



PERSPECTIVE

What will it
take to thrive
in a changing
environment?

I'm with Macquarie



What is this report?

This report is based on an in-depth survey of 396 accounting and financial advice firms, conducted in December 2017 by Macquarie's Banking and Financial Services Group. It also includes insights from the previous study of 355 firms in December 2015, together with perspectives from Macquarie's accounting and financial services sector specialists who've worked in the industry for more than a decade.

Macquarie has been benchmarking the performance of Australian businesses for over 10 years across professions including accounting, legal services, financial advice, mortgage and insurance broking, strata management and real estate.

Why is benchmarking important?

We've found that industry benchmarking provides actionable insights firms can use to improve both day-to-day business performance and longer-term strategic planning. With benchmarks, firms can compare their performance to others across the country, identifying the strategies, mindsets and behaviours driving change and powering the success of the industry's best performers.

Our 2016 report focused on challenges in a converging professional environment and the ongoing importance of delivering value to clients, staff and owners - themes which are still relevant today. However, as the market continues to evolve, new challenges have arisen, as firms seek to attract and retain clients, appeal to high-performing staff, and re-engineer their business models for success in an intensively competitive advice landscape.

This 2018 report uncovers the ways Australia's most successful advice firms are positioning themselves to capitalise on the opportunities created by a changing market.

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The high performers

Accounting and financial advice firms are experiencing an accelerating pace of change, driven by increasing consumer expectations, technological advances and significant macro-environmental shifts. All dimensions of a firm are being impacted at once with evidence of margin pressures, challenges to growth and client acquisition, an overwhelming array of new systems and solutions to consider and the need for the best staff to help navigate it all.

Change is the new normal. 96% of firms agree that the role of the adviser is evolving.

So how do firms adapt quickly enough to futureproof their business in a dynamic market?

Leading the way is a small cohort of high-performing firms, which we call our **best practice benchmark**. These firms stand out for their sustainable earnings, client focus and growth mindset. They use a range of strategies to improve profitability, investing in staff and systems to boost productivity and enhance client experience. As a result, they excel at winning referrals and reaching out to potential clients across generations.

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We selected these firms (13% of survey respondents) because their high performance demonstrated both scale and sustainability. By taking the average of their results and applying our perspective from extensive experience in the industry, we provide the best practice benchmark used throughout this report.

.....

The high performers

.....

Revenue

\$2m+

Earnings before interest and tax (EBIT) as a % of revenue (before partner salaries)

40%+

Profit growth in FY2016/17

Positive

.....

What makes the high performers different?

 Today's pace and complexity of change means that accounting and financial advice firms need to evolve and adapt more quickly than in the past. Delivering exceptional client value through talented, high-performing teams using new technologies to improve efficiencies and profitability is now critical to success. Now more than ever, access to a broad range of perspectives gives insight, clarity and direction for a high-performing future. That's why, with this report, our aim is to reveal what the industry's best performing firms are doing differently, what makes them distinctive, and what other firms can learn from them."

Sherise Mercer

Head of Macquarie Virtual Adviser Network, Macquarie's Banking and Financial Services Group

1

A proactive approach to improving profitability

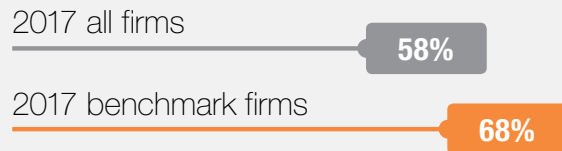
Benchmark firms aren't just relying on one or two strategies to improve profitability, but are proactively embracing a broad range of initiatives. This helps them to remain agile, meaning they can constantly assess the effectiveness of different strategies and respond quickly to a changing environment.

What do you believe are the most effective strategies to improve profitability in the current market?

Clients

Converged firms typically have a service offering anchored on a specific client proposition, not a menu of services. The specific proposition may target a niche demographic, or may promise to solve a specific set of problems experienced by a tightly defined group – for example, self managed superannuation funds.

Adding value to existing clients



People

Successful firms invest in building collaboration skills to ensure effective cross-discipline coordination. This helps employees develop their client relationship management and leadership skills, and provides opportunities for staff to access broader roles in the organisation, resulting in higher retention rates.

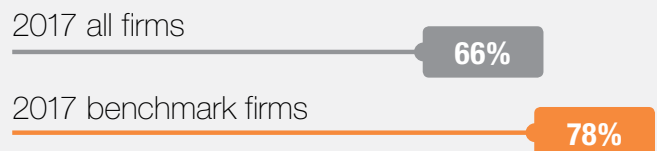
Retaining high-performing staff



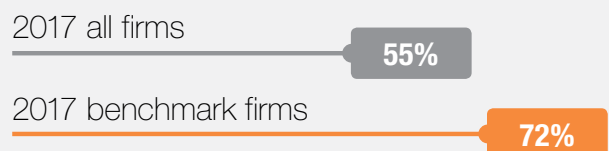
Systems

High-performing firms are investing in data aggregation dashboards and customer relationship management (CRM) solutions which provide a better single view of the client and a cross-business unit view of operations. This helps highlight gaps in what services are being provided to clients, and enables firms to engage proactively with clients to bridge these gaps.

Improving profitability through efficiency gains with technology



Improving profitability through process improvements



What makes the high performers different?

2

An appetite to grow through business acquisitions

Benchmark firms are not alone in seeing growth via acquisition as an effective strategy for future growth. In 2017, one in three firms across the industry planned to buy a client base in the next three years. In response to this demand, new education standards coming into effect in 2019 may increase the supply of practices for sale, as a number of advisers may choose not to complete additional education requirements.

Benchmark firms stood out for their greater appetite for purchasing entire practices, rather than just a client base. This approach is frequently driven by a desire to expand the firm's service offering or extend its geographical footprint, bringing new people and new systems into the practice. This can create integration challenges that only well-prepared firms can tackle confidently, by bringing in fresh ideas and new capabilities.

Acquisition plans for the next three years

Plan to buy a client base



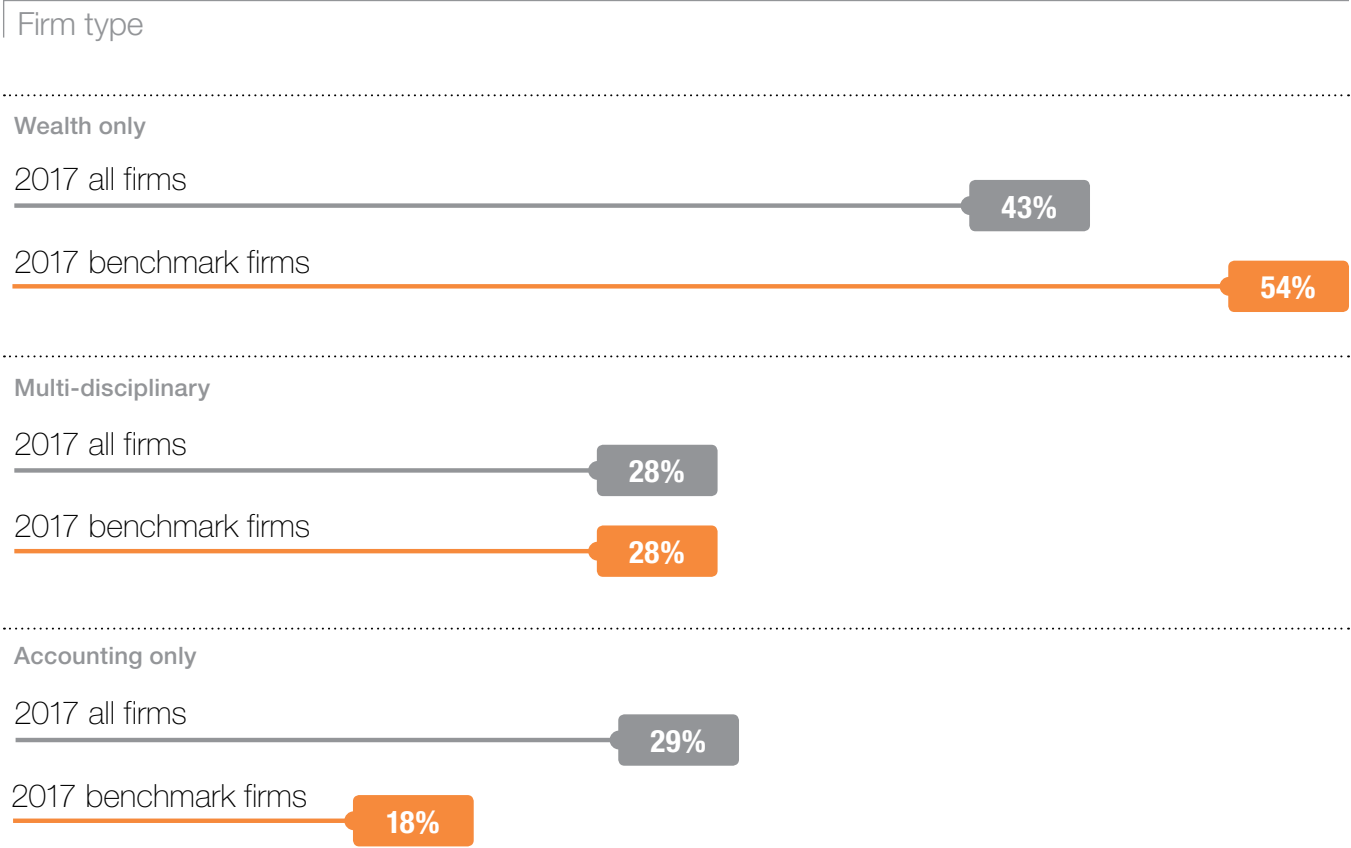
Plan to acquire another practice



3

An offer that includes wealth services

Benchmark firms were more likely than their competitors to offer wealth services including financial planning, insurance, share trading or debt advisory, either as part of a multi-disciplinary offering or a specialist wealth-focused practice.



