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than
money



nab



NAB Professional Services

The People Profession: New Opportunities for Growth

2024 NAB Accounting & Financial Planning Report

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Introduction



The people's business

As we move through an era of economic uncertainty, the roles of the accountant and financial planner are more important than ever. With challenges looming in the business environment, and cost of living pressures weighing on Australians, the role of a trusted adviser is crucial in helping people and businesses find ways to continue to thrive.

With this in mind, NAB undertook a deep dive into accounting and financial planning firms, conducting in-depth surveys with our clients to look at drivers of growth and challenges for firms.

A clear trajectory of growth emerged from talking to these trusted advisers – they have seen strong revenue growth and expect that to be even better in the year ahead.

As fundamentally people businesses, accounting and financial planning firms are finding ways to add value, even as technology becomes more ubiquitous. People drive a firm – they are the biggest source of growth, and one of the biggest motivations for acquisitions. However, they're also the biggest challenge, and this means finding the right fee-earning and supporting staff to achieve more and alleviate the stress of working in a deadline-driven profession.

We believe this report paints an insightful, optimistic picture of the industry and provides actionable intelligence that is both interesting and meaningful for firms going forward.

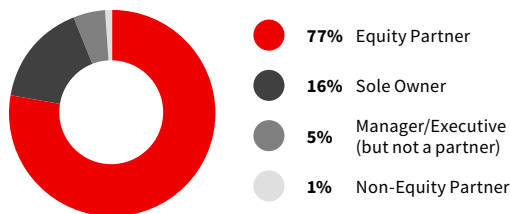
Donald Jamieson
Head of Professional Services, NAB

About the research

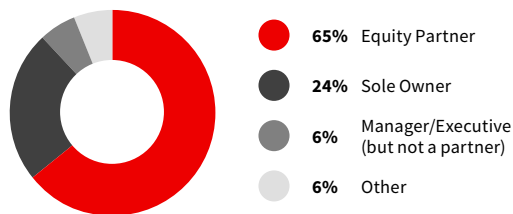
NAB interviewed accounting firms and financial planning firms* around Australia, asking them a series of multiple-choice questions on their performance, challenges and plans for the future.

Role at firm

Accounting

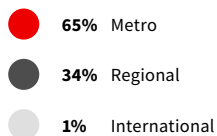
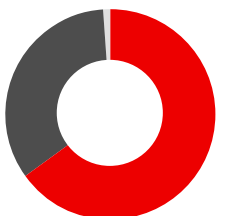


Financial planning

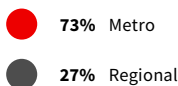
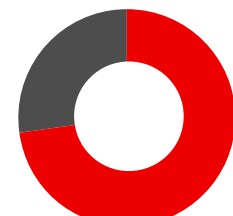


Metro vs regional

Accounting

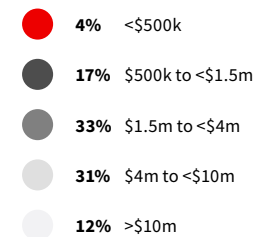


Financial planning

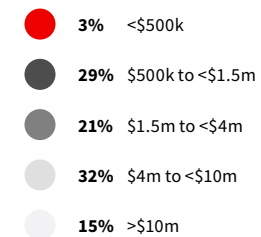


Firm annual revenue

Accounting



Financial planning



* Number of firms surveyed: 75 accounting firms, 34 financial planning firms

A sector looking ahead

A strong year gone, an even better one ahead.

Growth environment

Accounting firms are predicting higher revenue.

77% 

expect revenue growth over the next 12 months to be good or very good.

No.1 driver for growth? **People.** 

Regions still rising

Regional firms continue to report strong conditions.

71%

of regional firms say their revenue outlook for the next 12 months is good or very good.

Financial planning buoyant

All financial planning firms surveyed are projecting revenue growth.

Revenue growth expectations next 12 months:

41% Very good

44% Good

15% Satisfactory

Stress raises its head

Mental health 
is now in the top 5 challenges in running an accountancy firm.

Biggest challenges in running a firm

- 69%** Hiring, retaining and training staff
- 39%** Time management
- 32%** Being paid in a timely way
- 31%** Stress and anxiety
- 31%** Work-life balance

Looking to buy

With more firms competing over fewer assets, it's a seller's market.

28%

of firms are planning to purchase all or part of another business in the next two years.

— YET —

15%

are looking to sell.

Growth in mind

1 in 2

intend to make an acquisition in the next two years.

01

Drivers of
growth



A robust accounting sector whose dedication to understanding needs is paying dividends.

As we reflect on a period of high inflation, rising interest rates and economic uncertainty, it's encouraging to see that the accounting sector is feeling positive about the years ahead. A clear majority (57 per cent) rated their firm's revenue growth over the past 12 months as either very good or good, while a further 41 per cent said it had been satisfactory.

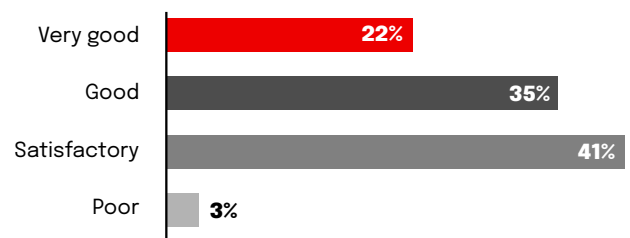
And despite predictions of a low-growth 2024 for the general Australian economy,¹ the future is looking solid for accounting firms. In fact, firms are predicting growth almost without exception, with 77 per cent expecting growth to be very good or good (27 per cent very good, 50 per cent good) and 22 per cent satisfactory.

77%
of firms expect growth to be very good or good.

"We know that firms have done a lot of hard work over the past few years, spotting market opportunities and growing their services," says Adam Holster, Professional Services Banking Executive, NAB. "This is some strong validation of the value that they're providing."

