From Compliance to Reliance

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From Compliance to Reliance
...using a Structured Process for Success

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Mind simulation exercise

Please select a card and concentrate on it
And now, on the count of three, shout the name of your card out loud.

Please don’t skip this part, it’s very important.

Mind simulation exercise

Let’s try it again with a bit of enthusiasm.

We are Accountant’s and Advisors after all!

Mind simulation exercise

I have selected and removed your card from the pile. Surprised?
What advisory services do you think firms are currently offering?
Usage of business advisory software

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The accounting industry and advisory services

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The current environment.....

- We do advisory services often when asked by the client or a third party like a Bank.
- We do not track it separately on our profit and loss.
- It is not promoted proactively to clients.
- It is often linked in with compliance services.
- It is often a look at the past on a quarterly basis.
- We tend to give it away for very little of nothing.
- The client really does not value the service as they think it is part of the compliance system.
Why is this happening?

- No propensity to change
- Lack of clarity around strategic direction
- Wrong people doing the wrong jobs
- Core business Inefficiencies
- Incorrect Business Models (Both Structure and Business Systems)
- Key Person Dependency
- Measurement and Accountability
- Confusion of the business advice product

5 STEPS TO DOUBLING REVENUE AND PROFIT

1. Investigate where you are – understand the key issues and barriers to growth
2. Set strategy
3. Get the right people in the right roles with capacity
4. Infrastructure (offer/product/technology)
5. Client engagement and delivery model
INVESTIGATE WHERE YOU ARE

Understand the key issues and barriers to growth

Conduct a business audit to identify key issues, gaps, threats, opportunities & strategies

THE ISSUES

Strategy
People
Infrastructure
Client engagement delivery model

UNLESS YOU SYSTEMATICALLY ADDRESS THESE ISSUES, YOUR GROWTH WILL EVAPORATE
EXECUTE

2

Plan strategy → Establish systems → Set accountability

PEOPLE

3

If you don’t create capacity, you can’t grow
HOW TO CREATE CAPACITY IN THE BUSINESS

Start with core business

On average, firms are rating the efficiency, systemisation and automation of compliance services at 5/10!

Ways to increase the rating:
- Technology
- Outsourcing
- Time management

HOW TO CREATE CAPACITY IN YOUR PEOPLE

- Free up people to drive the change
- Establish roles needed to execute strategy
- Set accountability and measurements around roles
- Use technology to measure performance
- Implement training
Set up a family and business office team as the point of connection. Engagement process and infrastructure.

Supply chain leader. Collaborative adviser model.

Tax and compliance is just another area of advice. Employ non-accountants.

### ESTABLISH ROLES: FAMILY & BUSINESS MANAGER

**Purpose of this role:**
- Locate or propose potential non-tax services within the existing tax compliance base
- Build relationships with partners, accountants and internal clients
- Discover and explore opportunities

**Skills/qualifications:**
High energy level, motivation for sales and meeting those goals, prospecting skills, sales planning, selling to customer needs, market knowledge and presentation skills
Define offering: start with the end in mind – what do your clients want?

1. Establish gaps
2. Ask what can be delivered now?
3. Fill gaps
4. Systemise it
5. Price it
6. Test it

INFRASTRUCTURE

CLIENT ENGAGEMENT & DELIVERY MODEL

Key issue: lack of a standardised engagement model

Every client needs to go through the same engagement process

Engagement and offering depends on size, scalability and needs

Set the process: put the technology behind it

A technology platform enables the duplication of the process that you intuitively go through when you engage clients
Every business goes through the same process. Engagement and offering depend on size, scalability and needs.

**Stages:**
- Assessment
- Investigate
- Renovate
- Regenerate

1. Investigate where you are – understand the key issues and barriers to growth
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3. Get the right people in the right roles with capacity
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5. Client engagement and delivery model
The accounting dilemma

How do you?

