

Exact Online

FROM BALANCING THE BOOKS TO ADVISING A BUSINESS

How creating a business plan
for your clients can evolve the
service you offer

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INTRODUCTION

Some people pose uncomfortably for 'Selfies'. Others upload films of themselves singing badly out of tune onto Youtube. Not forgetting those who tweet the intimate details of their private conversation with the doctor, of course. It's quite clear that, these days, we are living in the Attention Economy. People crave attention. They need it. And in many unfortunate cases they aren't particularly embarrassed by how they get it.

But hang on a minute. What's all that got to do with accountants? Well, before you decide 'absolutely nothing' and head off to update Instagram with a picture of your dog doing something "funny" here's something to think about. Because the attention economy is also becoming increasingly visible in the world of business too.

Thankfully this isn't manifested in business leaders holding Gangnam Style board meetings. Instead, we are seeing it in client expectations of more tailored advice and

higher levels of personal service. In fact, they are no longer just looking for a traditional accountant at all, but for a business coach too. A proactive advisor who does more than just check figures and balance books. A consultant who can also contribute ideas. A guru whose pearls of wisdom guides entrepreneurs in growing their businesses.

In order to meet these evolving expectations, you will need to start evolving your approach. You can't add more hours to the day and unfortunately there will never be 8 days in a week, so instead look at how you can use new technologies to offer new services and provide the required levels of personal attention. In other words, it's time to not just think smart. But to work smart too.

This paper isn't designed to discuss the theory behind the evolving role of today's forward-looking accountant. Instead, the goal is to help you form an actionable business plan with your clients that actually helps

you get to where you need to be. Because this transformation isn't simply something you could do if you fancy a change. In the face of task-automating technology, cost-averse, attention-hungry clients and changing expectations, it's a transformation you really can't avoid.

So read on and find out how you can start to break new ground in this transforming landscape.

01

WHY SHOULD ACCOUNTANTS BECOME BUSINESS ADVISORS?

Well, building on what we've just talked about, there are a number of reasons that should drive your transition into a more strategic service. For example, clients are looking for more transparency in terms of the number of hours invoiced. And in the current economic situation, they aren't quite so willing to pay for manual data entry when they can take care of it themselves, or use technology to take care of it for them.

This has led to stiffer competition in the market, which in turn is likely to have put your fees under pressure and eroded the margins you make on services. [If not... congratulations!] After all, it's hardly news that many accounting firms have found the last few years hard going. Which sector hasn't?

As well as only keeping a close eye on their costs, we've already mentioned how expectations are changing. The bar has been raised. To cut a long story short, we are living in uncertain times. Yet they can also be exciting times - if you're prepared to shape a new kind of future for your business. Accountants have to start looking for

alternative revenue structures that add ever more value - and there are plenty of opportunities out there. But to make the most of them, you can't sit back and wait for the good times to roll. Something has to change. Your business has to evolve.

That can start by actively supplying clients with up-to-date information, insightful reports and accurate analysis as part of an ongoing source of strategic, relevant and timely advice. Letting clients (and technology) take care of the bread and butter tasks means more time for you to focus on the bigger picture.

Needless to say, it's not just a matter of reprinting your business cards and waiting for the stampede. We're talking about a transition you'll make over time, a well-planned evolution that closely involves your clients too.

Summary: Why evolve into a business advisor?

- Changing market demands - SMEs need more than just a number cruncher.
- An opportunity to generate additional revenue from existing clients.
- Improve client retention by becoming a more essential part of the daily running of their business.
- Get the best results from your high fee earners - don't let them get caught up in paperwork and checking.

02

CREATING AN EFFECTIVE BUSINESS PLAN

So let's get started. The place to begin seizing opportunity is sitting down with your client and putting together a business plan. The first thing you need to remember is that a good business plan needs to be about more than just facts and figures. It needs to be about feelings too. Don't be alarmed.

You aren't expected to sit and listen as clients voice their concerns about the late night texts their spouses have started to receive, or what those feelings deep inside really mean. It simply entails thinking things through from a client's point of view.

So your services should be about more than just increasing turnover, improving margins, and expanding market share. Sure, you're there to help your clients identify and meet their business objectives. But in doing so, you're helping them to achieve their personal ambitions too.