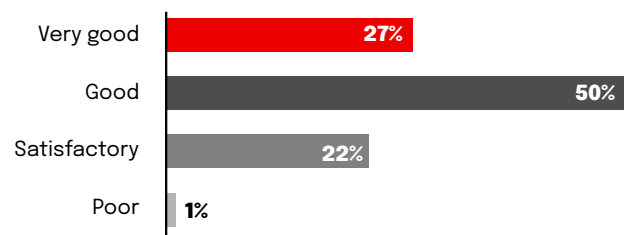
Revenue growth

Past 12 months



Revenue expectations

Next 12 months



1. <https://business.nab.com.au/wp-content/uploads/2023/09/2023-09-World-on-two-pages.pdf>



The importance of trusted advice

In part, this resilience can be traced to the accountant’s role as trusted business adviser. While compliance-related activities such as tax are still a strong core – as highlighted by the survey – service offerings such as business planning and business strategy are now almost equal in importance. When NAB surveyed firms in 2018,² 77 per cent were offering business strategy; today, it’s 85 per cent. “What we’re seeing is a maturation in the role of the accountant as trusted adviser, and that in turn leading to higher revenue and more satisfied clients,” Holster says.

When NAB surveyed firms back in 2018, 77% were offering business strategy; today, it’s 85%.

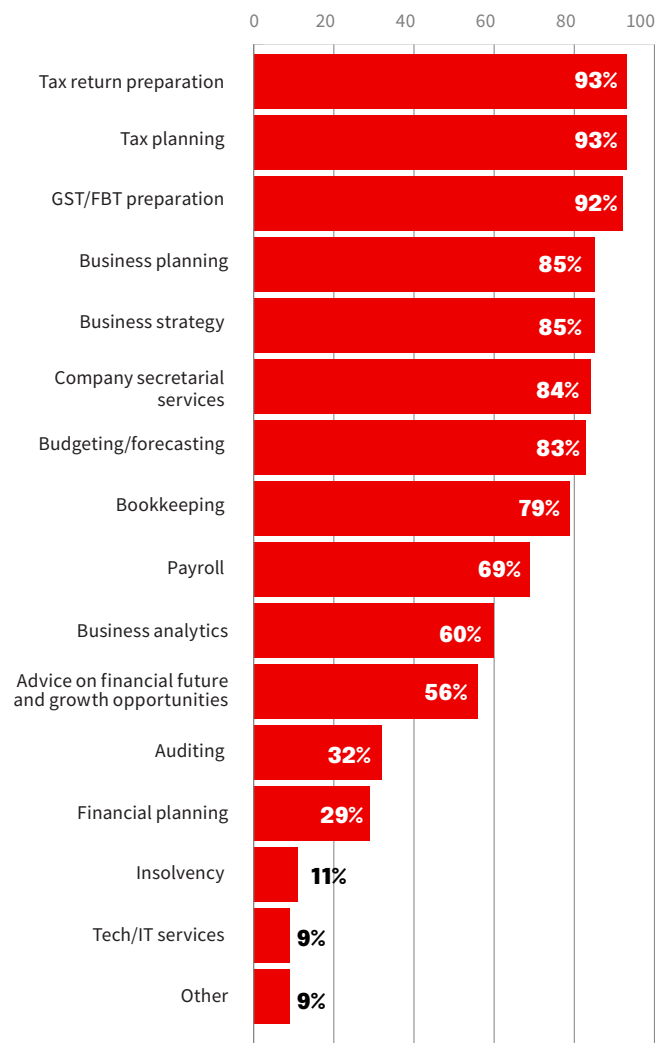
This role as trusted adviser becomes even more important in the current environment.

“An informed business is a more successful business,” Holster says. “It’s a strong validation that accountants know their clients well and know how to support them – and there’s clear commercial benefit for firms as well.”

Naomi Stuart, State Business Banking Executive, Regional & Agribusiness at NAB, agrees it’s encouraging to see a further embedding of the trusted adviser relationship.

“Accountants do have a really strong role to play in businesses and, especially in regional firms, there’s often a really deep connection between the accountant and the business partners – to the point where it’s not uncommon to see them sitting around the dinner table together,” she says. “So, it’s good to see that the broader suite of offerings extends that further.”

Services offered



2. https://business.nab.com.au/wp-content/uploads/2018/02/J002905-Professional-Services-Insights-Report_v5.pdf

Finding staff

While almost all firms anticipate growth, it's hardly surprising that hiring, retaining and developing new staff is the number one enabler of growth.

This is an ongoing challenge in the face of shortfalls in the number of available professionals.

In a joint submission, Chartered Accountants Australia & New Zealand (CA ANZ) and CPA Australia noted that there were three times the number of job vacancies for accountants in October 2022 than in the peak of 2020's pandemic lockdowns. The submission noted that, over the next 15 years, around 50,000 accountants will approach retirement age and domestic graduate numbers are insufficient to counter this leakage – particularly given that the demand for accounting professionals is growing.³

So, how can firms find the staff to take advantage of growth opportunities?

Regional firms are turning to various solutions, Stuart says.

“We've seen partners and senior staff at regional firms working really long hours to cope with demand and inadequate staffing levels, but we've heard a few success stories of regional firms bringing in skilled people from overseas to fill any shortfalls.

“There's also a trend towards outsourcing and offshoring to complete some of the more straightforward tasks that don't require consulting.”

Meanwhile, firms are also thinking of new ways to make themselves an attractive proposition for employees. For example, broadening their service offerings is a way to offer opportunities for staff development and so increase retention.

Holster shares the story of Banks Group, a top 40 accounting firm in Melbourne, which started a private equity and corporate finance business, Corner Capital, alongside its accounting firm. “Why? Because they had staff who wanted to grow their careers in this area, and also a client base who were looking for investment and divestment opportunities. They were able to bring the two together to provide opportunities for their people and clients.”

Also, most firms are thinking beyond the obvious in how to engage, incentivise and reward their teams. According to Holster, a “growing incentivisation strategy is giving key staff equity outside usual partnership structures”.

“Firms both large and small are making sure their staff have a chance to do work that is meaningful – which we know is important, especially for younger generations,” he says. “This also helps support the interests of a diverse mix of employees; for example, keeping older, experienced employees for longer and using the perspectives of younger employees for a fresh take on problem-solving.”

For example, KPMG's 10,000 stories challenge saw employees describe what they do in terms of the value it delivers. Answers like “I help family farms grow” revealed the true value one accountant believed his day-to-day work delivered.⁴



3. <https://www.cpaaustralia.com.au/-/media/project/cpa/corporate/documents/policy-and-advocacy/consultations-and-submissions/cross-policy/2022/20221215-caanzcpasubmission-on-the-future-of-australias-migration-systemfinalv2.pdf>

4. <https://business.nab.com.au/the-great-rethink-what-it-means-for-professional-services-54422/>



The power of technology

After staffing, investing in new technology is another clear driver of growth, with accounting technologies available in areas including AI, automation, data handling and customer interface.

