

Practice Management Tips for Small & Medium Practitioners

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- ✓ *Management is, above all, a practice where art, science and craft meet.*
-Henry Mintzberg

- ✓ *The essence of the best thinking in the area of practice management can be captured in a single phrase: Organise and Execute around Priorities*
-Stephen Covey

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Agenda for the Day

- i. Changing shape of Professional Practice & Challenges
- ii. Knowledge Management
- iii. Client Management
- iv. Time Management
- v. Practice Development Tips
- vi. Practice Improvement Tools

Some Key Statistics – Composition of Firms

Proprietary Concerns / Individual Practice	31,144
Firms with 2-3 Partners	9,265
Firms with 4-7 Partners	1,682
Firms with 8-10 Partners	196
Firms with 11-13 Partners	27
Firms with 14-17 Partners	9
Firms with 18-20 Partners	16

Source: https://www.icai.org/new_post.html?post_id=67

i) Changing Shape of Professional Practice

- ▶ Transition from Traditional practice- Competitive & Non-remunerative
- ▶ Stagnating Fee Structure
- ▶ Shift from compliance related to value added work
- ▶ Need to provide multi-disciplinary services
- ▶ Increasing complexities in each discipline
- ▶ Importance of specialization and niche practice
- ▶ Introduction of new statutes and continuous updation / changes in the same

i) Changing Shape of Professional Practice

- ▶ Compliance to AS / IND AS / SA / Guidance Notes / ICDS etc
- ▶ Increased Regulatory Expectation / Public Expectation / Regulatory Oversight
- ▶ Increasing dependence on technology in compliance matters
- ▶ Changing composition of staff and their cost structures
- ▶ Client relationship now more professional than personal
- ▶ Empanelment based work shrinking
- ▶ CPE for self / partners / staff

i) Challenges of Professional Practice

- ▶ Need to shift from proprietorship model to multi-partner model / need for networking / need for PR
- ▶ Increasing dependence of technology (spreadsheets, mails, e-invoices, e-payments, office management software, etc.)
- ▶ Increasing costs – dramatic change in gross margins in practice
- ▶ Billing skills

i) Challenges of Professional Practice

- ▶ Bringing a change in the old school approach of practice (investment in manpower, delegation of work & authority, accepting increased cost structure, audit automation, standardization of formats, maintenance of time sheets, etc.)

Myths of the CA Profession

- ▶ Only big firms are required to have complete and proper systems.
- ▶ The time required for developing systems can be spent more productively
- ▶ A traditional practice does not need systems as the owner knows everything.
- ▶ “I know everything and whatever I do not know, I need not know”
- ▶ My working is the best. I don't need improvement. It's the others who need to improve.
- ▶ The profession of a practicing Chartered Accountant is having a romance with Taxation and Audit.

ii) Knowledge Management

- ▶ In the Knowledge Business
- ▶ Proper Knowledge management is the key to growth
- ▶ Core competencies/ capabilities vs. Core Rigidities
- ▶ Exploration of Knowledge vs. Exploitation of Knowledge
- ▶ Codification vs. personalization of Knowledge

ii) Knowledge Management

Sources of Knowledge

- ▶ Internal Sources
 - Lying within individuals, embedded in behaviours, procedures, software and equipment
 - Recorded in documents
 - Stored in Databases and online repositories

- ▶ External Sources
 - Publications
 - Professional Institutions/ associations
 - Government Agencies
 - Strategic Alliances
 - Personal Connections
 - Consultants

ii) Knowledge Management

- ▶ Electronic Documents / Data & Backup strategies
- ▶ Data Security
- ▶ In-house Knowledge Portal- for single location
- ▶ Knowledge Portal For Multi-location firm
- ▶ Groupware and documentation technology tools
 - Central Knowledgebase
 - Development of a directory of firm specialists
 - Replication Capabilities
 - Linking of the firm's time and billing system to the groupware application

ii) Knowledge Management

- ▶ Version Control
 - Not talking about software version
 - Various drafts generated – in both soft copy and hard copy
 - How to save (File Name)
 - Reuse of softcopies
- ▶ Trash Management
 - No rough paper to be used
 - Trash the rough papers
 - Not only papers, other storage medias

ii) Knowledge Management

- ▶ Practice Management Applications / Softwares
 - Time and Billing
 - Managing and Scheduling Staff
 - Online Repositories of Knowledge
 - Good practice management softwares now also support audit processes by providing ready to use checklist customized to Indian Laws.

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By giving them reason to trust and respect you, your client relationship could actually become stronger than if you'd hit the deadline.

