you how many chargeable hours your staff have done compared to the amount of hours that you're paying them.

Increase your business' chargeability

If your workers aren't doing any admin work, then ideally you would want them to be 90–100% chargeable. Make sure when they are doing admin work for a client that they actually charge it to the client. They might be updating their to-do lists and the client profile, emailing backwards and forwards to clients or following up with appointments and queries. Anything that they touch for a client, make sure that they charge it to the client.

From time to time I'd have staff that wouldn't actually charge their time for emails going backwards and forwards to clients, or writing up their timesheet notes or updating the client's details – it became unbillable time. I only realised that when I started to look at their timesheets regularly (it became a weekly activity); I'd look and see what they had produced and whom they charged their time to. If I saw a lot of admin being charged to my business, I let them know that they needed to charge that time to the clients, not to me. Once they realised the implication to my business for not charging their hours, they became more aware. It then only took me a few minutes to check their hours on a regular basis once I trained them.

To manage and maximise your profits, you do really need to be on top of the staff's chargeable time and the productivity percentage. You also want to know the time that they're taking to do these jobs.

I would have a list of regular tasks; I'd know that certain jobs, for example, should take five hours a week or five hours a month. The BAS reviews took up to two hours for each BAS: reviewing the profit and loss and the balance sheet, reviewing the GST codes, where the entries have gone to and so on. It's more than a BAS review; the bookkeeper is doing a mini-audit on the figures themselves, preparing the BAS and creating an annual reconciliation so each BAS would start to be populated annually.

All of that would take up to two hours, including creating the email and the attachments that go to the client. If they took more than that, I wouldn't want to write off the hours; I would put any time over two hours into the data processing job. I could still charge it out, but it would be charged out at the data processing rate of \$65/hour rather than the BAS review rate of \$90–\$100/hour.

There are a lot of KPIs that you can get, and if you're working with Xero Practice Manager, then there are lots of reports that you can get on a regular basis to compare to your KPIs. Make staff aware that you don't have an open chequebook of a client. I learnt that very early on in my career that you can't take 20 hours to do a bank reconciliation to find the 20 cents that doesn't reconcile.

Communication is key

You need to train the staff to make sure that they don't overwork a job. Clients won't pay 20 hours for a five-hour job. I know that we're going to charge them five hours, so you can put those 'estimated' hours into something like Xero Practice Manager and give the staff an idea of how many hours that job's going to take, so they know what they've got to work to.

It doesn't always work and sometimes it goes over; obviously there are times when you're doing extra work other than just bank reconciliation. There's other work the bookkeeper may need to do additional to the normal tasks, so we know we've got to charge that extra. Have an idea that every month you'll be charging out a similar number of hours to that client. There are some that are seasonal, so some months require more work than others.

Just make the staff aware that we have to charge good value, and that our profit on that job will diminish if you take longer. In Chapter 8 (team leadership), we discussed maintaining good staff morale by not nagging all the time about the profit or the loss involved with that job. Communicate your expectations to staff to avoid discontent with staff or clients.

Also have a look at other things that might be happening within the business, or within the processes and systems,

that you're losing time and money on. I know that you would say that you don't have enough time to create these systems, but if you continue not knowing your profit margin and allowing your business to write off time for inefficiencies, then you're going to lose money and experience reduced profits. You're not going to grow as successfully as you can. If you're experiencing regular time write-offs now, I would highly recommend you get on top of it straight away.

I know bookkeepers also like to do the same work, the same way, so it's a good idea to have a chat to your staff; have a look at the way they're processing the work. You might do this on an ad hoc basis and just meet with one staff member at a time to go over a particular job that they're doing.

Just see how they're doing it and make sure that it's the most efficient way that the job can be done, or if it can be faster. Talk to the bookkeeper about other ways that could improve the process. Maybe they're not getting the paperwork from the client as quickly or as completely as they can. We all know this; it's a common story.

How can you best get that information in the way that you require it, so that you can perform your work more efficiently and reduce the costs to the client? When you ask the client about it, you can let them know that they can save on bookkeeping costs if they provide it in this manner. Otherwise the bookkeeping costs will continue to grow.

