



Whitepaper

# 7 questions to help grow your advisory services

Practical advice for accountants  
looking to move beyond basic  
offerings.

Sage

# Table of Contents

**Page 3**  
Introduction

**Page 5**  
What's your story?

**Page 7**  
What value do you provide?

**Page 8**  
Where are your gaps?

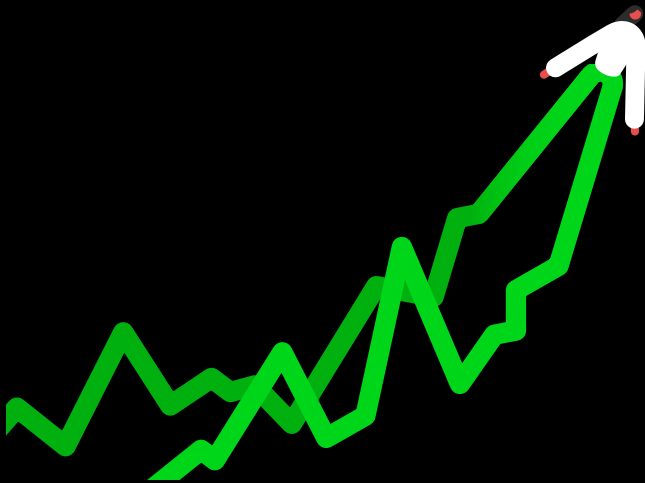
**Page 9**  
Do you have effective business processes?

**Page 10**  
How will you sell your new services?

**Page 11**  
What technology will help get you there?

**Page 12**  
How will you be held accountable?

**Page 13**  
Conclusion



# Introduction

Picture an office, perhaps just like the one you're in right now. Somebody's counting bills at a desk with that look of concentration and perhaps even consternation such a task demands. All types of bills are in stacks: \$1, \$5, \$10, \$20, \$100, and more. Suddenly, the door swings open as the intern enters and a gust of wind blows the stacks of \$1 and \$100 bills to the floor. As you might expect, the person fumbles around to collect the bills regardless of denomination, both \$1 and \$100 bills alike.

Why the urgency for the smaller \$1 bills? Why not first concentrate on picking up those \$100 bills before they fly out the door?

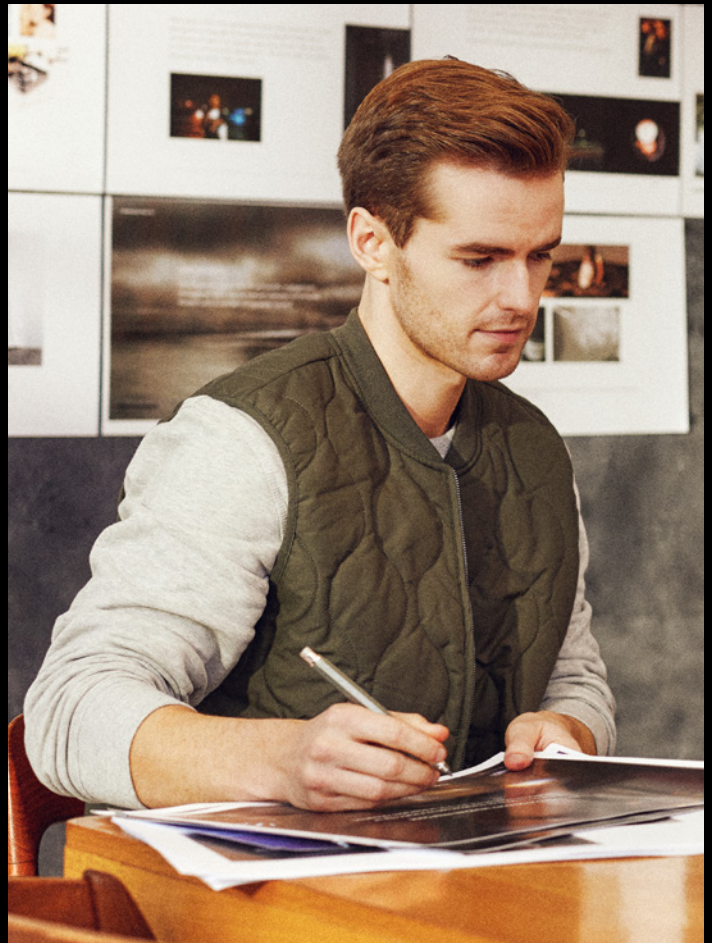
We can all agree that chasing the small bills while the big money disappears wouldn't make much sense. Yet that's precisely the approach many firms take when trying to grow their practices.