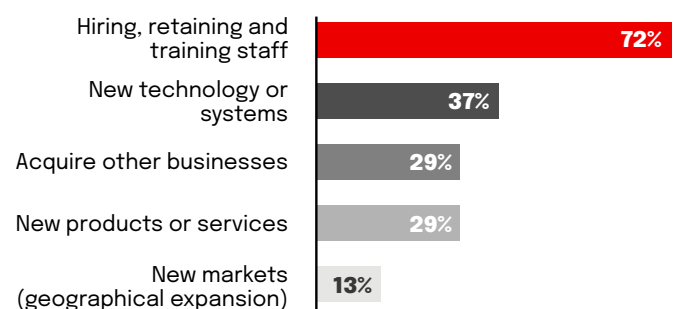
“Technology is having a democratising impact on the industry,” Holster explains. “It’s no longer something that only very large firms have access to – it’s affordable and there for firms of all sizes to access, to provide great client experiences in a way that’s efficient and repeatable.”

“

Technology is having a democratising impact on the industry.

“Technology can simplify increasingly complex tasks like payroll, create efficiencies within the firm and deliver services at scale that would not have been possible 15 years ago, often at a lower cost. It can also free up staff capacity within the firm, which can go towards offering additional services.”

In what ways are accounting firms looking to grow their business?



02

The stressed
accountant



An accounting firm is driven by its people – so how do you make the most of them by looking after mental health and wellbeing?

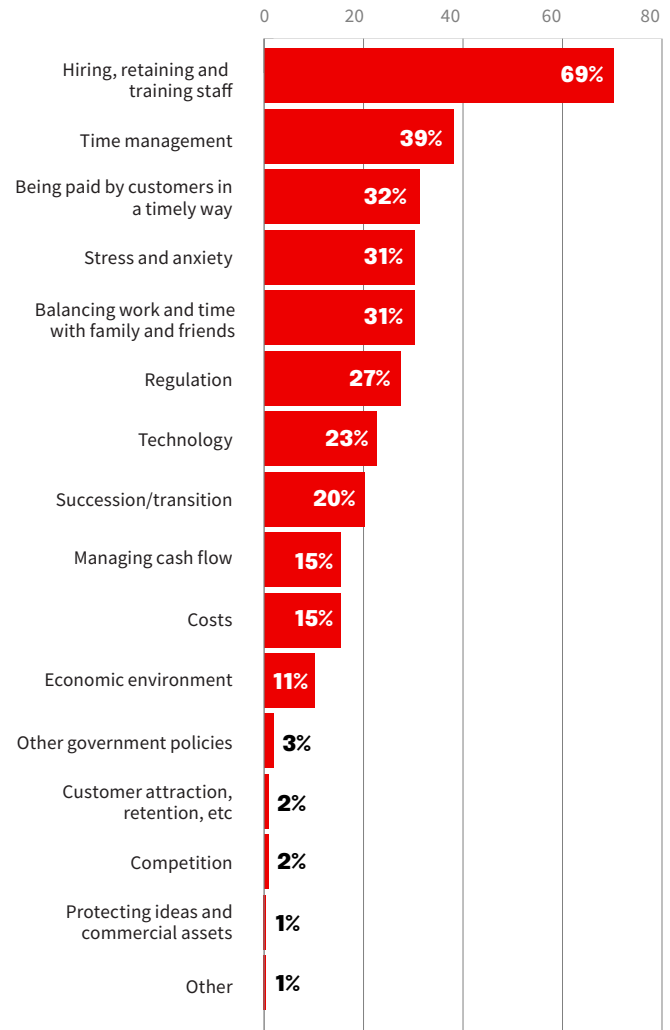
When it comes to the challenges faced by accounting firms, it's worth noting that most major ones inevitably circle back to the human aspects of running and working in an accounting firm: staff shortages; time management; stress and anxiety; and balancing work with time with family and friends.

And with firms rating highly strategies to improve staff wellbeing and time management, it's clear stress, wellbeing and work-life balance are problems the industry needs to tackle wholesale.

“Accounting is by its nature a deadline-driven industry and that can create stress,” Holster says. “While that’s always been the case, increasing client expectations, complexity of compliance and a heightened awareness of employer obligations in maintaining positive mental health make it a priority for firms to act in a way that supports their people.”

“
Accounting is by its nature a deadline-driven industry and that can create stress ... it's a priority for firms to act in a way that supports their people.

Top challenges facing accountancy firms



Working smarter

Daniel Spitty is co-founder and CEO of Everperform, a technology and advisory company that helps accounting firms optimise their performance. He believes a lot of stress and wellbeing concerns could be alleviated if partners, managers and staff had clearer conversations around expectations and goals. Staff would then be able to better direct their attention to the most important tasks, helping them to focus and to experience less stress and improved wellbeing.

“We talk about everyone in the industry being burnt out and struggling,” Spitty says. “Firms have a wonderful opportunity to leverage the talent they already have by investing in more development for current staff.”

Spitty says firms should think about providing staff with clearer goals. He says Everperform’s analysis of its customer data⁵ shows that just 35 per cent of all accounting staff achieved their own performance expectations last year. However, this number is 46 per cent for partners and 42 per cent for managers, suggesting that management’s performance expectations are not filtering through.

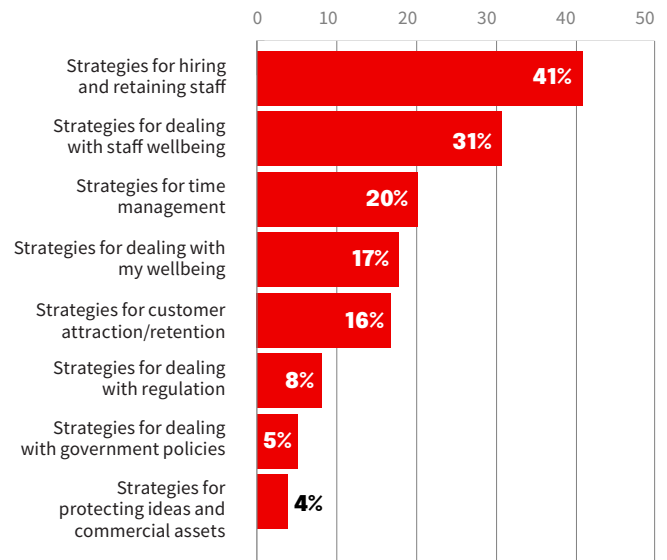
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Firms have a wonderful opportunity to leverage the talent they already have.

