



# State of the industry report

2023 New Zealand





**This report offers a snapshot of New Zealand’s accounting and bookkeeping sectors. It explores how practices are performing, changes within the industry, and the services firms provide. What’s more, it looks at how advisors are utilising cloud-based software and digital tools to optimise not only their own businesses but also their clients’.**

This research aims to provide an industry benchmark across a range of key measures – all to help accountants and bookkeepers identify opportunities in the years ahead.

**The information and commentary in this report is a guide only and should not be taken as taxation, financial or legal advice. We recommend you check with an independent expert that what you’re doing is right for you and your practice.**

#### Highlighting differences within the data

This report shows significant differences between groups (at the 95% level of confidence) via **green** or **red** text in some tables. ‘Significant difference’ indicates that one group’s percentage is statistically higher or lower than another group. These statistical tests take base size into account to reliably show where there are key differences between groups.

**Please note that in some tables, percentages may not add up to 100 percent due to rounding. Where percentages exceed 100 percent, respondents were able to select more than one answer.**

‘Past 12 months’ refers to the past 12 months at time of survey fieldwork.



This report uses terminology to compare different practice groups.

Groups are referred to based on the corresponding number of employees (including themselves):

<b>Sole</b>	<b>1 employee</b>
<b>Small</b>	<b>2 to 10 employees</b>
<b>Medium</b>	<b>11 to 50 employees</b>
<b>Large</b>	<b>More than 50 employees</b>

Throughout the report, we have referred to these groups as ‘practices,’ ‘firms’ or ‘practitioners’ interchangeably.

We have edited survey options in some tables for reading clarity.

**Xero users are those who selected ‘Xero’ in any of the following questions:**

- What cloud accounting software do you use to do work with your clients?
- Which of the following cloud practice management software does your practice use?
- What tax software does your practice use on behalf of clients?

**Advisory services include any of the following:**

- Analysing business performance
- Planning and budgeting
- App/software (other than accounting) setup, configuration and support services
- Capital raising/assistance moving to better interest/terms/financing options
- Startup mentoring, advice and networking/assistance with business development
- Business performance benchmarking
- Virtual/outsourced CFO services
- Implementation of accounting software for businesses
- HR advisory, assistance setting employee compensation, planning to add/reduce employees, or other people-centric services
- Succession planning services
- Valuation services
- Sustainability reporting consulting

**Non-Xero cloud users are those who selected ‘yes’ to this question:**

- Does your practice use cloud-based business tools? If so, how many?


But did *not* select ‘Xero’ in the following questions:

- What cloud accounting software do you use to do work with your clients?
- Which of the following cloud practice management software does your practice use?
- What tax software does your practice use on behalf of clients?

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# Accountants and bookkeepers are taking charge of their future, building a stronger, more resilient industry.

**Aotearoa is home to a strong community of accountants and bookkeepers. Despite the events of the past few years (and more recent times), the industry has stayed resilient in the face of uncertainty. More than ever, these challenging periods have proved that your support for small businesses is vital – and that trusted advisory is in great demand.**

This report – the first of its kind for New Zealand – explores these silver linings. Encouragingly, it reveals that many practices are reporting positive revenue growth and profits, with an increase in client numbers boosting the bottom line. Demand for advisory (beyond traditional offerings) also suggests more small businesses are realising the true value of strategic counsel. This is seeing firms bolster client trust and confidence through services that are not only profitable but often considered more rewarding work.

But with growth comes challenges. The research shows that advisors are concerned about our nation's economic future; rightfully so, with a recession declared midway through 2023. Industry-wide, firms expect high interest rates and cost of living pressures to bite, with many anticipating their clients will either need more support or be at risk of closing.

Meanwhile, the talent market is still feeling the pandemic's ripple effects. 'Accountant' is officially included in Immigration New Zealand's regional skills shortage list as firms struggle to hire experienced team members. Pair this with a surge in demand, and workloads become unmanageable.

So where to from here? Although there's no simple solution to these issues, accountants and bookkeepers are already taking action to push forward.

Larger firms are merging to join workforces and combat the skills shortage. And the spotlight on talent has seen practices of all sizes invest in employee development and training, raise wages, and offer flexible ways of working. Operationally, advisors are reaping the benefits of digitalisation. Many report cloud-based software has saved them time, giving practices the opportunity to focus on what matters most; building relationships with clients and meeting their changing needs.

Within the pages of this report are countless other examples of how the industry is evolving. Advisors are adapting to the times. Because yes, the future is uncertain, but accountants and bookkeepers are taking charge of their own.

**Bridget Snelling**  
Country Manager, Xero New Zealand



## It's been a **good year**, with practices reporting **growth** across the board.

- Many practices have reported increased revenue (60%) and profit (50%) over the past 12 months. Increasing client numbers, raising fees, and requests for more services are the most common reasons for revenue gains. When it comes to profit, practices attribute growth to operational changes, like streamlining internal processes, increasing automation of manual tasks, and expanding the number of services they provide.

## Many firms have experienced **significant structural changes** over the last year.

- Medium and large firms were most likely to have made structural changes like establishing a new practice (31%) or merging with another (33%). These shifts were motivated mainly by a desire to forward-plan and manage persisting challenges in today's environment.
- More growth opportunities (NET 64%), better work/life balance for staff (NET 52%), and expansion into new markets (NET 47%) were the top reasons for making structural changes among medium and large firms. For about two-fifths of these practices, complementary service offerings (41%), succession planning (39%), and combining workforces (39%) were also motivating factors.



# Practices are planning ahead, building **resilience** to industry-wide challenges.

- Workforce challenges are widespread, with over two-thirds (69%) of employing practices experiencing issues related to human resources (HR). Most commonly, this includes managing workloads per employee, hiring skilled and/or experienced team members, and maintaining staff performance and wellbeing.
- As a result, these practices are investing in their employees by offering remote or hybrid working options (45%), providing development and training opportunities (40%), and increasing remuneration (37%).
- Beyond this, practices expect to feel the effects of economic turbulence, as four out of five (80%) predict rising inflation and costs of living will bite. To mitigate this risk, over half (54%) expect to increase their service fees.
- Of course, firms are also considering how the current environment will impact their clients, with most (94%) predicting they will feel the effects of economic headwinds. Almost three in four advisors (73%) expect their clients will need more support.



**Client relationships are as important as ever, with many firms expanding their service offerings to meet evolving demand.**

- Changes to service offerings (an increase in services or the type of services offered) are critical growth drivers among practices. Demand remains strong, with almost two-thirds (64%) stating their clients rely on them more since the pandemic.
- Advisory services are already a widespread offering in New Zealand, and this category is continuing to grow. Among firms that offer advisory, 15% introduced these services to their repertoire within the past 12 months. As a result, most of these new entrants report a range of benefits to their practice, like meeting clients' needs better (74%), and clients seeing more value in their offerings (70%).

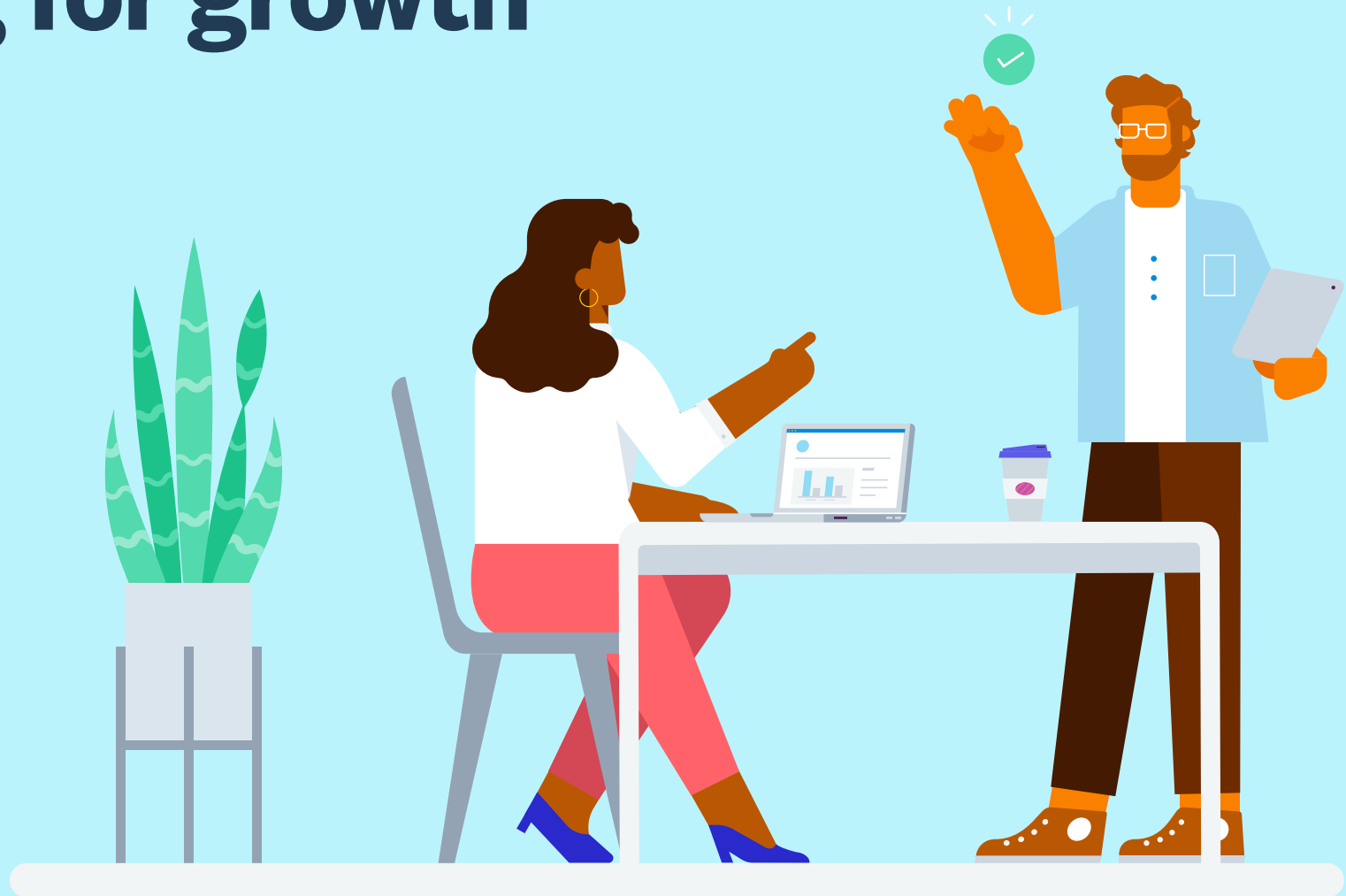
**Cloud-based software is highly valued among today's practices, with many reaping the benefits of digitalisation.**

- Almost all practices surveyed (92%) now use cloud-based software. On average, these firms are using four different digital tools.
- Many have experienced a wide range of benefits since adopting cloud-based software. For example, client services have improved (73%), advisors have saved time on manual daily tasks (71%), and there's greater job satisfaction among employees (51%).
- Practices on the Xero platform are more likely to agree that they've saved time, seen improved client services, and could focus on billable tasks and practice growth since adopting cloud-based software.
- Compared to non-Xero cloud users, those using Xero are significantly more likely to have experienced both revenue increases (62% versus 50%) and profit gains (51% versus 37%).