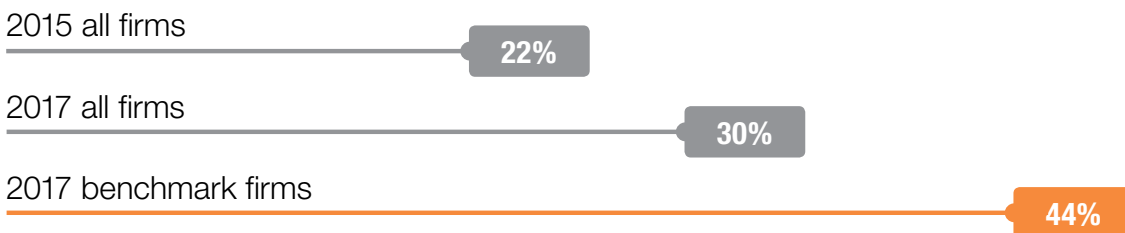
What makes the high performers different?

4

More likely to hold their own AFSL

While self-licensing has generally grown more popular since 2015, it is particularly common among benchmark firms - suggesting a desire to drive their own strategic agenda and more clearly differentiate their client proposition.

Firms holding their own AFSL



“What makes high performers different? Simply put, the way the business owners are making decisions in this changing market. These high performers all show a **growth mindset** – an ongoing drive to implement incremental but measurable change across their practice.

It’s not just about reducing cost, but also understanding the areas where you need to improve and then making sustainable investment in areas which will reduce back-office burden and allow for a better client experience. The incremental approach mitigates risk by allowing for a speedy response to change.”

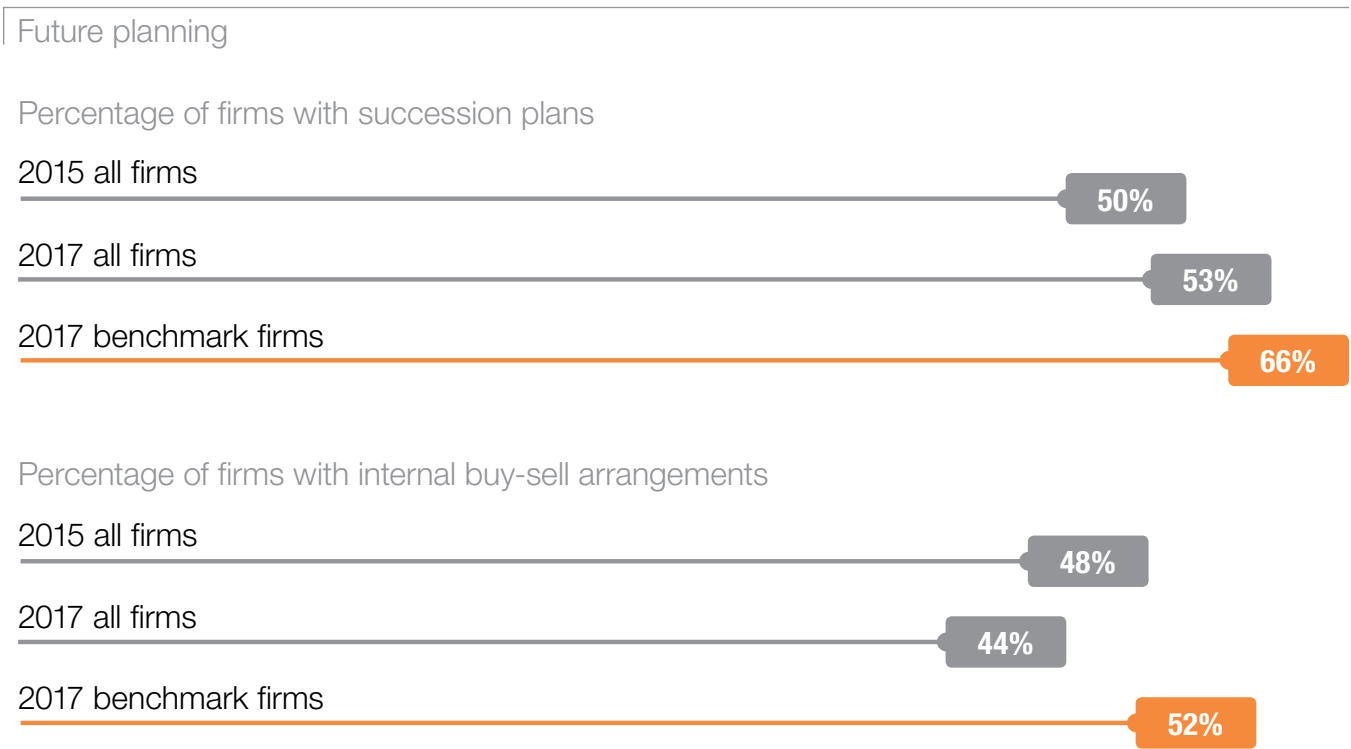
Sherise Mercer

Head of Macquarie Virtual Adviser Network, Macquarie’s Banking and Financial Services Group

5

Having sustainable ownership structures in place


Future planning continues to have a lack of focus across the industry, with around half of all firms having plans in place in 2017. However, benchmark firms tend to perform better than their peers in this regard. 66% had a succession plan, with an internal buy-sell arrangement by far the most popular option.



General performance trends for FY2016/17

Revenue

For many firms, margins are under pressure. 18% of firms saw profits decline. However, the industry's best performers continue to find growth opportunities. 19% of all firms enjoyed revenue growth of 20% or more while benchmark firms increased their profits by an average of 12%.

Averages	2015 all firms	2017 all firms	2017 benchmark firms
Revenue	\$ 2,510,000	\$2,516,178	\$4,773,297.94
Revenue growth (%pa)	12.7	11.8	10.3
Expenses*	\$1,565,325	\$1,505,379	\$2,174,365.46
EBIT(% of revenue)*	40%	40%	53% 
Profit growth (%pa)	16.0	12.5	12.4

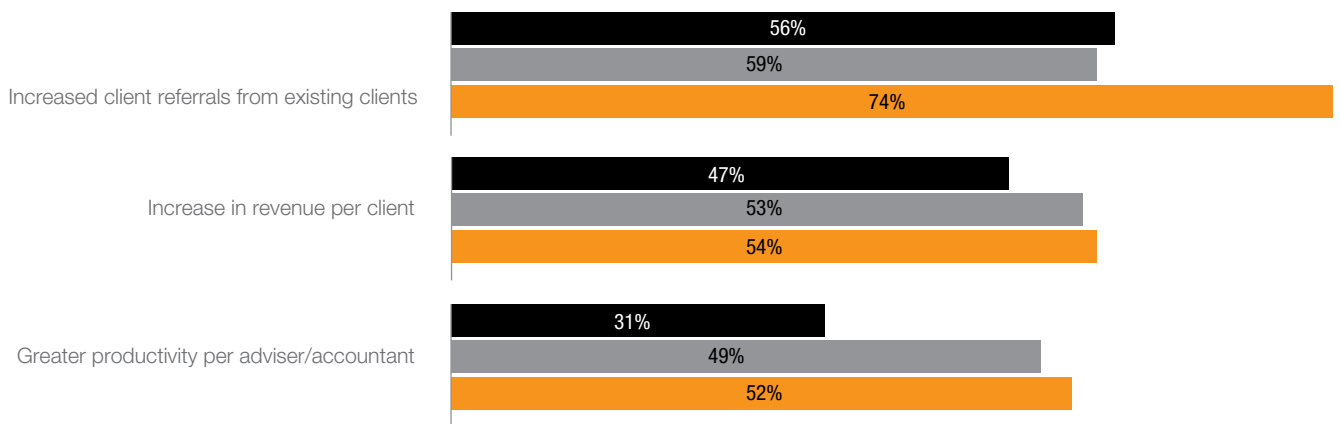
*Expenses and EBIT exclude principals' salary, super and drawings.

Profit

Firms grew profits by driving more referrals and increasing revenue per client, often through higher fees (a significant change from FY2014/15). Successful firms also kept costs down by focusing on staff productivity.

In contrast, those whose profits decreased most often attributed the decline to cost increases (cited by 77% of firms, up from 58% in FY2014/15) and fee pressure (57% up from 35%).

