



Focus on 12 essential KPIs to avoid mediocrity and maximise your accountancy firm's profit and capital value growth...

Because accountants are the numbers experts, you'd expect them to use the most powerful KPIs for running a successful accountancy firm...

...they mostly don't

...but now YOU can...

15 years and more than 1,000 board meetings with accountancy firms, have shown the way.

We've seen which KPIs accountants use and which KPIs actually work for their firm.

This brief report shares a big list of 40 KPIs. Narrowing down to 19 and then trimming to our recommended 12 KPIs.

How do we know the recommended KPIs really work?

You know the sales KPIs are working when a 3-partner firm adds more than £30,000 of new fees every month for 18 months.

This firm habitually used KPIs 5, 6 and 9 (from the list of 12 on page 5) to add £600,000 of new fees to their firm in 18 months.

Why these 12 recommended KPIs?

The 12 have been selected because of the impact and results we have seen them have on the firms we have consulted with over the last 15 years.

There's merit in every one of the 40 KPIs on the long list. You'll recognise lots of these as the 'normal' KPIs for accountancy firms.

However we've also learned that **'LESS IS MORE'**.

When it comes to successfully using KPIs it's better to work with as few as possible (whilst maintaining a balance of measures).

Fewer KPIs bring focus and faster results...

More KPIs spreads attention, spreads resources, spreads time and spreads money too thin to work.

Please do what you can to reduce the number of KPIs you use so you and your people can 'see the wood for the trees'.

Focus on improving a few KPIs rather than diluting your effort across the many and you'll enjoy the success you seek.

Your strategic focus changes...

Use relevant KPIs to help you fix a pressing challenge in your firm.

When the challenge is fixed, change your focus and change your KPIs.

We've worked with firms with quality issues on their accounts production. This has meant KPI 38 was

one of their essential measures until they'd driven quality file production up. Then the firm's focus changed.

What's your firm's priority issue or opportunity now? What KPI should you focus on now?

KPIs are pointless unless they drive you to action...

What's neat about these 12 essential KPIs is the actions they stimulate in your firm.

You know KPIs are working when they drive action within your firm. If KPIs don't drive action either

- You've chosen the wrong KPIs
- You aren't taking your KPIs seriously

It's easy to set up KPIs. Not so easy to use them to drive action. KPIs only become valuable when they result in action.

Which is why some of your KPIs must be Key **Predictive** Indicators not just Key **Performance** Indicators.

Predictive indicators are input measures or measures of actions.

Predictive, take-action KPI examples:

- Successfully ask for referrals from your clients and you get more warm leads (KPI 5 of 12)
- Fail to act on falling customer satisfaction (KPI 8 of 12) and you'll lose valuable clients
- Fail to invest in your people's future (KPI 10 of 12) and you'll lose your best people to your competition

Each of these three example KPIs predicts the future success of your firm. Act to improve your chosen KPIs and you improve your firm's results.

KPIs for your clients?

To learn more about KPIs and how you engage in KPI conversations with your clients [check out this report on heartfelt KPIs](#)

You'll always find more on KPIs on our [business growth blog for accountants here](#)

Now see which of the 40 KPIs you and your firm use now and which of the best 12 you should focus on now...

40 KPIs for accountancy firms to choose from to make their firm more successful (too many)...

Key Financials

1. Turnover (This month)
2. Turnover (cumulative)
3. Cumulative Surplus/Deficit Turnover
4. Profit/(Loss - (this month)
5. Profit/Loss – (cumulative)
6. Cash at bank
7. Gross Recurring Fee Value
8. CLV – Customer Lifetime Value

Cost and Cash Predictors

9. Total Debtors
10. Debtor days
11. Cash Collected
12. Amount collected on DD/SO
13. Salaries as percentage of total fees
14. Marketing spend (or other specific cost budget)
15. WIP
16. Write-offs this month
17. Recovery rate
18. Chargeability

Sales & Marketing Predictors

19. Referrals asked for
20. Referrals received
21. Meetings with introducers
22. Networking contacts generated
23. Website leads generated
24. Event attendees (followed up)
25. Value of sales pipeline
26. 1st Meetings with Potential New A & B clients
27. 2nd Meetings with Potential New A & B clients
28. Number of A&Bs converted
29. Value of new A & B clients
30. Value of Extra Works Orders

Success Predictors

31. Customer satisfaction – Net Promoter Score
32. Number of customer care meetings with A and B clients
33. Proactive calls with A and B clients
34. Investment in our people – mentoring time
35. New ideas Introduced
36. Value of work completed each week
37. Jobs Completed on time
38. Average review points per job
39. Accounts Turnaround (days) from YE date
40. Accounts Turnaround (days) from receipt of records

On the next page you'll see 21 of these removed and see the 19 that can have a big impact. Then on the last page you'll see the 12 KPIs that make the biggest difference based on our experiences of advising accountancy firms over the last 15 years.

19 KPIs for a big difference to your firm's success – making a less complex set of KPIs...

Key Financials

1. Turnover (This month)
2. Profit/(Loss - (this month)
3. Cash at bank
4. Gross Recurring Fee Value
5. CLV – Customer Lifetime Value

Cost and Cash Predictors

6. Debtor days
7. Amount collected on monthly Direct Debit
8. Salaries as percentage of total fees

Sales & Marketing Predictors

9. Referrals conversations with clients
10. Meetings with introducers
11. Website leads generated
12. 1st Meetings with Potential New A & B clients
13. Value of new A & B clients
14. Value of Extra Works Orders

Success Predictors

15. Customer satisfaction – Net Promoter Score
16. Number of customer care meetings with A and B clients
17. Investment in our people – mentoring time
18. Value of work completed each week
19. Accounts Turnaround (days) from YE date

If 'less is more' (and it is!) then 19 KPIs are too many, you still can't see the wood for the trees. Therefore constructive action is unlikely.

To help you get even greater focus let's lose 7 more and **see the 12 essential KPIs...**

Use just 12 essential KPIs and set of KPIs now starts to look manageable and actionable...

Key Financials

1. Profit/Loss - (this month)
2. Gross Recurring Fee Value

Cost and Cash Predictors

3. Amount collected on monthly Direct Debit
4. Salaries as percentage of total fees

Sales & Marketing Predictors

5. Referrals conversations with clients
6. Meetings with introducers
7. 1st Meetings with Potential New A & B clients

Success Predictors

8. Customer satisfaction – Net Promoter Score
9. Number of customer care meetings with A and B clients
10. Investment in our people – mentoring time
11. Value of work completed each week
12. Accounts Turnaround (days) from YE date of records

Focus on these 12 essential KPIs and you'll avoid mediocre results in your accountancy firm.

More excitingly, focus on these 12 essential KPIs and you'll be able to maximise your accountancy firm's profit and capital value growth.

To start winning with these 12 essential KPIs you need to:

- Measure and track each of the measures
- Review them monthly (even better if you review them weekly)
- Take action to improve one or more of the 12 measures every month

Feedback is the food of champions so...

...we'd love to hear from you. Let us know what you think of the KPIs you like best on this report and what about the KPIs you think we've missed?

Our MD, Paul Shrimpling, would love to hear from you about your thoughts and experiences about KPIs in your firm or with clients, please email paul@remarkablepractice.com

Certainly, in a Making Tax Digital world, there's KPIs that need both the urgent and strategic focus of your firm. To begin with on-boarding clients onto cloud accounting needs special, committed and weekly action. We believe KPIs that ensure every client has heard from you every 13 weeks becomes much more important too.

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