Drawing up an effective business plan will not only show clients where they can get to with your help. It also demonstrates that you understand where they're coming from. By definition, you'll start to see what forms that support can take. Maybe it's offering industry-specific expertise. Identifying operations that could work more efficiently. Or simply acting as a sounding board for the next big idea. This kind of approach will help to start cementing your position and defining your services as a trusted, integral partner over the long term.

Summary: Making business personal

- Builds confidence in you as a person, not just a number cruncher.
- Helps you to identify the kind of support clients need from you. By understanding their personality, goals, motivation, financial acumen etc. you'll know where your services are needed, helping you to upsell more easily.
- Sets expectations of the relationship going forward. You clarify exactly how and where you can offer help and services.

03

5 QUESTIONS YOU NEED TO ASK

Sitting down with a client to outline a strategy for their business is a great move when you think about it. Consider the psychological impact alone. Once a plan exists, it creates a structure. It sets out expectations in black and white. It shows what can be achieved – and how. It makes things real. A business plan also forces owners to ask how they, as people and not as entities, are prepared for the challenges ahead.

Once you both understand exactly where you stand right now, you'll both have a much better idea of where they can go in the future – and how you can help them to get there. You can then use that data to outline their goals. What is the business working towards? What are they working towards?

Putting together a clearly defined plan of action helps them to improve their business. And in doing so, you'll find it also starts to enhance your own.

The 5 key questions in creating an effective and actionable business plan

- What are the client's goals?
- How will you achieve these goals?
- What are the opportunities?
- What's the timeframe?
- How do you measure success?

Question 1: What are the client's goals?

The first step isn't purely about financial goals alone, but also helping the business – and the business owner – to exploit their strengths by removing or mitigating for future concerns.

- Keep clients on track.
- Warn them about challenges on the horizon.
- Help mitigate against current and future risk.

Understand the goal of the business

- It might be changeable, so no set structure.
- Start with the basics e.g. paying the bills.
- The maturity of a business changes its priorities:
 - Supporting a type of lifestyle?
 - Looking to generate growth?
 - Looking to secure investment?
 - Developing a business to sell?
 - International vs local business?
 - Diversification of the business?
 - Wages, salary, employment?

For a business to achieve its goals, you need to be an integral part of the change. And since the advice you give is only as good as the information you have, you need the visibility to analyse the client's changing needs and provide proactive, ongoing support in both the short and long term.

Question 2: How will you achieve these goals?

You're on your way to being far more than a bookkeeper. You are the bigger picture partner. It goes without saying that this change in perspective will have a significant impact on the way you look at things. It's no longer a matter of simply balancing the books. You're now also concerned with the more strategic thinking required for clients to achieve their goals. Consider the contingencies that need to be in place to deliver the operational requirements, setting reasonable expectations for what is and what isn't possible.

Discuss the elements that need to be in place to succeed:

- Investment
- People
- Systems
- Service
- Promotion
- Operational costs (hardware, premises, bills etc...)

Next, look at the possible sacrifices which have to be made and the impact they will have on:

- The business:
 - Customer satisfaction
 - Support
 - Managing customer expectations
 - Tax and compliance
- The client

The impact of failure. Not in terms of ending up with a business in decline, but more failure to hit targets. How will they react? They need to understand that the business plan is not just about hitting targets, but also making provisions to deal with any challenges along the way.
- The client's family and personal assets:
 - Remortgaging
 - Downsizing
 - Impact on friends
 - Lifestyle impacts
 - Time with family
 - Financial security

Running a business isn't usually the kind of thing entrepreneurs can undertake on their own - you may well already know that from personal experience. They need the support of their family and a knowledgeable and trusted business advisor... you.

Question 3. What are the opportunities?

Creating a business plan means identifying the opportunities out there - and knowing how to take advantage of them. Sit down and talk it through. Why does the client believe there is

a gap in the market? What is there to support this belief? What USP do they offer that will enable them to exploit it?

- Pricing?
- Elasticity of the market?
- Service?
- Functions?
- Competitor analysis?

Then you need to ask what can they afford to do. Just because an opportunity exists doesn't mean a client is ready to take it. A proactive business partner (yes, that's still you) will have the necessary insight into the market to advise accordingly.

