PERSPECTIVE

2026 Macquarie Accounting and financial advice benchmarking study

Perspective on scale

Macquarie Banking and Financial Services

MACQUARIE

Contents

Foreword

The landscape for sustainable growth and scale

Business has been resilient for firms in the accounting and financial advice industry in recent years. In an environment of persistent headwinds – from intense competition for specialist talent, to rising operating costs and increasing pace of technological change – the industry has maintained a strong cohort of outperformers that are growing successfully and maintaining healthy profit margins.

This report is the first time that Macquarie has undertaken a focused study of these high-performing, scaled multidisciplinary firms – participants with average gross revenues of over $10 million. The result is a detailed, granular analysis of high performance; a portrait of scale and an exploration of the drivers of success in the pursuit of sustainable, profitable growth.

From this lens comes a prevailing industry opportunity. How can firms continue to scale with prosperity and purpose? The answer is in three core pillars of performance:

- Nurturing and empowering talented people with meaningful work and appropriate support
- Providing structure and documentation to support streamlined operations and high performance
- Embedding technology and automations that lay a seamless foundation for growth at scale.

As well as yielding tangible results today, these strategies can help high-performing businesses prepare for an evolution of their industry, as generational wealth transfer cycles through and creates significant demand for financial services in a far leaner workforce.

Our research suggests that most businesses are grappling with how to best invest in technology to enhance productivity and client experience, rather than simply as a cost-saving measure. We're also seeing a distinct divergence in growth strategies, with many firms successfully using M&A to achieve scale, while others are outpacing their peers through agile, organic growth. For those that can successfully capture potential while navigating a complex market, the outlook is for continued revenue growth and strong profitability.

We genuinely appreciate the time we spend with industry leaders and business owners over the period we have led our respective banking and wealth management teams. The industry is ripe with opportunity and positioned well to capitalise on plans for change and further growth. Our teams welcome the opportunity to hear your perspective and discuss your plans.

Sara Zahedi
National Head of Professional Services
Macquarie Business Banking

Cameron Garrett
Head of Wealth Solutions
Macquarie Wealth Management

Participant profile

This year's study is the first of its kind; a detailed, deliberately focused study of Australia's larger, high-performing multi-disciplinary firms. While ranging in size and service offering, they all share a common thread: a powerful ambition for growth.

Firm size snapshot

$7,922,000

median FY2025 gross revenue (ex. acquisitions)

offering

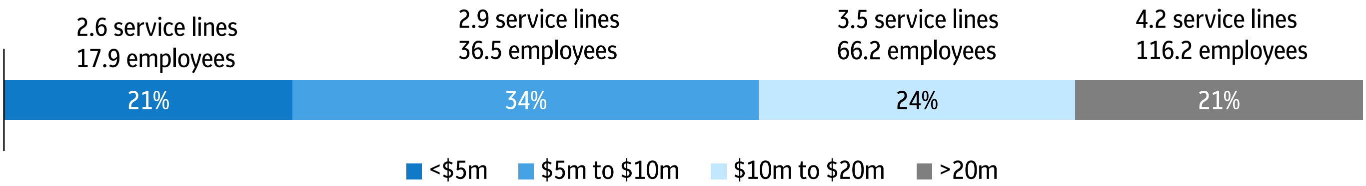
3.3 service lines

with

54 employees

$8,436,394

median FY2025 gross revenue (inc. acquisitions)

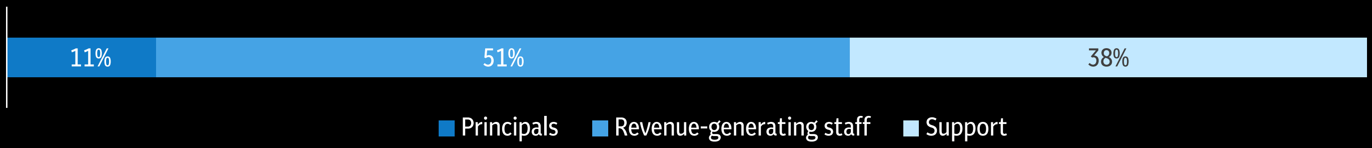


The breakdown of participants reflects a trend seen in market: scale attracts a broader, more integrated offering under the same roof, as a response to clients increasingly looking for a single trusted adviser who can manage all of their complex financial affairs. Service line offering increases up the revenue spectrum – those generating upwards of $20 million have a more diversified service offering than their smaller counterparts.

The spread of these disciplines is predominantly accounting and financial advice, supplemented by a variety of complementary income streams.

Income streams

Firm composition – people



This year's study identifies a workforce composition and leadership structure that are demonstrably more top-heavy than the industry average. The analysis presents a clear breakdown of the cohort's workforce into three primary functions: revenue-generating staff comprise the largest segment at 51% of total Full Time Employees (FTEs), followed by non-revenue-generating or support staff at 38%.

Principals constitute the remaining 11% of the total FTE workforce, a figure situated at the upper end of the typical 6-12% range observed across the broader Australian market. This elevated principal-level cohort is itself comprised of two distinct roles: dedicated, non-client-facing leaders (such as CEO, COO) who account for 4% of the total workforce, and client-managing principals who make up the remaining 7%.

Spotlight on scale

Harnessing industry opportunity

For firms ready to scale, the market presents a clear and compelling growth opportunity. Demand for quality advice is surging, driven by two of the largest economic shifts in a generation: Australia's significant intergenerational wealth transfer and a growing wave of retirees needing expert guidance. With fewer accountants and advisers serving a larger addressable market, high-performing firms are perfectly positioned to thrive. The tangible result of this high-demand environment is evident in this study's average revenue growth.

Average revenues grew

12.9% p.a

with 8.5 in 10 increasing profitability

The tension between growth and scale sits in determining **how** to satisfy this demand, before deciding **where** to focus efforts. The struggle between these two imperatives becomes a crisis.

Firms have an opportunity to optimise leadership, growth and technology, by harnessing three simple pillars that will be explored later in the report: people, process, and platform.

Before exploring the strategy, it's important to reflect on the industry opportunity.

Four key considerations:

Opportunity to meet market demand

The need for quality accounting and financial advice is only growing.

- Since 2018, adviser numbers have fallen from **28,900** to **15,135**[1]
- Australia's ageing population and a generational wealth transfer means the pool of potential clients will continue to grow, with more complex needs

Maximise investment for growth with tech

There is ample opportunity to make strategic investments for growth, with technology a critical enabler of those strategies.

Our data shows firms are increasingly using technology to scale operations and free up capital for further investment.

Utilising technology enhances a firm's ability to invest and scale. It's time to start testing, adopting and integrating.

People are core to growth ambition

The focus on people is increasingly pronounced. Finding and keeping specialist resourcing is fundamental to business success, but people strategy is a balancing act.

- According to this study's participants, on average **1 in 6** staff changed roles in 2025, a **17% attrition rate**, compared to the national rate of **15%**[2]
- Salaries take up **50% of participants' revenues**, which impacts firms' ability to invest in growth unless you're investing in your people.
- Recognising the importance of investing in your people is the first step.

Focus on highest value work

The battle for talent is real, but the most successful firms are those that empower their client-facing staff to focus on high value work. Optimising your revenue generators' valuable time will deliver for your firm in:

- Client experience: staff are freed from administrative tasks to drive meaningful client engagement
- Employee experience: engaged, supported staff are more likely to remain with a business[3] and perform well
- Financial outcomes: equipping your staff with productivity tools will maximise the value and productivity the business gets out of their competitive salaries.

1. Financial Advice Association Australia, 'March 2026 Jobs and Skills Australia's occupation Shortage List', 2026
2. Quarterly Australian Work Outlook, Q3 2025, Australian HR Institute
3. Willis Towers Watson, Global Workforce Study, 2014

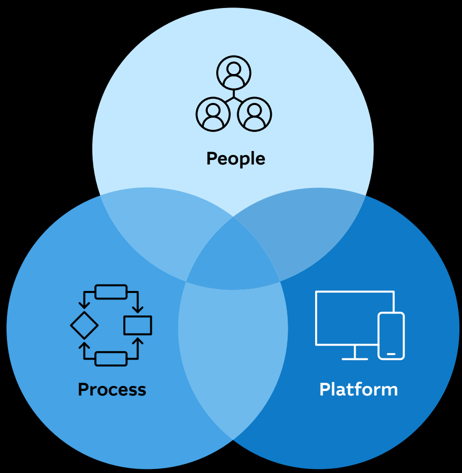
Focus on productivity

As the market cycles and demand continues to grow, forward-looking business owners are focusing on three key investment strategies to accelerate beyond their peers:

People

Investment in attraction, retention, training and development

People are critical in the relationship-driven world of accounting and advice firms; they are the drivers of profitability and productivity. High performing businesses invest in their people to drive sustainable growth, providing purpose and engagement, and ensuring staff are supported with the tools, teams and workflows to optimise their output.



Process

A focus on how work gets done

Optimising process provides the bedrock for clarity, opportunity and productivity. High performers provide structure and documentation to support people administratively, and ensure they understand and adhere to guidelines.

Platform

Leveraging technology to boost productivity

Technology is an enabler of growth, delivering exponential boosts in productivity, engagement, flexibility and quality of work. High performers make investments in tools that improve the experience of the client, employee and firm operations. In the era of artificial intelligence, considered investment and rigorous training and governance are more critical than ever.

Businesses that can focus on and optimise these three key areas – and the impacts they have on each other – are better positioned for sustainable growth, with an increased capability to manage significant demand at scale.

