

A tactical approach to technology-based advisory services



Gary Olynik, CPA, CMA
Accountant Advocate

Laurie Rodriguez
Sr. Product Manager

Annual New Jersey Accounting Show
May 14, 2015

Discussion topics

What we are hearing	Quick level set on what the market is telling us about technology and accounting	Laurie Rodriguez
What are “advisory services”?	Description and discussion with specific examples	Gary Olynik
What does it mean to transition to offering these services?	Overall process and expectations	Gary Olynik
How do I get from here to there—the ten-step tactical plan	Ten steps that includes the technology considerations and examples of how it applies to one or more advisory services	Laurie Rodriguez Gary Olynik

This is an interactive session, so please share your thoughts and experiences throughout the session.

Three things to take away



Why you should seriously consider incorporating advisory services into your portfolio of services



Knowledge and awareness of enabling tools to allow you to deliver advisory services



Practical insights and tactical measures to apply in implementing advisory services

Technology is . . .

Rapidly evolving.

Forcing us to adapt and adopt.

Enabling value.





61%

of small businesses are demanding cloud-based computing.

However, only



38%

of accountants are using it to get real-time online access to clients' data now.



Did you know?



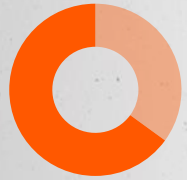
62%

of accountants are expanding their services beyond traditional accounting.



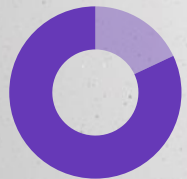
50%

of small and medium-sized businesses (SMBs) rely on their consultant to provide more strategic services.



65%

of SMBs said their accountant is either behind or current in his or her technology use.



82%

of SMBs expect their accountant to be more proactive.

Accounting Today named Sage View as one of the “2015 Top New Products.”

Sources: 2014 Sage Accountancy Index survey; 2014-2015 candidate poll; 2013 The Sleeter Group survey; and September 2012 AICPA report.

©2015 Sage Software, Inc. All rights reserved.

Why?

Why?

sage



The attention you give to what is going on and what you do about it will directly impact the success you enjoy.

What accountants provide today. . .



The top five services desired by respondents who currently engage a CPA firm:

Tax return preparation	90%
Tax planning	59%
Compiling, reviewing, and/or auditing business records	40%
Representing customers at government audits	26%
Bookkeeping—shared duties with staff	17%

What are “advisory services”?

Definition

Advisory services are consulting solutions in which an accounting professional or business consultant develops findings, conclusions, and recommendations that (s)he presents to clients for consideration and decision making.

Common client outcomes

Provide advice and assistance:

- ✓ Interpreting financial performance
- ✓ Monitoring performance as it happens
- ✓ Fix problems before they become problems
- ✓ Formulate proactive business plans
- ✓ Provide accountability to goal achievement

Some sample CFO advisory services



ANALYSIS

- In-depth financial reports on
 - Cash flow
 - Profitability
 - Growth
- Consultative job aides that accompany financial statements on a periodic basis
- Stress tests
- Best practice/worst practice analysis
- Chart of account optimization
- Forensic accounting
- Business valuation

CONTINUOUS IMPROVEMENT

- Proactive alerts (mobile, text)
- Client dashboards of KPIs
- In-depth ROI analysis of key client business initiatives
- Pricing strategy analysis

PERFORMANCE REPORTING

- Benchmarking reports/service
- Performance mapping (swim-lane BPI flows)
- Customer profitability
- Customer satisfaction
- Achievement-based planning (that is, best case) that identifies achievements and how to leverage them