Firms ignore the potential of advisory services and continue low-value, fragmentary work while ignoring the potential for more profit—and more satisfaction in what they do.

Nearly every accounting practice today understands the need to transform but leaders struggle with the mindset, skillset, and toolset necessary to do so. This despite the desire among clients to receive more value from accountants. In fact, according to an International Federation of Accountants (IFAC) 2016 report, 93% of small businesses value accountants as their source of business advice.

**93% of small businesses value accountants as their source of business advice.**

International Federation of Accountants (IFAC)  
**2016 report**



When small and medium-sized business owners are asked what types of services they desire from their accountant outside of the services they already receive, according to The Sleeter Group's "What SMBs Want from Their CPA" survey of small and medium-sized business in 2014, the majority respond with the following:

- Business planning
- Business strategy services
- Creating a dashboard to monitor their business

Providing advisory services has been an important talking point in the accounting community for a while now. However, many professionals are still unsure of which path to take when making changes to their firm while some even question why they should provide additional services when their core products—accounting, audit, and tax—have proved so successful for so many years.

But there can be no mistake. Moving to advisory services will benefit your firm and your clients. To help frame a story around why this is the case, there are seven questions you can answer over the remainder of this whitepaper that will help you kickstart the process of adding advisory services to your firm.

# 1. What's your story?

Mindset is probably the biggest obstacle firms face. This is the first difficult step of the journey to adding advisory services to your firm's offerings.

## **Proactive, not reactive**

It's not enough to sit back and watch early adopters make the shift, planning to follow in their footsteps later. Advisory services require a mindset that goes beyond conventional success. It's about always working to create a bigger future for yourself and your clients. The true game changer firm is driven to improve and grow. They are willing to change rapidly and learn faster than the competition.

The answer doesn't necessarily lie with the clients themselves, in that asking them may not provide the answer you need. As author and speaker Daniel Burrus says, "Clients today don't know what they want, because the things they most want are things they don't yet know are possible. Give your clients the ability to do what they can't currently do, but would want to if they only knew it was possible."

You can provide this with a menu of services and defined service levels. Clients that only utilize one service, such as personal tax, are not the clients that will bring your firm into exponential growth. They force workload compression and stressed out staff. Always have the following mantra top of mind: Package and price to improve client satisfaction and cash flow.

The first step in shifting to an advisory services business model is learning how to clarify and define your game. Who are your target clients and what services will you offer?





### Deciding what to offer

“There are three ways I begin to think about advisory services and what I’d like to offer,” comments Shayna Chapman, a CPA, CITP and CGMA who owns Shaynaco LLC ([www.shaynaco.com](http://www.shaynaco.com)). “The first is to look at client need. The second is to look at what non-accounting professionals offer their clients. Finally, I might just learn about and develop an interest in a service. I make a decision about offerings once I figure out that either I or my staff can adequately and efficiently provide the service— and if we are actually excited to do so.”

For Blake Oliver ([www.blakeoliver.com](http://www.blakeoliver.com)), an accountant who specializes in cloud technology, new service offerings arise organically: “We were already doing bill pay for our clients, so it wasn’t that much of a stretch to start offering cash flow forecasting and other types of cash management services. We were already providing payroll, so it wasn’t that big a deal to also start offering some basic HR advice. We were already doing monthly or quarterly meetings to review financial statements, so it was natural to begin offering KPI dashboards and flux analysis of current versus prior periods. That naturally leads to discussions around business strategy.”