# Section A: Going for growth



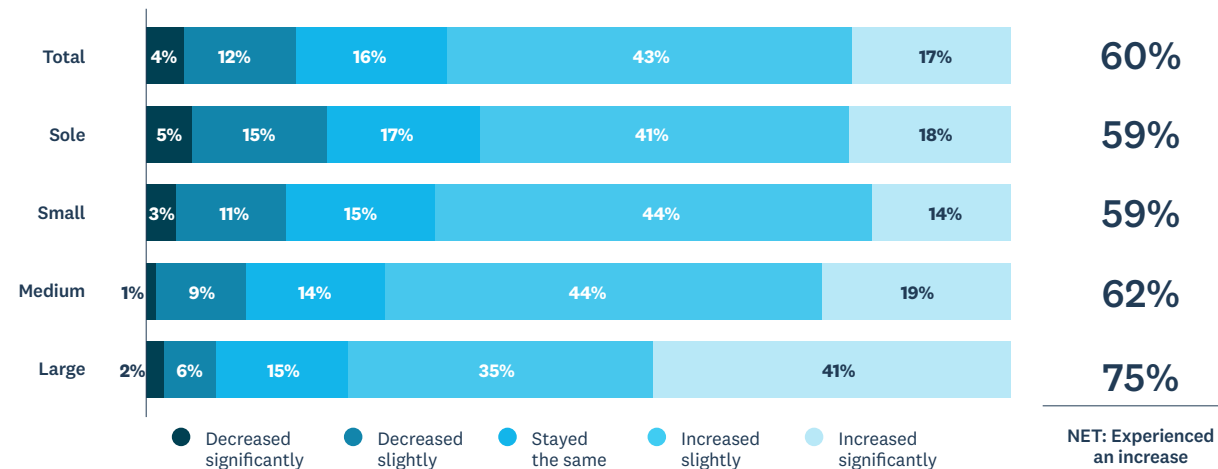


## Revenue and profit is on the rise

Nationwide, almost two-thirds (60%) of all practices experienced increased revenue over the past 12 months. This was prevalent mainly among large firms, with three in four (75%) reporting a boost to the bottom line.

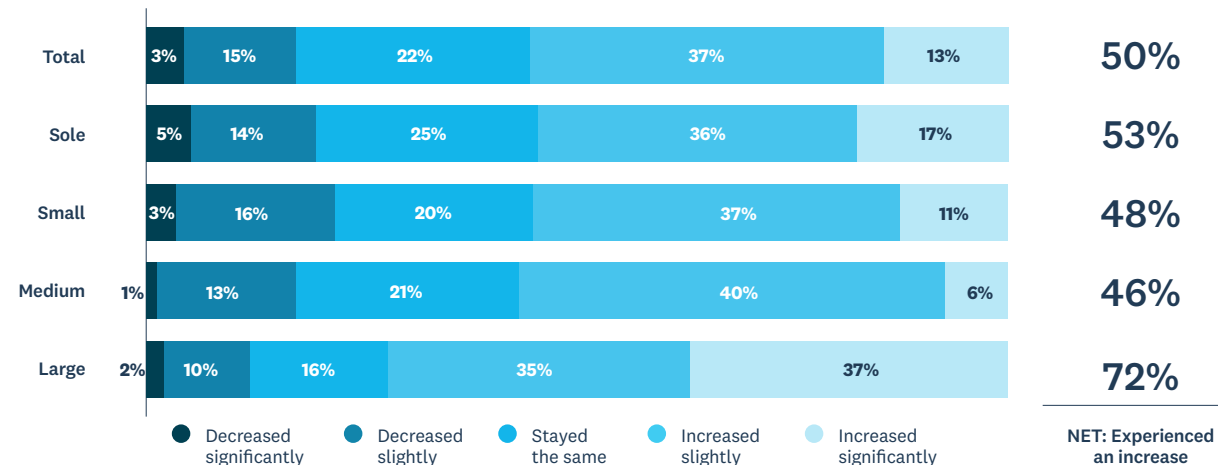
Profits increased for most practices, with 53% of sole practitioners and just under half of small (48%) and medium practices (46%) reporting growth in the past year. Impressively, 72% of large firms also saw a bump in profit.

**Table 1: Change in revenue (sales) over the past 12 months**



Not showing 'Don't know' or 'Prefer not to say.'

**Table 2: Change in profit over the past 12 months**



Not showing 'Don't know' or 'Prefer not to say.'



## Demand appears to be driving the bottom line

Many practices said a rise in client numbers (64%) and increased service fees (52%) led to growth in revenue margins. Meanwhile, compared to their smaller counterparts, medium and large firms were more likely to attribute revenue growth to clients requesting more services, doing more complex advisory, offering new services, and increasing staff numbers.

Almost half of medium (47%) and large practices (44%) said the use of cloud-based software also helped boost the bottom line.

A quarter (25%) of medium-sized firms said their use of cloud-based software is the main reason they've experienced revenue growth over the last year (equal to an increased number of clients). This is also one of the top drivers of revenue growth among larger practices (19%), after offering new services (25%) and increasing client numbers (21%).

Table 3: Reasons practices experienced an increase in revenue	Total	Sole	Small	Medium	Large
Increased number of clients	64%	66%	63%	57%	62%
Increased our fees	52%	44%	59%	52%	44%
Clients requesting more services	40%	32%	43%	55%	51%
Doing more complex advisory	27%	16%	31%	44%	46%
Offered new services to clients	21%	13%	17%	55%	56%
Increased number of staff	14%	3%	16%	32%	44%
Use of cloud software	13%	5%	9%	47%	44%
Something else*	9%	14%	7%	1%	0%

\*Most common responses to 'Something else' include 'Working more hours' or 'In the first year of practice so in a growth phase.' Responses among those who have experienced increased revenue.

### Top five main reasons for an increase in revenue

44%

Increased number of clients

20%

Increased our fees

9%

Clients requesting more services

8%

Doing more complex advisory

5%

Use of cloud software

Table 4: Main reason for increased revenue	Total	Sole	Small	Medium	Large
Increased number of clients	44%	48%	46%	25%	21%
Increased our fees	20%	18%	23%	15%	8%
Clients requesting more services	9%	9%	10%	7%	10%
Doing more complex advisory	8%	9%	7%	7%	5%
Use of cloud software	5%	3%	1%	25%	19%
Offered new services to clients	4%	3%	2%	15%	25%
Increased number of staff	3%	1%	4%	6%	12%
Something else	7%	10%	6%	0%	0%

\*Most common responses to 'Something else' include 'Working more hours' or 'In the first year of practice so in a growth phase.' Responses among those who have experienced increased revenue.



Over half (57%) of medium-sized firms said adopting or switching to new software is the main driver of profit growth within the past 12 months. Meanwhile, larger firms were more likely to attribute an increase in the number of services they provide as the primary reason for profit gains.

Just over two-fifths of small firms (43%) put increased profit down to streamlining internal processes. This was also a key reason for sole practitioners, who cited offering more services and automating manual tasks as reasons, too.

The most common main reason for profit gains among large practices is increasing the number of services they provide (29%), while just over a quarter (29%) of small firms said streamlining internal processes is the primary profit driver.

Table 5: Reasons practices experienced an increase in profit	Total	Sole	Small	Medium	Large
Streamlined internal processes	36%	24%	43%	54%	47%
Increased the number of services we provide	31%	29%	28%	52%	62%
Increased automation of manual tasks	30%	23%	30%	52%	54%
Introduced/improved staff training	13%	4%	13%	40%	49%
Adopted/switched to new software	12%	3%	9%	57%	45%
Employed more staff	12%	4%	15%	25%	45%
Experienced better retention of staff	10%	0%	14%	26%	50%
Something else*	33%	49%	26%	8%	0%

\*Most common responses to 'Something else' include 'Increase fees' and 'Increase in client numbers.' Responses among those who have experienced increased profit.

#### Top five main reasons for an increase in profit



Table 6: Main reason for increased profit	Total	Sole	Small	Medium	Large
Increased the number of services we provide	21%	21%	21%	24%	29%
Streamlined internal processes	19%	9%	29%	11%	7%
Increased automation of manual tasks	11%	16%	8%	0%	16%
Employed more staff	7%	4%	8%	11%	16%
Adopted/switched to new software	5%	1%	1%	31%	13%
Experienced better retention of staff	4%	0%	6%	5%	9%
Introduced/improved staff training	3%	1%	1%	11%	9%
Something else	32%	47%	26%	6%	0%

Responses among those who have experienced increased profit.



## Structural shake-ups signal practices are evolving with the times

Although it's mostly been 'business as usual' for sole practitioners and small firms, it's a different story for the bigger end of town, with the majority of large and medium-sized firms experiencing a structural change within the past year.

For large practices, this includes merging with another firm (42%), establishing a new firm (54%), or starting their own venture (47%). And for medium-sized practices, these changes are similar, with just under a third (31%) experiencing a merger, and over a quarter (28%) establishing a new practice.

What's driving these changes among medium and large practices? More growth opportunities (NET 64%), and better work/life balance for staff (NET 52%) were the most common answers.

Table 7: Structural changes experienced by practices within the past 12 months	Total	Sole	Small	Medium	Large	NET: Medium and large practices
Merged with another practice	7%	1%	5%	31%	42%	33%
Established a new practice	5%	1%	2%	28%	54%	31%
Started my own practice	8%	10%	2%	16%	47%	20%
Sold to another practice	3%	1%	2%	9%	19%	10%
NET: Made at least one of the above changes	16%	12%	7%	58%	91%	62%

### Top five reasons for structural changes within the past 12 months

40%

More growth opportunities

32%

Better work/life balance for staff

29%

Expansion into new markets

25%

Complementary service offerings

24%

Succession planning

Percentages show responses from all practices.

Table 8: Reasons why practices made structural changes within the past 12 months	NET: Medium and large practices	Medium	Large
More growth opportunities	64%	67%	52%
Better work/life balance for staff	52%	51%	58%
Expansion into new markets	47%	47%	45%
Complementary service offerings	41%	41%	43%
Succession planning	39%	40%	39%
Combining workforces	39%	38%	43%
Revenue challenges	32%	30%	43%

Responses among those who have made a change. Only showing data for medium and large practices.



**Billing models are a mixed bag among firms, but simplification is key**

Nearly two-thirds (64%) of practices offer billing based on time in arrears. Other common models are fixed fee plus service (47%), fixed recurring fee for bundled services (44%), and billing by service in arrears (42%).

Cloud-based software has simplified billing models for almost half (48%) of medium-sized practices, and the same can be said for 56% of large firms.

**Table 9: Billing options offered to clients**

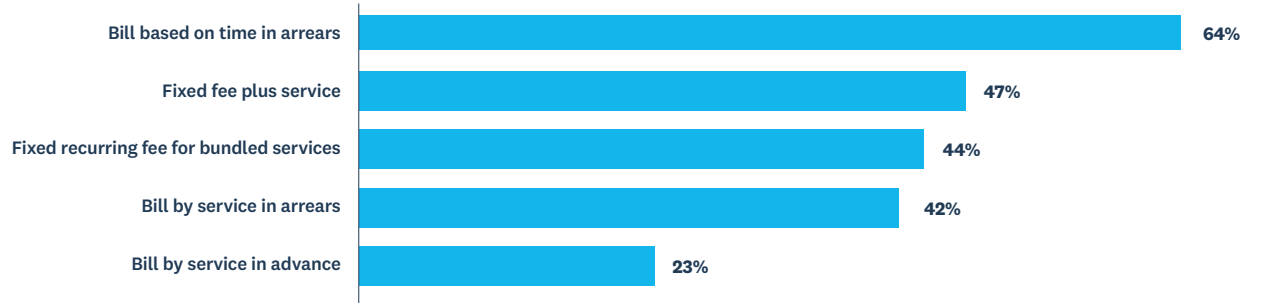


Table 10: Changes to billing models since using cloud-based software	Total	Sole	Small	Medium	Large
My practice has introduced simpler billing models	38%	39%	35%	48%	56%
No change	54%	57%	56%	39%	19%
My practice has introduced more complex billing models	8%	4%	10%	13%	25%

Responses among those who use cloud-based software.



