



I had a conversation this week on my webinar with my long-time pal, **Andrew Geddes**.

You may know of Andrew. He's regarded as the Australian accounting industry guru and was the former chair of Green Cross Ltd, when it was a public company.

Our discussion centred around the all-important question:

"Can we move from compliance dominance to external CFO and virtual CFO service delivery?"

During the webinar, we looked back at the 40 years since Financial Management Research Centre (FMRC) was established at the University of New England. Andrew has been involved with the Centre right from the start.

We talked about the way Australian accounting has evolved over those four decades and how the industry is now facing its "moment of truth".

These are the points that really stood out to my mind.

The dawn of the new era for accountants is here – are you ready?

The FMRC was a unique high level, business/academia/accounting research centre that was established at the University of New England 40 years ago.

The objectives were:

- ✚ To gain a greater understanding of the SME market
- ✚ To encourage accountants to provide a broader range of commercial services
- ✚ To have an academic involvement in how accounting services could be improved for the benefit of SME clients.

The founder of the centre was Dr Geoff Meredith, who later became a Professor at the Southern Cross University in Lismore, New South Wales.

Andrew Geddes was a joint founder of the centre.

FMRC was created to assist accountants gain a greater appreciation of the SME market.

Back in 1982, the main purpose of accountants was the preparation of accounting reports for tax compliance.

The aim was to encourage accountants to provide a broader range of commercial services.

FMRC used to run over 100 workshops a year for hoteliers, engineers, accountants, smash repair businesses and all other types of small businesses. Their programs were the start of the management education industry in Australia.

FMRC's message to accountants was this: let's try to help our clients more with running their businesses, rather than just providing them with tax compliance.

Here we are today, pushing the same of message that of Business Advisory Services. The difference from 40 years ago is that almost every accountant can work with and be backed up by online tools that have been created with immediate access to the Internet. 40 years may have gone quickly, but we are still helping clients.

Supplier of Advisory Services

Andrew Geddes still sees himself as an advisor, and there's no doubting he's earned his reputation. He's a member of 10 client advisory boards – some accounting firms, but he also works with engineers, surveyors, and a few tech start-ups.

And that's just part of the reason I believe we should all listen when Andrew has something to say.

Today's position of the accounting industry?

The big question is can accountants move from a position of being a compliance dominant firm to an external CFO, or even a virtual CFO offering?

Let's look at the trends in the market to understand what's happening right now.

The Australian Taxation Office (ATO) is driving through digitisation, robotics and artificial intelligence. In doing so, they're making it very clear in the public forum that the demand for basic compliance work is going to reduce. The banks and software providers are on the same path.

Many small accounting practices may be about to find out that the work they do, and rely on annually, will be automated. They can either view this as a problem or an opportunity. The opportunity arises if they think about their more receptive clients and ask themselves, *"Can I help my clients more to grow their business than I am now?"*

The other trend is that team members want more interesting work. So in the couple of accounting firms that I am working with, they have young people learning how to drive predictive accounting, learning how to do business valuations using business valuation software and driving those pieces into tools and doing it, so that the advisors can get alongside their clients.

CFO Services Offer

If you ask what a basic external CFO services offering includes, it's this. We go in and fix the client's bookkeeping first, and then produce predictive budgets, revenue expenses, with the estimate of profit leading to the cash flow forecasts and projected balance sheets, which is all interrelated so that you can then report monthly on budget versus actuals.

You can then add certain KPIs, particularly some of the forward-looking ones, and maybe use some of the cloud tools that allow you to link a number of programs and create a dashboard report.

There are firms actively driving this process very hard at the moment.

There are other things that an SME may need as well – including a business valuation every year – this leads to the question, *"How do we improve the value of the business through improving its profitability and cash flow?"* In conjunction with the client, you might identify one, two or three business improvement projects that can be fixed. Accountants can help identify these items with their clients by simply asking their clients, *"What do we need to fix or do better?"*

Do we need some additional funding to drive the development of the business?

Within the **ESS BIZTOOLS Advanced Product Package**, there is detailed material to assist with capital raising direct from the public, without having to issue a prospectus that relates to Crowd Sourced Funding Equity Raising, Early Stage Innovation Company Capital Raising and section 708 of the *Corporations Act* capital raising.