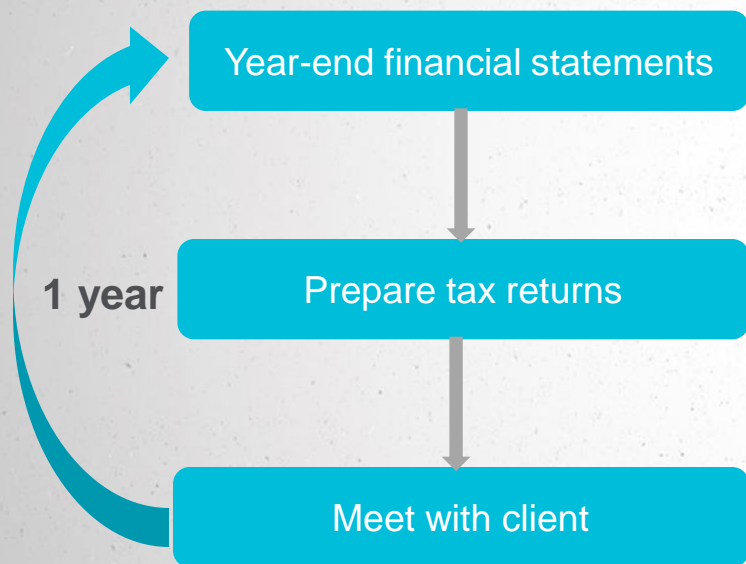
CONSULTING AND PROJECT BASED

- BPI of the effectiveness of the client's management
- BPI of operations
- BPI of talent management
- BPI personal vs. business goals
- SWOT
- Risk management
- Startup services—new business advisor

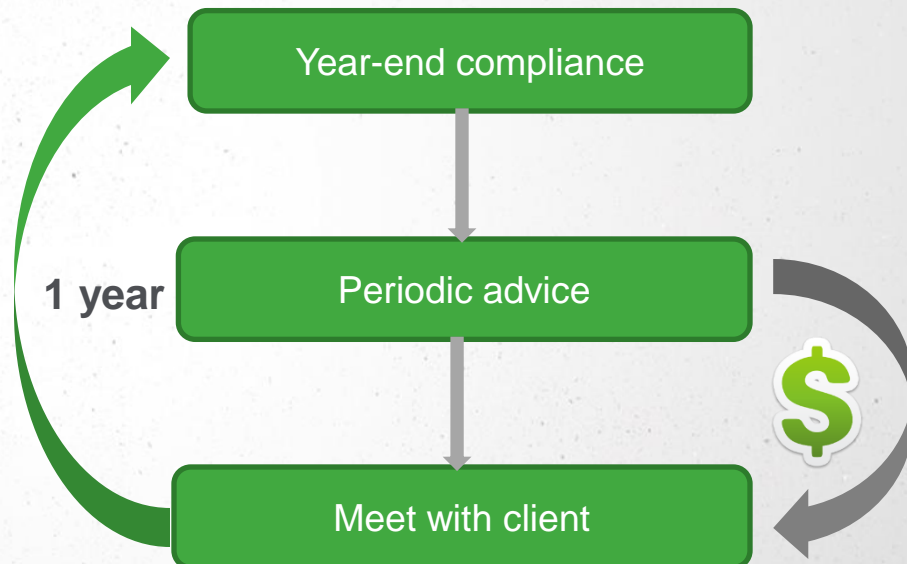


What does the transition mean?

Traditional CPA services



The advisory services model



How do I get there?



Deliver insightful analytics and advice that makes your clients and you more successful.

How do I get there?

Summary of the plan



1. Select the clients.
2. Build advisors within your firm.
3. Select the tools—solutions and technology.
4. Build out your processes, communications, and operations.
5. Select the advisory services to provide.
6. Establish value-based pricing schedule.
7. Plan your client meeting.
8. Perform client feedback and postmortem.

Step 1



Select a client.

- Who are my best and worst clients?
- Whom do I keep? Whom do I refer out?
- What are my firm's sweet spots?
- Objective evaluation



Technology tools and considerations

- Build a matrix looking at all facets of clients and firm
- Incorporate both quantitative and qualitative data points in client selection
- Consider how you will communicate with different clients given their technology adoption



Examples

- Cottage industries ≠ benchmarking services
- New businesses is a great candidate for startup advisory services
- Clients formulating exit/retirement -> valuation

Sample client matrices

One-dimensional

Criteria	Client A	Client B	Client C	Client D
Growth Oriented	✓	✗	✗	✓
Technological Currency	✓	✗	✗	✓
Identifiable Pain Points	✓	✓	✓	✓
Urgency to Solve Pain Points	✓	✓	✓	✓
Financial Payback on Solution	✗	✓	✓	✓

Multidimensional with weighting

Decision Matrix

Created by Date

Summary of Decision

	CRITERIA								Results			
	Weights →	Criterion 1	Criterion 2							RAW SCORE	WEIGHTED SCORE	RANK
OPTIONS												
Option 1										0	0	
Option 2										0	0	
Option 3										0	0	
Option 4										0	0	

www.Velaction.com
© Copyright 2010 by Velaction Continuous Improvement, LLC.

