



Opportunity Document

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The accounting profession today

In 1964 there was a research study and subsequent book written on the state of the accounting profession in Australia. There were 2,150 accountants surveyed, with data collated on everything about how they ran their businesses, how they charged, how much they paid people and how much profit they made.

I have used the data (in today's dollars) and benchmarked the 1964 figures with just under 1,000 accounting firms in 2007. What I found was astonishing. I was specifically looking to see how the profession has progressed. I wanted to know if profit per partner had increased and by how much. The good news is that the profession has progressed.

On the lower quartile profit per partner had improved by 19%. At the upper quartile of results the profit per partner had improved by just 40%. Not even 1 percentage point above CPI over 43 years!

That is not progression. That is not thriving. That is just existing. Over that same time frame the industry has gotten smarter, introduced technology, become more efficient and produced a better product. With all of these advancements you would think that profit per partner would be rising much faster than 1 percentage point above CPI. It has not.

After 15 years working on the accounting profession I put the main reasons for this lack of progression down to 3 areas:

1. The business model
2. Time based billing
3. Services offered

I was fortunate to survey 1,077 clients from 129 accounting firms. It was a face to face survey. The business clients were simply asked: "What do you like about this firm, what don't you like and what would you like to see improved or added with the service and services they provide to you"?

At every single meeting (8 at a time in the meeting) the word 'proactive' came up. They said things like 'we want them (you) to be more proactive with us' – 'we know they know more than we get' – 'we want more help and we're prepared to pay for it'.

A friend of ours here at 10x, Colin Dunn, also did a survey with 1,500 business people. The question was "what more do you want from your accounting firm"? The upshot was they wanted more 'financial management help' such as budgets, cashflows, management reporting, coaching, accountability.

Essentially we find that clients are looking for 5 keys areas of help in their business and personal lives. They want help with:

1. Growth – help me grow my revenue and wealth
2. Profit – help me increase my profitability
3. Cashflow – help me increase my free cashflow & passive income
4. Protection – help me protect my assets
5. Succession – help me plan for the future with succession or sale of business

You probably know that your clients want more from you. You may have even attempted methods in the past to introduce new services to them. Over the years many accountants have attended courses and purchased resources with the 'hope' that they could offer sustainable 'value added business improvement solutions' to their clients.

The reality is that previous attempts have been ineffective, have had low levels of implementation and they have not been that profitable.

There are 8 reasons why the introduction of business improvement services has not worked as well as it possibly could.

1. Time based billing. This method of charging does not value the 'value added' service. The value your clients receive far outweighs any hourly rate that you may charge. You must charge based on the value you contribute to the client. An agreed price before you start the project is necessary. If you charge based on time spent then your new services will not be as profitable as they should be.
2. Stuck in compliance. Compliance work is a necessary evil – it's a grudge purchase and it does not help your clients with the 5 key things they really want. It can be very profitable but it is not what clients ultimately want. Use the compliance work as a springboard for introducing additional services. If you remain only in compliance then you are at risk of losing clients to other firms that offer more.
3. Unleveraged 1:1 model. Traditionally consulting / coaching services have been performed one on one. You with one client at a time. The only leverage you achieve with this method is by charging more for what you do. A smarter way is to put clients into small groups and coach them all at once. This method offers more learning, more sharing and most importantly more accountability.
4. No separate division. In the past value added services have predominately been offered 'ad hoc' to clients. When the need or issue arises a solution is delivered. This is a reactive approach. The accounting firms that



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have been most successful have set up fully resourced divisions with dedicated people that deliver those solutions. That's all that they do. They are their own profit centre, with their own budget and resources. They are held accountable to the division's performance.

5. Reliance on partners. If the reliance is on the partners to deliver the value added work then that defeats the purpose. The owners of an accounting business should be driving the performance of the business, nurturing existing clients and doing some high end work. If there is a dedicated division that is appropriately resourced with dedicated people then you take the reliance away from the partners.
6. Limited marketing process. Most accountants will admit they are not that good at marketing. I find it humorous in larger firms that they have a partner who has the subtitle of 'marketing partner'. In reality they have no idea what they are doing. The progressive firms are employing full time marketing coordinators who manage all of the marketing administration work. They are using modern marketing approaches to attract new clients, generate new enquiries from existing clients and raise the profile and brand of the firm.
7. No sales structure. Effective selling is all about following an effective sales process. At best accountants recommend ideas / changes to clients when something happens with the client situation. That is not selling. Effective selling is when you generate an enquiry and then follow a step by step process that produces a predictable result.
8. No sustainability in the model. Most coaching or consulting assignments are short term – maybe up to 6 months. This means you have to constantly sell new projects and attract new clients. That is hard work. A far better way is to have a coaching program that has recurring revenue where the clients continue paying based on the value they are receiving and the results they are achieving.

The 10x opportunity offers the resources, the systems, the process and the tools to create a highly profitable division within your accounting firm.

It is designed to run as a separate division that is fully resourced. It does not need to be run by the partners. We supply all of the marketing materials and processes you need to generate leads and enhance your brand. We deliver a structured sales process to help you sell clients into the program.

Your clients (and prospects) are involved in a coaching program where they are interacting with other business people. This gives you leverage as it is not one on one. The pricing structure is not based on a time spent basis – but an agreed membership price.

And most importantly it is not about compliance. It is about helping your clients grow their businesses, increase their profitability, improve their cashflow, protect their assets and get ready for succession planning. In your new 10x division you are delivering a leading edge coaching process that is already proven.

It's my hope that you read this document and make an informed decision. Let's change the process and not have a repeat of the past 43 years.

Sincerely,

Rob Nixon
Co-Founder & Chairman 10x



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Value comparison of acquiring fees vs. Investing in 10x

So you're looking to grow your firm. In these times of economic uncertainty, it pays to weigh up all of the options before making a decision you may later regret.

This report examines three distinct options open to you, examining the pros and cons of each.

We will consider:

1. Acquiring another accounting firm (or a block of fees)
2. Acquiring or starting a financial planning division
3. Bolting on a specialist business coaching division through the acquisition of a 10x franchise.

Clearly in reading this report you only get our bias but we hope that by the time you get to the end of the opinion, you'll appreciate the different arguments and discussions put forward and that we've given you some more insights that will help you make the right choice to move your business to the next level. We also aim to provide you with some value that you can implement straight away, no matter where you are at with your growth plans.

We'll start our discussion by taking a look at a position we have heard a lot of recently. There is a lot of merger and acquisition activity in the accounting industry currently with speculation that consolidation is about to be stepped up with a significant reduction in the number of firms over the next ten years. As a result, many firms are contemplating acquisition as a means to grow.

Before we get into our analysis of each alternative, let's review the state of play in the profession.

Partners in many public accounting firms are making more money than they ever have before. Australia's complex tax system and frequent changes to legislation continues to place increasing burden on small to medium sized businesses. The accountant, as the most trusted advisor, is the professional to whom business owners turn for help and advice. As such, accountants have an abundance of work. Servicing, rather than finding new work, is the challenge.

This started with the introduction of GST in Australia in 2000. As expected, this was – and continues to be – a goldmine for accounting firms. Unfortunately, it has taken eight years for the profession to realise that all that glistens is not gold, as many firms find themselves now more mired than ever in compliance.

This challenge is exacerbated by the ever tightening labour market. Australia's booming economy has placed tremendous upward pressure on salaries. Graduates are staying with firms for a year, then leaving for commerce, demanding twice the salary they were paid in practice.

Accounting firms are reluctant to meet the market at that level as they do not see skills and expertise commensurate with such a salary demand.

Further up the chain, senior accountants are very aware that they are marketable knowledge workers. That, coupled with the Gen Y phenomenon that so many mature practitioners find hard to deal with, has resulted in senior accountants becoming transient. We therefore find ourselves in a negative spiral, where employers in public practice are reluctant to pay recruitment fees because they are paranoid that they will invest in a senior accountant for a year only to then lose them.

This is a classic case of focusing on the wrong thing. Perhaps it's not the labour market that is the problem. Perhaps the real problem is that we are offering an environment that is stale, lacking in opportunity, bereft of variety and, frankly, a monotonous bore for progressive young people. It's time to look within our profession for a solution.

