

Let's talk practice start up

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Every chartered accountant has probably considered at some stage of their career the possibility of setting up in practice, either on their own or joining a partnership. This is particularly the case for those who may feel that their job security is under pressure or those who want more independence than they can achieve as an employee. Such a move needs careful research including a look at the regulations. The definition of 'in practice' is widely drawn and is 'the provision of services including 'preparing and advising on accounts (including management accounts) or financial information, auditing and financial reporting, insolvency, taxation, and financial and management consultancy but in the case of consultancy work only where the principal consultancy activity is accountancy related.'

Services provided by a CA in the course of employment are excluded. Certain non-core activities like book-keeping and payroll services, company secretarial support services and consultancy where the principal consultancy activity is not accountancy related, are specifically exempted from the regulations. CAs cannot be admitted to practice until they have been members of Chartered Accountants Ireland for at least two years. Members are best advised to read the requirements which are contained in the Practice Certificate Regulations. They may be accessed on CHARIOT at <http://www.icaei.ie/members/chariot/livedata/icaei/lindex.cfm> under the Institute of Chartered Accountants heading.

Many chartered accountants who would be assessed as extremely competent managers (in a technical sense), may not have the 'personality' and determination to succeed as partners or sole practitioners. Current living standards and one's family commitments should be assessed as to how they may be impacted in the immediate future because of the start-up investment. I always recommend that members setting up on their own have at least six months of their personal cash flow requirements in the bank before starting because it can, on average, take that long to get paid by clients!

BEFORE STARTING OUT

FINDING CLIENTS -Friends, contacts, acquaintances - they all need to know you are now in practice. Print a map of your office location on the back of your business cards. Use the slogan 'business is great and we're looking for more' in your marketing and verbally when meeting prospects. Always project a positive attitude. -More important than finding clients is finding the right ones. Know your clients, so as to help avoid those who may have a poor attitude to regulatory compliance and an even poorer attitude to paying your fees! -Before you take on an assignment, be sure you can complete it competently and on time.

PRICING YOUR SERVICES -Discuss fees openly before beginning an engagement. Be prepared to fix the price in writing, under pre-agreed conditions - use engagement letters with all clients. -Remember your strongest negotiating point is when the client's need is the greatest i.e. before the service is provided. Many accountants deliver the service first and then talk about price later, giving the client the upper hand. -Clients occasionally may dispute your fees. Don't take it personally. Those clients who do question fees deserve an explanation but many may question the fee simply out of habit. They do the same when getting their car serviced. They simply feel they need to justify the value of the service in their own mind.

IMPROVE SKILL/KNOWLEDGE Be confident of your knowledge and talents. What is simple to you may be 'rocket science' to your clients. Take advantage of guidance available to practitioners available from the Chartered Accountants Ireland Resource and Information Service. Join a network of practising CAs.

MORE INFORMATION Chartered Accountants Ireland runs a Going into Practice course twice a year to help satisfy the regulatory requirements set in this area. The date of the next Going into Practice

courses is Saturday 5 December 2009. Contact Chartered Accountants Ireland CPD Department at 00 353 1 637 209/637 7210 or log onto www.icaireland.ie/cpd