Financial performance

Revenue

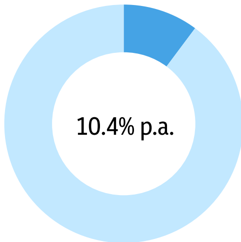
Excluding acquisition

Average gross revenue:

$12,131,394

Median gross revenue:

$7,922,000



Median organic revenue growth

Acquired revenue

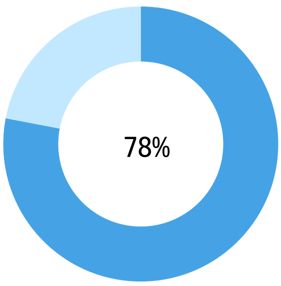
Average gross revenue:

$823,623

Median gross revenue:

$750,000

The financial performance of respondents was strong across the board in FY25, characterised by robust growth and a high quality revenue base. The stability of these firms is underscored by a significant proportion of recurring annuity revenue, which accounts for an average of 78% of total income.



Recurring revenue

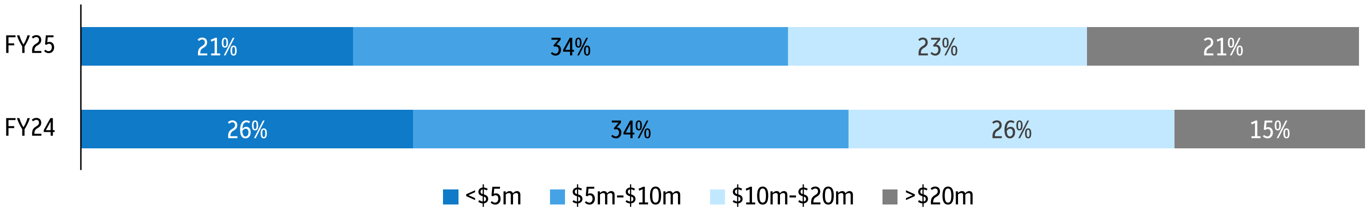
This stable foundation supported impressive organic expansion. Excluding any acquisitions, the cohort achieved an median organic revenue growth rate of 10.4% p.a. on a substantial median gross revenue base of $7,922,000.

Beyond this strong organic performance, mergers and acquisitions (M&A) have emerged as a significant and growing strategic tool. Over a quarter (26%) of the firms in this year's study augmented their revenue through M&A, up from 22% in FY24, adding an average of $823,623 in acquired revenue.

Interestingly, while the reliance on M&A is growing, 30% of firms that reported M&A driven revenue in FY24 did not do so in FY25. This could point to the inherent challenges of integration and transition, or the impact of macro factors such as shifting market dynamics and a highly competitive sellers market.

Revenue profile over time

Excluding acquisition



A review of year-on-year growth shows a largely stable market, with most firms remaining within their original revenue bands despite deploying a range of organic and inorganic strategies.

Upward movement was concentrated among the industry's largest players. This is evidenced by the growth in firms with over $20M in revenue, which increased from 15% to 21% of the cohort between FY24 and FY25. The trend indicates that scaling remains a hurdle for many mid-sized firms, highlighting the strong competitive position of established market leaders.

A tale of two firms

Profiles of two distinct cohorts emerged from this year's study. Their dynamics are different, but both are seeing strong growth.

A key data point that emerged between the two was the difference in growth between firm sizes. Interestingly, firms generating under $10 million in revenue outpaced their larger peers in median organic growth, growing at 11.3% p.a. (compared to 7.8% p.a.).

The data suggests different growth dynamics are at play, often reflecting a firm's stage in the business lifecycle. Firms in an earlier, high-growth phase tend to leverage their lean structures and agility to rapidly capture market share through strong organic expansion. As firms become more established, their strategy naturally evolves. They begin to balance this organic growth with a focus on market consolidation and maintaining their leading position, often exploring large-scale strategic acquisitions to create a more blended growth profile.

Firms earning annual revenue (excluding acquisition) of <$10m	Firms earning annual revenue (excluding acquisition) of >$10m
Focused on building capacity and value	Oriented towards scale

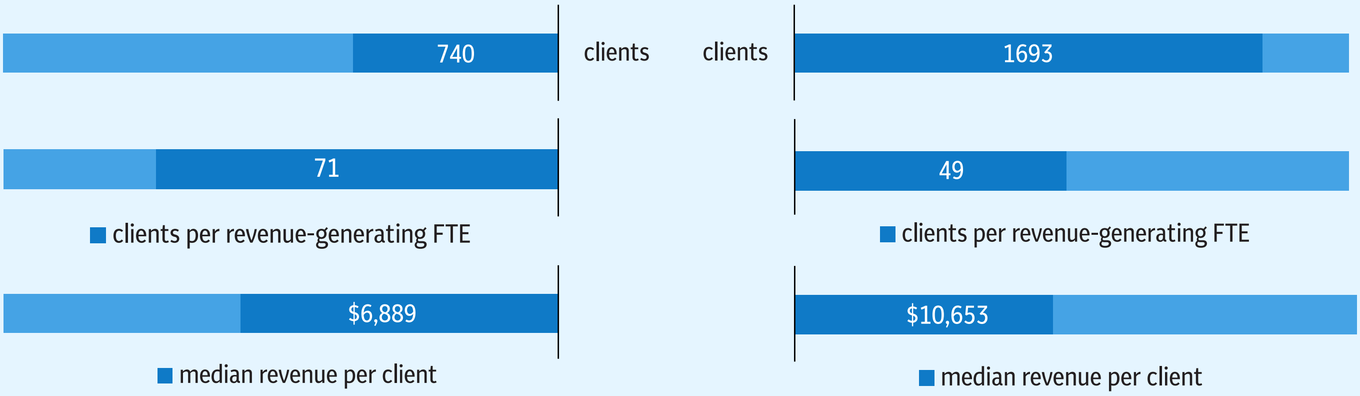
FY25 gross revenue, excl. acquisition

<$10m	>$10m
$5,610,523 median	$19,426,986 median
$5,823,797 average	$19,940,800 average

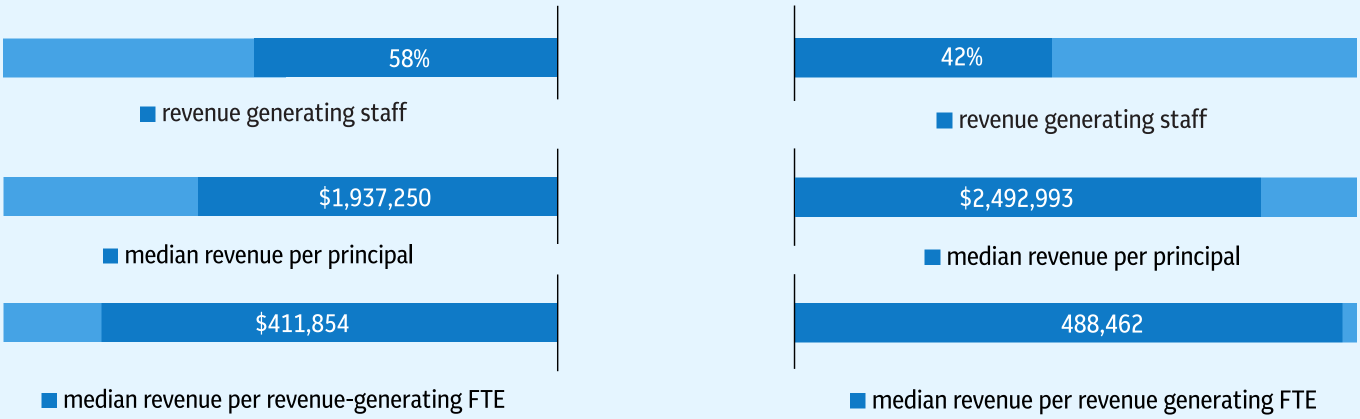
Median organic revenue growth

<$10m	>$10m
11.3% p.a.	7.8% p.a.