Therefore, Spitty says it’s up to managers and partners to have meaningful conversations with their staff.

The reason they might have been reticent to do this, he believes, is that 2022 was the “year of retention”. Because of a tight employment market, partners and managers have concerns staff might leave if they’re honest with their people about expectations. However, having clear goals and being supported to do their role effectively actually improves wellbeing overall, Spitty says.

What would help firms overcome challenges?



5. <https://www.everperform.com/performance-insights-report>

03

The rise and
rise **of regional
accounting**



Regional accounting firms are coming off years of record migration and an agricultural boom – so what are their strategies in order to grow?

Regional Australia has blossomed off the back of increased internal migration and strong agricultural production. With technology also helping level the playing field in terms of the services they can provide, regional accounting firms – while not quite as bullish as their metro counterparts – are reporting good performance.

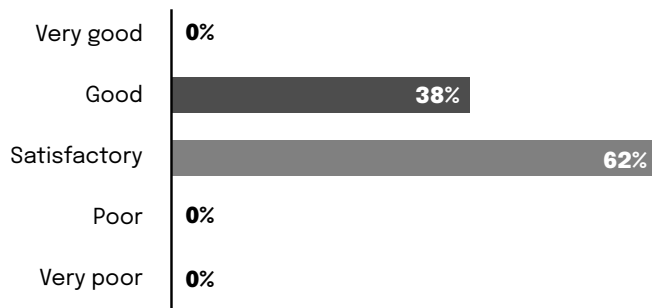
Over one third rated revenue growth in the past year as good, and the other two thirds as satisfactory. For the year ahead, two thirds anticipate good growth and one third satisfactory growth.

“Firms that have scale, skill and reputation in our regional centres are doing really well, and the outlook is very positive,” Stuart says.

However, there are still clouds on the horizon, including staffing shortages and continued higher inflation and interest rates. An El Niño weather pattern is also likely, while NAB’s September Rural Commodity Index⁶ showed rural prices at their lowest since January 2020.

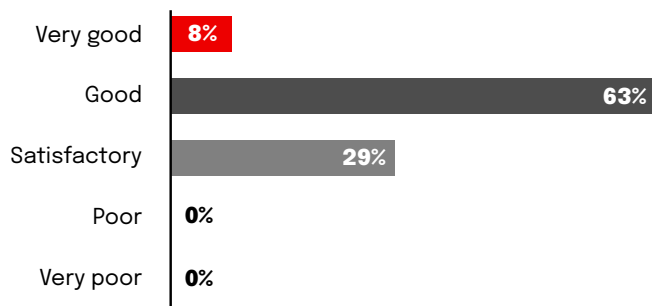
Regional firm revenue growth

Past 12 months



Regional firm revenue expectations

Next 12 months



6. <https://business.nab.com.au/nab-rural-commodities-wrap-sept-2023/>

How are regional accounting firms feeling right now?

To find out more about how regional firms are feeling in the current environment, we asked two NAB experts on the ground what they’re seeing and hearing.

Rob Donoghue, Professional Services Banking Manager, Canberra

Donoghue says he’s not seeing too much concern about the agriculture or commodities outlook just yet. “Rate increases are a source of hesitancy for some; however, we don’t know whether it will prevent firms from proceeding with their plans.”

Donoghue also sees many partners picking up extra work as regional accounting firms struggle to find suitably qualified people to employ.

Another popular activity is upgrading or acquiring computer and IT equipment.

“A lot of firms are transitioning to cloud-based storage and investing in technology that allows more efficient in-house processes.”

Farren Smith, Business Bank Executive, Regional & Agribusiness, Canberra

Smith says there’s a feeling among his clients that we’ve reached a point in the interest rate cycle where firms have mostly weathered the storm.

“Growth opportunities are there for well-capitalised businesses.”

Even for firms heavily exposed to the construction industry, which has been impacted by prohibitive cost inflation over the past 18 months, things are looking up.

“That’s starting to subside, which will generate more work for everyone.”



Moving to the country

Finding staff remains the biggest challenge for regional accounting firms – a fact reflected in a recent skills and recruitment survey by CA ANZ,⁷ which found the highest number of vacancies were in rural areas across all states.

This is despite government population data showing that, in 2021-22, regional areas saw the biggest increase in population for more than a decade,⁷ driven by high levels of internal migration.

“During COVID, people flocked to regional centres, but many kept their city job and worked remotely,” Stuart says.

“However, with workplaces calling staff back to the office, we’re at the point where they must decide whether they want to move back to the city or take a job locally. It will be interesting to see whether regional firms can entice them across.”

To this end, regional firms are pulling out all the stops, using recruitment agencies and actively pursuing staff from big international firms.

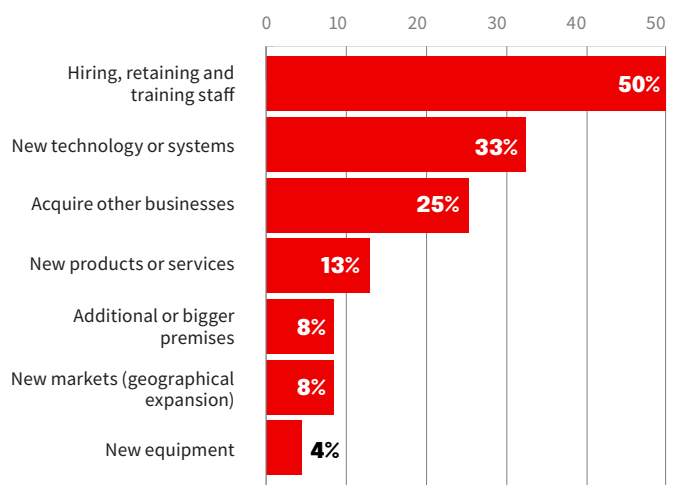
“Anecdotally, we hear a lot about amenities such as car parking being really important in getting staff back to the office,” says Farren Smith, Business Bank Executive, Regional & Agribusiness at NAB. “This is something regional firms can facilitate more easily. Working for a regional firms can also provide better work-life balance – you can work from the office and still get the kids to football training.”

Regional firms can also offer a pathway to partnership without the 11pm finish expectations, Smith adds.

“

Regional firms can also provide better work-life balance – you can work from the office and still get the kids to football training.