There are also government grants that the accountant, acting as the CFO, could advise the client of and prepare the applications.

ESS BIZTOOLS has a special package that assists in the identification of government grants suitable for an individual business – www.essbizgrants.com.au.

The accountant acting as the CFO can help a client think about improving the business, improving its value either for saleability, longer term, or simply better profits, better cash flow management, payment of dividends.

As an advisor, you need to start asking questions. This comes directly out of establishing a business' budgets and cash flow forecasts and having these discussions with the client.

What risks exist for the business, what do we need to mitigate against particular risks – cyber security, competitive risks and other changes that may come from legislation and other community requirements?

You could suggest to your client that some senior people in the client's business are mentored as a group (with your involvement) to create a senior leadership team. This involves them and engages them and they can help the owner work on those business improvement initiatives – it gives them a purpose to their work! Research is suggesting that people are looking for a “purpose to their work”. Their looking for flexibility in working conditions and their looking for an involvement that there is a purpose related to community and family good. So to be able to combine that by assembling a leadership group together – making an effort to identify how to improve the business will give your employees what they're looking for and can help you attract and retain them.

So why can't accountants be involved in asking those questions and having those conversations with a small group of their clients to start with?

External CFO Service Offering

This leads into an external CFO service offering that starts with improving bookkeeping, accounting systems and reporting.

You would then add budgeting and then begin to ask questions relating to: “What can we do to improve the business?” Its profit, its cash flow, its dividend? You can do this using exactly the tool that were using for this webinar – Zoom or other online communication tools with your clients.

Model of CFO Delivery

Ten of my current clients are located around Australia. Due to COVID and lockdowns, we could not visit them. Now we can, however instead of going monthly or quarterly, we are now saying once or twice a year is enough because we can do a lot more from the office and communicate via Zoom, so this has been a change that has made the advisory external CFO role easier. To deliver these services, we are using some of the virtual tools.

What Do Your Clients Need?

This was the question asked 30 years ago at FMRC – what do your clients need? We think they need assistance:

- ✚ How's the business going?
- ✚ What role do you (the client) play in the business?
- ✚ Can you give some of your current responsibilities to other senior leadership team members?
- ✚ If you do this the business runs without you and it becomes more easily saleable.
- ✚ What is the financial performance saying – are you dispensable?

- ✚ Given the way the business is performing what are the consequences for taxation liabilities – what planning have you made to be able to pay tax debts when they fall due?
- ✚ Are there sufficient funds to pay dividends as they are due?
- ✚ Is there the ability to create wealth for the family outside of the business and help to protect the family's assets?
- ✚ When are you going to retire?
- ✚ What happens if you die?

These are the questions that should be asked at least annually in a strategic planning review. Your role as the accountant is just simply creating an agenda structured around these questions and walk through it with your clients.

Getting Started In Business Advisory Services Delivery

My suggestion is that you decide on one or two clients. Go and visit them with an **SME Needs Analysis** (included within **ESS BIZTOOLS Business Advisory Services Starter Package**). This is a questionnaire that facilitates a conversation with your client about concerns that your client has. It's the answer to "what issue wakes you up at 3.00am".

Personalise the SME Needs Analysis and ask questions, listen, take notes and try to identify what help the client needs.

Our experience is that business clients are very receptive to this initiative, especially as it shows them that you are just not focusing on compliance and tax work – it's about asking questions and listening to the answers.

You don't have to have all of the answers for the client's questions. Some accountants we have spoken to are reluctant to move into Business Advisory Services, because they feel they have to be experts. It's not about that. You need to ask questions to help the client identify areas that need to be improved and then plan how to implement those improvements. You may have to suggest to the client that they engage external specialists, like marketing experts or specialists in stock management, procurement, sales, social media or web design. It doesn't have to be you as the accountant, offering a Business Advisory Service, who supplies all the answers. Your role is to identify these issues and then assist the client to find people with the skills and knowledge to assist them in a particular area.

This is what happens in a public company. Whilst the CFO might be the focal person for a lot of these general matters, the CFO's role is to assist if he/she can, otherwise find someone else with the expertise who can assist in solving a particular problem. The key result is that the problem has been identified and that someone has been hired to fix that problem.

