



Western India Regional Council

Practice Development  
Strategies in  
Current Scenario

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May 14, 2021

# Setting the Context

- Current Position of CA Practice
- Practice Management – Statistics
- Practice vs. Industry
- Challenges in Practices
- Managing during COVID-19 crisis
- Practice Management Strategies
- Clientele & Fees
- Ingredients to Successful Practices
- Growth Strategies
- Specialization/ New Areas
- Practice & Technology
- Office Management
- Final Thoughts



# Current Position of Chartered Accountants In Practice

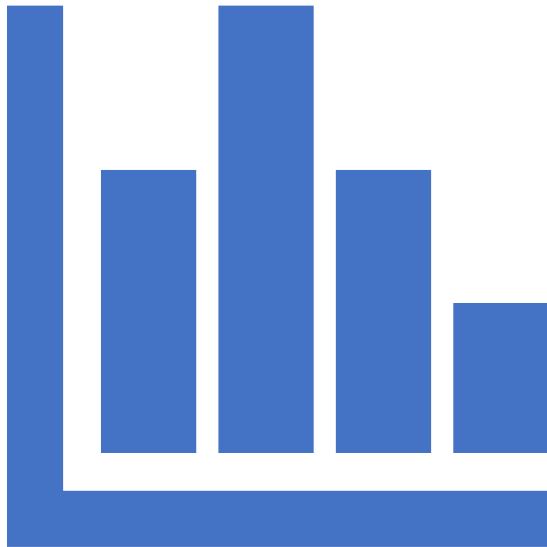
# Current Position of CA Practice

- Risk has gone up substantially
- Several scams have surfaced where CAs are found involved or presumed to be involved
- Increased expectations of Regulators / Stakeholders / Society
- NFRA is set up
- Stiff penalties / regulatory action against CAs
- E-governance in almost all government administration
- Increasing impact of technology
- Constant amendments in GST, Companies Act, Ind AS, Bankruptcy code, Valuations
- Constant changes in practice due to introduction of Rotation of Auditors, UDIN, Valuation rules, Technology etc.
- General Practice vs Specialization

# Noteworthy Changes Taxation and Compliance Reforms

Government of India enforced stringent tax and other compliance reforms such as:

- Jan Dhan Yojana
- Aadhar
- Income Declaration Scheme
- Demonetization
- Cash Transaction Reforms
- MCA struck off 3.8 lakhs Shell Companies identified, struck off during FY 2018-20
- Money Laundering and Benami Transaction
- Mergers of Banks
- Real Estate Regulatory Authority (RERA)
- Insolvency and Bankruptcy Code (IBC)
- Goods and Service Tax (GST)
- Atmanirbhar Bharat



## Practice Management Statistics



# Practice Management Statistics

Year	Proprietorship	Partnerships	Total
2020	64,423	25,339	89,762*
2019	52,374	22,783	75,157
2018	49,392	21,831	71,223
2017	45,956	20,960	66,916
2016	43,080	18,870	62,950
2015	41,808	18,749	60,557
2014	40,768	17,649	58,417
2013	38,263	16,072	54,335
2012	35,127	14,556	49,683
2011	33,093	13,853	<b>46,946</b>
2010	32,235	13,536	<b>45,771</b>
2009	31,871	13,179	<b>45,050</b>
2008	32,001	13,209	<b>45,210</b>
2007	32,165	13,439	<b>45,604</b>
2006	31,950	13,753	<b>45,703</b>

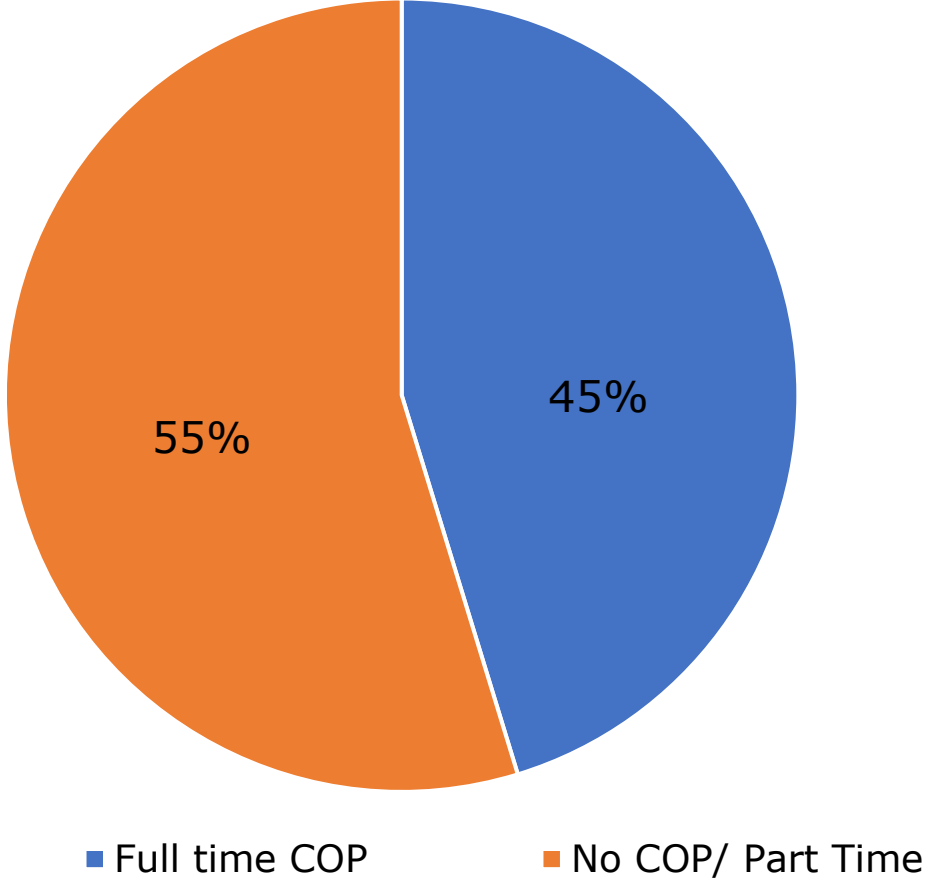
No. of partners	Firms
2	13,217
3-10	11,741
11-20	332
21-50	40
More than 50	9

Stagnancy

\*Firm count data as on April 1, 2020

# Practice Management Statistics

- Member Mix - Total





# Practice Management Statistics

## Growth in Practicing Units



# Practice Management Statistics

## Regional Statistics

States	Members-Full Time COP	% age of Members Full Time COP	Members-No COP/ Part Time COP	Members Total	Population (Lakhs)*	Members-Full Time COP per 1 L Population
Maharashtra	31,061	38%	50,232	81,413	1243	25
Gujarat	13,476	53%	12,097	25,573	643	21
Goa	384	62%	236	620	16	24
Total	44,921	42%	62,685	1,07,606	1902	24

\* Data Source : 2021 estimates - <https://www.findeasy.in/top-indian-states-by-population/>

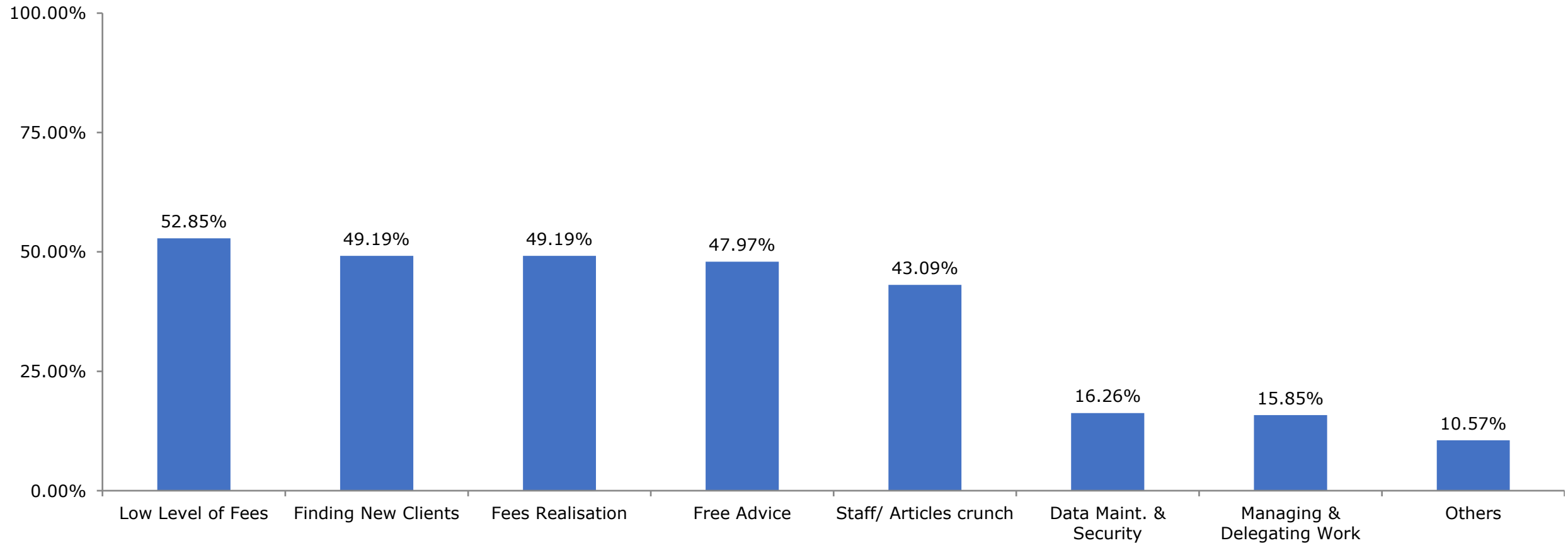
# Practice Management Statistics

Major Cities	Members-Full Time COP	% age of Members Full Time COP	Members-No COP/ Part Time COP	Members - Total	Population (Lakhs)	Members-Full Time COP per 1 L Population
Mumbai	14,796	32%	30,939	45,735	144	103
Thane	1,173	32%	2,483	3,656	21	56
Navi Mumbai	866	34%	1,679	2,545	13.50	64
Bhayandar & Mira Road	675	30%	1,611	2,286	9.25	73
Kalyan & Dombivali	660	29%	1,641	2,301	14.40	46
Pune	4,653	46%	5,574	10,227	60	78
Nagpur	1,645	59%	1,135	2,780	46.53	35
Ahmedabad	5,034	47%	5,738	10,772	64	79
Surat	3,284	62%	1,989	5,273	66	50
Vadodara	1,207	45%	1,508	2,715	41.6	29
Rajkot	1,077	60%	715	1,792	38	28

\* Estimated Population in 2021: <https://www.findeasy.in> and \*\*Population as per Census 2011 (for Vadodara, Rajkot, Pune, Nagpur)