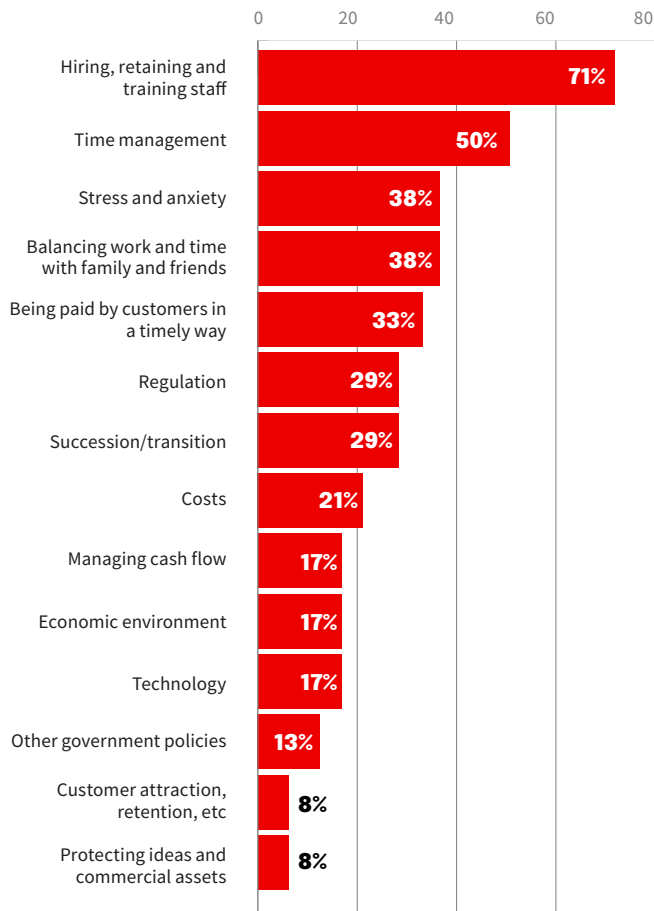
How are regional firms looking to grow?



7. <https://www.charteredaccountantsanz.com/news-and-analysis/insights/research-and-insights/ca-anz-member-survey-identifies-shortages>

8. <https://population.gov.au/data-and-forecasts/key-data-releases/regional-population-2021-22>

Biggest challenges for regional firms



Young blood

To attract the best talent, regional firms are starting early and thinking tactically, Stuart says.

“It starts as early as engaging with students as they leave school and telling them why accounting can be a fulfilling career, then giving them flexible options like working part time while they are studying.

“From there, we’re seeing a real push to attract graduates from local universities – so offering cadetships and summer internships in order to make it clear that moving to a big city isn’t the only way to advance their career.”

Other career-enhancing benefits of a regional firm for an accountant early in their career can include better access to partners and other senior mentors than at a larger firm, and more direct contact with clients.

“Retention is as much of a challenge as hiring, so clear career pathways and development are critical,” Stuart says. “Firms need to support their staff’s ambitions.”

Many regional firms are offering valued employees small stakes in the business to help retain them, adds Rob Donoghue, Professional Services Banking Manager, NAB. They may also be able to reach partnership faster.

“

Retention is as much of a challenge as hiring, so clear career pathways and development are critical.



04

**The buying
boom**



Acquisitions are a top method of growth for accounting firms. However, with buyers outnumbering sellers, how are they finding the right acquisitions with the all-important cultural fit?

Accounting firms rated acquisition as the third most likely method of growth in the next 12 months. In fact, more than one quarter (28 per cent) plan to purchase all or part of another business in the next two years. It's interesting to note that this number is similar to the 2022 NAB Accounting M&A report,⁹ showing that firms have not been deterred by any economic uncertainty or rate rise cycle.

Does your firm intend to purchase or sell fees, equity or all/part of a business in the next two years?

	All firms	Just metro	Just regional
Yes, purchase	28%	39%	14%
Yes, sell	15%	13%	23%
No/unsure	56%	48%	64%

However, while the number of buyers is still strong, only 15 per cent of firms are planning to sell, which means more firms competing over fewer assets. Despite this, buyers are still making sure it's the right fit strategically and culturally, Holster says.

“They want to get a good understanding of the firm and its key people; it's critical to know how two will integrate into one.”

It follows, therefore, that when deciding on an acquisition target, ‘cultural fit’ is the biggest consideration – even more than building scale or the terms of the acquisition. Also, while acquiring people was the second-biggest motivator for acquisitions, firms won't buy simply to increase headcount – the target firm has to have people with the capability the buyer needs, Holster explains.

What motivated firms to buy recently?

- 1 Business growth**

- 2 Acquire good people**

- =3 Diversify services offered
Fees/equity were competitively priced**

- 4 Reliable/trusted seller**

- 5 Increase geographic footprint**

Top priorities when considering an acquisition

- 1 Cultural fit**

- =2 Good terms of sale
Increasing scale**

- 3 Expansion into new geographic markets**

- =4 Speed to profitability
Scale-up for future exit**

- 5 More career pathway options for workforce**

9. <https://business.nab.com.au/wp-content/uploads/2022/07/NAB-Accounting-Industry-Report-1.pdf>

The seller's market

To stay competitive in this seller's market, firms are making sure they have everything in order before they start on an acquisition strategy.

"It begins with strategic alignment between partners and other stakeholders on the type of acquisition the firm is pursuing, as well as lining up advisers and financing well in advance," Holster says.

Also, firms can consider other opportunities. For example, there appears to be a higher proportion of regional sellers – albeit coming off a smaller sample size – which presents an opportunity for metro firms seeking to replicate their success through geographic expansion.

“

It begins with strategic alignment between partners and other stakeholders on the type of acquisition the firm is pursuing.

And while regional firms aren't planning as many acquisitions, Stuart says they'll always consider an acquisition that has good synergies – sometimes in complementary services.

"We've seen more accounting firms tuck in an acquisition like a financial planning or broking firm, using it as an opportunity to provide a fuller suite of offerings and further cement customer loyalty," she explains.

The succession question

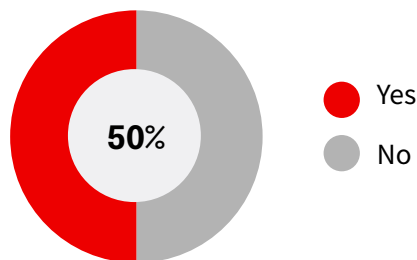
The survey shows only half of all firms have a formal or written succession plan – a figure Holster believes is a missed opportunity.