Click this image to download the Decision Matrix Template

<http://www.velaction.com/decision-matrix-template/>

Step 2



Build advisors in your firm.

- Is it the whole firm or a subset of the firm?
- Are there academic gaps that need to be filled?
- What additional soft skills need to be built?
- Establish roles and responsibilities, charter, vision, and success criteria.



Technology tools and considerations

- RACI diagrams
- Mission statement templates
- Closing the gap utilizing education programs from your partners like Sage LEAP programs, online CPE options
- Productivity tools
- Aggregate BI tools that do not require in-depth knowledge of all the client software



Examples

- Consulting and process experts or interest -> BPI training and certifications
- Outsourcing opportunities in bookkeeping
- Vertical expertise -> best practices, benchmarking, growth analysis

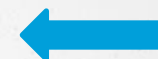
Quick reference

Team skill assessment

Area	Skill	Sub skill	Average						
			Jim	John	Lisa	Amy	Ben	Carl	Firm
Risk Assessment			2.23	3.31	2.58	2.71	3.40	3.10	2.89
KPI Selection			1.84	2.59	2.12	2.00	2.46	2.10	2.19
KPI Interpretation			1.50	1.50	1.00	1.00	1.50	1.00	1.25
Business Acumen			1.50	2.75	2.25	2.75	3.00	3.00	2.54
Proactivity			3.00	3.50	1.00	2.50	1.00	2.00	2.17
Communication			2.00	2.50	1.50	2.00	2.50	3.00	2.25
Presentations			1.33	1.33	2.00	1.67	2.67	2.33	1.89
Average			1.91	2.50	1.78	2.09	2.36	2.36	2.17

1-No skill; 2-Skill needs improvement; 3-Average skill; 4-Expert skill

Anatomy of a mission statement



Why

1. Who you are
2. What you do
3. Whom you do it for
4. Where you do it (optional)

<http://www.scottmccowell.us/wp-content/uploads/2011/06/anatomy.pdf>

RACI

		Description	How many in this role for a decision?
R	Responsible	Researches options & consequences, makes recommendations	Usually one (but sometimes more)
A	Approver	Makes the decision	One
C	Consulted	Makes recommendations	Varies (0 to many)
I	Informed	Get informed of the decision after it is made	Varies (0 to many)

Valued soft skills for advisors

- Communication
- Presentation
- Negotiation
- Sales
- Meeting facilitation
- Problem solving
- Mentoring/coaching
- Networking



Select the tools—solutions and technology.

- Select tools that support the services you plan to offer
- Select providers with experience, longevity, and security
- Look for solutions that fit with the majority of the clients
- Flexibility to support various industries, client sizes, software, and so on



Technology tools and considerations

- Cloud to provide more flexibility
- Mobile experience
- Monitoring all clients with one tool
- Automatic updates and syncing to save time
- Flexibility to support various industries, client sizes, and so on
- External facings vs. internal productivity tools and portals; that is, new portal from Sage