In public companies, the CFO will produce Budget versus Actual Financial Information which the Board reviews and then asks the CEO or the managing director, "Are there areas that need to be improved?" The CEO then puts together a Business Case, which the CEO and the CFO work on to identify what needs to be done. The Board of Directors then discuss it and make a decision.

This is the same process that can be implemented for SMEs – it's a simple version with less people involved, but it's the same concept.

Virtual CFO Service Offering – USA Experience

We need to discuss what is a virtual external CFO Service offering. There is a firm in the USA called **Summit CPA** which, over the last 10 years, has developed an online business for the supply of accounting services. It's taken them 10 years to develop this so you can't do it overnight – but it's interesting to think about which elements of this we could start experimenting with an evolve towards them. Most of their businesses have \$5M revenue and above (the range is US \$1M – US \$25M) with an annual fee of US \$80,000 average (ranging from US \$40,000 – US \$200,000).

They offer 3 levels of service:

- + Predictive Accounting – Budgeting – Cash Flow Forecast – Projected Balance Sheet – Key Performance Indicators
- + Back office services including payroll, payment of creditors, debtors ledger, general ledger
- + Tax return preparation

They start with the Predictive Accounting forward-looking financial planning process and the compliance component falls out at the bottom end of that.

There've got 60 team members who are located all over the USA – they don't have an office.

The process starts with a two-hour initial interview whereby SME business comes online to Summit CPA's web site. They go through an interview process, then they agree on the work to be undertaken, which is basically built round developing a 5 year strategy and financial goals. This includes the predictive accounting process which is mandatory to all clients. The accountants monitor the actuals and meet with the clients (via Zoom) quite often weekly but at least monthly for all clients.

The KPIs are analysed including – submitted orders – forward-looking type revenue-based activity KPIs.

This is a very interesting model.

SMEs are sent an engagement proposal within 24-hours of the Zoom meeting, which specifies the annual fee to be raised for the negotiated services. The proposal stipulates that the fees are to be divided by 52 and paid on a weekly basis by direct processing by the accountancy firm to the client's bank account. There is an on-boarding fee calculated at the weekly fee x 2 for 8 weeks.

Summit CPA basically do not have WIP or debtors.

The firm has recently been acquired by one of the larger accountancy groups in America at a very high valuation multiplier.

PlanGuru, a US based corporation, has developed three-way financial forecasting software that is now required by banks all over the world. The Managing Director of PlanGuru has described Adam Hale, managing partner at Summit CPA, as the "rock star of the American accounting industry", because of his leadership in the development of virtual CFO services for American accounting firms to deliver to SME clients.

The decision to contact Adam Hale in the US was because **Paul Barnaby FCA**, the PlanGuru representative in Australia, indicated that PlanGuru was very busy in America servicing the accounting industry. A question was asked – why?

The answer – because accountants are finding that they've got less work to do with the tax return market being automated. They don't want to lose any of their skilled accountants who see the firm doing less work, prompting them to look elsewhere.

This ultimately led to the establishment of virtual CFO services being offered by American accounting firms to SMEs

How Might an Australian Accountant heavily involved in Compliance create an External CFO Service Offering?

The question I have for accountants in Australia is this: Who may be heavily involved in compliance and finding it difficult to do much else, how might you create an external CFO Service offering? If you are going to create a specific division – Business Advisory Services Division, you're going to have to put capital into it and possibly recruit specialists to work in it.

Now, a lot of firms are reluctant to do that, because they don't have the money and/or the time.

So, if we're not going to put \$50,000 or \$100,000 aside to develop a specialist division, how can we evolve from our current compliance production model?

I told Andrew of an example of the type of services accountants can offer because one of our subscribers – a small accounting firm – has done exactly that.

The firm has done this over the last 4 or 5 years. **ESS BIZTOOLS** developed the **Tradie Charge Out Rate Calculator**, which with approval, incorporated features from an earlier document prepared by FMRC. The document has been significantly modified and is produced in Excel.

The accountancy firm subscribes to the **ESS BIZTOOLS Business Advisory Services Starter Package** which includes the **Tradie Charge Out Rate Calculator**.

The accountancy firm had about 30 tradie clients when they subscribed for this package. At that stage, they were not offering any additional services to those clients other than the preparation of annual accounts and the income tax return. They subscribed so that they could access the Charge Out Rate Calculator and use it with their clients.