"Building a business is building an asset; if you're not sure what's going to happen at the end, that creates a lot of uncertainty," he explains. "Also, when it does come to selling, it's best to be optimally prepared."

“

Building a business is building an asset; if you're not sure what's going to happen at the end, that creates a lot of uncertainty.

Does your firm have a written or formal business succession plan?



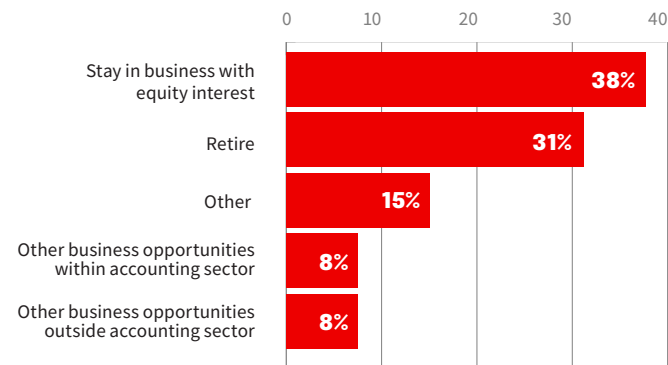
Interestingly, the data shows that many sellers plan to stay on post-sale with an equity interest, a fact that reflects changing attitudes within the profession towards retirement.

"There's no one best way when it comes to succession planning," Holster says. "You no longer have to walk out the door aged 65 and never come back."

"And while many are putting off succession planning, there are also more palatable options that weren't available say 10 years ago, such as selling your stake down to five per cent and maybe working half a day a week. The motivation for these arrangements is not necessarily financial pressure – it's enjoyment of the work for some."

Holster adds that firms should be aware that succession planning is not just about retirement – it is also an excellent tool to help current and prospective employees see their future pathway with the firm.

Post-sale plans



CASE STUDY

How one firm combined growth with succession

When the sole owner of one accounting practice turned 50 in 2010, he had to make a choice: sell, buy, merge or grow.

By choosing growth and putting together a strong strategy that underpinned key decisions, over the next 10 years he was able to nurture the practice from one partner, eight staff and revenue of \$1.2 million to six partners, 52 staff and revenue of \$5.6 million. At that point, the founding partner retained 20 per cent of the business but was able to take a more passive role.

The first strategic move was to promote a senior manager to partner and charge them with improving processes and implementing technology to control expenses and maximise margins.

After that, the strategy moved to diversification – the firm bought a financial planning practice with a finance broking arm, which increased the number of shareholders to four with each sharing profits from all lines of the business.

“

This firm had a clear strategy and was deliberate and purposeful in its acquisitions.

From here, the firm promoted a second senior manager to partner then brought on another partner who was a technology specialist, in order to develop that area as an additional revenue stream. Next, it further consolidated the team and matured business lines.

Had the founder sold in 2010, he would have received \$1.6 million. Instead, he received total payments of almost \$2.85 million between 2011 and 2021, retained 20 per cent equity valued at \$1.2 million and was paid a yearly \$70k consulting fee.

“This firm had a clear strategy and was deliberate and purposeful in its acquisitions,” Holster says. “Everything it did was underpinned by an understanding of client needs. And by investing in complementary services, it was able to grow its revenue per client.

“This strategy meant not only did the founding partner maximise his financial benefits, but he was also able to manage succession from within and generate additional opportunities within the firm to help attract and retain the best people.”

Holster adds that, over the 10-year period, the firm was in constant dialogue with trusted advisers, including bankers, to help it execute its plans.

05

Financial
planning's
bright future



Financial planning has undergone plenty of turmoil, but an unmistakable need for the sector’s services has firms excited about prospects for future growth.

For financial planning firms, the outlook is also positive, with nearly three quarters reporting either very good or good growth over the past 12 months, and a further one fifth reporting it was satisfactory. Looking ahead, all firms are expecting some kind of revenue growth in the next 12 months – 41 per cent expect that growth to be very good and 44 per cent good.

It’s a welcome sign for an industry that has undergone significant complex regulatory change since the Financial Services Royal Commission, such as the increased training requirements introduced under the Better Advice Act¹⁰ and the more recent Quality of Advice review¹¹ and consultation on experience pathways.¹²

“
There are more clients to target than there are advisers to look after them.
”

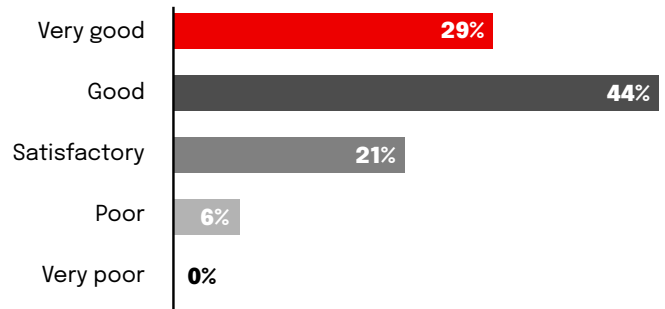
This growth opportunity reflects the fact that, according to independent rating site Adviser Ratings, fewer than 10 per cent of Australians are now receiving retail financial advice¹³ – at a time when cost of living pressures make advice more important than ever.

“Most firms I work with are excited about the stabilisation in terms of adviser numbers and the fact that there are more clients to target than there are advisers to look after them,” says Philip Pleasant-George, Client Director at NAB, who works with financial planning firms.

“Strategically, they’re focused on how they attract the ideal client and grow that relationship.” That might include targeted segments of the market like female investors, Pleasant-George adds.

