

# Going Public

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## [Industry News & Views](#)

### What we really learnt from the LAQC reforms

What a March – the busiest on record for so many of you, putting to bed the last of your 2010 tax returns, dividends and company tax top ups and, (drum roll please)...LAQC reviews and transitions.

So what do we really learn from our LAQC experience? For me there are five fundamental truths that we should acknowledge and apply to our everyday practice life and our client relationships.

#### 1. Compliance is still king

Yes there is the prospect on the horizon of simplification and its resultant diminished workload, and yes many of us hanker for that perfect yet elusive 'value add' service, and yet for some of us 'value add' is a hard sell.

On the other hand, compliance is what we know and clients can be fearful of all things IRD related. They pay us to help them sleep at night, safe in the knowledge that we are both intermediary and buffer between them and the tax man.

Yes many of us need to start repositioning ourselves as trusted business advisors in the knowledge that the compliance landscape will at some point change, but let's also reality test how well we deliver compliance services right now. Are we responsive and accessible; is our service fast, reliable and efficient? If not, let's do something tangible and visible about improving that service.

#### 2. We can deliver compliance services very proactively

Many Business Fitness NZ clients were proactive in the extreme about their client communications around the LAQC reforms. Their messaging to clients commenced as early as October 2010 in the form of newsletters, personalised letters and conversations and continued as the legislation was enacted, repeating those messages with increasing detail in early 2011 as the likely way forward became apparent. They therefore seamlessly engaged their clients in February this year in a thoughtfully planned and well executed LAQC transition.

What capacity for further work would we open, what could we achieve in our businesses if we applied the same degree of proactiveness to the rest of our compliance work?

#### 3. There is power in process

A clearly defined process creates leverage and efficiency. In February this year Business Fitness NZ created an LAQC transition kit for clients. In fact almost 250 non Business Fitness clients also acquired that kit. They used it, they got through their LAQC reviews faster and they minimised risk of error as much as one ever can.

You better believe that there is power in process. Take a look around your business. Where are the pain points? Where there is pain, that pain is likely to be a symptom of one of two causes, either lack of appropriate resource or lack of process.

#### **4. We must engage our clients before we commence work for them, not after the fact**

I've spoken to many accountants in the past two months who described to me their LAQC engagement approach. One of my clients rang every affected company before they sent their LAQC engagement letter. They made it crystal that losses would not be attributable as of 1 April, and that doing nothing was not an option. Clients responded predictably – "You're the tax expert, you do what's right for my situation."

Incidentally, that firm received zero fee queries out of 124 affected clients.

#### **5. We need to price properly**

I'm not even going to talk about value pricing in this article. What does it even mean anyway?

Forget value pricing for a moment. When it all boils down (given we do not hold monopolies), the market will decide what it pays. Therefore it's the market that determines value.

Consider three things above and beyond how long it takes to complete a job when you are pricing compliance work.

- How much have you spent already before you even start the job? Case in point: LAQC transitions. Before you even picked up a client file you had to read the legislation, attend two or more webinars, do some reading, discuss approaches with partners and colleagues, prepare client newsletters and other communications, complete a database audit of QCs and LAQCs, download and read your Business Fitness Transition Kit. What did that all cost you, spread amongst affected clients? \$ 50 per client?
- Time is irrelevant. The things that are relevant here are your education, knowledge and experience. That's what clients pay for.
- Make the invisible visible for clients. They won't be able to determine what's good value and what's not if you don't tell them what you do. Firms who educated clients on the impact of the LAQC reforms (and not just once - in times of change messages have to be repeated) found it easier to recover premium fees

Incidentally, firms have reported to me everything from \$ 250 through to \$ 600 for an LQC review. Now that's interesting!

### **Important lessons from our Christchurch colleagues**

Just last week I visited 16 of our Christchurch firms along with fellow Business Fitness NZ director Dave Steele. Having felt utterly powerless to help them in the past 7 weeks, we gathered them together just to let them talk amongst themselves and to see what if anything we could do to help.