Median client profile



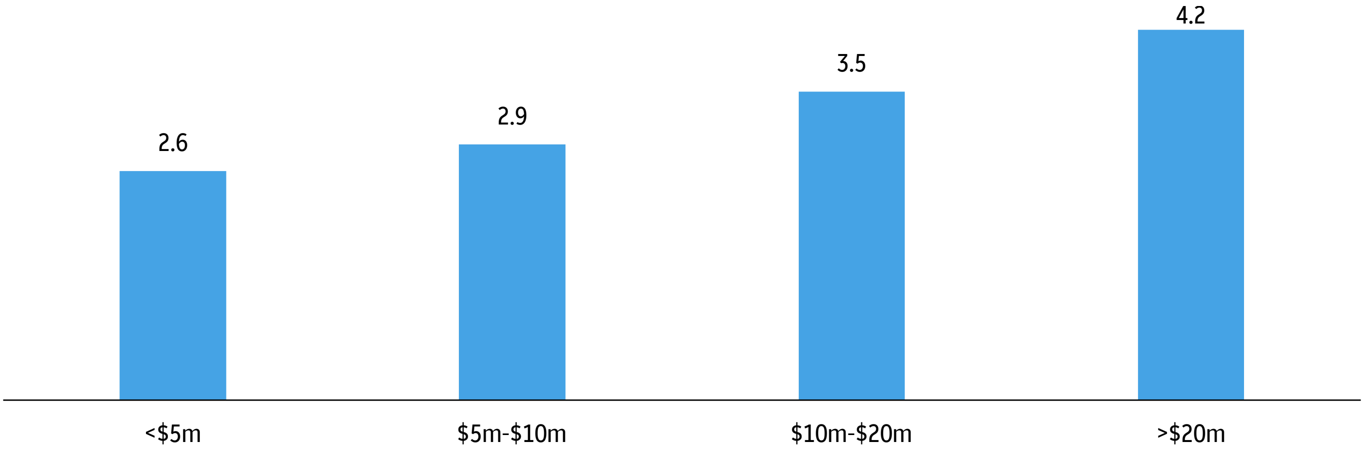
Median people profile



Service lines

<$10m	>$10m
2.8 service lines	3.9 service lines

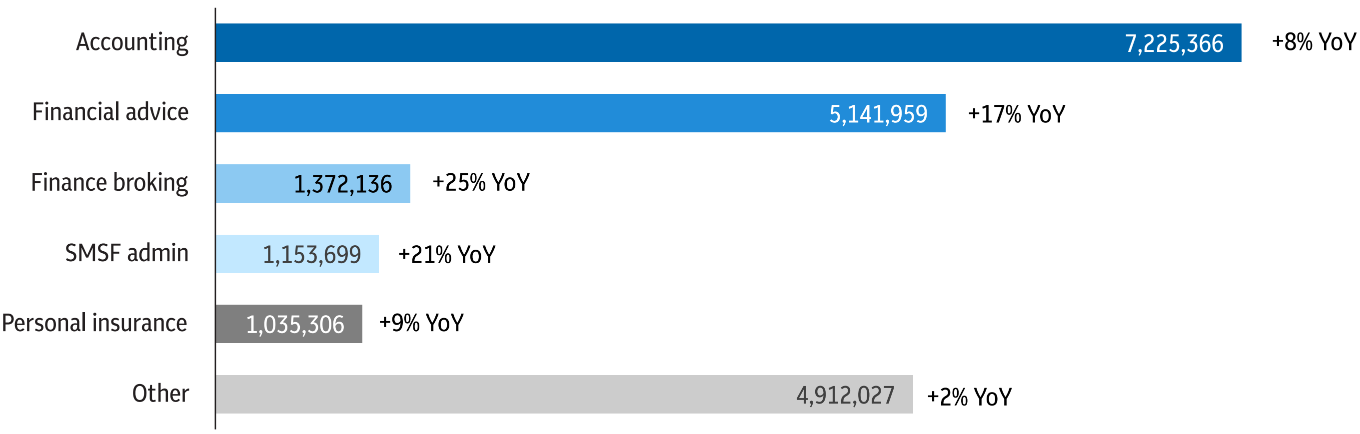
Profile of services



While the average firm in our study offers 3.3 service lines, this single number hides two very different strategies for success: the tale of two firms. For many, growth is a story of diversification, with service offerings expanding in line with revenue. Yet for some of the most profitable, top-performing firms in the study, the story is one of focus.

This diversification strategy is a hallmark of larger firms, peaking in the largest firms of the study. While core services like accounting and financial advice fundamentally drive income, additional service lines provide an opportunity to scale, meet more client needs, and deepen business relationships. This is particularly relevant for larger firms, over half of whom offer services like business advisory and consulting (compared to just 19% of smaller firms). These additional service lines appear to be core to their business model and contribute 20% to their revenue.

Average revenue by service line



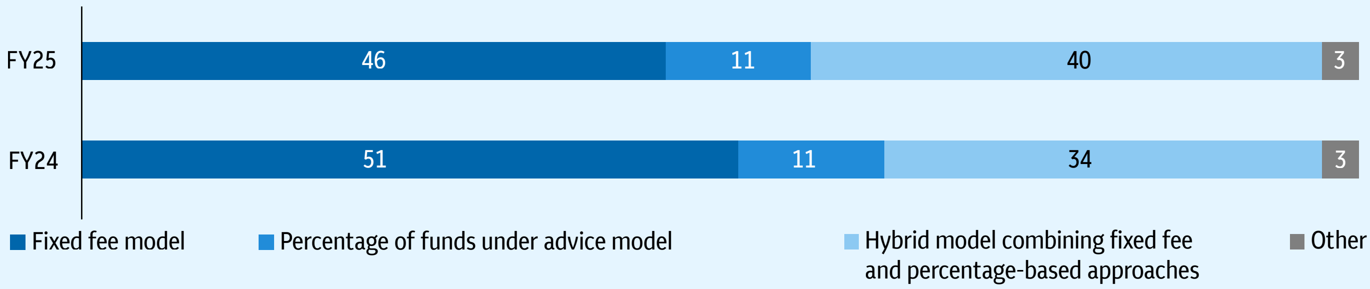
The growth rates across all service lines are remarkable, though it's important to keep in mind that a portion of this uplift is acquired income - highlighting the cross-sell opportunity when this inorganic strategy is deployed.

Firms that are actively and strategically acquiring new service offerings are proactively meeting a diversified number of their clients' complex needs. Rather than waiting for clients to prompt, high-performing firms are embedding multi-service conversations into their regular client engagement cadence, treating diversification as a deliberate growth strategy.

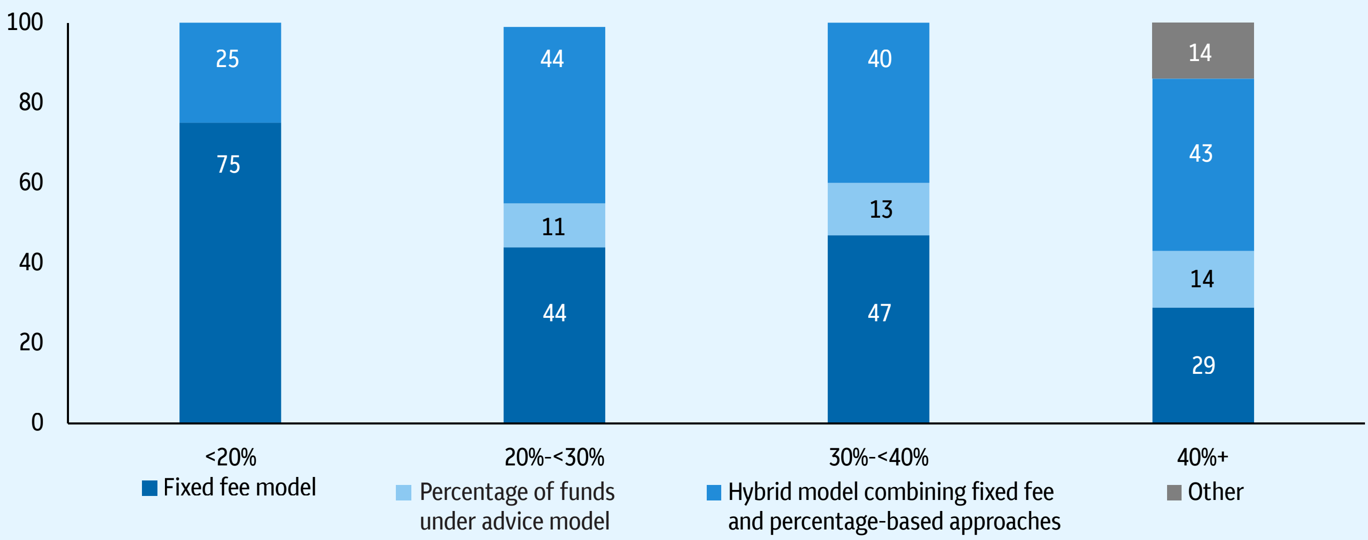
The rise of the hybrid approach

Recurring revenue model (%)

Among firms providing financial advice/wealth management/ superannuation advice



Recurring revenue model FY25 – by key financial metrics: EBITDA margin



While the volume of revenue is important, the structure of that revenue and how firms charge for their services is evolving and influencing the bottom line.

The data reveals a subtle but significant shift. Between the last two periods, reliance on a purely fixed fee approach saw a slight decline, dropping from 51% to 46%.

In its place, the hybrid model which combines fixed fees with percentage-based approaches is gaining traction, increasing from 34% to 40%. Meanwhile, the pure percentage-of-funds-under-advice model has remained consistent at 11%.

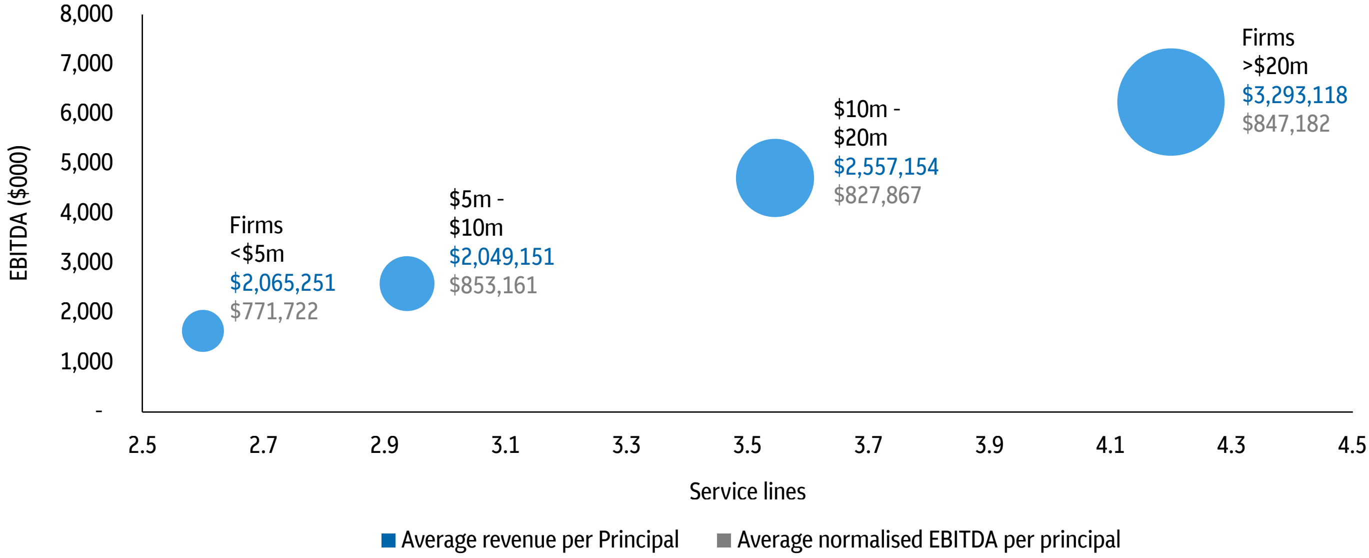
This trend toward hybrid models signals a growing industry interest in flexible pricing structures that can capture the value of advice while providing predictability.

Crucially, while the adoption of a recurring revenue model shows no clear correlation with a firm's overall size, the type of model chosen does appear to impact performance. Firms utilising a hybrid approach tend to exhibit slightly higher EBITDA margins.