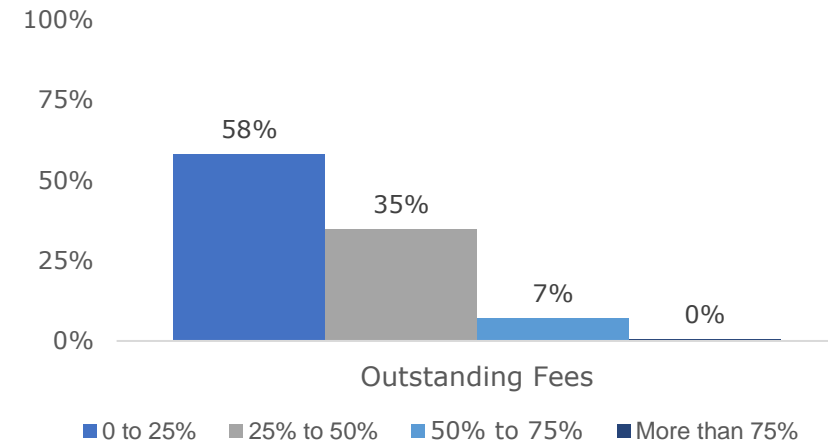
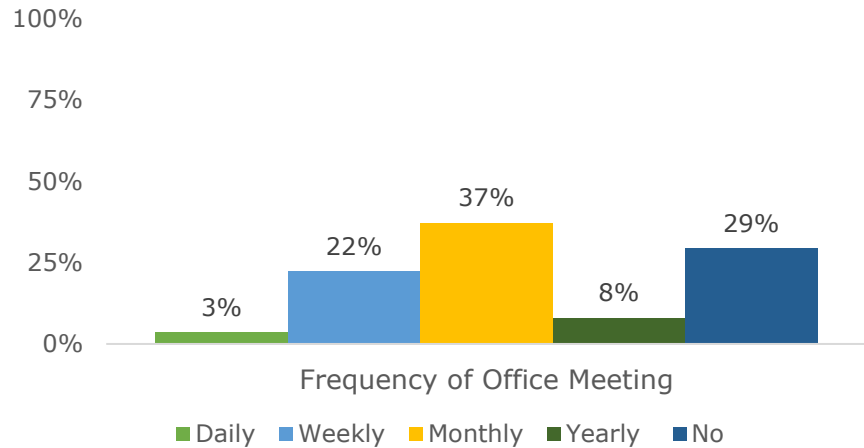
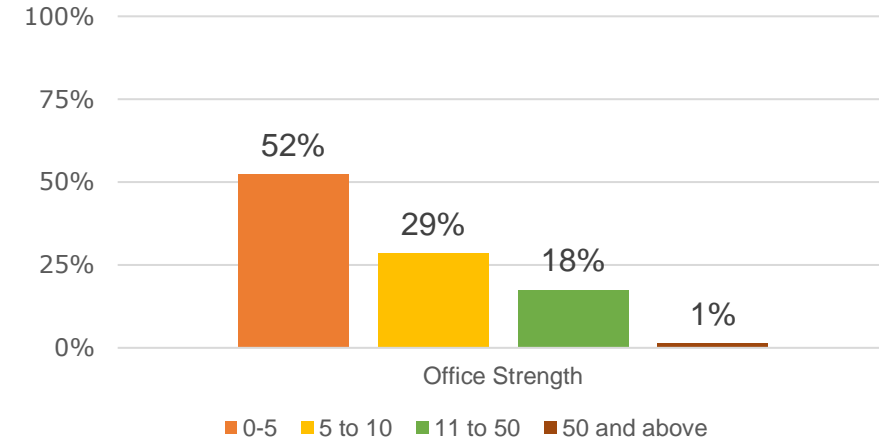
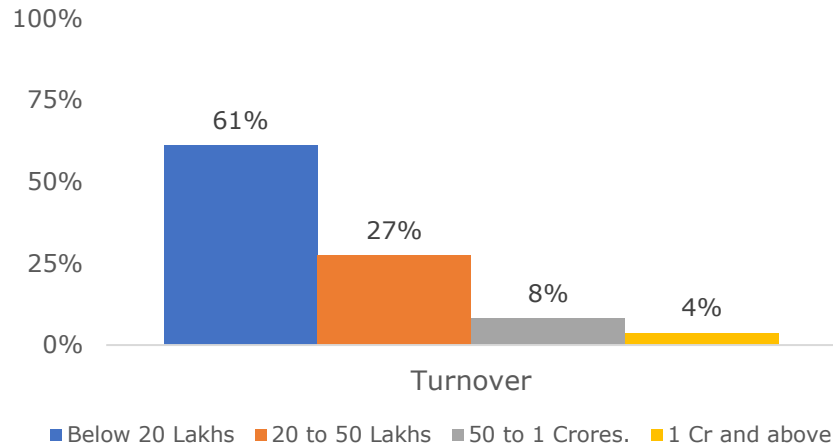
# Current Position of CA Practice

**Main problems and issues you face in your office**



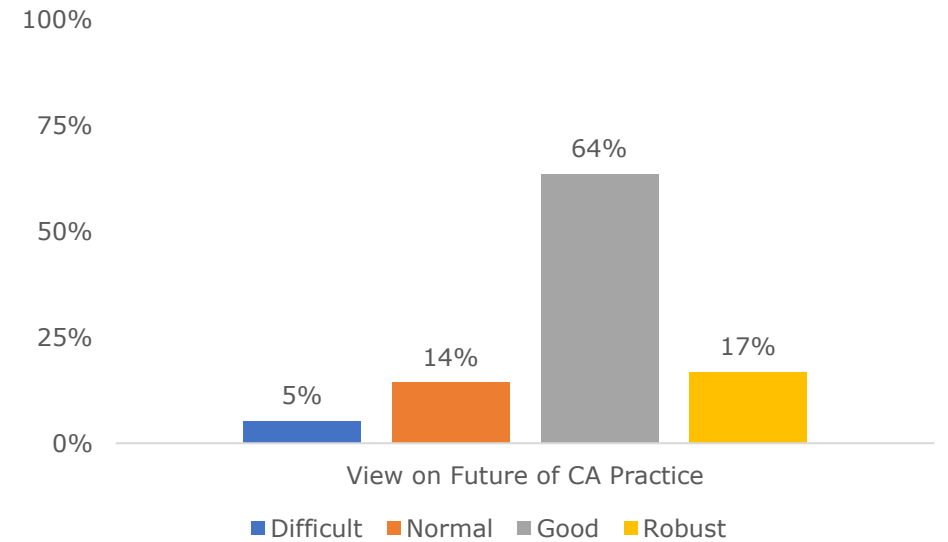
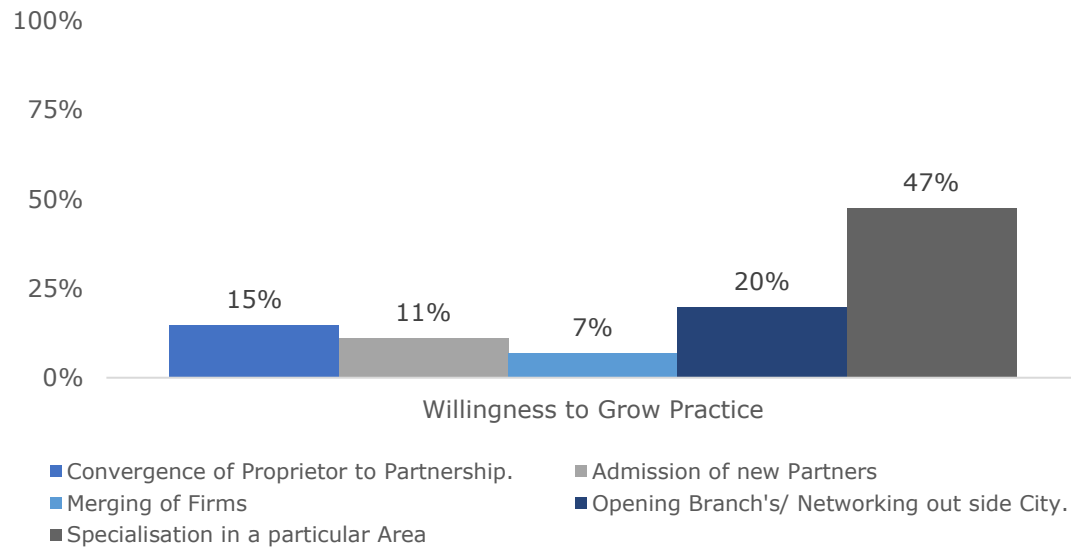
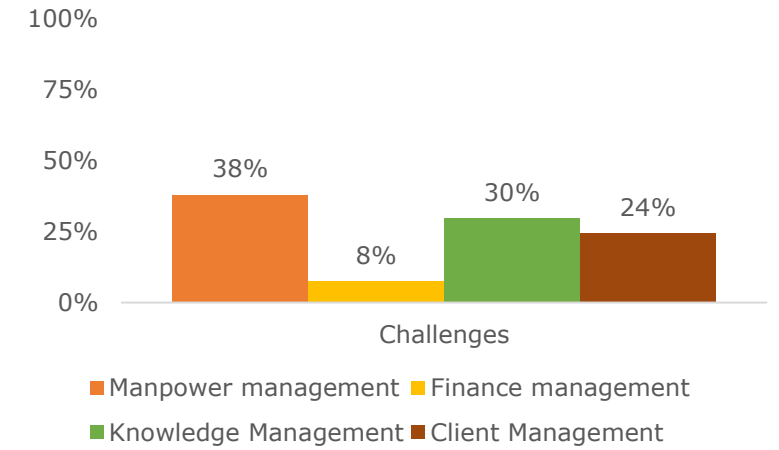
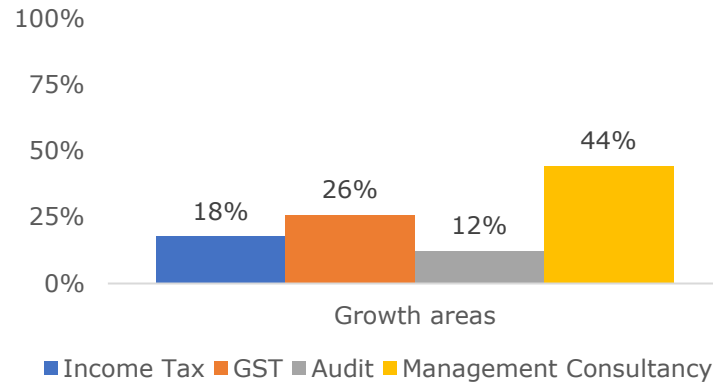
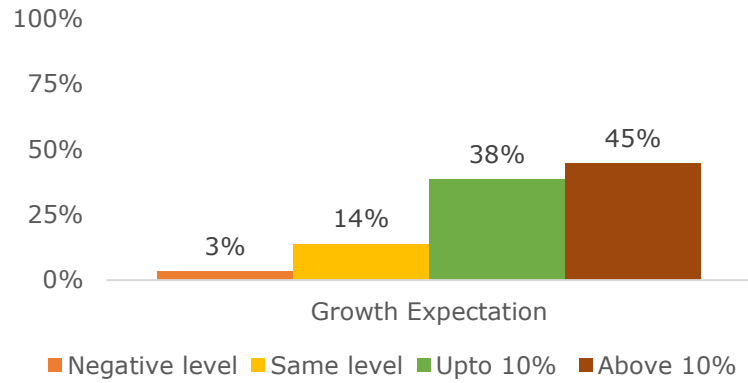
# Current Position of CA Practice

Ref: CA Umesh Sharma Seminar consisting of 10 cities with attendees more than 1000 members



# Current Position of CA Practice

Ref: CA Umesh Sharma Seminar consisting of 10 cities with attendees more than 1000 members



# Practice Management Statistics

- Statistics for Income Tax as on March 31, 2019\*

<b>Tax Payer status</b>	<b>PAN Number (A)</b>	<b>Count of Returned Filed (B)</b>	<b>Count of Tax Payers (C)</b>	<b>Difference (A-B)</b>
Individual / HUF	43,54,68,489	6,07,11,199	8,16,32,691	37,47,57,290
Partnership Firm	44,32,922	13,18,828	14,25,375	31,14,094
Company	17,41,192	8,47,860	8,86,889	8,93,332
AOP / BOI	12,84,300	183270	2,67,107	11,01,030
Trust	847,834	2,44,624	2,84,578	6,03,210
AJP / LA / Govt.	19,42,646	12,805	24,847	19,29,841
<b>Total</b>	<b>44,57,17,383</b>	<b>6,73,57,829</b>	<b>8,45,21,487</b>	<b>38,23,98,797</b>

As per incometaxindiaefiling.gov.in, Individual/HUF e-returns filed as of March 2021 - 6,86,87,469

\*(Source: Income Tax time series data FY 2000-01 to 2018-19, www.incometaxindia.gov.in)



# Practice Management Statistics

- Statistics for GST as of May 2, 2021



(Source: GST Portal)

- Statistics for Tax collection

(Rs. in Crore)