At that stage, a budget may have been produced, but it was basically a “guesstimate” of a sum of money that would be earned during the year, with no linkage back to the number of team members, working hours, productivity percentages, employee salaries and allowances, labour on costs, amount of money to be spent on external purchases for clients by the tradies, mark-up on external purchases or the overhead costs of running the business, nor the rate of return on the investment in the business or the profit figure that the client had in mind.

One of the biggest problems is the level of mark-up on external purchases for clients and for it to be applied consistently.

By using the **ESS BIZTOOLS Charge Out Rate Calculator**, this **ESS BIZTOOLS** subscriber was able to accurately calculate the required charge out rates for individual team members, based on their working hours, productivity, business overheads, mark-up on external purchases, targeted profit etc. This ensures that the targeted profit was earned for the year.

Obviously, there are always variations, because of working hours, productivity achieved, mark-ups etc. For this reason the accounting firm indicated to clients that they wanted them to agree to monthly or quarterly financial accounts being prepared. These accounts would be analysed by the accounting firm and a monthly or quarterly business review meeting would be held with the accountant facilitating this meeting, so that a full review could be made of actual performance as compared to the Budget and if required fine tuning of the charge out rates could be made.

The accounting firm now has 120 Tradie clients participating in this service. They tell me that they have not undertaken any specific marketing to attract tradie clients – it is all being by “word-of-mouth referrals”. The accounting firm has indicated that they are charging fees of approximately \$8,000 per annum per client over and above the fee that the client was originally paying for the preparation of annual accounts and income tax returns.

Within the **ESS BIZTOOLS Business Advisory Services Starter Package**, there is a similar package for professional service firms.

It's all about the pricing. By getting that right, then monitoring each month or quarter, tradie businesses are able to achieve their profit targets or clearly understand why the profit target was not achieved.

The results of all this are that what you are saying to your clients this is a service that virtually every accountant could provide because most of you have probably got tradie clients. The key discussion points are:

- ✚ What are your salaries or wages?
- ✚ What are your overheads?
- ✚ What profits do you want?
- ✚ How many job hours have you got available?

Once you're helping these tradies with their pricing, you'll then be able to have a discussion with them about all aspects of their financial performance on a monthly or quarterly basis.

In these discussions, the accountant is able to provide more information relating to the tradie's pricing. This is the secret because the tradie business will improve both profitability and cash flow and they will grow, then they will have more money to put into superannuation or to invest in other businesses. Furthermore, the average fee will keep rising as they add those types of services. This is an example of looking at services you can provide to a group of clients by sitting down and asking them questions about how they're running their business, how they price their services and giving them an overview of the commercial services that you can provide to them.

To get started, you could sit down with a particular tradie and ask questions about how they're running their business and how they prepare their pricing. Learn a bit about their business so you can help them grow it. This was the original function of FMRC – we used to focus on industry sectors, learn about them and then attract more from that sector. It's the same type of service that you could implement with your clients and associates of your clients.

The American accountant who pioneered virtual CFO services indicated that, to offer these types of services, you need to have developed industry/customer knowledge that is "one inch wide and a mile deep" – this is the benefit of starting with a few clients in a particular category and developing this knowledge.

You should also refer to industry benchmarks to advise your client of any aspect of their business that varies from the industry benchmarks that needs review.

My experience is that accountants can pick out some receptive clients in a sector and get to know that industry sector by simply asking questions, listening and driving the conversation into budgeting and monitoring processes. Within 6 months, they'll be on top of it and getting referrals to clients in that sector.

It is necessary to develop a clear understanding of your client's business. Adam Hale is using the description of "one inch wide and a mile deep". The accountant who specialised in tradies is an example of someone who has used that process to get a clear understanding of how he/she can help tradies understand the cost of production. Once they have this understanding, they can make sure they price their jobs appropriately and in some cases put a "value price" on to improve the margin.

This concept of in-depth knowledge of your client's affairs has been demonstrated by another accounting firm, that I advise, who have developed skills in business valuations.

They now suggest to clients that the business valuation process should be prepared annually. Word is spreading through their client base that they have the expertise to undertake these valuations and they are getting more and more enquiries from their clients about this service.