This suggests a possible link between flexible pricing and improved profitability. A hybrid approach may allow firms to better align their fees with the complexity of the service delivered and the value generated for the client, optimising their revenue structure for stronger financial health.

The relationship between service and scale

Service lines, EBITDA and gross revenues



The data reveals how the relationship between revenue and profitability evolves as a firm scales. A key finding is that while top-line growth is strong, the most successful firms strategically balance this expansion with consistent returns to their leaders.

As firms grow, their ability to generate revenue per principal increases significantly, rising from $2.1M in smaller firms to $3.3M in the largest. This demonstrates that larger firms successfully create environments with better resources, economies of scale, and established client bases where principals can achieve greater top-line results.

Interestingly, this dramatic revenue growth is paired with stable and substantial profitability. EBITDA per principal remains remarkably consistent across all firm sizes, holding strong in the $771,722 to $847,182 range.

This indicates a deliberate strategic choice. Larger firms are leveraging their scale to fuel further market expansion and diversification, reinvesting a portion of their top-line growth back into the business. This strategy prioritises long-term enterprise value and market leadership while still delivering consistent, high-level returns to stakeholders.

Two mindsets for growth

Two mindsets among participating firms become apparent from this trend. Neither is right or wrong. Both represent a strategic, conscious choice about the future of your firm.

Sustainable growth

- Traditional, principal-led model
- Focus on control, stability and deep personal client relationships
- Principals are the engine of the business, deeply involved in day-to-day operations and client service

The advantage: *Predictability*

- Strong, tight-knit culture
- Deep understanding of clients
- Healthy profit margins and returns for principals

The challenge: *Capacity*

- Firm growth is tied to the capacity of its owners
- Significant key person risk

Growth at scale

- Enterprise model that operates and grows independently of its principals
- Significant investments in C-suite, technology, centralised processes
- Active diversification of service offerings to capture market share

The advantage: *Business value and legacy*

- Allows for non-linear growth
- Potential for higher enterprise value at exit
- Powerful brand, attractive to top talent and larger clients

The challenge: *Compressed profits*

- High levels of investment can compress margins temporarily
- Principals must let go of control and trust their team

Moving from a 'sustainable' model to a 'scalable' one is a transformation. It requires a fundamental shift in mindset – from working in the business to working on the business. This decision will inform every other strategic choice a firm makes.

Expenses

The expense story in this year's study is all about people and technology.

Expense spotlight: people

Reflecting the industry's heavy reliance on human capital, remuneration accounts for 65% on average of total costs and is unsurprisingly the largest expense across the board. On average, the survey cohort spent $6.2 million on remuneration expenses.

This creates a universal challenge in managing salary creep. Given remuneration accounts for 49% of revenue for the cohort, salaries are on the higher end of the spectrum compared to other professional services industries.

Strata high performers: 44.4%[4]

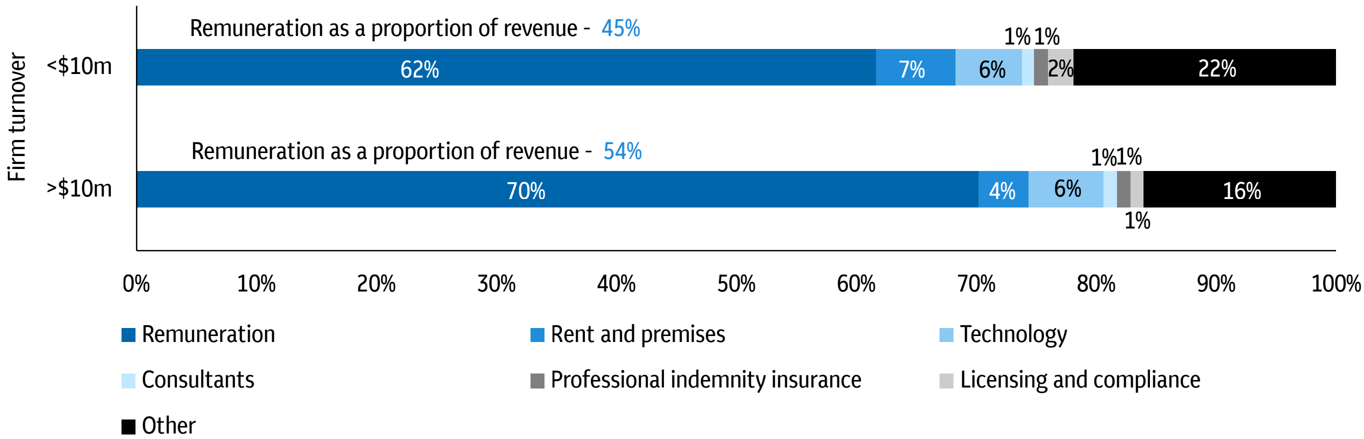
Insurance high performers: 30%[5]

Legal high performers: 21% [6]

4. Macquarie Business Banking, 2026 strata industry benchmarking report
5. Macquarie Business Banking, 2024 insurance intermediary benchmarking report
6. Macquarie Business Banking, 2024 legal industry benchmarking report

However, a more nuanced story emerges when looking at profitability. The proportion of expenses allocated to remuneration tends to decrease among firms with higher EBITDA margins, while the proportion of "all other expenses" increases. This shift suggests that as firms become more profitable, they are able to allocate a greater share of their resources toward diverse operational needs or strategic investments beyond direct remuneration.

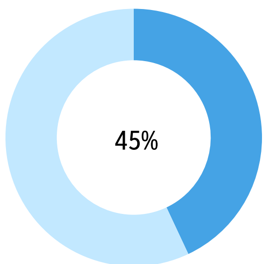
Expense profile as a proportion of expenditure



Remuneration as a portion of revenue

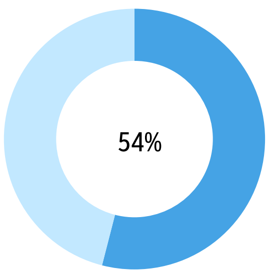
<$10m

Operating a leaner, more cost-effective remuneration model, totalling 45c for every dollar in the door.



>$10m

Competing for top-tier talent by paying a premium at all levels, resulting in a higher cost of delivery: 54c for every dollar in the door.



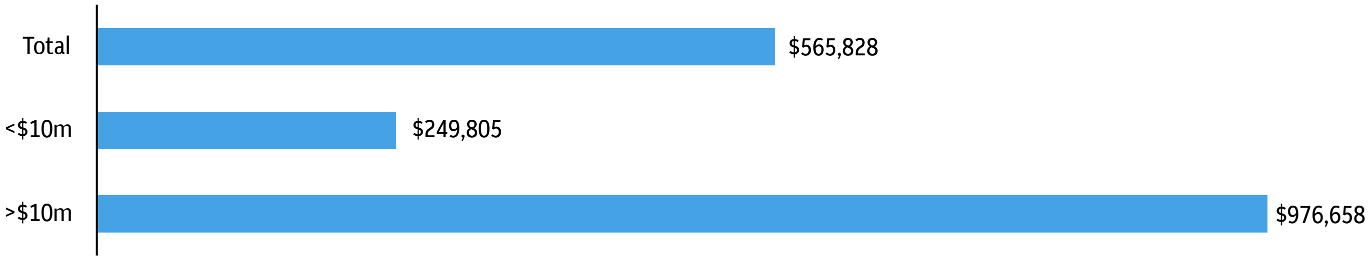
The core challenge for large firms

The data shows that large firms are making a deliberate investment in more expensive human capital. For this to be successful, that investment needs to generate a proportional return. Firms can achieve this by:

- Charging appropriately for differentiated services and articulating the value of services well
- Driving efficiency through technology to ensure their highly paid staff are productively adding value
- Winning complex business advisory work

Expense spotlight: technology

Average technology expenses ($)



The expense story in this year's study reveals a fundamental shift in industry priorities. Technology investment is no longer an afterthought. It is now on par with occupancy costs, with each accounting for 6% of a firm's total expenses. This signals that digital infrastructure has become as critical as physical office space in building a modern, competitive firm.

This trend is largely driven by larger firms. Those with over $10 million in revenue now spend nearly $1 million annually on technology, a fourfold increase over smaller firms, whose outlay is closer to $250,000.

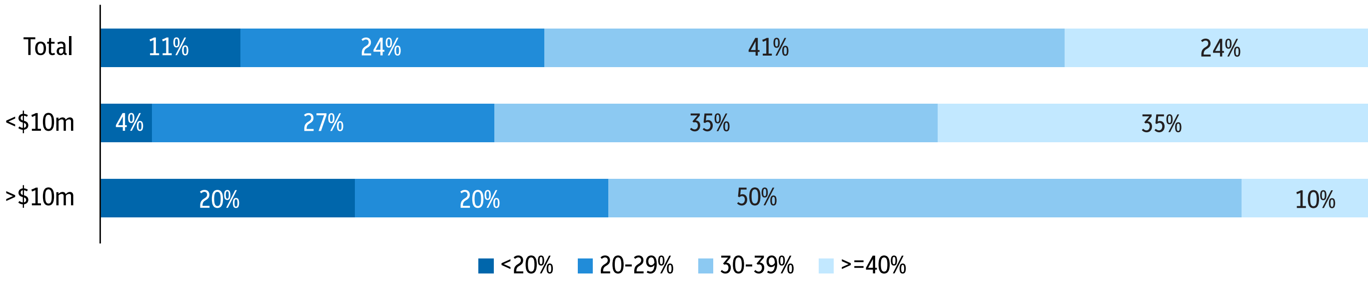
This spending aligns with major industry trends focused on leveraging technology to:

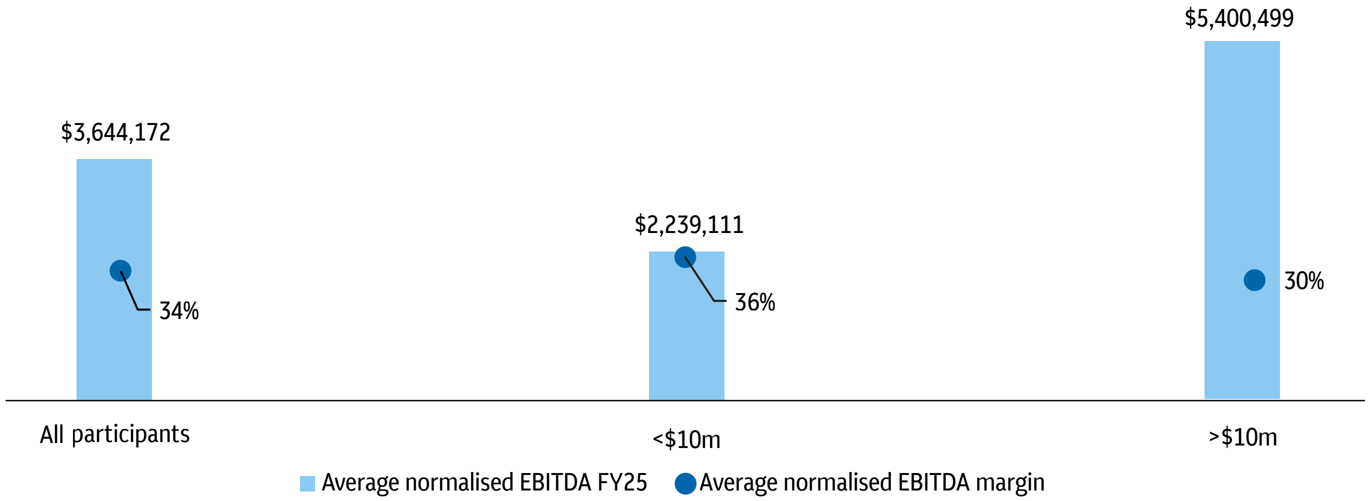
- Automate and enhance efficiency: Leading firms are using AI and automation to handle routine, low-value tasks, freeing up talent to focus on complex, value-adding advisory work.
- Elevate the client experience: Digital portals, secure communication platforms, and data analytics are being used to enhance the client value proposition and deliver a more seamless, responsive service.
- Win the war for talent: In a competitive hiring market, a firm's technology stack is a key differentiator. Top-tier professionals expect to work with best-in-class tools that empower them to do their best work.

This year's data makes it clear that leading firms are pursuing a powerful dual investment strategy: building a system where premium talent is amplified by premium technology. Technology is not a cost centre, but the engine of efficiency, value, and future growth.

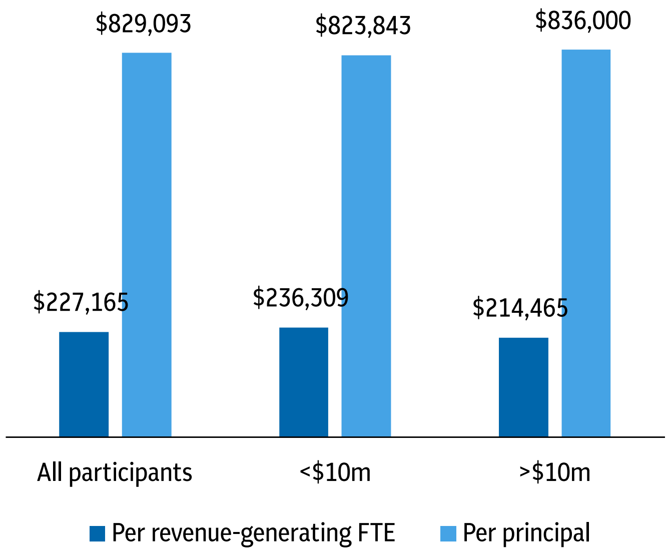
Profit[7]

Normalised EBITDA margin during FY25

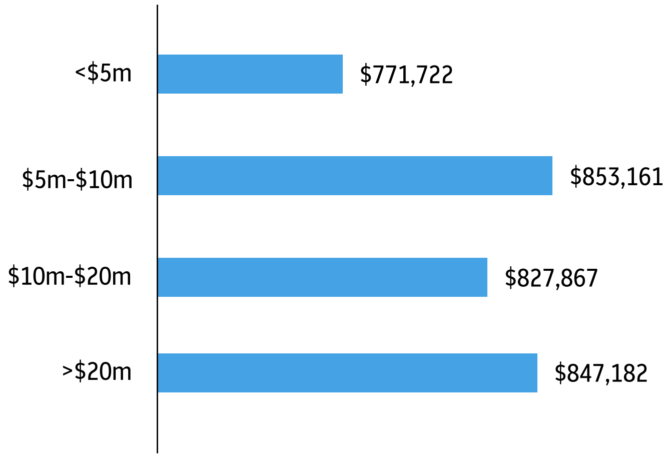




Average EBITDA per principal/revenue generator



Average EBITDA per principal – split into turnover cohorts



7. Profit calculated from normalised EBITDA, as reported in financial statements before principal salaries and before extraordinary expenses. To calculate normalised EBITDA, total principal salaries of the firm are subtracted, and number of FTE principals multiplied by $250,000 is added.

Profitability: A story of strategic balance

Despite rising costs, the industry's profitability remains healthy. On average, firms generated a normalised EBITDA of $3.6M in FY25, with 41% of all participants achieving strong margins in the 30-39% range.

The high margin, focused model

The data shows that firms with the highest EBITDA margins (40%+) are often those that operate at a smaller scale. Their financial success reflects a sharp focus on operational efficiency and a highly effective revenue strategy.

A key driver is their adoption of a balanced mix of recurring and non-recurring income. This diversified revenue approach provides both the stability of predictable income streams and the agility to pursue new growth opportunities, enabling strong financial performance within a focused operational structure.

The high growth, scaled model

As firms grow, their financial structure naturally evolves. While profitability in absolute dollar terms is significantly higher, margins often stabilise or tighten as the business invests in scale, diversification, and market expansion. For example, our data shows that among firms earning over $10 million, there is a wider distribution of margin outcomes compared to smaller firms.

This highlights a different strategic priority. Larger firms are leveraging their scale to generate substantial absolute profits while reinvesting in the talent, technology, and service lines needed for continued growth and market leadership. The 'sweet spot' often appears in the $10M-$20M bracket, where firms demonstrate a strong balance of growth momentum and healthy profit margins, suggesting they have achieved scale while maintaining a high degree of operational effectiveness.

The strategic takeaway

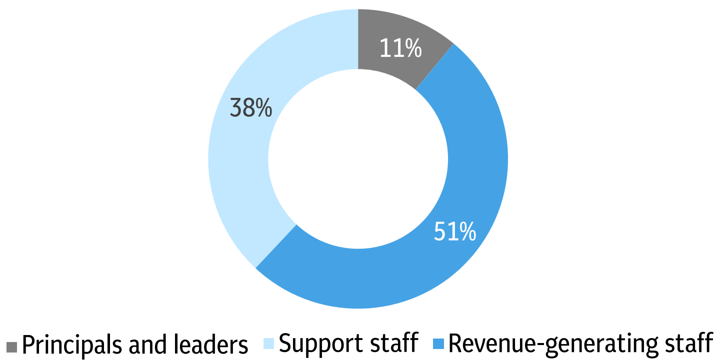
Ultimately, the data underscores the importance of intentional strategy. Scaling requires dedicated leadership and efficient operations to ensure that investments in people and technology translate to the bottom line. Firms at every stage can benefit from considering what changes are required in their operating model, whether it's optimising their revenue mix or managing the costs of complexity, to ensure their chosen path delivers optimal value.

People and culture

People are the engine room of every professional services firm, and in accounting and financial advice, it is no different.

Headcount

Composition of headcount



The firms in this study vary significantly in size, with headcounts ranging from 7 to over 150 full-time equivalent (FTE) employees, and an average of 54. This highlights that while the blueprint for an advice firm's roles might be similar, the scale of operations is vastly different across the industry.

Our analysis shows that two key factors in a firm's people strategy correlate strongly with revenue: leadership structure and operational support.

A clear trend emerges linking leadership to financial performance: revenue tends to rise with the number of dedicated leaders within an organisation. This suggests that investing in a strong leadership structure is a critical component of scaling a firm successfully.

While leaders drive strategy, the balance between revenue-generating and support staff determines a firm's operational health. The key focus is how these parts work together.

Operational health

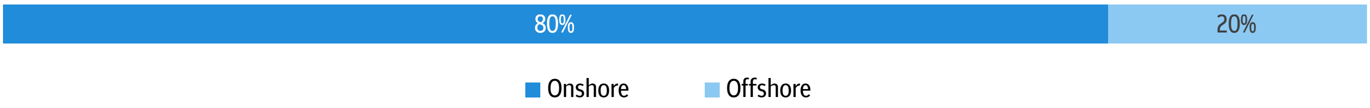
Total	<$10m	>$10m
1:0.75	1:0.71	1:0.82

For all participants, firms have a ratio of one revenue-generating staff member for every 0.75 support staff member. Smaller firms, however, operate with a leaner model, reflecting their ability to stretch resources; and larger firms operate with more support to manage increased services and complexity.

As a firm grows, their support structure becomes heavier. Support staff enable revenue-generators and principals to focus on client-facing, value-adding work, so it's important to consider how your firm is supporting the support staff to keep operations running efficiently and costs in check.

Where is your team?

Onshore and offshore staffing



The adoption of global talent continues as a core business strategy: for firms in our study that use offshore teams, those teams now comprise 20% of their total workforce.

With average offshore salaries sitting at nearly half the amount of an equivalent onshore role, the economic case becomes clear. Firms aren't replacing their local teams; this strategy can free up cash flow for reinvestment in onshore, higher-value, client-facing roles – if it's done well, and with considered strategy.

Is the hybrid work model here to stay?

Post-COVID, the industry has decisively moved to a structured hybrid model. 82% of firms now implement a minimum requirement for in-office workdays, with the average mandate being 3.4 days per week. The days of fully remote or fully in-office work have largely made way for a flexible middle ground.