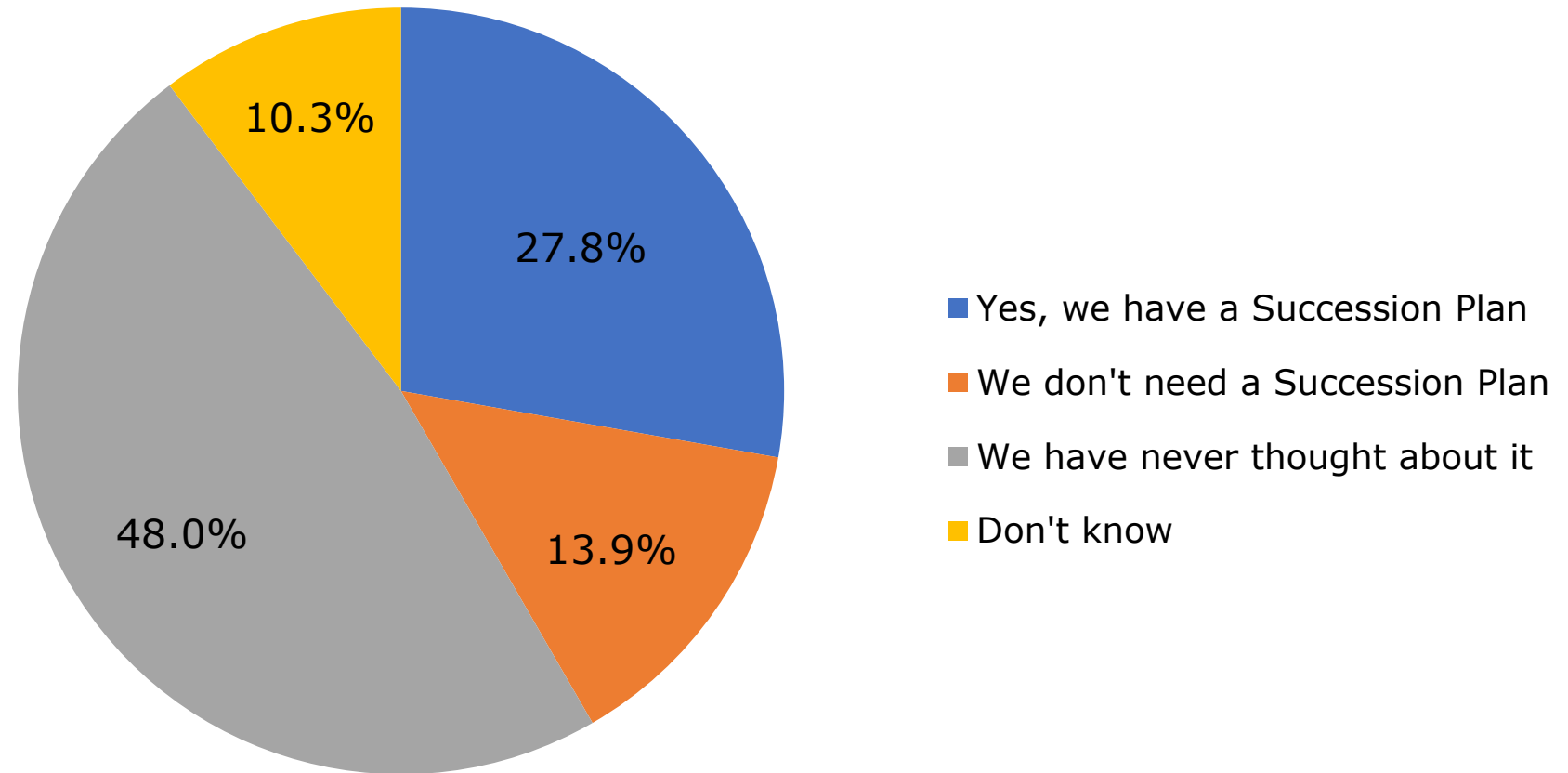
Financial Year	Corporate Tax	Personal Income Tax	Total Direct Tax	Total Indirect Tax	Total Tax Collections
2021-22#	5,47,000	5,61,000	1,108,000	11,02,000	22,10,000
2020-21*	4,46,000	4,59,000	9,05,000	9,95,280	19,00,280
2019-20	5,56,875	4,92,672	10,49,547	9,60,508	20,10,055
2018-19	6,63,571	4,74,114	11,37,685	9,39,018	20,76,703
2017-18	5,71,202	4,31,539	10,02,741	9,15,256	19,18,210

(\*Revised Estimate)  
 (#Budget Estimate)

(Source: [www.indiabudget.gov.in](http://www.indiabudget.gov.in))

# Current Position of CA Practice

Is your firm equipped with a Continuity Plan/ Succession Plan to succeed the senior partners





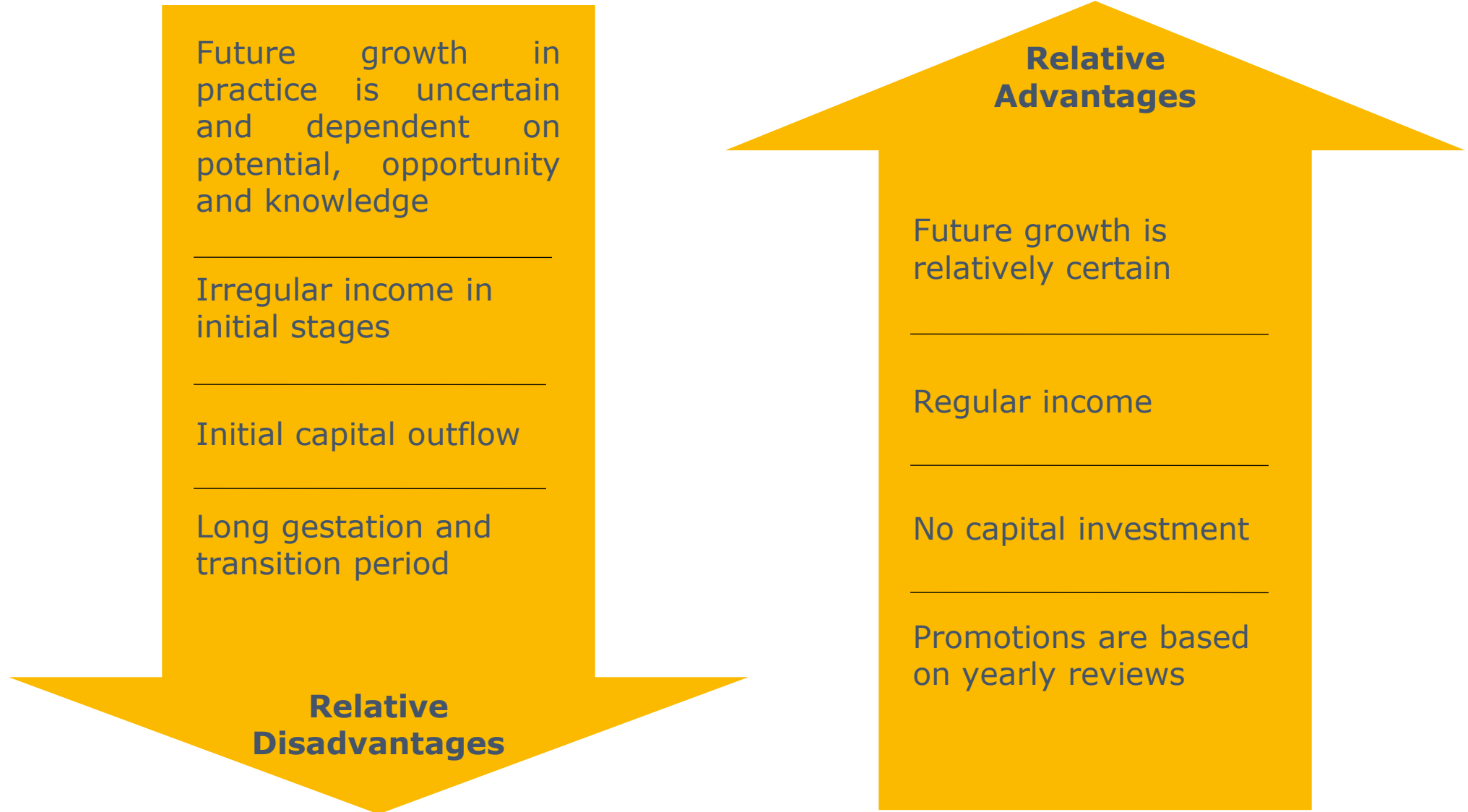
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# Practice vs. Industry

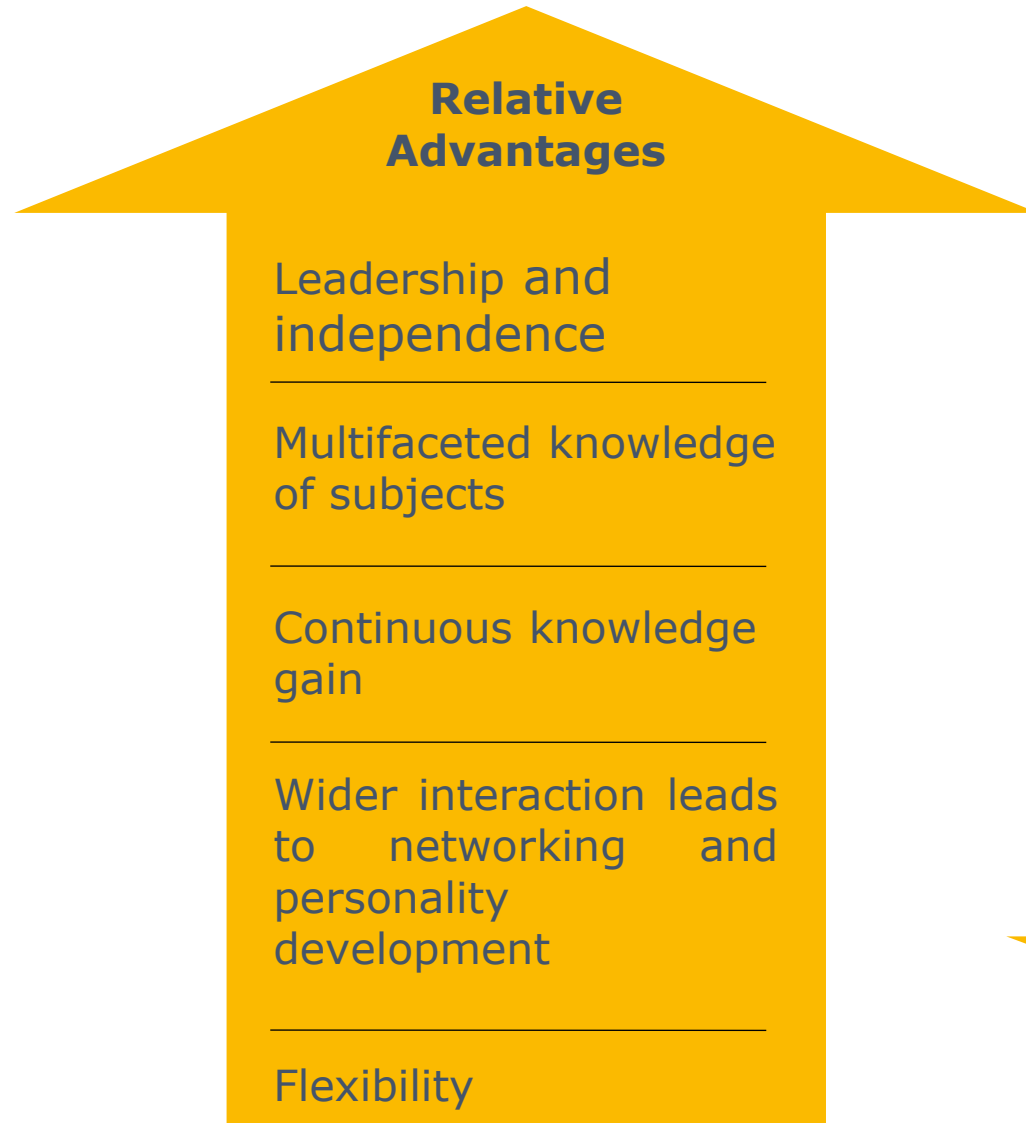
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## Advantages and Disadvantages