Regularly review your profitability

I know some bookkeeping businesses out there just don't know how to fix the profit. They are maintaining a high cost of sales; the gross profit after wages (before overheads) is closer to 30%. In this scenario the wages cost is way too high.

I suggest that you review your wages costs on your profit and loss on a month-by-month basis. Just check that your wages costs are not spiralling out of control.

When I employed a more expensive accountant, which I knew I needed to do for growth, I was constantly checking her chargeable hours to make sure that there was a profit in her wage. I didn't want to experience a loss just for the sake of growing the business, because there's no point in that. Make sure that the higher paid staff are getting the higher paid jobs; I had moved my accountant away from data processing and all she did was consulting and review work.

Work did get separated at times; I had some bookkeepers doing the data processing and reconciling and checking their figures to a point, and then the accountant stepped in for a BAS review. That was charged at a higher rate, so each staff's hourly rate was at the right ratio for that work.

When you're employing people, just watch that if you're employing an admin person, they need enough chargeable hours to at least recover their wages. I did get to a point where I put on an admin person, and it was lovely to have a receptionist, somebody to do my newsletters. She even did my timesheets; she helped the staff with their computer problems and computer applications that made things faster, so it was good. She was working on training manuals, tidying up the folders in the computer and performing work that was not chargeable. However, I was unable to find her enough chargeable hours to pay her wage, so it was a luxury the business could not maintain.

Ideally if you want to put on an admin person, then ensure they can also do some bookkeeping. Just enough to recover at least their wages.

There may be jobs that bookkeepers obviously can't do, such

as newsletters, so outsource that or just have a consultant come in and do an hour a week on your newsletters or admin.

Fixed fees and packaging

One way we can maximise profits is by looking at fixing fees and value pricing. There's been a lot of talk about fixed fees in our industry lately. Fixed fees allow us to maintain a cash flow, and it also allows us to keep improving our processes so the bottom line can be improved.

Another way could be adding value to the services that you provide to your clients – value pricing. Maybe when you're quoting a fixed fee, add in special reports that don't take you too much time to create and provide.

Or you could offer a thirty-minute regular chat about their business; package it in a way that you'll do the data processing, but have a chat every month for thirty minutes on the phone about your business and the client's struggles. You could talk about their figures if you need to, or there might be some staffing issues. Either way it's just a quick chat: 'How can we help? Let's brainstorm an idea. I can give you some advice, because that's what I'm in, business advice.'

You'd be surprised how helpful that is to a client. This can also lead to additional work for example budgets or projected cash flows.

It is just as important to monitor profits as it is to get new clients

Here are some actions you can do:

- Create a system to review profitability of staff and jobs.
- Break up your chart of accounts to analyse income streams of your business.
- Create efficiencies in your jobs by automation, or ask your staff how processes can be improved.
- Take the time to plan out new client work requirements before handing over to your staff.
- Regularly review for added efficiencies in your processes, whether through client or admin work.
- Set rates and don't discount. Find out why write-offs are occurring and reduce inefficiencies.
- Ensure all client time is charged to a client, including emails, phone calls, completing timesheets and editing client manuals.

11. Raving fans

‘People don’t care how much you know until they know how much you care.’

– **Theodore Roosevelt**

Satisfaction for your clients and staff

Having raving fans is all about your customer service. Good customer service will keep the clients happy. Excellent customer service will have your clients coming back time and time again, relying on you for advice and also recommending their friends and family to your service.

There are numerous benefits in giving great customer service. There’s such a self-satisfaction to giving great service and giving the clients what they want.

This also extends to your staff. The staff want to have that same satisfaction.

It's not only satisfaction in giving clients what they want, but also satisfaction in doing a good job. The pride that we have in our work is really important to us as bookkeepers. We like to nurture our clients and look after them. We have a connection with them and we want to do our very best for them; we feel a great sense of pride when we do the right thing by our clients.

It allows you to grow once you have referrals from clients who are really pleased with your customer service – and you also have the ability to expand your services. As clients begin to trust your advice and you can see what other services you can possibly provide them, that's when you can start expanding your services.

