P.J. Camm & ASSOCIATES
ABN 70 006 977 484

The General Journal

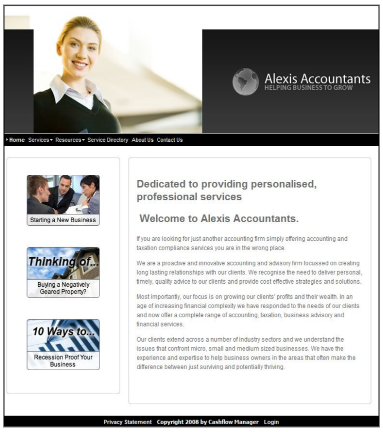
OCTOBER 2009 - EDITORIAL

You Can't Judge A Book By It's Cover, Or Can You?

They say you can't judge a book by its cover, however, prospective clients will judge you by your website in less than 30 seconds. You can only make that all important first impression once and increasingly your website will be the first thing prospective clients 'meet'. An amateurish website or no website at all is not the type of impression you want to make with a potential new business client or employee.

Increasingly your marketing efforts will revolve around technology and a website is an absolute necessity for any accounting practice in the 21^{st} century. How often do clients ask - Do you have a website? What's your web address? I'll check out your website. I suspect the answer is "fairly often" and if you don't have a website you might feel quite uncomfortable with this line of questioning. The latest figures from the Australian Bureau of Statistics suggest that 81.3% of businesses in Australia have internet access. Clients know you heavily rely on technology and expect you to have a website.

To some extent, the introduction of GST nine years ago has disguised the need for marketing. Think about it, there is no longer a quiet time courtesy of quarterly BAS's but the truth is, marketing should never have been off the agenda. You need to constantly appeal to the next generation of younger clients and if the demographic of your client base is mainly the over 50's you might find the only buyers for your practice are going to be financial planning groups.



The internet has transformed the way we communicate and do business with clients. Ten years ago accountants relied on word of mouth, advertising, referral networks and seminars to attract new clients. Today potential clients start their search for a new accountant on the internet. Think about how you search for suppliers, you go to the internet and research what's available and the prices. Your website should tell people who you are, what you offer and why you should be their accountant.

A properly constructed website can be a marketing magnet. Available 24/7, easily accessible and highly visible it gives you the ability to present your firm and the services you offer in the most positive light. The web provides a level playing field so you can compete with larger firms and attract clients based on the quality and content of your website. With around 32 billion web pages, your website needs to be more than a static billboard and it is absolutely essential that your site stands out from the crowd.

While referrals remain the most important source of growth for accountants the following statistics support the fact that the internet is growing in importance.

- 58% of buyers indicate they are "very likely" to identify and learn more about service providers from their website
- 80% of buyers typically visit the service provider's website before buying
- 83% of buyers report that the website holds at least "some influence" over their decision to engage in an initial discussion with that service provider (increased from only 69% in 2005).
- 74% of buyers said that the service provider's website holds at least "some influence" over their ultimate decision to buy services from the provider (increased from only 51% in 2005).

A quality, well-designed website can attract valuable, targeted clients as well as improve client retention. Over the past few months I have written a large amount of content for a website that has been developed in conjunction with the team at Cashflow Manager. This website has a real marketing edge and is now available complete with content that specifically targets niches including business start ups, tradesmen and clients buying a negatively geared property.

There are no more excuses for the 90% of accounting firms in this country that don't have a website. Your practice can be live on the net in a few days with a quality, inexpensive, professional website worthy of a 'big 4' firm at a fraction of the cost. You can read more about the website later in this newsletter or call us today on (03) 9572 5000.

The editorial above is an excerpt of 'The Accountant's Marketing Toolkit'.

How is it that some firms are growing at the rate of 30% per annum and other simply tread water? Firms that struggle to get referrals generally don't know how or when to ask for them and hope satisfied clients will simply refer their friends and colleagues. Hope is not an effective marketing strategy.

This comprehensive toolkit not only tells you how to generate referrals, it contains over 40 different tools, templates and software programs designed to help you drive record levels of referrals. At $990 it is a great investment and comes complete with a full money back guarantee.