So, whilst this is not a particular industry skill, it is still a skill and that knowledge can be applied to virtually any type of business, because it is a sound concept to be suggesting to all business clients that they have a regular valuation prepared on their business.

Advisory Board

Another example of what you could do is to select 10 clients and move onto their advisory board by offering them proactive advice and support that they can see is beyond taxation. If you could attract 10 clients for an annual fee of \$35,000 each for work on the Advisory Board, that's the type of work that Andrew is undertaking by working 5 mornings a week.

You can sit on an Advisory Board and help develop the financial budgets and plans and then start monitoring how the business is performing. In some instances, the client might have an employed accountant but there is a role for you as an External Advisory Board participant. Why can't an accountant play a similar role and put \$350,000 on top of their current earnings by being a specialist advisory board person?

There are some skills that you will have to learn. I suggest that you look at two areas. The first is scaling up which, if you are sitting on an Advisory Board assisting in running the annual strategic planning meeting, means you need to be able to demonstrate what the business will look like in 3 to 5 years' time. You will have to be able to encourage the leadership team to look at revenue, expenses, profit, borrowings and the services being provided to customers and to help your client decide where they are headed, what their purpose is, what their focus is on, and what are their values?

This information can be shared with the senior leadership group.

Key items that are very important for you as the accountant/business advisor is to identify 1-3 items that need to be improved in the next quarter. What do we have to get nailed relating to:

- + Business strategies – what three things do we have to nail this quarter?
- + Functional responsibilities...Who, what and when? Relating to recruiting, selection, induction marketing and sales – who's responsible for these functional areas? Can it be someone apart from the boss so that the business is not dependent on the boss?
- + Actual implementation...What "pattern of meetings" and structure will ensure we do what we plan to do? – What meetings are we going to have? When?

By asking these types of questions, you can help your client create a senior leadership team, identify a couple of business improvement projects and meet regularly to discuss it. That's what an external advisor does. They play the role of the managing director, coach and morals officer. What I mean is that they don't tell them what they can or cannot do, but if there is tension between the players – let's attack the issue, not the person. Let's put it on the table and look at what's causing pressure or angst. How can we fix it to make it so that the team works better because you're the oil between these personalities?

If you're interested in looking at "scaling up", you should read the book by **Verne Harnish, "Scaling Up"**. I suggest you read it, do some training and learn how to implement the methodology he discusses. You will then be a valuable external advisory board participant. There is another book that you could also read, **"Measure What Matters" by John Doerr**.

Measuring Performance

We then need to look at what are our business objectives.

One of the key results that will tell us whether we have achieved those objectives.

We could say that the budget says this, by saying, there is a turnover objective and there is a profit objective and if we achieve these we have achieved our objectives.

Let's look at marketing. What have we got to do about product development and people management?

Who's going to do what, when and how?

Then looking at working with your team in the annual performance review. This used to happen but it's been tossed out by many big companies in the last 10 years because the team didn't like reviews – they tended to be political exercises.

What team members are looking for is – what have I got to do in my role?

What are my objectives?

How am I going?

Having a regular discussion with their supervisor about these questions is a continuous performance management where you have conversations about what a person's role is and their objectives and provide feedback and recognition. And the best form of recognition is – "Thank you very much. That's truly good. How you have handled that is consistent with our development, direction our core values. We really appreciate your input."

I suggest that you sit down with people and ask – "What are you working on?"

What are your objectives and key results?

What help do you need from me?

The accountant who sits on a Business Advisory Board can help coach the managing director so that the managing director can then undertake this type of coaching with their direct reports and then the directors' reports can go and offer similar coaching to their team members.

The communication through this small business is far better than it used to be, and there is alignment and people have a greater purpose. They feel they belong more.

It's changing to a performance management, regular communication style, which is what team members are wanting based on the research that is being done.

It is two skills – scaling up and objectives create the key results – it's about looking forward.

Discussions about remuneration should be separated from this process - what we are doing here is about alignment of direction and improvements and transparency.

It comes back to a "pattern of meetings".

You might have a daily five-minute stand-up with your team.

You might have a weekly review with your senior support person.

The managing director might have it with his/her direct reports.