# Practice Vs. Industry



# Practice Vs. Industry





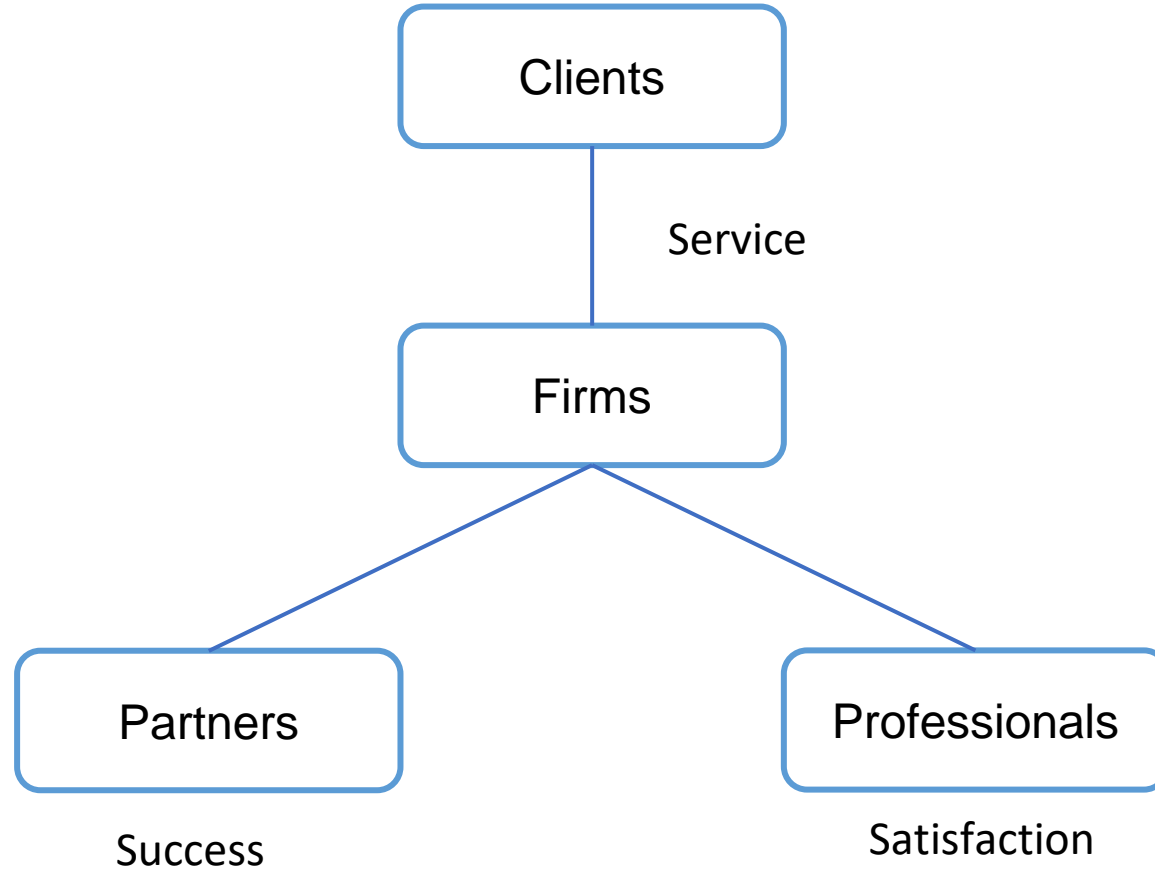
# Challenges in Practice

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- Economic
- Regulatory
- Technology
- Human Resource
- Personal

# Balancing 3 S

## Balancing the 3 S - Service, Satisfaction, and Success



Source: Strategy and positioning of professional service firms - Ashish Nanda (Harvard Business School)



# Challenges in Practice : Economic

- Rapidly increasing costs
- Inadequate projection of services Rendered (Value of assuring no material misstatement or of no major non-compliance in Taxation is not adequately projected and made known to clients which results in accepting lower fees)
- Competitive environment
- Client loyalties are no longer as stable as earlier (more of professional relationship)
- Retaining clients who are growing big is a challenge (if PU does not grow)
- Traditional Areas of Practice like Audit, Tax etc 'appear' over-crowded
- Increasing cost of executing Assurance Functions (more time taken in compliance of Auditing & Accounting Standards, Regulatory matters, increasing costs of Manpower etc) without corresponding increase in fees
- Lack of Billing Skills throws the smaller firms into the 'Vicious circle of Low Fees'

# Challenges in Practice : Economic



# Challenges in Practice : Regulatory

- Income Tax reduced no. of Deductions / Exemptions, Simplification & lesser no of scrutiny cases
- Professionals are prone to regulatory action (NFRA / Peer review / QRB / FRRB / SFIO / Disciplinary Proceedings & other regulatory issues)
- Too many changes in Laws, Standards & Guidelines at a alarmingly rapid speed (GST / Demonetization / Ind AS / ICDS / IBC / Company Law /NBFC)
- Plethora of internal compliances—Standards of Auditing , Code of ethics,
- Cumbersome procedures
- Implementing process for complying with Code of Ethics
- Series of due dates in GST Laws
- Burden on GST practitioner for non-compliance/default of Client
- GST Authorities taking stringent views/actions for tax collection

# Challenges in Practice : Technological

- Constant updations on technical front (unlearning – a big challenge)
- New technologies coming rapidly (Robotic Process Automation, Machine Learning, AI, Block Chain)
- Increasing use of technology is making the clients more independent and self reliant
- Impact on the Business Processes and Internal Control Processes
- Missing audit trail due to automation
- Understanding complex IT environments in which clients are functioning
- Increasing Threat to Data security / Privacy
- Knowledge is available at click of button !!!



# Enduring Challenge of Computerisation

- **Use of Sophisticated Algorithms to do repetitive tasks**
- **John Keynes prediction of Technological Unemployment** - cited prediction of widespread technological unemployment “due to our discovery of means of economising the use of labour outrunning the pace at which we can find new uses for labour”.
- **Oxford University research on Susceptibility to computers** - Jobs relating to Accounting and Auditing has 94% probability of susceptibility
- **Requirement of client as One Stop Solutions:** Due to increased complexity in the business clients look out for one stop solutions. This could lead to requirements for establishment of multidisciplinary firms.

# Challenges in Practice : Human Resources

- Staff Loyalty and High attrition
- Inadequate Training and Practical Experience
- Stressed Relationships
- High expectation of Salary
- Dilemma of retaining experience resources – Increased Pay – Same Fee
- Lack of Managerial skills
- Lack of patience among staff
- Preference for routine / mechanical work
- Challenge of good staff with Clients—increasing our work\
- Changing the HR dynamics – being less dependent on articles/intern. Qualified professional should form the main stay

# Challenges in Practice : Personal challenges

- Docile / Passive nature of CAs (accept lower fees and delays)
- Greed to increase volume of work at any cost
- Inadequate / Improper communication skills to showcase oneself
- Society's perception – **Necessary Evil !!**
- Lack of time management (peak and nonpeak periods)
- Not billing clients for telephonic consultations like lawyers or doctors
- Imbalance between knowledge and execution skills
- Inadequate funds and improper financial management
- Inability to keep pace with Technology changes
- Shift in practice from knowledge to Branding, Size, Organization, Management



# Union Budget 2021

## Direct Tax -

- Relief to senior citizens on filing of income-tax return
- Enhancement in tax audit limits for small businesses

## Indirect Tax –

- GST Audit abolished
- Reconciliation statement merged with Annual Return: To be self-certified
- Pre-filled editable GST returns
- Filing of Nil return through SMS

**Declining  
Scope ?**



# Managing During COVID-19 Crisis

# COVID -19 – Challenges Addressed & still to be addressed

- Managed your payables
- Overdue receivables from clients
- Not Being Tech-Savvy to Tech Savvy
- Managed Overlapping Timelines/Deadlines
- Reduction in Fees
- Knowledge Enhancement during the quarantine
- Significant penalties for delays in filing Income Tax ,  
GST & ROC returns
- Upgraded the - IT infrastructure
- Discuss with client and analyzed the bottlenecks
- Develop work planner – for effective monitoring
- Frequent Interaction with Engagement Teams to keep up the pace of work
- Supporting clients in their IT transmission
- Advising clients on how to carry out operations from remote places by assisting development of BCP/ DRP
- Provide inputs for resumption of operation/services

# COVID -19 – Evolved the Practicing Model and Managed Cash Flows

## Evolved Practicing Model

- Move from Transactional to Strategic Services
- Re-evaluate the services provided
- Re-formulate your marketing strategies
- Move into Niche Market
- Use networks, associations and alliances to add value
- Introduce regular review mechanism

## Managed Cash Flows

- Re-strategize your employee cost, smartly
- Review your cash conversion cycle
- Keep your financing viable
- Convert fixed cost to variable cost, wherever possible
- Keep a tab on variable expense
- Expedite receivables
- Extend payables
- Re-strategize your investments plans

# COVID -19 – Managing the Team

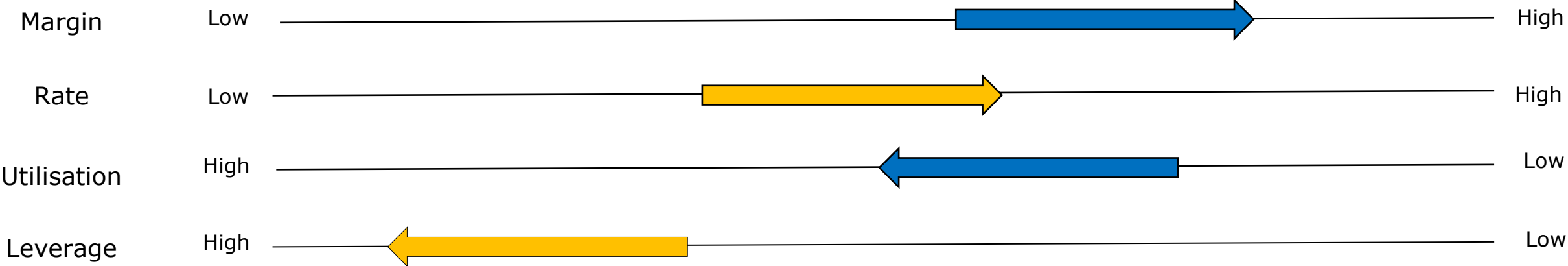
- Increase the frequency of team meetings so everyone can stay connected
- Use video conferencing, if possible, to provide the face time that you would otherwise lose
- Support a positive culture. Four walls do not define the culture of your group
- Be diligent about supporting their safety
- Remind them of the importance of their role & Offer on-going learning and continuous development
- Frequent recognition of employees
- Listen without getting defensive.
- Pay attention to changes in productivity or behavior.
- Support the wellbeing of your people and yourself
- Introducing Flexi Time
- Empower Staff to Innovate
- Engage in Transparent Career Progression Conversation
- Use variety of recruitment techniques



# Practice Management Strategies

# Service Spectrum

	Efficiency Based Practice	Experienced Based Practice	Expertise Based Practice
Client Need	High Execution Intensive	Mix of High Execution and Diagnosis Intensive	High Diagnosis Intensive
Selling Proposition	Programmatic Solution	Mix of Customized and Programmatic	Highly Customized Solution
Client Risk	Low Client Risk	Project Mix will define Client Risk	High Risk
Availability of Vendors	Many Qualified Vendors	Various Qualified Vendors	Few Qualified Vendors
Fees	High Fee Sensitivity	Fees corroborate Client Requirements	High Fees



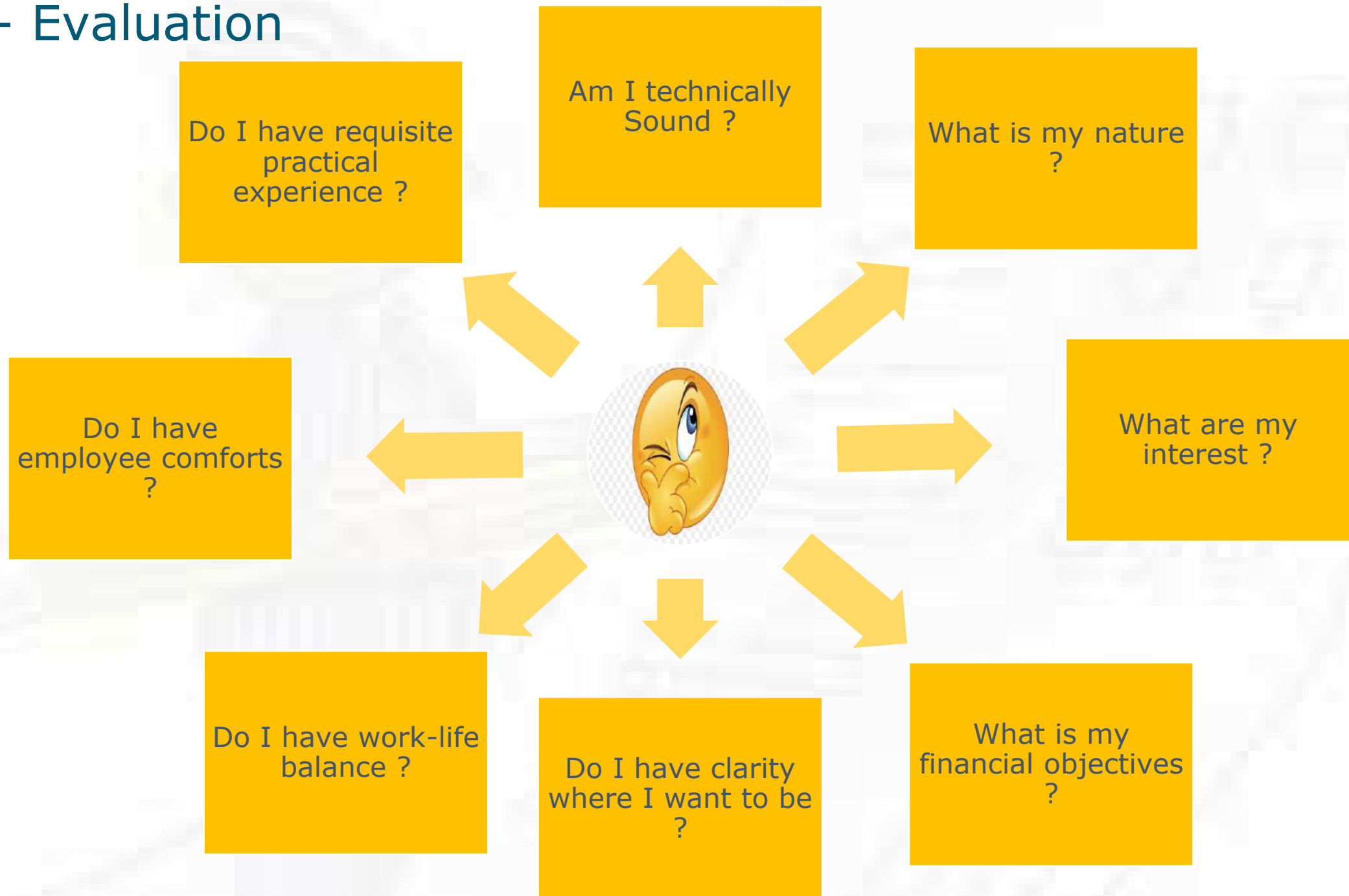
Source: Managing the Professional Service Firm by David Maister



