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Business benchmark

Accounting practice - Top 20% benchmark

Business profile

Accounting practices provide professional services such as tax return preparation, BAS/IAS lodgements, compliance, tax planning, business advisory, SMSF compliance, bookkeeping, payroll, and virtual CFO services. Clients typically include individuals, small to medium businesses, investors, and self-managed superannuation funds (SMSFs).

Key benchmarks

The highest performing accounting practices, top 20%, have the following benchmarks:

- Annual revenue per partner: $800,000+
- Subcontractors: 0% - 10%.
- Rent: 3% - 8%.
- Wages: 25% - 35%.
- Overheads: 10% - 15%.
- Owners' compensation: 15%
- Net profit: 25% - 35%.
- Revenue per employee: $260,000 + pa. Employees should generate revenue three to four times their annual employment costs.
- Total revenue per partner: $800,000 +. Partners contribute to both billable work and business development.
- Advisory revenue % of total: 35%+
- Revenue growth rate: 10-20% every year.
- Average hourly rate: $350-$500 + per hour for senior staff and partners.
- Client retention rate: 95% +. High-performing practices excel in client satisfaction and retention.
- Utilisation rate: 80-90% of billable hours. Top firms have highly productive staff who maximise billable time.
- Realisation rate: 90-98%. Leading practices have better client management and billing practices.
- Staff turnover: Less than 10% pa.
- Client to staff ratio: 70:1

Advisory insights:

1. High advisory revenue share: Top practices earn 30-50% of revenue from tax planning, business advisory and virtual CFO services.

2. Standardised advisory packages: Structured tiers (e.g., bronze, silver, gold) improve engagement and pricing clarity.

3. Benchmarking and KPI reviews: Regularly benchmark clients to initiate advisory conversations.

4. Annual fee reviews: Fees are reviewed and increased annually in line with inflation and the value provided.

5. Cloud software & automation: Leverage Xero, Karbon, and FYI docs to automate compliance and free up advisory capacity.

6. High client retention: 90% retention through proactive client communication and scheduled advisory reviews.

7. Niche focus or specialisation: Top 20% firms often niche by industry (eg medical, trades) or services (eg crypto, SMSF).

8. Capacity management: Uses offshore or onshore teams to maintain high productivity while keeping fixed wages lean.

9. Client value segmentation: Segment A, B, and C clients and realign service delivery accordingly. Focus on 'A' clients for advisory growth.

10. Client education and events: Run webinars or briefings on topics such as tax planning, succession, or cash flow to position oneself as a trusted advisor.

Annual turnover range

	$0 - $10,000,000		
Revenue	100%	100%	100%
Cost of goods sold	0%	0%	0%
Subcontractors	5%	0%	0%
Rent	5%	0%	0%
Wages	30%	0%	0%
Overheads	15%	0%	0%
Owner's compensation	15%	0%	0%
Profit	**30%**	**100%**	**100%**