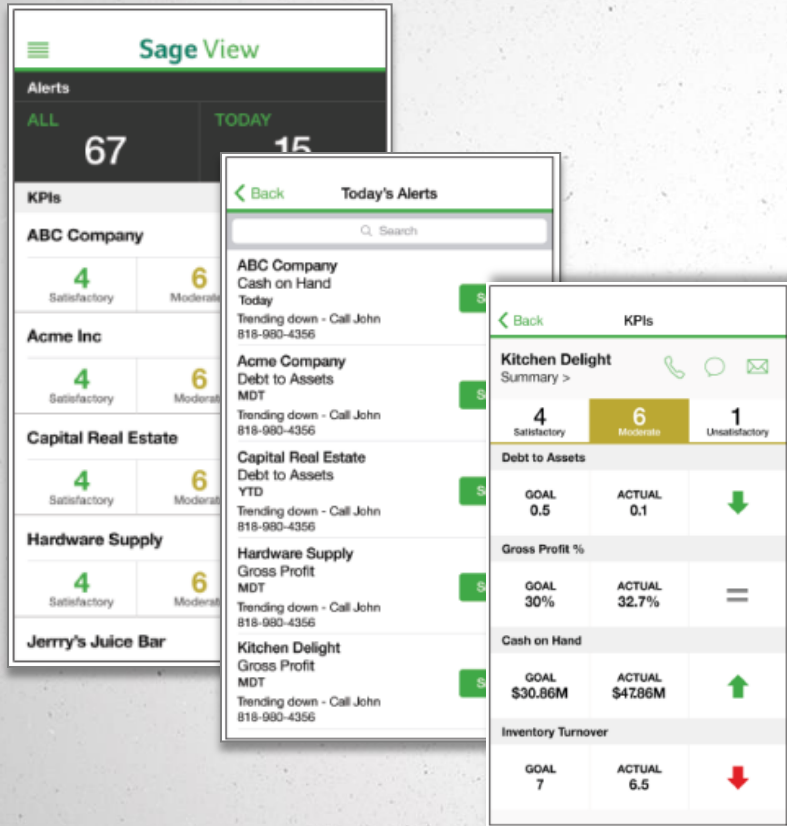


Examples

- Business performance consulting and customizable KPIs and dashboards
- Consulting leveraging sophisticated alerting tools
- Stress testing and valuation services leverage tools that combine credit, risk, and financial institution data
- Business process improvement (BPI) -> swim lanes, Six Sigma

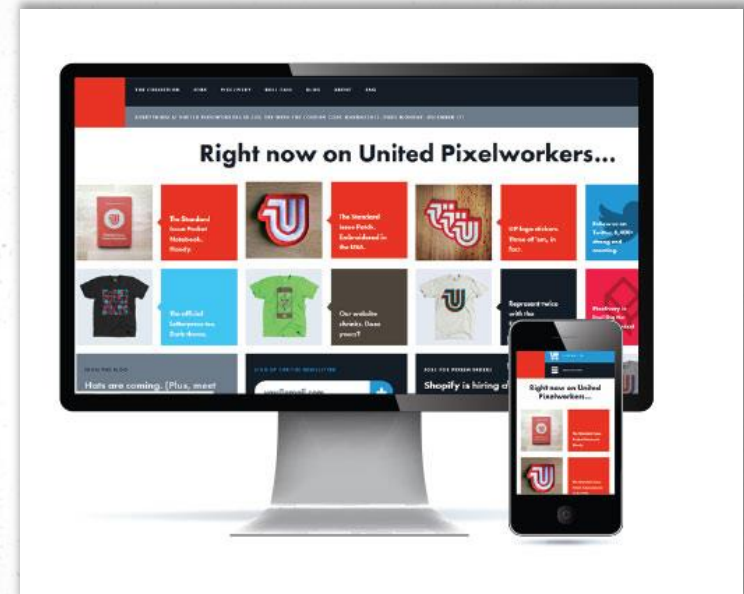
A mobile experience

Mobile app



- Better user experience on mobile
- Streamlined performance
- Good for targeted uses

Mobile responsive



<http://rapidvaluesolutions.com/whitepapers/responsive-web-design.html>

- One application (code base)
- Consistent features on all devices
- Good for blog, location-based, and news/media