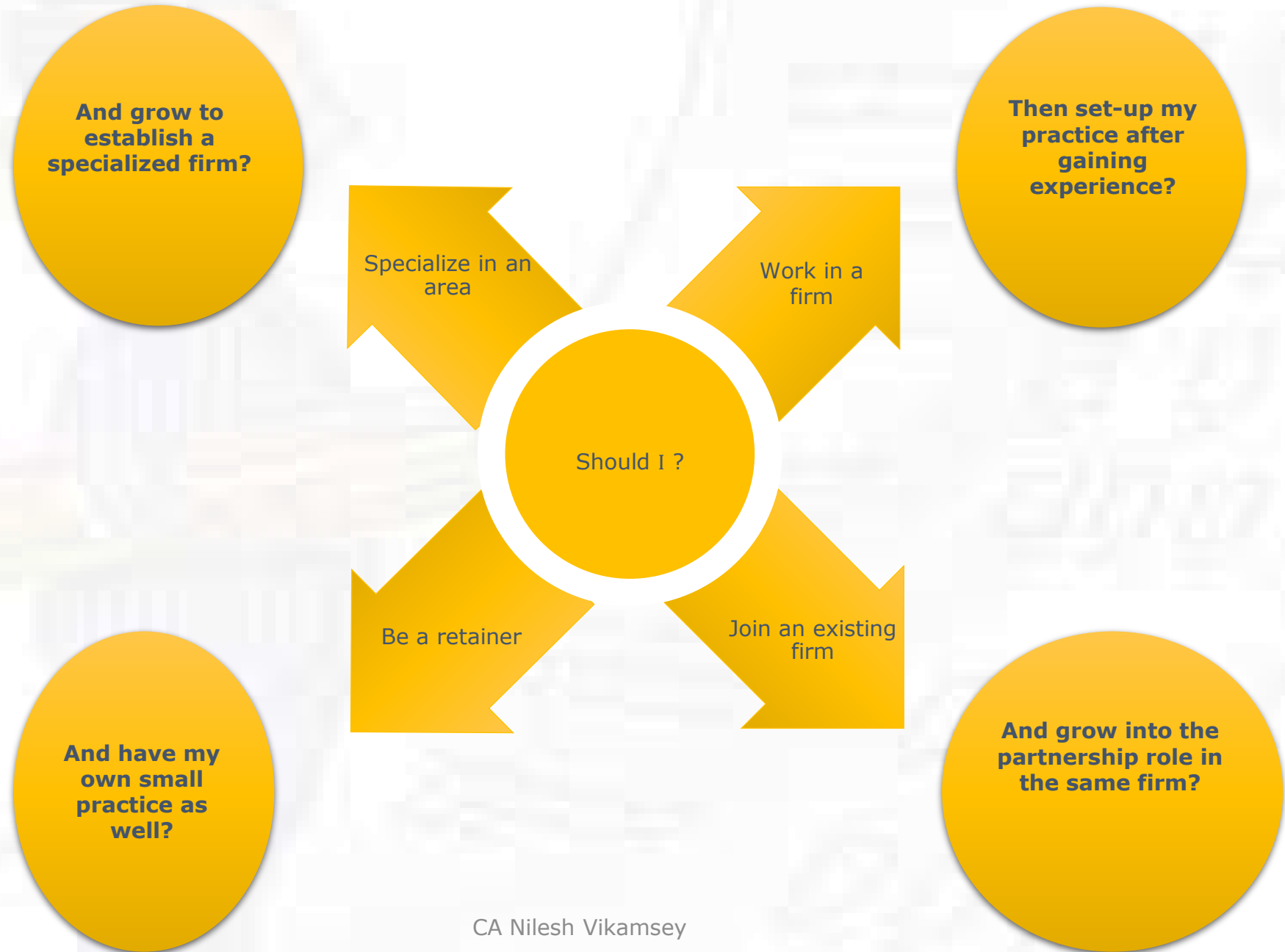
# Practice Management Strategies



# Self - Evaluation



# Self - Evaluation



# Positioning – Specialization – What you want to be ?

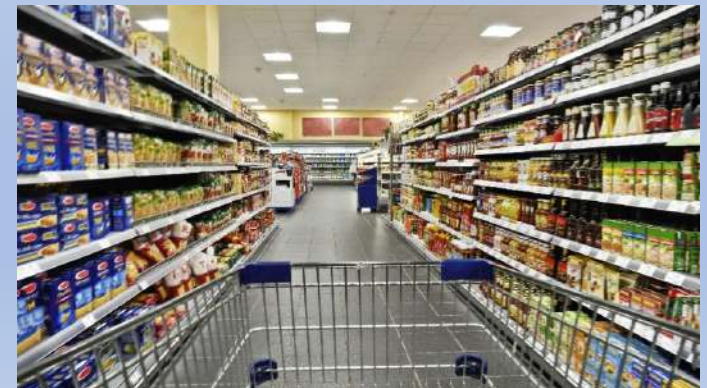


POLYCLINIC

BOUTIQUE



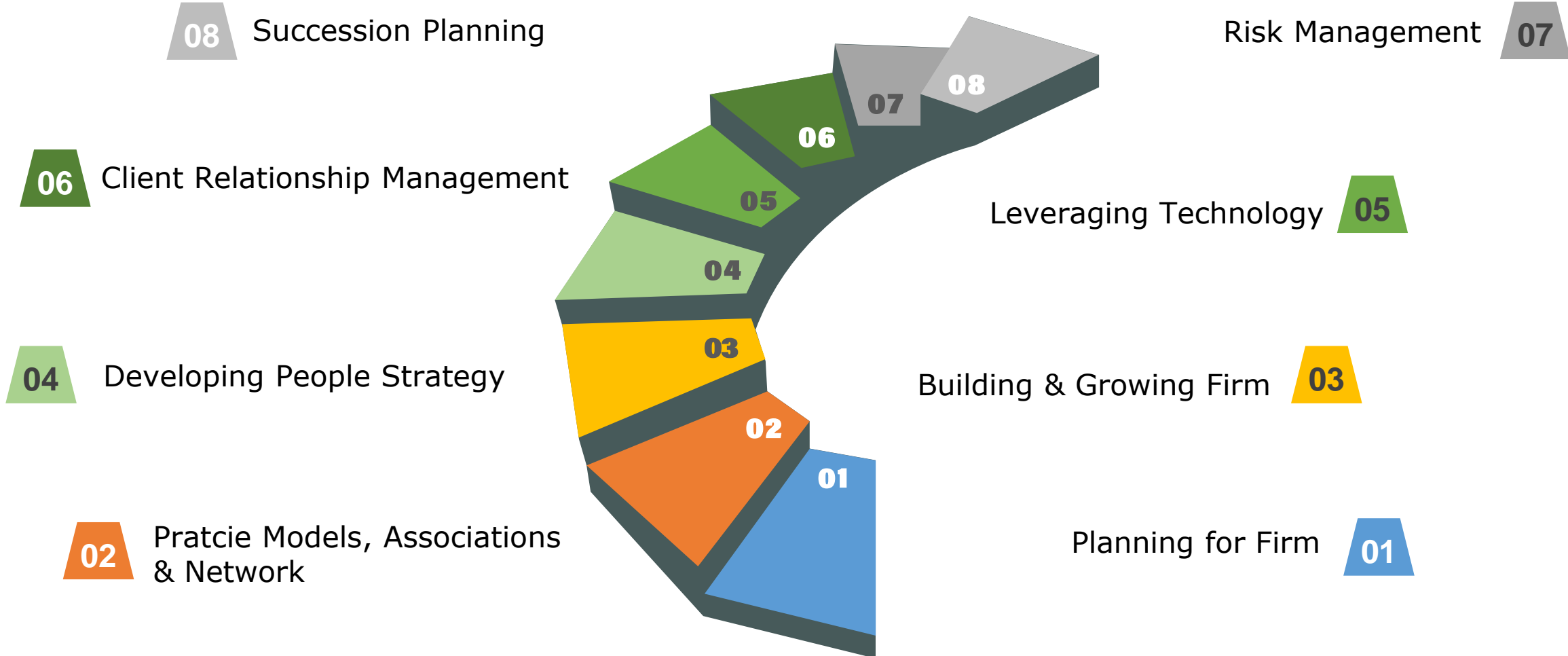
RETAIL STORE



# Practice Scenario – Large Accounting Firms



# Practice Management for Small and Medium-sized Practices





## Clientele and Fees

# Clientele and Client Acquisition





# Clientele and Client Acquisition

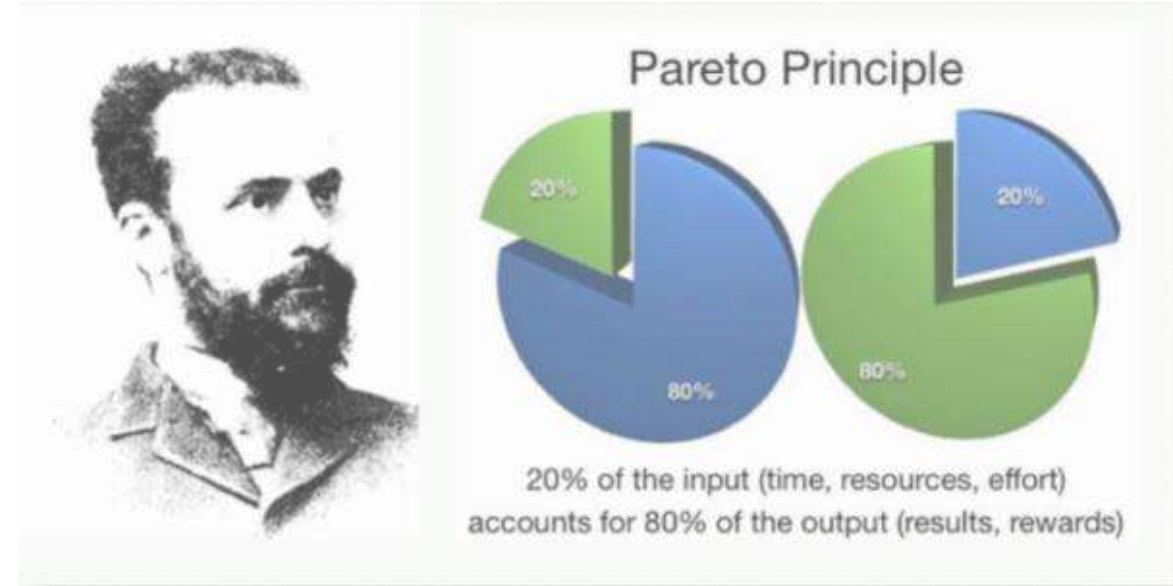
- While initially, a firm would like to grab as many assignments as possible, as a firm grows it becomes important to identify those clients which have the potential to add value to the firm.....
- Know your Client (Geography, Size, Industry)
- Understand Client needs and Exceed Expectations
- What is “**value**” for your clients – Compliance vs Cost optimization vs high specialized advisory
- Build a Client Profile – “**Who is our ideal client?**”
- Don’t feel comfortable taking on the Client – **SAY NO !!**
- ICAI does not allow firms to advertise
- Tap the Start-Ups
- Clients can be classified under 3 categories:
  - ✓ Quality lover and fair
  - ✓ Moderate and Practical
  - ✓ Miser
- The third type of clients can describe by the definition of Cynic given by **Oscar Wilde – “What is Cynic?” – a man who knows the price of everything and the value of nothing**
- After few years, dispense with 3<sup>rd</sup> category of clients since they take precious time without commensurate revenue