# Section B: Leaning into trusted advisory





### Clients are realising the value of advisory

Amidst a challenging economic climate, many businesses are seeking greater support from their trusted advisors. Almost two-thirds (64%) of all practices said their clients rely on them more since the pandemic, with one in three (33%) large firms stating their clients are seeking a lot more services and support.

Table 11: Change in clients' reliance on their practice since the pandemic	Total	Sole	Small	Medium	Large
My practice's clients rely on us a lot more for services and support	20%	17%	22%	21%	33%
My practice's clients rely on us a little more for services and support	44%	38%	44%	59%	58%
No change	33%	41%	31%	16%	7%
My practice's clients rely on us a little less for services and support	3%	3%	2%	4%	2%
My practice's clients rely on us a lot less for services and support	1%	1%	1%	1%	1%
<b>NET: Relied on more</b>	<b>64%</b>	<b>56%</b>	<b>66%</b>	<b>79%</b>	<b>91%</b>



## Section B: Leaning into trusted advisory



Across the nation, almost all (93%) accounting and bookkeeping practices offer advisory services. This includes implementation of software (70%), planning and budgeting (62%), and analysing business performance (62%). However, compared to their smaller counterparts, large firms are more likely to offer expanded services like capital raising assistance and HR advisory (47%).

**Table 12: Proportion of firms offering advisory services**



**Table 13: Advisory services offered by practices**

	Total	Sole	Small	Medium	Large
Implementation of accounting software for businesses	70%	71%	71%	69%	39%
Planning and budgeting	62%	59%	65%	63%	39%
Analysing business performance	62%	55%	68%	65%	40%
Startup mentoring, advice and networking/assistance with business development	48%	41%	51%	55%	42%
App/software (other than accounting) setup, configuration and support services	34%	26%	38%	44%	40%
Business performance benchmarking	30%	18%	35%	48%	36%
Succession planning services	25%	8%	31%	55%	32%
Virtual/outsourced CFO services	23%	19%	25%	34%	31%
Valuation services	17%	8%	20%	37%	29%
Capital raising/assistance moving to better interest/terms/financing options	16%	6%	19%	34%	47%
HR advisory, assistance setting employee compensation, planning to add/reduce employees, or other people-centric services	14%	17%	10%	20%	47%
Sustainability reporting consulting	9%	3%	9%	25%	38%

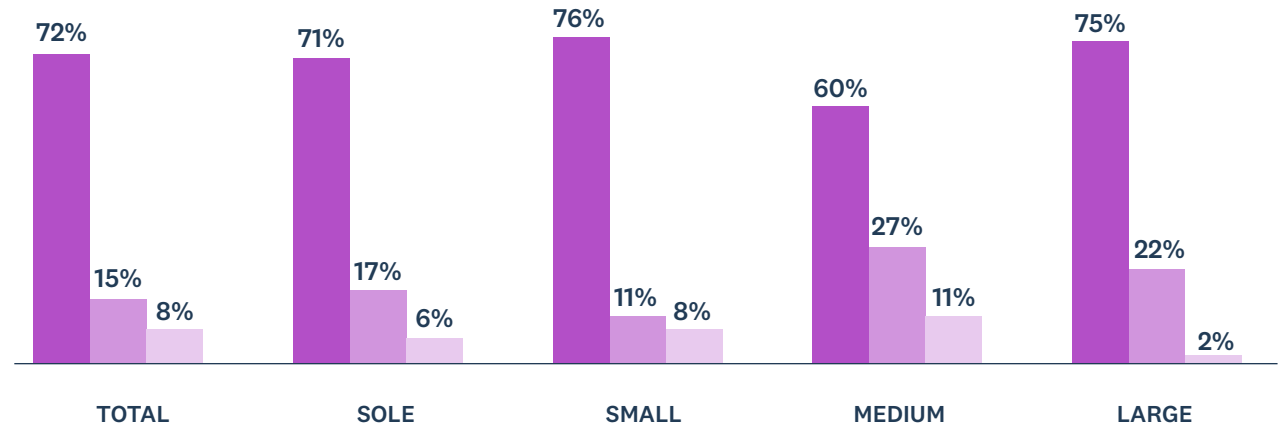
## Section B: Leaning into trusted advisory



Nearly three-quarters (72%) of practices that offer advisory services have always done so. Yet, a sizable minority (15%) have only just started expanding their offering, with medium-sized firms the most likely (27%) to be new entrants in this space.

Practices are expanding their advisory repertoire to meet demand and give clients more confidence in their firm. It's also part of the growth strategy for many medium and large practices.

**Table 14: How long practices have been offering advisory services for**



Responses among those who offer advisory services.

- My practice has always offered advisory services
- My practice started offering advisory services in the past 12 months
- My practice started offering advisory services over 12 months ago

Table 15: Reasons why practices offer advisory services	Total	Sole	Small	Medium	Large
To keep up with client demand	66%	64%	68%	63%	63%
To provide my clients with confidence in our services	60%	52%	65%	63%	61%
It's part of our growth strategy	35%	24%	37%	58%	51%
To service clients we would not be able to otherwise	31%	25%	36%	30%	46%
My practice is able to charge more for advisory services	28%	19%	32%	36%	47%
To keep up to date with other practices	20%	14%	18%	41%	40%

Responses among those who offer advisory services.

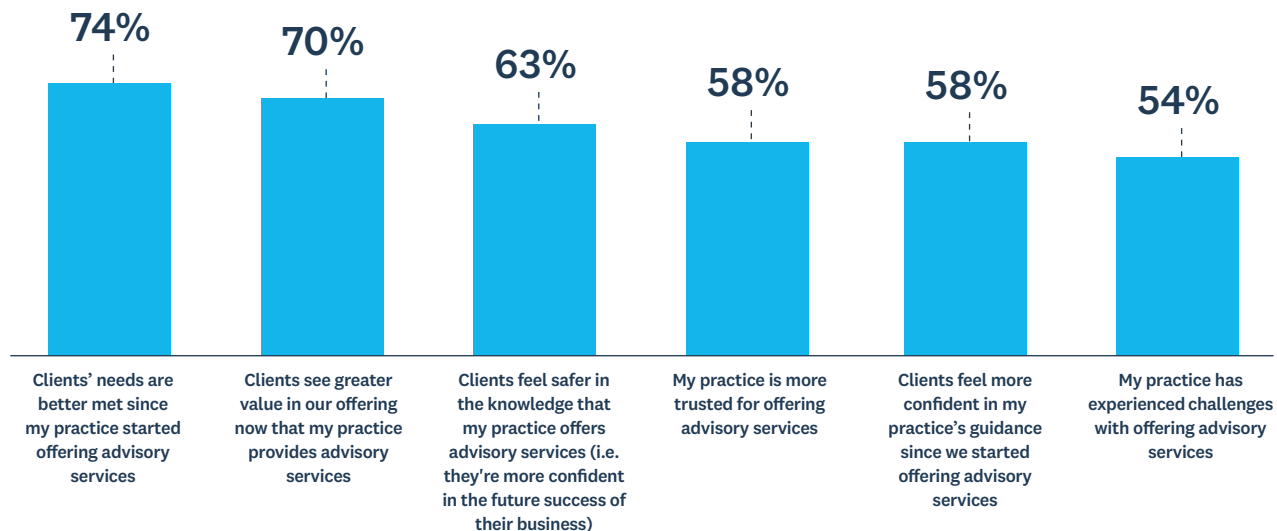
## Section B: Leaning into trusted advisory



Firms that are new to the advisory space report a range of benefits since expanding their offering. Almost three-quarters (74%) said their clients' needs are better met, and that clients see more value in their offering (70%). Other positives include bolstering client confidence and building trust (58%).

Just over half (54%) of practices admit they've experienced challenges when introducing advisory services. This sentiment is shared by 74% of firms that have always provided advisory, which could speak to the ripple effects of other issues impacting the industry, like the skills shortage.

**Table 16: Changes in perception/client relationships since practices started offering advisory services**



Responses among those who have not always offered advisory services but do now.

**Table 17. Proportion of firms that agree with the statement, 'There are challenges associated with offering advisory services'**



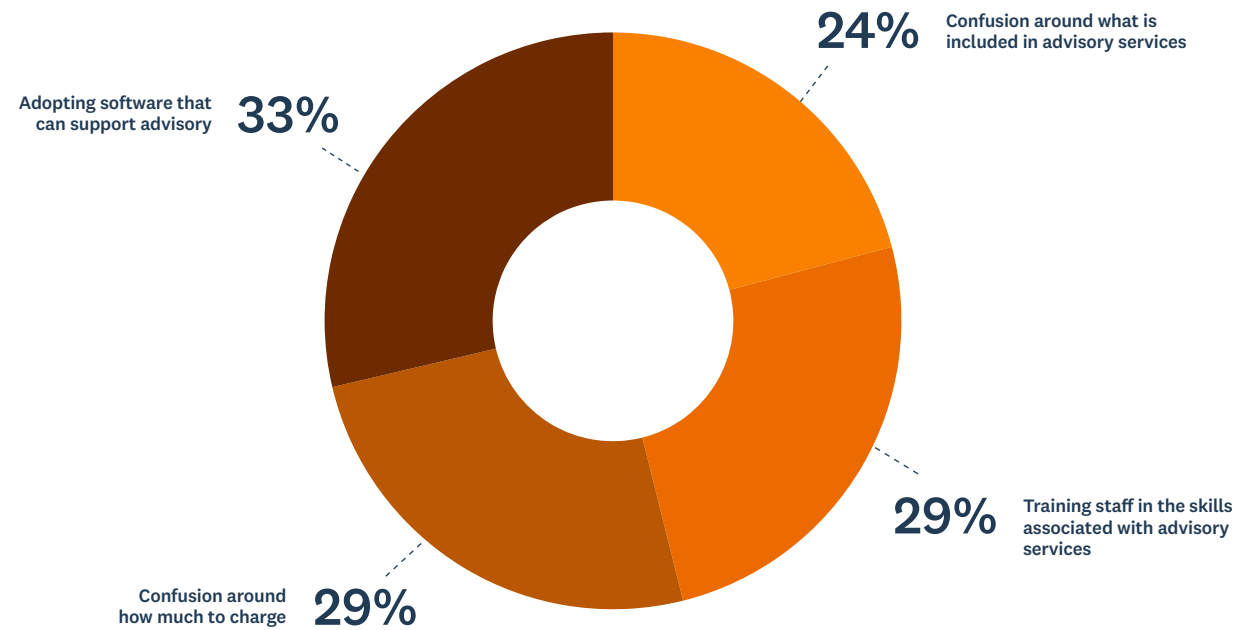
Responses among those who have always offered advisory.

## Section B: Leaning into trusted advisory



However, these challenges may be overstated, as only a small number of practices that are new to advisory have experienced confusion around what's included in this type of offering (24%), and what skills and training staff need in order to provide these services (29%).

**Table 18: Challenges associated with offering advisory services**  
Percentage of practices that have experienced challenges\*



\*Responses among those who have not always offered advisory services but do now.



## The merger that turned obstacles into opportunities

Recent years have seen accountants and bookkeepers face all kinds of challenges. However, few are shaping the industry quite like the talent shortage. Pair this with an increasing demand for skilled advisory, and many firms have had no choice but to think and operate differently. So when the respective leaders of [Malloch McClean Tasman](#) and Crux Advice and Accounting discovered they shared similar values, they joined forces to build an accounting powerhouse of the future.

Four years ago, Michael Parker and Nathan Silcock co-founded Crux Advice and Accounting as a modern startup looking to set the benchmark for future-focused firms. Nearby in Nelson, Manoli Aerakis and Louise Staite had a similar vision for Malloch McClean Tasman – a practice backed by an almost century-long legacy in its Southland branch. Naturally, the firms found themselves in competition. But Crux lacked the resources of an established practice, and eventually, the startup experienced growing pains.

