



Business Advisory Services a Key Product

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

Over the last few weeks we've had a series within our Accountants Minute articles as part of Adding Value to Your Clients. These articles looked at where are you now? We also asked you to look at the challenges that are facing accountants and advisors over the next twelve months, two years through to five years; and there are many of them. In our last Accountants Minute we looked at what assistance is available to assist you on this journey.

Today we're going to particularly look at Business Advisory Services a Key Product.

There has been a fair bit of publicity in accountancy circles of late as to whether tax returns are going to become non-existence. Nothing could be further from the truth. I honestly believe that there will always be taxation services required by Australian accountants. The Australian government with their continual tinkering with the Tax Act will ensure that that occurs.

I believe that the ideal firm of the future will be one that has tax advice, tax return preparation fees contributing around 50% to 60% of your income but the other 40% to 50% to come from other commercial services and one of the key other commercial service is "business advisory services".

So what is your vision within your accountancy or business advisory business for the next five years? If you haven't already done so, please write it down. When you look at your vision do you need to make changes to meet the requirements:

- do you need to change the services to your clients?
- is your team happy?
- are your accountants doing "real accounting work"?
- do you need to change some of the modus operandi to improve their job satisfaction?

What about your firm's overall strategic plan; are you on target to meet it?

You are probably busy at present, but with all the changes in technology, digital disruption and don't forget the Australian Taxation Office's changes; are you still going to be busy in a years' time and two years' time? By then it might be too late to really start to develop other products. Remember some of your clients will be getting approached already by other accountants and business consultants who are offering to supply them with a wider range of professional services which, in survey after survey over the last fifteen years, representatives of the small/medium enterprise community have identified that they would like different, more commercial services made available to them.

As part of the process of getting your firm ready, have you identified "product champions"? Who is your expert on Debtors Management, Personal Property Securities Register Due Diligence and the Early Stage Innovation Company... what a great opportunity for accountants to find some new energetic different type of clients that that legislation has presented, yet most accountants are doing nothing about it at this stage. I can't work out why.

Have you looked at your "industry champions"? If your top 5 industries (and incidentally do you know what they are for your clientele?) But if it was pharmacies, retail, sheet metal fabrication type business, house construction who are your "individual experts" for each of these industries? Who are the team members who know a bit more than the Profit & Loss Account type information about those industries so that you can wheel them out to a new prospect in one of these industries so they know the jargon; they know what's happening; they know of events that took place in the last few days in these particular industries. This is going to be very important in the future for accountants to be able to deliver.

To achieve all of this and to develop yourself as a business advisory service, there are going to be some hard yards. It's a bit like football training in January; it's hot, sticky but it's got to be done if you're going to be there to play in the finals in September. The same thing applies in these activities... you have to develop the team. There is going to be some training and mentoring required in leadership, in developing marketing skills, utilising the Small/Medium Enterprise Needs' Analysis to obtain feedback from your clients as to the type of services they would like you to provide and for which they are quite happy to pay.

Some of your team members will require training in being able to present seminars, webinars and videos. Every accountant from now on is going to require professional sales training and there are organisations available to do this. If you would like details, please don't hesitate to contact us and we will introduce you to an outstanding professional sales organisation for accountants and the small/medium enterprise market.

You will need to conduct one-on-one meetings with your clients to obtain feedback from them as to what is worrying them. What is waking them up at 3.00am relative to their business? This is all part of you understanding what your clients' aspirations are and unfortunately I have some sad news, your clients' aspirations are not just centred on having a tax return done, there is no value-add in a tax return. It's a crucial part of your business, but is it really helping your clients add value to their businesses? There is an opportunity for you to work a lot closer with your clients on introducing marketing, sales, and business management strategies. We have a system within ESS BIZTOOLS and our associated alliance partners for marketing and sales training to help you deliver that.

Another challenge I'd like to put to you is what is your team's income matrix for this current year - 2016/17, or make it 2017/18, if you must - but let's get started in 2016/17. Why don't you get a piece of paper and write down what you think you're going to be able to sell those services at, how many clients you're going to service and what the projected sales value is?

I had an accident with a tooth on Saturday. I ate a hamburger and lost the tooth. Thankfully, I found it, took it to the dentist and yesterday he put it back in temporarily because I told him I had a video to produce and I had the ATSA conference to go to next week in Melbourne. He then told me the various alternatives that I had to fix the tooth and as I went back out to the receptionist, she handed me three quotations; pre-printed on the dental practice's letterhead. Can you do that with your clients?

If a client came in to you today and said I've just calculated my debtor's days outstanding at 64 days and I'm told the industry average is around 50 and I want to reduce it. Can you, within about 2 minutes, produce a quotation? You could if you were using the ESS BIZTOOLS' system.

Let's look at some of the work that you might be able to do. Write down what you think you can sell this service at; how many clients will fit in that category, and then do the mathematics.

- A virtual CFO service. How many clients have you got? I think you should be able to plan to supply a virtual CFO service to, at least, 30% of those "A" class clients.
- Early Stage Innovation - a lot of these people are probably not your clients at present. This is one of the challenges. Subscribe to our product, run the seminar that we've prepared for you and find out who is doing things. A lot of them will not tell you. You will not know what they're doing.
- Budgets, Cashflow Forecasts, Business Plans. I honestly believe that for every one of your "A" class clients you should be preparing a business plan or reviewing their business plan for them every year.
- Many of them are going to need information memorandums, especially if they're going to take advantage of the unprecedented level of interest in investing in smaller companies which is happening in Australia at present. I've been in this space helping companies to raise capital for over 20 years, yet I've never seen so much activity that's going on at present with funds being formed to invest in companies. The Early Stage Innovation Company legislation has helped that to occur.
- These types of clients are going to also need some assistance with their investment pitches. They have 7-10 minutes, depending on the organiser of the investment function, to stand up and make a pitch to total strangers. Do you think your clients could do that?
- Personal Property Securities Register Due Diligence - I think that you should undertake a review for every one of your business clients. You should be charging them for 2-3 hours at least once a year. Some of them more regularly than that, especially if they have had staff changes of the people who are directly involved in the whole process of communicating with new customers and then the registration on the PPSR.
- Debtors Management - Our SME Debtors' System - how many of these could you sell? 20% of your "A" class clients?
- Succession Planning - this is another one like business plan. Every business needs a succession plan. So start rolling them out for your clients. It's not just when they're about to retire. Succession occurs at any stage in a business activity.
- If you get closely involved with Early Stage Innovation Companies there will be an opportunity for finance director appointments.
- We then get to the ones that have always been there:
 - buying a business
 - selling a business

Buying a business is difficult at present because there are that many businesses for sale, you have to pick which one your clients can buy, but selling a business is extremely difficult because there are a lot of people; the "baby-boomers" are starting to retire. Who is going to buy their businesses? Have they been appropriately prepared so their businesses are saleable? This could be a 2, 3, 4 year plan that you are able to work with them intimately to help them achieve their aims.

- Corporate Governance Mentoring - I've done a fair bit of that of late for government grants through AusIndustry because the government is concerned to try to make sure that companies currently with turnovers around \$3M, \$4M, \$5M are given the necessary tools and assistance to help them grow to companies of \$10M to \$20M turnover because they will create more employment.

These are the challenges for you to think about today as part of Business Advisory Services a Key Product to help you add value to your clients.

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