In fact, offering a specialised knowledge in certain can add a huge amount of value. For example, working with a number of clients in a certain niche would provide you with data you can use as a benchmark for the client's idea.

Question 4. What's the timeframe?

A running theme through everything we've discussed so far is long-term thinking. The goal is to build an enduring relationship, positioning yourself not only as a partner who can map out a vision, but one that can also support the client every step of the way. So what are these steps? And how do you plan for them?

Create a timeline

So you've spotted a golden opportunity. It fits in with the client's goals - both personal and business. Based on your knowledge of the market, you've advised them the finances are in place and the differentiation sufficient for them to go for it.

But before closing your eyes, holding your nose and jumping in with a yell, there's one more piece of thinking that needs undertaking. What's the timeframe? And what preparations need to be in place over that time?

The timeline to success:

- Start with the insight, end with the opportunity.
- Set realistic goals.
- When do you need to do it by?
- What preparations are required?
- Pinpoint the areas of the business that will be impacted.
- And don't forget the influence of external parties:
 - VAT
 - Tax submissions
 - Reporting
 - Industry trends [Seasonality, Cashflow, Compliance]

Question 5: How do you measure success?

Success is a very ambiguous word. For the client, it may come in the form of a private yacht. Expanding market share. Or simply keeping the business alive in a highly competitive market. So before you set out to do anything, make sure your business plan categorically sets out how the client determines success.

Measuring success:

- Understand the rationale for the business.
- Detail both short and long term goals.
- Identify the metrics against which success will be measured.
- Set out the timeline of when things need to happen.

Specialisation offers you with your own kind of opportunity. Gain an in-depth knowledge of your clients' industries. Understand the background to their businesses. Develop an expertise in their specific products or services. Suddenly you're in a position to advise clients much more accurately. To help them make better-informed decisions. And to provide specific financial advice they can trust. By delving into the niches, you not only become a business partner - but a knowledge partner too.

04

PUTTING THE PLAN INTO ACTION

You've set out your targets. You've formed a plan of action to achieve them. You've even remembered to define the criteria by which you'll measure success. And that's before breakfast. The who, what, why, where and when of your business plan are all in place. So what about putting it all into practice? Well, it's going to require a lot more than the pure number crunching and reporting you've maybe been confined to in the past.

1 Define your business relationship

Establish the boundaries of what your client requires, what you can offer in the future, and how you are going to work together. Accountants can provide a broad range of services. You might be expected to brainstorm with your clients, for example, keeping an eye on the future and bringing proactive thinking to areas as diverse as creditworthiness and investment opportunities. When it comes to introducing new advisory services, discuss what you can start doing, or do more of, or do better. This might cover quick scans at client offices, year-end reporting or offering proactive advice at a fixed monthly fee.

You'll want to agree the sort of service that's right for your client at the outset, forgetting to plan for how that may evolve over different stages of the timeline.

Discuss the services your client might require:

- Taxes
- Consultancy
- Business planning
- Financing
- Compliance
- Risk Management
- Consolidation
- Bookkeeping
- Payroll
- End of year submissions

2 Identify the tools required to put the plan into practice

As we've already mentioned, your advice can only be as good as the information you have access to. And a good online business software will give you all the data you need, whenever you need it.

Realtime financial data plays a significant role in any consultative (as opposed to reactive) approach to business. It makes it possible to advise your customers more accurately on various business scenarios. Help them to make better-informed decisions. And become more successful by sharing these insights to provide specific financial advice.

That all adds a lot of value, especially to small businesses that generally aren't in a position to call in the help of management consultants or specialists/strategists. After all, entrepreneurs are often focused on the issues of the day and will only occasionally need the help of an advisor they know and trust. So, what do you need to do this?

The key considerations:

- Access to information.
- Effective communication.
- Monitoring business goals.
- Efficient use of time and resources.

What you should expect from business software:

- The right information being delivered to the right people with the right metrics.
- Easy, intuitive collaboration with the client.
- Instant access to the same realtime data:
 - Sales performance, trends and pipeline.
 - Market insight: benchmarking multiple clients information.
 - Costs, revenue, margins... the key financials agreed as the goals of the business plan.
 - Comparison of the business plan to the actuals.
 - Business liquidity.
- More efficient working processes:
 - Frees you from laborious manual work.
 - Allows you to focus on monitoring and advice.
 - Supports the capture and sharing of data.
 - Reduces paperwork. It's 2014, after all.
 - Scans and uploads physical data [e.g. receipts].
 - Enters data straight into the system.
 - Makes more efficient use of everyone's time.
 - Monitors the way information is recorded so that the accountant can identify clients errors and improve their productivity.