coming in release 2

BI tool essentials

Display KPI data as Numbers Graphics

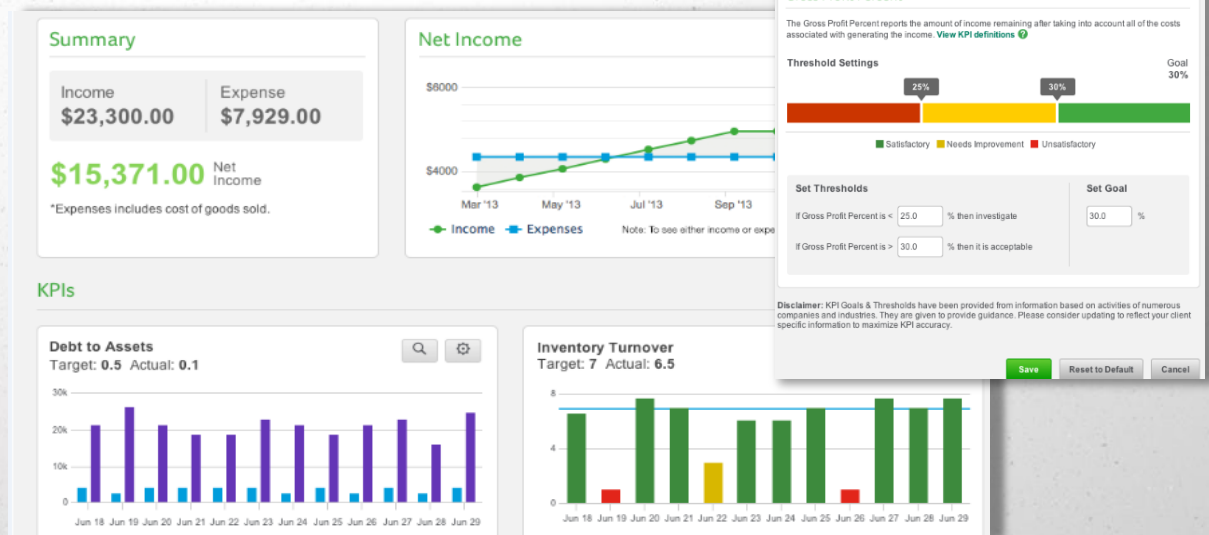
Client Company	Alerts	Quick Ratio	Gross Profit%	Debt to Assets	Return on Assets	Inventory Turnover	Status	Data as of	Industry
× ABC Party Supply	2	2.3	22.7%	0.1	7%	6.0	Mapping required	4/5/2015	Retail
× Barnsley Boxes	3	2	10.45%	0.2	6%	5.5	Data refresh successful	4/3/2015	NonProfit
× BB&C	9	1	32%	0.6	NA	5.0	Calculating	4/3/2015	Manufactur...
× Cycle Creative	0	×	×	×	×	×	Setup required	4/5/2015	Retail
× Susie's Hair Salon	0	×	×	×	×	×	Data out of date	4/5/2015	Service
× Kitchen Delight	0	×	×	×	×	×	Initial upload pending	4/1/2015	Manufactur...

Page 1 of 1 Total Records: 6

Satisfactory
 Needs improvement
 Unsatisfactory
 NA Not applicable
 X Data not available

- Quick and accurate triage
- Frequent and automatic updates
- Source agnostic and/or ease to integrate and support additional data sources

- Customizable and flexible
- Dashboards
- Reports
- Alerts
- Key performance indicators and metrics



Step 4



Build out your processes, communications, and operations.

- SLAs and contract updates
- Information transfer and data ownership
- Capturing client feedback and making it actionable
- Security protocol and guidelines



Technology tools and considerations

- Document systems and collaboration tools
- Remote meeting options such as webcasts, telepresence
- Security considerations
- Systems and tools that will grow and support your SLA—automated support and response systems, FAQ, and so on
- On the human side: try some team-building communication exercises



Examples

- COA optimization—applying best practice templates
- Project-based services need different processes from hourly