Think about the last time you tried to hire a senior accountant. How did your advert look? What were the words you used when you interviewed the candidates (if indeed, you generated any candidates)? What impression did your office environment and your team leave on them? Was it something like this:

“Wanted - person to work 60 to 80 hours per week from August to November (the remainder of the year is only 40 hours per week). The work you will do for the first one to two years will be dull and mundane and have few challenges to your intellect. We will pay you pretty well and give you as many benefits as most other places, but in return you must account to us for your day in six minute increments. How many of these six minute increments you can charge to our clients will determine your worth to the firm. We do not want your creative thoughts; we just want you to charge as many hours as possible because we have not bothered to come up with a more creative way to bill our clients.”

It's hardly inspiring, is it?

The challenge we face is to CHANGE the formula. And what makes it harder is we need to change to a winning formula – one that is delivering strong profits per partner. Clearly, such a strategy is fraught with risk, but the alternative is to keep doing the same things and hoping it will get better. There is little to suggest that it will, which will lead to partners being forced to spend more and more chargeable hours themselves on low value work, ultimately diminishing returns and stymieing growth.

With that background in mind, we will begin on our discussion of growth options by examining the argument for acquisition.



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1. Acquiring another accounting firm

Let's begin by examining the landscape of accounting firms around the world, building on the state of the nation outlined above. Here is a dose of reality: despite pleas from virtually every firm we speak with that 'we are different', the fact is that most accounting firms are absolutely the same. They are doing the same kind of work with the same kinds of clients, using the same kinds of people. Their offices look and feel the same. Their key challenges are all the same. And not surprisingly, their financial results are remarkably similar. Naturally, there are a small number of firms outperforming the rest, but there are many, many firms doing average things and getting average returns.

So if most firms are very similar, in theory that means that an acquisition target is likely to have the same organisational, people and operational challenges as your own firm. So the quid pro quo in exchange for increasing your fees and your client base is that you wind up bolting on more stress and administration.

We recently conducted a survey of 66 firms whose only common bond was that they had elected independently to attend a seminar purporting to provide them with solutions to build a successful accounting business. By definition, the firms attending presumably had ambitions to grow. It's a decent sample size and useful for this purpose by virtue of their being qualified as ambitious firms. Here are some key numbers collated from the sample:

| | |
|------------------------------------------------------------------------------|-----------|
| Median number of partners per firm | 2 |
| Median number of additional team members per firm | 6.6 |
| People per partner | 4.8 |
| Average hourly rate recovered (based on client hours only, after write offs) | \$126 |
| Median EBIT before partners' salaries (per partner) | \$211,500 |

Only 12 of the 66 firms reported profit per partner in excess of \$400,000. Four had profit per partner in excess of \$750,000. Interestingly, of those four, three were sole practitioners.

The rest of the sample were much of a muchness, with partners on the whole working long hours for returns barely in excess (and sometimes much less) than they could earn working for someone else.

Average EBIT before partners' salary tracks around 30-35% (largely because of the 1/3rd, 1/3rd, 1/3rd price setting policy to determine charge out rates) although we see these diminishing as many firms are not game to pass on significant increases in salary costs to their clients.

So, back to the acquisition strategy. In all likelihood, the most predictable outcome of acquiring another firm is that, at best, you bolt one mediocre firm onto another, resulting in distinctly mediocre results.

There are very few, if any, economies of scale in this business. Firms often eye acquisition targets with plans to take on the pick of the clients and the best team members from the target firm. Yet when it comes to the crunch, the turbulence of an acquisition can unsettle team members and, perhaps not surprisingly, it's often the strongest ones, knowing their worth in the market place, who choose to jump ship, leaving you with an uninspiring talent pool.

If you are a high performing firm, there is a strong argument for acquiring another firm, since you can take the strategies you've implemented in your own firm and leverage them into the acquired firm. Firms following this strategy often quickly realise a full return on their investment. By 'high performing' firm, we mean a business achieving in excess of \$200,000 per full time team member and EBIT before partners' salaries in excess of 50%. If you're there, by all means acquire, transform and lift your profits to new levels. If not, be prepared for yet more average performance plus even more human resources and client hassles to distract you.



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2. Acquiring or starting a financial planning division

We will begin this section by examining what has been happening in the wealth management space these past few years.

Financial planning has been a hot topic for the past decade. A minority of accounting firms have done a great job at creating wealth management divisions that serve their clients extremely well and extremely profitably. Yet as the baby boomer generation starts to retire, we stand on the verge of an extraordinary opportunity ... and many firms are not well positioned to capitalise upon it.

ING recently reported that 41% of boomers believe planning for their financial future is more difficult than the generation before them. One reason for that could be that their advisers are not doing a great job in making it easy for them.

Research predicted that in 2006, professional service firms and financial institutions in the United States alone would spend \$5.4 billion trying to understand their clients. For the most part, those firms are under-utilising technology and have no idea what those clients want or need. We would suggest they could do worse than get focused on the high net worth clients within their client base.

Take a long, critical look at yourself and your firm. What do you see? An accounting firm or a wealth manager? Ask a friend whose opinion you value to drop by your office without an appointment and ask to see someone about wealth management. See what sort of experience they have - does your office look and feel like a wealth manager's office – were they appropriately directed to the right person? Did the person in your reception area understand their question? Or did the place look more like the stereotypical accountants' office?

What do you think your clients' and prospects' perception is when they walk through your front door? Do they immediately gain confidence that the people who work in this place have high energy, appear to be organised, work to pre-defined systems and have a focus on helping ... or is it quite the opposite? (By the way, a great way to find out the answer is to hold a client advisory board with a selection of your high net worth clients and prospects).

Many accountants hope to build on the label often attributed to the profession as the last trusted adviser. Yet to offer what is known as a concierge approach to wealth management services, you will need to consider the whole range of opportunities that may present themselves. Here are some examples:

- Retirement planning
- Property investment
- Business investment
- Shares and derivatives
- Estate planning
- Succession planning
- Asset protection
- Risk management
- Loans and leases
- Venture capital

You cannot be an expert in all of the above but, as the trusted adviser, you can play a major role in project managing the delivery of the services. To do that, you need a network of advisers around you with the relevant expertise. And that is a key element driving accountants to consider starting or acquiring a financial planning business. Such a strategy must include action plans to form relationships with financial planners, bankers, lawyers and insurance brokers to build your network.

If you are serious about delivering concierge services, you will have doubtless considered the self-contained model of bringing your adviser network in-house. This can help with positioning, response times, running seminars and showing your clients that this is a major focus for you. When you move to the self-contained model, it is clear to everyone, internally and externally, that you are truly in the wealth management business.

So what are the downsides? There are three significant ones worth considering:

Firstly, consider the current economic environment. At the time of writing, the Australian stock market has fallen almost 30% from its November 2007 all time high. Depending on your paradigm, this is either a major opportunity or a major risk. One thing we know for sure is that many clients are nervous in the current environment. And when that happens, there is only one person they call to vent their frustrations – the person who put them into the investment in the first place. And when your firm is inextricably linked with your clients' financial planning, it'll be you that bears the brunt of the phone calls.

Secondly, accountants can fall into the trap of attempting to transition into financial services before they have their core business ticking over properly. The problem is exacerbated by the fact that with a service as intimate as financial planning, partners are reluctant to relinquish control of the client relationship, hence the addition of financial planning services only creates more work for



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already overburdened partners. The results – the potential for serious under-servicing of the firm’s best clients.

Tony Wood is CEO of Palm Beach, Florida-based financial solutions company, iPro One Inc. iPro One is actively engaged in acquiring ownership positions in leading US accounting firms with a view to introducing products and services designed to enable the accounting firm to monetise the full value of its existing corporate and individual relationships. Wood has consulted with over 300 accounting firms over 20 years. His assessment:

“Over the past few decades, I observed CPAs moving into the financial planning and investment advisory marketplace – with great proficiency. Their clients were receptive to them providing wealth management services, and the practice was lucrative for many firms. As CPAs navigated through the process of obtaining licenses, aligning institutional relationships and managing compliance, many reached a plateau and faced challenges that prevented them from growing their wealth management practices further.”