So when Michael and Manoli found themselves sharing the winner's podium at the 2022 Xero Awards, an adage came to mind – if you can't beat them, join them. Michael explains, **“Manoli and I got to talking and realised that we aligned on values and vision. This gave us the confidence to join forces and create one awesome team, so we became Malloch McClean together.”**

This story is one of many in today's advisory world. In the past year alone, 42 percent of large firms have merged with another practice, citing more growth opportunities and combined workforces as some key motivators. As for Michael and Manoli, their partnership is just the beginning of a stronger, more resilient Malloch McClean.

### Combating the skills shortage with economies of scale

Finding skilled professionals in accounting and bookkeeping has become one of the most talked about issues of recent years. While its cause and effect varies by firm, it's a challenge that's not going away, as over a third (37 percent) of advisory leaders predict talent shortages will impact their practice's future.

With this in mind, Michael says integrating workforces was particularly appealing, partly because Malloch McClean had an established



team in India. “Finding talent was one of the critical barriers to growth at Crux. We knew that if we could tap into Malloch McClean’s outsourcing function for core compliance work, we’d be able to free up capacity and redeploy it into advisory and business development,” he explains.

The merger streamlined work at a leadership level, too. “Senior team members are allocated specific roles that align with their broader skill set. For example, Manoli does HR, and I take care of marketing,” says Michael. When the time comes to hire permanent roles in these business functions and take on more senior advisors, there’s also potential for emerging talent to step up internally. “There are lots of avenues to explore nowadays, and not just within traditional accounting,” he adds.

Michael points out the opportunities that come from merging tradition with innovation; challenges, such as the skills shortage, are a chance for firms to rebrand and diversify by breaking industry moulds (like traditional career pathways).

### Tapping into high-value advisory

With the right team structure and an efficient outsourcing model, Malloch McClean has been able to prioritise its strategic advisory offering – a move that’s benefited both its clients and employees.

Michael explains, **“It creates a much more interesting and fulfilling work environment for our team. And we can provide our clients with a better service through deeper insights into their businesses. We’re not stuck in the weeds, so we can zoom out and take a more strategic approach to help them achieve their business goals.”** Many accounting leaders share this sentiment. In fact, over half (58 percent) believe their practice is more trusted for providing advisory services, and 70 percent say their clients see greater value in these offerings.

Clearly, strategic advisory is the way forward for Malloch McClean, and Michael believes this is partly due to digitalisation. **“The more technology develops – particularly artificial intelligence – the less time-consuming compliance will become. So the skills advisors need to focus on today are interpersonal, as well as things like business acumen, analytics and digital know-how,”** he says.

In looking to the future while learning from the past, Michael and Manoli intend to make this next chapter a meaningful one in Malloch McClean’s history. From competitors to collaborators, this is a merger that will undoubtedly stand the test of time.

## Michael’s tips when considering a merger:

- 1. Make sure you’re on the same page with your partner**

Finding someone who shares your vision and values is one of, if not the most important aspect of a successful merger. This is especially true if you’re bringing different teams together; there needs to be some common ground for relationships to grow.
- 2. Double down on high-value service offerings**

Joining forces with a like-minded firm often comes with the benefit of expanding your senior talent or leadership capabilities (which are some of the hardest employment gaps to fill). Utilise this opportunity by building out your strategic advisory offering, leveraging tools like [The Gap](#) to help market, sell and deliver these services.
- 3. Look into outsourcing to free up capacity**

To give your team the time and brain space that strategic advisory requires, consider outsourcing compliance. Ideally, aim to partner with a firm that has experience in this space or find someone who can help you through the process. Joining a coaching group is a great way to connect with other advisors, so don’t be afraid to ask for advice.



# Section C: Preparing for more economic uncertainty





### Practices are being cautious on New Zealand's economic future

Like many other parts of the world, New Zealand is experiencing economic turbulence – and four in five firms (80%) expect to feel the continuing effects of this over the next year. When narrowing in on practice size, however, this falls to three in five large firms (60%).

The same amount (60%) agree that rising inflation and cost of living pressures will impact their practice, and just over half (51%) predict changing regulations and legislation will also have an effect.

Table 19: Anticipated impact of the economic environment on practices over the next 12 months



Percentages show those who agree that the economic environment will have an impact.

Table 20: Anticipated impact of different scenarios (listed) on practices	Total	Sole	Small	Medium	Large
Increases to inflation and cost of living	60%	51%	63%	71%	61%
Changing regulations and legislation as a result of the economic environment	51%	41%	56%	66%	61%
Additional reporting requirements and obligations as a result of Environmental, Social and Governance (ESG) prioritisation in businesses	48%	41%	50%	62%	58%
The shift of the accountant's role from accounting compliance into advisory services like data analytics and valuation, forecasting, budgeting and planning	44%	36%	46%	60%	57%
Talent and staffing shortages in the accounting sector	37%	17%	47%	64%	66%
The risk of disruption due to emerging technologies (e.g. blockchain, AI, cryptocurrency)	32%	26%	33%	46%	60%
Managing hybrid and remote teams	22%	9%	23%	56%	61%



## Section C: Preparing for more economic uncertainty



We can expect to see many practices raise their fees due to economic pressures, while one in three (33%) are considering wage increases to retain staff. On the other hand, some medium (23%) and large practices (37%) are contemplating headcount reductions.

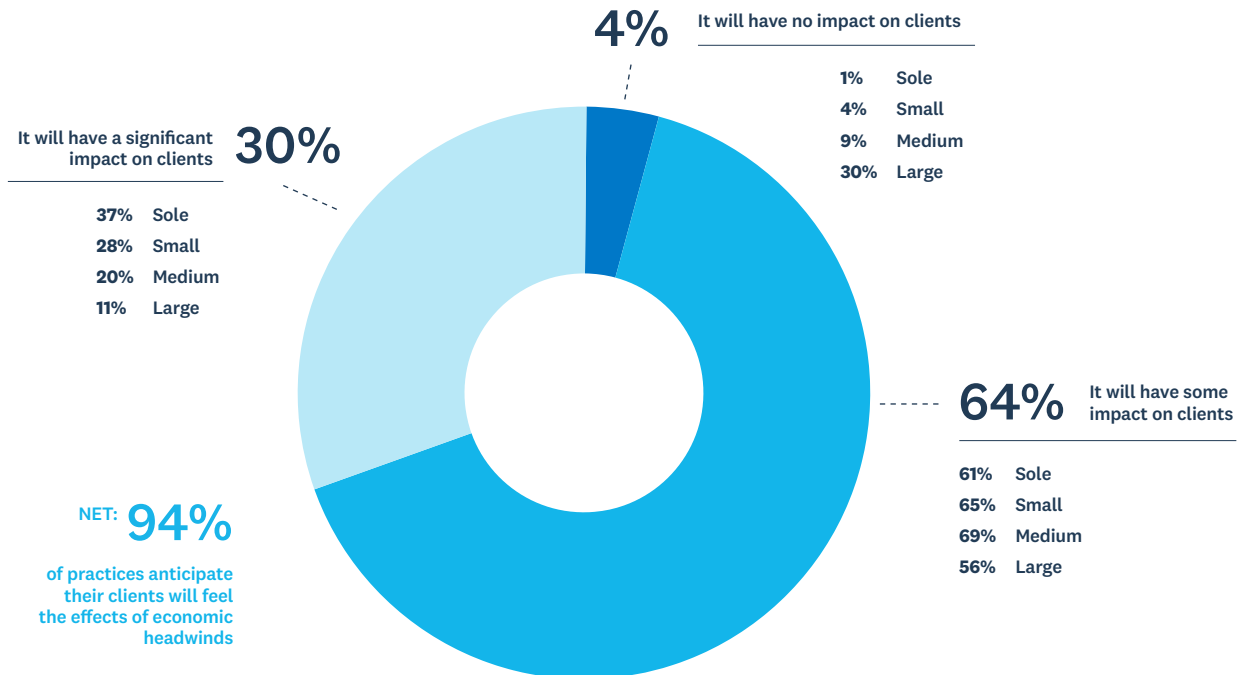
### Practices expect clients will need more support to navigate economic challenges

The majority (94%) of practices anticipate their clients will feel the effects of rising inflation, climbing interest rates and cost of living pressures. What's more, almost a third (30%) expect their clients will be significantly impacted by economic challenges over the next year.

Large practices are more likely to consider their clients protected from economic headwinds (30%), compared to only 1% of sole practitioners.

Table 21: Anticipated changes within practices over the next 12 months as a result of the economic environment	Total	Sole	Small	Medium	Large
I anticipate my practice will increase service fees	54%	49%	57%	62%	56%
I anticipate my practice will increase staff wages	33%	14%	43%	55%	58%
I anticipate my practice will reduce its number of staff	6%	1%	4%	23%	37%
Other	6%	9%	6%	1%	1%
NET: Practices that anticipate making at least one of the above changes	69%	59%	72%	84%	97%

Table 22: Anticipated impact of the economic environment on clients over the next 12 months





One in two (50%) firms expect economic pressures will see client expectations shift, with almost three-quarters (73%) anticipating their clients will need more support. This is expected given that, since the pandemic, 64% of firms say their clients now rely on them more (referenced in table 11).

For sole practitioners and small practices, a concern is that many of their clients will be at risk of closing (59% and 61%, respectively), whereas medium and large firms expect to see some clients move their accounting and bookkeeping in-house (36% and 51%, respectively).

**Table 23: Proportion of practices agreeing that economic pressures will shift client expectations**

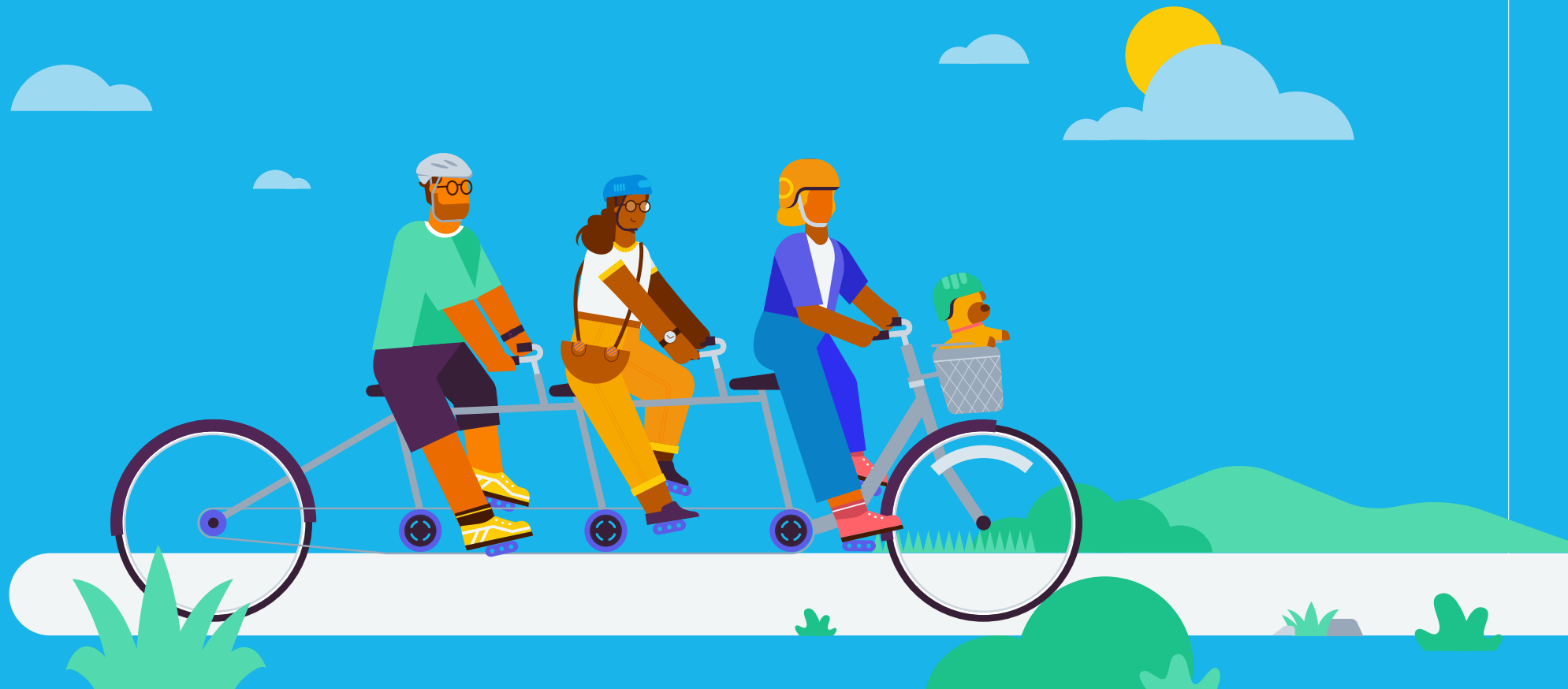


**Table 24: Expected shifts in client expectations/ behaviours as a result of economic pressures**

	Total	Sole	Small	Medium	Large
Clients will need more support	73%	68%	75%	81%	64%
Clients will be at risk of closing	57%	59%	61%	39%	28%
Clients will have no choice but to close down	23%	21%	26%	18%	25%
Clients will move accounting or bookkeeping services in-house	18%	10%	20%	36%	51%
None of the above	6%	9%	5%	2%	3%



