Grow your practice using an entrepreneurial mindset
Cloud-based accounting solutions are allowing more and more people to set up their own accountancy practice. Online accounting platforms make it easier than ever to set up a business and to start working with a broad range of clients – making the most of the mobile, instant-access benefits of advising and collaborating with small and medium-sized businesses.

But if you do start your own practice, one thing is for sure: adopting a more entrepreneurial mindset is really going to help make your business successful.

“I believe an entrepreneurial mindset is essential in today’s business environment. Entrepreneurs are the driving force in most economies and they rely heavily on their trusted advisers because they don’t have the internal resources of large corporations. As accountants, it’s essential for us to understand how these business owners think and to model our business to be able to integrate with our clients” – Mark Chapman, owner of My Virtual CFO

This concept of adapting to change is central to the entrepreneurial mindset. We’ve put together this short guide to outline how a highly ambitious, innovative, adaptable mindset can drive your accountancy business forward. But first off, let’s explain what sets an entrepreneur apart from other business people.

**What makes you an entrepreneur?**

“Entrepreneurial mindset refers to a specific state of mind which orientates human conduct towards entrepreneurial activities and outcomes. Individuals with entrepreneurial mindsets are often drawn to opportunities, innovation and new value creation.” – FT.com
People with an entrepreneurial mindset:

• are drawn to opportunities and innovation
• are good at taking calculated risks
• are good at accepting the realities of change and uncertainty
• and – possibly most importantly – can take a step back to see the bigger picture

This last point is one of the most crucial aspects of the entrepreneur’s outlook. Being able to step back, review the situation, know where things are heading and then act fast!

This ability to look at the business from the outside in, and to see what the future will look like, is a vital element of an entrepreneurial mindset. It’s what allows the entrepreneur to spot the opportunities in the market, to make the right moves and to beat the competition to the prize. Imagine the possibilities if you apply this mindset to your practice.

“Having an entrepreneurial mindset has definitely helped us grow our practice. In the words of Michael Gerber, the American business writer – most accountants are technicians. However, you need to be more than that. You’ve got to be a business person too!”

– Paul Miller, Cornish Accounting Solutions

Calculated risk: a strategic approach to change

Broad, strategic thinking is what makes the entrepreneur stick out from the business crowd. When you start running your own accountancy practice it’s very easy to get bogged down in the day-to-day running of that company. You start focusing your efforts on the minutiae and everyday administrative tasks – the things that keep the business running but which don’t push it forward.

The entrepreneurial accountant can rise above this minutiae and step back from the practice to:

• see where things are heading
• be strategic not just tactical
• take calculated risks, and
• move the practice and your clients forward.
You need to be really clear about the goals you want to achieve. This will set you up to make the move from vision to innovation. Review the local accounting market, check out your competition and find out what the current appetite for accounting services is like in your area.

When you do act on this information, there will always be an associated risk – for example, if you grow the practice, will you have enough resource to deliver for your expanded client base? But the risk is not a haphazard, impulsive one – it’s thought-through and calculated. You’ve looked carefully at the situation, applied your entrepreneurial mindset and acted based on your strategic knowledge and planning.

Accepting the realities of change and uncertainty

There are a multitude of reasons for setting up your own practice. But a common pathway is to move from a bigger accountancy practice, or a corporate in-house finance role, and to strike out on your own.

The years spent at a large practice will have given you a wealth of hands-on experience and a good technical knowledge. But there’s a moment when setting up your own practice where you have to make that leap from being a salaried employee to becoming your own boss. That’s a big shift, both in terms of responsibility and income. And there’s an inherent risk in this leap of faith.

It’s easy to get stuck focusing on this inherent risk. Adopting an entrepreneurial mindset is the key to overcoming this. You have to admit and recognise that there’s risk involved in becoming the boss of a start-up accountancy practice. Once you’ve accepted this risk, you’ve taken the first – and most important – step in accepting the change and uncertainty that you’ll be faced with as the driving force behind this business.

“"When I was working in a bigger practice, I felt a bit like a was a small cog in a big machine. You can have an impact but it takes a lot longer to get to partner level. And up until the point you make partner, you’re seen as more of a resource. Whereas we treat our staff, and our clients treat us, as a valuable part of the team, as opposed to a resource. That’s really, in a nutshell, why we set up the firm in the first place.”

– Simon Kallu, SRK Accounting
Combining your strategic outlook with an understanding of the possible risks is what gives you the core strength to achieve your plans for the practice.

It’s about analysing and weighing up the risks and then acting on what you see. Sounds easy, doesn’t it? But making the move away from a steady pay cheques and a comfortable, corporate organisational structure can be very scary indeed. So how do you aclimatise yourself to being the boss of an independent business?

**Reading, learning and growing**

When you first start out there’s going to be a certain amount of anxiety: that’s just human nature. Will you find enough clients? Will you make any profit? Will you have enough income to cover your overheads?

But as we said already, don’t focus on the little things. Worrying about where the next invoice payment will come from will certainly focus the mind and will help drive you forward to get more clients. But don’t get sucked into managing the fine details at the expense of looking at the problem strategically.

> “One of the biggest mistake that accountants will make is seeing the pound signs, taking on clients but not taking on enough staff. They don’t work on their processes enough and the service levels go down. We actively ask our clients for their feedback, so if we’ve delivered their management accounts a day later this month, we’ll look at why that was and will try to constantly improve things.”
> – Simon Kallu, SRK Accounting

You’ve got to think long-term growth and sustainability, rather than short-term money in the bank. Having the right overriding business plan and the right strategic approach for the practice is the thing you need to get right.