We see exactly the same thing happening in Australia. Notably, it is common for firms to hire dedicated financial planners and place them in their firms. Yet these eminently qualified professionals often find themselves with little work (because partners are reluctant to refer their clients to an unknown party) or, worse still, made the scapegoat for poor performance of the division.

Downside number three relates to empirical evidence that there is a clear dysfunctionality between accountants and financial planners when it comes to referral streams. Yet more evidence of the potential pitfalls can be gained by looking at the accountant / financial planner dilemma from the other side of the coin. Colin Dunn is the Principal of ReNew Group, a boutique consultancy specialising in the accounting and financial planning professions. Dunn’s company works with a major Australian financial planning dealer group, providing them with web-based solutions designed to enhance joint venture alliances between planners and accounting firms.

“Virtually every financial planning firm I come into contact with has had at least one bad experience in attempting to establish alliances or joint ventures with accountants” says Dunn. “Most JVs are entered into with the expectation that between 50 and 60 percent of the accounting firm’s clients would be ripe for referral to the financial planners. In reality, it is not uncommon to see less than 5 percent being referred. Both parties continue to see massive opportunities, yet the marriage between the relationship based accountants and the transactional based planners is often doomed from the start.”

3. Bolting on a specialist business coaching division through the acquisition of a 10x franchise

During the 1990s and early 2000s, some 3,000 firms around the world attended the Accountants’ Boot Camp run by Results Accountants’ Systems. They were drawn by a compelling marketing message urging them to change the way they worked with their clients, moving away from compliance-based services and towards assisting their clients with business development and business growth strategies.

Some firms attending these programmes were phenomenally successful, a testament to the integrity of them. Many came away inspired and ready to take on the world, but failed to implement. Weighed down by low value clients and an ever increasing compliance burden, they simply did not have the time (and in many cases, the skills) to move into this lucrative area. There are three reasons why business development did not work for the majority of firms:

1. Partners were too busy to dedicate serious time to making a business development division work in their firm
2. Partners did not have the skills to implement the growth strategies with their clients (incidentally, it is our view that this challenge is more philosophical than pragmatic, meaning that partners lack the self esteem to confidently advise clients in this area. This should not be the case, since most accounting partners deal with successful businesses every day and know exactly what works and what doesn’t work)
3. Clients had difficulty understanding the gap between where the accountant had traditionally operated compared with where they were now attempting to position themselves (questions such as “why haven’t you talked with me about this before” were met with partners running back to the sanctity of their office with their tails between their legs).

Despite these challenges, there was, and importantly, still is a real need for business advisory services. In fact, many business owners in Australia are in all likelihood about to enter a period of difficult trading conditions for the first time in their business lives. For the past five years, many business clients have only had to turn up and go through the motions to make good profits.

It’s when times are bad (or on the precipice of potentially becoming so) that business owners need your help more than ever. When the economy is strong, you can be blinded by the light and oftentimes that light can hide from view the real weaknesses that exist in so many businesses. Interestingly, the light can also blind business owners to the underlying strengths in their business to the extent that they simply take



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things for granted. When the going gets tough, both the strengths and weaknesses are revealed.

An economic downturn is a time when the business landscape has a major clearing out. It's a time in the cycle that presents business owners with an opportunity to lay the groundwork to build their profitability and net wealth by addressing the things they should have been doing right when they were 'riding the wave'. And, for already well-run businesses, it is the perfect time to gain competitive advantage by focusing even harder on the things that have made them successful.

In other words, your clients need you now more than ever.

Accounting firms too often dabble in offering a range of services to meet their clients' needs. Yet few are skilled at translating what they do into client outcomes. It is for this reason that clients simply do not understand what you do and how you can help them. Go to five random accountants' websites and you're likely to see the same thing; a page entitled Our Services, where you'll find (not surprisingly) a long list of services – the most we have seen is 38 services! The aim seems to be to have the longest list possible.



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Here are some ideas for translating what you do into a business outcome:

| Your Current Service | Cited as a client outcome |
|-----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Cash Flow Forecasts | A cash flow forecast is an essential management tool. We recommend that you update this money map on a regular basis and that it be used as a working document to help you attain profit targets and manage cash effectively. We can work closely with you to build a forecast tailored specifically for your business, taking into account seasonality and other issues that affect your business. |
| Asset Protection and Succession Planning Strategies | The development of your succession plan includes identifying the various options for the future of your business after you retire. You should evaluate each option and put in place the necessary steps to ensure you can attain your preferred approach. Even if the planned date of your retirement is some time away, the steps you take in setting up a succession plan frequently involve implementing sound business principles. With the potential to improve the performance and hence profitability of the business, why wait? |
| Budgets | There are two important stages in the development of budgets: firstly the preparation of the forecasted profit and loss account and secondly (and very importantly) having a system to ensure that action is taken when the actual results differ significantly from those predicted. We can meet with you on a monthly or quarterly basis to act as an independent sounding board, help you interpret any differences arising from comparing actual and forecast results and make recommendations for keeping the business on track. Two well-known maxims remind us that “what gets monitored gets managed” and that “in business we need to work smarter, not harder”. A forecast profit and loss account plan is as important for a business as preparing a flight plan is for a pilot. |
| Key Performance Indicators | Key performance indicators (KPIs) are financial and / or non-financial measurements that are monitored on a regular basis. The performance of a business can be evaluated by monitoring just five or six KPIs. KPIs will vary from one business to another being based on the specific areas where performance has an impact on the profit the business enjoys. The final outcome of this process is a regular KPI report, that you can use as the basis for monitoring performance to ensure that your business stays on track to reach and exceed its targets. |
| Business Plans | Your business is a dynamic organisation and everyone should live and breathe the vision as embodied in your strategic business plan. The plan should guide you when major decisions are required. Yet we are surprised at how few businesses invest sufficient time on these vital aspects of management. For your strategy to succeed, it is vital that everyone who needs to know about it is informed. You should ensure that everyone understands the purpose and direction of the business and what their individual and collective roles are in making it happen. Ideally, this should be linked to some form of regular monitoring to ensure those roles are being fulfilled. After all, if everyone does everything they are required to do under the plan, the business will achieve all its goals. |



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Given that now is a great time to be talking with clients about business improvement, what is the most effective way to integrate such a service into your firm? One extremely effective way to do so, and a way adopted with great success by 20 leading Australian firms in the past nine months, is to bolt on a specialist business coaching division that does not impinge on your already busy schedule. That solution is to invest in the 10x opportunity.

In this report, we have looked at the typical returns earned by traditional accounting firms. We have discussed how acquiring another accounting firm has the potential to add average to average, producing yet more average. We've also examined the significant opportunities and major pitfalls involved in financial planning as an avenue to grow. So it's appropriate to look at the numbers associated with a 10x franchise.

Here's how the numbers pan out. We'll base our example on a typical small to medium sized accounting firm with 400 business clients.