The most common arrangement is a balanced split. 30% of firms mandate three days in the office and 21% mandate two days. Together, these two policies account for half of all firms, who are seeking to blend the benefits of collaboration and culture-building with the flexibility and autonomy that attract a broader talent pool.

However, a deeper analysis reveals a significant and nuanced story linked not to revenue, but to profitability.

While the number of required in-office days shows little correlation with a firm's revenue, it has a strong association with its profitability.

EBITDA Margin	Average Required In-Office Days
High (>30%)	3.5
Low (<20%)	1.8

Firms with higher EBITDA margins (30% or more) tend to require an average of 3.5 days in the office. In stark contrast, less profitable firms (with margins below 20%) require an average of just 1.8 days.

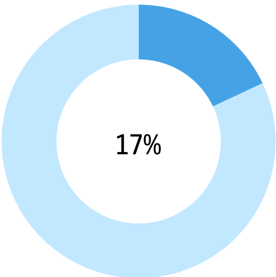
This suggests that on-site presence, and the face-to-face collaboration and productivity it may foster, is a key component of the operating rhythm in the industry's most profitable firms.

While a flexible hybrid model is essential for attracting talent, this data indicates that a structured, office-centric approach is strongly linked to achieving top-tier financial performance.

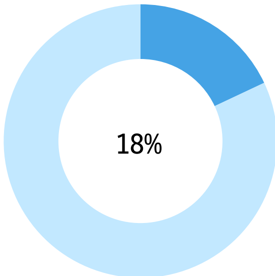
Average minimum days in office	30% of firms mandate	21% of firms mandate
3.4	3 days	2 days

Turnover and retention

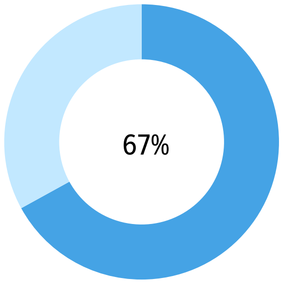
How you keep and reward your staff is a crucial lever in a competitive labour market and high-cost environment. High employee turnover is a direct threat to capacity for growth, with hidden costs – including recruiting, lost productivity and diverted leadership time – that hinder a firms' ability to manage current demand.



Average turnover rate

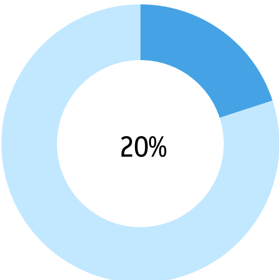


Average hire rate

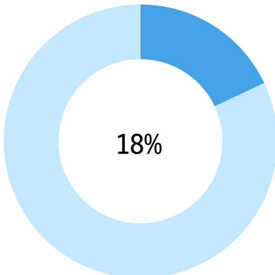


Accounting productivity

Firms <$10m

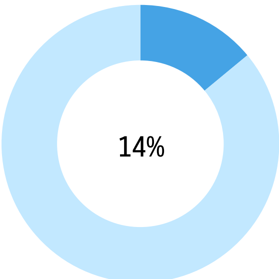


Average turnover rate

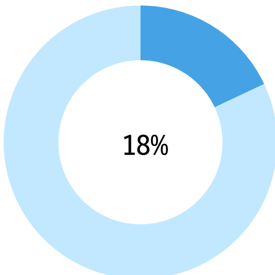


Average hire rate

Firms >$10m



Average turnover rate



Average hire rate

The data reveals, somewhat unsurprisingly, that for accounting and advice firms, talent retention is a major challenge.

The average staff turnover rate amongst this year's participants was 17% - higher than Australia's private, public, and not-for-profit sectors that have an average staff turnover rate of 15%[8].

While firms across all sizes are hiring (or re-hiring) at a similar pace, the net effect is very different. Firms over $10 million clear their peers (and the Australian average) on turnover rate, at just 14%. And with a hire rate of 18%, they are moving beyond backfilling departures and instead more effectively adding to their headcount and managing growth. Smaller firms' recruitment efforts are spent on replacing those that have departed.

8. Australian HR Institute, Quarterly Australian Work Outlook, December 2025

The key: Long-term incentives

Employee turnover is **11%**
in firms offering long-term incentives

Long-term incentives act as a powerful anchor for talented staff. They align the firm's long-term vision with individual financial success – a powerful reason for your most valuable people to stay, contribute, and drive growth.

4 in 5
firms offer at least one incentive

58%
of firms offer Short-term incentives (bonus and commission)

20%
of firms offer Employee Share Ownership Plans

Additional incentives include extra leave, financial rewards like spot bonuses, equity buy-ins, and profit-sharing, alongside professional development opportunities such as covering professional memberships, study leave, and study cost reimbursements.

What else should you focus on to attract and retain staff?

The expertise and service your people provide to your clients is fundamental to the value of your firm. Ensuring staff remain engaged at work can bring multiple benefits for firms, including:

- Higher work performance and productivity
- Greater discretionary (voluntary) effort
- Higher employee retention (lower turnover)
- Improved client experience, loyalty and likelihood of advocacy and referral.

Eight ways to drive higher engagement among employees

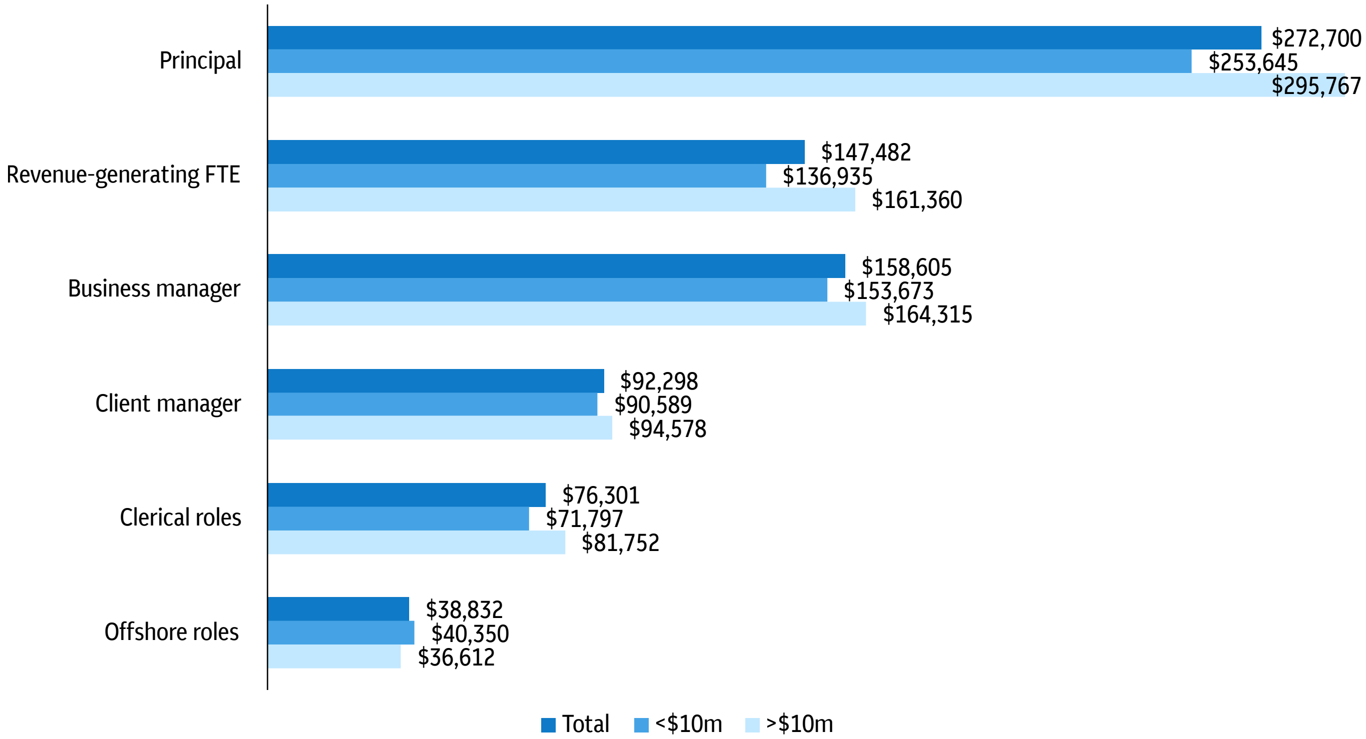
Research[9] suggests that there are nine core drivers of employee engagement:

1. **Belief in leadership:** Employees have trust and confidence in their leader's judgment because the leader aligns their behaviour to the firm's values and shows genuine interest in employee wellbeing. What leaders say, how they act and what they prioritise creates a supportive and safe workplace
2. **Alignment to strategy:** People know how their own performance contributes to the firm's goals and business strategy and are motivated to make that contribution
3. **Balance between professional and personal objectives:** There are sufficient policies and resources (people, systems, tools) available to enable staff flexibility and autonomy.
4. **Image:** Employees have pride in the firm and believe that it is highly regarded by the community
5. **Employment value proposition:** The firm offers a unique set of benefits, rewards and cultural experiences, that are clearly communicated and put into practice to engage and retain talented people
6. **Deliberate and genuine interactions:** Staff are involved in decisions that affect them and are empowered to speak up and have the issues they raise seriously considered.
7. **Development pathways**: Existing talent is nurtured, by systematically assessing skills, identifying gaps, and investing in professional development
8. **Health and wellbeing:** The firm offers resources to support the physical and mental wellbeing of your staff and tools to maintain a healthy work-life balance.

9. Willis Towers Watson, Global Workforce Study, 2014

Remuneration

Average salaries



The remuneration spectrum

People are the engine room of every professional services firm, and remuneration is a primary lever for attracting and retaining the best talent. Our data shows larger firms have a distinct advantage in this area; a key driver is their approach to compensation.