New Business Advisory Division

My overall question to accountants is *"Are you going to set up a new Business Advisory Division with new recruits, and spend 100 to 500 grand in so doing?"*

Alternatively, are you going to find 1 or 2 receptive clients, improve their books, prepare their budgets and cash flow forecasts, implement reporting and get involved with reviewing results? You can do this by using Zoom to communicate and using the **ESS BIZTOOLS Product Packages** relating to predictive accounting reporting, sales improvement services by utilising **Charge Out Rate Calculator** and the **Product Packages** about external funding and government grants. In other words, put your effort and focus into the receptive clients to get started on this process.

As the demand for compliance services drops due to automation, as indicated by the ATO, the banks and the software companies, you can start increasing your involvement with the small group of clients and evolve into being a business advisor. You don't have to be a specialist in hotels etc. You just have to ask, listen and help the person who owns and runs the hotel to create some business improvement projects and processes in their business and away you go!

I believe this is the appropriate strategy for a lot of accountancy practices who haven't got the capital or time to set up a specific division. Instead, they can evolve into the business advisory process with a few clients in a very sensible way. You can start by using the programs that are being developed by **ESS BIZTOOLS** and the new communication technologies and software products, like **PlanGuru**, to move to more of a virtual advisory service as you develop the skills and the clients.

Developing Resilience

You need to develop an attitude of measuring what matters, as outlined by John Doerr in "Measure What Matters". Start to understand the processes involved in scaling up, as outlined in "Scaling Up" by Verne Harnish, and "12 Rules For Life" by Jordan Peterson, who is a psychologist.

Given the COVID lockdowns and the pressures that are still around, including increased interest rates and changing economic and legislative conditions, I believe you need to encourage your clients to make themselves more resilient from a mental health perspective. I encourage you to read what Jordan Peterson has written. He has had a clinical practice so there's some really good material that can help clients and help you perform a key advisor role.

Daily Stoic is a good message to get on a daily basis – it's very practical (info@dailystoic.com).

The message is that you can't control everything that is happening out there – all you can control is your way of thinking and reaction to these things if you remain calm and only worry about the things that you can change, then you will be a better leader. You will bring calmness to your small business and I think that it is part of the preparation of an advisor, who sits on an Advisory Board, to be equipped with some of these psychological tools and insights to help their clients in these challenging times.

Accountants Who “Got” The Tax Commissioner’s Message

There is an immediate group of accountants and tax agents who have probably interpreted that the Tax Commissioner's comments at a conference a few months ago were referring to the services that they are currently providing to clients.

The Tax Commissioner was primarily referring to accountants and tax agents who were primarily undertaking wage and salary tax returns preparation and working for micro businesses and some very small businesses.

If you have decided to start a transition Into Business Advisory Services now, you could start with bookkeeping and some basic budgets, cash flow forecasts and KPIs that are very important for businesses.

You need to gain a detailed understanding (the one inch wide and a mile deep formula) of your clients business by completing a “business-of-business checklist”. This is because there are a lot of activities within a business that you might not be aware of because you've concentrated on the preparation of annual financial accounts and tax returns. If you are going to become a key advisor for clients, you have to have a detailed knowledge of their business processes.

You've got to visit your client's premises with a **SME Needs Analysis** (included within the **ESS BIZTOOLS Business Advisory Services Starter Package**) and say to the client:

What is your revenue sales target for the week?

What's it made up of?

Is that a number of website visits?

What percentage of those visits then converts to orders?

Or is it a number of phone requests and tender responses?

In other words what are you actually doing to create revenue on a weekly basis?

What generates the revenue?

What do we need to start monitoring to look at the conversion rates through these contacts sales, contact processes which is all part of the process to generate sales for your clients business?

What does a client do first?

What those that lead do and what are the KPIs that can be established to measure these things?

What ideas are you assembling to talk with the client's team about?

How can we improve the number of visits to the client's website?

Let's experiment and do some changes and see what happens.

How can we improve our conversion rate from these visits?

Let's try it and if it doesn't work try again slightly differently.

You probably have some Tradie clients.

You can ask them how they get their work.

Do they have to write a quote?

How do you get the emphasis off-price and by locking in what does the customers want?

Will the customer pay a value price for a quick solution?