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iii) Client Management

Client Management Skills:

- ▶ Release regular updates (subtle way of conveying progress)
- ▶ Give your clients reasons to celebrate
- ▶ Remember: Patience, Patience, Patience
- ▶ Give appropriate importance to all clients
- ▶ Know your clients' niches
- ▶ Practice the old adage, "Honesty is the Best Policy"
- ▶ Make your Clients' aware of their own responsibilities

iii) Client Management

- ▶ Client Management Skills:
 - a) Communication
 - b) Understanding
 - c) Balanced Approach, combining realism and optimism
 - d) Problem Solver
 - e) Creative & Innovative
 - f) Focus on Details
 - g) Organisation
 - h) Confidence when persuading clients to make the right decisions
 - i) Retain the ability to let go of a client

iii) Client Management

▶ Client Management Pitfalls to Avoid:

a) Not Prioritizing Clients

Don't focus on attracting new clients so much that it hinders existing relationships. Your organization's success is determined by what portion of current clients you can retain

b) Not Listening to Clients' Needs

Don't try to sell clients new services when the ink is barely dry on their first contract. Closely listen to their goals and to what they actually need.

c) Being Disorganised

Keep everyone concerned in your organization updated on each client. They should know the status of a current project, goals, and all recent communications for every client.

iv) Time Management

- ▶ Why is Time Management Important:
 - ✓ Better Task Management
 - ✓ Higher Productivity
 - ✓ More Focus & Less Procrastination
 - ✓ Gaining Better Opportunities
 - ✓ No Stress Levels
 - ✓ Better work-life balance

iv) Time Management

- ▶ Some Time Management Tips:
 - ✓ Create a Daily Task List
 - ✓ Set goals that are “SMART”, Specific, Measurable, Achievable, Realistic & Time-bound
 - ✓ Keep mornings for MITs, Most Important Tasks
 - ✓ Use Time Management Tools such as Time Sheets
 - ✓ Track your Time
 - ✓ Avoid multitasking

iv) Time Management

- ▶ Some Time Management Tips:
 - ✓ Perform Audit of your Time
 - ✓ Schedule your Breaks
 - ✓ Keep a list of Back-up Tasks
 - ✓ Organise your Desk, Inbox, Task List, etc.
 - ✓ Use your Calender
 - ✓ Communicate your Workload with your Team

iv) Time Management

- ▶ Some Time Management Tips:
 - ✓ Learn to say “No”
 - ✓ Delegate non-essential tasks, if you can
 - ✓ Group similar tasks
 - ✓ Discipline clients to schedule appointments
 - ✓ Maintain a Due Date Calendar with regular reminders
 - ✓ YOUR TIME BELONGS TO YOU

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- ✓ *It's not enough to be busy, so are the ants. The question is, what are we busy about?*

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v) Practice Development

- ▶ 5 Essential Elements of a Winning Business Plan:
 - i. Set your Destination
 - Client Retention
 - Client Lifetime Value
 - Introduce New Services
 - Expanding your networking presence
 - ii. Focus your Approach
 - iii. KPIs & Dashboards
 - iv. Understanding & Aligning with Clients' Needs
 - v. Determine Resource Needs

vi) Practice Improvement Areas

- ▶ Value Addition to Clients

Remove the perception of being a “Necessary Evil” in Audit & Taxation in the minds of clients. One needs to add value to clients on an ongoing basis and document value added to clients.

- ▶ Increase Delegation of Work

- ▶ “Service First” Attitude

- Money cannot be harvested unless we plant the seeds that grow the money. And the seed of money is service.

- Do not promise better performance: Demonstrate better performance.

- There never is a demand for anything second-class, especially when it is given a first-class price tag.

vi) Practice Improvement Areas

- ▶ Plug Revenue Leakages (Certification, Oral advisory on phone / meeting etc.,)
- ▶ Make Products of Services (Preparation of Manuals, Company Formation, Compliance audits, etc.)
- ▶ Systemize work procedures in writing (Standard Operating Procedures or SOPs)
- ▶ Do Proper Client Appraisal- whether he has the ability & willingness to pay proper/ reasonable fees
- ▶ Job assignment should be clear to the CA and the client by documenting it in the engagement letter to avoid unpleasant expectation gaps
- ▶ Quote fees for work only after proper analysis of work, time & man power required
- ▶ In case of new work/ large work, take advance payment/ installment of fees as the work progresses

vi) Practice Improvement Areas

- ▶ Projection of Services : Rendering Personalized Service with a more broader exposure covering Audit, Income Tax , GST, IFC, SAP, Consultancy / Troubleshooting, Virtual CFO, Designing of Internal Controls, etc. with different verticals in your organization or Project yourself as a specialist
- ▶ Raising the bar for standard of knowledge and competency for services to be rendered to clients
- ▶ More professional manner of billing on immediate basis and follow up and reminder for collections
- ▶ Use of Audit Tools
- ▶ Invest in your Team, Conduct regular Group Discussions, Panel Discussions, Presentations for Case studies allotted in advance
- ▶ Strive for a Team which feels more like a Family
- ▶ Have stress buster events for the entire team

THANKS!

Any questions?

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