# Section D: Navigating the new world of work





## HR challenges are impacting the industry at all levels

Over two-thirds (69%) of all employing practices are experiencing HR-related challenges. This is almost universal among large firms (98%), likely due to their larger workforces.

Across the industry, key issues include:

- Managing workloads per employee
- Hiring skilled and/or experienced team members
- Maintaining staff performance and wellbeing

### Top five reasons for HR-related challenges within practices

**31%**

Workload per employee

**26%**

Hiring experienced team members

**26%**

Hiring skilled team members

**22%**

Maintaining staff performance

**21%**

Maintaining staff wellbeing

Table 26: HR-related challenges within practices*	Total	Small	Medium	Large
<b>Practices experiencing HR challenges</b>	<b>69%</b>	64%	<b>87%</b>	<b>98%</b>
Workload per employee	31%	29%	<b>37%</b>	<b>37%</b>
Hiring experienced team members	26%	23%	<b>36%</b>	<b>38%</b>
Hiring skilled team members	26%	23%	<b>34%</b>	<b>41%</b>
Maintaining staff performance	22%	19%	<b>34%</b>	<b>37%</b>
Maintaining staff wellbeing	21%	18%	<b>33%</b>	<b>34%</b>
Managing remote/hybrid team members	19%	15%	<b>35%</b>	<b>37%</b>
Onboarding and training new team members	16%	10%	<b>38%</b>	<b>41%</b>
Hiring in general	15%	13%	<b>24%</b>	<b>26%</b>
Developing and promoting employees	15%	11%	<b>31%</b>	<b>36%</b>
Employee engagement and ensuring job satisfaction	13%	8%	<b>30%</b>	<b>40%</b>
Retaining staff	11%	10%	14%	<b>28%</b>
<b>Average number of HR-related challenges</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>4</b>

\*This table shows HR-related challenges experienced by practices as at the time of the survey.



### Practices are offering a wide range of incentives to attract and retain staff

Almost all employing practices are taking several steps to address and improve their workforce woes:

- Most commonly, firms are offering employees remote or hybrid working options (45%), development and training opportunities (40%), and increased remuneration packages (37%).
- Many medium and large practices are providing employee benefits, such as gym memberships and flexible hours (51% and 49%, respectively). Some are also tracking staff wellbeing (30% and 43%, respectively), and hiring roles outside of accounting and bookkeeping (22% and 39%, respectively).
- What's more, close to a third of large practices are resorting to outsourcing work (29%), employing offshore teams or employees (30%), hiring and training graduates and interns (38%), or even turning away new clients due to increasing workloads (30%).

Table 27: Steps to mitigate HR-related challenges	Total	Small	Medium	Large
Offering remote or hybrid work options	45%	43%	52%	42%
Providing development and training opportunities	40%	38%	45%	46%
Increasing remuneration	37%	38%	33%	41%
Offering employee benefits (e.g. flexible hours, gym memberships)	33%	26%	51%	49%
Outsourcing work (e.g. employing contractors)	26%	22%	34%	29%
Employing an offshore team or employee	21%	19%	27%	30%
Hiring and training graduates/interns	21%	18%	26%	38%
Turning away new clients to minimise workloads	20%	19%	22%	30%
Tracking employee wellbeing (e.g. via surveys and performance apps)	19%	14%	30%	43%
Hiring roles outside of accounting and bookkeeping*	11%	7%	22%	39%
Proportion of practices not doing anything to mitigate HR challenges	11%	14%	4%	1%

\*Most common responses to 'Hiring roles outside of accounting and bookkeeping' include 'Admin staff' and 'Office managers.' Responses among those who are experiencing HR challenges.



### Bigger practices are luring employees back to the office

Interestingly, many small firms (61%) aren't proactively encouraging team members to return to the office. But it's a different story for medium and large practices that are encouraging a return to in-person work (74% and 99%, respectively), most commonly through incentives, office upgrades, or more social activities.

Table 28: Initiatives to encourage employees to return to the office	Total	Small	Medium	Large
My practice is not doing anything to encourage or support employees with going back into the office	53%	61%	26%	1%
Easing employees back with only a few days in the office	17%	13%	31%	42%
Making improvements to our office space	17%	11%	38%	54%
More social activities in the office	14%	9%	31%	50%
Providing incentives for coming into the office (e.g. free lunch)	11%	5%	31%	49%
Supporting employees with travel into the office	10%	5%	26%	40%
Supporting employees with childcare while in the office	9%	5%	24%	39%
Renting office space in new locations	6%	2%	15%	38%

Responses among employing practices.



# The bookkeeper finding strength in community

The picturesque resort town of Wānaka is no stranger to seasonal peaks and troughs. However, when faced with rising inflation and cost of living pressures, local business owners have turned to their trusted advisors for greater support. This is where bookkeepers like Bronwyn McCarthy of **Mighty Efficient** are proving the power of planning and digitalisation, helping her clients weather the turbulence, all while bolstering her practice's resilience.

Wānaka is home to a tight-knit community. Locals supporting small businesses, and small businesses supporting one another is an essential part of the town's social fabric – something few people understand better than Bronwyn McCarthy.

For over a decade, Bronwyn's bookkeeping practice has been helping entrepreneurs – primarily those in the construction industry – weather some of the toughest economic headwinds to have hit Central Otago. As a town that relies heavily on tourism and transient workers, the pandemic and, more recently, economic pressures have put immense strain on many local businesses. Despite this, Bronwyn is optimistic about the future.

Finding a niche within the trade community, Mighty Efficient is helping its clients plan ahead and digitalise in order to work smarter. What's more, Bronwyn is taking her own advice – building a practice that's ready and willing to adapt to the times.

## Building trust with the local community

Servicing a niche industry isn't for every bookkeeper. However, the specialist knowledge that Bronwyn has cultivated in not only understanding construction businesses, but also how to connect with tradespeople, has given her firm a strong foundation on which to build lasting relationships.

At a time when most practices (94 percent) anticipate their clients will feel the effects of economic pressures over the next year, knowing the intricacies of construction cycles is exactly the foresight Mighty Efficient needs to best support its clients. Bronwyn explains, **“This is always a big focus for us. We'll sit down with our tradies to review their planned builds and figures for the coming months and even years. We want to know what stage each job is at, and what's coming next. Forecasting – and reforecasting when circumstances change – is critical [in uncertain times].”**



Of course, these types of conversations can't happen without trust. Mighty Efficient has an open door policy, which – Bronwyn jokes – comes with its pros and cons. “When it rains and the building sites close for the day, our tradies will drop by for a chat, one after the other. Thankfully, it doesn't rain too often,” she laughs. It's clear that Bronwyn has great banter with her clients, adding, “We're approachable, and it puts our builders at ease knowing they can talk openly about their concerns.”

Beyond the construction industry, Bronwyn's network runs deep within Wānaka. She's on the board of several businesses and charities, sharing her financial know-how to help local organisations operate more efficiently. It's this sense of community that keeps her going and, in part, contributes to her practice's success.

#### Staying adaptable with digitalisation

As well as helping her clients prepare for the future, Bronwyn is intent on keeping Mighty Efficient ahead of the curve. Digitalisation plays an important role here, as cloud-based software has enabled flexibility – both in how the team works with clients, and the types of services they can offer.

With most Kiwi firms (93 percent) now providing some form of advisory, Mighty Efficient has a diversified offering, with financial planning as well as app setup and support keeping them competitive. **“When we find a new digital tool for our clients, we'll take our laptops to the building sites to show them how to use it. The construction crews will huddle around, and we can help them download it there and then,”** says Bronwyn.

Industry-specific apps like [NextMinute](#) and [Tradify](#) are big hits among her client base, as is [PayHero](#) for its payroll and online timesheet functionalities. **“We've had many builders walk through our door with paper timesheets, but they don't leave with them!”** says Bronwyn.



Internally, digital literacy is now one of the top hiring priorities for Mighty Efficient. Experienced bookkeepers are hard to find in a tight talent market, so Bronwyn shifted her strategy after a year of struggling to fill open roles. She explains, “We focused on hiring people with computer skills, even if they had no bookkeeping experience. I've put new hires through training courses, and we all take time out of our day to show them the ropes. So long as they're digitally adept, they'll learn quickly.”

The one thing Bronwyn won't compromise on, however? Her practice's values. Every member of the Mighty Efficient team cares deeply about the clients and community they serve. And in return, they've earned a reputation as some of the region's most trusted and reliable advisors – through good times and bad.

#### Bronwyn's tips for building practice resilience:

- 1. Plan, plan and plan again**

As advisors, we help our clients with continuity planning and forecasting but often forget to take our own advice. So, be sure to plan for your practice's future; what do the next three, six, and 12 months have in store? What are your growth goals (financial or otherwise)? Map out potential scenarios now to give your firm the best chance of success in the future.
- 2. Find your niche**

Understanding and connecting with a specific sector or community can give your practice a competitive edge among generalists. If you're keen to specialise, test the waters to determine what businesses you enjoy working with. Get to know the intricacies of an industry, including who you're talking to and how to speak their language.
- 3. Consider upskilling to bolster your offerings and operations**

Whether you want to expand your services or upskill in order to run your practice more efficiently, finding a specialty beyond numbers is always worthwhile. For example, the Mighty Efficient team has expertise in everything from governance to marketing, which adds real value to our operations and strategic offering.







# Section E: Embracing technology



## Section E: Embracing technology

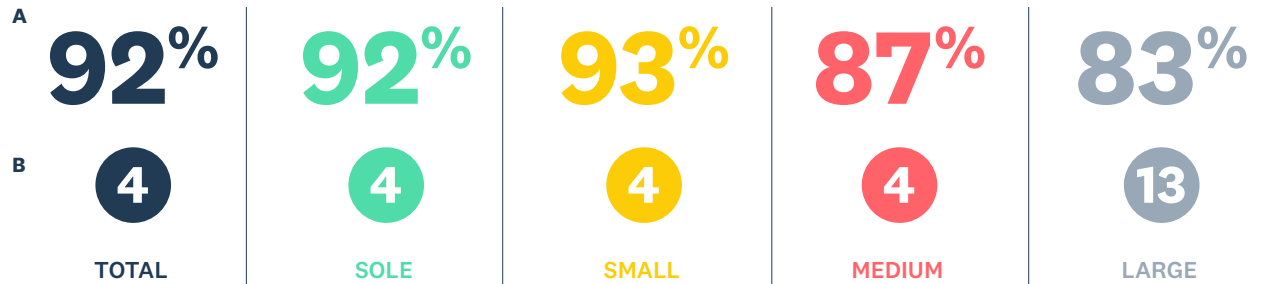


### Practices see real value in cloud-based tools

Almost all practices (92%) surveyed utilise cloud-based software, with most using an average of four different tools. Even though 17% of large practices admit to not using any cloud-based tools, the majority (83%) that do have adopted around 13, on average.