Reasons for increased profits



■ 2015 all firms ■ 2017 all firms ■ 2017 benchmark firms

General performance trends for FY2016/17

Client base

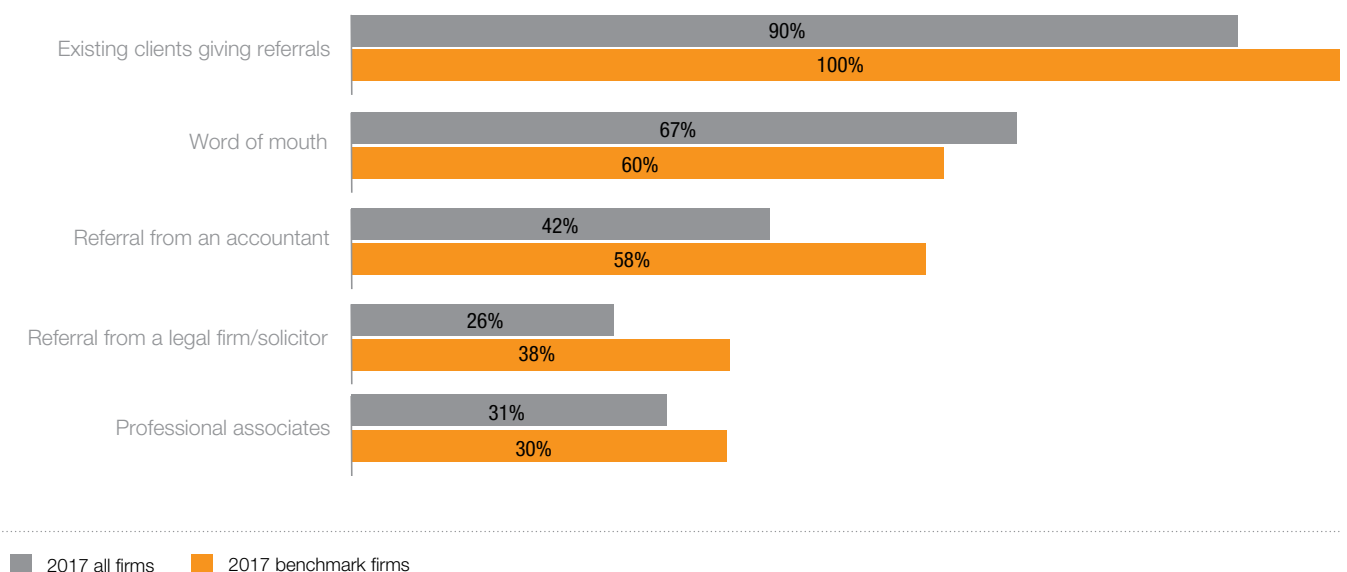
48% of firms indicate that client acquisition issues would have a significant impact on their practice in 2018, up from 37% two years earlier.

Benchmark firms stood out for their success in converting a high-quality client experience into active referrals, with 100% receiving referrals from existing clients (versus 90% of all firms).

74% of benchmark firms attributed their higher profits in 2017 to increased client referrals (versus 59% of all firms). More than half of benchmark firms also supplemented client recommendations with referrals from accountants and other professional partners.

Our experience shows that even a small increase in referrals can give firms a significant edge. Referrals are pre-qualified and easier to convert, and a structured referral program can create a steady stream of new business at lower cost.

Top sources of new clients

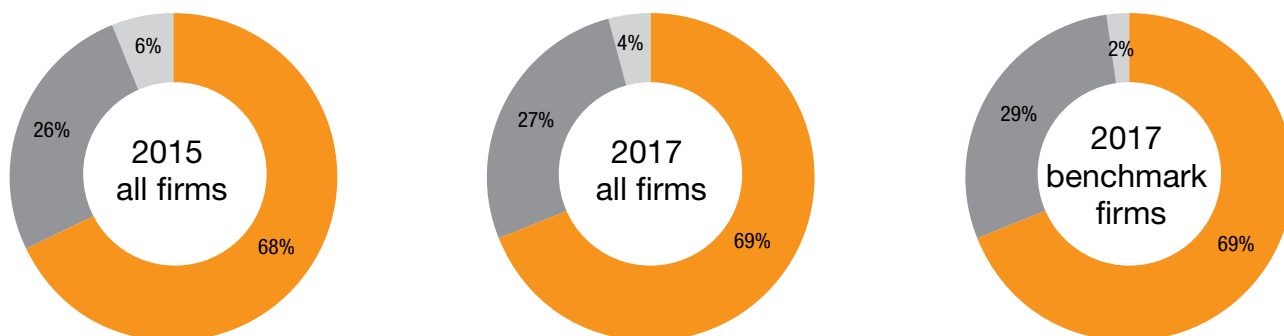


Organisation structure

Staff numbers have remained stable since 2015, with the ratio of client-facing staff to support staff almost unchanged. This suggests investment in technology hasn't yet translated into reduced reliance on back-office support.

We believe that as firms start to realise efficiency gains from their investments, they'll likely uncover new opportunities to refocus their staffing mix towards client-facing roles, reducing the number of support staff or retraining and upskilling them to deal directly with clients.

Staff profiles



■ Client-facing
 ■ Support staff
 ■ Management

	2015 all firms	2017 all firms	2017 benchmark firms
Average total staff	14	14	21
Ratio of revenue-generating to support staff	2.4:1	2.5:1	2.4:1

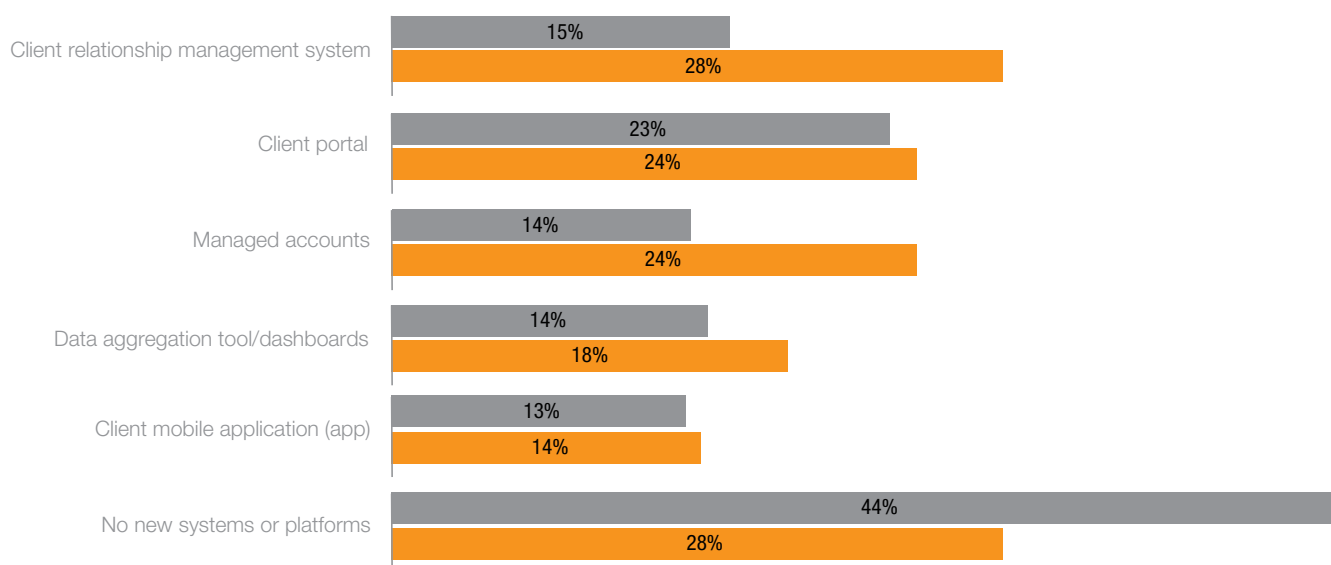
* total excludes IT staff to allow for a year-on-year comparison

General performance trends for FY2016/17

Technology

Even though there's an increasing number of firms that recognise the importance of using technology to improve efficiency, the percentage of firms planning to invest in available low-cost technologies remains surprisingly low. Benchmark firms were markedly more likely to invest, with almost three in four intending to introduce new systems or platforms during 2018.

Firms intending to introduce new systems and platforms over the next 12 months



■ 2017 all firms ■ 2017 benchmark firms

Clients: It's no surprise that focusing on clients is a key driver of success

“ While most firms are confident in their ability to build enduring relationships, benchmark firms stand out for their ability to retain clients, win referrals, and reach out to the next generation of Australians who will be the ideal clients of tomorrow. Meanwhile, few firms have yet to embrace the emerging opportunity to leverage client information for a truly personalised experience.”

David Clatworthy
Head of Sales, Macquarie's Banking and Financial Services Group

Clients

Firms are concerned about maintaining valuable client relationships

It's no secret that successful advice firms are underpinned by strong and enduring client relationships, and our research confirms that almost all firms have highly developed relationship skills. On average, firms rated their ability to build lasting relationships strongly, however they were less

confident in their ability to maintain and improve client experience and significantly even less so in their ability to leverage insights to add value for their clients.

Self-reported confidence levels (rating out of 10)

Developing strong, lasting relationships with clients

8.8

Maintaining/improving the client experience

7.9

Leveraging insights to add value to clients

5.8

“ We’re seeing the role of the adviser evolve from being a technical expert to being the central point of contact for all of a client’s financial needs. Skilled advisers will build a deep understanding of a client’s goals and aspirations, and identify gaps where their needs aren’t being met. If the adviser can’t service those needs in-house, they can introduce experts from their professional network to ensure the client receives both the quality and breadth of service they deserve.”

Eli Glotzer

National Head of Accounting and Financial Services, Macquarie Business Banking

The answer is personalisation

Personalising the client experience is key to winning in the battlefield for differentiation. Clients increasingly expect firms to develop high-quality, sustainable personal relationships with them while tailoring their service to the client’s individual needs.

Our research suggests that high performing firms are actively ensuring that their strong stream of referrals continues through tailored client-engagement strategies.

