

# How to build your advisory services





**Is new technology making common tasks like bookkeeping and tax so efficient that your billable hours are decreasing?**

**Do you want to offer new, higher-value services that can help you recoup revenue and retain clients?**

**We asked Gary Boomer, CEO of Boomer Consulting and one of Accounting Today's 100 Most Influential People in Accounting, how firms can effectively introduce and build advisory services**

There are three main levels of accounting services – compliance, performance and strategic. Most firms focus on basic compliance services, but demand for these is decreasing. New technology continues to make these tasks more efficient, or in some cases completely automated.

Accounting professionals are also discovering that new technology offers stronger analytics capabilities, giving them deeper insight into their clients’ financials.

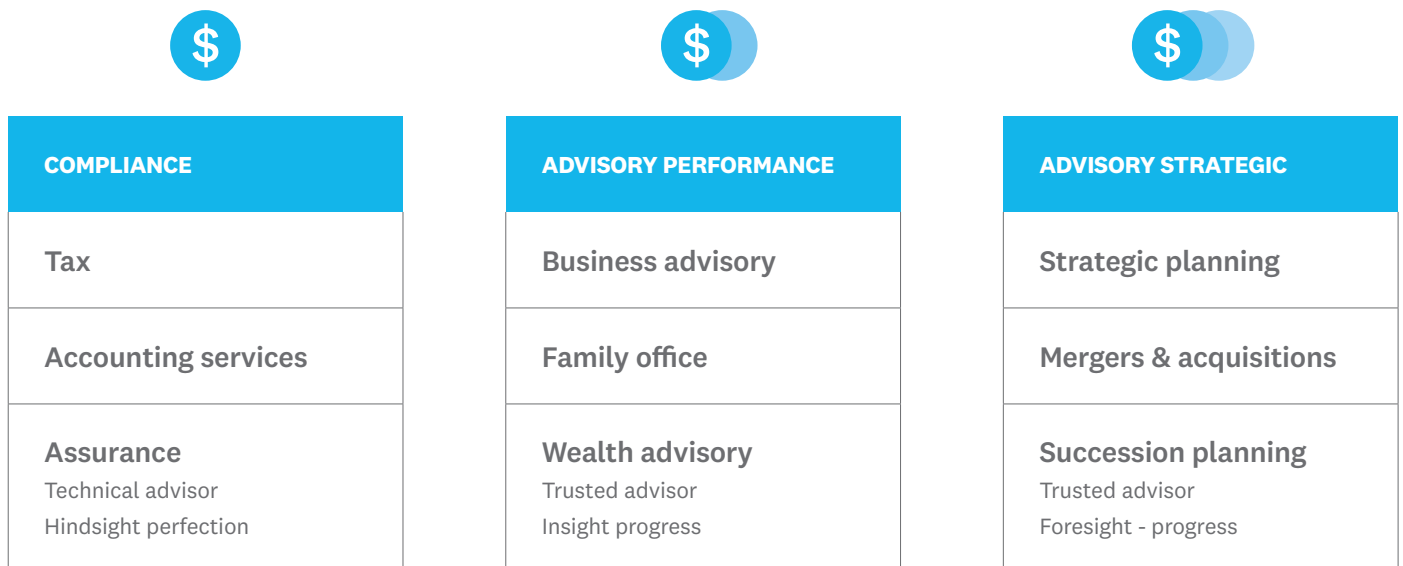
These gains in efficiency and analytic capabilities give forward-thinking accounting professionals a once-in-a-lifetime opportunity – to reinvent their profession. You can now devote your time and expertise to advising clients on the best course of action for their business.

Advisory services can distinguish your firm from the competition and let you provide more value to your clients. This equates to greater revenue and continuous, long-term engagements.

## The three levels of accounting services

Let’s start by taking a closer look at the different levels of accounting services – and the opportunities and downsides associated with each one.

The graphic below is a basic overview of the common breadth of services. As you move upward in levels, you’re differentiating your firm from others in the crowded market. This allows you to increase profitability by providing greater value to the clients you serve.



## Level 1: Compliance

The vast majority of firms operate at this level, offering services like tax, financial reporting and bookkeeping. However, firms that are limited to this level face diminishing revenue. Competition and the efficiencies gained through new technology are having a big impact here.