As you grow you can lose sight of the customer service, so it's really important to remind yourself that even though you're concentrating on growth, profit and managing the staff and workload, it's the customers that got you there. They still need that same satisfaction and same customer service they deserve as on the day that you met them.

If you don't service the clients in the way that they need, you will lose them and you'll experience dissatisfaction from yourself and from your clients. It's the worst feeling, when a client is not happy with the service that you've provided. It does knock you, but learn from it and just move forward.

Customer service is recognising what the client needs and being able to provide solutions for those needs.

Keep in touch

It is important to keep in touch with clients and what's important to them. In our industry we are often not just the bookkeeper – we're the business advisor, the counsellor. We

listen to their stories about their family, we're in their office, we'll often be fixing their printer or talking to them about a phone plan. We're so much more than a bookkeeper and that's the customer service bookkeepers can provide to their clients. It's that feeling of being 'family'.

It's often going out of our way to provide a service to the client. They may come in as a new client wanting to get you to do the bookkeeping and reconciliation, but it's how you make them feel and the confidence you put in them that determines whether they trust you and allow you to do their books. Then as you're growing, you need to remember to keep in touch and keep that personal connection with the client – always.

We're going to need to listen to their needs and hear opportunities to service them above what they're expecting. That's part of what customer service is: to go above and beyond.

It's going that one step more than just doing the work that they're paying for – it's providing more of a protection. It's like a feeling of comfort.

Communicate to enhance customer service

Keep them informed of what needs to be done and when it needs to be done; always follow up. Clients can be very forgetful when it comes to compliance – they're really not interested in when they've got to get their books to us, or when they've got to pay their BAS. They're more interested in running their own business and dealing with their own family life. We need to be that support that is going to help them keep compliant and perform the admin stuff that they don't want to think about.

I was not one to just allow a client to come in when they were ready or respond to queries when they were ready. I didn't want them to receive a BAS or some reports and then not hear from them. I refused to lodge a BAS late. It wasn't part of my customer service to let somebody fall through the cracks.

It actually happened one day when an accountant said, 'You've not lodged this BAS, is there any reason?' I was absolutely gutted that it had slipped through the system; I hadn't followed up with a client to get the form in. As a result of this experience I implemented a process to ensure this never happened again.

Keep in contact with your clients on a regular basis; every 3–6 months give them a call just to touch base, and see if there's anything you can assist them with.

You'd be surprised how much more work you can get out of your client base by just keeping in contact with them.

It's stepping back from the day to day work, having a look at the client's figures and saying, 'Why is it happening like this and what other services can we provide to them?' Or, 'What can we do to assist their working life a little bit better?' This is what I call excellent customer service.

I don't treat it as just banging on about our services, or getting more money out of them. It comes from a place of care, of providing them with a service above their expectations.

Some bookkeepers tell me that they just don't have time while they're growing to always contact the clients and follow up with them. Well, if you don't maintain excellent customer service, eventually they will make the decision that you are no longer a good fit for them.

Don't take your clients for granted. Always be on the front foot and be proactive when it comes to great customer service. Clients are your business and you need to find time to service them. If you can do it above their expectations that's an excellent result, and they can then recommend your services to their friends and family.

Build connections

Some bookkeepers don't like to get too personal. But in communicating with your clients, you may from time to time hear something of a personal nature in their conversation, or perhaps share something about a pet, or a family member.

Just something really simple – that builds on connections as well. You get closer to your client and it makes them feel more confident and trust you.

Send newsletters out to clients regularly just to keep them informed of what's going on in the bookkeeping industry or the tax office. Maybe email what information you require and by when.

I think it's great if we can provide our clients with information that they wouldn't normally know; you would be surprised at the amount of things clients don't realise. When the budget comes out things change, so keep your clients informed as much as you can and they'll love you for it.

I used to read accountants' emails they sent to their clients and often advised my clients about facts that might be relevant to them, and refer them to their accountant to get advice. Clients may not be aware of certain benefits or deductible items of which they could take advantage.

Are your clients raving fans? Have you asked them?