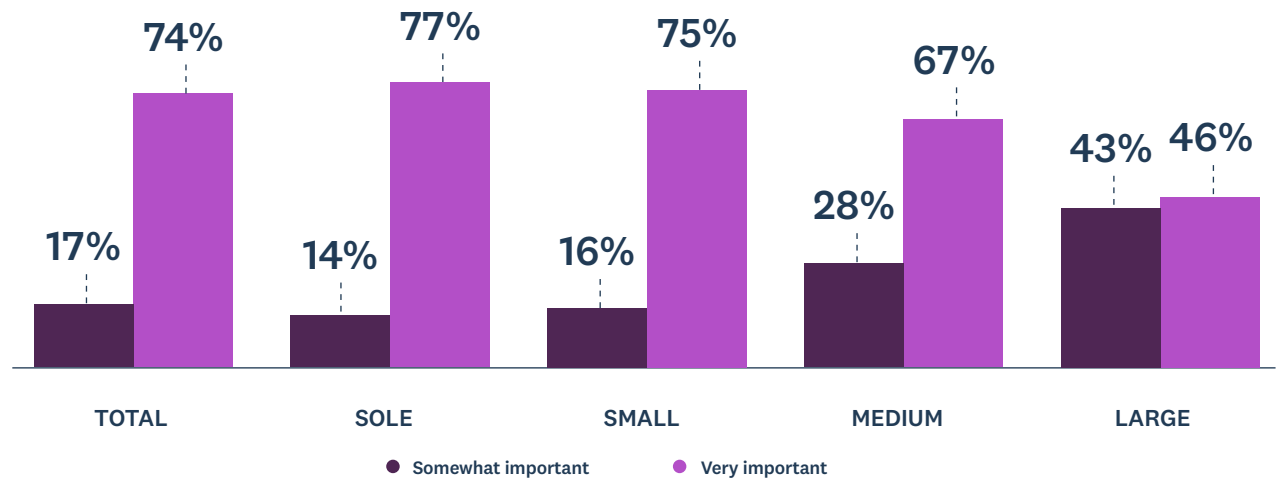
Given this widespread uptake, it's unsurprising that almost three-quarters of firms (74%) consider cloud-based tools very important to their business.

Table 29: Average number of cloud-based business tools used by practices



(A) Proportion of practices using cloud-based business tools  
 (B) Average number of tools used

Table 30: Proportion of practices that consider cloud-based tools important to their business





### Practices are leaning on cloud-based tools for a variety of tasks

Most commonly, practices use cloud-based tools for tasks related to client services (88%) and IRD correspondence (77%).

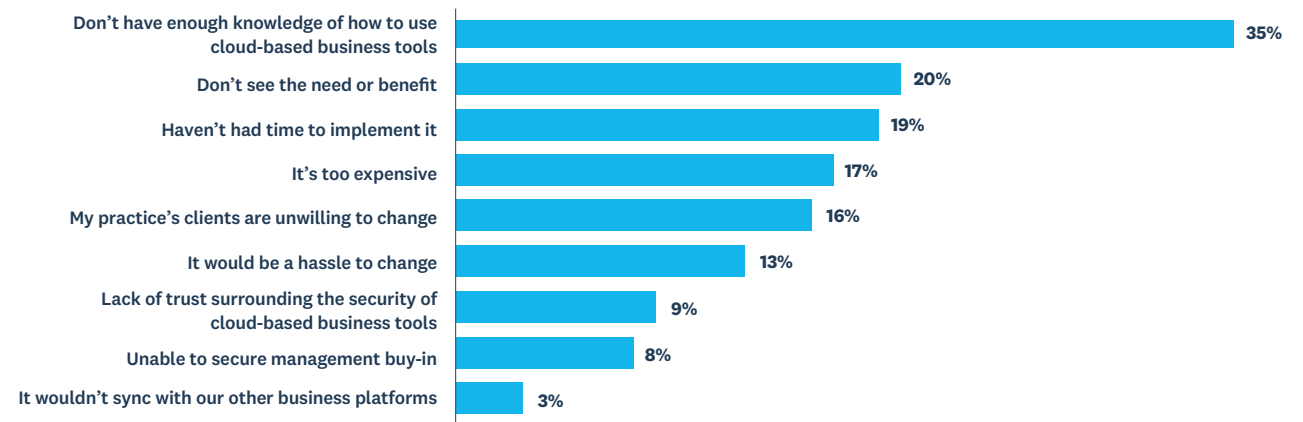
### More education and support could break down barriers to digitalisation

Overall, only a few practices surveyed do not use cloud-based tools (8%). The most common barriers to uptake among this group include a lack of knowledge (35%), a lack of time to implement new software (19%), a lack of understanding of the need or benefits (20%), and cost (17%).

	Total	Sole	Small	Medium	Large
Client services (e.g. bookkeeping, compliance, reporting)	88%	93%	87%	81%	48%
IRD correspondence	77%	85%	79%	48%	38%
Document management	66%	67%	63%	70%	58%
Practice management	66%	63%	66%	73%	55%
Practice reporting	62%	53%	70%	60%	43%
Payments	55%	62%	53%	45%	44%
Document capture	54%	57%	54%	49%	38%
Client engagement	49%	43%	54%	49%	49%
Corporate compliance	32%	26%	34%	44%	49%
SMSF	2%	2%	2%	4%	20%

Responses among those who use cloud-based business tools.

Table 32: Reasons for not using cloud-based business tools



Responses among those who are not using cloud-based business tools. Excludes 'Don't know.'



### Many firms are reaping the benefits of cloud-based software

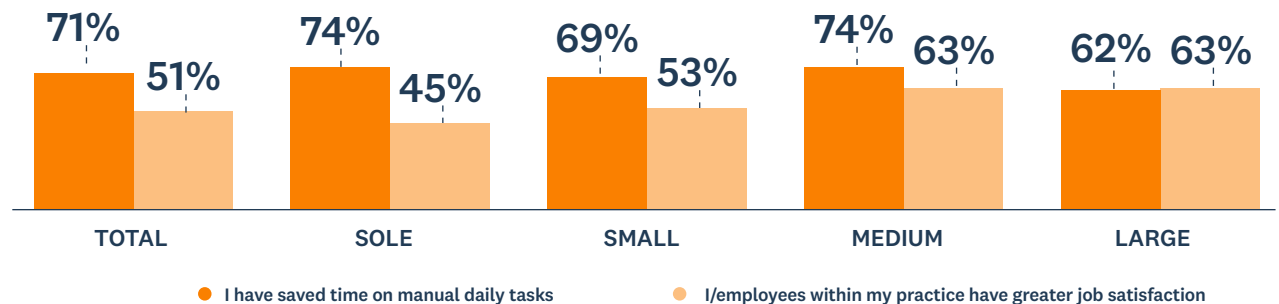
The reported benefits of using cloud-based tools are wide-ranging. Interestingly, compared to large practices, sole practitioners and small and medium-sized firms are more likely to reap these rewards, as these practices might be more agile or have faster decision-making capabilities.

Nearly three-quarters (71%) of advisors report improved business efficiencies as a result of using cloud-based software. Many team members also report greater job satisfaction (51%).

Table 33. Reasons for using cloud-based tools	Total	Sole	Small	Medium	Large
It allows us to access data more easily	83%	88%	84%	66%	39%
It makes our work easier	75%	80%	76%	61%	48%
It supports flexible working	75%	75%	77%	70%	45%
It helps make our job more efficient and saves time	74%	80%	74%	57%	40%
It helps us collaborate with clients more effectively	66%	70%	65%	62%	46%
It is more sustainable (e.g. less paperwork)	66%	74%	63%	53%	46%
Clients want to use cloud-based accounting software	61%	61%	62%	60%	43%
It keeps us up to date with innovation	50%	49%	49%	60%	44%
It helps us collaborate with colleagues more effectively	47%	33%	56%	59%	39%
It helps us advise clients more confidently	42%	39%	43%	43%	41%
It allows us to service clients that my practice otherwise would not be able to (e.g. different industries)	40%	41%	38%	43%	34%
It helps us plan more effectively	36%	32%	35%	53%	40%
My practice is becoming a digital-first business	32%	30%	30%	45%	34%
<b>Average number of reasons selected</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>7</b>	<b>5</b>

Responses among those who use cloud-based business tools.

Table 34: Proportion of practices that have experienced changes since adopting cloud-based software



Responses among those who use cloud-based business tools.



## Cloud-based tools are enabling a better client experience

With two in three practices (66%) reporting more effective collaboration with clients as a reason for using cloud-based tools (referenced in table 33), it's clear there are benefits for businesses, too.

Almost three-quarters of those who use cloud-based tools say they have improved their practice's client services. Specifically, this includes a better understanding of client needs and more time to service them (62%), and building more positive and trusted relationships (59% and 49%, respectively).

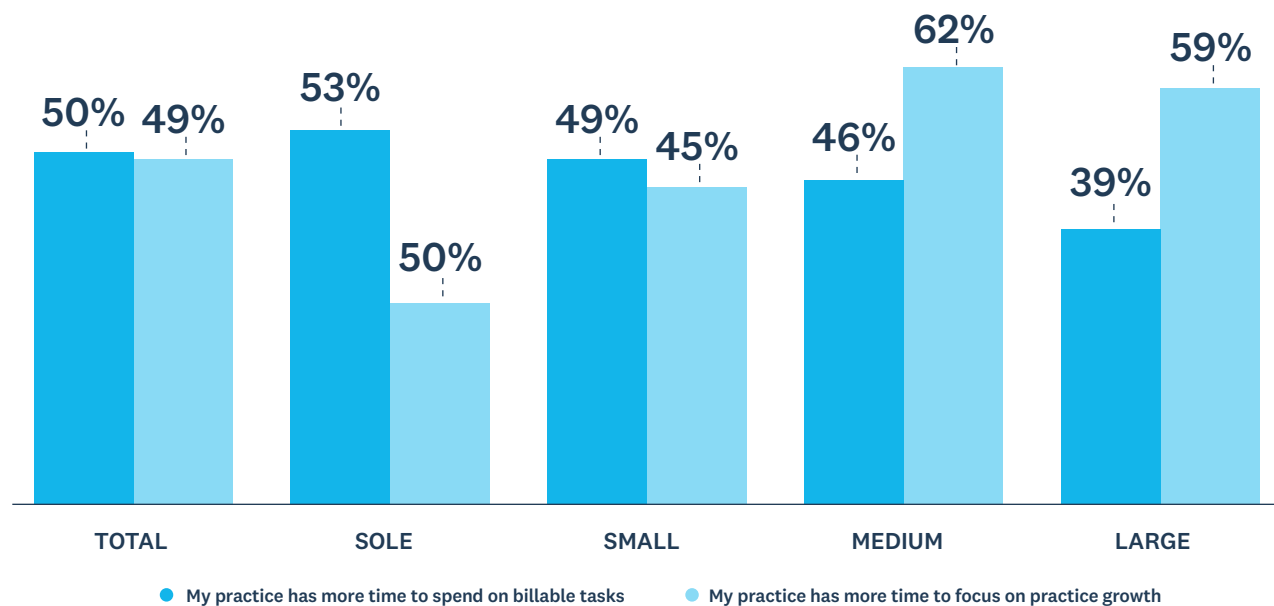
## Practices agree there's more time to focus on growth, thanks to digitalisation

Cloud-based tools have freed up time for many practices to spend on billable hours (50%) and practice growth (49%).