Until the emergence of cloud computing, the value of level one services came from the amount of time they required. Many hours were devoted to process-driven tasks like bank reconciliation and data cleanup. Today, these tasks can be accomplished in a few minutes, since the processes are almost completely automated by cloud accounting software.

## Level 2: Performance advisory

At this level, accounting practices are focused on analysing the health of the businesses they serve. Services like business intelligence and growth profitability are common. This is the level where most of the Big 4 firms operate. You will find some level one practices dabbling in performance services, but only to a limited extent.

## Level 3: Strategic advisory

Firms that offer strategic services are analysing performance but also advising on the best course of action for their clients. These practices help their clients with strategic planning, forming succession plans and managing risk.

As the graphic shows, revenue opportunities only increase as you move up the levels. The main goal is to move away from being valued for your time – into a role where you're valued for your financial expertise. You're striving to be seen as a trusted advisor on all your clients' financial matters.



## Technical advisor versus trusted advisor

When you operate strictly at level one, you're more of a technical advisor. It's an execution role, where process-driven tasks – like tax preparation and monthly reconciliation – must be carried out 100 percent correctly.

The trusted advisor is more of a visionary. This role is about balancing perfection with progression. You're striving to help your clients by offering creative courses of action and solutions. You can do that through the combination of data and your expertise.

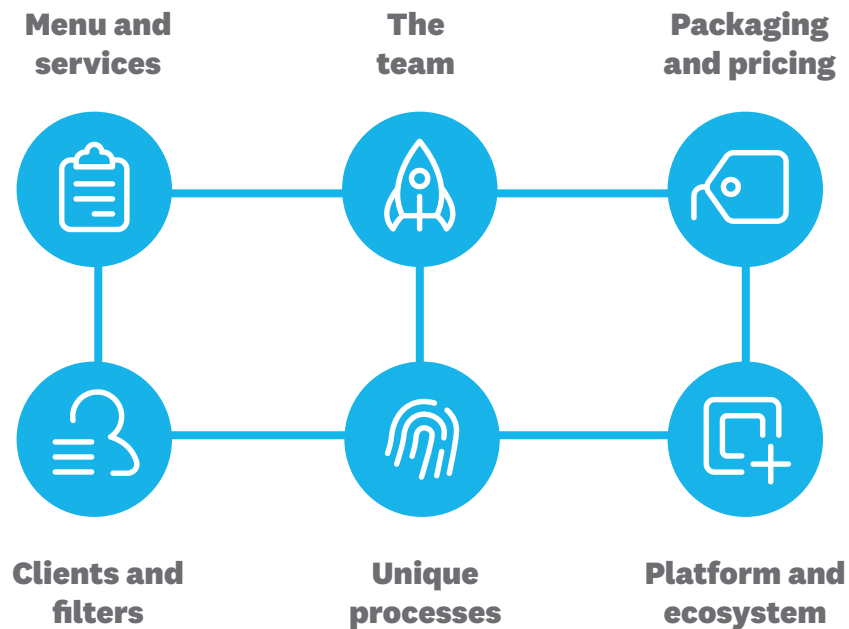
Accuracy is still crucial, but advisory services allow you to present various options to a client. Some of them will be optimal and others may not be. The trusted advisor educates the client on their different options so they feel empowered to make decisions that are best – for themselves and their business.

Many accounting professionals operating at level one claim that they just don't have the time for advisory services. These professionals are opting for minimal revenue, when so much more is within reach. In the words of Gary Boomer CEO of Boomer Consulting, "Level one professionals are too busy picking up \$1 bills to bend over and pick up \$100 bills."

# Is my firm prepared for levels 2 and 3?

Firms need to be proficient in level one services before advancing into the upper levels. Many will fall somewhere between level one and level two. Such practices may offer advisory services when the opportunity arises, but they don't make them the centerpiece of their services menu.

This is a good starting point. But if you want to move completely to level two or three, you need to have a solid foundation in place. The graphic below shows all the pieces of the puzzle that must come together if you want to move into the advisory realm.



It's often overlooked, but this transition also requires a shift in mentality and strong change management. Individualism is a classic trait of accountants and bookkeepers. It's traditionally a heads-down, methodical profession.

But advisory services require a team approach – with your internal team and also with the client. If you want to reinvent your practice and client relationships, you must be open to working in new ways and making changes.