Here are some actions you can do to ensure you have raving fans:

- Document what excellent customer service means to you and discuss this with your staff.
- Do you interact with your clients as regularly as you would like outside of collecting work?
- Send out a survey to your clients to ask them what they like about your business; maybe ask for testimonials.
- How often do your clients recommend your services?
- How often do you lose a client? Monitor why and when you lose clients.
- Do your clients interact with you on social media?
- Do you send out newsletters regularly to keep them informed of what's going on with your business and how you can assist and educate them further?

12. Exit strategy

‘Whether you are just entering the workforce or nearing retirement age, planning for the future is critical.’

– Ron Lewis

What is your endgame?

Every business should have an ‘exit strategy’ as part of its business plan.

It’s a good idea to know when you plan on getting out of the business, whether it’s just walking away or being able to sell the business, or maybe merging with other people.

To have an exit strategy gives you the best possible price that you are able to get for the business. It also encourages you to run your business more effectively. It’s like selling a house: you want to paint the rooms or tidy the garden to get the best price for it. It’s a similar reasoning to that.

You want to understand the options that are available to you: perhaps you want to merge with another business or be bought out by another business. Maybe you'd like your staff to take it over, maybe you just plan on walking away – but I can guarantee that you do have something to sell. Even if you plan on selling just your client list.

Be prepared. It's all in the planning. There are tax strategies and agreements that you need to sign. There are lots of things that you need to consider before you delve into the exit strategy. Make sure you have time to plan and organise the exit strategy before you decide to do it.

With my business I had a five-year plan, so it was at that time I started to take my business seriously. I wanted to automate it so that I didn't have to be there every day, and eventually I'd have something to sell at the end of it. I didn't want a business that was all about me; I wanted a business that was all about the staff and clients and that anybody could take over.

A lot of bookkeepers think they don't have anything to sell at all. I didn't when I first started. But if you have a client base and so much income per year, then you have something to sell. There are businesses out there that want to buy a client list and a certain amount of dollars per year.

Not thinking about your exit plan beforehand will reduce the price that you do receive. It will still be sellable, but you might not get the best possible price that you can if you've had a chance to think about it beforehand and organise the business in a way that it's the most saleable.

The exit strategy is the plan surrounding how the owner will exit the business. Ideally you need 3–5 years to consider planning your exit, but one year would do.

Early preparation is vital

The first thing you need to do in planning your exit strategy is to have your five-year or even ten-year plan. Work out when you might want to review your situation or when you aim on retiring or moving on. What's your plan? What's your goal?

Once you know when you're going to get closer to your exit strategy, then start planning a little bit more intensely. Even before then, you can start to set up the process and the systems. I think the best thing is to have an automated business, so that anybody can walk into the business and run it.

I would say that my business was automated, that the staff did most of the work. I did very little bookkeeping work; I would be the one organising and overseeing things, networking and bringing the clients in and working on the business. I spent many years working on the systems that needed to be in place for it to be automated.

That's the first thing, and it does take some time to get those systems into place, because you have to have a mindset of passing the work over to your staff. Not that you want to drop your standards, but you need a process in place to say what your standards are, and your staff have to follow your standards and that quality of work. Then you can be ensured that the work is being done to your standard of quality.

There's still going to be work to do, because you're the experienced one; you're making decisions and they're doing a lot of the day to day work. You still need to do some of the high-end work and that's fine.

You also need to build your client relationship. Early on in my business I started to pass my client's work over to my bookkeepers. My clients understood that they were dealing

with the bookkeeper and not only with me. They obviously still had access to me, so they still rang me and asked questions; we touched base to make sure that they got the service they required. But essentially they worked with the bookkeeper. The bookkeepers would always work with the same clients; there was no chopping and changing.

You also want to set up your intellectual property, which is your systems. These are your templates and checklists, including the practice management software you use. Apply consistency so that every client has a profile with similar fields, folders and a process of completing their work. Although different bookkeeping businesses may like to record it differently or process it a little differently, essentially it's all the same.

Over the many years of building my business, I created those systems. The work flowed through the office without too much effort and there were systems and procedures in place that allowed good workflow; everybody understood where it was up to.