Table 35: How clients are benefiting from practices using cloud-based tools	Total	Sole	Small	Medium	Large
Proportion that agree their practice's client services have improved	73%	75%	71%	78%	65%
Specific ways client services have improved*					
More time to service broader client needs	62%	59%	66%	58%	59%
Better understanding of clients' needs	62%	66%	57%	69%	58%
More positive relationships with clients	59%	55%	58%	76%	68%
More trusted relationships with clients	49%	48%	48%	59%	58%

\*Responses among those who use cloud-based business tools and whose client services have improved.

Table 36: Proportion of practices that are benefiting from using cloud-based tools



Responses among those who use cloud-based business tools.



### Integrated solutions for the win

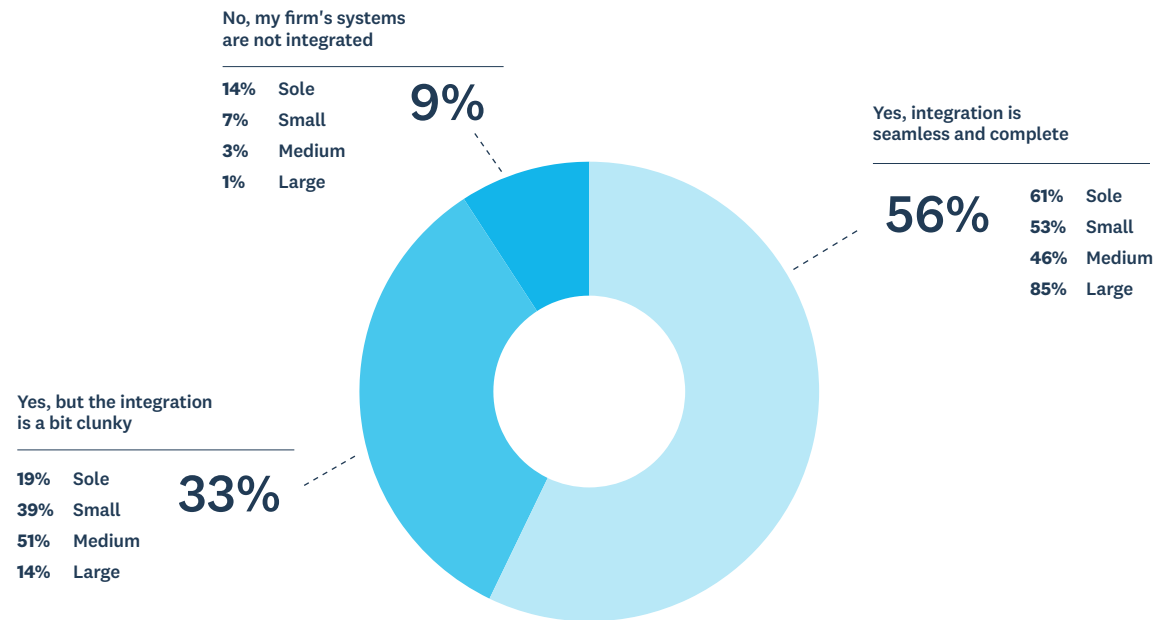
Integrated end-to-end solutions refer to practice management software that integrates with accounting software. Throughout the text, this is shortened to 'integrated solutions.'

Digging deeper into how practices utilise cloud-based software, many agree that integrated solutions bring various benefits.

Overall, 89% of practices on the cloud have integrated their practice management software with their accounting software. Large practices lead the way, with 85% reporting a seamless end-to-end integration. However, less than half (46%) of medium-sized firms can say the same.

Table 37: Proportion of practices that agree on the benefits of integrated solutions	Total	Sole	Small	Medium	Large
Integrated end-to-end solutions streamline business processes and improve efficiencies	82%	81%	81%	86%	79%
Integrated end-to-end solutions reduce manual tasks and reduce errors	78%	77%	78%	81%	82%
Integrated end-to-end solutions provide real-time access to accurate data, enabling organisations to make informed decisions quickly and efficiently	81%	78%	82%	82%	80%

Table 38: Progress of practice management integration



Responses among those who use cloud practice management software. Excludes 'Don't know'.



### Clients have more to learn about invoicing and its benefits

Invoicing is the exchange of electronic invoices between software systems.

On average, practices report that just under one-fifth (18%) of their clients use invoicing. This is higher among clients of medium (32%) and large practices (38%), but still relatively low.

The major barriers preventing business owners from embracing invoicing include a generally low uptake among suppliers or customers, and resistance to change. What's more, the benefits and efficiencies of invoicing aren't widely understood. However, we could see greater uptake with continued government support and assistance – including an incentive to switch to invoicing.

Table 39: Average proportion of clients using invoicing



Table 40: Barriers to encouraging (more) clients to embrace invoicing	Total	Sole	Small	Medium	Large
Not enough of their suppliers/customers are using it	41%	41%	42%	38%	50%
Clients don't see why they need to change – their existing process works fine	40%	40%	42%	34%	42%
Clients don't know enough about it	33%	35%	31%	30%	45%
The registration and user experience seems too time consuming	17%	14%	16%	33%	42%
There needs to be a greater incentive – like government support	12%	10%	11%	19%	58%
I'm concerned about the security and privacy of invoicing	9%	8%	7%	15%	51%
N/A – nothing is stopping my practice from encouraging (more) clients to register for and use invoicing	19%	19%	20%	15%	1%

Responses among those who have less than 50% of their clients using invoicing.



## A look under the hood of practices using Xero

On average, practices on Xero use cloud-based tools for a broader range of tasks than non-Xero users (6 tasks versus 4 tasks, respectively). This could be due to the [Xero ecosystem](#), providing both practices and their clients access to over 1,000 connected apps.

Those on Xero are more likely to see the benefits of using cloud-based software, like easier access to data (85%), improved efficiency (78%), and flexible working (78%). Over three quarters (78%) also said it makes their work easier.

Table 41: Uses for cloud-based tools	Xero users	Non-Xero cloud users
Client services (e.g. bookkeeping, compliance, reporting)	93%	32%
IRD correspondence	79%	58%
Practice management	70%	19%
Document management	66%	59%
Practice reporting	65%	32%
Payments	57%	40%
Document capture	56%	41%
Client engagement	51%	28%
Corporate compliance	32%	37%
SMSF	2%	2%
<b>Average number of tasks practices use cloud software for</b>	<b>6</b>	<b>4</b>

Responses among those who use cloud-based business tools.

Table 42: Benefits of using cloud-based software	Xero users	Non-Xero cloud users
It allows us to access data more easily	85%	62%
It helps make our job more efficient and saves time	78%	29%
It supports flexible working	78%	38%
It makes our work easier	78%	48%
It's more sustainable (e.g. less paperwork)	68%	35%
It helps us collaborate with clients more effectively	68%	39%
Clients want to use cloud-based accounting software	63%	28%
It keeps us up to date with innovation	52%	32%
It helps us collaborate with colleagues more effectively	50%	16%
It helps us advise clients more confidently	43%	19%
It allows us to service clients that my practice otherwise would not be able to (e.g. different industries)	42%	15%
It helps us plan more effectively	38%	19%
My practice is becoming a digital-first business	32%	22%

Responses among those who use cloud-based business tools.



## Section E: Embracing technology



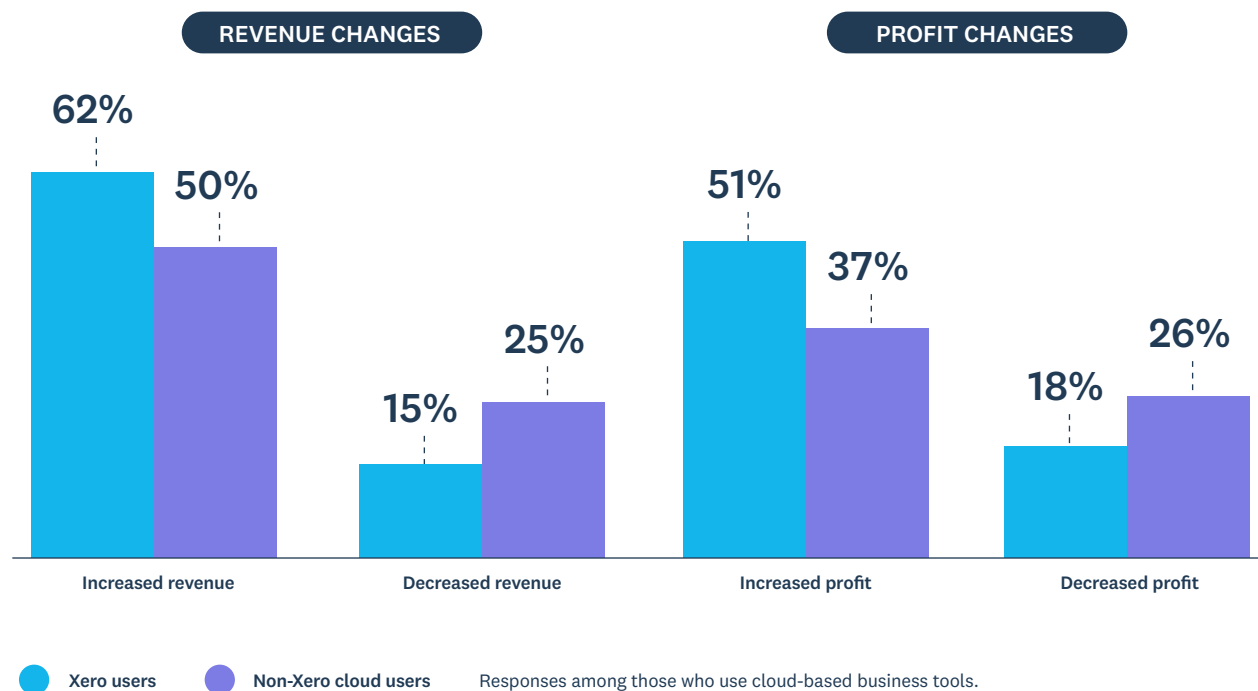
Since transitioning to the cloud, practices on Xero (versus cloud users on another software) are significantly more likely to report benefits and improvements within their practice.

Over the past year, those on Xero have generally reported greater revenue and profit than non-Xero cloud users.

Table 43: Benefits of transitioning to cloud-based software	Xero users	Non-Xero cloud users
My practice's client services have improved	74%	63%
I have saved time on manual daily tasks	73%	48%
My practice has more time to spend on billable tasks	52%	36%
My practice has more time to focus on practice growth	50%	32%
My practice has introduced simpler billing models	39%	29%

Responses among those who use cloud-based business tools.

Table 44: Commercial changes within the past 12 months





# Taking charge of your future

**Above all, the *State of the industry* report uncovers green shoots of opportunity within the accounting and bookkeeping sector. Despite continuing challenges like the skills shortage and economic turbulence, clients are turning to you – their trusted advisor – for more support.**

Now is the time to take charge of your future. Whether you embrace digitalisation by adopting a new suite of cloud-based tools or expand your list of service offerings to grow your client base, every step counts towards building a stronger, more resilient practice.

## The Xero team can help

- Ready to take charge? We have the small business insights, tools and practice management expertise to help you make your next move. Get in touch with the Xero team to learn more.

## Method

### Quantitative survey and sample specifications

We spoke to **631** accountants and bookkeepers in practices across New Zealand.