Example of a 10x Franchise

| | |
|---------------------------------------------------------------------|-------------|
| No. of existing business clients | 400 |
| Target conversion rate (existing clients) to coaching club | 10% |
| No. of existing clients in coaching club | 40 |
| No. of businesses in your territory (approx) | 5750 |
| Target conversion rate (non clients) to coaching club | 0.5% |
| Upfront sales price for coaching club membership - planning day | \$ 7,000 |
| Monthly membership fee per client | \$900 |
| No. of new clients in coaching club | 29 |
| Total number of clients in coaching club | 69 |
| Coach time | |
| Number of clubs operating (assuming 8 members per club) | 9 |
| Upfront hours - Performance Goals Action - delivery and preparation | 7 |
| Total time - Performance Goals Action - 7 per Coaching Club Member | 481 |
| Hours per 10x Coaching Club | 50 |
| Total time 10x Coaching Club per year | 430 |
| Average hourly rate (revenue hours) - upfront planning session | \$1,000 |
| Average hourly rate (revenue hours) - monthly membership | \$1,728 |
| Revenue model | |
| Total monthly membership fees - once all signed up | \$61,875 |
| Total upfront sales volume | \$481,250 |
| Annual revenue from monthly membership fees | \$742,500 |
| If all members joined in same month | \$1,223,750 |
| Less costs ... ESTIMATED TARGET | |
| 15.5% Royalty + 3% Marketing Fund + 1.5% Roll Out Fund | \$244,750 |
| 10x Coach + Bonuses | \$120,000 |
| 10x Admin/Marketing Coordinator | \$65,000 |
| Start Up , Set Up Etc ... | \$50,000 |
| Subtotal | \$479,750 |
| Balance | \$744,000 |
| Target Gross Profit | 61% |



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The numbers speak for themselves. To highlight the salient points:

1. Your clients need help, now more than ever before
2. We know from experience that if you try to provide that help as a 'service' of your firm, you may meet resistance because it is too far removed from what you have traditionally offered
3. We are entrenched in a seriously difficult labour market, with a reported excess of 20,000 advertised accounting jobs when compared to candidates available in Australia
4. If it is so difficult to hire accountants, doesn't it make sense to add on services that do not depend on accountants to deliver them?
5. If you could find an opportunity that could deliver over \$1M in additional revenue with a 60% margin with just two full time equivalents, neither of whom are accountants (one coach and one administrative support person) wouldn't that be worth considering?
6. Of the three options outlined in this report, which presents the best (and easiest) value proposition for you?

We hope you'll agree that the 10x opportunity is worthy of serious consideration. Please contact us for more information on how you can secure your territory and start to enjoy the returns you deserve as a trusted adviser.



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Eight powerful opportunities for accounting firms serious about making a difference!

If you're dissatisfied with what's happening at your firm at the moment, or perhaps you're curious about the possibilities that are available in the marketplace, you'll find this document to be very interesting.

The 10x Opportunity brings together 8 powerful business advantages which have been developed and honed individually by 10x' founders, over the last 20 years and have culminated in 10x.

That's 20 years of business development experience in over 22 countries with a diverse range of clients AND focused on one single outcome – how to provide business services to the SME marketplace while making a difference to their business and their personal lives, not to mention maximising the revenue return and profitability to the service provider.

The benefit to you is powerful ... you can now have the incredible advantage of that experience to grow your firm's clients, revenue and profitability while being profoundly different to those accounting firms around you.

“There are so many things you can say ... but with the needs of small business, the pressures and opportunity of globalisation ... with business owners earning less money than they were before ... and a high percentage of the turnover of the world is small business ... the amount of momentum here - there is such a huge opportunity to get this out there to small business and make a very real difference.

We should never underestimate how lucky we are to be a part of this in terms of our ability to make incomes we never imagined and make a difference like we never imagined and get our accounting mindset out of the way and become sales people to reach people, this will help business owners and to have them still be here in 20 years time and leave their competitors in the dust in the mean time.”

Dan McMahon (McMahon Osborne – 10x Tullamarine)

Opportunity #1 – Making a real difference to your clients businesses (as well as the lives of your people and your own)

The most important benefit for your firm and that of your clients' business is this ... With a 10x division, your firm now has the ability to provide services to your clients that add awesome value, build your clients' business and give your clients the potential for a lifestyle outside their current grasp.

The founders of 10x have more than 75 years combined experience working directly in business development and have learned everything you need to make your 10x division successful for you and your client.

“I have had this enormous feeling inside that something enormous is going to happen, we are already half way through it I would say go for it, it's incredibly positive and it is working incredibly already - just follow the manuals and go for it...”

What you guys [10x Directors] have put together here, is the far and away the best content and IP I've ever seen - it's logical, it's incredibly well done and it's easy to follow. You can literally see how this is and will work moving forward ...”

Glenis Gassmann (GM Accounting – 10x Brisbane Logan)

This experience includes:

- how to market to this sector so you attract clients
- how to sell so both you and your client are happy with the outcome and you gain the maximum \$ value;
- how to get results for your clients and build their business,
- and how to build an ongoing relationship with your clients so they refer business to your
- accounting firm and your 10x division.

“Fantastic opportunity to kick-start their business development arm.”

Graham Scott (GW Scott & Associates - Hamilton City, New Zealand)

“This investment will not only create growth within your firm but create a better life for the business owners and the impact will have the ripple effect.”

Kelly Griffiths (SWAT Accounting – 10x Frankston)



10x opportunity document

Opportunity #2 – remove the restrictions of an hourly rate

In 1964 there was a research study and subsequent book written on the state of the accounting profession in Australia. There were 2,150 accountants surveyed, with data collated on everything about how they ran their businesses, how they charged, how much they paid people and how much profit they made.

Using the data (in today's dollars) and benchmarking the 1964 figures with just under 1,000 accounting firms in 2007, what we found was astonishing. We were specifically looking to see how the profession has progressed, and we wanted to know if profit per partner had increased and if so, by how much. The good news is that the profession has progressed.

On the lower quartile, profit per partner had improved by 19%. At the upper quartile of results, the profit per partner had improved by just 40%. Not even 1 percentage point above CPI over 43 years!

That is not progression. That is not thriving. That is just existing, and that is not right. Over that same time frame the industry has gotten smarter, introduced technology, become more efficient and produced a better product. With all of these advancements you would think that profit per partner would be rising much faster than 1 percentage point above CPI. It has not.

After 15 years working on the accounting profession, we put the main reasons for this lack of progression down to 3 areas:

1. The business model
2. Time based billing
3. Services offered

The key restriction to an improvement is the hourly rate.

The founders have focused on the business model (step 1 - changing the model) over the past 20 years. The focus by all four directors individually, has been to develop a business model that gives value added outcomes and that is a fundamental shift.

This fundamental shift away from valuing time as a mechanism for assessing value gave rise to new service offerings (step2 – change the offer).

When you look toward the value gained from what you provide it opens up a new world of possibilities, as the focus becomes how to maximise value for your clients and not maximise charge out rates.

By focusing on providing value outcomes for the service offering, it necessitates the removal of time billing and once that is achieved, a dramatic increase in both revenue and profitability makes itself available.

Your 10x division has been built over the last 20 years and as the focus is on value outcomes for your clients, the amount of revenue and profit is high and your time is greatly leveraged.

“Potential for success is endless.”

Alyra Hawton (Roger C.H.N.G. & Co – 10x Brisbane South)

Opportunity #3 – Stop losing staff

"Wanted - person to work 60 to 80 hours per week from August to November (the remainder of the year is only 40 hours per week). The work you will do for the first one to two years will be dull and mundane and have few challenges to your intellect. We will pay you pretty well and give you as many benefits as most other places, but in return you must account to us for your day in six minute increments. How many of these six minute increments you can charge to our clients will determine your worth to the firm. We do not want your creative thoughts; we just want you to charge as many hours as possible because we have not bothered to come up with a more creative way to bill our clients."

It's hardly inspiring, is it? Yet it happens all the time.

But - it doesn't need to be that way.

You see, our current 10x division holders have excitedly expressed that a new vigour has come into their accounting firms since partnering with 10x. It stems from the training 10x has offered, the excitement of doing work that adds considerable value to their clients. And - it brings a new focus and energy to the accounting firm. Not all has to change but just the possibility of change for staff can be a powerful attraction.

The opportunities don't end there. The 10x Opportunity also means ...

- no more six minute recording as the value is event based not time based;
- staff get to see the excitement from their clients, not the normal resentment of paying a bill for complying;
- the 10x marketing events are inspiring to the staff as well as the prospective clients;
- your staff are learning new skills and gain new abilities in marketing, sales, client service, business coaching and they also grow as people and their personalities shine because of it!



10x opportunity document

Opportunity #4 – Always be able to get (and keep) new “high value” clients ... regardless of the state of the economy

“10x have the answers and methodology, the tools and support to help you be successful in your 10x business.”

Karen NG (Roger C.H.N.G. & Co – 10x Brisbane South)

Times are great for the accounting profession ... at the moment. But they won't always be that way.