Call us today to order your copy and discover the strategies and tools used by the fastest growing firms in Australia.

P.J. Camm & ASSOCIATES
ABN 70 006 977 484

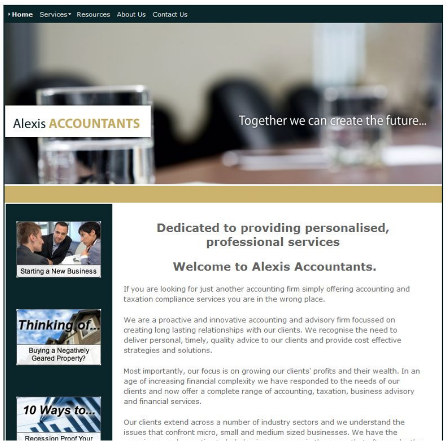
The GENERAL JOURNAL

Want A ‘Big 4’ Website For Your Practice?

Statistically speaking, more than 90% of accountants in Australia don’t have a website yet it is the starting point for the majority of business owners looking to find a new accountant. An amateurish website (or no website at all) is not the type of first impression you want to make with a prospective new client.

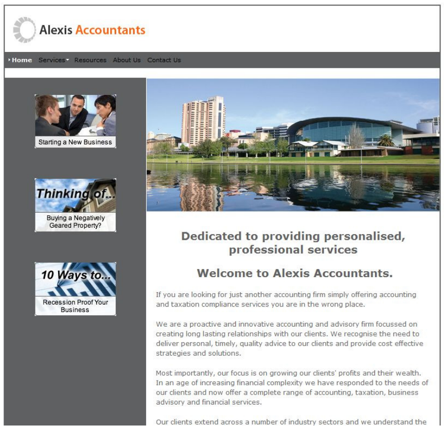
The majority of baby boomer practitioners are in denial on the effectiveness of websites and make all sorts of excuses as to why they don’t have a website. Accountants generally resist change but the small percentage of firms who have invested in a quality website are reaping the rewards. In the US, a website is recognised as a firm’s most important marketing tool but many Australian partners and principals don’t agree. It’s all been too hard or expensive. Until now.

In conjunction with the Cashflow Manager group we have built a quality professional website that serves as your marketing hub. It contains content that specifically targets industry groups like tradesman, business start-ups and clients buying a negatively geared property. You can select from more than 10 different ‘skins’ so your website aligns with your corporate colours and logo. Prepared by accountants for accountants, you can view these alternative layouts and take a 4 minute video tour of the sample website at www.yourfirmwebsite.com



This website is more than just an electronic billboard or brochure. It tells people who you are, what you offer and most importantly, why you should be their accountant. It is your hard working ‘marketing manager’ available 24/7 and contains a library of small business management articles that are regularly updated. Every practice needs to market to the next generation of younger clients otherwise they’re going to be playing catch up. Let’s face it, without a website you’ll struggle to attract the attention of Generation X and Y and this website doubles as a recruitment tool because it ‘talks’ to these groups in the carefully constructed ‘careers’ section.

The internet provides a level ‘playing field’ so you can compete with larger firms and showcase your expertise as well as cross sell your full range of accounting, tax and financial services. You can connect with your clients through newsletters and offer secure access to clients looking to upload confidential documents including tax returns and financial statements. You will be able to refer clients to your website with confidence and it will mirror the professionalism of your firm.



Beta test sites are already reporting phenomenal results and new client referrals. Simply download and complete the application form from www.yourfirmwebsite.com and you can be live in a few days.

At only $990 upfront and an ongoing monthly maintenance fee of $49.50 you can have a website worthy of a ‘big 4’ firm at a fraction of the cost.

Attention Female Sole Practitioners & Partners

Since founding Oaks Club in 2007, the group has grown to over 50 female partners and principals. We meet 3 times a year in the south eastern suburbs of Melbourne to discuss practice management issues and best practice procedures.

