

STARTING YOUR OWN FIRM

Venture to unknown can be worth it

By **FRANK FAZZARI**

Starting your own accounting firm begins with a vision; that vision becomes the guiding light of the commencement of an organization that will metamorphose into something different than originally envisioned. If you are focused, patient, prepared to work harder but smarter than you have ever worked before then, in time, you will be rewarded.

I vividly recall back in 1984, when I decided that one day I would start an accounting firm. From that point on, most of what I did revolved around that decision. While I did not write down any plans, I did in my mind sculpt a plan of action to realize that dream. Everything I did was focused on it so, for example, while working for a national accounting firm, I made sure I obtained as much relevant experience as possible. My interaction with clients, partners and peers was all about starting my own accounting firm.

Fast forward many years later and I write while being the managing partner of a firm of 25 individuals that offers multiple services to various private enterprises throughout Canada, the U.S. and Europe. The firm continues to receive accolades for the work it does and the reach that it has from industry groups, individuals and a number of organizations, including the Vaughan Chamber of Commerce. The firm works with many smaller accounting firms and hosts professional development courses in the area of accounting, auditing and taxation for CPAs in public practice.

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FAZZARI

will ensure you get the help you need. This approach builds trust vital to having a strong and loyal client base.

When reflecting on what I did to succeed, I remember vividly all the socializing and networking during the first 10 years. I spent

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Frank Fazzari, Fazzari + Partners LLP

little time at home, sacrificing that to build relationships that to this day continue to pay dividends. I believe there is no easy way; it takes a lot of your time and the digital era has not really changed that. Although there are much easier ways to connect with others, I believe you need to spend time with individuals to get them to know you.

Face time is nothing about what a phone can do but about

building strong and loyal contacts who remember you whenever they need to refer an accountant to someone. I do not believe referrals obtained from digital media are as loyal and rewarding as those garnered from the old-fashioned way of getting to know people.

Over the last few years, our firm has had a lot of success in terms of securing clients through digital media but I would rate

those clients as C clients — the fees and loyalty are just not the same as when a friend calls you with a referral.

The hardest part of going on your own is uncertainty. When you go from a regular paycheck to not knowing whether you can take a draw, it can be frightening, especially if you have monthly financial commitments to meet.

I recall, when I set up the firm, I planned on zero income/draws for a year. To accomplish this, I put a personal line of credit in place before leaving the national accounting firm and I had no leases other than rent to pay. I made no money that first year but it only motivated me more. You have to have tough skin and be emotionally secure.

Before going on my own, I contemplated doing contract work for a smaller accounting firm and/or buying a practice; options that exist today. I believe contract work is a security blanket especially if you have financial commitments and cannot afford not to make any money for at least a year. However, taking on contract work will slow your success because the time spent servicing other people's clients means less time to build your own network.

Buying a practice sounds great but means, most often, you will be an employee of another firm during a courting period. Again, leaving less time to build your own network.

Starting a practice is not about reinventing the wheel but it does require making sure you realize what you are getting into and not being afraid. Being entrepreneurial has its rewards but requires a lot of self-motivation. There will be bumps and bruises along the way but it's worth it.

Frank Fazzari, FCPA, FCA, CFE is the managing partner at Fazzari + Partners LLP Chartered Accountants.

Owners must understand relevant regulations

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Understand the laws

While a creative concept can jump-start a small business, acquiring the necessary licences, permits and documents will really set the company in motion.

As a business owner, it is crucial to understand the regulations that surround the enterprise. From taxes to market standards to small business guidelines, there are a lot of items to check off the list and the

It's important to have a plan in place to deal with expansion and succession planning. In Canada, less than a quarter of small businesses have a formal succession plan, which is a major barrier of accessing credit for expansion.

Paul Struthers, Sage Canada

process can be time consuming. The Canadian Business Network offers many resources to consider. Prepare

initial research and follow it up with counsel from both an accountant and a lawyer. Completing all the

essential requirements will help the business begin on the right foot.

Starting a business requires

owners to focus on planning and organizing from the very beginning. While the company may start out small, with time, the right plan and attention to detail, it can flourish into something more than what was initially imagined.

Paul Struthers is executive vice-president and managing director of accounting software company Sage Canada. He is an avid champion for Canadian small- and medium-sized businesses.