Firms that are successful in introducing advisory services tend to solve the puzzle by making the following changes:

- Identify the right leader and team members
- You'll need people who possess specific skills – and the right person to lead the team.
- Create a client filters list
- It will help you prioritize the clients that are suitable for your new services – and filter out the ones that aren't.
- Develop a menu of services that covers all three levels

# Transforming your client relationships

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Once you feel comfortable positioning yourself as a trusted advisor, you can begin pitching your new services to your clients. Advisory services won't make sense for all your clients. It will also take time to roll them out to the clients they do suit. By following the four steps below, you'll make the move from technical to trusted advisor and enjoy greater profitability.

## Step 1: Identify the right opportunities

This first step is essentially a fact-finding expedition. You'll need to talk to your clients and find out what they really need. This means asking them the right questions and listening closely to their responses.

You'll want to learn about your client's business operations. Even more importantly, you'll want to find out what their pain points are. Ask about their long-term goals, their typical day and even how much vacation time they're able to take. Eventually you'll find out how and where you can help them.

This is also the stage where you'll identify which clients are a good fit for advisory services – and which are not. Some clients are simply set in their ways. Some aren't receptive to outside help when it comes to the direction of their business. Others will be interested but might not be at a stage where you can offer enough help to justify the time and effort.

## Step 2: Transform the relationship

Once you've identified the difficulties the client is facing, let them know how you can help. Specifically, explain the benefit of working with you in an advisory capacity.

This is where the mentality shift comes into play. Accounting professionals often tell their clients “what it is” and “how it's done” but gloss over “why it's important.” However, the “why” is where you explain your value. These conversations can also help you refine your advisory services over time. That's because you'll learn what works for your clients and what doesn't.

As well as explaining your own value, you'll also need to demonstrate the value of the software and other technology that drives your advisory services. Some clients might want to see the software in action and learn how it works. The majority will just want reassurance that you believe in it. Make it clear that you know the system well and are confident that it will improve your client's operations.

As you move into a new arrangement with your the client, you'll need to be clear on services, pricing and ownership. Explain from the start what your responsibilities are, what the client's are and what the cost will be. If the client deviates from those terms, don't be afraid to have the necessary conversation to get things back on track.

A good way to prevent issues from arising is by using a pricing matrix from the start. The client can let you know what services they're interested in and what they're willing to spend. You can then use the matrix to determine if their requirements are within budget. If not, you can prioritise your services with them before the engagement begins.

## Step 3:

### Become the trusted advisor

Once the relationship is established, start delivering your advisory services. It's important that you encourage your client to handle their responsibilities, and also gauge their satisfaction. A key part of keeping clients happy is being proactive. Check in with them regularly so you can prevent small issues from growing out of hand.

Decide who will be the point-of-contact for each client. A partner can usually handle these duties for a smaller firm. Bigger practices might need to assign account managers. These staff members can meet with clients frequently and gain a strong understanding of their business. They can even offer new services that might suit a specific client but not your entire client base.

Another advantage of account managers is that they possess customer service skills, which many accounting professionals lack. They can speak to clients in terms that make sense to them, as opposed to getting bogged down in accounting terminology.

Account managers can also respond in a way that is mutually beneficial to the client and the practice. Accounting professionals often feel pressured to come up with an immediate solution when confronted with a client's issue. Account managers, on the other hand, should be skilled in coming up with a new service offering that solves the issue in a way that is profitable for the practice.

## Step 4:

### Increase your advisory services

At this point, your firm is offering level three strategic services. The key, going forward, is to refine your services and bring in more clients.

Start by analysing your own operations – just as you would for your clients. Look for opportunities to increase revenue and efficiency. Your processes will need to be continually refined. That way you can do more without immediately expanding your staff.

You'll also want to attract potential clients with your advisory services. Consider offering a 30-day trial of your services. This will help build trust and can quickly put a skeptic at ease. You should be confident in your advisory abilities at this stage. If so, it's likely that most companies accepting the trial offer will become paying clients later. Those that don't probably weren't a good fit for such services anyway.



## Your new role brings new rewards

The sky's the limit once you've completed the transition into the trusted advisor role. You will be helping shape businesses and have a direct impact on their success. And the potential for increased revenue is just too great to ignore.