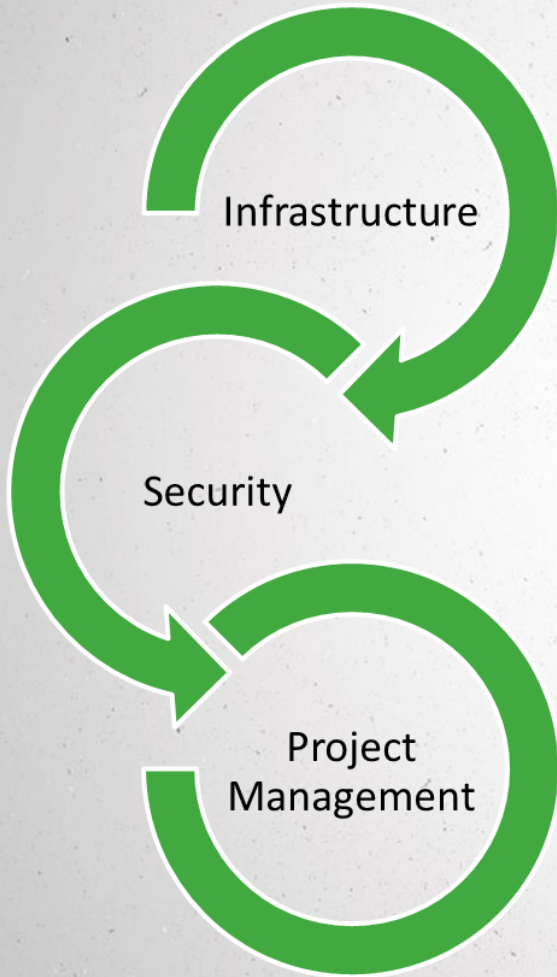
SLA considerations

Success tips

- Be simple, yet thorough
- Don't scare off the client
- Make it collaborative
- Communicate and ensure mutual understanding
- Include milestones that are realistic and not subjective
- If you look for templates and best practices—choose wisely



Operational alignment



- Choose technology
- Use the technology
- Transition plan

- Data security and protection
- Legal and statutory

- Define each body of work and value price
- Formally plan resource, work breakdown

Step 5



Select the advisory services to provide.

- Review correspondence history with customers
- Evaluate financial KPI performance
- Analytical review of client third-party purchases
- Align your offerings to match your advisor competencies



Technology tools and considerations

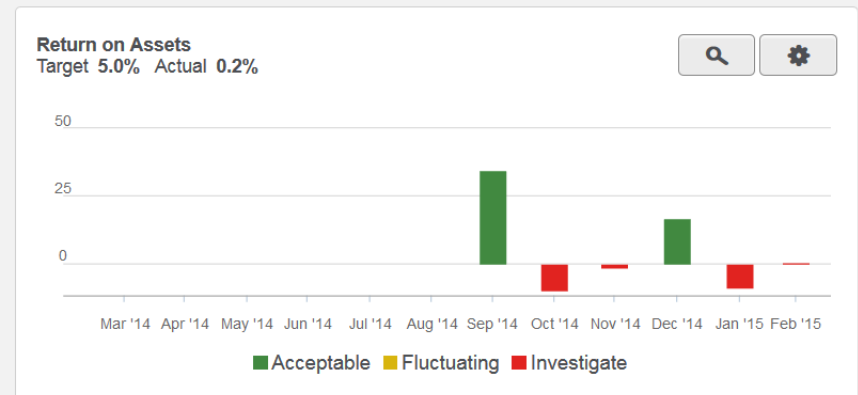
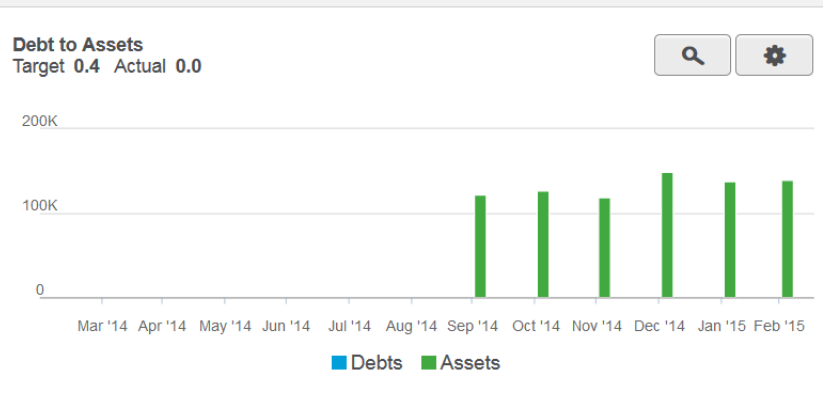
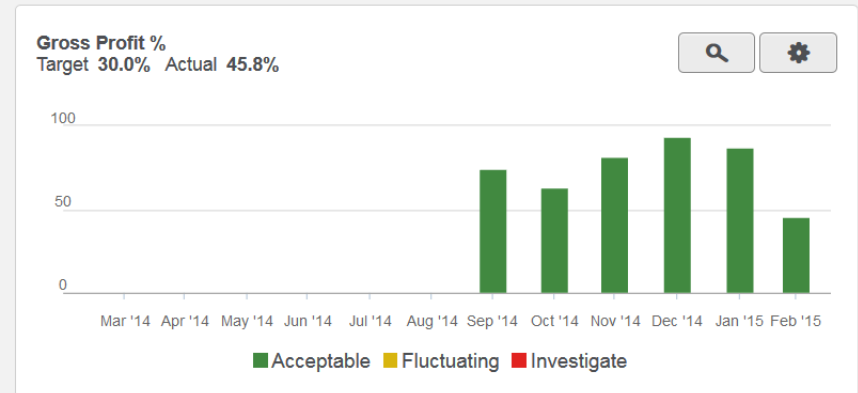
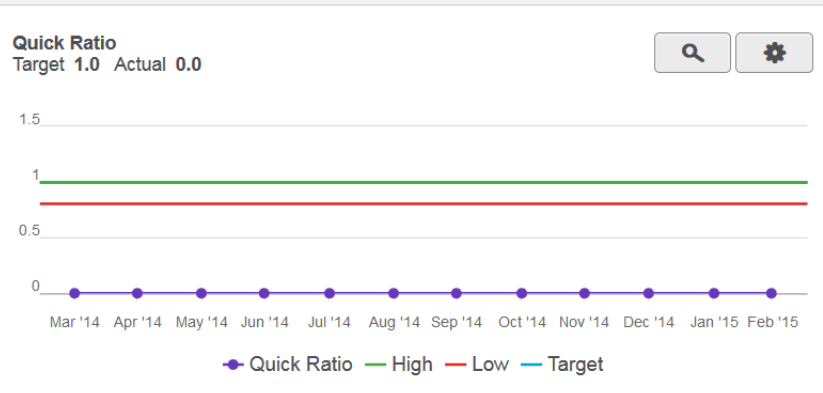
- Consider analytics software—trusted
- Link back to the mission
- Pick services that match core competencies of your firm
- Review cost of technology vs. value it can bring