# Clientele and Client Acquisition

## Pareto Principle

80% of the events / activities in life contribute to 20% of the results and 20% of the events/ activities contribute to 80% of the results. Hence, successful people concentrate on "important few" and pay less attention to "trivia many"

*Focus on 20% clients giving 80% revenue*



# Clientele and Client Acquisition

## **ABC Analysis / Client Rating** *based on....*

- Fees per client – Good / Moderate / Poor
- Quality of client – Progressive / Good Housekeeping
- Potential of growth of client
- Profile value – Clients adding profile to the firm

# Client Management



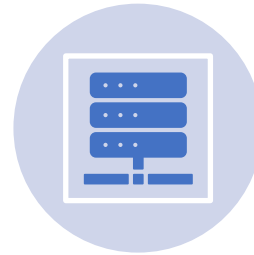
Quality of Service



Support



Loyalty



Satisfaction




Reliability



Improvement

# Clientele and Client Acquisition

#CustomerLoyaltyMonth 

“We see our customers as invited guests to a party, and we are the hosts. It’s our job every day to make every important aspect of the customer experience a little better.”

Jeff Bezos

# Fees & Billing

- Man-hour rates
- CA's earning is dependent on time
- Hence apart from generating good fees out of advisory, maximiz
- ***Time sheets are must !!***
- Bill clients for telephonic consultations
- Specify clear terms and condition
- Develop policy of advance and credit
- Develop policy for reimbursements
- Regular reminder mails and second line of escalations
- Be courteous, Be professional
- ***Charge as soon as the assignment gets over***



Time is money.

~ Benjamin Franklin





# Fees & Billing – Calculation of Man-Hour rate



No. of days in a Year	365
Less: i. Holidays for Sundays	52
ii. No. of Days for further continuing education	16
iii. National Holidays, Public Holidays and unscheduled Holidays on account of social reasons, Bandh, etc.	15
	<hr/> 83
Less: Annual Leave including Sick leave, etc.	30
No. of Working days in an year	<hr/> 252
Therefore No. of Working days in a month	<hr/> 21

# Fees & Billing – Calculation of Man-Hour rate

Minimum Expected Net Monthly Remuneration for a C.A.	50,000	100,000	200,000	500,000	10,00,000
Minimum Expected Net Yearly Remuneration	600,000	1,200,000	2,400,000	6,000,000	1,20,00,000
Add: Overhead Expenses	1,000,000	1,000,000	1,000,000	1,000,000	10,00,000
	1,600,000	2,200,000	3,400,000	7,000,000	1,30,00,000
Therefore, Rate per Day	6,667	9,167	14,167	29,167	51,587
Therefore, hourly rate (assuming 4 hours chargeable) *	1,667	2,292	2,542	7,291	12,897
(assuming 6 hours chargeable) *	1,111	1,528	2,361	4,861	8,598

\* Substantial time of a day goes into Administration, training, etc. i.e. non billable time



# Fees & Billing – Considerations for Man-Hour rates

- Normal working days in a year (240-260)
- Normal working hours devoted to clients (i.e. excluding time spent for administration, continuing education, research, reading etc)
- Overheads
- Opportunity Costs
- Specialized Skills required
- Nature and type of assignment / client
- Seniority in profession
- Quality & Service Levels
- Peak and non-peak season
- ***Consider Minimum Scale of fees as recommended by ICAI***



# Fees & Billing - General Guidelines

- As far as possible when raising the Bill, **break-up all services rendered** and mention each service separately.
- Try to make your Bill as **exhaustive** as possible by detailing all the services rendered to make the **client realize the efforts** put in by us.
- Raise the Bill **immediately** on completion of work and realise the value of service when rendered, as thereafter the significance may be lost.
- Monitor **outstanding bills** and try to realise the bill in the shortest possible time.
- Try and **provide value addition** to clients. A satisfied client will honour your bills with pleasure.
- Be **firm with your Billing** and as far as **possible do not settle for lower amount.**
- The recommendatory scale of fees is in the interest of the members as well as profession at large, hence members should adhere to the schedule of fees.

# Example - Agreement v/s Expectation

- **Agreed scope of work**

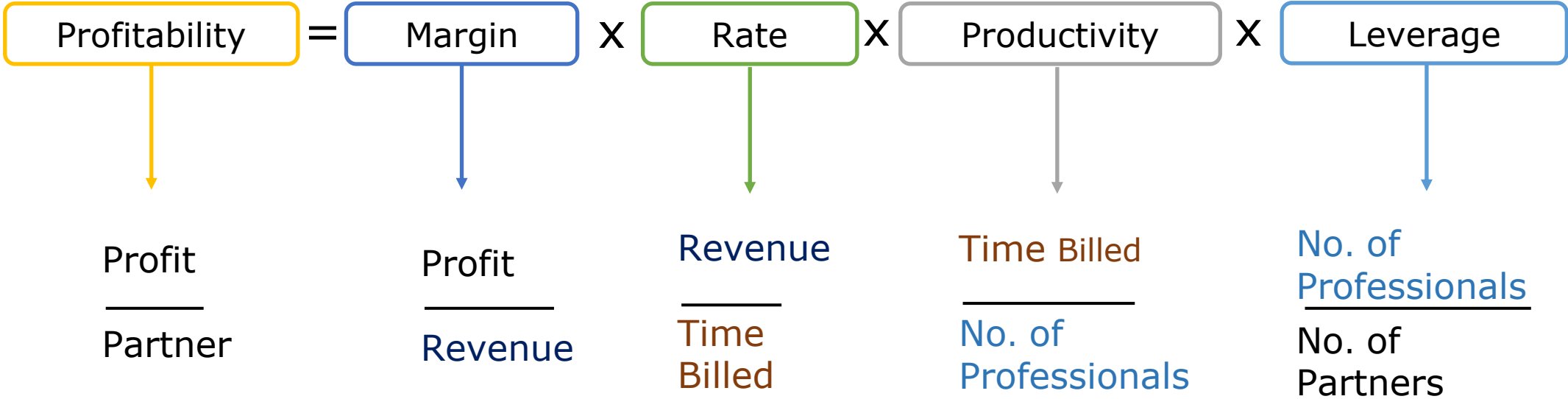
- Filing GST returns = Rs. 3,000 per registration as reduced after discussion (Original quote Rs.4,000)

- **What is expected by client?**

- Segregation of sales data and purchase data in the prescribed format
  - Preparation of returns (GSTR-1 and GSTR-3B)
  - Verification of eligibility of input tax credit (ITC)
  - Reconciliation of ITC with GSTR-2A
  - Send mismatch reports to client
  - Computation of GST liability
  - Preparation of payment challans
  - Sometimes, make payment on behalf of client
  - Filing the GST returns (GSTR-1 by 11th and GSTR-3B by 20th) within due date.
  - Regular advice on HSN codes and GST rates to be charged
  - Advice on HSN codes and GST charged by supplier in their Invoices
  - Answering calls of the department officers
  - Advice on contract clauses in agreement with suppliers/customers
  - Negotiation with supplier for ITC mismatches and invoicing issues
  - Making correction in the subsequent returns due to errors in previous return

Efforts put in and fees for doing all  
this = 30,000

# Drivers of Profitability





Ingredients of Successful Practice

Success

# Ingredients of Successful Practice

- **Service First Attitude -**

- ✓ People with a money-first attitude become so money-conscious that they forget money cannot be harvested unless they plant the seeds that grow the money. And the seed of money is service. That is why “put-service-first” is an attitude which creates wealth. Put service first and money takes care of itself.
- Demonstrate better performance for increase in the fees
- There never is a demand for anything second-class, especially when it is given a first-class price tag.
- Make sure your proposal is Impactful - First Impression Lasts and making presentations to client as part of your deliverable
- Value addition to client even in compliance work e.g., Management letter (suggestion letter)
- Remove the perception of being a “Necessary evil” in audit and taxation in the minds of the client. One needs to add value to clients on an ongoing basis and document value added to client.
- Be patient as there may be a long gestation period of at least 3 years or more
- Increase delegation of work as practice starts growing
- Plug Revenue Leakages (Certification, Oral advisory on phone / meeting etc.,)
- Do Proper Client Appraisal- whether he has the ability & willingness to pay proper/ reasonable fees
- Quote fees for work only after **proper analysis of work**, time & man- power required
- Systemize work procedures in writing

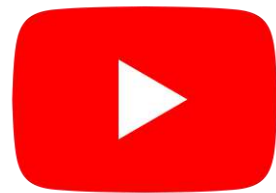
# Ingredients of Successful Practice

- Job **assignment should be clear** to the CA and the client by documenting it in the quotation / engagement letter to avoid unpleasant expectation gaps
- In case of new work/ large work (non-audit), take advance payment/ installment of fees as the work progresses
- Better Office culture and working environment and adequate trainings
- Technology – use technology effectively for improving quality, productivity, management, knowledge, research, tracking work, etc..
- Rendering Personalized Service with a broader exposure covering Audit, Income Tax , GST etc)
- Make Products of Services (Preparation of Manuals, Company Formation, Compliance audits, etc.)
- Discuss issues with peers and seniors and get different perspective
- Need to network / collaborate / merge
- Provide multi-Disciplinary services and challenging assignments
- Define Engagement Letters for assurance and non-assurance services
- Making presentations to client as part of your deliverable
- Regular updations of knowledge through reading various professional publications and staying connected with recent updates

# Ingredients of Successful Practice

## *Use of Power of Social Media*

- Increase in Visibility
- Regular update of Website
- Regular updates on Laws, Regulations, Notifications, Circulars
- Webinar : Key Events and Conferences
- Client Engagement Activities