It starts with talking with your clients about how they perform their work – this is what you would be doing if you were their full-time CFO. You would have a detailed understanding of how the business operates.

What premium can be charged for turning up on time, being clean and tidily dressed, take their shoes off, tidying up after the tradie work is finished?

If you can establish the level of “excellent service” that customers for this type of service are seeking, it then becomes possible to establish metrics to determine whether the tradie business is delivering that level of service and is then able to charge the premium value.

This is showing your client the value of the work in their customer’s minds and highlighting the need to deliver at that level of service if, for example, the tradie firm is going to be able to charge the premium price – because this is what everyone complains about at barbecues.

This is what an Advisory Board person needs to do right.

If you are someone who’s been running a small accountancy firm and you believe that the Tax Commissioner was referring to your type of firm and he was saying that you might be out of business in 3 to 5 years’ time, you should know there is a pathway to longevity, if you really want to take it.

My suggestion is you analyse your current clients, determine those who are in business and analyse the businesses that they are in. Perhaps they are in industries that you know something about. You might have worked at them when you are going through university or even when you were at high school. It won’t take much effort to get a bit more knowledge about those industries so that you can start writing some articles, placing these on your website or including them in your newsletters to your clients. Perhaps, you could even mail out those newsletters through your local Chamber of Commerce (but you will probably have to be a member).

You could utilise the **Professional Charge Out Rate Calculator**, which is within **ESS BIZTOOLS (Business Advisory Services Starter Package)**, to conduct an analysis on your professional firm and use that to assess the prices of the jobs that you’re currently performing and having done that you could go and visit some of your professional service firm clients and suggest you do the same for them.

In another words, select the client.

Use the **ESS BIZTOOLS Professional Charge Out Rate Calculator** and apply it to yourself. Then, go and ask a client if they might be interested in having a charge out rate assessment prepared for them.

Maybe you could do the first or second for free as you learn.

It’s a matter of going through your client list and prospects – who’s receptive – what might I do for them – can I practice on myself first and then go and have a crack undertaking the assignment.

When you become a subscriber to **ESS BIZTOOLS Business Advisory Services Starter Package**, you receive four (4) 30-minute training/mentoring sessions where you can discuss this approach. **ESS BIZTOOLS** also presents at least 10 members training webinars each year that you’ll be invited to attend.

Need To Keep On Learning

Andrew said to me, *"Some people have asked me how I ended up being chairman of Green Cross Ltd."*

"It just didn't happen!" he explained further.

"Years ago, I was asked to sit on the board of Count Financial Limited (a listed public company).

Because I'd never sat on the board of a public company before I enrolled for the Australian Institute of Company Directors diploma course and undertook that course.

At the end of this I spoke to a few experienced public company directors and then I indicated that I would accept the appointment to Count Financial Limited.

I joined the Company Directors Association and attended their webinars and receive their monthly magazine which contained a reading list in each edition – I would go through and read some of these books and follow through and ask questions if I didn't understand what was being said.

About 11 years ago I was asked whether I'd like to help Green Cross Ltd who were going through a major expansion and I was invited to be appointed as the company chairman. I accepted because by then I thought I knew what I had to do as a public company director.

An important part of this is knowing that you need to undertake some additional reading so you will learn what is required of you both legally and ethically."

If you want to change from being a compliance dominated producer, perhaps you have to learn some new skills and go and try doing some new things. You need to plan those activities into your week, months, yearly calendars.

This type of activity is going to be important for all accountants, whether you are in the group that was directly referred to by the Tax Commissioner or not, because there is a lot of changes occurring. If you have any doubts, read the **CommBank Accounting Market Pulse** to get an appreciation of what some activities being conducted by some accounting firms entail.

A Group Learning Process Could Be The Way

Andrew Geddes said if he was a young accountant that was involved in a compliance dominated process, he'd find 1 or 2 of colleagues and form an informal Advisory Board for your own practice, meet once a month and talk about how you might learn and understand these new market conditions – perhaps undertake a learning course with **PlanGuru**, to understand the three-way financial forecast process and then go and apply it to a client and create some budgets for them.