Increase your saleability

When you're getting closer to your exit and you're satisfied that the best systems are in place, the potential new owner will want to be assured that the staff are going to stay on and the clients are going to stay with the staff. Over the years leading up to your exit, you extricate yourself a little bit more from your clients so that they don't actually need you anymore. They might think they do, because you stay in touch and you've had them for a long time, so there's all that comfort, but they really don't need you.

Then once you've made the decision to sell, you would approach some brokers and discuss with them what your

intentions are. See which one you are most comfortable with and who would treat your business with the most respect and help you exit from the business. This is going to be a personal choice. But you probably need to chat with a few of them and gain an understanding of how they're going to value and market your business.

Finding the right buyer

It's pretty important that you don't just jump at the first buyer with the biggest price. You want to find a buyer that is suitable to your business. In my case I had a buyer straight away that wasn't the most suitable for my business. I turned that buyer down. Then we did find a buyer that was a very good fit.

It depends on who you want to sell it to. Bookkeeping businesses can be easily sold to accounting firms that want to have a bookkeeping arm to their business (or just add to their current bookkeeping business). Another bookkeeping business might like to buy it just to make themselves bigger and have the staff, the infrastructure and the systems already in place. They're buying an ongoing business with the staff, the office goodwill, the infrastructure and the intellectual property.

Other buyers might just want your client list. Whatever your income is for the year, that's what they're buying. They're not buying staff, they're not buying the intellectual property; they're just acquiring your client list. You can decide on how you want to sell it and who you want to target.

I actually thought my business was best suited to an accounting firm, because my business was quite large with a lot of clients; the work was being done by the bookkeepers already and I had an office all set up.

There are so many additional services that could be added to a bookkeeping business – accounting services, financial advice, brokerage, insurance, etc. A business having all of that in-house, like a lot of big accountants do, was one of the ideal situations.

Valuing your business

There are a few ways that you can value your business. Accountants have a couple of ways. They might look at the net profit, adding back your owner's expenses (like interest charges, motor vehicle expenses or any personal expenses that you take out of that business). These expenses would be added back to the bottom line and then it could be doubled to become the selling price.

Another way of measuring it is the gross fees for the year times a given rate – anywhere between 80 cents per dollar of sales to \$1.30 per dollar of sales. So if you have sales of \$100,000 then you could get up to \$120,000–\$130,000. Some accountants will only pay 80-90 cents on a dollar so you might only get \$80,000–\$90,000. The rate will be determined on many factors. For example, the quality and spread of clients, if your work is remote or on-site, internal systems, quality and longevity of staff, and the importance of the presence of the outgoing owner.

These are only examples and it totally depends on the business that you have and the systems that you've got in place. If it's going to be an ongoing business sale, whoever walks in would highly regard the systems that you've got in place and a good broker will sell it in that way.

Another consideration of the new owner would be the client spread or the mix of the client base. See how diverse they are and what the highest value client is. If you've got a \$100,000

business and you've got one client that's worth \$60,000–\$80,000, then it could be arguable whether you get a higher value for your sale, because if that one client didn't agree to stay, then they've lost 80% of their business. There may need to be a contract in place to say that the client will stay.

Another factor in getting a good price is if you have a lot of remote work, so the buyers are attracted to work that can be done off-site. Therefore, the higher percentage of work that doesn't need to be performed at a client's premises, the more attractive the sale is.

They'll also look at the growth potential for the business and what the growth has been for the past few years – if the growth is declining or increasing and what the potential of your database is. They'd also want to look at the staff that you do have, and know if they would be happy to stay on and whether you have employment contracts. Are the staff happy with their conditions? Are they happy with the work that they do and the clientele that they have? Are the staff capable of doing the work without too much contribution from you?

Some bookkeepers would consider that they don't actually have anything to sell, but you'd be surprised. If you get to the right broker that might specialise in the bookkeeping industry, they'd have a database of people looking for client lists or bookkeeping businesses all the time – you'll find that it will sell quite quickly.

Structure it right for you

I was actually a sole trader and I kept it that way for tax purposes. There are pros and cons for the different structures available. It's best to talk to your accountant about what the best structure is for you.