Personalisation benefits throughout the client life cycle, with benchmark firms achieving markedly lower attrition rates than the average firm (3.6% pa versus 5.1% pa).

Broaden and deepen those client relationships

An effective approach to creating a more personal connection with clients is to meet with both the main contact and their spouse, creating the opportunity to build genuine rapport and understand their specific needs, which translates into higher value work and more services per client.

When asked how often they do so, benchmark firms were significantly more likely to say that they always meet with both client and spouse (34% versus 23% of all firms).

Action: Update your client meeting protocols to ensure the spouse of your primary client contact is regularly invited to most or all meetings.

Target the next generation

While most firms (69%) are looking to engage clients under the age of 44, benchmark firms are much more likely to use multiple strategies to actively engage them. They are:

- 50% more likely to hire younger advisers and accountants and encourage them to engage their own networks (55.9% of benchmark firms versus 37.1% of other firms).
- 20% more likely to engage the adult children of their current clients (82.4% of benchmark firms versus 67.3% of all firms).

Action: To differentiate your firm and gain a competitive advantage with younger clients, create a service package tailored to their needs. So far, only one in eight firms have done so.

What’s next?

As client expectations rise, the ability to leverage client insights and deliver both financial value and an individually personalised experience is becoming increasingly important. The more our clients are exposed to sophisticated offerings from other consumer-based industries, the more they expect a similar experience from their accounting and advice relationships. As a result, data-driven personalisation is likely to become increasingly important as the market evolves.

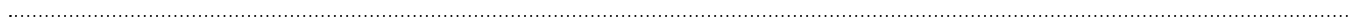


Our tips

1. Have conversations with clients about their dreams and aspirations. Ensure all client-facing staff have good empathy and listening skills and a genuine curiosity.

2. Map your clients’ family tree. Understand who the decision-makers are and what needs are likely to arise over the next few years.

3. Ask to be introduced. Model the behaviour you expect of your staff by asking for introductions from your clients and referral partners. Learn from the experience by identifying who responds well and what works. Make sure you thank and recognise those who do make introductions, and keep them informed.



People: High-quality staff lead to high-performing businesses

“ Firms are even more aware than they were two years ago of just how vital quality staff are for their client engagement and business profitability. Yet building a high-performing team is still a challenge, and so the benchmark firms are harnessing multiple strategies to ensure they have the best team possible.”

Sherise Mercer

Head of Macquarie Virtual Adviser Network, Macquarie's Banking and Financial Services Group

High-quality staff are critical to a positive client experience and ongoing profitability

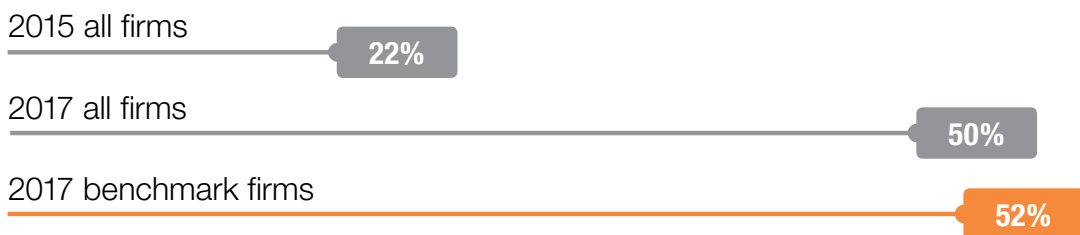
In our research, 48% of firms agreed that the adviser of the future will need exceptional relationship skills to understand and empathise with the full breadth of client needs. Another 35% said they would need personal resilience to adapt to change and uncertainty.

Furthermore, one in two agreed that the capability, expertise and diligence of their employees was the thing clients valued most about their firms, while 52.3% said retention of key quality staff was an important strategy for improving profitability.

This is further supported by the financial investment in people. Firms are working hard to attract and retain the best performing staff, with salaries broadly increasing across senior revenue-generating roles. Senior financial advisers continue to enjoy a higher annual salary than senior accountants, despite increases for both professions. In 2017, 40% of senior financial advisers were paid an annual salary of \$125,000 or above, compared with 25% in 2015. Meanwhile, 62% of senior accountants were paid an annual salary of \$90,000 or above, compared with 55% in 2015.

What do you believe clients value most about their relationship with you?

The capability, expertise and diligence of the people they deal with in my practice



What do you believe are the most effective strategies to improve profitability in the current market?

Retaining key quality staff



People

Investing in people management leads to success

Benchmark firms are noticeably more professional across the entire HR lifecycle, with a range of strategies in place to attract, manage, develop, and retain high-performing staff.

Leaders of benchmark firms not only excel at managing staff — they also produce better outcomes for themselves. Principals at high-performing firms are less likely to be impacted by stress and fatigue (affecting 24% versus 32% of all firms), while just 22% said they found it hard to spend time with their families, 5% less than the average.

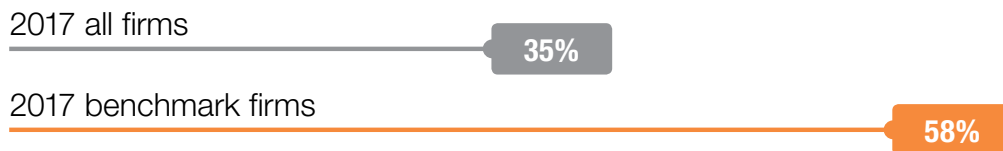
These findings highlight the benefits of playing a leadership role in your firm by adopting flexible work practices and spending time with family and loved ones. Ongoing success is achieved by avoiding burn-out and building a culture around sustainable performance expectations over the long term.

How benchmark firms excel at people management

More use of professional recruitment agencies



More formal management structure including employing practice managers



More focus on managing change effectively

1 in 3

benchmark firms say managing change is a key staff challenge versus one in five of all firms

“ We’re seeing high-performing firms professionalise the recruitment process to make sure they’re attracting high-performing employees. They then use a range of incentives to retain new hires and keep them engaged. This encourages employees to stay with the firm, keeps client relationships intact, and increases both staff loyalty and commitment to delivering memorable client experiences. It also helps make employees strong advocates for the firm – and in an increasingly competitive talent marketplace, this can help position the firm as an employer of choice.

Eli Glotzer

National Head of Accounting and Financial Services, Macquarie Business Banking

How benchmark firms excel at people management

More use of incentives: Team-based incentives



More use of incentives: Individual incentives



More focus on creating an attractive workplace environment



More focus on training and development



People

What's next

Ensuring your team continues to perform over time is crucial. Currently, the biggest people management challenge for all firms is keeping staff focused on value-adding activities, cited by 32% of firms. It's an issue set to become more apparent as firms seek to create a more personalised client experience. There's the realisation that it requires a greater investment of time in client segmentation and analysis, proactive contact, meeting preparation and client interaction - face to face, or through digital channels.

Improved processes and technological systems can allow firms to refocus their staffing mix towards client-facing roles, reducing the number of support staff or retraining and upskilling them to deal directly with clients.



Our tips

- 1. Create meaning for your staff. Bring to life stories of how your firm is helping real people solve real-life problems.** This will give meaning to the work and help staff identify how they can help other clients.
- 2. Make first impressions count.** Ensure your website is clean and current and your potential recruits are warmly greeted by phone and at reception.
- 3. Look outside the square for your next recruit.** Bring in fresh talent with the soft skills and values you need to create a client-focused team.
- 4. Stress the importance of work-life balance.** Set an example for your team by demonstrating your flexibility and mutual focus on business and personal life.

Systems: Top industry performers are confident technology users



Effective use of technology, process improvements and client data are key enablers of a more personalised customer experience, underpinning operational efficiencies and more resilient business performance. But while benchmark firms have been showing the way, some firms have been slow to take advantage of the benefits better systems can bring.”

David Clatworthy

Head of Sales, Macquarie's Banking and Financial Services Group

Systems

Intention to invest in technology is at an all-time high

Today, firms have a wider choice of affordable, accessible solutions than ever before, all designed to bring new efficiencies and enhance the client experience.

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These can include:

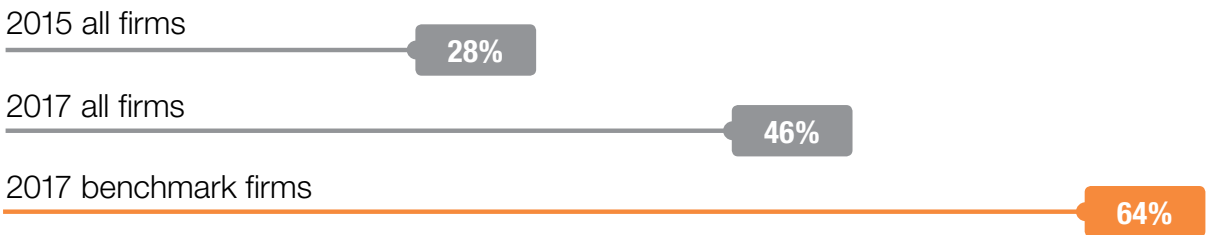
- client relationship management (CRM) systems to create a single view of customer and underpin a client-centric offering
 - data aggregation tools to provide an overview of both business performance and client insights
 - investment solutions such as managed accounts that create more consistent, scalable approaches to managing client funds
 - client portals and mobile apps with real-time access to key information, providing more personalised client experiences.
-

As a result, awareness of the impact of new technologies has risen significantly since 2015, with 46% saying they expect integrating and leveraging technology for efficiency to impact their practice in the next 12 months significantly, up from 28% in 2015. Yet many have been cautious in adopting new technologies to date, over a third (37%) not having adopted any new technology over the past three years. There's an

inherent risk in this approach. While firms on the fence, waiting for more cost-effective or best-fit solutions, are holding off investing, their peers who have chosen to invest are setting the future direction of the industry and building teams that are more resilient to change and able to embrace new technology.