There are some forums within the CPAs, Institute of Chartered Accountants or the other accounting organisations all conduct various forums that you could join and participate in. **ESS BIZTOOLS** conduct training/mentoring programs for subscribers and monthly webinar sessions for all of their subscribers. If the area of accounting in which you are involved is likely to lose clients because of the changes outlined by the Taxation Commissioner, why not go and learn some new skills now? Begin to talk to receptive clients about the service offering that you may be able to develop to deliver value to them.

Perhaps a good starting point for an Advisory Board experience is getting some of your mates in accounting, form a group and meet once a fortnight over a pizza and a fine glass of red wine – in other words, make it an enjoyable social activity.

If you're worried about dealing with someone who may be a competitor, you could make arrangements with someone else in another city that you can communicate via Zoom with or talk to us at **ESS BIZTOOLS** about it. We may be able to arrange someone in another location who was happy to be your buddy by Zoom meetings for this learning process.

You need to build this into your diary and put it into your annual plan because one of the key things is to ensure that you actually attend these buddy sessions.

This week's journey looking back over 40 years of Australian accounting innovation with Andrew Geddes was really enlightening.

Most of all, it illustrated that as an industry we're still evolving and Business Advisory Services really are the solution for a long-term future.

As you know, we at **ESS BIZTOOLS** have been encouraging accountants to start diversifying for many years.

Now it's easier than ever, because we've developed many of the tools you'll need to start working with your SME clients.

This means you can start offering a range of advisory services within days or weeks, not months or years.

ESS BIZTOOLS Business Advisory Services Starter Package

Our Starter Package is ideal for an accountant or experienced bookkeeper who is concerned about the Tax Commissioner's comments and wants to upskill to offer an introductory range of Business Advisory Services.

The Tradie Charge Out Rate Calculator and the Professional Charge Out Rate Calculator and the Retail Product Mix/Mark-ups to achieve targeted profits are all part of this package together with a range of other valuable material. You can find full details by going to www.essbiztools.com.au – Product Packages – Starter Package.

The Starter Package will definitely get you started on this journey. You can upgrade at any time if you wish – the upgraded package is the **ESS BIZTOOLS** Advanced Package.

ESS BIZTOOLS Advanced Package

This package includes everything that **ESS BIZTOOLS** has produced. A total of 35 separate product packages including the **ESS BIZGRANTS** finder package.

With this package you'll be fully prepared to deliver professional virtual CFO services.

You can utilise any software package to do your Budgets, Cash Flow Forecasts and Projected Balance Sheets. We strongly recommend the **PlanGuru** software package which is detailed in the Financial Forecasting Package.

You can find full details of the advanced package at www.essbiztools.com.au – product packages – advanced package and the grants package at www.essbizgrants.com.au

ESS BIZTOOLS Financial Forecasting Package

The **ESS BIZTOOLS** Financial Forecasting Package includes the Advanced Package, together with a subscription to the PlanGuru software for use with up to 10 clients (normally only for 3 clients before additional fees are payable (US\$29 per month per client) – plus training in the use of PlanGuru software delivered by Paul Barnaby FCA, Managing Director, Beyond Accounting Technologies Pty Ltd.

Special Black Friday Offer

Our Black Friday special has been so successful that we've decided to let it run until **13 December 2022**, to give more accountants the chance to come on board at our discount rate.

We're offering **20% discount** on the individual product packages and you'll get 15 months subscription instead of the normal 12 months.

Your investment for the special Black Friday package offering is:

- ✚ Business Advisory Services Starter Package: \$1,680 including GST – 15 months access
- ✚ Advanced Package: \$5,200 including GST – 15 months access.
- ✚ Financial Forecasting Package: \$7,920 including GST – 15 months access

Special Webinar Series

We presented a series of webinars, focusing on highlighting everything that is discussed on this article. Click on your preferred webinar to watch the recording:

[Take the Lead from Uncle Sam](#)

[Getting Started to Deliver Business Services for your Clients](#)

[Delivering a Wide Range of Commercial Services](#)

[Financial Forecasting - Vital for SMEs](#)

[Charge Out Rates for Tradies](#)

[Virtual CFO Role - Helping SMEs to Succeed](#)

[Assisting Clients to Get Ready to Raise Capital](#)

Want to know more?

Give me a call on 1800 232 088 or email me: peter@essbiztools.com.au

I hope you've found this interesting.

Peter Towers
ESS BIZTOOLS Pty Ltd