You are probably like most accounting firms and have built your client base over many years. You know that it is the lifeblood of your firm. With that, you protect it from outside influences. You nurture your relationship with your clients with the desire that they will turn into more business for you. Chances are too, you are sometimes a little concerned with overcharging them in case they leave.

So far, your clients have been fairly loyal to you and your firm, but times are changing. The marketplace is being educated and your clients will start to expect more. The firms that don't offer more will simply lose out.

For the last 20 years we have heard that accounting firms offer business services to their clients, but has that really been the case? 20 years ago, most business clients did not know what 'business services' were, but with the growth of the business consulting and coaching sector now they do.

In fact, they now realise there is a myriad of professionals who can work closely with them to expand their businesses and they want in. Like it or not, if you don't give them what they want they'll look elsewhere ... to an accounting firm that does.

The founders of 10x have been marketing and selling to the small business sector for over 20 years, and as a result you now have access to a very powerful marketing and sales system which guarantees you will always have clients, always be able to grow your firm, and have the flexibility to turn on your marketing system anytime you need it. Once you learn how to use the 10x Intellectual Property and how to market and sell using our proven methods, we can never take that away from you.

“Finally a business model that gives business what they want and/or don't want yet realise they need.”

Mark Twomey (McLean Charge Partners – 10x Sydney Hills)

Opportunity #5 – Easier, cheaper, more profitable and less problematic than using 'firm

Acquisition' As A Strategy For Increasing Your Revenue

“Common sense approach to business building.”

Helen Morrow (Small Business Management Services – 10x Gold Coast South)

Consider this ...

Even though every accounting firm we speak with tells us that 'we are different', the fact is that most firms are absolutely the same. '

They are doing the same kind of work with the same kinds of clients, using the same kinds of people. Their offices look and feel the same.

Their key challenges are all the same.

And not surprisingly, their financial results are remarkably similar.

Naturally, there are a small number of firms outperforming the rest, but there are many, many firms doing average things and getting average returns.

So if most firms are very similar, in theory that means that an acquisition target is likely to have the same organisational, people and operational challenges as your own firm. So the quid pro quo in exchange for increasing your fees and your client base is that you wind up bolting on more stress and administration.

In all likelihood, the most predictable outcome of acquiring another firm is that, at best, you bolt one mediocre firm onto another, resulting in distinctly mediocre results.

Compare that with the opportunities on offer with a 10x Division attached to your firm ...



10x opportunity document

Example of a 10x Division

| | |
|---------------------------------------------------------------------|-------------|
| No. of existing business clients | 400 |
| Target conversion rate (existing clients) to coaching club | 10% |
| No. of existing clients in coaching club | 40 |
| No. of businesses in your territory (approx) | 5750 |
| Target conversion rate (non clients) to coaching club | 0.5% |
| Upfront sales price for coaching club membership - planning day | \$ 7,000 |
| Monthly membership fee per client | \$900 |
| No. of new clients in coaching club | 29 |
| Total number of clients in coaching club | 69 |
| Coach time | |
| Number of clubs operating (assuming 8 members per club) | 9 |
| Upfront hours - Performance Goals Action - delivery and preparation | 7 |
| Total time - Performance Goals Action - 7 per Coaching Club Member | 481 |
| Hours per 10x Coaching Club | 50 |
| Total time 10x Coaching Club per year | 430 |
| Average hourly rate (revenue hours) - upfront planning session | \$1,000 |
| Average hourly rate (revenue hours) - monthly membership | \$1,728 |
| Revenue model | |
| Total monthly membership fees - once all signed up | \$61,875 |
| Total upfront sales volume | \$481,250 |
| Annual revenue from monthly membership fees | \$742,500 |
| If all members joined in same month | \$1,223,750 |
| Less costs ... ESTIMATED TARGET | |
| 15.5% Royalty + 3% Marketing Fund + 1.5% Roll Out Fund | \$244,750 |
| 10x Coach + Bonuses | \$120,000 |
| 10x Admin/Marketing Coordinator | \$65,000 |
| Start Up , Set Up Etc ... | \$50,000 |
| Subtotal | \$479,750 |
| Balance | \$744,000 |
| Target Gross Profit | 61% |

“3 things that jump out to me I probably haven’t seen a better encapsulation of an end to end business process in your practice to build a business and then a handbook of how to do it end to end ... It’s a great opportunity - every layer of this model wins - the guys who have paid the money for the franchise win, the coaches win potentially equity and we’ve got resources to learn and grow from ... and help our clients do the same. I’m looking forward to learning more, having new interrelated skills with people and for the chance to show my creativity in this business ... Everyone wins - every gets a share of the action and everyone goes from struggle and effort to prosperity ... it’s a great way of doing business in the future.”

Bernard Marning

The numbers speak for themselves. To highlight the salient points:

1. Your clients need help, more now than ever before
2. We know from experience that if you try to provide that help as a ‘service’ of your firm, you may meet resistance because it is too far removed from what you have traditionally offered
3. We are entrenched in a seriously difficult labour market, with a reported excess of 20,000 advertised accounting jobs when compared to candidates available in Australia 10. If it is so difficult to hire accountants, doesn’t it make sense to add on services that do not depend on accountants to deliver them?
4. If you could find an opportunity that could deliver over \$1M in additional revenue with a 60% margin with just two full time equivalents, neither of whom are accountants (one coach and one administrative support person) wouldn’t that be worth considering?
5. Of the three options outlined in this report, which presents the best (and easiest) value proposition for you?



10x opportunity document

Opportunity #6 – Massive payback ...

In fact, the IP is far in excess of your 10x division investment ... by millions of dollars

“Do it. You will not be able to replicate the 10x process in anymore near enough time to justify the cost of trying to do it yourself.”

Mark Twomey (McLean Charge Partners – 10x Sydney Hills)

The IP developed by the four founders over the past 20 years and the IP developed since 10x has started is by far in excess of your initial purchase investment. In fact, your purchase investment does not even come close to just one of the service offerings provided by 10x.

To create all the IP that 10x has on offer, from scratch including the research and development time, testing the market place, development of material such as DVD programs, written material, manuals and “how to” documents, you’d invest a million dollars easily ... before you received one dollar of return.

You would also need to consider the unique attributes of each of the founders, their experience both nationally and internationally, their experience running business development, their experience knowing what works in the marketplace and more importantly, what does not work.

The amount of research done as to what does not work would be in excess of three million if you take into account the last 20 years.

So, for a small investment you have access to a wealth of experience and a wealth of IP which will change the way you view business. 10x will forever change the way you view possibilities within the business development, business advice and business coaching sector.

“10x is real solutions backed by significant research that has been tested. I was a sceptic turned believer and now a do-er.”

Kelly Griffiths (SWAT Accounting – 10x Frankston)

“Take all IP, knowledge, and experience and proven success and use it. The fact that you’re looking tells you something ... follow what works.”

Simon Whitaker (Acumon Consulting – 10x Hunter Valley)

“10x is a do-able system”

Darryl Jess (JSP Partners – 10x Dandenong)

“Just do it. What I gained from Foundations I am sure will more than pay for the franchise cost.”

Bruce Barton (McLean Charge Partners – 10x Sydney Hills)

Opportunity #7 – SAVE money on client acquisition by tapping into the buying power of the 10x group

Client acquisition events can be costly but through the buying power of the 10x group you will save a considerable amount of money.

Currently, the cost of marketing our 10x Edge events is about standard within the industry, however as our group grows our buying power is driving prices down dramatically when it comes to ticket events, workbook, and stationery. In the future our competitors (other accounting firms in your territory) will not be able to put on a client acquisition event for what 10x can while maintaining our level of quality or WOW factor.

Savings through buying power is only one of the benefits of the collective bargaining power of a group. You’ll also benefit from the introduction of BIG business technology and small business prices including initiatives like SMS marketing, website and underlying database tracking of prospective clients, mass marketing technology and a raft of other initiatives which a single firm will not be able to come close to.

The opportunities available to the accounting firm who becomes involved with 10x and initiates a 10x division are far reaching and certainly outstrip your initial investment.