The salary range across the industry is vast, particularly for principals, whose salaries span from $97k to $750k, with an average of $272k. This disparity reflects differences in firm size, individual responsibilities, and the structure of incentive plans.

A clear pattern emerges: firms with over $10 million in revenue pay more across every onshore role. However, the salary gap between large and small firms is not uniform and becomes more pronounced for senior roles.

Foundational base	The heart of client delivery	Executive investment
The salary gap is narrowest when it comes to entry-level and support roles.	Large firms are willing to pay a significant premium for senior and manager-level revenue generators. They are actively competing to acquire and retain proven performers who can lead teams and manage complex, high-value clients. This is the toughest battleground for smaller firms. Competing solely on salary for top-tier talent is difficult; smaller firms need to offer something more compelling to attract top-tier talent. That could be a faster path to leadership, a better work-life balance, or a more meaningful stake in the business' success.	The premium is highest at the top. Principals and leaders in firms with over $10 million in revenue command substantially higher salaries ($295,767) This stretches even more in firms of over $20 million in revenue, where principals earn $349,373 on average.

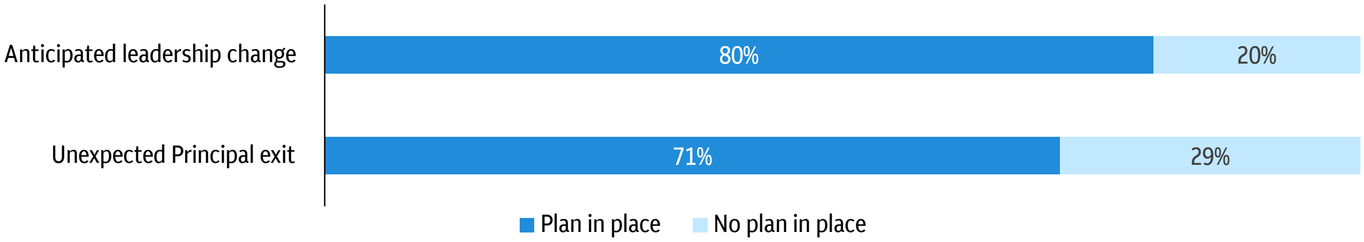
Remuneration is a core strategic decision to attract and retain best-in-class talent. For firms of all sizes, it forces a critical question about talent strategy.

With salaries taking up such a significant portion of revenue, it's important to ensure that alongside competitive remuneration, your highly-paid staff are supported by processes and tools that optimise their output and productivity.

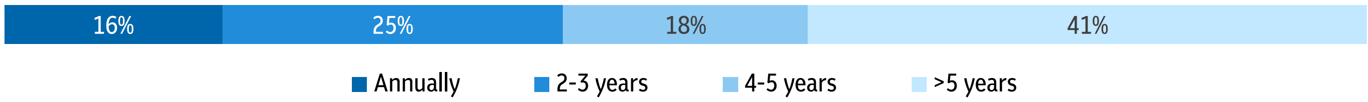
On the other hand, firms unable to compete solely on salary must articulate a clear and compelling value proposition that encourages top talent to build a long-term career with the business.

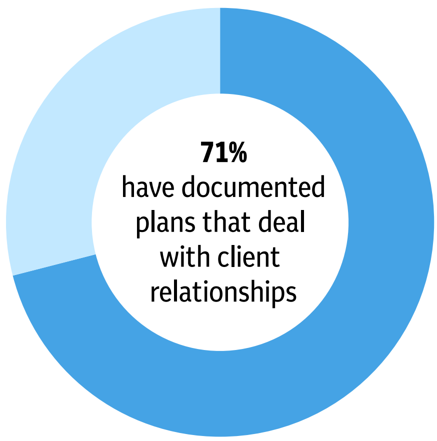
Succession – a strategic imperative

Succession plans in place – all participants



Shareholder agreement updates – all participants





This year's data shows a clear focus on continuity, with 80% of firms having established succession plans for anticipated leadership changes. These plans are generally comprehensive, addressing leadership responsibilities, client relationships, and equity ownership.

As it relates to equity ownership, a normalised EBITDA multiple is the most prevalent method for internal valuation, used by approximately three in five firms (59%). However, the data reveals significant sophistication in its application.

Firms rarely use a single, flat multiple across the entire business. Instead, they employ blended models, combining the EBITDA multiple with other metrics like revenue or net tangible assets, or applying different multiples to different service lines to achieve a more accurate valuation.

While valuation multiples can reach as high as 9x normalised EBITDA, a significant portion of firms (30%) use a more conservative multiple under 5x, indicating a wide range of methodologies in practice.

However, a deeper look reveals that the motivation for planning is not uniform and appears to be driven by two different factors: scale and profitability.

The scale factor: larger firms are more prepared

There is a clear link between firm size and preparedness. Succession planning is more common among firms with higher revenue.

- Firms with revenue under $10 million are markedly less prepared for leadership change. 27% have no plan for anticipated changes (versus 11% of larger firms), and 38% have no contingency plan for an unexpected principal exit (versus 16% of larger firms).

The profitability paradox: a counter-intuitive trend

While larger firms plan more, the data reveals a surprising trend linked to profitability. Succession planning appears to be more common among firms with lower EBITDA margins.

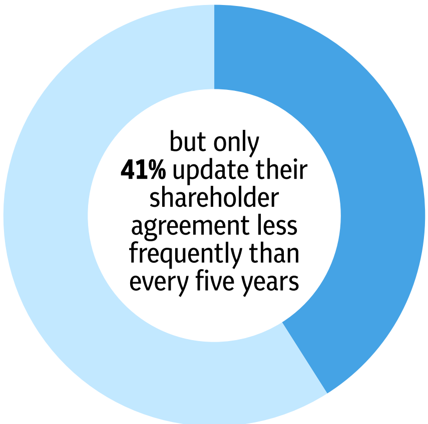
This could indicate that less profitable organisations view formal succession planning as a critical tool to improve long-term stability and address internal challenges. Conversely, highly profitable firms may feel less urgency to formalise such strategies, potentially relying on their existing financial strength and operational success to ensure continuity.

The hidden vulnerability

While firms show a strong focus on operational continuity—with 71% having documented plans to manage client relationships through a transition—a significant portion are left structurally vulnerable by a critical oversight.

41% of participating firms update their shareholder or partnership agreements less frequently than every five years.

This reveals a dangerous gap between planning and practice. An outdated agreement can complicate or derail even the best-laid client continuity plans, leading to disputes over valuation, equity transfer, and governance. It highlights a critical disconnect that firms must address to ensure their operational readiness is supported by a sound structural and legal foundation.



What does this mean?

The legal and financial agreement that dictates how transition happens in a firm is likely outdated, including:

- How shares are valued
- How buyouts are funded
- How disputes are resolved

An outdated, irrelevant agreement can instantly undermine even the best transition plan and trigger unnecessary legal complications. It's critical for firms to assess the frequency of their agreement updates to cement the smooth transition plan they have invested in.

The case for robust planning

Planning for succession, exit, unplanned changes, and shareholder arrangements takes time and commitment but supports the longevity and sustainability of your business.

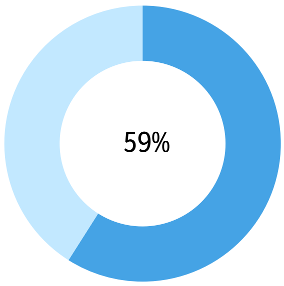
A business with a robust succession plan will:

- **Unlock value:** align firm goals with owners', ensuring leadership and client relationships are nurtured and secured
- **Ensure sustainability:** have a roadmap for the future of the business, including plans for the unplanned
- **Nurture talent:** offer high performers a future with your firm, using equity as a motivator and retainer
- **Guard against risk:** protect your firm from the unexpected

Client advocacy

New business growth is the lifeblood of any firm, and client advocacy is core to any new business strategy. When embedded within a formal referral program, it can deliver superior outcomes for growth.

Referrals and satisfaction metrics



of firms actively trigger referrals

with

80%

embedding external professional referral relationships

...yet only

39%

collect and measure client satisfaction and NPS data

Our data shows that as an industry, accounting and advice firms are proactive when it comes to generating new clients. Most participants have a deliberate process for triggering referrals and embedding referral relationships in their professional networks. This is a powerful, two-part engine for advocacy and partnership dedicated to generating leads.

However, far less participants are focused on client satisfaction.

Only 39% of participants have an embedded way of collecting and measuring client satisfaction - the single most important factor in driving referrals.

Formal measurement of client feedback can be a critical tool as firms scale, and an early warning for blind spots or areas for improvement.

Closing the loop with clients provides them an opportunity to be your advocates, but also to provide genuine feedback. It's important to not only focus on the mechanics of asking for referrals, but also on the human element that creates those referrals.

What lies ahead?

This year's study provides a clear snapshot of the firms that are investing in growth and putting robust measures in place for success.

In high performing firms, there is usually a drive for scale, with the end goal to become more saleable and efficient. For many owners, this is core to their strategy and this is reflected in many of the participants in our study.

The case for scaled organic growth, merger or acquisition

Increase capacity	Diversify your offer	Improve capability	Attract talent	Reduce key person risk
Generate interesting work for skilled people	Utilise dedicated leadership roles to consult and deepen client engagement	Scale justifies specialist business development, admin roles and technology investment	Larger firms may offer stronger employer branding and more career opportunities	Scale enables principals to spend less time on tools and plan for growth and succession

At the core of any scaled business are the three foundational keys to accelerating performance:

People	Process	Platform
• Ensure that your most valuable resource – people – are doing the most valuable work • Increased people costs require high productivity; it's essential to create an inclusive, high-performing culture, where people want to contribute • Identify key person risks, and mitigate these appropriately • Identify high-performing staff and potential leaders, and offer them incentives to remain with the firm	• Plan for the future, including for unplanned events, and update that plan regularly • Formalise referrals and measure customer satisfaction and feedback • Have a strategic approach to offshoring, outsourcing, automation and workflow optimisation	• Build a technology suite that complements and optimises your processes and your people • Ensure that technology is embedded and used consistently across the business • Strategise how AI will work for your business before implementing it

The elements of people, process and platform can be a virtuous or a vicious cycle. When they work well together, the firm performs. When they don't, the opposite is true, and friction abounds.

