

## **HOW YOU CAN WORK MORE EFFECTIVELY WITH YOUR ACCOUNTANT**

### **MINIMISING ACCOUNTING COSTS**

Our aim is to create a professional, happy and friendly working relationship, which gives us the opportunity to provide you with the best possible service at a reasonable cost. To do that, it may help by informing you of the process the team at Manning Tax & Business Consultants undertakes to complete your job. Some common questions we get asked are:

**QUESTION: HOW DO ACCOUNTANTS CHARGE?**

#### **ANSWER:**

All Accountants charge for their time. The longer it takes to prepare your Return/Financial Statements, the more expensive it is going to be. Some businesses make money by selling hamburgers; Real Estate Agents get paid commissions, and ACCOUNTANTS SELL TIME. The more presentable your accounts are when they are submitted, the quicker we can get them done, and therefore the more cost effective it is for you. We only have 7.5 hours per day to sell and we would not be in business if we gave our product away.

**QUESTION: CAN YOU GIVE ME A QUOTE FOR THE JOB?**

#### **ANSWER:**

Just like its impossible to quote a building job over the phone without looking at the plans, or to value jewellery over the phone, it is not possible to know how long any accounting work might take.

Two sets of books for the same business can take twice as long for one set as for the other depending on how the books are presented. Please work with your Client Manager to try to minimise the time, hence the cost. Ask your Client Manager for a more efficient way of presenting your books to us. The more you do the less it will cost. Make sure everything is there. Should the Client Manager have to pick up and put down your work waiting for missing information, it will take longer and therefore it will cost more.

**QUESTION: YOU'RE MY ACCOUNTANT WHY IS MY CLIENT MANAGER PREPARING MY TAX RETURN/FINANCIAL STATEMENTS?**

**ANSWER:**

It's more economical to you. It's silly to use a surgeon to stitch a minor cut when a G.P. can do it at a much lower cost. The surgeon cannot do it any better than a G.P. It's overkill to have a surgeon do it. Don't forget that the Client Managers are doing this every day, and when you do something daily you become very quick and efficient at it.

Most of our team have University Degrees or are in the process of attaining one. In fact, some are in the process of attaining Chartered Accountant, CPA or similar qualifications. Brian is already a Chartered Accountant, as well as a registered company auditor and tax agent, and usually spends a minimum of 60 hours per annum on CPE.

Your Client Manager will handle your day to day needs including preparation of Income Tax Returns. They may or may not have the experience to answer investment, strategic, structural or tax planning questions. That is not their role. Brian will look after answers to those high level questions. You may, however, like to direct those type questions in the first instance to your Client Manager. If they are unsure of the answer they will either find out or Brian will call you back with the answer.

If you are unhappy with your Client Manager for any reason, please by all means notify Brian, and we will allocate you to a more suitable Client Manager. While we always endeavour to initially match you with the right person, there can be personal reasons for wanting someone else. That is another advantage of dealing with our firm – we are big enough to look after all of your needs, and small enough that we still know all of our clients. So speak out if you are unhappy with anything at all and we will do our best to correct it.

Also note that if you are ever not confident with an answer given to you by a Client Manager, please do not hesitate to confirm the answer with Brian directly. If necessary we can access our resource network, including PKF Chartered Accountants – a major international firm.

**QUESTION: WHY DO MY FEES SEEM TO INCREASE EACH YEAR?**

**ANSWER:**

Basically three reasons

1. There is a lot more work this year. Example, there could be extra lease or turnover/activity has gone up, extra things you required us to do. Capital gains tax calculation, sale or purchase of a business, or purchase a new investment property.
2. Increase in our charge rates as labour costs are going up each year.
3. Due to missing information. If information is missing your client manager will leave the job, pick up a new job and won't come back until the current job is complete. The more often a job is put down & picked up the more time is added to the job.

It is in our interest to complete the job quickly so we can get onto completing the next job. We earn the same amount of money and have a lot more happy clients.

**QUESTION: THE MYOB / QUICKBOOK SALESMAN SAID THAT THE SOFTWARE SHOULD REDUCE MY ACCOUNTING COSTS BUT IT'S ACTUALLY DOUBLED!**

**ANSWER:**

The cost of accounting services to you depends on the time it takes for the accountant to prepare your accounts. When you purchase software, there is the potential to reduce the time it takes the accountant, if the information has been entered following standard accounting conventions. If the information has been entered without proper accounting training, the accountant will need to sort out what has already been done, and then re-do it. Basically, if there is garbage in, there is garbage out. It takes much longer to sort out garbage than it does to put it in the right area in the first place. The most frustrating thing (and every Accountant says the same thing) is when a client gives us a years computer printouts (after spending hours getting it to this stage) and we have to spend even more hours sorting out the mess.

Efficient computerisation of your accounts depends solely upon the operator. If the operator is well trained and disciplined, then it definitely reduces the accountant's time. However if the operator is not trained, or lacks coding knowledge and discipline, then it takes a lot more time and we need to use more qualified (higher cost) Client Managers. The ability of the operator usually depends on the level of training they have undertaken. Usually the cheaper the software package, the higher the level of training required. Skimping on training means higher accountancy fees required to correct the situation. If the operator is not skilled then it is much more cost effective to use a simple manual cashbook system (or simply supply cheque butts & bank statements). When the client does this, we can use a more junior staff member to process the information at a lower charge-out rate, thus saving the client money. Please speak to your Client Manager to determine the best software package for your business. Take advice from a software salesman with a grain of salt. Your Client Manager is the best person to assess your accounting software requirements.