For both Shayna and Blake, there was an inevitable time penalty to be paid up front—but it’s one that any accountant should consider when looking to expand his/her practice.

“Initially, it’s a struggle to take the time to learn how to offer the services,” comments Shayna. “I overcome this by diving into it. Sometimes it’s only a time investment, but sometimes, I have to make a decision to invest dollars into the service. Knowing that what I am investing my time and money in will have a return is incentive to do it.”

Blake adds that intelligent use of staff and technology can help: “It definitely took an investment of time. But it’s one that I was able to make because I had standardized and automated most of the basic services in our firm. With staff doing 90% of the client work, it freed me up to learn how to create KPI dashboards, or how to provide HR advice (without incurring significant legal liability), for example.”



**Shayna Chapman**  
CPA, CITP and CGMA



**Blake Oliver**  
Accountant

# 2. What value do you provide?

Your firm's business model must change as you transform your firm into higher level services.

## **True added value**

For too long, the profession has lived by the billable hour, which encourages a fundamentally short-term approach to the work you do, and also the relationships you have with clients. With advisory services, value is determined by the client and the market, not the amount of effort involved.

Disruptive technologies are changing the playing field. As a valued business advisor, you are able to provide clients with performance- and strategic-based services packaged with compliance services faster, better, cheaper, and easier.

## **Make a real push to develop pricing strategies that will enable you to scale your practices with the right services and clients.**

How can you develop pricing strategies? Start by making a list of clients who you only provide traditional services to, but could benefit from providing additional advisory services. Keep the list small enough to manage at first, ensuring that you provide the best service possible to your clients.

## **Strategizing**

Once you've selected suitable clients, develop a strategy.

Start by leveraging industry data reports to see where the possibilities lie in providing services to your clients. For example, if a client is in the real estate industry, you should create or source a report which provides an overview into the industry or a list of business challenges. You might provide a list of trends and opportunities or industry forecasts.



With this information in hand, contact your clients and open the discussion. These kinds of industry reports can help open a dialogue between you and your client about what advisory services they need most and how they can move forward.

## **Value-add for the client**

"Clients want to work with professionals they like," comments Blake. "That means sharing interests, culture, and so on. And if you have people you get along with as clients, you'll enjoy your work more. That was my philosophy. I'm a musician and I ended up working with a lot of entertainment clients here in Los Angeles. Having worked to some extent in the industry gave us a starting point for our relationship. I'd recommend focusing on an industry you have something in common with."

Shayna concurs: "As part of the planning process for a service, I definitely consider who my target client is. How I decide that generally has to do with my interest in a particular kind of client, the amount of profit to be made to make it worth the effort, who needs the service the most—and making it a marketable service, which is able to grow."

# 3. Where are your gaps?

The skills required to build a consulting practice are different than those needed in a traditional compliance practice. While the core technical skills that define the industry are still important, what matters more are leadership, collaboration, and team building.

## Learning your values

The value you provide to clients should be added by your entire team, not just the accountants. For example, the largest firms are now employing many non-accountants for advisory services in areas like IT, finance, marketing, and human resources. From a client's perspective, diversity like this makes a firm more valuable and innovative. Your team will like it too, because people who are able to focus on their unique abilities have less burnout and are more engaged in their work.

But where will you find those skills? Your talent model will have to expand to take advantage of non-traditional resources like remote workers, outsourcing, and the gig economy. You'll need to start thinking in more contemporary terms, rather than limiting your business—and your thought processes—to the four walls of your office.

## As technology continues to liberate entrepreneurs, it can also liberate accounting professionals.

For example, virtual CFOs use cloud-based technology to identify how their clients can perfect business processes and move their organization forward. These processes can include things like raising capital and collecting payments more efficiently from suppliers.

The demand for cloud is out there among your clients and other finance professionals. Research results from Sage has found that 87% of small companies want cloud-based services yet less than 15% of accounting software that serves them is cloud-deployed.



