

PROFESSIONAL SECTOR INSIGHTS



Relied upon by other business owners to provide advice, the professional sector shows clear signs of adapting their own businesses in response to changing customer needs.

HOW ANZ SUPPORTS THE PROFESSIONAL SECTOR

We recognise that the professional sector shares our interest in ensuring New Zealand's privately-owned businesses succeed. We work with professional services to support mutual customers and see tangible benefits from drawing on each other's perspective and expertise, and in deepening relationships through networking opportunities.

We also recognise that professional sector businesses are often privately-owned and face many of the same issues as other privately-owned businesses. We work with these businesses to provide banking services for them and their staff that make it easier for professionals to focus on their core business.

ABOUT THE ANZ BAROMETER

The ANZ Privately-Owned Business Barometer is an annual survey of New Zealand business owners. In 2012, we received 4,011 responses from non-agribusiness owners including 528 responses from businesses who identified finance/insurance/business services as their main sector.

Twenty eight percent of respondents in this sector were aged 60 or over and 38 percent were located in Auckland.

Accountants and lawyers provide a significant portion of advice to private business owners. Many of these professional services firms are themselves privately-owned businesses and face the same issues on which they are advising their customers.

GROWTH IN A FINITE MARKET

Forty percent of business owners say cost is a barrier to obtaining advice and a further 32 percent are uncertain that an adviser will add value. Increased marketing and new products and services are all more significant contributors to growth, suggesting advisers are adapting and promoting their service offering to ensure they remain relevant to their customers.

A SECTOR IN FLUX

A raft of regulatory changes across professional services mean Government legislation and procedures are a significant issue for the sector. These changes may also be driving the new services being offered, as professionals see opportunities in the changes.

ADVISING THE ADVISERS

It's no surprise that the attributes and responsibilities of the professional sector differ from the norm. The professionals that exist to advise other business owners are clearly going to have a different requirement when it comes to advice for their own businesses.

Sixty seven percent seek independence or different thinking from their independent adviser, and half see the board's role as formulating strategy. These attributes are further evidence of a sector looking to become more competitive and relevant.

CHANGING OF THE GUARD

Succession-related issues are the highest in the professionals sector, cited by 15 percent of respondents, double that of the total response rate.

Professionals are more likely to prefer staggered exit compared with other business owners. The biggest barriers to succession are finding a suitable successor or acquirer, or an overdependence on the owner's expertise.

Yet this sector is also most likely to look for growth through mergers and acquisitions – one in four see M&A as a contributor to growth, the highest response in the survey and significantly higher than the total of 14 percent.

If the market is ripe for consolidation, how do those owners looking for a gradual exit achieve their goals? With just 11 percent of owners in this sector having a formal plan in place for succession, owners without a plan may find themselves exiting under less than favourable circumstances.

KEY RESULTS FOR THE PROFESSIONAL SECTOR

- > In response to the economic environment, 56 percent are engaging more actively with clients (compared with 40 percent of all respondents) and 36 percent are actively reducing costs (compared with 45 percent for total responses).
- > 46 percent see increased marketing as a key to growth and 26 percent are looking at merger and acquisition to drive business performance.
- > 61 percent prefer a staggered exit from the business and 40 percent say finding a suitable successor is a barrier to succession.

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