What will significantly impact your practice in the coming 12 months?

Integrating and leveraging technology for efficiency



Firms introducing new systems or platforms to drive efficiency and automation

Over the last three years

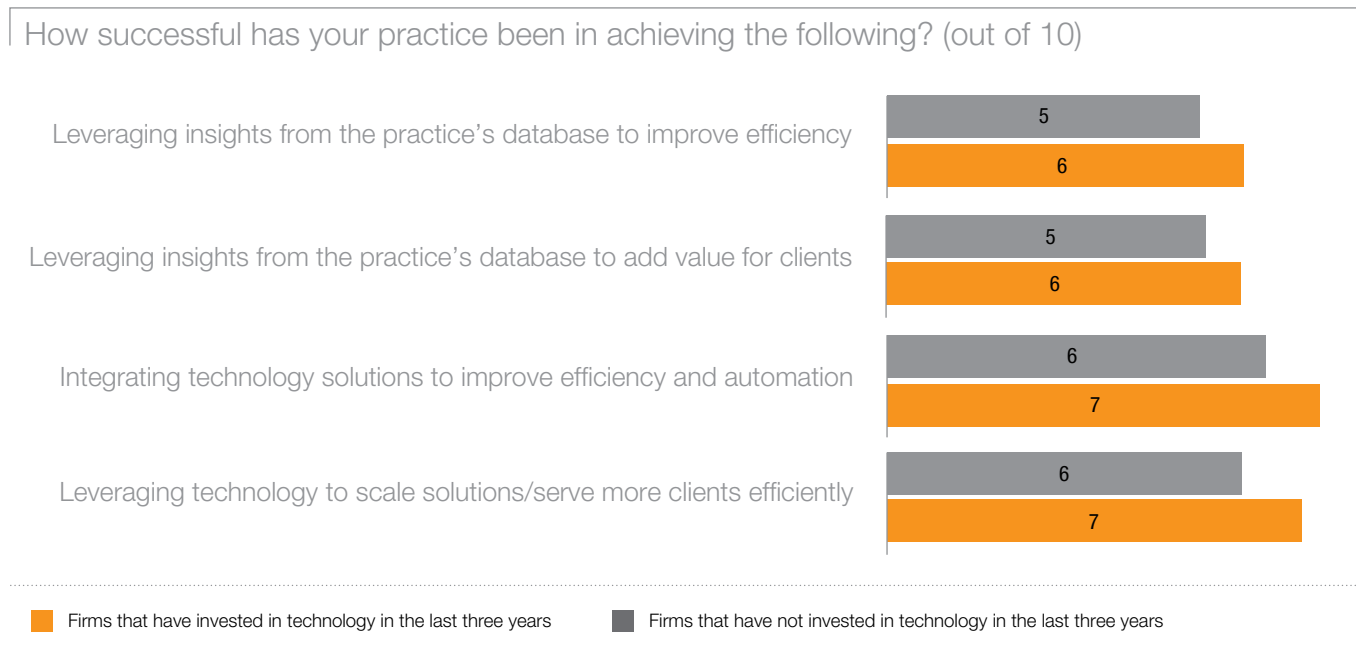


In the next 12 months



Systems

Perception of success based on whether firms have invested in technology in the last three years



Those actually investing in technology are seeing the value, provided they're focused on the client

The benchmark firms are highly aware that new systems, technologies and processes are vital for sustainable efficiency and profitability.

What do you believe are the most effective strategies to improve profitability in the current market?
Improved efficiencies through better use of technology



Optimised processes and office efficiency



Systems

While benchmark firms were somewhat more likely to have adopted a new system over the past three years (64% versus 57% of all firms), their investments appear to be more sophisticated and more often driven by a client-centred strategy.

Their number one area for technology investment was in data aggregation tools and dashboards, adopted by 34.4% (compared to 27.6% of all firms). These tools can provide an insight into overall business performance and individual client relationships across a breadth of services, which is essential in a multi-service offering with a centralised relationship model.

What's next?

We expect technology adoption to continue to accelerate, as firms become more confident with their strategies and value propositions. Overall, 56% of firms are planning to introduce new systems in the next 12 months, including 72% of benchmark firms. For benchmark firms, the main focus will be on:

1. new client relationship management systems (28% versus 15.4%)
2. client portals (24% versus 22.7%)
3. managed accounts (24% versus 13.6%).

While benchmark firms were no more likely than their peers to have already used managed accounts, they were much more likely to implement them within the next 12 months (24.0% versus 13.6%). Furthermore, for those firms which have already used them, it was more likely to be because of the improved client experience they offered (51% versus an average of 35%) or for greater scalability (36.7% versus 25.5%). This suggests they're aware of today's dual requirements of a positive client experience and scalability for growth.

Action: Next time you're considering a new system, make sure your decision criteria includes client experience benefits and business benefits such as efficiency, scalability and risk management.

In the longer term, we anticipate firms will increasingly focus on the much-discussed 'data problem', which many have yet to solve. In our latest survey, firms continue to rate themselves relatively poorly on both effective data integration (6.9 out of 10) and leveraging insights for their clients (5.8 out of 10). Yet only 14% of firms are planning to invest in data aggregation in the next 12 months, suggesting that many are still uncertain about which direction to take. This is a challenge being experienced across many service-based industries.



Proactive firms are tackling this challenge by taking a continuous improvement approach – investing early and often, and adjusting their approach as new technology emerges. This ensures they remain at the forefront of best practice, and reduces the risk of falling behind on technology adoption and requiring a significant technology and change management investment in the future.

Sherise Mercer

Head of Macquarie Virtual Adviser Network, Macquarie’s Banking and Financial Services Group



Our tips

- 1. Keep your finger on the pulse.** Take a continuous improvement approach to technology, and invest early and often. Sign up and trial new tech-enabled offerings to experience them firsthand and understand the options. But beware of becoming enamoured with any specific solution before you’re clear on your business priorities.
 - 2. Engage your people early to encourage effective technology uptake.** Not only are they a great source of ideas, they will also embrace change more readily if they’ve been part of the journey.
 - 3. Quantify the expected benefit and track your progress.** Measuring your return on investment will bring focus and accountability, helping you create a culture of continuous learning.
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Our perspective: The role of the adviser is changing



Firms agree that the role of the adviser is changing, becoming more client-facing and relationship-focused. The adviser of the future will have strong interpersonal skills supported by technology and data-driven insights, helping to drive truly meaningful client interactions.”

Sherise Mercer

Head of Macquarie Virtual Adviser Network, Macquarie's Banking and Financial Services Group

The industry has an idea of what the firm of the future looks like

In our survey, 96% of firms agreed that the role of the adviser is changing.

- Around a third (29%) believed the firm of the future will be a specialist practice with connections to other advisers.
- Another third (33%) thought it would have a higher proportion of client-facing staff with technology as a support.

- The remaining third (33%) said it will be based on a centralised relationship model within a multi-disciplinary practice.

Breaking down those findings, two-thirds believed the firm of the future would be strongly focused on clients, while a third believed it would succeed through technical specialisation.

The role of the adviser is changing



Clients want a trusted adviser focused on their needs who can navigate the changing market

Firms today are very clear that technical skills are not what clients are seeking, with only 6% citing this quality as key to clients in the future. When all firms promise technical excellence, building a client experience aligned to the needs of a specific target segment can be an effective way to stand out. As a result, we're seeing client experience emerging as a key factor for differentiation.

Under the client-centric model, skilled advisers will build a deep understanding of a client's goals and aspirations, identifying areas where those needs aren't being met.

This will see the emergence of the trusted adviser as the central hub of the client experience and the first point of contact for all financial decisions. This trusted adviser will connect clients with the technical experts they need to fulfil those needs – whether inside or outside their firm.

As a result of this increasing focus on the client experience, many firms believe the adviser of the future needs stronger relationship skills combined with resilience in the face of change.

Our perspective

An alternative is to become a highly skilled specialist

Valued by both clients and business partners for deep technical expertise and highly efficient service, firms that take this path will need to cultivate a strong network of referral relationships, made up of the trusted advisers who send clients to you when your specialist skills are in demand.

By ensuring that all of your clients' needs are met through your network of specialists, you can jointly compete against multi-disciplinary firms, winning and retaining clients through a value proposition based on offering seamless access to specialist expertise.

How firms believe the adviser's role will evolve

More emphasis on relationships and soft skills

48%

Increasing need to be resilient and adapt to change

35%

Increased need to specialise in a particular area

11%

Greater focus on technical skills

6%



Whatever your vision of the firm of the future, this year's AFS benchmarking study reveals some critical ingredients for success.

Today, client experience is central, so you need to structure your business model to offer engaging experiences at every touchpoint along the client journey. To do that, you need a highly skilled and motivated team whose own experience at work is overwhelmingly positive. You also need to liberate and empower them with technology and systems optimised for efficiency, simplicity and productivity.