## Team working

Blake comments: "With traditional core services like tax preparation, you often only need one person to do the work. That's a big reason why accounting firms historically are not set up for good collaboration. It takes a bigger team with more diverse expertise to do good advisory work."

Shayna adds from her own experience: "As we have moved into advisory services, it's been easier if each person on our team becomes an expert in their area—payroll, accounts payable, the various software packages, the knowledge work, and client handling. Then, we are able to come together as a team and work through the issues for the client—each of us being able to bring our expertise to the table to run through the issues to find why, or why not, something doesn't work as a whole. This seems to be very efficient, as well."

# 4. Do you have effective business processes?



As an accounting professional, you have a wealth of financial expertise and already understand different business models and industries.

Can you manage projects and engagements effectively? One of the first reactions people experience when faced with a massive change in mindset, skillset, and toolset is feeling overwhelmed. They communicate that feeling in the form of resistance and ask questions like, “Where will I find the time to learn and implement an advisory role and function?”

## **Taking control**

Without efficient processes, firms crumble in chaos and conflict. Technology now allows us to automate more processes and integrate applications. Inexpensive mobile applications provide capabilities to manage workflow, resources, projects performance, and expenses.

A firm grasp of the basics of good project and engagement management skills is also crucial. Using Lean Six Sigma to define, analyze, measure, improve, and control your processes and identify the resources available to help you accomplish your goals will provide a significant return on your investment.

This is valuable knowledge you can use to help existing clients set targets and plan for future growth.

## **KPI measures**

Let’s say you’re working with a client who runs a small computer repair business. Start by helping the client set a growth Key Performance Indicator (KPI). For example, this KPI could be increasing revenues by 5% next quarter as compared to the same period last year.

After reviewing your client’s books, you see they can increase revenues in multiple ways. One way is by concentrating on upselling an extended repair warranty rather than spending more marketing budget on acquiring new customers. You can then measure your clients’ progress towards this KPI using cloud-based software that can accurately store and track vital financial information.

Once your client has met the KPI, you can use your years of expertise to advise them to invest any extra money gained through these efficiencies into business development. This means that, as a valued advisor, you’re not only helping your clients achieve short-term goals, but setting them up to succeed in the long-term. This is the true definition of being even more than a valued advisor. You are now becoming a valued business partner for your clients’ success.

## **Getting from A to B**

Shayna says that when it comes to implementing the new processes, some firms jump straight into offering advisory services, while others take years to develop them. Her own approach was somewhere in between:

“I felt I have to have a plan to get from A to B, and feel comfortable doing it, but I don’t want to take so long that I don’t get started. In our new advisory services, we have worked hard on learning the services inside and out. We identified the type of client to whom we want to market, surveyed current clients for interest and feedback, decided on the technology, and figured out who on our team belong in which service area. Then there was the go-live phase, which began with marketing to and expanding services for current clients—and then to new clients.”



# 5. How will you sell your new services?



The greatest service offerings in the world won't be of any value to your clients unless they are aware of them. If your firm is changing but your messaging isn't, potential clients won't realize the value you can bring to their business.

## Getting the message out

Work on messaging and communicating your new services through strategic sales and marketing initiatives. This includes your website content and messaging, email nurturing, sales letter and conversations, generating leads, and gathering the best customer testimonials.

Split your marketing activities into two key areas: existing customers and new acquisitions. Aim to include a marketing message of some kind with every contact you make with an existing customer. For example, an invoice might include a leaflet explaining your increased range of offerings. Your email signature should always mention this, too.

Always aim to please customers so much that they become natural evangelists for your business.

Ensure clients are satisfied to the extent that, if somebody asks for a recommendation, your firm is the first and last suggestion they make.

New customers can be targeted by old or new media. If yours is a business targeting a nearby population then advertising in local newspapers might still make sense. However, you can also take advantage of social media like Facebook, Twitter, and LinkedIn.