I would recommend you don't change your structure without talking to an accountant because there are complications in selling an existing sole trader business to a newly formed company – for example, capital gains tax and other tax implications. So please get advice in regards to the right structure for you.

Opportunities abound!

You may want to consider whether you want to work till you retire, or maybe you want to continue to work in the business. It's a personal choice at what stage you want to exit and whether you want to do bookkeeping until you retire. Some of us just get set in our ways; you get in a rut and it's easier to stay bookkeeping as opposed to thinking about what else you could possibly be doing.

You have all this knowledge, you've gained all this experience and there are so many opportunities available. The bookkeeping industry is evolving very quickly, so maybe you could explore different areas within the bookkeeping industry, or something totally different altogether. You may choose to reduce your hours and be selective with the work you do. Maybe you'd like to work for one of the software companies, another bookkeeping business as a consultant, or even with a bookkeeping association. Perhaps it is time to travel and do nothing. Whatever you choose, I imagine it will be very different to what you do now.

This is the exciting part of your journey

Here are some tips you might like to consider:

- Consider when you would like to leave your business.
- How much would you realistically like to get for your business?
- Who would you envisage would be a good fit for your business?
- How would you like to leave your business? In a perfect, automated walk-in-walk-out scenario with staff and all, or just a client list for sale?
- Would you like to have an office in your super fund so the new owner could potentially take over the lease?
- Would you like to merge with another business so you can continue to do some work?
- Look at current businesses for sale and check out what business brokers sell bookkeeping businesses. Do a little research in size, location and results.

Afterword

Congratulations on reading the book and thank you!

I do hope that you enjoyed reading *Grow, Profit, Exit* and will be inspired to build your business to its full potential.

It was an absolute pleasure to be able to tell my story and I thank you for taking the time to read it.

During the growth of your business you will be constantly evolving; you'll be ready to take on more challenges and learnings. Not all the chapters will be relevant to you depending on your stage of your business. I encourage you, however, to continue to grow and possibly revisit certain chapters, as the information will be more relevant at different stages of your business development.

I hope I have given you some examples and suggestions that will broaden your thoughts so you can consider what your ideal business may look like.

Please make time to do the activities; it's a good idea to put

some time aside in your business week to progress through the activities so that you can continue to grow your business. I would also highly recommend you engage a mentor to help you navigate the challenges of your business growth and keep you accountable in reaching your desired goal.

I'm hoping this book empowers you to take control of your business and helps you realise that you can run the business the way you want it to run. It doesn't have to be the way other people operate their bookkeeping business. Take the time to sit back and think about how your business is operating and what your successes are. Know what you want from the business and take steps every day to move towards that vision.

Don't get into the habit of allowing the business to run *you*, of believing that you need to be there every day of every week for it to operate. And that also goes for your clients. You are in control of how your business operates, not your clients.

Allow the business to be automated so that you have time to do the things you want to do and create your optimal work/life balance.

Get help from others who are doing a good job in their bookkeeping business or have successfully created a business model that you aspire to. You may not relate to all of their ways of doing their business, but every person can learn something from others.

I wish you well. Enjoy the journey of creating an awesome bookkeeping business, one that you are proud of.

Acknowledgements

The biggest influencer in the success of my business was my mentor, Bruce Hall. I would like to thank Bruce for his practical guidance, confidence and for believing in my vision. Without his constant support I don't believe I would have achieved what I did and allowed the business to reach its full potential. Bruce, I am forever grateful.

He not only allowed my business to flourish but gave me the skills and experience to assist other bookkeepers achieve similar success.

About the author

Katrina Aarsman

Having built a successful bookkeeping business over the past fifteen years, Katrina realised it was time to move on and it was a natural transition to build a business model around helping others achieve their dreams and goals too.

In 2015 she sold her business with the new owner taking over the staff, office and the established name.



Katrina is a qualified accountant and before starting her family she worked as a tax accountant, commencing her career at Hungerford, Hancock and Offner.

With the birth of her daughter she left the corporate world and took on some casual bookkeeping roles – until she realised it was time to get ‘serious’. With the children at secondary school, it was time to put more energy into her business and return to more ‘accounting’ style work. And so, she moved out of the home office and began the serious business of growing her empire (as her friends referred to it).