- If ***people*** are supported by sound process and platform, they tend to perform better, and satisfy more client needs. This re-invests itself into the business by way of advocacy, referral, engagement, retention, depth of client relationship, and profit.
- If ***processes*** are sound, people are unencumbered, and work flows smoothly.
- If ***platform*** is invested in well, they support processes and people to deliver their highest value. The platform is not the first consideration; it needs to underpin other elements.

How will your firm respond?

What does this all mean for the future of your firm?

Where should leaders focus their energy?

The strategic choice	The dual investment	The retention imperative	The client blind spot	The governance gap
Sustainable practice or scalable enterprise	Unlocking value with talent and technology	Solve turnover with a partnership mindset	Close the gap between asking and listening	Your succession plan is only as strong as your shareholder agreement

This year's study points to five areas of focus that will set firms up for success, at any scale, in years to come.

1. The strategic choice: Sustainable practice or scalable enterprise. The most successful firms will be those that make a conscious choice about their identity and commit to it. Are you building a highly profitable, principal-led 'sustainable practice' or are you preparing a 'scalable enterprise' designed for exponential growth? There is no right answer, but this choice is the foundation of strategy, investments, structure and legacy – so be clear.
2. The dual investment: talent and technology. The data demands a dual investment to maximise success. You cannot win by paying a premium for top-tier talent whose value is eroded by inefficient systems – and vice versa. The highest-performing firms understand that technology is the amplifier for productivity and the full potential of their people.
3. The retention imperative: a long-term mindset. A people strategy mindset shift is required. A 17% turnover rate is a strategic problem that is crippling scale. The data shows that the most powerful solution is to foster a partnership mindset, specifically by offering long-term incentives (LTIs). LTIs cut turnover almost in half, by aligning personal wealth with the firm's long-term success.
4. The client blind spot: close the gap between asking and listening. There is a blind spot in many firms' growth strategies. While most firms are masters at systematically generating referrals, only 39% of firms are as rigorous at measuring client satisfaction. Don't leave the most powerful growth engine – authentic advocacy – completely to chance. Seek feedback in a systematic way and commit to listening as well as asking.
5. The governance gap: your succession plan is only as strong as your agreement. Most firms are operationally ready for leadership transitions, but structurally at risk. A well-crafted succession plan is one thing; an out-dated shareholder agreement can undermine even the best planning. It is essential risk management to increase governance around the relevance and timeliness of your shareholder agreement.

Performance snapshot

Firms under $10 million revenue

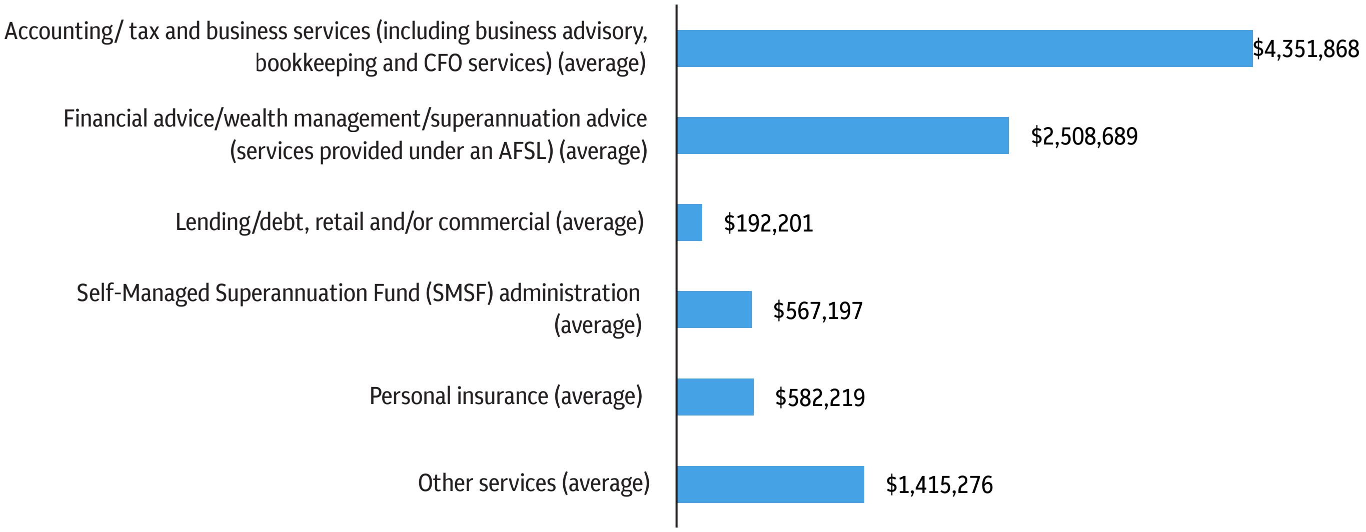
Service lines	Average # clients per revenue-generating FTE	
2.8	97	

Gross revenue ex. Acquisition – FY24 average	Gross revenue ex. Acquisition – FY25 average	Organic growth %
$5,231,578	$5,823,797	11.3%

Average acquired revenue	Recurring revenue as a portion of revenue	Average revenue per principal
$735,434	79%	$2,276,882

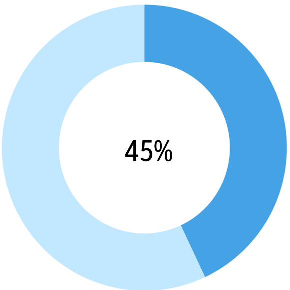
Average revenue per FTE	Average revenue per revenue-generating FTE	Average revenue per client
$235,961	$590,121	$8,722

Average revenue by service line



Expense profile

Salaries as a portion of revenue



Normalised EBITDA	Normalised EBITDA margin	
$2,239,111	36%	

EBITDA per principal	EBITDA per FTE	EBITDA per revenue-generating FTE
$823,843	$89,756	$236,309

Performance snapshot

Firms over $10 million revenue

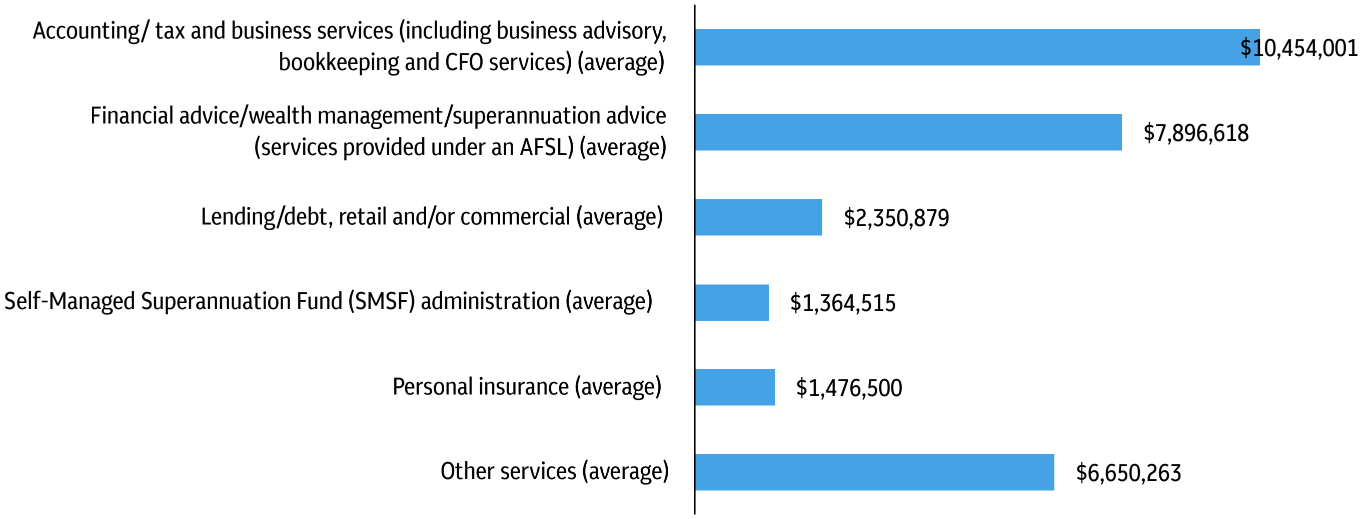
Service lines	Average # clients per revenue-generating FTE	
3.9	56	

Gross revenue ex. Acquisition – FY24 average	Gross revenue ex. Acquisition – FY25 average	Organic growth %
$18,329,918	$19,940,800	7.8%

Average acquired revenue	Recurring revenue as a portion of revenue	Average revenue per principal
$1,000,000	76%	$2,878,612

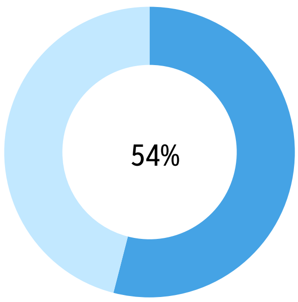
Average revenue per FTE	Average revenue per revenue-generating FTE	Average revenue per client
$233,831	$643,330	$11,246

Average revenue by service line



Expense profile

Salaries as a portion of revenue



Normalised EBITDA	Normalised EBITDA margin
$5,400,499	30%

EBITDA per principal	EBITDA per FTE	EBITDA per revenue-generating FTE
$836,000	$73,880	$214,465

Discover how we can keep your business in front

We work with business owners to:

- Seek appropriate funding options for their growth and scale journey
- Extract value while growing your business by seeking outside investors
- Lock in skilled staff and ensuring a smooth succession by selling equity to internal leaders
- Connect leaders to other high performing businesses in their industry
- Innovate and unlock opportunities for sustainable growth
- Access tools, expertise and solutions to solve business challenges

For a closer look at industry trends and avenues for growth, contact your Macquarie representative.