Accountants and bookkeepers were defined as anyone working in accounting, bookkeeping, tax, or financial advisory services. Respondents identified with the following job roles:

	NET	Weighted %
CPA/Chartered Accountant/Accountant	386	53%
Outsourced/Independent Bookkeeper	78	19%
Virtual CFO	30	1%
Business Consultant	19	4%
Tax Agent	83	18%
BAS Agent	21	1%

Most respondents were either the sole decision maker (59%) or one of the key decision makers (25%) in their practice.

We conducted fieldwork via an online survey run by One Picture between 20 May and 4 July, 2023. Participants were recruited via Xero's customer lists, as well as through external, independent panels:

Xero's customer list	n=344
External, independent panels	n=287

The sample has been weighted to represent practice sizes across the New Zealand market.



Practice size	Unweighted base N=	Group weighting	Margin of error at 95% CI*
<b>Sole practitioners</b> (1 employee, including themselves)	N=133	38%	+/- 8.5%
<b>Small practices</b> (2 to 10 employees)	N=167	48%	+/- 8%
<b>Medium practices</b> (11 to 50 employees)	N=140	12%	+/- 8.5%
<b>Large practices</b> (more than 50 employees)	N=191	2%	+/- 7.5%
<b>Total</b>	<b>631</b>	<b>100%</b>	

\*Confidence Interval



## Section A: Going for growth

- Table 1: Thinking about the past 12 months, how has your practice's revenue changed?**  
 (All respondents; total n=631, sole practitioners n=133, small practices n=167, medium practices n=140, large practices n=191). Excludes 'Don't know' and 'Prefer not to say.'
- Table 2: How has your practice's profits changed within the past 12 months?**  
 (All respondents; total n=631, sole practitioners n=133, small practices n=167, medium practices n=140, large practices n=191). Excludes 'Don't know' and 'Prefer not to say.'
- Table 3: In your opinion, why has your practice experienced an increase in revenue?**  
 (Those that have experienced increased revenue; total n=408, sole practitioners n=79, small practices n=98, medium practices n=87, large practices n=144). Respondents who selected 'Something else' typically chose 'Working more hours' or 'In the first year of practice so in a growth phase.'
- Table 4: And what do you think is the main reason your practice experienced an increase in revenue?**  
 (Those that have experienced increased revenue; total n=408, sole practitioners n=79, small practices n=98, medium practices n=87, large practices n=144).
- Table 5: In your opinion, why has your practice experienced an increase in profit?**  
 (Those that experienced increased profit; total n=352, sole practitioners n=70, small practices n=80, medium practices, n=65, large practices n=137).

*Most common responses to 'Something else'	Total	Sole practitioners	Small practices	Medium practices	Large practices
Increase fees	5%	14%	5%	3%	0%
Increase in client numbers	4%	17%	4%	0%	0%
Increase revenue	2%	6%	3%	0%	0%
Working more hours	2%	4%	4%	0%	0%
Reduce costs	2%	9%	3%	0%	0%

- Table 6: And what do you think is the main reason your practice has experienced an increase in profit?**  
 (Those that experienced increased profit; total n=352, sole practitioners n=70, small practices n=80, medium practices, n=65, large practices n=137).
- Table 7: Which of the following activities, if any, has your practice undertaken over the past 12 months?**  
 (All respondents; total n=631, sole practitioners n=133, small practices n=167, medium practices n=140, large practices n=191).

- Table 8: For what reasons did your practice do the following activities?**  
 (Those that have merged with another practice; total n=134, medium practices n=44, those that have established a new practice total n=147, medium practices n=39, large practices n=104, those that have started their own practice total n=130, large practice n=90). Practice segments hidden if base size was low but are included in the total.
- Table 9: Which of the following billing options does your practice offer to clients?**  
 (All respondents; total n=631, sole practitioners n=133, small practices n=167, medium practices n=140, large practices n=191).
- Table 10: Please select which of the following statements best applies to you and your practice. Since using cloud-based software... (options listed in table).**  
 (Those that use cloud; total n=558, sole practitioners n=122, small practices n=156, medium practices n=122, large practices n=158).

## Section B: Leaning into trusted advisory

- Table 11: This question is about the pandemic and how your practice's clients' expectations may or may not have changed. Which of the following statements best describes how much clients rely on your practice for services and support, since the pandemic?**  
 (All respondents; total n=631, sole practitioners n=133, small practices n=167, medium practices n=140, large practices n=191).
- Table 12: Which of the following services does your practice offer?**  
 (All respondents; total n=631, sole practitioners n=133, small practices n=167, medium practices n=140, large practices n=191).
- Table 13: Which of the following services does your practice provide to clients?**  
 (All respondents; total n=631, sole practitioners n=133, small practices n=167, medium practices n=140, large practices n=191).
- Table 14: Which of the following statements best applies to your practice?**  
 (Practices that offer advisory services; total n=599, sole practitioners n=118, small practices n=157, medium practices n=138, large practices n=186). Excludes 'Don't know.'
- Table 15: Why does your practice offer advisory services?**  
 (Practices that offer advisory services; total n=599, sole practitioners n=118, small practices n=157, medium practices n=138, large practices n=186).
- Table 16: To what extent do you agree or disagree that the following changes have happened to your practice since you started providing advisory services? Percentages show those who selected 'Somewhat agree' and 'Strongly agree.'**  
 (Those that have started offering advisory services in the past 12 months; total n=153, sole practitioners n=27, small practices n=30, medium practices n=52, large practices n=44).



- **Table 17: To what extent do you agree or disagree with the following statements about practices that offer advisory services? Percentages show those who selected 'Somewhat agree' and 'Strongly agree.'**

(Those that have always offered advisory services; total n=427, sole practitioners n=84, small practices n=120, medium practices n=83, large practices n=140).

- **Table 18: You mentioned your practice has experienced challenges since offering advisory services. What are these?**

(Those that have not always offered advisory services but do now, and have experienced challenges; total n=96).

## Section C: Preparing for more economic uncertainty

- **Table 19: To what extent do you think the economic environment (e.g. rising inflation and interest rates, cost of living pressures, the recession) will impact your practice over the next 12 months?**

(All respondents; total n=631, sole practitioners n=133, small practices n=167, medium practices n=140, large practices n=191).

- **Table 20: To what extent do you think the following scenarios will impact your practice? Please rate on a scale of 1 to 5 where 1 is 'no impact at all', and 5 is a 'significant impact.' Percentages shown are those agreeing to this statement - that there will be an impact (selected 4 or 5).**

(All respondents; total n=631, sole practitioners n=133, small practices n=167, medium practices n=140, large practices n=191).

- **Table 21: What changes, if any, do you think your practice will make in the next 12 months as a result of the economic environment (e.g. rising inflation and interest rates, cost of living pressures, the recession)?**

(All respondents; total n=631, sole practitioners n=133, small practices n=167, medium practices n=140, large practices n=191).

- **Table 22: To what extent do you think the economic environment (e.g. rising inflation and interest rates, cost of living pressures, the recession) will impact your practice's clients over the next 12 months?**

(All respondents; total n=631, sole practitioners n=133, small practices n=167, medium practices n=140, large practices n=191).

- **Table 23: To what extent do you think the following scenarios will impact your practice? Please rate on a scale of 1 to 5 where 1 is 'no impact at all', and 5 is a 'significant impact.' Percentages shown are those agreeing to this statement - that there will be an impact - rating at least 4 out of 5.**

(All respondents; total n=631, sole practitioners n=133, small practices n=167, medium practices n=140, large practices n=191).

- **Table 24: Which of the following, if any, do you expect to see from your clients over the next 12 months, due to the economic environment (e.g. rising inflation and interest rates, cost of living pressures, the recession)?**

(All respondents; total n=631, sole practitioners n=133, small practices n=167, medium practices n=140, large practices n=191).

## Section D: Navigating the new world of work

- **Table 26: What, if any, HR-related challenges is your practice experiencing at the moment?**

(Total n=498, small practices n=167, medium practices n=140, large practices n=191). Excludes sole practitioners.

- **Table 27: What steps, if any, is your practice taking to mitigate these HR challenges?**

(Those that are experiencing HR challenges; total n=417, small practices n=107, medium practices n=122, large practices n=188).

\*What roles outside of accounting and bookkeeping is your practice hiring for? (Those that are hiring outside of AB roles; total n=107, medium practices n=27, large practices n=73).

- **Table 28: How is your practice encouraging or supporting employees with moving back into the office?**

(Employing practices; total n=438, small practices n=107, medium practices n=122, large practices n=188). Excludes sole practitioners.

## Section E: Embracing technology

- **Table 29: Does your practice use cloud-based business tools? If so, how many?**

(All respondents; total n=631, sole practitioners n=133, small practices n=167, medium practices n=140, large practices n=191).

- **Table 30: How important is the use of cloud-based business tools to your practice?**

(All respondents; total n=631, sole practitioners n=133, small practices n=167, medium practices n=140, large practices n=191).

- **Table 31: What do you use cloud-based business tools for?**

(Those that use cloud-based business tools; total n=558, sole practitioners n=122, small practices n=156, medium practices n=122, large practices n=158).

- **Table 32: What, if anything, is preventing your practice from using cloud-based business tools?**

(Those that are not using cloud-based business tools; total n=73).

- **Table 33: Why does your practice use cloud-based business tools?**

(Those that use cloud-based business tools; total n=558, sole practitioners n=122, small practices n=156, medium practices n=122, large practices n=158).

- **Table 34: Please select which of the following statements best applies to you and your practice. Since using cloud-based software...(options listed in table).**

(Those that use cloud-based business tools; total n=558, sole practitioners n=122, small practices n=156, medium practices n=122, large practices n=158).

- **Table 35: Please select which of the following statements best applies to you and your practice. Since using cloud-based software... (options listed in table).**

(Those that use cloud-based business tools; total n=558, sole practitioners n=122, small practices n=156, medium practices n=122, large practices n=158).

- **You mentioned that your client services have improved, in what way have they improved?**

(Those that client services have improved; total n=400, sole practitioners n=91, small practices n=111, medium practices n=95, large practices n=103).



- Table 36: Please select which of the following statements best applies to you and your practice. Since using cloud-based software... (options listed in table).**  
 (Those that use cloud-based business tools; total n=558, sole practitioners n=122, small practices n=156, medium practices n=122, large practices n=158).
- Table 37: To what extent do you agree or disagree with the following statements about integrated end-to-end solutions (i.e. practice management software that integrates with accounting software)?**  
 (All respondents; total n=631, sole practitioners n=133, small practices n=167, medium practices n=140, large practices n=191).
- Table 38: Is the practice management software your practice uses integrated with the accounting software your practice uses?**  
 (Those that use cloud practice management software; total n=356, sole practitioners n=77, small practices n=103, medium practices n=89, large practices n=87). Excludes 'Don't know.'
- Table 39: What proportion of your practice's client base use eInvoicing (the exchange of electronic invoices between software systems)?**  
 (All respondents; total n=631, sole practitioners n=133, small practices n=167, medium practices n=140, large practices n=191).
- Table 40: What is stopping your practice from encouraging (more) clients to register for and use eInvoicing?**  
 (Those that have less than 50% of clients using eInvoicing; total n=437, sole practitioners n=101, small practices n=137, medium practices n=86, large practices n=113).
- Table 41: What do you use cloud-based business tools for?**  
 (Those that use cloud-based business tools; Xero users n=460, non-Xero cloud users n=98).
- Table 42: Why does your practice use cloud-based business tools?**  
 (Those that use cloud-based business tools; total n=558, sole practitioners n=122, small practices n=156, medium practices n=122, large practices n=158).
- Table 43: Please select which of the following statements best applies to you and your practice. Since using cloud-based software... (options listed in table).**  
 (Those that use cloud-based business tools; Xero users n=460, non-Xero cloud users n=98).
- Table 44: Thinking about the past 12 months, how has your practice's revenue changed? And how has your practice's profits changed within the past 12 months?**  
 (Those that use cloud-based business tools; Xero users n=460, non-Xero users n=142).



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