

THE ADVISABLE GUIDE TO

Service



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How to design advisory service lines for your firm

The challenge

- Accounting firms want deeper relationships with clients.
- Business owners are looking for financial expertise and advice they can count on.
- However, not every advisory service will be a good fit for your firm or clients.
- You need to choose a core portfolio of services that makes sense for your firm based on your team's expertise and your current and future client profile.

If you're transitioning from a compliance-only model, the first step is to rethink your role. As a would-be advisor, the value you provide to your clients is fundamentally different.

When offering compliance services, you enable your clients to continue doing business. However, when you transition to an advisory capacity, your value is to open them to the possibility of growth.

Robert Collings from UHY Hacker Young shares his [perspective and experience](#) on the fundamental shifts in role as an advisory firm compared to a compliance firm.

Different services provide different value to your clients

While it's important to keep in mind that providing advisory services is a great way to add to your bottom line, your focus needs to be on finding the best solutions to guarantee your clients' success.

| “If clients are thinking small and acting small, change that”

Ian Morgan from MBS Accountants [tells us that by](#) providing a series of advisory services to a client, they were able to increase their revenue 10x over 12 months.

In Ian's words: “If your clients are thinking small and acting small, you can change that.” It's important to note that Ian and his team didn't achieve these results by billing their client for every service they used. Their approach was to make sure they constantly

evaluated what services made the biggest impact on their client's most valued KPIs. It was this long-term vision and adaptability that ultimately led to the massive success they achieved.

Define your ideal advisory client

The worst thing that can happen to a consultant is being stretched too thin and losing focus on core competencies. This often leads to unhappy clients and a loss in profitability. Avoid this by making sure you match your strengths to your clients' needs. In a broader sense, adding advisory services creates even more need to define your niche.

If you want to provide a specific set of reports and meaningful advice to help your client succeed, you really need to know their world. You might have some clients who are e-commerce, and some who are professional service providers, so it's going to be hard to provide insights in a scalable way. Conversely, by working with many of the same types of clients, you can discover patterns and pitfalls to help strengthen the services you provide.

Filter inquiries and work with the right clients

Making sure your clients value and follow your advice is key to them being happy with your service. Even if they are paying for your expertise, there are times when, due to either company culture or some other aspect, they can be reluctant to implement your recommendations.

This is where having a robust onboarding process comes in. Ian Morgan tells us [how he filters inquiries](#) to make sure he only works

with the right clients. In summary, sometimes it's best to say no to a client to avoid any potential problems down the line that will compromise your ability to provide stellar service.

Giving your clients what they need

Your clients aren't financial experts – that's why they have you on their side. However, that doesn't mean they don't have any preconceived notions of what they need.

It's up to you to make sure they get the mix of services that will provide them the most value. This means there'll be scenarios where a more compact package of services can be exactly what they need. Cutting back on services and billing less can help you retain your client for a longer time while gaining the buy-in needed to increase your billing in the future.

Hayden Winters from MHA Carpenter Box [tells us how](#) selling less initially can lead to better revenue in the long run through stronger client relationships.

Plan your strategy

The first consideration when building your advisory services strategy is how you're going to get your first advisory clients. Since nothing really happens until you make the sale, this is truly the first step. To keep things actionable, there are two paths your firm can follow.



Add value by offering advisory on top of compliance

This is the route most often followed by accounting firms, since it's far easier to engage existing clients rather than starting from the ground up. [Angus Ogilvie](#) from Generate Accounting Group shares how he uses [complementary sessions](#) to get the conversation started, giving clients a sample of the value they could be getting from adding advisory services.

Marketing yourself to new clients

There are dozens of ways you can market your accounting firm and reach out to new leads (Advisable has an entire guide dedicated to marketing). The key thing to remember is to focus on your niche and ideal client first, building the rest of your marketing strategy from there.

[Alex Falcon Huerta](#) from Soaring Falcon Accountancy talks about [her approach to marketing](#) to a targeted niche, and why she considers this to be a strategy that increases success.