Opportunity #8 – Each 10x member works in partnership to grow each others’ firms and 10x as a whole

“The content and networking at 10x Foundations I like the most, you can discuss ideas and problems with others in the same position not in competition with them. “

Paul Farquhar (GW Scott & Associates, 10x Hamilton City, New Zealand)

Your peers form the core of 10x. You see, every owner of a 10x division is an accounting firm as well as shareholders of 10x. That means every 10x Division owner has a vested interest in the success of 10x and the entity as a whole.

This is an intelligent group of people focused on building not only their accounting firm, but their 10x division. For example, we had a massive win in Western Australia with one of our Coaching Club intakes, and that 10x division owner has shared his experiences with every person in 10x. He is now conducting sales academies with all the other members to build their collective results.

Imagine for a minute, an accounting firm had a great win in another part of the country and they simply wanted to work with you to implement that strategy into your firm.

What difference would that make if there were 25 firms doing that for you, or as we are moving toward ... 172 firms?



10x opportunity document

What difference would it make to your firm if accounting firms all around the world were sharing with you their best practice ... might that make a difference to your goals over the next five, ten or fifteen years? Might that make a difference to the possibilities you have at your disposal?

10x is committed to facilitating a culture of sharing. We have done this by having a shareholding for every accounting firm investing in 10x. We have done this by sharing all information through Coaching Club, group conference calls, regional conferences, CD of the month with interviews from other 10x owners and online forums.

The power of having other intelligent people focused on a common goal is that all win and all share in that win.

There are many more advantages of being part of 10x, and the investment in comparison to what you gain is small.

Frequently asked questions

I've tried business development before. How is this different?

A number of Accounting Firms have tried business development before and have produced mixed results, from very poor to just above ok. We believe that most of these attempts were doomed to fail before they even got off the ground. Let us explain that statement: business development is not a "let's give it a go" type of a service offering, as it needs to have dedication and resourcing from a department that is separate from your accounting firm's everyday activity. 20 years of daily research, tests and measures globally has taught us that business development / business coaching is a very lucrative area, but it needs the focus of a separate department, with a person in charge of business development / business coaching.

The reason behind a separate division for your 10x business is very simple; you need to have a person who runs the business; a person who is responsible for the achievement of the stated results and has to report to you on the board/executive team. This person can be the coach, but can't be a person who spends 85% of their time in the accounting firm and 15% of their time on business development. Time after time has taught us that a split focus is anti synergy. Where synergy $1+1+1 >$ the sum of its parts, e.g. 4 or 5 or more BUT where you have a split focus, you have anti synergy where $1 + \frac{1}{2} + \frac{1}{2} <$ the sum of its parts, e.g. 1 or less.

The 10x founders are the leaders in their field globally, and have been involved in providing business services to the SME market place for the past 20 years. They have such a vast degree of knowledge in this area that they have probably forgotten more than you will ever learn about business development and how to setup a business providing business development and business coaching services to the SME market place.

The reason for this being different to what you have done in the past is the people behind the scenes, the years of testing and measuring wants and needs, and the dedicated team here to support you in the areas of:

- Initial business setup and training,
- marketing to the SME market place,
- sales support, and
- coaching support

The focus surrounding the setup of this as a separate business division, producing its own results and having people dedicated toward what is needed and wanted stands apart from anything else you have experienced.



10x opportunity document

How does my 10x division generate fees?

Initially you generate fees through a 10x Coaching Club model which is based on the Rob Nixon proven model of 8 business members per club. Rob's model has been in operation for the last 3 years and is proven in the value it provides to its members by the feedback provided on an ongoing basis and the dollar value members are willing to pay. The member's investment is an initial fee of \$7,000 to join and \$900 per month ongoing membership. That's \$16,900 plus GST per Coaching Club member. You might be saying to yourself right now that your clients would not be willing to pay this amount per year, but once we teach you how to sell by outcomes, your picture of what is possible changes dramatically.

You will have access to other world class service and product offerings built and tested in the marketplace over the last 20 years. Service and product offerings which will lift your hourly rate, give you and your clients options to stay within your firm and not want external business advisors, coaches and potentially dangerous unqualified people meddling in your clients businesses. We can discuss these service and product offerings either over the phone or face to face but be assured they are substantial.

How does my 10x division generate leads?

Your 10x division is provided with all the marketing tools necessary to generate leads for your 10x division. This includes direct mail campaigns, SMS marketing, ticket templates for events, scripts for everything from how to generate your database to booking people into events and meetings, PowerPoint presentations for Edge Events and even the key note speaker for your Edge Events.

Initial marketing to generate leads is done via hosting an Edge Event, where you can expect between 150 and 400 people.

One of the great provisions by 10x Limited is the marketing, sales and delivery experience gained over a combined 75 years of experience by the four founders. You get global knowledge on business development in a scale never before combined in one organisation.

How do my clients win?

Your clients win massively through a dramatic improvement in their businesses revenue, profitability and ease of operation, their individual confidence levels, their positive attitudes gained from being in your 10x Coaching Club and interacting with your 10x Coach and their peers.

The power of the group and combined 10x coach is truly incredible especially when you combine the power of a business owner not wanting to let their peers down. This factor has the member completing projects, completing goals, undertaking strategies for improvement and having

a far healthier attitude to their business and what it can do.

Your clients win through an improved lifestyle and a reduction in their level of stress, and if they have a family, an improved family life. Yes, your 10x Coaching Club delivers all of this and much more. People in your community win as the more businesses you have in your 10x Coaching Club the more prosperous the community is.

How does my accounting firm win?

Your accounting firm wins in many ways; too many to fully answer within this document. Your firm wins through a substantial increase in fees and also an increase in profit yield per business client. Your accounting firm will also win through an increase in business client numbers via the 10x tested and proven marketing methods employed.

Once you have been trained on how we generate leads, how we convert leads into sales and how we value add, you will forevermore be able to generate leads for your 10x division and your accounting firm.

Most franchise offerings are focused on the deliverables e.g. a great pizza, and while that is important, most fall down on the marketing and sales aspect. With 10x Limited you have access to world class marketing activities that have been proven to get outstanding results. As well as world class marketing methods and devices, you have access to sales and value added sales methods to support you in the sales of your 10x division service and product offering.

One of the most dramatic wins is to differentiate your firm in the mind's eye of your clients, your prospective clients, your staff and prospective staff. People need to know that they are working with a progressive firm that is different from all the rest or the only way they will differentiate your firm is by fees and pay! That is, charging your clients less fees and paying more salaries to your staff and this is not an equation you can win.

Let 10x support your firm in being different and have clients, prospective clients and staff wanting to work with you because they are inspired.

Working with 10x can have a profound difference on people being drawn to your firm in comparison to you having to drive them in. The difference between your firm with no 10x Division and your firm with a 10x division is dramatic and changes the perception the market has for your firm. This includes how the media treats you, how prospective clients treat you, how your current clients treat you and how staff treats you - creating a vortex in the market place that draws attraction towards your firm.



10x opportunity document

Target gross profit for my 10x division

Your Target Gross Profit will depend entirely on the effort you put in, the current client numbers on your database, your goals for your 10x division, and the people you employ and their abilities (more on this later).

| | |
|---------------------------------------------------------------------|-------------|
| No. of existing business clients | 400 |
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| Subtotal | \$479,750 |
| Balance | \$744,000 |
| Target Gross Profit | 61% |

How do I find the right coach for my 10x division?

You will be pleased to know that it's a lot easier to find a Business Coach for your 10x Division than it is to find an Accountant for your firm. It's also a lot easier to keep them and to keep them motivated than it is to find and keep an Accountant for your firm.

The job description is more motivational, the potential return is more aligned to keeping a person long term, the flexibility for you and your coach is more aligned to the other industries around you and thus allowing you to offer great incentives, bonus schemes and working time flexibilities.

We work closely with you to find the right coach and support you with everything from the ads to place on Seek through to the job descriptions, interview questions and offer letters. We are already finding that good coaches are approaching us looking for the 10x Entrepreneur in their area!

This area can be an exciting opportunity for your firm to be different from every other accounting firm in your area and can, if done correctly, differentiate you from every other accounting firm.