**QUESTION: WHEN WILL THE PRINCIPAL LOOK AT MY TAX RETURN/ FINANCIAL STATEMENTS?**

**ANSWER:**

After your work arrives in our office, the Client Manager and support staff process the information, and produce a draft set of accounts. They then meet with the Principal, who will review the work and discuss appropriate planning. It is this planning discussion that could save you thousands of dollars. This process allows the Principal to spend quality time, while the Client Manager spends quantity time. After this meeting, the Client Manager finalises the accounts according to the Principal's instructions. As a result of this meeting, sometimes the client is called in to discuss various issues or look at different options. This process is similar to the surgeon and the nurse or the Obstetrician and the mid-wife. These processes are designed to minimise the costs to the client, while still giving top level advice and service.

**QUESTION: I ASKED YOU TO RUN YOUR EYE OVER THIS DOCUMENT AND YOU SEND ME A BILL!**

**ANSWER:**

Don't forget our business is to sell time. If the task takes less than 5 minutes (like a phone call) then *we do it for free!* If the task takes more than 5 minutes, we charge for it (including phone calls). We only have 7.5 hours per day to sell. If we gave it all away for free, we would not be in business, and therefore would be unable to serve you when you need us.

Whenever we request an answer to a question from our tax solicitors they send us a bill. Once again, this is based on the time spent (at \$350 / hour). It's not unusual to get a bill for \$87.50 for a 15 minute phone conversation. This is standard practice. We understand that if we want their time we have to pay for it.

**QUESTION: WHY HAS IT TAKEN SO LONG?**

**ANSWER:**

During the PEAK PERIOD between August and March, there are up to ten million people and two million entities wanting their tax return completed. During this time the turnaround time may stretch out to 3 – 4 months or more. The sooner you get your information in, the sooner your work will be completed. Every Accountant in Australia is in the same boat. So please be patient.

Missing information will also delay the job, so it is imperative that when you send your information in, it is complete.

In the OFF-PEAK PERIOD between April and July turn around time drops back to a few weeks.

Remember how hard it is to get accommodation during school holidays? Just like there are peak and off peak periods for holiday accommodation, so too is there peak and off peak periods for Accountants. So be prepared for delays in the peak period between August and March.

**QUESTION: HOW ARE YOUR FEES COMPARED TO OTHER ACCOUNTANTS?**

**ANSWER:**

We are about 30% better value than city firms and similar to or about 10% better value than other firms of a similar size.

<b>QUESTION:</b>	<b>HOW DO WE KNOW THIS?</b>
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**ANSWER:**

There are three reasons:

1. We compare our rates with other Accountants every six months, and ensure that we are less than the average country practice.
2. Since we started the business, we have grown by 5% to 10% per annum. If we were too expensive, clients would not come back. On the contrary, we minimise advertising, which means most of our growth is through the word of mouth of happy clients. We believe that a business needs three things to grow, and strive to provide all three:
  - (a) Reasonable prices
  - (b) Good service / product
  - (c) Honesty
3. Whenever we complete the work of a New Client, we are usually told that it is between 10% to 50% better value than their previous Accountant. If the client came from a city firm we are consistently 30% to 50% better value.

Generally, we find that the only accountants that are cheaper are the one person operators working from home. You must remember though, that they do not have the resources to keep at the cutting edge of tax changes. ***While you may save a few dollars in accounting fees, it could potentially cost you thousands of dollars in lost tax benefits.***

### **PAYING ACCOUNTS ON TIME**

Please help us provide you good service by paying your accounts on time. Without payment we cannot provide the resources to give you prompt service. Some clients take a long time to pay but expect us to drop everything and attend to their needs immediately. It must be a two way street. A win / win for both.

You deserve to get the best service possible, and we deserve to be given the opportunity to provide it within the constraints available to us.

### **THANK YOU**

We would like to take this opportunity to thank you for giving us the opportunity to manage your accounting and financial affairs. We can assure you that we are managing our business in order to give you the absolute best that this profession can offer.

We assure you that we will provide you with the kind of services that have existing clients coming to us with comments like: *“the team of people at Manning Tax & Business Consultants are beyond doubt the best group of professionals I have had association with”*.

We appreciate the confidence you have shown in our team and we will strive to continually improve that level of service by following our motto of “Continuous Development and providing you with peace of mind that we handle your affairs as if they were our own”.

## IN SUMMARY

Twelve steps to help you minimise accounting costs:

1. Efficient computerisation – select the most appropriate software, and ensure that you undertake appropriate training. The level of training determines the quality of work produced and hence the level of accounting fees paid.
2. Provide all the information in the first instance.
3. Summarise and reconcile as much as possible
4. Explain any unusual events at the initial meeting with your Client Manager
5. Ask yourself the question “can I attend to this without contacting my Client Manager” i.e. sometimes you may contact us to fax copies of documents which you may already have in your possession. For example Tax Returns.
6. Discuss with your Client Manager areas that can be improved or work that you can do to present the job better.
7. Use your Client Manager for the minor things and use Brian only for the strategic things.
8. Use the Secretary for secretarial matters – not the accountants.
9. Provide missing information quickly.
10. Do most of the running around yourself. For example calling banks and solicitors, collecting statements etc.
11. Use email to ask questions. The general email address is [mtbc@mtbc.com.au](mailto:mtbc@mtbc.com.au) (or contact your client manager for their email address). If you don't have email, we can arrange a solution – please talk to your Client Manager.
12. Check out our Website at [www.mtbc.com.au](http://www.mtbc.com.au) for frequently asked questions and other valuable information.
13. Remember that Accountants sell time. The more time we spend on a job, the more it will cost. Be efficient and business-like when speaking to or spending time with your Client Manager. They are accountable for the 7.5 hours per day spent at the office. The full 7.5 hours is chargeable to clients. Be mindful of this if you are in a mood to chat.