Choose the right mix of services

The perception of the value that bookkeepers and accountants bring to clients has been shifting over the past decade. As Jane Aylwin from Z Group [explains](#), clients usually have the perception that they are capable of doing many compliance tasks. This sets the stage perfectly for accounting firms to demonstrate their value through advisory services. Jane also covers why truly understanding clients' needs and matching them with their wants is key to gaining their trust and buy-in.

Since most clients will need quarterly performance meetings, 6

cashflow snapshots, ad hoc advice, or some variation of these key services, it makes sense to group the services you can provide from the following key client priorities.

Money management

Cash is often the biggest concern for business owners. As explained by [Sarah Palmer](#) of Women Who Count, there are some key questions that businesses need answered as soon as possible. Any services you can put together that answer the following questions will therefore be well received:

- How much cash do I have and how long will it last?
- Where can I get cash right now?
- How did my business do this year compared to last year?

You'll typically answer these questions with a combination of cash flow analysis and cash flow projections, as well as staying on top of the current information regarding bank offers and government incentives.

The main objective when it comes to securing cash is to be able to demonstrate that the business performed well during the last financial year.

Risk management

Every business has risk factors specific to their industry. The current crisis has brought those risks forward, and many have been forced to deal with these worst-case scenarios. Long-term planning that involves revenue, margins, and cash flow can be

areas where you can add value to your clients and help them weather the crisis. [In this video](#), Darren van Zyl of Enterprise Elements goes over the strategies they've implemented with their clients and how to approach the unique contexts each business will face the next 6 to 12 month period.

Financial and business advising

As we move to the new normal, accounting firms are being faced with the reality that the nature of their relationship with clients has changed. Clients expect to be in a relationship with trusted advisors who they can rely on. Firms that fail to engage clients proactively will most likely see their clients turn to other firms that can help them navigate through the following months.

The most important element of advising clients and helping them through this stage of the crisis is trust – trust in your abilities and that your firm has their best interests in mind at all times. [In another video](#) from Darren, he shares his view on what accounting is going to look like and what your clients' expectations will be in the future.

Financial plan development

Needless to say, we are going through times full of uncertainty and sudden change everywhere. This uncertainty makes developing plans to move forward incredibly challenging. Modeling, forecasting, data analysis, and scenario planning are all cornerstones of accounting firms that have started to offer financial plan development services to their clients.

Angus Ogilvie from Generate Accounting Group goes over the benefits of creating [multiple scenarios](#) for the coming months

and how that knowledge provides a much-needed degree of certainty on how to move forward during these challenging times.

Business performance services

A common theme throughout this article is that the expectations clients have from accounting firms have changed. In the past, when it came to business performance, accountants were called upon to “go over the numbers” and provide some post mortem analysis. This is no longer the case.

Clients now expect their accounting firms to use their knowledge of past performance data to develop models and set targets for future goals. Malcolm Pope from Shorts talks about what role you play as an accountant when it comes time to set goals and develop business performance plans.

Growth analysis

Some businesses have the goal to achieve growth in as short a timeframe as possible. This can be for a variety of reasons, the main one being that they’re going after a more favourable position when deciding to pursue an exit.

With accelerated growth comes accelerated financial needs and reporting. This is where providing growth analysis advice aligns with your clients’ ultimate goal.

Georgi Rollings from Starfish Accounting shares how growth analysis is a great fit for clients who are looking to accelerate their growth curve.

Workflow design

A good workflow allows you to complete processes reliably and efficiently. Workflows are commonly used by accounting firms when completing their own internal processes, but they can also be offered as a line of service to clients.

When offered as a service, clients gain the certainty that their key internal financial processes will be completed reliably. This in turn allows for improved reporting, budgeting, and forecasting.

[Estelle Hope](#) from Consilium Chartered Accountants describes how she uses [workflows](#) to give her clients insight into what to expect in the future.

Tax services

Typically, tax services would be lumped into compliance accounting. However, when you train clients to take a more active role in their finances throughout the year, the opportunity opens to provide more in tax services.