Staff need to know that they are working for a firm that is completely different from all of the rest or they will start to look toward the money and that is not a good place to have your staff.

What are the qualities of a good coach?

The right coach has 4 key qualities:

- **Passion.** They are clear that business development and strategising with clients about their growth and development is what they love to do. This passion has a profound impact on your prospective clients being attracted to your firm. If your coach has a base level of passion then 10x Limited will impart a culture that will have them being profoundly attractive to the marketplace.
- **Experience.** Your coach should have the experience that will give them the respect of the club members. They are often accountants, ex-accountants or Business Development / Management Consultants who have been helping people grow their businesses for 10 to 20 years.
- **Willingness to learn.** The 10x Coaching Club model has been tried and tested. Your coach must be willing to learn our strategies and techniques for successful group coaching, while still of course having the freedom to bring their personal style in to play. This willingness to learn is critical as 10x Limited has a vast array of knowledge that will support your coach in supporting your clients as well as supporting your accounting firm to grow.



10x opportunity document

- Commitment to making a difference. A coach is someone who is committed to seeing clients produce results for themselves, their business, their staff and their family. “Your coach is the person who has you do the things you don’t always want to do so you can have the life you have always wanted to have” ... so they must have a very high level of commitment to making a difference, and once they have then the sky is the limit when it comes to a profound difference to your clients. A great coach will have your clients turning into raving fans and driving clients into your business.

It will be far easier for us to support you in getting the right coach than it will be for you to employ an Accountant into your firm. We can talk more on this later.

Can I do the coaching myself?

The simple answer to this question is yes and no.

You could become the business coach for your 10x division but you would need to dedicate 100% of your time to running your 10x division, coaching the clients and making sure the results are outstanding. For some firms this is a perfect fit as one of the accountants has removed themselves from the daily activities, but for most you will need to hire the person who will run this business and report back to you and/or your partners.

To truly make this division work for you and your firm, to produce the profitability, to produce the revenue, and to produce the new clients into the division and into your accounting firm you need to have that dedicated person who walks, talks and breaths the 10x division every minute of the day.

We can support you in finding this person and to train them so they are dedicated, passionate and have what it takes to make this work for you so it’s simply a matter of choice! How well do you want this to work and what difference do you want to make with your clients and in your community?

Where are the coaching meetings held?

This answer comes down to what you want to create for your firm and your clients. Do you want your Coaching Club clients, which may be different from your accounting firm clients, to experience your accounting firm? Do you want your team to experience the positive effect Coaching Club has on your clients? Do you want your team to be effected positively by your coach, by the 10x division? If the answer is yes and you can fit 20 people into your board room then we suggest you take advantage of the positive effects coaching has to offer and hold it in your premises. If you don’t have the space in your accounting firm and can’t make it then hold it in an outside venue.

Your Coaching Club members will travel so there is no issue as to where you hold the meetings, it’s just a matter of what experience you want to have and what experience you want them to have.

How much of my time will it take?

It really is up to you as to how much time you want to spend with your 10x division and a meeting with 10x Limited can assess how this would look for you and your firm. Every firm is different, and what each partner wants is different, however ... your 10x division is designed to be managed and run by your coach and your marketing coordinator/admin person. Any training and development needed is delivered by our 10x Limited Head Coach and the mechanics of your 10x division can also be driven by 10x Limited, so other than the involvement outlined below there is little time you need to devote if this is how you want it.

As a 10x Entrepreneur, you, the partners in your firm, your coach and your marketing coordinator/admin person will be required to attend an initial 5 day foundations training in Brisbane or the Gold Coast. These powerful events are scheduled regularly and once you have been you will be fully trained in all elements of your 10x division.

You will also want to attend your 3 hour ‘The Edge’ marketing events, which are usually held every quarter. The addition of 2 new members to your team will add regular reporting and meetings as you would do with any existing division of your firm. Your coach will submit regular detailed reports to the 10x Limited Head Coach to ensure they are on track with expected outcomes and any training required is distinguished by and done with the Head Coach.

Beyond the above, you may wish to briefly drop into the coaching days to connect with your clients and see their progress. You may also want to scan their reports* prior to meeting with them so you have a clear picture of how their business is going when they come in. This means you can cut through a lot of ‘information gathering’ in your meetings and deepen your relationship with them so you can really make a difference in their business.

*** To see these reports and find out how they give you a quick clear view of your client’s business contact Nick Howard on 1300 658 221 to book your free consultation.**



10x opportunity document

What is the expected return on my shareholding?

Initially not a great deal as 10x is spending all of its resources on the development of your business and the development of the 10x territory. After two or three years we expect a massive improvement in the returns from 10x as the royalty streams become active. There is a policy for return on both A and B class shares at the 12% mark but this will depend on profit generated. You need to refer to the prospectus in order to assess the shareholding on offer.

Will it work in my area?

After being involved in business development and business coaching business globally (more than 22 countries) the answer to your question is a resounding YES. There are opportunities for city businesses that are not available to the regional areas AND there are opportunities for the regional areas that are not available to the city areas, BUT both are equally receptive. There are existing 10x division holders in diverse areas such as Geraldton, WA, North Melbourne, Gladstone and Sydney Hills.

The real key for you making this a success for your firm is for you to fully understand that business people want support and they are willing to pay for it ... it simply comes down to your commitment to provide something the community wants.

How many clubs can 1 coach handle?

Initially you will be offering Coaching Club and as such your coach can manage up to 20 clubs.

Let's think on that for a moment ... that's 20 clubs x \$142,400 per club or a total of \$2,848,000.

We think that is a healthy amount for one full time coach to look after and it's busy for them at this level BUT not stressful for your Business Coach.

Once we introduce the other programs for your 10x division (see prospectus) then your coach will need to be supported by other coaches.

How many clubs can 1 marketing coordinator/admin person handle?

Each marketing coordinator/admin person can manage up to 10 clubs. Your marketing coordinator has other duties which will take up their time. This really comes down to your vision for your 10x business and as such you need to discuss what is possible with us to assess what your future needs will be. It really is up to you!

What happens if i want to sell my practice or a partner leaves?

This is a great question and we believe you always set up a business to either sell or produce an ongoing cashflow under management. Your 10x division is a separate entity to your accounting firm and as such it's an asset you manage accordingly.

We believe that you need to have the ability to build your 10x division an asset that could be sold or traded at your discretion. This is one of the reasons we suggest you set up a separate entity so you can make a valued decision if you are going to use 10x as a method of generating excess cash flow, a way of introducing new clients into your accounting firm or a method of generating a retirement fund or all of these options.

Can I sell my 10x division?

The simple answer to this question is: "absolutely" ...

And imagining for a minute that you have helped everyone you can, made all the money you want and now it's time to retire to the good life. Good for you. You have created a highly saleable asset and 10x will work with you to find the new accounting firm to take up the territory.

From the official legal perspective, as covered in the franchise agreement, Clause 20 of the Franchising Code of Conduct applies to any 10x proposed sale.

What happens if the coach leaves?

We believe that eventually every team member will leave and let's face it, sometimes even partners do! So you need to support your team to grow so when they do leave they are an asset to your firm and what you have done! We are saying that there is a good possibility that your coach will one day leave and as such we work with you to find a new one, train them and get them coaching your clubs as quickly as possible.

Many people are concerned that changing coaches might destabilise a club but in fact we have found that is not the case. The relationships that Coaching Club members have are with the other members of the club, you, their accountant, the information they gain from the 10x systems and programs and last but not least, the results they are achieving in their business because of their participation in Coaching Club. While the coach is important, they are not the only critical element to Coaching Club and sometimes a new perspective from a different coach is highly valuable.

We have developed systems where your 10x division and your accounting firm are the real contributors to your clients' experience, and as such the loyalty remains with your firm. If you follow our simple communications systems then you will retain your clients for life.



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What happens to clients outside my territory?

One of the truly important factors with your 10x business is that your clients are protected when they are in your territory. This means that no other 10x business division can touch your clients at any time without your express permission. However, this also means that you can't trade or market within their territory without their permission.