The June 2009 session was all about marketing and how to grow an accounting practice. We will continue with this theme at our next meeting on Monday October 26. Apart from the strategies and a marketing emphasis, it is also an excellent networking opportunity for women in the profession. If you are interested in joining this dynamic and pro-active group of women who are committed to growing their practices, contact Pat or Fleur today on (03) 9572 5000.

P.J.Camm & ASSOCIATES
ABN 70 006 977 484

The GENERAL JOURNAL

Leasing Division Update with David Jakimiuk

With the retirement of Barry in May this year, Dave Jakimiuk has stepped into the role of Leasing Manager. With over 20 years experience in the vehicle and equipment finance industry the transition has been seamless. Having said that, Dave's arrival coincided with the May budget's increase to the investment allowance that fuelled record high June vehicle sales. In fact, June 2009 was the third biggest sales month in the history of Australian auto sales.

The dealers had reduced their forward orders in anticipation of a sales downturn but the 50 percent small business incentive took them by surprise and they had no chance to ramp up stock levels. As a consequence, there was a huge stock shortage in the new car market and it was difficult to source cars that matched the precise customer specifications.

Let's face it, we've all had issues with car dealers playing games with our naïve clients. In this article Dave has listed the 5 most common dealer 'tricks' he has encountered over the past 2 decades. While most dealers are professional, if you want to take the dealer and the sales pressure out of the buying equation, simply engage our **fleet buying service** to locate and negotiate the best price on a new car or light commercial vehicle.

1. The 3% Interest Rate.
You see signs plastered all over the dealership advertising their special finance rate. It's simply irresistible and less than half the home loan mortgage rate. The fact is if you win on rate your going to lose elsewhere on the deal. It usually means the price of the car is inflated to compensate for the 'loss' the dealer will make on the finance. *Moral of the Story : Look at the finance as an independent exercise to the purchase price of the vehicle. If you're financing, focus on the monthly repayment figure for the same term - not the interest rate.*

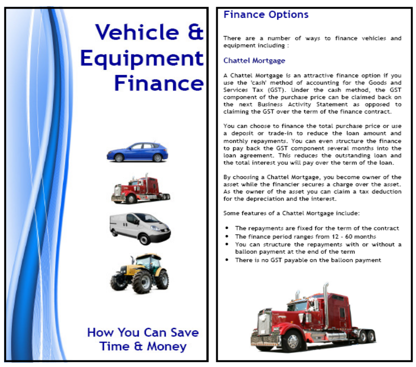
2. Robbing Peter to Pay Paul
This is where the dealer offers you a fantastic price on the new car but your trade-in value is way below what you've been offered elsewhere. Similarly, you might be paying full retail price for the car but they have offered you a great trade-in price. *Moral of the Story : Focus on the changeover price (new car price less trade-in price).*

3. The Loss Leader
This happens when you see a car advertised in the paper or online for a seemingly unbeatable price and well below the competition. You make the call and are invited to come and have a look and test drive the car. By the time you get there (surprise, surprise) the car has been sold. Good news though, the dealer has some similar cars that may be of interest...
Moral of the Story : If it looks too good to be true, it probably is.

4. The Only One
You have been shopping around for a particular new car but all the dealers tell you there are no cars available - it's going to be a factory order and you'll have to wait three months for delivery. Suddenly, a dealer says he has one on the way and you will only have to wait a month so you pay a holding deposit and wait for the call. Four weeks later, you get the call... unfortunately the car on order has been delayed by two months. The dealer is terribly apologetic but it was out of their control. Of course they are happy to refund your deposit but if you cancel the order and start again it's back to the end of the queue and another three month wait. Reluctantly you agree to wait for the car… *Moral of the Story : Unless a dealer actually has a car in stock, delivery times are likely to be similar from dealer to dealer.*

5. The Bargain Demonstrator
The dealer offers you an ex-demo car with only 4,000 kms on the clock for 20% less than the new car equivalent. Sounds like it's as good as new, however, demo vehicles are used for test drives and if the average test drive is 20kms, 200 people have put the car through its paces. Combine this fact with a likely 'old build plate' and you are probably compromising on colour … it's probably not much of a bargain. *Moral of the Story : Demo's are used cars - compare the price against a brand new one and make an informed decision*

New Leasing Division Promotional Material



Should you want to promote our vehicle and equipment finance referral service we have developed a brochure specifically for display in your reception area.