You can provide tax planning and help clients know what their options are throughout the year. Rather than simply reporting on the year when it's finished, you can offer a proactive approach to tax that adds more value to your client and reduces stress.

How compliance fits into the bigger picture

Just because you're moving your firm in the direction of advisory services, it doesn't necessarily mean you have to abandon offering compliance services. What it does mean is that you have to

take a look at what your current bandwidth is to determine what requirements you'll have once you start onboarding advisory clients.

Splitting your staff into compliance and advisory teams

This is typically the approach that medium to large firms take, as it allows them to provide dedicated staff to their clients. Just like any strategy, it has some advantages and tradeoffs.

The main advantage is that you don't compromise the quality of the service you provide, since you avoid stretching your staff thin by dealing with compliance deliverables and advisory services simultaneously.

The main challenge this strategy faces comes from the human resource aspect of your operation. Not all accountants have the right skill sets to develop an effective advisory relationship with clients. Often, accountants will need to be trained in-house and promoted to advisory client work, so finding the right talent becomes the biggest bottleneck to growth.

Richard Spofforth from Kreston Reeves shares his views on the biggest advantages to be gained by [splitting your team](#) into compliance and advisory.

Define your deliverables

One of the biggest challenges with providing advisory services is developing a specific, well-defined deliverable. In order to grow

your firm, you need to be able to provide a repeatable service as you continue to add staff and clients.

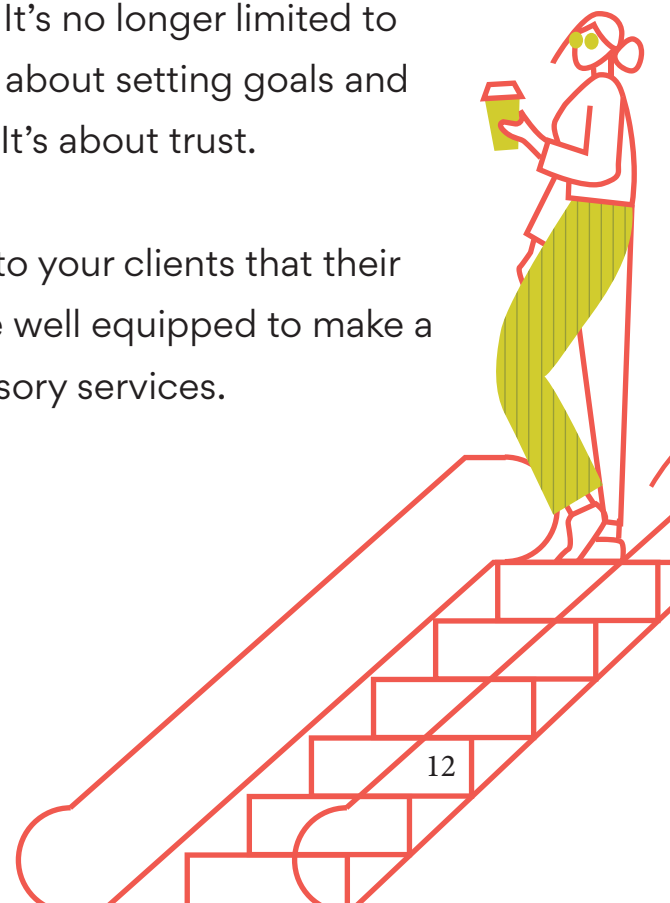
With advisory services, your firm has to be careful to not become reactive to every need and request of your client. By providing advisory services, you could run the risk of creating “scope creep”, where you spend too much time on conversations or urgent requests.

While providing advisory services inserts you into more conversations and a consultative relationship, you still have the ability to define your service. Settle on what specifically you will do. If it’s a financial forecast plus a 1-hour monthly call to review financial statements, be sure to price the deliverable appropriately.

Conclusion

Businesses today have shifted their expectations about their relationship with their accounting firms. It’s no longer limited to going over numbers and filing taxes. It’s about setting goals and achieving them. It’s about partnerships. It’s about trust.

If you are successful in communicating to your clients that their success is tied to yours, your firm will be well equipped to make a successful transition into providing advisory services.





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