They spoke to us of their frustrations around the bureaucracy that still prevents some of them from entering their own buildings and accessing client files, of the immense workloads they all face with 2011 work looming on top of the arduous task of helping distressed clients complete complex insurance claims.

They may be tired and they may be stretched to their absolute limits, yet they possess a quiet resolve. Even though life may never be the same, even professionally, for any one of them again, they will get through this crisis.

We are all more resilient than we will ever know.

Do not let anyone tell you that you cannot achieve that special business goal or that your vision for client service is outrageous. Cast aside or marginalise all drama queens, negative influences and perennial quitters. Apply quiet resolve and engage your inner resilience to attain the attainable.

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## Important Events

### The Accountants' Big Day Out, Friday 13<sup>th</sup> May - NOW AT THE LANGHAM - AUCKLAND

Join us at the 8<sup>th</sup> annual ABDO and you'll witness first class speakers, meet like-minded professionals, have a fantastic time - and leave refreshed, excited, ready to grow and improve your business in 2011.

**Accommodation at the luxurious [Langham Hotel](#) is filling very fast.**

Register now to ensure you don't miss out - we are happy to organise this on your behalf.

Our discounted accommodation block booking will be **released on Tuesday 12<sup>th</sup> of April.**

Earthquake affected Christchurch clients: don't forget your first ABDO registration is free, and subsequent registrations are only \$295 + GST. Your accounting colleagues and friends look forward to seeing you there.

**Business is personal. Join our community of accountants at the Langham Hotel – Friday May 13.**

For more information, call Jules, Nat or Taryn on 0800 10 58 60

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## Buy, Sell and Exchange

We have several firms who are keen to buy fees. Demand for fees is very strong at present, and prices are matching that demand. Some firms have lost significant fees through the recession and others are now reaping the benefits of effective workflow management and have increased their team's capacity. They are prepared to pay top price for top quality fees.

### **Cleint ID AKLDR - Looking to Sell or Merge**

A long established Auckland city fringe firm is planning for the retirement of a partner and is interested in exploring opportunities for sale or merger. Fees are in excess of \$1m and represent a diverse range of clients and industries. There is also a good mix of long standing and newer clients. There is a very stable and experienced staff team most of whom have been with the firm for many years.

### **Client ID WCB2 - Wanting to Buy - Wellington CBD**

Established Wellington firm with capacity for growth, located in the CBD. Looking for fees up to \$200k. Will look after clients well.

**Client ID WAA1 - Wanting to purchase – Wider Auckland area**

Our client seeks fee base of 600k – 1m, anywhere in wider Auckland area. He will relocate and is prepared to pay up to dollar for dollar for quality fees.

**Client ID SEA1 - Wanting to purchase – South East Auckland fringe**

East Tamaki based practitioner seeks to grow rapidly by acquiring a fee base of anywhere between 100k and 500k. Will pay top dollars for top fees – up to \$1.10. Could suit practitioner looking for early retirement.

**Client ID DFK1 - TAKE A LEAP FORWARD IN 2011 - BECOME A MEMBER FIRM OF DFK**

DFK Australia New Zealand is an association of independent public accounting and consulting firms, affiliated with DFK International, headquartered in London, with over 340 offices in 60 countries.

We are currently inviting expressions of interest from high quality organisations interested in becoming a part of our expanding network. You will benefit from access to advice and services from a host of experts in all areas: assurance, tax, consulting, business valuation, forensic accounting, including listed company advice. Opportunities for continuing education and leadership development together with the potential to work with clients on a national and international level exist.

Through our conferences, surveys and other resources, you will learn about management techniques that work, nurturing leadership skills among partners and managers.


**Contact our executive officer, Liz Binet, at +612 9264 5400 or at [exec@dfkanz.com](mailto:exec@dfkanz.com) to enquire about membership.**

***We make it happen!***

All enquiries to [victoria@brownriggconsulting.com](mailto:victoria@brownriggconsulting.com)

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All the best



**Viv Brownrigg  
Practice Coach and Industry Mentor**