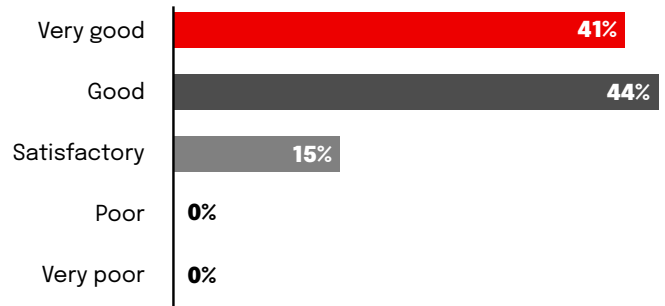
Revenue growth

Past 12 months

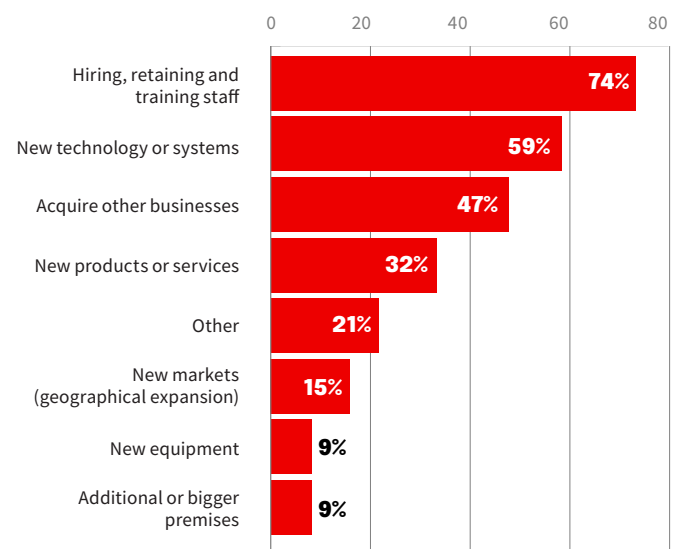


Revenue growth expectations

Next 12 months



Ways financial planning firms are looking to grow their business



10. https://www.aph.gov.au/Parliamentary_Business/Bills_LEGislation/Bills_Search_Results/Result?bid=r6740

11. <https://treasury.gov.au/sites/default/files/2023-01/p2023-358632.pdf>

12. <https://treasury.gov.au/consultation/c2023-384538>

13. <https://www.adviserratings.com.au/news/adviser-ratings-landscape-report-showcases-the-professions-revival/>



Overcoming challenges

Perhaps unsurprisingly, regulation is the number one challenge for financial planning firms.

“While businesses are obviously dealing with a lot of compliance, they are also confident the industry in general will find ways to simplify this over time,” Pleasant-George says.

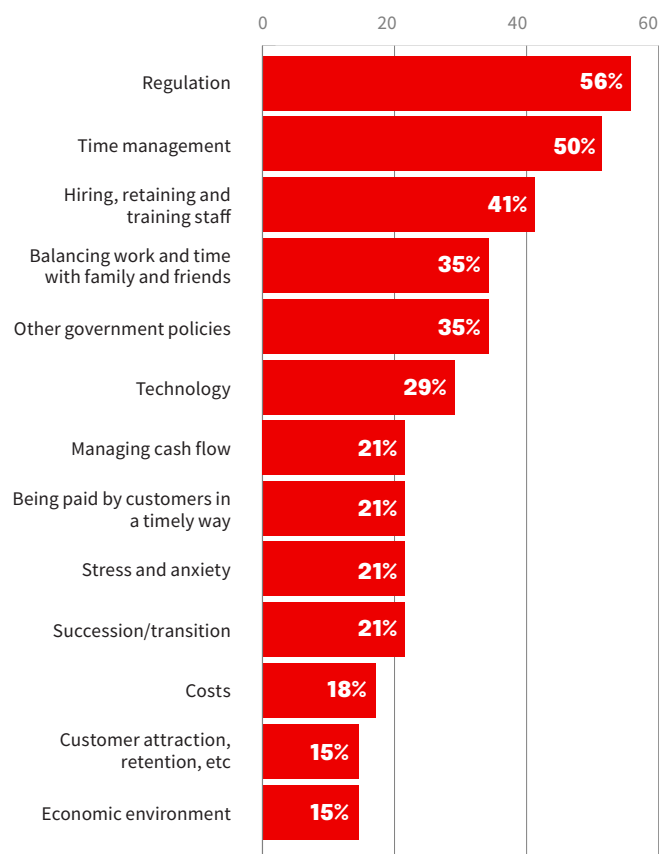
Meanwhile, staffing comes in third as a challenge – not surprising after a few roller-coaster years for adviser numbers. The numbers increased dramatically in the lead-up to ASIC’s 2019 requirement that all advisers must be registered, then dropped below that level by 2022.¹⁴

“Getting quality staff and attracting the best talent continues to be a challenge,” Pleasant-George says. However, he is hopeful the profession can once again attract new people.

“Advisers are doing a great job of continuing to build trust with the public, which in turn will see more students elect to move into financial advice.”

How firms are overcoming staffing challenges includes using AI to provide lower-cost advice – something Pleasant-George says “might end up being a game changer in the industry” – as well as outsourcing paraplanning and admin tasks offshore.

Biggest challenges for financial planners



14. <https://www.rainmaker.com.au/media-release/australias-financial-adviser-numbers-in-2024>

Going for growth

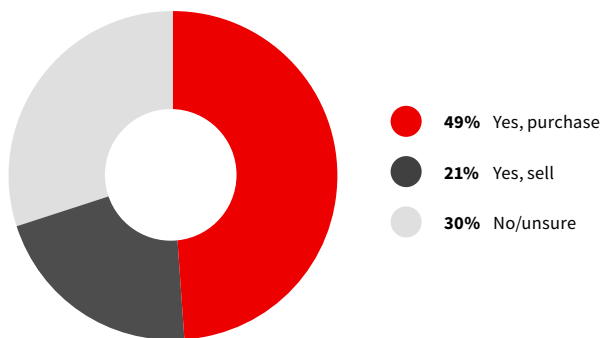
Staff, new technology and acquisitions are popular mechanisms of growth for planners. More than half of firms are looking to buy – this may be traced back to the need to build scale in order to meet increasing compliance and regulatory requirements.

“Many firms are realising they need to get bigger in order to afford the technology and automation that will keep them efficient and competitive, to keep their business viable, and to provide opportunities to staff and to maximise client outcomes,” Holster says.

“

Many firms are realising they need to get bigger.

Does your firm intend to purchase or sell fees, equity or all/part of a business in the next two years?



