

How do I actually do it?

Key Tips from People who have Implemented it Firm-Wide

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PANELISTS

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1. Tell us about yourself. Where are you based? How many people in your firm?

Brittany

Hi Everyone! My name is Brittany Malidore and I am the Practice Lead and Senior Manager of Operations for our Managed Accounting Services Practice at Peterson Sullivan, LLP. Peterson Sullivan is a leading local public accounting and business advisory firm based in Seattle, Washington. Our firm is ranked as one of the top 10 largest CPA firms in the Puget Sound region, with more than 160 professionals and support staff.

Laura

Founder / CEO of Redmond Accounting Inc, a CAS firm just up the road here in Silicon Valley. We're coming up on our 15th year. We are a team of 8.

We moved all clients to QuickBooks in 2010, and then to QuickBooks Online in 2011 Co-creator/co-founder of Aero Workflow, a practice management tool. I built this tool initially because we needed a solution in my own firm. It now powers accounting firms around the world.

Intuit Trainer / Writer network, I wrote much of the QBO core & advanced certification programs for ProAdvisors the first 6 years and now teach accountants around the country on Intuit's QBO Cert tour.

Sagar

Hello Everyone. My name is Sagar Shah and I am Business Services & Outsourcing Manager at BDO USA LLP, based in Chicago, Illinois. BDO delivers assurance, tax, and financial advisory services to clients throughout the country and around the globe. The firm serves clients through more than 60 offices and over 650 independent alliance firm locations nationwide. As an independent Member Firm of BDO International Limited, BDO serves multi-national clients through a global network of over 80,000 people working out of 1,591 offices across 162 countries.

2. How do you define advisory services?

Brittany

The best way to define advisory services is to first define what is "Not" considered advisory. Don't forget - advisory services are not compliance services such as bookkeeping, payroll processing, and tax preparation. Advisory services are more focused on the additional value that clients will receive from your services that help improve their businesses health. These services can include a wide range of services such as, financial budget and cash flow planning, KPIs, tax planning, profit analysis, workflow automation technology consulting and more.

Laura

Advising the client for purposes of making informed decisions and improving their business. Forward-looking in nature, similar to the role of the CFO. (After payments are made, financial activity recorded and books closed)

Insight (cash flow analysis, ratio analysis, benchmarking)

Strategy (CFO calls, forecast & budgeting)

Automation (workflow, integration)

Sagar

Companies need more than basic accounting services to remain competitive in today's ever-changing market. They need trusted and valued advisors to look at all aspects of their businesses, to drive revenues, optimize operations, financial planning, finance analytics (industry specific), benchmarking, forecasting and navigate the changing U.S. and global regulations. BDO's advisory services provides strategic guidance to companies across various life-cycles and industries.

3. How to create an advisory offering? How do you sell it to clients?

Brittany

Creating an advisory platform is no easy process that can be created with a snap of the finger. It takes having the right people on the right bus performing the right services through technology (PPST). As a professional who has implemented three advisory practices, I would first look internally and see what type of advisory services we are already performing. In addition, I would ask myself, do I have staff that I can train and develop? Do I understand my client base and know what their needs are? Do I have the technology in place to best advise my clients? The answers to these questions will become the "bones" of your first advisory practice.

Laura

To create it: identify common advisory solutions that you can define a process for...step by step.

To sell it: talk to client, ask them questions about their future, ask them what their pain points are

1. Do they know what their financial report numbers mean?
2. Do they know how they are trending?
3. Do I have enough cash?
4. Do they know how they are doing compared to their industry & location?
5. Do they have a budget?
6. Do they have plans to grow?

Sagar

Before creating advisory offering for clients' and prospects' you need to understand not only their unique needs, but also their broader strategic vision, internal infrastructure, evaluate key functions in organizations and draw on deep experience developing and integrating accounting, finance and implementing new technologies to automate accounting process to delivery healthy financial reports. Once you have built accounting and finance foundation and thereafter you need to focus on providing top layer advisory service offering by leveraging, top talent, industry expertise, value proposition, benchmarking, and KPIs etc.

4. How can you proactively look for opportunities?

Sagar

After you have built or re-structure your service offering and value proposition know it's time to review and asses your client data base to identify additional opportunities, develop marketing strategy for future clients' and also, eliminate non-performing clients' (time wasters) from your firm portfolio to resource right energy to right areas. For clients' additional opportunities can be gain by:

1. Reviewing monthly financial statements, computing financial ratios and comparing reports (benchmarking) with industry specific
2. For high revenue stream clients' setup weekly meeting to discuss accounting and finance related matters and there industry specific updates which could lead into new opportunities
3. International in-bound US clients' always need help with different services to lay there grounds on US soil with proper compliance and register with federal and state agency. Services can be combined with accounting, tax, advisory, transfer pricing, cross border protection and expatriate compliance

Brittany

After you have defined your services and know the value add that you can provide to clients, I would start to look internally at your current client base. Isolate opportunities with clients that you have a relationship with to help build confidence. Think of conversation starters that would allow your clients to ask more advisory questions when they submit their year-end accounting records or take the initiative and provide "a little" advisory advice, share a recent project, or offer recommendations/solutions that you could provide. Don't forget to announce in your newsletter.

1. Example - Nonprofit with terrible books at year-end, flipped the engagement to full-service compliance and advisory
2. Example - Professional Services company with terrible books, flipped the engagement to full-service compliance and advisory
3. Example - Offered current compliance client more advisory services that we could add on each month (Budget vs. Actual, Monthly Call, Dashboard, KPIs)

Laura

(same as above) Talk to client, ask them questions about their future

Highlight each of your services one at a time on your weekly blogs / email campaigns so that clients know that you do this work; explain what the benefit is; give examples of why other clients have found it valuable

5. Please tell about a specific example of advisory services you provide.

Sagar

Candles e-commerce business. Created Macros to format data.