Over the years Katrina’s clientele increased and so did the resources required to run an efficient and profitable business. She admits to having made some mistakes but learnt from these and continued to move forward.

Katrina perfected her systems over the time and now wants to empower her colleagues in improving and growing their business with the ultimate view of having an exit strategy.

Katrina has now established a business, Bookkeepers HQ, to offer support and practical solutions for every growing bookkeeping business – solutions that she desired while growing her business.

Now is the time to invest in your business.

www.bookkeepershq.com.au

info@bookkeepershq.com.au

Recommended reading list

Blanchard, K; Johnson, S 1981, *The One Minute Manager*, William Morrow and Company Inc., New York

Gerber, M E 2001, *The E Myth Revisited*, HarperCollins, New York

Gerber, M E; Roberts, D; Cook 2014, P *The E Myth Bookkeeper*, Michael E Gerber Companies, USA

Ferris, T 2007, *The 4-Hour Work Week*, Random House Inc., New York

Tracy, B 2007, *Eat That Frog!*, Berrett-Koehler Publishers Inc., San Francisco

Additional Testimonials

I've been using XPM for nearly two years now but Katrina highlighted so many features that I haven't been using (either I didn't know how or didn't have time to learn, or just didn't know XPM could do that). Incorporating these is going to streamline my business processes even further and help me monitor workflow.

Toni Johnson

– *Solution 42 Bookkeeping*

Before I started working with Katrina I just wasn't finding the time to test and try things to get it right. The feature I enjoyed most about working with Katrina is that she really knew what worked and what didn't. She was really thorough too and shared what they'd tried and tested and why things worked.

Annie Pearson

– *Admin Happy*

Katrina's teaching style is very open and honest, she does not hold back any information and never seems to mind constant questions which she always answers without any hesitation.

Sue Kapperer

– *Elements of Business*

For such a great product there is so little out there. So we were over the moon to find Katrina. Well worth the time. Thank you for a great presentation and training session.

Mohamed Elmasri

– *MC Accounts*

If you are serious about growing your bookkeeping practice, an online practice manager tool is vital. Bookkeepers HQ can save you hours of frustration by taking you straight to the heart of what you need

Colleen Stromei

– *Addflow*

Thank goodness Katrina has put this webinar together. The webinar presentation gave me a thorough overview of XPM that was specific to a bookkeeping business. It's so much easier to see your industry's work flow live.

Jen Pryor

– *Priority Office Management Services*

**Achieve your bookkeeping
business success!**

Personalised mentoring program



Using her expertise in building and managing a successful bookkeeping practice, Katrina Aarsman has developed a tried and tested program to improve systems, automate workflow, and maximise business profits. This program will empower you to create the business of your dreams – one that doesn't take all your energy and time.

The customised mentoring service is held over regular Skype calls and is structured to ensure the action steps complement what your business requires to operate at its full potential.

Customised half-day strategy session



Katrina offers a half-day customised program that targets your business needs. In this personalised half-day session, you choose which pain points to cover: vision, goal-setting, expansion, systems and automation, leadership, staffing, profit maximisation and exit strategies.

As a qualified trainer and business system expert, Katrina will help you focus on solving issues and getting your business strategy right. Bookkeepers HQ will help get your business on track, so you can reap the rewards.

Events – workshops and webinars



Discover how to streamline your business and achieve bookkeeping business success

Presented by Katrina Aarsman, ICB member and fully qualified bookkeeper and coach. An expert with 15 years' experience in perfecting business systems; Katrina delivers intensive, practical and interactive events that will empower you to streamline your practice and focus on growth. Learn the right way to efficiently and effectively manage your business.

Focus and clarity – one-hour coaching session

This intensive Clarity Session is a perfect way to brainstorm with someone who knows exactly what you are experiencing. You will gain clarity around what you want to do, discover practical solutions to improve your business or just get that impetus to get moving forward. Whatever you want to discuss, you will take away three action steps to start your journey.

Workshops, webinars and products can be obtained from the Bookkeepers HQ website.

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