Top priorities when considering an acquisition

1 Increasing scale
Good terms of sale

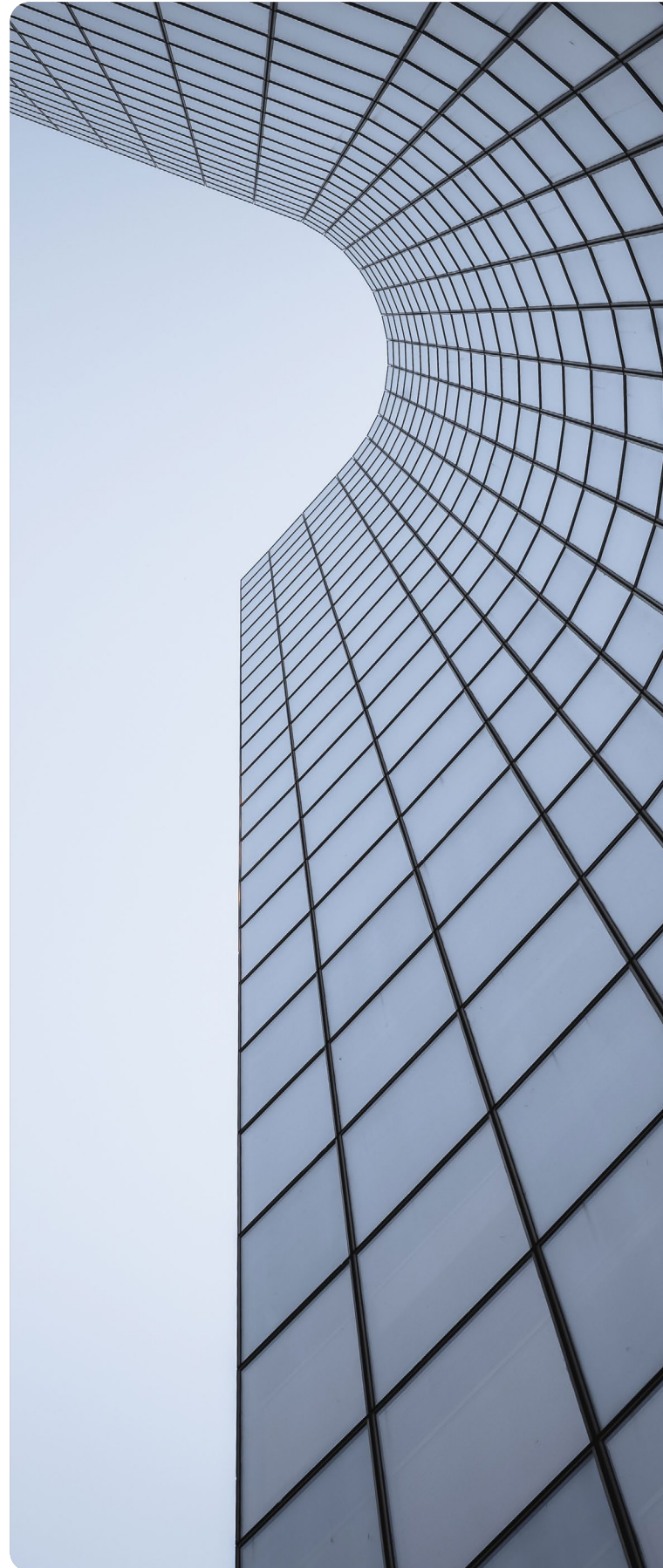
2 Cultural fit

3 Speed to profitability

4 Expansion into new geographic markets

5 Scale-up for future exit

6 More career pathway options for workforce



Moving forward: How one firm is embracing the future

Glenn Calder, CEO of Viridian Financial Group, shares the optimistic growth outlook for the financial planning sector.

“With fewer and fewer advisers to service a growing pool of retirees and pre-retirees, I’m not surprised that everyone is predicting growth,” he says.

He also points out that the Federal Government’s recent intergenerational report¹⁵ has two major themes very relevant to planners: the ageing population and digitalisation.

“Financial planning has a more professional workforce than ever before,” Calder continues. “We’re raising efficiency and effectiveness and the industry is consolidating. That gives us a lot of confidence to move forward.”

Viridian has grown from 20 staff in 2015 to around 500 today, and made 15 acquisitions along the way.

“

Financial planning has a more professional workforce than ever before.

Building scale

In order to capitalise on these opportunities, Calder believes financial planning needs to build scale – as reflected in the survey results showing many firms wanting to buy.

“We’re finding a lot of groups are coming together, which allows them to invest in technology and professionalism.

If you’ve only got a handful of advisers then your ability to specialise is limited. Once you get to 15 or 20 you can have a chief investment officer, an aged care specialist, an estate planning specialist and so on, which becomes a point of difference for the firm.”

Calder points out the “stark statistics” that 45 per cent of Australians are financially illiterate,¹⁶ so the financial planning industry is incredibly important. “But we need to band together rather than being fragmented into thousands of tiny firm.”

Also, there’s a need to focus on attracting new graduates to replenish the profession’s diminishing numbers. “We do need to nurture the next generation of financial planners,” Calder says. “We need to go into universities and start educating them on financial planning as a career.

“It’s a bit like what the AFL did 10 to 15 years ago – everyone was given a footy and a jumper, which inspired a new generation of people into the game. That’s paying dividends now. We as an industry need to band together and do the same.”

Technology: A double-edged sword

Meanwhile, technology represents one of the biggest opportunities, but also challenges, for financial planners, Calder says. He thinks technology has plenty of potential, including robo-advice to increase the amount of advice planners can provide along with technology to take the friction out of internal processes, improve governance and make clients’ lives easier.

“We’re really big on technology and there’s no doubt it’s going to help solve the challenges of our industry,” he says.

“However, financial planning in its entirety is complex – whether we’re talking about estate planning, investments or superannuation – and it’s virtually impossible for one little bit of technology to do it all. So you have to pick your mark and invest down a particular path rather than trying to bite off lots at once.”

15. <https://treasury.gov.au/publication/2023-intergenerational-report>

16. https://api.research-repository.uwa.edu.au/ws/portalfiles/portal/73668586/Financial_Literacy_in_Australia.pdf

Conclusion



For businesses and individuals, the role of the trusted adviser is more important than ever. If accountants and financial planners can continue to find ways to attract, retain and look after their people, invest in the right technology and find acquisitions that deliver growth, they can take advantage of these ‘propellants’ to grow their firms.

It’s also clear from the data here, and the insights of our experts on the ground, that Australia’s accountants and financial planners are well aware of the challenges facing their industry – and are

open to and, in many cases, already embracing opportunities to work smarter and offer more. They’re looking forward with optimism and endeavour to a bright future.

“We all know how much hard work firms put into helping their clients, as well as spotting market opportunities,” Holster says.

“It’s great to see this translating to revenue growth and great career opportunities for their people. And while there are of course many challenges, it’s a positive sign for what’s to come.”

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