



ESS
AccountantsMinute

Welcome to Accountants Minute. I'm Peter Towers, Managing Director of ESS BIZTOOLS.

Building a Virtual Chief Financial Officer Service in 2016

This is certainly going to be a challenge for most accountancy businesses. One of the big questions is: "Where to start?"

Part of this "start" preparation would include the development of an "elevator pitch", something that you can talk to people you meet, literally in an elevator or in other casual settings.

An "elevator pitch" for your firm could go something like this:

"Hello, I'm Bill Smith, partner of Smith & Co Accountants. Our objective is to deliver a virtual Chief Financial Officer service to assist our small/medium enterprise clients to add value to their businesses. Whilst our services include taxation advice, we offer a full range of commercial services, including advice on cost management, planning, budgets, succession planning, debtors' management and risk minimisation.

Incidentally, all of these items have been identified in small/medium enterprise surveys that have been conducted over the last 15 years. In these surveys, SME operators identified the type of advice they would like to receive from their accountants.

If you would like to talk to me in more detail, please ring me on 4724 1118 or visit our website at www.smithandco.com.au.

Another key aspect of the delivery of a virtual Chief Financial Officer (CFO) service will be encouraging your clients to spend some time, each week, working ON their businesses rather than continually working IN their businesses.

One of the ways that you might be able to achieve this is to be giving worthwhile information to your clients on what's happening within their business and then encouraging them to sit down with you to review those business operations.

What are some of these items?

The analysis of the monthly management accounts would be a great place to start. Don't prepare a set of financial accounts just for one activity if the client has got 4 or 5 different business units operating. Prepare separate Profit & Loss Accounts and the associated Key Performance Indicators (KPIs) and ratios for each of those individual business units.

Why not prepare a benchmarking report? You could utilise reports by Benchmarking.com.au to compare your client's financial performance in those various individual business units to figures established by Benchmarking.com.au from a review of other businesses.

Budgets and cashflow forecasts are very important, to show your clients where they might be going and then the comparison of actual performance to budgets, on a monthly basis, to see where they went wrong or, hopefully, where they improved and could that improvement be then implemented in other parts of the business.

Management of costs is a big worry for small/medium enterprises. In fact, in the surveys that have been conducted, this item was identified in the CCH survey as being the most important aspect on which businesses wanted some advice.

Business plans are very important and they're going to become more important during 2016. This is because the government is introducing a whole new regime for small/medium enterprises, entrepreneurs, etc, to raise capital. This will be through capital raising functions being encouraged in the amendments to the Corporations Code for crowd funding equity raising and equity raising for the new "innovation companies".

You can also assist by implementing appropriate systems to record research and development projects and then the actual expenditure, to facilitate a claim for the R&D rebate. This requires the business to be operating as a company.

If the business is also exporting or proposing to export, they could claim an Export Market Development Grant if they've spent more than \$15,000 in the year.

There are plenty of ways that accountants can be very proactive in offering a virtual CFO service. 2016 is being predicted by the Commonwealth Bank, in their publication "Accounting Market Pulse", as being the year that the business advisory services are emerging as the major new activity in which accountants are involved.

ESS BIZTOOLS has prepared an article, "Building a Virtual Chief Financial Officer Service in 2016", which looks further at this concept of offering a "virtual CFO service". This article is available as complimentary material and is attached with this transcript.

ESS BIZTOOLS is presenting a special webinar on Wednesday 30th March 2016 at 11am AEST (12pm AEDT), featuring "**Building a Virtual Chief Financial Officer Service**". You're invited to register to attend this webinar, free of charge, which will give you a great introduction as to why business advisory services is a package of products that you should really consider introducing to your accountancy business in 2016. [Click here](#) to register to attend.

I look forward to working with you on the implementation of appropriate strategies to meet the challenges that are confronting accountants at this time.

Peter Towers

MANAGING DIRECTOR – ESS BIZTOOLS PTY LTD

+61 7 4724 1118 | 1800 232 088

peter@essbiztools.com.au

www.essbiztools.com.au | www.essbizgrants.com.au