If you have clients in another territory you will either have to purchase them from the other territory at \$18 per client with the approval of the other franchisee, or set up a referral system where your clients can be referred back to you and their clients can be referred back to them.

You also need to understand that 10x will be imparting marketing and sales abilities to our 10x Entrepreneurs that will bring new clients to your firm. This means that over time, your client base in your territory will develop and grow with many new proactive businesses.

What's included in the training and start-up fee?

- 5 day Foundations training for the firm partners, the coach and the marketing coordinator/admin person
- 3 'The Edge' events to get clients – where we provide the key note speaker at your event and supply 1 support staff on the night of the event
- Club training – we attend your Coaching Clubs at our discretion until you are qualified
- Coaching Club for your 10x division with 7 other 10x division owners – your coach attends this
- Recruitment – Seek ad, job description, templates for employment agreements and offer letters
- Start-up database for your territory
- CD of the month – covering marketing, sales and operational tips and hints. This is hosted by our CEO Nic Clark or the Head coach and often includes interviews with franchisees.
- 10x Forum – an online resource populated by franchisees covering all areas of the business to share their experiences, successes, challenges, wins and feedback.

The real provision is that we are here to support your business and have a dedicated support division who eat, sleep and live to support your business during start-up. The 10x support team work closely with your marketing coordinator/admin person to ensure your 'The Edge' events are promoted correctly. The 10x support team work closely with your coach to make sure they understand the sales process, conduct role-play exercises with them and have them attend Sales Academy. The 10x support team work with your coach to ensure they understand how to coach and how to deliver the coaching program to your clients and finally, we work with you as the partners of the business to setup your 10x division. It is up to you as to how you use this support AND we go the distance to make sure we are behind you 100% of the way.

Should I attend an Edge Event to see what it is like?

Absolutely Yes.

If you have the thought of setting up a business development division and want to see what client marketing is all about then you need to attend. If you think that 10x might be a possibility for your firm then you need to see one or two of these events first hand. You should take some of your team along. They will get great value out of 'The Edge' as they are fun and educational.

You need to be aware that the seats get snapped up quickly so to find out when and where the next events are and reserve your seat please contact Sherry Barkase on 1300 658 221.

Your next step

In summary...

As you will have seen on these pages, adding a 10x division to your accounting firm enables you to stand out in the marketplace, help your clients like never before, significantly increase revenue, put the fun back into work and become a magnet for top flight employees. It's a proven system that delivers incredible value to business owners, to 10x firms and each one of your team members.

To find out more about the 10x Opportunity as well as availability in your region, simply telephone our head office on 1300 658 221 for Australia or 0800 570 572 for New Zealand.



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MUTUAL CONFIDENTIALITY AGREEMENT

This Agreement is made on _____ (“the Commencement Date”)

PARTIES: 10x LIMITED ABN 14 128 197 740 of 72 – 76 McLachlan Street, Fortitude Valley, Queensland 4006 Australia (“10x”) or any associated companies of 10x Limited

AND: NAME OF THE COMPANY OR INDIVIDUAL

_____ of _____ (“the Interested Party”)

BACKGROUND:

- A 10x and the Interested Party propose to enter into discussions and negotiations with a view to 10x working with the Interested Party in some capacity.
- B In the course of the discussions and negotiations, each party may disclose to the other information relating to its business including information concerning its corporate and business structure, existing and proposed business contracts, product information, technical information and specifications, product and materials prices and costs, managerial, financial and marketing strategies, the identities of actual and target clients and customers, employee agreements, employee reward schemes (including share option and profit sharing arrangements) and the identities of present or proposed employees which is not known to the receiving party or which is not available in the public domain (“Confidential Information”).
- C The parties intend that each of them shall, at all times throughout the discussions and negotiations, and thereafter until this Agreement has been superseded by a subsequent written agreement, maintain the confidentiality of the Confidential Information for the purposes of protecting their respective interests in the Confidential Information and to advance the prospect of them concluding a mutually satisfactory commercial agreement contemplated by these recitals.

OPERATIVE PROVISIONS:

- 1 This Agreement embodies the full agreement between the parties and any amendment of this Agreement must be in writing and signed by the parties.
- 2 The use of one gender includes other genders and the use of the singular includes the plural.
- 3 Words importing persons shall include firms and corporations.
- 4 The use of the terms “10x”, “Interested Party”, “party” and “parties” includes their subsidiaries, successors, assigns, shareholders, directors, officers, employees, agents and associated companies.
- 5 Where this Agreement is made between 10x and a company, partnership or other body, which is not a legal person, the Interested Party duly authorises one of its senior officers to execute this Agreement on its behalf.
- 6 Each party shall keep the Confidential Information confidential and shall not disclose it or make it available directly or indirectly to any third party in any form or medium whatsoever without the express written consent of the disclosing party.
- 7 Each party acknowledges that the Confidential Information is commercially sensitive and valuable and that any unauthorised disclosure or use of it could give rise to considerable damage to the disclosing party.
- 8 The parties agree not to use or exploit the Confidential Information for any purpose other than that for which it was disclosed without the express written consent of the disclosing party.
- 9 Neither party shall permit any employee, agent or subcontractor of that party to have access to the Confidential Information until such time as that employee, agent or subcontractor shall have entered into a confidentiality agreement with the disclosing party in a form approved by the disclosing party.
- 10 Each party shall immediately notify the other party of any information which comes to its attention regarding any actual or potential unauthorised disclosure or use of the Confidential Information. Each party shall co-operate with the other in any investigation, prosecution, litigation or other action taken regarding the subject of any such information.



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- 11 In the event of any actual or alleged unauthorised disclosure or use of Confidential Information by any future, existing or former employee, agent or subcontractor of a party, that party shall enforce its rights to injunctive or other relief to the fullest extent possible or, if requested by the other party, assign such rights to the other party. Each party shall reasonably assist the other party in enforcing those rights.
- 12 Upon termination or completion of the discussions and negotiations, each party shall deliver up to the other party any Confidential Information in that party's possession or control which is capable of delivery up. Each party shall delete, erase or otherwise destroy any Confidential Information contained in any computer memory, magnetic, optical, laser, electronic or other recording media in its possession or control which is not capable of delivery up to the other party.
- 13 Each party shall protect the Confidential Information from unauthorised access or use. Neither party shall be obliged to provide access to its computer or other business systems unless and until the other party satisfies it that the method of proposed access provides sufficient security and safety procedures. Any consent, whether oral or written, by one party to the other party regarding access may be conditional and may be withdrawn at any time without the necessity of giving any reason therefore.
- 14 Each party shall comply with all the other party's security and safety procedures and will permit and co-operate with any additional security or safety procedures, which either party may wish to implement.
- 15 Each party shall assist the other party in its evaluation, investigation or implementation of security and safety procedures including, but not limited to, providing information which might be relevant to the disclosing party's assessment of whether it should approve access to the Confidential Information by an employee, agent or subcontractor of the receiving party.
- 16 The provisions of this Agreement are in addition to and not in substitution for or derogation of any duty of confidence imposed upon the parties by the law of Equity or any other agreement, arrangement or understanding already in place between the parties. Where any inconsistency in those duties occurs, the provisions of this Agreement shall prevail.
- 17 The provisions of this Agreement shall remain in force indefinitely beyond the termination of the discussions and negotiations. All Confidential Information shall remain confidential until the earlier of:-
 - a) the time it becomes known to the receiving party through an authorised disclosure to the receiving party by a third party; or
 - b) the time it becomes available in the public domain through no act, neglect or default of the receiving party.
- 18 If for any reason a provision of this Agreement or part of it shall be illegal, voidable or unenforceable in any jurisdiction, it shall be read down or severed to the extent necessary so that it may not be so construed. The illegality, voidability or unenforceability of any provision or part of one in any jurisdiction shall not effect the legality, validity or enforceability of any other provision, or of that provision, in any other jurisdiction.
- 19 This Agreement shall be governed by and construed in accordance with the laws in force from time to time in the State of Queensland, Commonwealth of Australia.
- 20 This Agreement shall commence and be of full force and effect on and from the Commencement Date.