As an entrepreneur, you never stop trying to educate yourself about your market, your industry and the potential for your practice. This means reading around your subject, consuming any information you can that will help you make those big, strategic decisions and understand the inherent risks.
“I leant on my network, in terms of reaching out to my friends, family and contacts with business owners. And they formed the fundamental part of our initial client base. Having a strategic referral network is the most important thing you can work on in the first year of your business in order to drive sales – all our business in the first year was through referrals.”
– Simon Kallu, SRK Accounting

Look at case studies from similar practices, talk to your peers and get a really good handle on the challenges a start-up accounting practice will face. And learn from working with those first clients. Take on board the issues that come up, the things that work well and the things that could be done better – it’s an ongoing process to make your practice the best it can possibly be.

Over time, there’s a clear pathway to take:
- Read and educate yourself – become an expert in new accounting services
- Start working with clients and learn from the positives and negatives
- Begin with basic bookkeeping and compliance
- As you learn, start offering more services to clients
- Supplement your basic services with packages that really add business value
- Shift from delivering the basics to becoming a true business adviser, and
- Watch your practice grow – but don’t stand still.

Always moving, always improving
As we’ve pointed out, the entrepreneurial mindset doesn’t ever stop – it’s an ongoing process. When you reach your current goal, that’s not the end of the process, it’s just one point along a longer, more strategic road.

“As you bring in more revenue and take on more staff, you can increasingly take yourself away from the day-to-day running of the business. So I try not to do any bookkeeping now, for example, and just review. If you’ve got that time to think and talk with clients about potential opportunities, other opportunities or markets will flow from that.”
– Simon Kallu, SRK Accounting

The true entrepreneur is never truly satisfied, and it’s this desire for things to be bigger, better and faster that drives the business forward – and helps you grow with your clients as new opportunities come up. This is what makes an entrepreneur stand out from the crowd. There are many very talented people out there who offer their skills and are self-employed. But it’s the mindset that differentiates between these two personas.
Self-employed people:
- Have a skill and know people are willing to pay for their time, talent and service
- Hours are long and there’s no time off
- Constantly trying to fill their order book with new work
- Feel they have a glorified job

Entrepreneurs:
- Think strategically and are quick to innovate with new products and services
- Work hard but make it look effortless
- Make the most of every opportunity
- Maintain steady growth
- Take calculated risks and learn from ideas that fail
- Seem to really love their work

As an experienced accountant, you could easily become self-employed. You have the skills and the knowledge and, no doubt, the professional network to get regular work. But this mindset is not creating a practice – it’s marketing you as an individual and your skills as an accountant.

The big leap forward comes by applying that entrepreneurial mindset to your existing small-scale business. Look at your existing business, your client base and think of new products and services you could offer. How could you do things better? Where are there opportunities to move into new markets and new sectors? You need that constant questioning attitude that drives innovation. And with innovation will come growth and scale for the business.

“We’re on a Government-funded scheme called Growth Accelerator. We work with our business coach to develop new business and marketing opportunities and to think about processes and capacity planning. It’s fundamentally important when building a scaleable business to allocate time for working on the business on a regular basis and thinking about all aspects, whether that’s internal or new opportunities.”
– Simon Kallu, SRK Accounting

Putting the entrepreneurial mindset to work
So, you’ve made the leap and have started thinking like an entrepreneur.
- You’re self-motivated, innovative and great at recognising opportunities – and going after them.
- You’re strategic, have a plan and you’re committed to putting in consistent effort to make that plan work.
- You can deal with the inherent risks and uncertainty – in fact you thrive on the adrenalin rush of overcoming this uncertainty and remaining positive and enthusiastic throughout the journey.
What can you do now to maximise the potential of your practice? How do you get the most from this new-found entrepreneurial spirit?

- Keep your existing clients and make sure they’re happy
- Deepen those relationships and offer more services – talk to your clients and find out what services they really need. What’s the business advice they really want?
- Make sure you have the right pricing model – a model built on value-based pricing is likely to work better for an entrepreneurial accountant. You can find out more in our two guides on pricing, The benefits of value-based pricing, and Phasing in value-based pricing.
- Become a social rainmaker – make the most of your relationships with advisers and partners. Build your professional network and talk to people in the same position as you
- Promote your practice with social media and blogs – resources like Twitter, LinkedIn and accountancy websites are invaluable, free resources. Connect to people and get talking.
- Embrace technology and the cloud – review the available software and choose the online tools that help you meet your business goals. Cloud-based accounting is already changing the way the industry works.
- Stand out from the competition – apply your entrepreneurial mindset and define your unique selling point (USP). What does your practice offer that the others don’t? Focus on that USP and hone it, improve it and make it a real deal-breaker when talking to clients.

With an entrepreneurial mindset in place, there’s no limit on the level of innovation you can bring to your practice. Take a step back, assess the calculated risks and come up with strategic ideas for better, faster and more profitable ways to work with your small business clients.

“Our idea is to not be driven by revenue targets but by client satisfaction. If clients are happy and they can see that you’re consistently trying to improve the service for them, then we’re meeting that aim. We’ve had some clients refer us to 10 or fifteen other clients, without us even asking them to refer – and that’s just because they are happy.”
– Simon Kallu, SRK Accounting

“We’re a 100% Xero practice. Everyone is on board with the same system, that system works and our clients like it. That means we can much more easily sell our services to potential clients. I can’t imagine running a practice without Xero and Workflow Max.”
– Simon Kallu, SRK Accounting
You can find out more about the benefits of cloud-based accounting in our series of Xero guides:

- Moving your practice to the cloud
- Managing a cloud-based practice
- Becoming a Virtual FD
- The benefits of value-based pricing
- Phasing in value-based pricing
- Promoting your practice with social media and blogging

If you’d like to find out more about how Xero can support your cloud-based practice, please do get in touch. You can find us at www.xero.com or drop us an email at partnerteam@xero.com