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Business essentials for your practice

It goes without saying that, whether you're a doctor, lawyer, engineer, architect or any other self-employed professional consultant, you need to have core business skills – as well as technical expertise to build a flourishing practice.

Excellent technical abilities and communication skills are essential in any good professional practice, and they must be continually updated. However, there are a number of other key factors that separate high-performing professionals from the rest. In our 30 years of advising

people in this area, these are the things we've noticed these professionals using to grow and thrive in their day-to-day professional lives. These are tips that will help any practitioner, from the 'one-man band' operator right through to the multi-office professional practice.

A good business plan is vital

Firstly, any good professional practice – even the 'one-man band' – needs a good business strategy as its foundation. It has to be realistic, workable and also be communicated to all staff and supporters alike, so they know what you're aiming to achieve in your business and the role they need to play in helping you do that.

These areas each need to have very clearly defined actions and realistic timeframes for completion. And they need to be properly reviewed, at regular intervals, to ensure you or others are doing what needs to be done, and are doing it according to plan.

Once the business strategy is in place, you need a business plan to achieve its goals, objectives and tactics. This plan should address areas like the practice's operations, business development efforts, people and resource needs, legal and compliance requirements, physical requirements for space, and financial structuring.

From our perspective as accounting advisers, one of the most critical parts of a good business plan needs to be your practice's approach to its financial management software – what many firms call the 'General Ledger' – as a way to describe the various systems that monitor and direct payments in and out of the business.

Also consider the financials

Whatever accounting or bookkeeping software you implement, it's vital that you use the reporting tools in these systems to keep in touch with your practice's revenue, cashflow, tax compliance obligations and other critical financial milestones.

will be run. Will each of the partners be drawing income from the business? How often will this occur? Will they be taking an equal share, or a payment that reflects their input into the business? When will they receive 'the draw' – monthly or less/more frequently during the year?

Tax compliance is an obvious one, but many professionals struggle with allowing for their ongoing liabilities in the areas of GST and PAYG, and often fail to allow enough administration time or resource to deal with the monthly and quarterly requirements to file these business activity statements.

You might also need to consider how to bring new partners on board, or help those wanting to exit the business. Making sure this works efficiently at both ends means you need a well-crafted partnership agreement, with clearly defined provisions and associated structures such as, for example, discretionary trusts and a separate entity for the business. It should also have clearly defined provisions around entering and exiting the partnership or business.

If you are a firm with a number of principals or partners, you also need a clear strategy around how this partnership

Running a successful business as a professional requires all of the above activities, plus a fair bit of skill, luck and good timing. But having a good business structure at the heart of your practice management will help you build a good professional services operation that will flourish, even in these uncertain times.

Bernard Marin is the founder of Marin Accountants

This article is intended to provide general information only and has been prepared without taking into account any particular individual's financial situation or needs.

We recommend you take financial advice specific to your situation before making any financial decision.