These services can offer extremely targeted advertising to specific demographics and localities—provided you're prepared to pay for it. But even more general and regular posts made by your staff (known in the new marketing lingo as "organic" posts) can pay huge dividends if somebody is assigned to work as a virtual "bar-keep," watching social media and proactively utilizing it.

## Blogs and more

It's not quite as simple as it once might've been, says Blake: "Ten years ago my firm was on the cutting edge of content marketing. We had a great blog that drew in, via Google searches, lots of business owners looking for help. It's a bit more crowded now, so not as easy to do, but there's still plenty of opportunity to craft great content that ranks in the first page of Google results."

Traditionally Shayna hasn't undertaken much marketing work, with new clients coming via referrals from existing clients, but her increased service offerings are changing this.

"We don't even put our name on our building or have a sign," she adds. "But we have recently identified a niche to whom we are going heavily market, first in a broader sense of the niche, and then narrowing down to a more specific niche. We've hired a marketing firm to develop a plan via social media, blogs, and printables. I'm really looking forward to watching how this develops—especially since it's very different from our "no marketing plan" plan of the past."

Often a small amount of investment in marketing via a third party can bring very large dividends—especially if a modern content-driven approach is used, as Shayna has undertaken.

# 6. What technology will help you get there?

In the past, too many accountants focused on the spreadsheet as the primary tool of choice. But a spreadsheet isn't efficient or scalable. To grow your advisory services practice, you'll need modern accounting software and a suite of related add-ons. These will help you automate processes, scale your services, and enjoy efficient workflow, reporting, and innovation.

## The technology highway

It's time to build or update your technology roadmap with a focus on cloud-based applications that integrate. The very best software lives in the cloud, and so interconnects all your data—as well as that of your clients.

One of the core administrative tasks of any accounting practice is to manage a client list, which is to say a “literal” list that contains client details. You might do this via some kind of a database or a spreadsheet. Perhaps a “list” as such doesn't even exist outside of your head or through entries in the accounts receivable ledger from invoices issued for work you've done.

Being more organized with your client list can bring transformational benefits to a practice. It's truly a situation where a small amount of effort can bring huge rewards.



## Better data

With contact details easily at hand, you can get in touch with clients for marketing purposes or any requirement for communication. Your colleagues no longer have to ask around to find vital details about clients, such as who last spoke to them, what was said at that time, or what work was done.

More data about clients can be retained which allows you to provide a more personalized, professional, and responsive service for clients—and allows any colleague to pick-up on work tasks just by reading this data.

Without proper management of a client list, you're reducing the overall level of professionalism that your clients experience each time they contact you. You are also fundamentally limiting the services you can offer clients. Proper management of a client list can be the foundation forming the very best platform on which to run your practice—and the very best advisory services.



## 7. How will you be held accountable?

If you find yourself asking when's the best time to start, keep in mind that there's no time like the present!

A plan isn't worth much without accountability to follow it. Once you create a plan to focus your goals, priority initiatives, resources, and due dates, accountability will help you get results.

### **Keeping in touch**

Communication is critical, as is prioritizing your best opportunities. Work on developing a roadmap that provides direction, establishes priorities and assigns initiatives along with due dates to responsible parties. Firms that have a plan and are in motion do much better than those who are paralyzed through procrastination. Execution comes from increased accountability.

# Conclusion

As you can see from the previous questions within this whitepaper, firms need to make significant changes to take advantage of advisory service opportunities. It may seem overwhelming, but remember, this journey is about progress and not perfection. With a plan of action and accountability, your firm can ride the big waves of change rather than get crushed by them.