Make more money

Work less hours and;

Have a lot more fun doing it

enabler™
THE SEVEN STEP PROCESS TO SUCCESS
1. Prepare your firm for success

Lack of:
- Time
- Lack of commitment and capacity (the two C’s)
- The right segmented client to start with
- A proven implementation system
- Confidence to deliver business advisory service
- Desire to move from my comfort zone
- The right staff and practice champion
- Training and development of key staff
- A proven implementation plan
Client Behaviours

- Wants to grow
- Good payer
- Listens
- Good revenue
- No BMW
- Advice Seeker
- Partnership

Missing many A class behaviours

Finding the right client

A CLASS  B CLASS

Missing 1 A class behaviour

Opposite of A Class

C CLASS  D CLASS

2. Unlock your client needs

- Uncover all personal and business goals that will impact on priorities going forward.
- Ensure that no opportunities are missed.
- Improve value by providing referrals where beneficial to your client.
3. What is the aim of your business advisory services?

If a client said “What is in it for me?” – what would you say?

We will help you make your business worth more!

Business value indications

- **Business value assessment pre**
  Determine the true value of your clients business

- **Value gap analysis**
  Determine gap & future value & profit needed

- **Business value assessment post**
  Quantify improvement in value & reduced gap

- **Financial Analysis**
  Identify areas to improve profit & cash flow
4. Analyse your clients financial performance

Talk about your numbers... 
... over a coffee!

Produce an automated financial health check on your clients business, ensuring everyone looks at your numbers in the same way.... whether you are a business owner/manager an advisor or banker.
Using powerful processes such as the Power of One, the 4 Chapters and the Big 3 Cash Flow measures will enable you to understand your clients financial story and improve the performance of your business.

The four chapters

- Business Perspective
  - Profitability
  - Working Capital
  - Other Capital
  - Funding
- Bank Perspective
  - Debt Service Capability
  - Financial performance & risk monitoring

TRANSPARENCY
Business advisory service examples

- Financial health checks
- Business value indications
- Pre-lending assessments
- Board of advice meetings
- Review of debtor / creditor balances
- Managing cash flow
- Managing inventory / WIP
- Performance to various KPIs
  - Lending covenants
  - Liquidity ratios
  - Profitability
- Asset management and return on investment
- Specific measures for the client’s business
**Lending Pre-assessments**

**Analyse Banking Covenants**
- Interest Cover > 2.0
- Debt Service Cover > 2.5
- Effective Gearing < 1.5
- Capital Adequacy < 40%

**Bank gap analysis**
Determine lending analysis gap & future improvements required

**Loan Submission**
Client lodges application with some expectation of success

**Cashflow Story**
Identify areas and strategies to improve lending covenants

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**Opportunity to develop additional lucrative services**

- Provide regular reporting actuals vs budget
- 3 way cash flows
- Business planning
- Succession planning
- Estate planning
- Assisting with Government grants
Scenario planning

- Price and volume sensitivity
- Margin and profit analysis
- Working capital management
- Return on investment
- Premise acquisition
- Capital equipment financing
- New employee, products, locations
- Any key debit and credit!

Action items

- Identify a client that would be suitable for business advisory services. What characteristics of the client's business, in your opinion, make it more attractive to this type of service?

- Should you create a business advisory specialisation? What software do you currently have and what would you consider acquiring to create success?

- How will you address the commitment and capacity issues that can restrict the implementation of business advisory services?
Take the challenge

Grow the size of your practice revenue without increasing the % of your compliance work.

And have a lot of fun doing it!

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Where to from here

Business Advisory Readiness Assessment

Teleconference meeting for up to 1 hour (complimentary and obligation free)

Result:
- Priorities clarification
- Checks your readiness
- Accelerated Growth & Benchmarking Report
Questions?

1. Prepare
   Preparing your firm for success

2. Unlock
   Unlock your client's needs

3. Create
   Create a disturbance in your client's mind

4. Analyse
   Analyse your client's financial performance

5. Implement
   Ensure your client implements action

6. Service
   Service additional client needs

7. Generate
   Generate new business opportunities

THANK YOU