A sample copy of the brochure is enclosed with this edition of The General Journal and to obtain additional copies simply call Pat, Fleur or Dave today on 9572 5000.

P.J.Camm & ASSOCIATES
ABN 70 006 977 484

The GENERAL JOURNAL

The 10 Don’ts Of Selling Your Accounting Practice

With the likely flood of practices on the market over the next few years I thought I would share with you the top ten mistakes vendors make when selling their practice. Please feel free to contact me if you have any questions regarding selling.

1. **Not Knowing the Practice Value** - Although the market ultimately determines price, a principal or partner needs to know the approximate value of their practice before placing the business on the market. Many vendors have unrealistic expectations regarding the value of their practice and reject a genuine offer only to find the next offer is less from an unsuitable buyer. You wouldn’t sell your home without researching market values so speak to someone qualified to give you a realistic valuation.

2. **Not Getting the Practice ‘Investor Ready’** - Prior to listing the practice for sale you need to do some planning and preparation. You don’t just sell or auction a house. You plan the open for inspections, clean and tidy the garden and have a marketing strategy in place. Similarly, you need up to date, accurate financials including fee summaries, profit & loss statements, tax returns, a list of debtors, creditors and furniture & equipment. Being prepared helps maintain the momentum of the deal and limits the number of hurdles in the selling process.

3. **Blinkered Vision** – Look at the business from the buyer’s perspective and recognize the deficiencies. You need to address these issues to remove the buyer’s concerns. The buyer isn’t going to focus on the positives, they are concerned with the negatives that could be the level of debtors, poor charge out rates, dependence on the top 10 clients or the demographic of the client base. Before you think about selling get these issues out in the open and look at possible solutions.

4. **Chemistry –** Get to know the buyer and make sure the due diligence process is a two way street. A buyer will grill you but you also need to put them under the microscope and ask the most important question, “Why are you buying my practice and what do you expect to achieve?” This could open Pandora’s box because some buyers simply think that ‘bigger is better’ or that the merge will lead to economies of scale and savings. This is not necessarily the case and you need to identify why they aren’t achieving the same level of organic growth as you. Maybe they want your staff to help with their capacity problem or they want to mine the financial planning opportunities (which may not be a bad thing). By knowing the buyer, their motives and their background you will be better equipped to make an informed decision if they are the right group to take over the practice.

5. **Sell to the Wrong Buyer** – Currently there is about 15 buyers for every seller but that won’t last when the baby boomers finally decide to retire. Given that most of the buyers have never been through the buying process they can get bogged in the numbers and their due diligence can turn into a forensic exercise. There are plenty of ‘tyre kickers’ who just want to compare notes and just because someone in your discussion group expresses an interest doesn’t mean they want to buy or that the chemistry is right. Selling to a poor performer spells danger for your retention funds. Remember you need to keep running your practice during the lengthy interview and negotiation stages.

6. **Being Your Own Worst Enemy** - Many practitioners feel that no one knows their practice like they do and brokers are a waste of money. They think they can do a deal themselves. As the old saying goes, "The solicitor who represents himself has a fool for a client." With an over supply of buyers there is no problem finding one, but do they have the funds, chemistry and expertise to run your practice? Do you understand retention, hand over and the contractual issues regarding debtors, work in progress and how to treat your computers and furniture? If you want to draft your own contract of sale think again. It will end in tears because if you don’t really know the buyer you will need a water tight contract when the problems surface. Invest in a professional business broker and have a solicitor prepare a Contract of Sale.

7. **Not Understanding the Structure of the Deal** –The structure of the deal is important and there is truth in the saying, "You can name the price if I can name the terms." You might be ecstatic about the price only to find that the devil is in the detail of the contract. How many free hours do you need to provide as part of the hand over and what terms will you be employed post settlement? What salary, incentives, term or contract hourly rate will apply? Will your staff still have a job and how will you ‘sell’ it to your clients as a merge, sale or takeover?