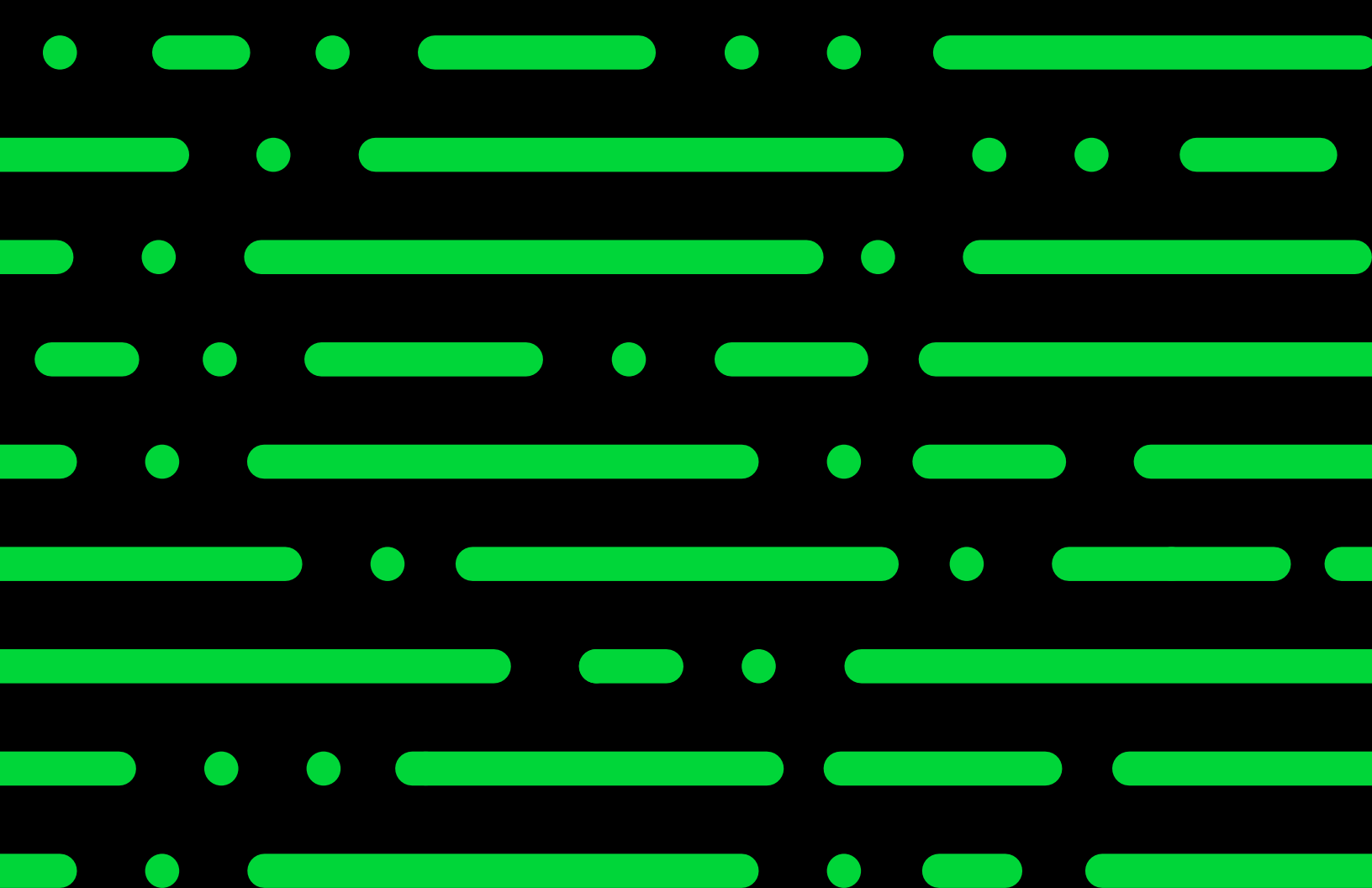
The future of your practice may not rely upon offering new services, but you know it's foolish to ignore the potential.

Blake adds a note of caution: "The core work of tax preparation and bookkeeping is quickly becoming commoditized thanks to technology. If you only focus on the core work that's been the bread and butter of the profession for decades, you won't be growing, and your margins will be shrinking."

Asking yourself the right questions will help you not only start your journey towards offering advisory services to your clients, but will also breathe new life into your practice, your colleagues, and your profitability.

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