



Which Finch are you? You must be a specialist..... in many areas!

Darwin was interested in Finches. The engrossing thing about Finches is of course their range of shape and form reached after specialising to take advantage of a wide range of foods and habitat. One noticeable difference between Finches and accountants in practice is that the development of the former is gradual and genetic whereas accountants are capable of making conscious decisions to instantly adjust and take advantage of their environment and become specialists, adapting to take advantage of a particular food source. In this article I will put forward the case for accountancy practices to specialise in a range of sectors and I will give some practical advice on how to go about it.

There are strong arguments for practices to adopt a strategy to evolve by using their resources and capabilities to dominate sectors through differentiation. The return on marketing investment is vastly improved, due but not exclusively to; the perceived value of sector experts, the ease of identifying networks, the safe reciprocity arrangements and the ease of gaining editorials, positions on panels and speaking engagements. There are also quantifiable production or output advantages that sector specialists gain: compliance fees, financing through known lenders, structuring of deals; right the way down to automated accounts production processes.

The alternative to competing through a differentiated position is to compete through a consistent drive for superior efficiency or lower cost. The difficulty with efficiency and cost is that sooner rather than later your competitors catch on, compete on price and margins fall. Whereas dominating a sector through differentiation creates a barrier which competitors with a cost advantage find hard or expensive to compete against, consequently, margins are more easily retained. Interestingly some practices may also adopt a cost or efficiency strategy and subsequently super profits are attained.

The challenge for most practices is to build these sectors while developing or maintaining the rest of the practice. At Chartered Developments we have been particularly interested in those practical activities that are employed to build and maintain sector dominance.

The enviable position attained by some sector leading practices has been gained through a mixture of historical serendipity and good business management. The founding partner was good at Shipping, Schools, Medical practices, Insurance, Motor and Retail, so, the practice built an expertise in both delivery and marketing within that sector. However more and more practices are now taking active management steps to target sectors. The following are ideas to consider.

Consider regulation. The more regulated a market is, the greater your ability to differentiate your service specialism. Your knowledge is in short supply and people fear falling foul of regulation, consequently the risk of moving to you is reduced and from you is heightened. This common held view should help you to understand that even if your market is not heavily regulated, you should still use what regulations there are, or any changes in regulations to differentiate your practice and create fear. The practical steps you can take are:- Be a spokesman on your subject, be the first to market with news or even pre-empt news with discussions on White papers etc. Maintain peoples fear of regulation by showing how you have helped poor unfortunates who fell foul through their own neglect. Teach or blog on the subject. Create discussion documents on the effects of impending changes, and finally, ensure that your community of potential clients know what you are up to. It is of course no use if you go to all this effort and then keep it a secret.

Trade associations and governing bodies are of immense service. You can: - Be a panel specialist for referred work. Advertise in journals, websites and newswires. Write editorial and use the editorial in your own marketing material. Sponsor, speak and exhibit at their events. Know other specialists and agree reciprocity arrangements. Buy their subscriber database. Attain a rank on their committee. Run joint events. Run user groups and training events. Or even set up your own association. Blog on their network. All at a local or national basis.

Consider IT. The accountants enviably loyal clients have in recent times become a touch flighty, some people even say they are disloyal. On the other hand good IT managers or consultants are in great demand, it's a value thing. Those practices which are delivering IT solutions bespoke to a sector have a competitive edge, which helps attract clients and which, once again, builds a fortress around their client barring competitors.

Don't ignore the graduates

The serious bright young things entering professions and sectors are tomorrow's owners. Where they can be identified and corralled into collectives, they should get your full attention. For example, there is a clever practise which offers first year Barristers a full year's free support and tax return.

Once the decision has been made to create some sector specific specialisms. The questions that still remain are; which sectors and where do we start. In theory, any sector is possible, however in practise, someone in the practice will need to champion the cause. Consequently it will help if they have some empathy with the subject matter, so are we back to historical serendipity? The answer would seem to be 'yes' with the caveat that this true strategy can be engineered. Audit managers with a penchant, for example in the motor trade, care homes, insurance or building, should be given the green light, resources and a plan to get on with it. Practices could and some do make a point of recruiting those with dual qualifications, i.e. surveyors turned accountant, those from specific industry's who have moved into practice and IT consultants who know an industry well.

Where practices start is with a plan. They understand the importance of being a Finch and they need to decide how to make room in the practice for more.

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