

# Why your Accountant could be costing you an arm and a leg

## A WORD OF WARNING!

When you read this paper you will do one of 3 things about the relationship you have with your Accountant:

1. Nothing
2. Educate your current Accountant on how you would like them to work with you
3. Select an alternative Accountant who is better suited to your needs

May 18, 2011

Hello:

My name is Rob Nixon. I am a husband, a father of 3 and businessman. And I've thought long and hard about writing this.

It is, I believe, time someone took a stand. It's time for some plain speaking. Let me explain:

Since 1994 my business has been advising accounting firms around the world on how they can run better businesses and help their clients achieve remarkable things in their businesses.

Let me be very clear; I am not an Accountant, yet I know thousands of them and I use them as advisors to my businesses.

In the past 17 years I have met approximately 5,000 partners of Accounting firms and tens of thousands of their employees. I have also had the opportunity to interact with thousands of their business clients through small meetings and seminars.

Over that time, some things have become abundantly clear —there are 2 types of Accountants that you can choose from.

**TYPE 1:** Those that **wonder what happened** with you. These types are recorders of history. They are **reactive** in nature — they only do what they have to do with you based on Government mandates. They do tax / compliance / audit work on an annual basis and they advise you on additional matters only when you initiate the request for more assistance. Reactive accountants typically charge for every communication they have with you and they believe that 'time is money'. And they charge you as such.



**TYPE 2:** Those that **make things happen** with you. These types are history *makers*. They are very **proactive** and they work closely with you to help you become more successful. This group communicates more frequently with you and they proactively offer additional ideas and services to add value to your business. Often they do not charge for additional communication and they understand that they should be paid for the value they add – not every minute of time spent delivering things.

Sadly, the vast majority of the Accounting profession are in type 1. Even if this group have an inclination to be proactive they often are not. They talk about doing things and helping their clients but they do not follow through.

One of the most endemic ‘business practices’ with Type 1 (Reactive) Accountants is the way they charge for their expertise and service. They charge you on a ‘time basis’ (after the work is complete) and based on who worked on your job and how much time they took will determine the amount they charge you. It’s a really bizarre way of doing things. The assumption (to get to the price) is that the time taken was correct and the price per hour was correct – and nothing could be further from the truth

With this ‘time billing’ practice (where the price is set at the end of the work) the firm is directly rewarded for making mistakes and going slower. **You pay more the more inefficient they are!** I do not think that is fair on you. I would imagine that you, (like most businesses), offer an agreed price for your product or service before the customer agrees to buy. But Type 1 (Reactive) Accountants continue to charge you whatever they want and you have to pay it. And you know how that feels – it’s like a grudge purchase every time.

Against that, consider the way the Type 2 (Proactive) Accountants work with you. They give you a fixed and agreed price before the work begins. You have a chance to understand the **value** they are adding and the scope and price of the work before it starts. It’s a fairer (and some would say) more ethical way to do business.

Accountants have a lot to offer. They are (in the main) very smart people and many are experts in finance, profit improvement, asset protection, cashflow enhancement and tax minimisation.

It’s really simple for you to decide what sort of Accountant suits you. If you are **content** with your financial position then pick a Type 1 Accountant. If you are **not content** with your current financial position then pick a Type 2 Accountant.

When you have the right Accountant they can seriously improve your financial position. For example, in my case I switched (4 years ago) from a Type 1 (Reactive) Accountant to a Type 2 (Proactive) Accountant and my net wealth has increased dramatically – and my new Accountant played a big part in that increase. I am not an isolated case. Many of the Type 2 firms I get to deal with cite case studies of how they have helped their clients become wealthier.

## **SO HOW CAN YOU TELL THE DIFFERENCE BETWEEN A TYPE 1 & TYPE 2 ACCOUNTANT?**

I had the pleasure of interviewing 1,077 business people on behalf of 129 Accounting firms. The meetings were all about what the clients (you) wanted from their Accountant. The clients overwhelmingly said they wanted their Accountant to be more proactive with them. They said they did not know what additional services their Accountant delivered and they wanted higher (and more frequent) levels of communication. Maybe you are the same?

The table on the next page shows two lists. The first shows the key frustrations business owners face when dealing with Type 1 (Reactive) Accountants and the second showing the solutions delivered by Type 2 (Proactive) Accountants.