Together, streamlined processes and capable people create the foundation for truly personalised client interactions and efficient delivery. That not only helps you enhance relationships with different clients, it also helps you reach out to the new client cohorts who will underpin long-term sustainability. The result can be a firm that creates real value for all of its stakeholders.

While building the firm of the future takes time, each step in the journey can bring tangible benefits. And it's important to start sooner rather than later.

We look forward to the opportunity to help you with additional insights and tools for success in today's dynamic environment."

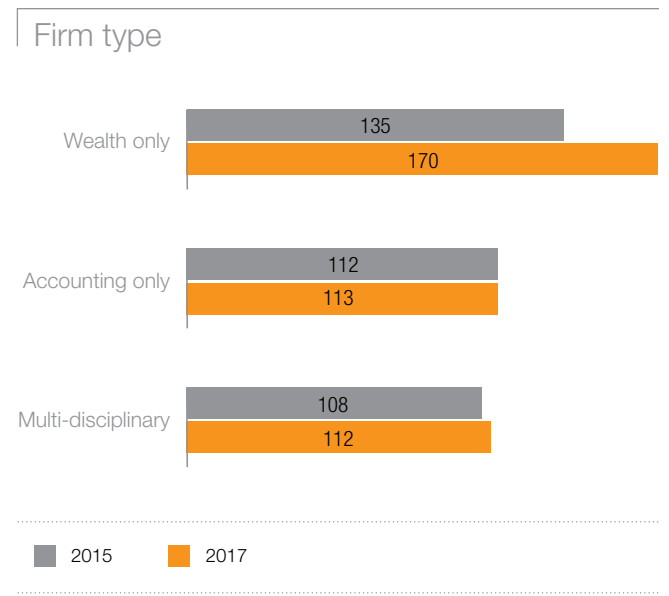
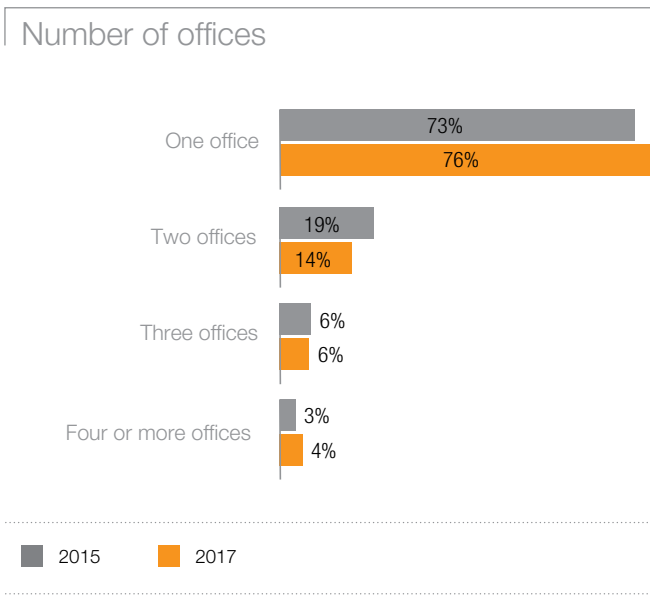
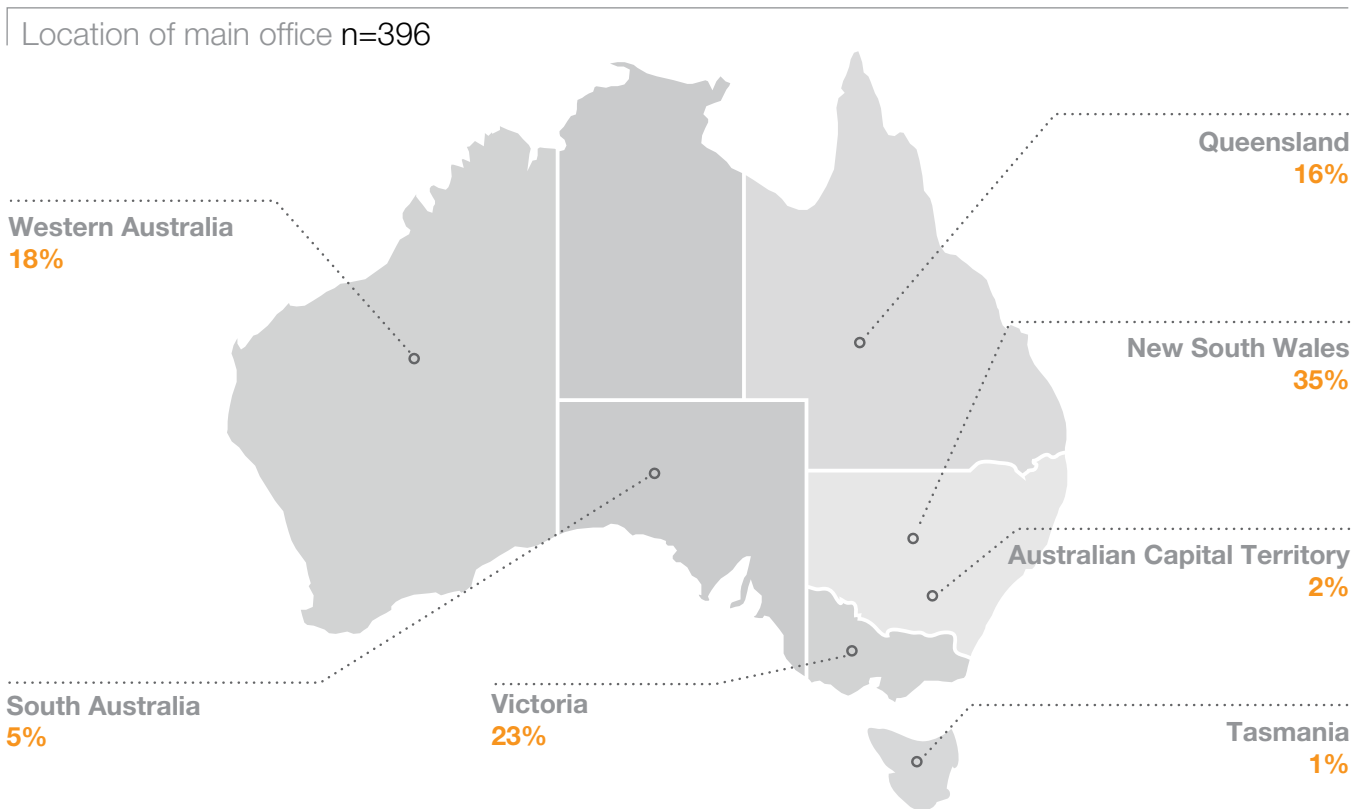
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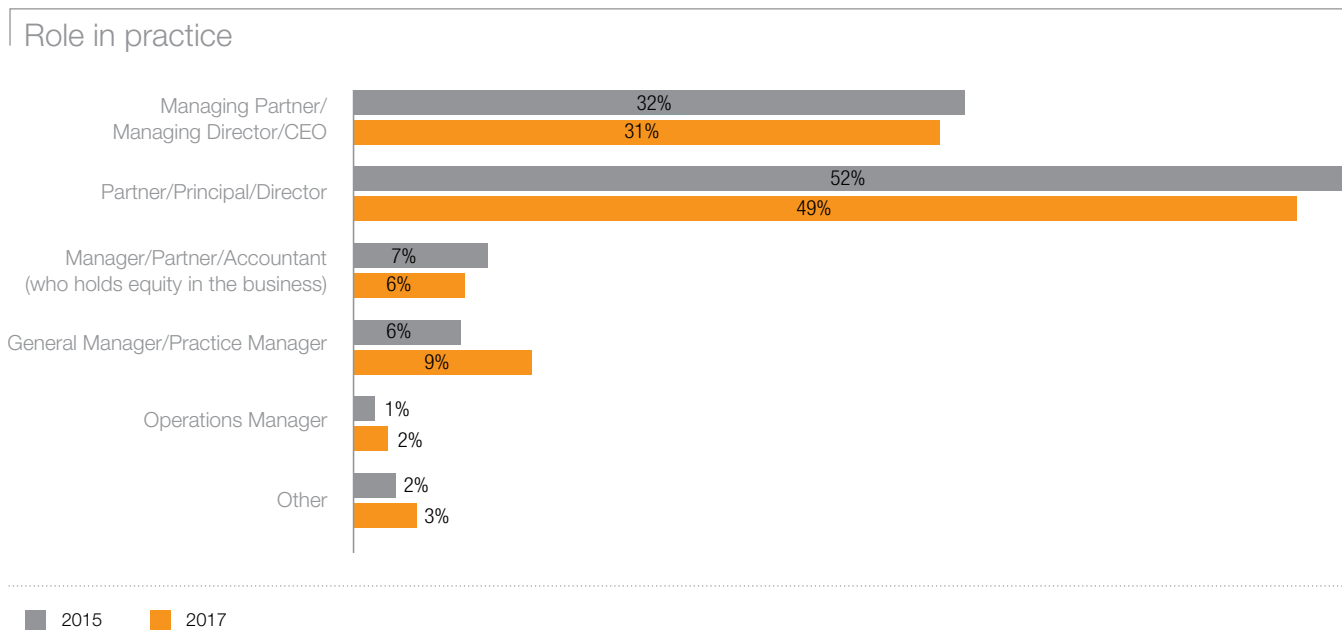
Head of Macquarie Virtual Adviser Network, Macquarie's Banking and Financial Services Group

