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MyPracticeProfits

PROFIT DIAGNOSTIC · FIXED-FEE ACCOUNTING FIRMS · AUSTRALIA

Most Fixed-Fee Firms Are Losing Profit — Without Knowing Where.

Why busy firms grow revenue without growing profit.

A direct guide to seeing where effort, cost and profit are disconnecting inside your practice — and what that's costing you.

WHAT YOU WILL SEE

+ Why fixed-fee pricing made profitability structurally harder to see
+ The five profit leaks affecting most firms right now
+ Why revenue visibility isn't the same as profit visibility
+ What becomes possible once you can see the connection
+ Your Profit Visibility Score — and what it means

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THE PROBLEM EVERY FIRM FEELS BUT CAN'T SEE CLEARLY

You're busy. So why doesn't it feel more profitable?

You're busy.

Your team is busy.

Revenue is growing.

But profit doesn't feel like it should.

For most fixed-fee accounting firms, this is the pattern:

-> **Work increases.**

-> **Team expands.**

-> **Revenue grows.**

-> **Profit stays flat, or becomes unpredictable.**

> *This is not a performance problem. It is a visibility problem.*

Under hourly billing, profit was easy to understand. More time meant more revenue. Under fixed fees, that link is broken.

Now:

- Revenue is fixed.
- Effort is variable.
- Profit becomes invisible inside day-to-day work.

Most firms are not losing profit suddenly. They are leaking it gradually, without clear signals.

WHY PROFIT HAS BECOME HARDER TO SEE

Profit is simple. Seeing it is not.

Profit is simple:

Profit = Fee - Cost to Serve

But most firms only see two of these three things.

Most firms know what clients pay. They know what staff cost. What's missing is the middle layer: effort.

Effort determines cost to serve. But effort is rarely connected to fees in one place. So firms rely on instinct:

" "This client feels hard."

" "This service always takes longer."

" "We feel stretched."

But they can't prove:

- Where profit is being lost.
- Which clients are unprofitable.
- Whether growth is healthy or harmful.

> *The issue is not effort. It is disconnected data.*

THE FIVE PROFIT LEAKS

Most firms don't have one profit problem. They have several.

If you run a fixed-fee firm with 5–30 staff, this is very likely already happening in your business. As you read each one, ask yourself: which one sounds most like us?

LEAK 1

The client who takes more than they pay for

High communication, extra requests, long-term relationships — but effort quietly exceeds fees. A client paying $8,000 a year is not better than one paying $5,000 if they consume twice the time. Revenue doesn't tell you that story. Effort does.

LEAK 2

Services that consistently overrun

Certain work types always take longer than expected, but pricing rarely adjusts. The pattern is always the same: the work takes longer, the fee never changes, and margin disappears quarter after quarter.

LEAK 3

Scope creep absorbed over time

Small "extras" accumulate until the original engagement no longer reflects the actual work. It rarely arrives in one big request. It arrives one favour at a time — until it's permanent.

LEAK 4

High-cost staff on low-value work

Senior time is used where it doesn't match client value or fee level. Not because anyone did anything wrong — because the cost to serve no longer matches the fee being charged.

LEAK 5

Growth that doesn't improve profit

More clients and staff increase complexity faster than profitability. Revenue goes up. The business gets bigger. Profit doesn't follow — because growth amplifies problems that were already there.

> *Individually, these seem small. Together, they silently reshape margins.*

REVENUE VS PROFIT VISIBILITY

Most firms have strong revenue visibility.

They know:

+ Total revenue.
+ Client billing.
+ Staff costs.
+ Outstanding invoices.

But this still leaves critical questions unanswered:

- Which clients are actually profitable?
- Which services consume too much effort?
- Where is scope creep happening right now?
- Who is overloaded?
- What profit is hidden in the existing client base?

> *The gap is not financial knowledge. It is operational visibility.*

Without connecting effort to cost and fees, profitability becomes estimation — a best guess dressed up as a management decision.

WHAT BECOMES POSSIBLE

What changes once you can see the connection.

This isn't about working harder or adding admin. It's about being able to see what's already happening in your firm — and act on it while there's still time to.

Pricing

Repricing conversations backed by evidence, not guesswork or gut feel — made before a client relationship sours over it.

Hiring

Knowing whether you need to hire, or whether effort is simply distributed unevenly across the team you already have.

Scope creep

Catching it while it's happening — not discovering it eleven months later when the year-end numbers don't add up.

Client decisions

Knowing which clients to keep, which to reprice, and which are quietly costing you money despite looking fine on paper.

> *None of this requires working harder. It requires seeing clearly.*

YOUR VISIBILITY SCORE

A simple way to see where you stand today.

Score each question: 2 = clear, data-based answer. 1 = partial visibility. 0 = no clear visibility.

1. Can you identify your least profitable clients?

Not based on feeling. Based on actual cost versus fee.

o 0   o 1   o 2   ____ / 2

2. Do you know which services consistently overrun expected time?

Across your client base — not just a few examples.

o 0   o 1   o 2   ____ / 2

3. When did you last increase fees, and why?

Was it data, instinct, or just timing?

o 0   o 1   o 2   ____ / 2

4. How do you decide when to hire?

Utilisation data, team feedback, or just a feeling of being stretched?

o 0   o 1   o 2   ____ / 2

5. Can you separate good clients from profitable clients?

Paying on time is not the same as generating margin.

o 0   o 1   o 2   ____ / 2

Add your scores. Maximum: 10.

YOUR TOTAL: ____ / 10

8-10	High visibility	You already make most decisions with good data.
4-7	Partial visibility	You have some clarity, but key blind spots remain.
0-3	Low visibility	Most decisions are still instinct-based. Profit leakage is likely significant.

What your score means

Lower visibility means more decisions based on instinct — pricing uncertainty, hidden scope creep, reactive hiring, unknown margin erosion.

Higher visibility means earlier pricing decisions, clearer capacity planning, and predictable margins.

> *Your score is not a measure of how good your firm is. It's a measure of how clearly you can see it.*

If your score is below 8, the issue is likely visibility — not effort.

SEE HOW THIS BECOMES VISIBLE

See how MPP works.

A 30-minute walkthrough. No slideshow — the product, working, on a real firm.

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Fixed-fee accounting firms · Australia only

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MPP is a Practice Intelligence platform for fixed-fee accounting firms. It connects effort, cost, capacity and profit into one view so firms can understand where margin is created or lost.