Examples

- COA optimization—applying best practice templates
- Payroll services
- Cash flow management
- SWOT

KPI analysis



Step 6



Establish value-based pricing schedule.

- Look at deliverables from customer value perspective
- Abandon the cost plus model
- Relegate time sheets to internal tracking (if you use them at all)
- Develop best pricing option to suit the engagement



Technology tools and considerations

- Fixed price agreements
- Change orders
- Project profitability
- Terminology price vs. fee
- Terminology agreement vs. contract



Examples

- Good/better/best
- Project pricing
- Advisory pricing

Step 7



Plan your client meeting.

- Understand the communication style of your customers
- Deliver the message in terms they will understand
- Identify pain points and address them up front
- Underpromise and overdeliver
- Follow-up agenda



Technology tools and considerations

- Formal PowerPoint presentations
- Electronic dashboards
- Email alerts
- Change orders to avoid scope creep



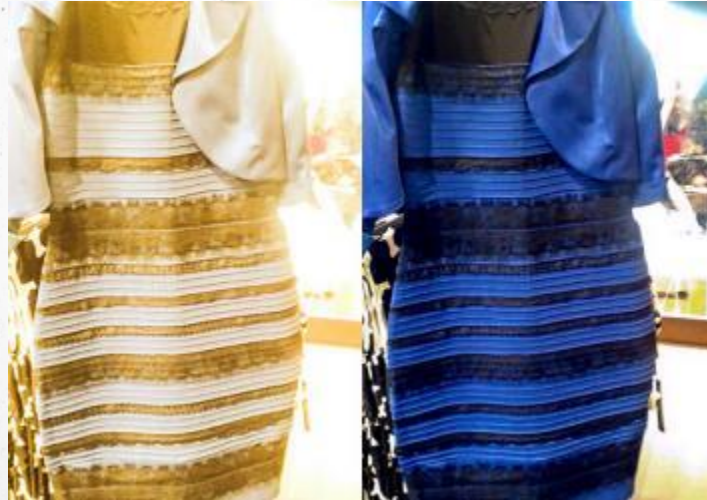
Examples

- Assessing communication style (DISC)
- Delivery sophistication
- Integrated or separate
- Parking lot/monitoring