We're here to help you build your firm of the future, **today.**

Appendix: Survey results

Respondent profile





Financial performance

Firms with under \$2m of revenue

Averages	2015 (n=247)	2017 (n=255)
Revenue	\$758,604	\$791,163
Revenue growth (%pa)	14.4	13.7
Expenses*	\$452,236	\$469,043
EBIT (% of revenue)*	41%	42%

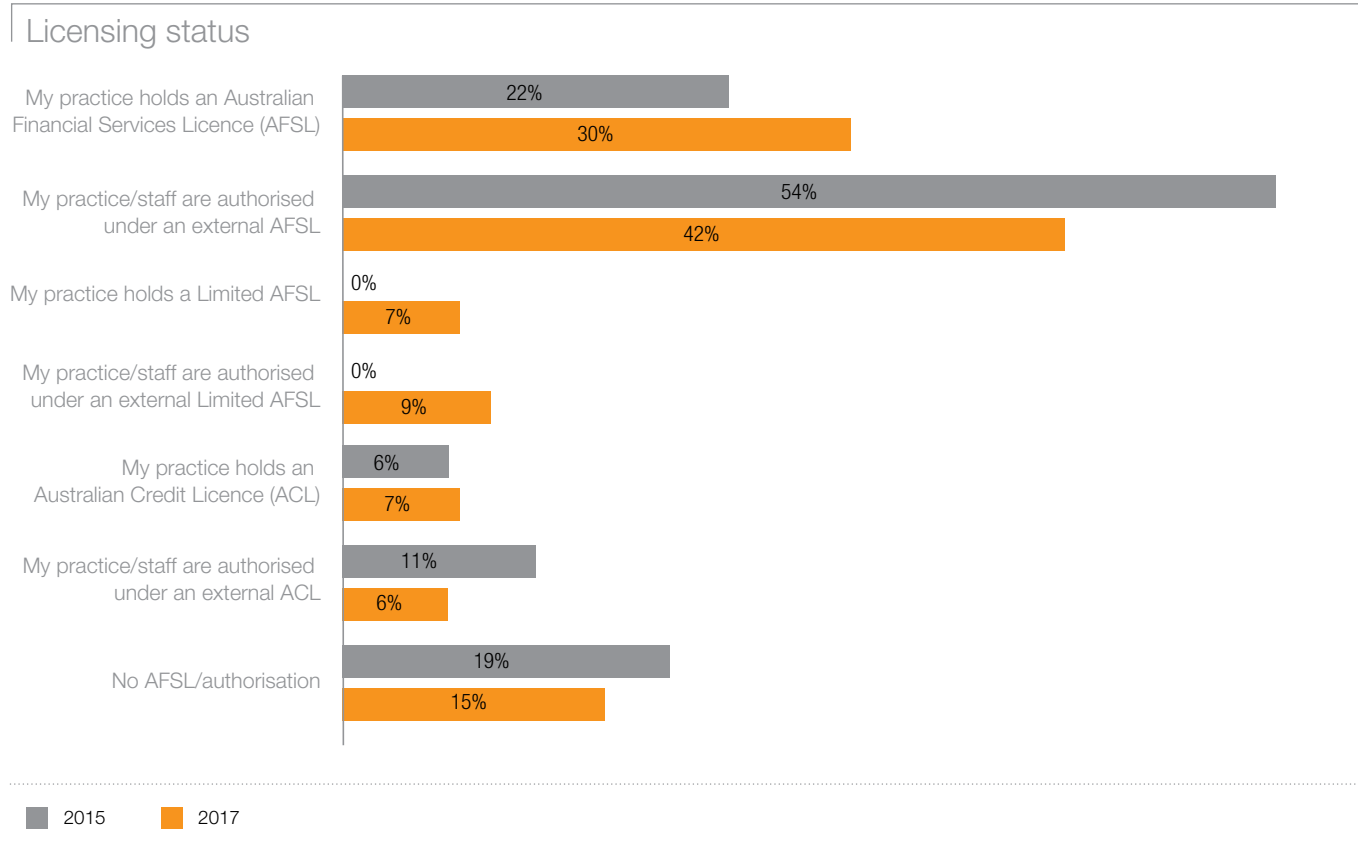
*Expenses and EBIT exclude principals' salary, super and drawings.

Firms with \$2m or more of revenue

Averages	2015 (n=108)	2017 (n=141)
Revenue	\$6,500,000	\$5,635,887.64
Revenue growth (%pa)	8.7	8.3
Expenses*	\$4,100,695	\$3,379,602.29
EBIT (% of revenue)*	37%	37%

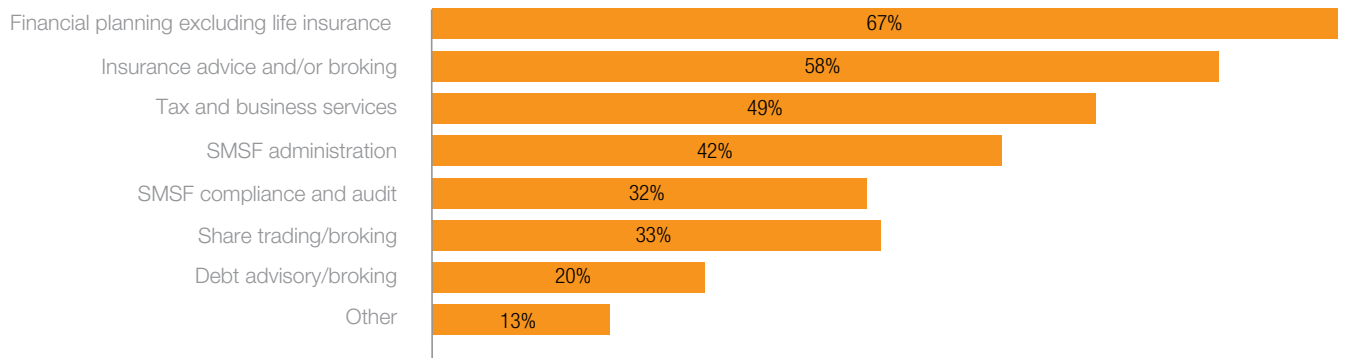
*Expenses and EBIT exclude principals' salary, super and drawings.

Appendix

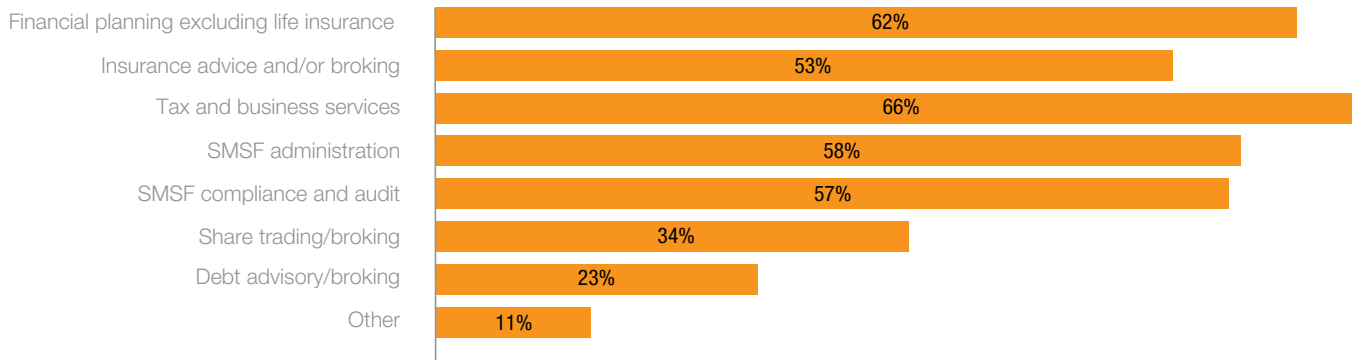


Services offered

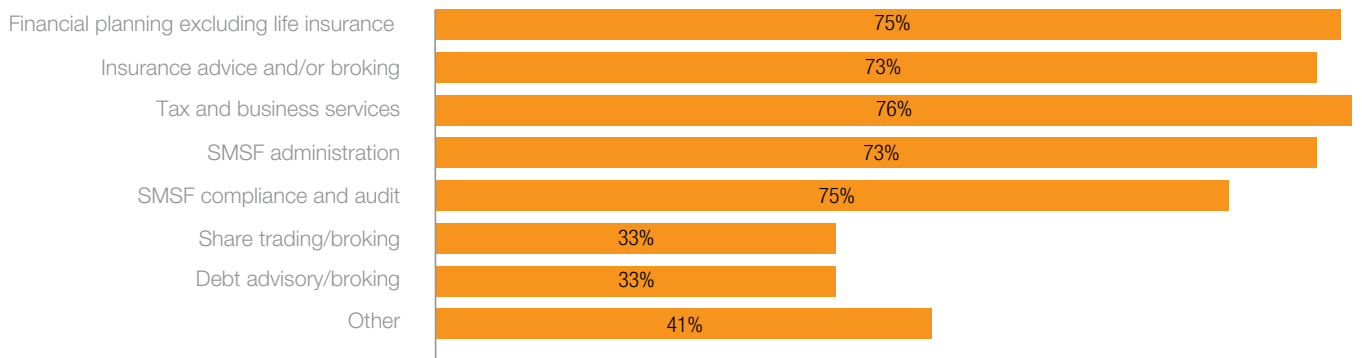
Revenue <\$2m



Revenue \$2m - \$5m



Revenue \$5m+



Appendix

In addition to salary, what, if anything, do you offer to staff to reward and retain them?