8. **Not Being Able to Walk Away From the Deal** - Too many vendors get so involved in putting the deal together that they don't see the big picture. Since they have invested a lot of time, effort and expense it's often difficult for them to see if the deal is a good one. If the deal isn't right and can't be fixed, there is no other choice but to walk away. It's much better not to do a deal than to do a bad one.

9. **Waiting Too Long to Sell** - Too many practitioners wait until the last minute to sell. They wait until the business is in decline, they are completely burnt out or their partnership has soured. The time to sell is BEFORE a crisis emerges and while the fees and profits are in an upward trend. The other big mistake is thinking you can list the practice for sale in May or June and expect to have it settled on June 30. It may have taken 25 years to grow and develop the practice so recognise the selling process might take several months, not a week.

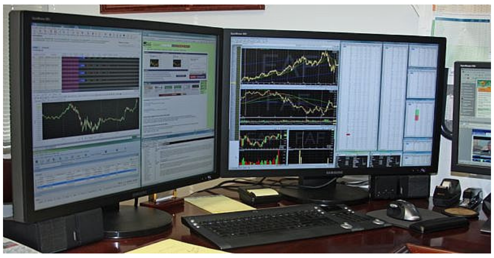
10. **Changing Your Mind** - If there is even a hint of doubt about selling the practice, don't begin the process. The last thing you need is regrets about having nothing to do every day, a colleague saying the price was too low or having clients question your choice of buyer. Be clear you definitely want to sell and if it is a good deal from the beginning, don't let outsiders or self-doubt influence the sale.

P.J.Camm & ASSOCIATES PTY LTD ABN 70 006 977 484

The GENERAL JOURNAL

PRACTICE OF THE FUTURE

Double Vision … Double Profits?



In the last few editions of The General Journal I have examined some of the systems and processes we are likely to see in the 'practice of the future'. In this edition let's look at a trend that is already getting traction with accountants - dual screens.

More and more accountants are improving their productivity by adding a second and sometimes a third monitor on their desks. Suppose you are working on a client's current year tax return and need to compare it to last year's. Previously you could pull up both returns, minimise one and have one open then toggle back and forth. That works, but is inefficient. Alternatively, you could print one out and use it for comparison, wasting a lot of ink, paper and money. With dual screens you can have both open right in front of you at the same time.

For such a simple change you can expect big improvements in productivity. Accountants use dual or multiple screens for a wide variety of applications and most eliminate the need to print including:

- Comparative analysis between documents like tax returns or financial statements
- Report creation, reserving one screen for resource materials while typing the report on the other
- Monitoring email on one screen while working on the other
- Researching complex issues while working on a document or tax return

Are multiple monitors worth the cost? Tech-savvy accountants and other experts say there is no doubt about it. Depending on the tasks you are doing, the increased efficiency could pay for an additional monitor in a single day. Though most dual screen disciples recommend similar size screens with the same resolution on each (to minimise the need for your eyes to adjust) they also admit that it is not a necessity. If you have the desk space, CRT monitors work fine but the flat panel screens are less intrusive.

As for moving between screens, that should just be a matter of pointing your mouse or using Alt-Tab. If you want a task bar on each screen you may need to get a software program such as Ultra-Mon or Multi-Mon but that's optional, especially if your computer uses Vista (XP will probably also work). A suburban Melbourne accounting firm has been paperless for 8 years and running dual screens on all desks. Their IT Manager, Andrew Leinart, consults with accounting firms to help them implement paperless office and dual screen technology. Andrew can be contacted on (03) 9853 7300 or 0417 584 972.

Discussion Group Presentations

Over the years Pat Camm has presented at numerous Discussion Groups on a range of different topics. He has recently developed several new presentations that run for between 30 and 60 minutes and call us if you are looking for a speaker on the following topics:

1 Marketing Your Practice

No doubt referrals are the major source of your growth, yet so many accountants struggle to ask for them. What are you doing to maximise referrals from your existing clients? You need a systemised approach that is supported by tools to remove that uncomfortable 'selling' feeling.

