

## Strategies and challenges from top UK accounting firms

Mid-sized and large accounting firms have been the cornerstone of the accounting industry for many years. But with an ever-shifting macroeconomic climate, the needs of your clients and firm will be changing.

Additional client services, digital transformation, marketing strategies, recruitment and building a future, both for your clients and also your own firm, will all be on your mind. Over the last few years, we've been working with accounting practices across the country helping to understand, support and shape their future.

## 14 Challenges in the profession and how other firms have solved them

1

### **Team retention & recruitment, especially at certain levels or specialisms (eg payroll, audit managers).**

Differentiating your firm as a local leader in the business community, that has a real impact on its clients; communicating your core values which are clear, strong and include, social responsibility, environmental sustainability, person-centred support, personal development and embracing diverse backgrounds; using your website and social media to communicate to potential recruits as well as potential clients.

2

### **Struggling for capacity to keep up with commitments and client compliance deadlines.** Having a strong recruitment and training plan, to delegate effectively and develop team members quickly.

3

### **Succession plans for retiring partners.**

Having a shareholders plan which considers valuations realistically and a long-term development plan for new partners. Also considering other routes such as acquiring other firms to bring in more senior team members or equity investment provide the capital to achieve exits.

4

### **Gradually moving client accounting platforms to cloud accounting and digital management reporting.**

Despite MTD being delayed, it's still an inevitable HMRC policy which will be implemented. Many firms now have a strategic focus to sell the benefits of cloud to their clients. Having a specialist expert in the firm to provide advice on the appropriate tech stack and training for clients and their teams.

5

### **Ability to cross-sell services between specialist teams such as corporate finance, business advisory, tax planning.** Firms which have a culture where client lists are completely open and able to be accessed by specialist teams partners and directors are encouraged or even targeted to refer clients to other colleagues

6

### **The increasing restrictions on auditors, the audit process becoming more onerous & subsequent fee pressure; managing requirements & inspections from regulatory bodies.** A compliance partner or access to a professional consultancy to provide the latest technical support and quality control for practices; offering added services to clients which are still possible under the ethical regulations.

7

**Keeping up with technical changes including tax, payroll, audit, financial reporting, company secretarial and increasing AML checks.** A technical partner or access to a technical service provision; using the market-leading software; ensuring continual training and sharing expertise around the firm

8

**Understanding increasing levels of small business legislation incl move to net zero, funding/grants & specific sector challenges.** Working with external partners who can support in those specialist markets; having regular market intelligence updates on the sectors in which the firm operates most commonly.

9

**Effectiveness of firm's own marketing activities & conversion to new clients or upselling services to existing clients, firm's profile in local community (to businesses/potential employees) & shift from Gen X to GenY/Z culture & expectations.** Having a marketing team in-house or an external consultant who can provide relevant content for your clients and software partners who can support with additional marketing resources.

10

**Keeping up with tech and digital tools (knowledge, cost, training) in practice management, interaction with clients (comms, online portals etc), business tools for clients.** Working with software partners who understand the accountancy market and provide ongoing training and support as part of their offering.

11

**Need to monitor productivity and performance targets – chargeable hours; billing targets; recoveries; bad debts; cross-selling opportunities.** Partners or Executive Senior Leaders who review the management and financial data regularly; supported by accurate practice management tools and a culture where the wider senior leaders are supportive of the firm's objectives and targets. Agile decision making can be aided by a smaller executive team.

12

**Cashflow pressures & future financial stability whilst maintaining income requirements of partner/directors, staff wages & equity investors (a growing number of firms now have external PE).** Partners responsible for managing the firm's own working capital and cashflow requirements for existing and future commitments; having a strong credit score and accessing external finance where necessary with an efficient cost of capital which provides a strong return on investment.

13

**Integration of new practice acquisitions.** As more firms choose to buy other practices for growth or to provide a route for exit, successful integration is key. Partners responsible for planning for the acquisition and ensuring key milestones are met in order to fulfil the original business plan.

14

**International networks & relationships with professional firms (accounting, tax, legal) in other countries to gain advice for their own UK clients & provide advice to overseas businesses with UK subsidiaries.** Being a part of an international network and having access to other experts in various countries; investing the time to build relationships and trust to be able to pass and receive a growing number of referrals; marketing the practice demonstrating expertise in such topics as exporting, inward investment and trade credit.



# 5 key strategies to support the future of your firm

1

## How to get creative with offering new services whilst adding value to audit clients.

Due to the new FRC's Revised Ethical Standard, as an auditor it's become increasingly difficult to differentiate your service offering for audit clients while staying compliant with ethical regulations. [Learn how you could get creative with offering more](#) whilst remaining within the regulations.

2

## Evolving from an auditor to an impactful adviser.

Are you looking to move your team beyond the role they may have traditionally had as an auditor? With insights and reports, all your team can be confident to have wider commercial conversations with your clients and offer advisory work such as business planning, fundraising and exit planning. Read more [here](#).

3

## Segment your practice's digital strategy depending on the type of client.

Developing a digital strategy to cater for both larger and smaller clients is becoming increasingly important with HMRC's MTD rollout still on the horizon. [Read on](#) to see how accounting firms have successfully transformed all their clients to cloud accounting, providing valuable insights to the boards of their larger clients.

4

## The democratisation of the accounting industry: How the smaller firms are taking larger clients on.

Discover how younger accounting firms are changing the focus of client services and their recruitment strategies, attracting high-growth clients along with top talent. With insights from the leading younger firms, learn how they are competing with the traditional firms in an ever-increasing competitive market. Read more [here](#).

5

## Attracting a new age of clients and workers to build a culture of workforce of the future.

The pandemic changed the people's attitude and behaviours towards work. From graduates staying on for further education, to experienced professionals retiring early. The workplace has changed post pandemic. How your firm keeps its staff, attracts new staff and continues to invest in and retain the staff you have today will be integral to shaping the future of your firm. Read more [here](#).

## How Capitalise can help your firm

We're already working with hundreds of firms like yours, who are facing the same challenges and asking the same questions. To find out more about how we can help you reach out to:



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