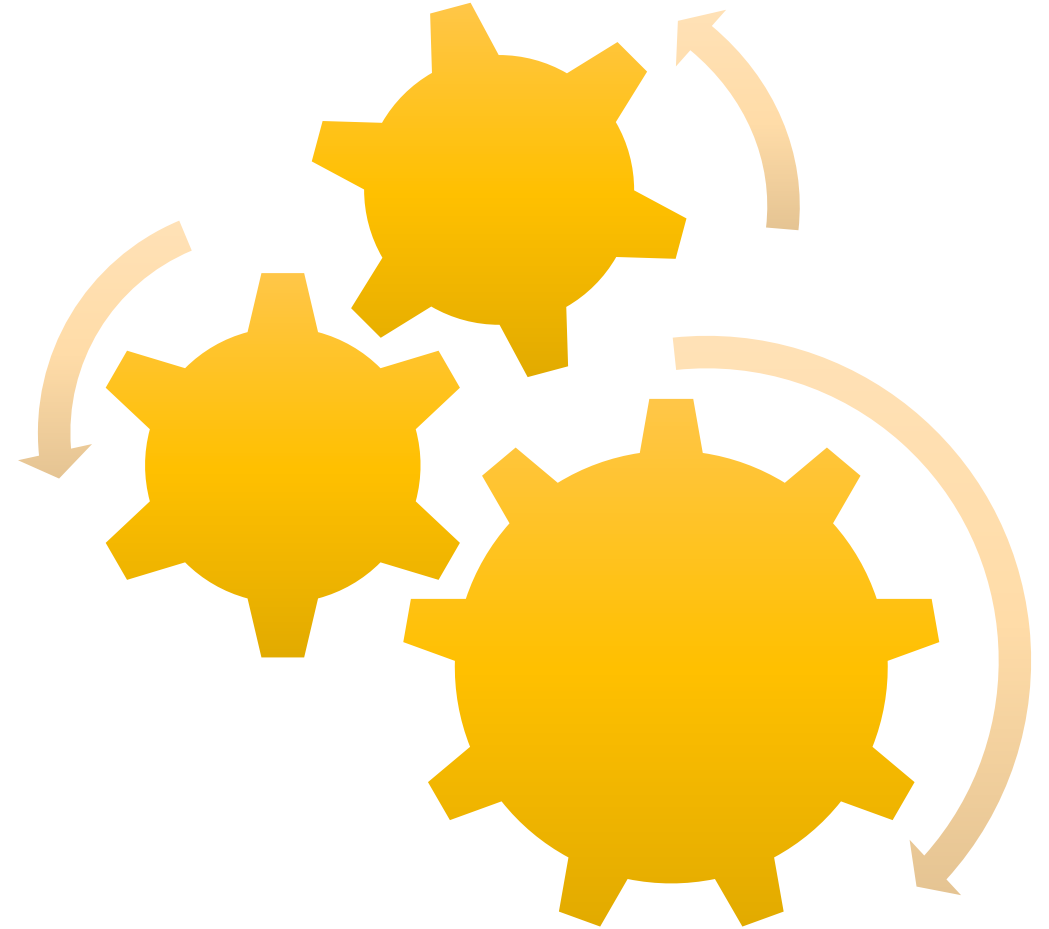


# Agile Model Through Digital Transformation

	<b>Velocity</b>	<b>Focus</b>	<b>Flexibility</b>
Competitive	What are the market factors that prevent you from moving quickly?	How does your vision and strategy compare to your competitors?	Are there cultural aspects to the industry that create inertia?
Client	How well does your organization understand shifting clients need?	How well is your strategy and innovation linked to your clients need?	How quickly are you able to respond to shifting clients need?
Firm	What are the key forces for inertia in your organization?	How well is organizational execution linked to a compelling vision?	How well does your culture support agility?

# Interpersonal Skills

- Amongst Partners – **Team Work**
- With Clients - **Networking**
- With Employees – **Leadership**



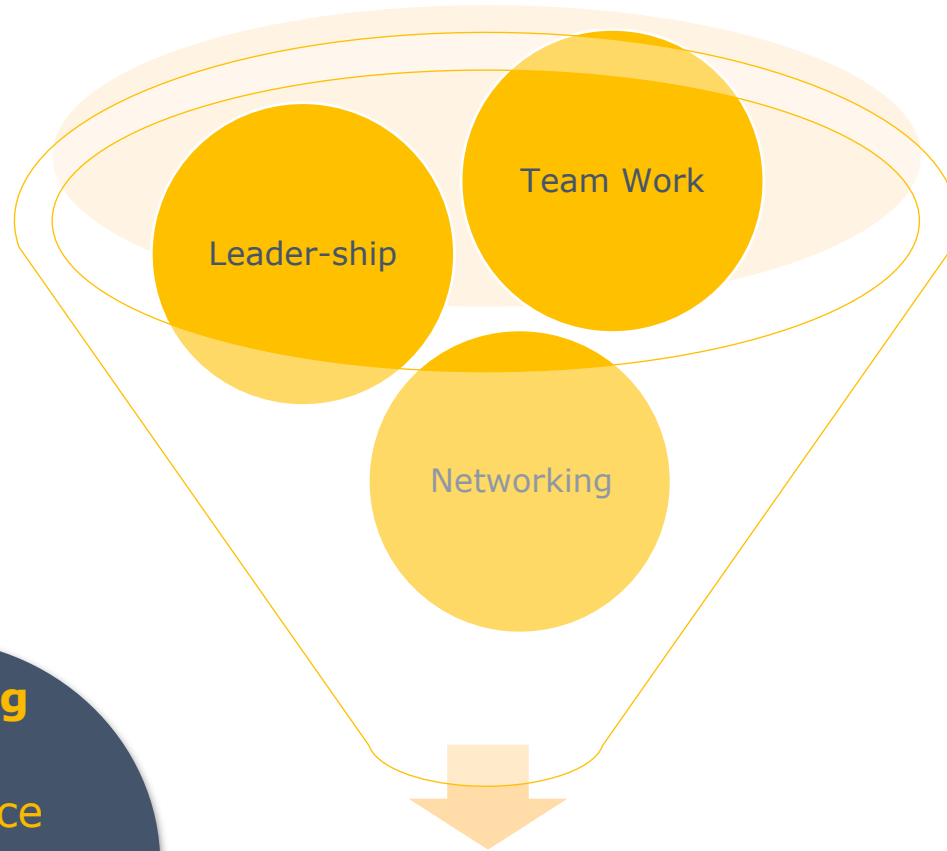
# Interpersonal Skills

## Leadership

- Decision Making
- Mentoring
- Delegation
- Motivating

## Networking

- Self Confidence
- Effective Communication



Cordial Interpersonal Relationships

## Team Work

- Mentoring
- Collaboration

# Human Capital Management

## ▪ Building Human Capital

- Structured Work Assignment Systems
- **Coaching** during work assignments by providing stretched but realizable challenges and providing constructive feedback
- Development of junior partners by senior partners specifically if rainmakers' departure
- Adding to Knowledge base by developing industry-based departments, interdisciplinary (or interoffice) committee to encourage communication between isolated and other professionals
- **Managing Project Mix** is such way it will not only exploit firms existing skills but provide for the further development

## ▪ Surviving People Crisis

- Productivity Strategies
  - ✓ Reallocation of costly resources to handle higher value work
  - ✓ Reward Seniors for explicitly for good coaching
  - ✓ Performance based pay schemes
  - ✓ Drop "up-or-out" system to reduce turnover
- Reduce Need Strategies
  - ✓ Withdraw from some services and markets that cannot support new salary levels
  - ✓ Rethink fast growth strategies
  - ✓ Emphasize profitability more, volume of fees less
- Substitution Strategies
  - ✓ Hire "non-traditional" candidates and offset by trainings

# TEAM – Together Everyone Achieves More



- Sacrifice small for larger interest
- I vs We Culture
- Success is Team Efforts

*"A wise man will make more opportunities than he finds"*

***- Francis Bacon***





# Meetings and Reviews

- Meetings ensure that firms quality standards are maintained and improved
- **Regular Partner Meetings:**
  - ✓ Growth strategy discussions
  - ✓ Discussion regarding Human Resources etc
  - ✓ Discussion regarding enquiries / proposals
  - ✓ Discussion on updations and use of technology
  - ✓ Improvements in systems & processes
  - ✓ Firm Policies- updations & introduction of new policies



# Ingredients of Successful Practice – Protect your Intangibles

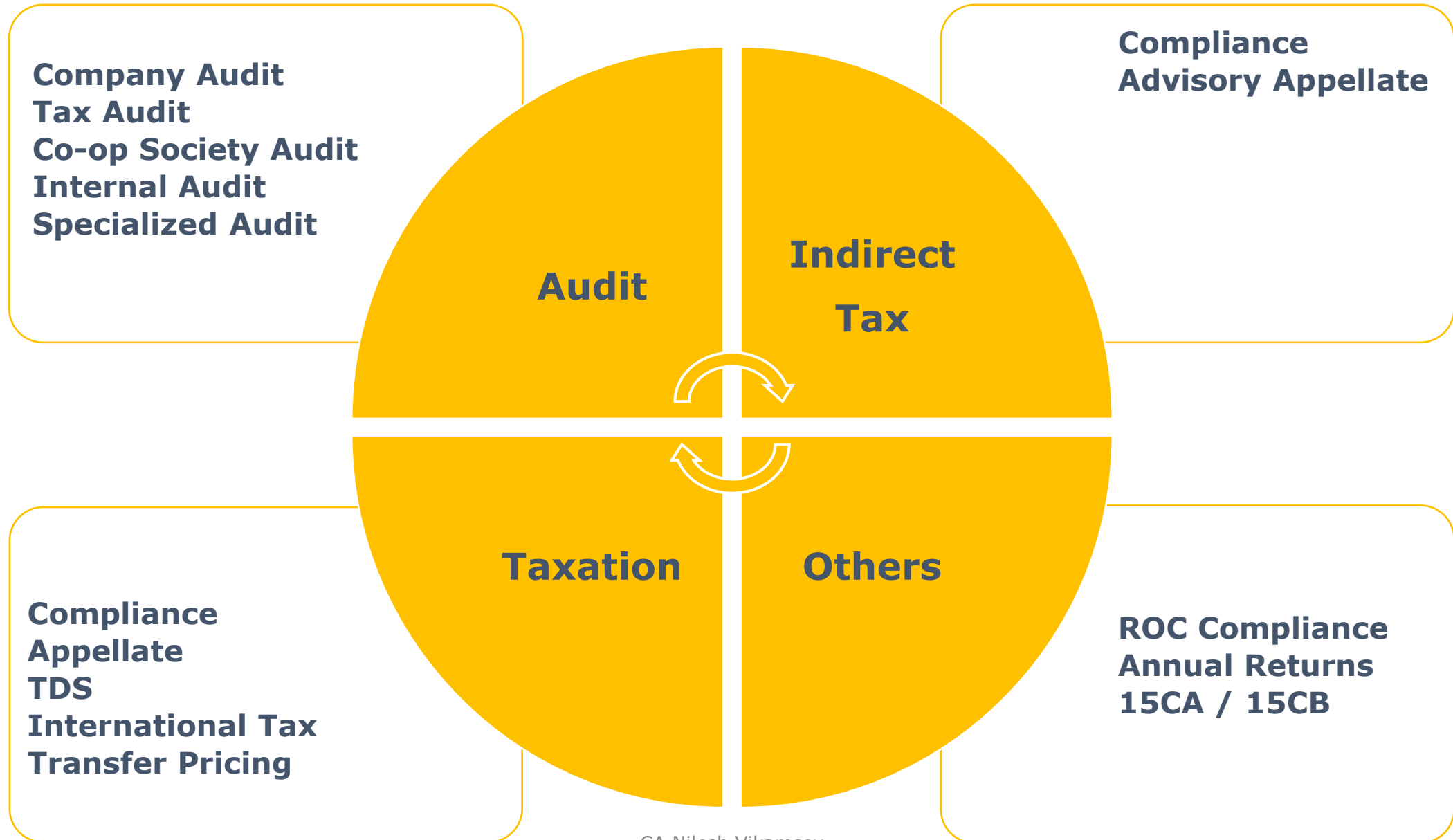
- Human Capital
- Existing Good Clients
- Client's satisfaction
- Own Investment & Fund Management abilities
- Knowledge & Skills
- Professional Networks
- **Health** and Happiness
- Enhancing the quality of **documentation**
- Enhancing review mechanism
- Internal succession planning
- Periodic and timely dialogue with client





# Growth Strategies

# Traditional Areas



# Emerging Areas – Post COVID

Blockchain & Cloud Computing	Valuation	Digital Forensic / Data Analysis
RPA & Digital Accounting	Inbound and Outbound services	Forensic/ Fraud Investigation
Risk Assessment & Management	Advisory	Cyber Security
IFC, Systems, Process development	Business Support Services	Bankruptcy

# Opportunities from Atmanirbhar Bharat Mission and Digital India

- Increased Client Servicing to Agriculture Sector
  - ✓ Allocation to Fisherman through Pradhan Mantri Matsya Sampada Yojana (Rs. 20,000 Crores)
  - ✓ Allocation for formalization of Micro Food Enterprises to attain FSSAI foods standards (Rs. 10,000 Crores)
- Increased Client Servicing to NBFCs
  - ✓ Partial Credit Guarantee Schemes to NBFCs (Rs.45,000 Crores)
  - ✓ Special Liquidity Scheme (Rs.30,000 Crores) housing finance companies, microfinance firms with Government Guaranteed Securities
- Advisory Services to MSMEs
  - ✓ Revised Definition of MSME
  - ✓ Equity Funding for MSME upto Rs.50,000 Crores
  - ✓ Collateral Free loans to MSME
- Export of Accounting Services listed as Champion Sector for Export Promotion
- Big 8 Indian Accounting Firms where 4 firms are Indian by 2022, Hon'ble Prime Ministers Vision
- Opportunity for Indian CA firms for pooling of resources, expertise and build a pan India presence
- Tap global opportunities without compromising with their identity