Marketing should be a continuous process for accountants and all your business resources play a role, including staff right down to the reception area, letterhead, business cards, your website and practice brochures. Your marketing efforts aren't all about new clients either, your first priority is retention before acquisition. Your marketing should aim to broaden and deepen the services you offer to clients, improve the overall quality of clients and expand the base of preferred clients. Get an overview of the processes and tools successful firms are using.

2 Tools of The Trade

You'll get a demonstration of the tools, software programs and techniques leading firms are using to improve their practice profitability, efficiency and value. A number of the tools are designed to streamline the client process including business start-ups, benchmarking, negative gearing analysis , budgets, business plans and business performance.

P.J. Camm & Associates
ABN 70 006 977 484

The General Journal

CASHFLOW MANAGER

Version 7.5.0.2

Version 7.5.0.2 of Cashflow Manager has been released and is available free to clients who are current in their CARE support subscription. It contains several very important features that both clients and accountants have requested:

- Before the release of Version 7.5.0.1, clients would send their file to their accountant and if they kept working on the file and later restored the file edited by their accountant they would lose their additional data entry. Not anymore. Separate instructions on how to isolate the Cashflow Manager component of the file were sent out with your Version 7.5.0.1 update.
- There is a data purge feature so for example, clients who have been using Invoice Manager for the last 10 years (and have huge data files that is slowing the operation of the program) can now purge their old data and reduce the size of the file.
- Your Member ID will now appear in the bottom left hand corner of the screen making it easy to access when calling or emailing for support.

For 'Inner Circle' members, please download the Version 7.5.0.2 update immediately. You'll also find the Cashflow Manager website (www.cashflow-manager.com) has been upgraded to include a number of additional support and training tools including an updated support library and training videos. As always, we remind you that you should do a backup before you install any updates!

Wages Manager Updates

Any client running Cashflow Manager GOLD or Wages Manager (stand alone) and are current in their CARE support would have received an update for Wages Manager in July 2009 which incorporates the 2009/10 Tax Scales. It is vitally important that you and your clients are running the latest Wages Manager update so you are calculating employee pays at the correct tax rates. Clients who are not current in their support and wish to have access to the Tax Rates Compliance Update will need to contact Cashflow Manager head office on 1300 88 78 68 and purchase a 'Refresh' package.

The greatest compliment we receive from our network of 2,000 Victorian and Albury based Accountants is the referral of their colleagues.
Thank you for your trust and confidence.

Cashflow Manager & Macintosh

Cashflow Manager was designed specifically to operate on the Windows Operating System. There is no immediate plan to design a 'Mac' compatible version, however, many users who have added the emulation software 'Virtual PC' to their Macintosh system are successfully using the programs.

We have not tested Cashflow Manager on this type of system and cannot guarantee any support if a compatibility issue arises or a failure occurs on the Macintosh and 'Virtual PC' system.

Cashflow Manager Training Workshops

We continue to run regular evening Training 'Workshops' (7pm - 9pm) at our Carnegie training centre.

Upcoming workshops are scheduled for:

Monday 12th October 2009
Monday 26th October 2009
Monday 9th November 2009
Monday 23rd November 2009
Monday 7th December 2009

Cashflow Manager & Vista

Microsoft has installed strict security protocols on the Vista operating system which may restrict access to Cashflow Manager files unless the software has been installed to run as an Administrator.

Operators using Vista will need to know how to change their computer settings to access Cashflow Manage files. When running Cashflow Manager 7 on Vista, the executable file (CFM7.exe) needs to have its Properties set to run as Administrator. This will need to be done when first installing Cashflow Manager 7 or whenever applying an update to the program as the executable file will be replaced.

Instructions on changing the settings to allow Cashflow Manager to run on Vista are available from the Support section of www.cashflow-manager.com or alternatively email us at admin@pjcamm.com.au and we will email you the instructions.