Creative thinking from Kop of Munt

Accountancy practices and creative agencies. You'd think they'd be as different as chalk and cheese. And normally you'd be right. Normally. But take Kop of Munt from Amsterdam, 1 accountancy that's bridged the gap. By adapting their set-up, systems and communications to the needs of a specific audience, Kop of Munt has positioned itself as a hip and informal firm with a real understanding of the creative sector. Take a quick look at their website or Facebook page and see for yourself. It's an approach that works. It appeals to customers and promotes word of mouth advertising across social networks. And we all know the value of personal recommendations.



05

HOW EXACT ONLINE CAN HELP

The advice you give is only as good as the information you get. Exact Online makes sure you gain 24/7 anywhere, anytime access to all the realtime data you're going to need. Exact Online is 1 of Europe's leading SME-focused, cloud-based accounting, CRM and industry-specific software. It's secure and reliable, enabling you to work with your clients more closely, more easily. And flexible, cost-effective monthly subscriptions mean you only pay for what you use, so you don't need to be an accountant to see how cost-effective it works out to be.

1 Access to information

Exact Online makes sure you get access to all the financial data you need.

- **Realtime visibility of data as it's processed**
Because your subscription is linked to your client, you both work on the same information.
- **Instantly accessible data in the cloud**
With all your clients' data stored in the cloud, you both enjoy instant 24/7 access for from anywhere, on any device.

2 Effective communication

The sooner your clients get all good advice you're providing, the sooner they can act on it.

- **Instant messaging**
You and your client can message each other directly without leaving the interface for fast, instant Q&A.
- **Task allocation**
By sharing the subscriptions, you share the same data, the same workflow, and the same task list.

3 Monitoring business goals:

Accurate, timely advice keeps your business plan on track. Exact Online makes it easy to monitor the agreed metrics.

- **Client dashboards**
A realtime overview of key metrics lets you instantly check performance against the business plan.
- **Continuous monitoring**
Let the system do the checking. Set specific thresholds for the clients. Alerts are generated if these thresholds are in danger of being breached, making it simple to manage potential risks.

4 Efficient use of time and resource

Exact Online helps you to make more efficient use of your time, so you can focus on the bigger picture.

- **Multi-company views**
Access a quick overview of your clients. See key metrics such as closed periods, submitted returns, document uploads, open events and more all at a glance.
- **VAT data integrity alerts**
Exact Online continuously monitors all transactions that contribute to the VAT return. It will automatically inform you if any steps have been missed, and even alert you when it's time to send a return.
- **Scan & Recognise**
Let your clients scan their receipts and invoices with their smartphone or tablet. These are automatically uploaded into the system for approval. All it takes then is a few mouse clicks to process.

06: CONCLUSION

ARE YOU READY TO PROFIT?

The economic recession has been a wake-up call for virtually everyone. And in the post-recession world, customers are more articulate, demanding and cost-conscious than ever. But they are also open to new ideas and new ways of working.

Even when the longed-for recovery finally kicks in, the accountancy sector will never be the same again. But that doesn't have to be bad news. A new beginning means new opportunities to evolve your business model and optimise revenue. Introduce new technology and services. Generate more challenging and profitable work. And develop a closer relationship with your clients.

By working closely with your clients to create a strong business plan, you'll intimately understand the rationale behind it, the goals, challenges, and requirements. Not only do you learn the main motivators of a client, you also learn how to make such a plan succeed in a given sector. In turn, this helps you to specialise even further.



That effectively provides your client with an ad hoc financial director who can help grow the business, rather than an accountant who just balances the books.

Of course for this to become a reality, you'll also need access to the right kind of realtime financial information and insight - and that's where decent online business software comes into its own. Thanks to the cloud, it's easy to monitor the KPIs you helped to set out with your clients. Transforming yourself into a proper business coach. The pro-active advisor your clients are looking for.

And that must be worth paying attention to.

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