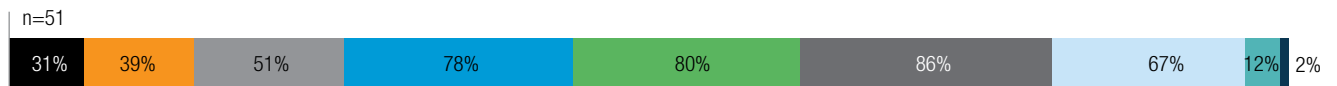
Revenue <\$2m



Revenue \$2m - \$5m



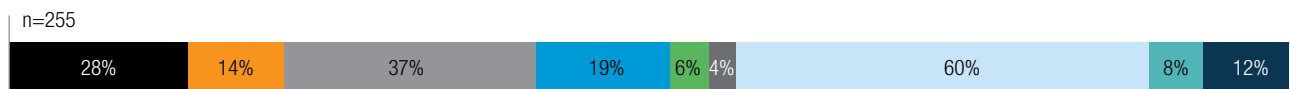
Revenue \$5m+



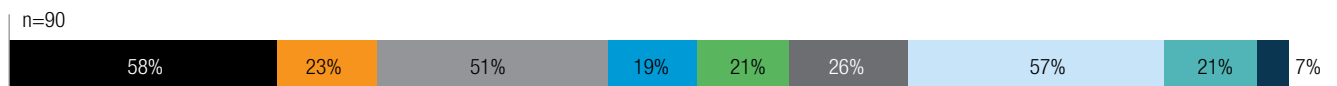
- Additional days holiday
 Team performance incentive/bonus
 Individual incentive/bonus
 Flexible working arrangements
- Workplace environment
 Training opportunities
 Attendance at conferences/events
 No other rewards/bonuses
- Other (please specify)

Which of the following resources do you currently use to acquire new staff? (select up to five)

Revenue <\$2m



Revenue \$2m - \$5m



Revenue \$5m+



- Recruitment agencies
 LinkedIn
 Seek and other online agencies
 Advertising
- Your website
 Staff referral reward scheme
 Word of mouth/networking
 Graduate programs
- Other (please specify)

Over the past three years, have you introduced any new systems or platforms in order to help drive efficiency and automation?

Revenue <\$2m



Revenue \$2m - \$5m

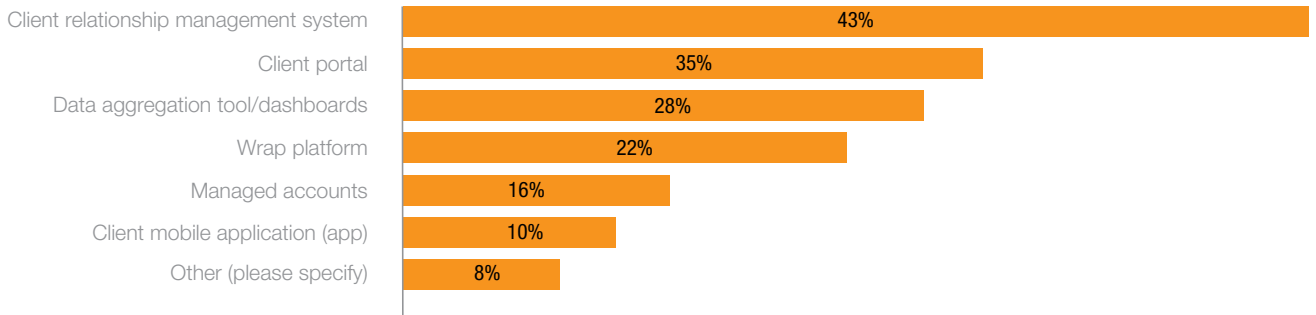


Revenue \$5m+



Yes
 No
 Unsure

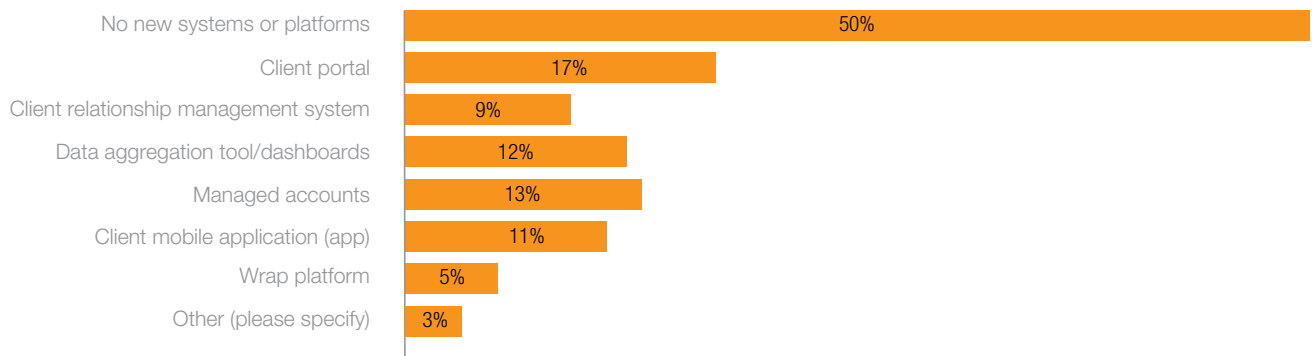
Specifically, what systems or platforms have you introduced?



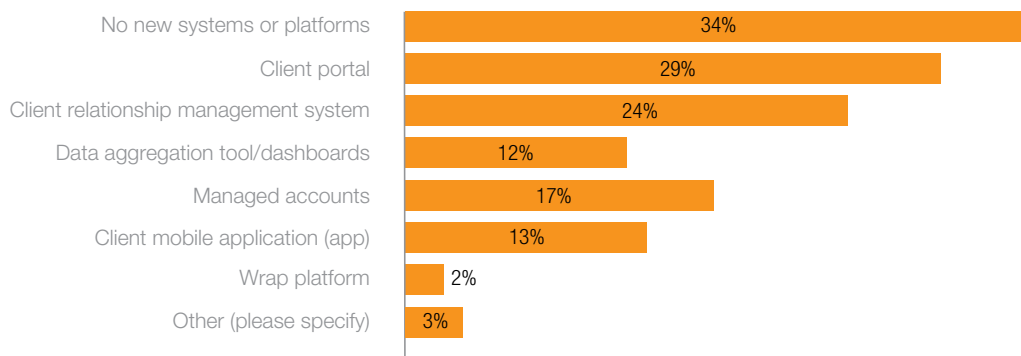
Appendix

Are you intending to introduce any of the following systems or platforms over the next 12 months?

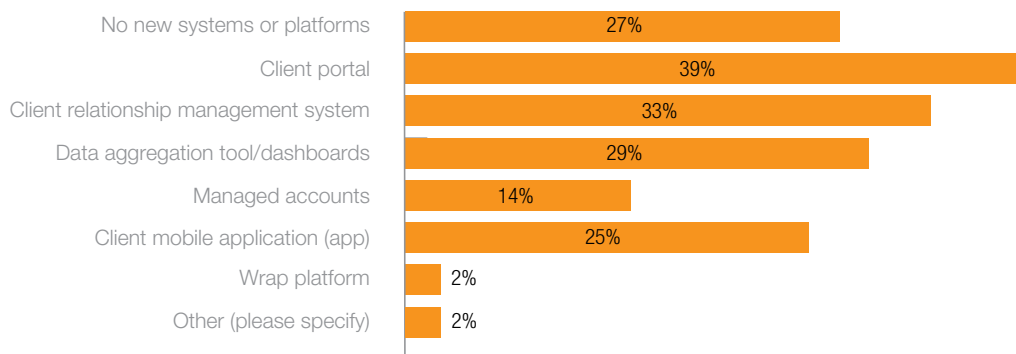
Revenue <\$2m



Revenue \$2m - \$5m



Revenue \$5m+



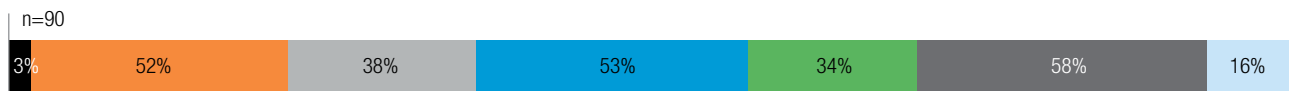
Appendix

Which of the following do you see as issues that will significantly impact your practice in the coming 12 months? (select up to three)

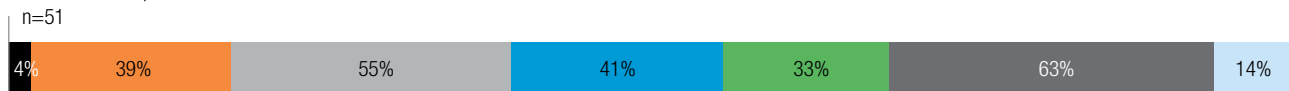
Revenue <\$2m



Revenue \$2m - \$5m



Revenue \$5m+



-
- Uncertainty about investment markets
 Attracting enough new ideal clients
 Staff recruitment and retention
 Optimising your value proposition
 Maintaining and growing profitability
 Technology integration and leverage for efficiency outcomes
 Pace and degree of regulatory change

Talk to us about shaping success together

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