## SEE HOW YOUR CURRENT ACCOUNTANT STACKS UP WITH THESE LISTS

	<b>THE WAY REACTIVE ACCOUNTANTS WORK WITH THEIR CLIENTS – TYPE 1 TRAITS</b>	<b>THE WAY PROACTIVE ACCOUNTANTS WORK WITH THEIR CLIENTS – TYPE 2 TRAITS</b>
1	You call them when you have an issue	They call you and ‘check in’ on how you are going
2	You visit them only when you have to	They visit you at no charge
3	You only see or hear from them when something bad has happened	You hear from them frequently about all sorts of issues, ideas and opportunities
4	They do not have a regular communication program – it’s almost a surprise when they contact you	They have a structured communication program (that does not cost you anything)
5	They charge you for nearly every phone call, email and quick meeting – in 6 minute ‘units’ of time	They do not charge you for these small matters because they know that it annoys you
6	They do not understand your business or situation and take little interest in you	They do understand your business or your situation and are very interested in your welfare
7	They give you a bill after the work is done – often a big surprise	They price the project before starting and advise how much it will be and what is involved
8	You receive surprise bills that you do not understand from the tax department	They have advised well in advance of the forthcoming tax bill and it is no surprise to you
9	They never ask their clients what they think about their service levels	They ask for your opinion on how they can deliver a higher quality service
10	They talk more than you do in meetings – always offering solutions before the real issue is uncovered	They listen more than you do in meetings and always ask probing questions to get to the heart of the issue – then offer the solution
11	They tell you what to do	They tell you what to do and how to do it
12	They do not advise you what to send in each year and in what format	They send you checklists and work with you to get all the information needed in one go
13	They only offer you what you legally have to buy – compliance services that add minimal value	They offer a range of business improvement and wealth / asset services that are suited to your goals
14	They let you send in your work whenever you are ready	They advise you when you need to send in your work so it can be done in a timely manner
15	They do not ask when you need information or jobs completed – they just assume	They have an agreed deadline with you when the information / project will be completed
16	They ‘pre-judge’ what services you need	They ask questions to determine what you need
17	You do not have a very good relationship with them	They make an effort to enhance the relationship with you
18	You have no idea what value they add	They articulate the value that they add
19	They do not explain your work to you – often they just send / mail it to you with no explanation	They sit with you and step you through what it all means, where the money went and help you interpret your situation
20	They virtually say ‘good luck, you’re on your own’	They really help you step-by-step to achieve your financial goals

## NOW YOU HAVE BEEN THROUGH THE LIST YOU NOW HAVE SOME QUESTIONS TO ASK YOURSELF:

1. How does your current Accountant measure up?
2. What is missing from your current Accounting relationship?
3. What sort of relationship do you want?

If you like your current Accountant (and you see potential in them) then speak to them about improving their service levels and service offering to you. And perhaps give them the benefit of the doubt to start with – many Accountants have problems keeping up with what the government requires them to do with you.

If you would like your current Accountant to improve, they are ways they can do that. One of the most powerful ways is to refer them directly to the [Proactive Accountants Network](#). They will see precisely how to help you more proactively with coaching, training and new tools.

If, on serious reflection (perhaps based on some of the things you've looked at here) you would prefer to sever your relationship with your current Accountant then [make an enquiry](#) to one of the accredited 'proactive' Accountants. Each firm listed has passed stringent tests to prove they are proactive.

It's your business and your future. The selection of the right Accountant will make the world of difference to your financial future.



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# REFER YOUR ACCOUNTANT

## IS YOUR ACCOUNTANT MORE TYPE 1 THAN TYPE 2? ARE THEY REACTIVE TO YOUR REQUIREMENTS THAN PROACTIVE?

If either answer is yes, then you will want to refer them to The Proactive Accountants Network where they can receive the skills, training and knowledge that can improve their service to you.

Please fill in the details below and one of our consultants will be in touch with them. Alternatively if you want to start working with a proactive accountant straightaway please visit [www.proactiveaccountants.net/results](http://www.proactiveaccountants.net/results) to find a Proactive Accountant that is matched to your business requirements.

**STOP PRESS:** Your accountant may already be doing all of the right things and is proactive but they are not yet being recognised for this. If your accountant is being proactive, you may want to nominate them for recognition in the network. In that case you can also use the form below refer them.

## INFORMATION REQUIRED TO REFER YOUR ACCOUNTANT TO THE PROACTIVE ACCOUNTANTS NETWORK

Please fill in form below and fax back to +67 7 3036 6642 or email to [info@nixonadvantage.com](mailto:info@nixonadvantage.com)

Otherwise the form can be filled in [online here](#).

Thank you for taking the time to help improve the Accounting profession and professionals that are serving the SME business community.

<b>Firm Name</b>	
<b>Accountants Name</b>	
<b>Accountants Email</b>	
<b>Accountants Phone</b>	
<b>Your Name</b>	
<b>Your Email</b>	
<b>Your Phone</b>	
<b>Message</b>	

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