Communicating results

Consider the perception of the customer





Perform client feedback and postmortem

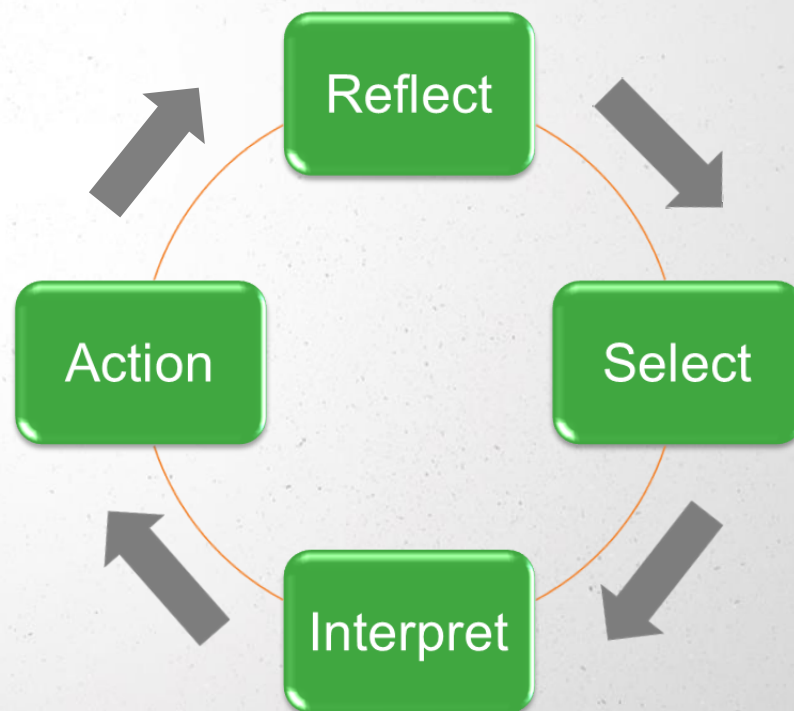
Client-facing review questions

- Did we add value for this customer?
- How could we have added more value?
- What did we teach this customer?
- Did we have the right team on the engagement?
- What could we do better next time?

Firm-facing review questions

- Did we capture a fair portion of that value?
- How much money did we leave on the table?
- How has this engagement advanced us?
- Did we have the right team on the engagement?
- How high were our costs to serve?

Engagement feedback cycle



“Inflection point: a time in the life of a business in which its fundamentals are about to change”

Andy Grove, Intel

SHOW
THEM
YOUR STRIPES



Thank you

Gary Olynik CPA, CMA
Accountant Advocate
gary.olyunik@sage.com

@garyolynik

Laurie Rodriguez CSPO
Sr Product Manager
laurie.rodriquez@sage.com

@LRod371

Additional resources



Slide 15:

Accounting Today, May 2015 issue, “Who will you work with?” by John Napolitano, pages 20-21
“CFO Services—A Practical How-To Guide for Accountants,” by Penny Breslin and Paula White

Slide 16:

Multidimensional with weighting example: <http://www.velaction.com/decision-matrix-template/>

Slide 18:

RACI table: <http://catalystoc.com/blog/wp-content/uploads/2010/05/RACI-description1.png>

Anatomy of a Mission Statement: original four components came from <http://www.scottmcdowell.us/wp-content/uploads/2011/06/anatomy.pdf>

Slide 20:

Information and mobile responsive image: <http://rapidvaluesolutions.com/whitepapers/responsive-web-design.html>

Slide 22:

“CFO Services—A Practical How-To Guide for Accountants,” by Penny Breslin and Paula White

TechRepublic, “Build your SLA with these five points in mind”, June 19 2002,

<http://www.techrepublic.com/article/build-your-sla-with-these-five-points-in-mind/>

BC Burleson Consulting, “Customer SLA – Service level agreements tips for Computer Systems Support,”

http://www.dba-oracle.com/oracle_sla_service_level_agreement.htm

“5 Key components to your SLA”, Hoyt Mann, 10-31-2011, <http://www.phaseware.com/phaseware-Successful-CXO-Committed-to-Customer-Service/bid/76895/5-Key-Components-to-Your-SLA>

Slide 23:

<http://cerasis.com/wp-content/uploads/2013/06/logistics-service-level-agreement.jpg>