Tell client value of this solution

Laura

Insight & Strategy: Our insight portal with summary of close & Finagraph... review together during a CFO call in which you capture notes & action items

Automation: Built custom daily warehouse distribution instructions & shipping labels from previous day online sales orders. Built customer sales commission report. Built custom Partner Portal for law firm with distribution statements.

6. How to price it: value pricing vs non value pricing?

Sagar

Over the years to deliver the right pricing is a big challenge for all accounting firms. It all depends on how you are currently pricing the services you are offering, on how comfortable you are introducing premium pricing, whether you want to use value based fees, fixed fees whether you intend to use packages (bundle services), whether you are prepared to acknowledge that all clients are different, whether you want advisory/consulting clients or transactional clients, and whether you will adopt client-centric pricing. In my position at BDO, we offer fixed fee pricing with a caveat in SOW that "pricing will re-asses in six months". Also, it depends on the nature of the engagement and how the client wants to see pricing of the engagement.

Brittany

When determining how to price your services, it is important to understand the three types of pricing that the industry recognizes - hourly, fixed fee and value-based pricing. Most advisory service practices will start off with a "mixed breed" of fixed & hourly fees until value-based pricing makes sense. That's OK!

1. As I have redefined the advisory practices that I have implemented we have used all three types of pricing; however, my current firm predominately uses value-based pricing and fixed fee arrangements.
2. The number one question that I am asked most often with regards to pricing is "What is value-based pricing? It makes no sense to me."
 - Here is what I live by. Value-based pricing is structured no different than what a speaker charges as a speaking fee. Think about it. Most speakers do not give you an hourly rate, or a fixed fee that does not includes out of scope work. The speaker gives you the "value" of how much it will cost to speak to your audience. Value-based pricing is no different, it is the value that you have determined for your value-add services. Note - it does not matter that it only too you an hour to do that project - it took you 10 years to develop, nurture and redefine your services. Keep in mind your pricing needs to be reasonable and have a calculated component.

Laura

Use internal spreadsheet to calculate

1. Cost (labor, saas fees)
2. 2x or 3x cost for desired margin
3. Contingency
4. Term discounts
5. Do this for each of 3 different service packages to offer prospect options

Use these amounts as fixed fee prices OR use this as a baseline for value pricing if other factors point to greater value

Value pricing is an art

7. Why don't you charge hourly?

Sagar

Delivering fixed fee pricing offers a simple concept for clients' to understand what services are being offered on a monthly basis without having any fear of overage charges. Also, it gains a stronger relationship with clients and off-course longer retention period.

Laura

Fixed fee gives client peace of mind that price is set and they don't have to worry about watching it each month

Fixed fee improves chances that the client will contact you when they need you because it doesn't cost more; improves client satisfaction; increases opportunities to upsell

Brittany

Hourly is an easy way to charge clients; however, within public accounting the hourly rates can often times outweigh the value due to being inflated for hourly, last minute projects.

8. How to scale it.

Brittany

PPST – People, Process, Services and Technology.

As an advisory leader, you will want to understand what talent your team is comprised of, understand what processes should be in place that will allow you to scale your practice, understand what you're your clients are asking for and how to incorporate and add your services to their businesses, and last but not least what technology will you be incorporating into your practice.

As an operations guru, the foundation will be built on processes.

Sagar

Leverage technology to automate transactional work

Hire and retain top talent

Create value proposition

Pick an industry to start and create niche

Deliver the value to scale by industry

Laura

Identify services.

Define them step by step.

Create a checklist.

Sell the service and delegate the checklist at proper interval

9. How to train your team.

Sagar

Create onboarding training agenda for new hires

Design staff training in line with your service deliverables

All staff needs to be certified with firm tech stack depending on their level in organization

Design advisor and advisee roles to help staff advance at each level

Create internal documentation on client journey on one for your client to help understand how firm is offering deliverables by designing, implementation, works flows, process and procedures and leveraging technology to automate the process this will help staff to understand what to expect while working on client projects

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Laura

App certifications - Aero cert, QBO Advanced Cert, BDC expert, Expensify University

Documented procedures

Step by step checklists

Shadowing & experience with client

Brittany

Talent that can offer advisory is typically more expensive, if an endless budget is not available then I would convert AP/AR clerks. I have had more success with converting such professionals than hiring external talent. Why? We are able to provide them with the "next steps", increased growth and endless opportunity and in return they are "all in" and other times do not come with old bad habits.

1. Note that most will need rigorous training that involves side by side training, more in-depth review and time. Once a team member understands the basics you can introduce more and more technology and critical thinking projects.

10. Real example of how you trained someone.

Brittany

Two of my best success stories:

1. AR clerk who wanted a better work life balance and fulfilling role. Offered this individual a role that allowed her to growth personally and professionally. It took 12 months to get this individual up and running.
2. AP clerk who wanted more challenge and work life balance. Offered this individual a role that allowed them to growth professionally and dip their toes in unseen territory. With a strong background in excel and spreadsheets, it took 9 months to get this individual up and running.
3. The standard advisory cycle of training takes 1-36 months depending on the skills they embody and what is expected of them.

Laura

Same as my answer on previous question - all staff trained like that. We use a series of training checklists the first weeks of employment.

Sagar

Same as above and I would add: staff hands on training with working on client project.

11. What training looks like from small firm to large firm.

Brittany

The type of training required depends on the type of services being offered. We could spend a whole day on what training to offer so I would advise working internally with your CPE coordinator. Merge the career track with CPE requirements that combine technology and compliance/advisory skills

Laura

Small firm: same as my answer on previous question