# Specialization/ New Areas

# Why to focus on New Areas/ Specialization?

- Be jack of all but **master of few** areas
- Need to go **up the value chain and get higher fees**
- Better **job satisfaction** / liking of the work being done
- Venture into New areas of liking
- Make focused / better / bigger investment in **resources** (infrastructure, Personnel (HR) / Premises - Ambience latest technologies etc)
- **Better client perception and solutions to complex problems** (good response / service/ office / advice)
- **Churning** the portfolio of **clients** (existing clients will always have mental resistance in paying higher fees)
- Have Economies of scale, better organization, improved services to client in routine services
- Improve systems/ process of doing practice
- In case of services of one time / specialized nature rather than annual / routine the client will not mind paying higher fees than for routine practice
- To sum it up **Better Potential**



# Positioning – Specialization – What you want to be ?

- Initially, one may have to provide all services for getting new clients... However, specialization is the need of the hour!!!
- Select your area of expertise and provide specialized services
- There are several small firms in the market providing core business services to a large number a bigger firms. Such firms have gained great respect and recognition from the professional and the business community
- **Growth does not necessarily mean expansion in size.....It also means excelling in what you do!!!**



# How to Enter New Areas

- Decide your own **USP** (Unique Selling Proposition) and areas / services of your **liking**
- Be on the lookout and try to enter areas having **“First Mover” advantage**, e.g., IBC, Environment Audits , IFRS, GST, Liquidation, Outsourcing, Asset Reconstruction, NCLT, etc.
- **Analyze competition** in those areas and know to live and thrive with it
- Do a **project report, business plan and activity chart** how to be successful in the new area
- Decide **strategy** on:
  - ✓ **High end specialization or lower end mass repetitive working**
  - ✓ How to **create and need** in the mind of clients
  - ✓ How to attract the clients
  - ✓ **Using jargons** like SRS (Systems Review), ABCD (Artificial Intelligence, Block Chain, Cyber Security, Data)
- Have **commitment / determination to devote time and to succeed**
- Do **landmark assignments** which may not make money but will create a brand for future jobs



# Problems in Venturing into New Areas

- Lack of vision, awareness, conviction, desire, willingness to accept change
- Cost of entering new area
- Losing opportunities / work in existing area
- Last mile syndrome - Inadequate efforts put to succeed in the new areas
- Not identifying gaps / weaknesses and ways to overcome it
- Continuous up-gradation of knowledge / skills not done
- Inadequate clients / contacts
- Lack of Practical experience
- Inadequate financial backing

# Positioning – Where you want to be ?

- In marketing, **positioning** is the process by which marketers try to create an image or identity in the minds of their target market for its product, brand or organization
- Need to position in the market to ensure that we get the right kind of work and the right kind of clients
- Since the bigger segment is virtually out of reach of a start-up business, identify whether you want to be in the small service provider segment or in the middle service provider segment
- **You can gradually and eventually grow from small to medium and then big!!!!**





*Coming together is a beginning, staying together is progress and working together is success*

- Henry Ford

## Few years after the practice . . . . .

- Consider **merging** small firms which leads to specialization
- Each partner can look after a specific area.
- Increasing networks and client base.
- It also increases the capacity of the partners to absorb huge costs e.g., Personnel, IT Costs, overheads etc.
- Considering competition from the bigger firms with multinational presence, prospective clients' need, demographics and market trends, consider networking and merger

# Leveraging Growth Using

**COST OPTIMIZATION**



**POOLING HUMAN RESOURCE**



**KNOWLEDGE SHARING**



**Drivers for Growth**



**POOLING IT INFRASTRUCTURES**

**BRANDING AND MARKETING**



**SUITES OF SERVICES**

# Growth Strategies

- Networking
- Merger and Demerger
- Practice in a corporate form



# Networking

- Network amongst two or more firms registered with ICAI.
- Object -use the collective resources of affiliates for execution of professional services of one or more types at one and/or at multi-locational points
- Resources -- financial, technical and other logistic support required to execute
- Stepping stone for the mergers and acquisitions of the firms
- Once one is comfortable with networking one can go for bigger partnership firms & get the advantage of the big work to follow.
- Helps the firms to build competitive advantage over others, also be able to build up brands.
- Survival of small firms depends on their ability to re-engineer. Networking is one of the ways of re-engineering.

# Networking – Advantages / Disadvantages

## Advantages

National / Global presence

Common & Professional branding

Technical Support

Knowledge Sharing

Quality Enhancements

Referral from all over the world/ Country

Clients can be serviced all over the globe

Competitive advantage

Less intrusive than merger

## Disadvantages

Limited 'Quality review 'process

Inability to get “big work” as consolidated strength i.e. network may not be approved by regulatory authorities like CAG, SEBI, RBI etc

Work given to “Non – network CA friends” due to poor quality of some network firms

Lack of mindset to merge in long run

Consensus building is very time consuming



# Merger & Demerger

- For growth of CA firms- desirable that the firms begin with networking and then mature to mergers.
- Mergers should be effected to develop core competencies and to render professional services of a larger range spread over bigger geographical area. A merged big entity will always be superior to a network arrangement.
- Demerger can be demanded within a period of 5 years from the date of merger
- Demerged Firm is entitled to practice in its old trade name, which existed at the time of merger.

# Practice in Corporate form

- To empower the members to face the emerging challenges in the service sector as well as to equip them for the opportunities in the non-audit service area, the Council decided to allow members in practice to hold the office of Managing Director, Whole-time Director or Manager of a body corporate.
- The body corporate should be engaged exclusively in rendering Management Consultancy and Other Services permitted by the Council



# Practice & Technology

# Practice & Technology – Future Opportunities

- Most Important is to **UPGRADE**
- Harness technology to improve efficiency of current practice area
  - ✓ Increase coverage / Speed up in Internal / External audit
  - ✓ Income Tax Filings
  - ✓ Use software to solve administration problems
  - ✓ Use of cloud computing for saving data and thereby reducing cost of physical space
- Requisites for data driven practice
  - ✓ Acquire good technical skills
  - ✓ Develop environment to attract tech-savvy millennials
- Increased Training and soft-skill development (Webinars/Seminars)
- With uberisation, relevance of office place is losing. Develop concept of work from home,& Flexi-time
- Knowledge Management Database
- IT policies
- IT Network securities and Anti-viruses

# Practice & Technology – Future Opportunities

TeamMate®

 Wolters Kluwer  
Audit, Risk & Compliance



Google  
Analytics



Office 365

CCH  
audit automation



Wolters Kluwer

**acl**<sup>TM</sup>  
transforming audit and risk



**IDEA**  
Data Analysis Software



**SPINE**  
TECHNOLOGIES

*Simplifying Management, Amplifying Efficiency.*

A blurred office desk scene featuring a laptop, a mug, a pair of glasses, and various papers and pens. The background shows a window with blinds.

# Office Management



# Right Sizing

- Rightsizing means ensuring that your firm has the right kind and number of resources to deliver the output expected by clients
- This growth strategy is a corollary of 'Specialization and Positioning'
- Once you have decided how you want to be and where you want to be, it is important to **'RIGHTSIZE YOURSELF!'**
- Rightsizing involves having enough man-power to deal with all kinds client aspirations
- Decide amount of Specialization to be provided
- Rightsizing ensures that resources are not scarce or wasted but are just in the 'RIGHT' amount to help you achieve your objectives.

# Office Space

- **Office Sharing**

- ✓ You may also want to consider sharing offices whether this means sharing with other companies or just sharing a desk with your colleagues. This would not only cut costs and boost social awareness and new friendships

- **Location**

- ✓ The Location of your business is an essential aspects to your overall success. You want your business to be in a safe neighborhood, eco-friendly and ideally, one that is convenient for your clients or customers

- **Building**

- ✓ A healthy building one that has lots of natural light, good ventilation, and eco-friendly materials, paints and flooring is always a plus

- **Space**

- ✓ Many businesses make the mistake of selecting an office space that is too small for their requirements. When selecting your business spot, ensure that you are choosing a space that is large enough not only to accommodate you now but, in the future, if needed



# Final Thoughts

# What future holds for us ?



Traditional practice losing their relevance

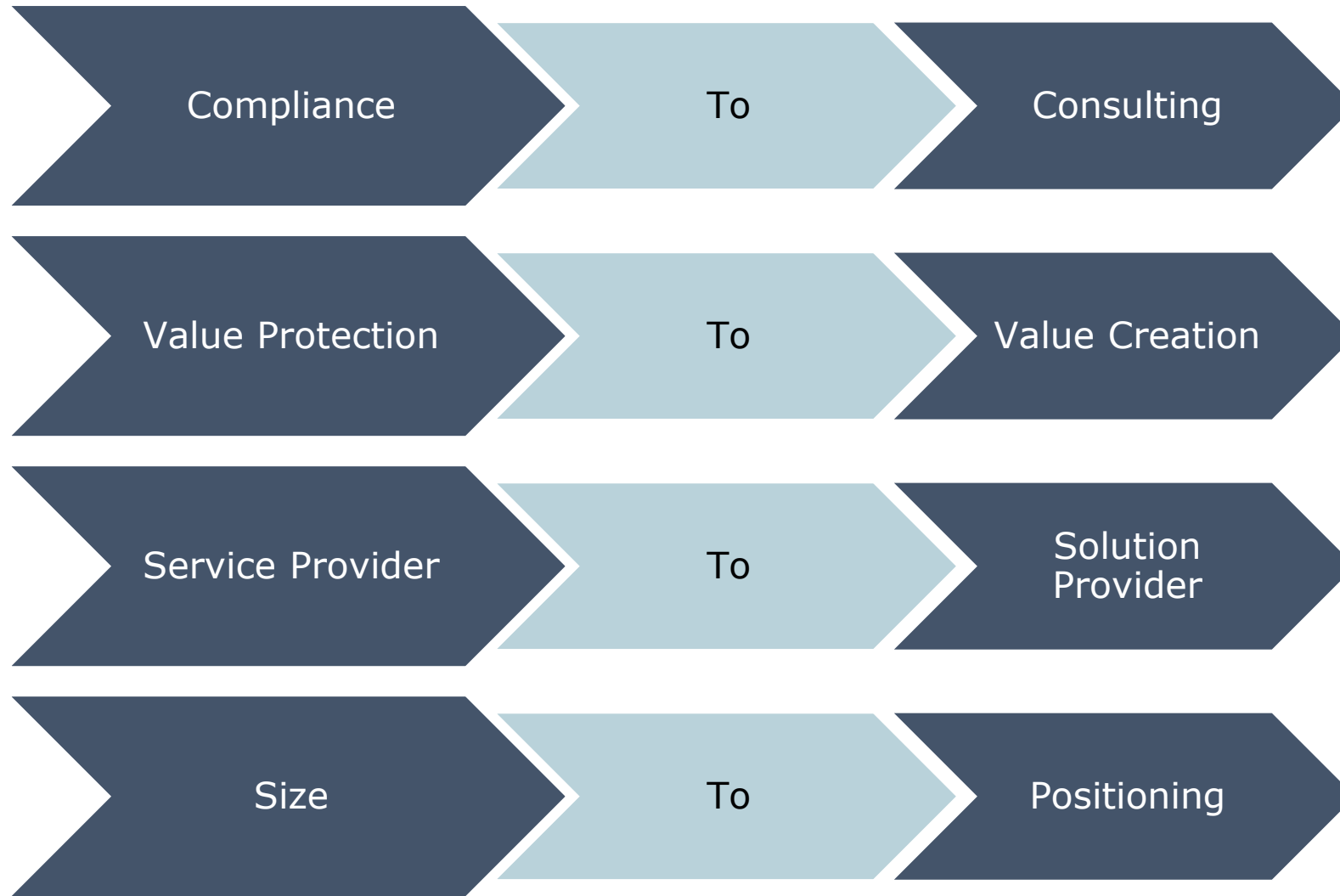
Practice becoming less attractive for new comers

Mismatch in demand and supply leading to increase in staff cost

Automation making accountant less relevant

Knowledge being freely available, role of CA getting changed

# Practice Management : Vision



“Continuous learning is the minimum requirement for success in any field.”

Brian Tracy

A low-angle, upward-looking photograph of several modern skyscrapers with glass facades. The buildings are silhouetted against a clear, bright blue sky. The perspective creates a sense of height and architectural grandeur. A white rectangular border is superimposed over the center of the image, containing the text 'THANK YOU'.

THANK YOU

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