The next phase in advisory services: Futureproofing your bookkeeping firm

Helina Patience, CPA,CMA
This session will give you a simple structure to roll out and enhance your advisory services and keep you ahead of the curve.
Take a minute to connect with your neighbour
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Today’s speaker

Helina Patience
CPA, CMA
@HelinaPatience
@entreflow
Welcome to the accounting department, where everybody counts.
Agenda

Advisory (and its importance) Defined
Foundations to make Advisory Easy
Advisory Structure Deep Dive
Monthly Meeting Deep Dive
Resources
Chapter One:
What is Advisory & why talk about it?
It’s harder to stay on top than it is to make the climb. Continue to seek new goals.

Pat Summitt
94% of our role will be automated
60% of our new clients were unhappy with the service provided by their previous accountant. 30% haven’t had an accountant yet, 10% lost their accountant due to relocation or retirement.
Business owners have better access to their data now and want to use it to make better decisions.

They also want our guidance.
Definition of advisory

Having or consisting in the power to make recommendations but not to take action enforcing them.

What gives us the power to make recommendations?
Management accounting defined

Management accounting includes identifying the information needs of management and developing the systems required to meet those needs, such as planning, forecasting, budgeting, cost and revenue management, and performance measurement.
Great Advisory is nothing short of a hat trick.

Helina.
The three hats of advisory

Bookkeeping
Controllership
CFO
The three hats of advisory defined

Great Advisory holds these three hats with equal importance

**Bookkeeping**

The activity or occupation of keeping records of the financial affairs of a business.

**Controllership**

In charge of an organization’s finances. Focuses on compliance and past-looking reporting and analysis.

**CFO**

Responsible for a portion of the organization’s strategy. Focuses on planning and future-looking reporting and analysis.

You don’t have to wear all three hats – you just need to ensure someone with the right skill is!
Which hats are you wearing?
Which do you want to start wearing?
Chapter Two:
The Foundations to make this Easy
Without a solid foundation, you’ll have trouble creating anything of value.

Unknown
Foundations for great advisory
Top 6 Rules For great advisory

1. Find the Right Clients – mutual trust, care & benefit
2. Charge based on the Value you provide, not your time
3. Automate Everything, your systems & processes are gold
4. Be in possibility for more than they believe is possible
5. Be solutions focused, not problems focused
6. Ensure all hats are worn
Bookkeeping hat

High quality bookkeeping:
1. Cloud-based software
2. Real-time
3. Data structured for insights
Controllership hat

High quality controllership:
1. Timely reports
2. Relevant reports
3. Insightful reports
CFO hat

High quality CFO:

1. Reasonable, goal-based budget
2. Monthly forecasting with scenarios
3. KPI tracking and Adhoc analysis
Chapter Three:
CFO Hat & how to pull a rabbit out of it.
A leader is one who knows the way, goes the way, and shows the way.

~ John C. Maxwell
Budget vs. Forecast

**Budget**
An estimate of income and expenditure for a set period of time
- Typically set annually
- Based on past results and goals
- Report Budget to Actuals Comparison

**Forecast**
Predict or estimate (a future event or trend)
- Typically set monthly
- Based on recent Actuals/Trends
- Report Forecast – where we are heading

Both are equally important in supporting the overall vision of the company, so do both!
Budgeting

1. Set based on the Goals for the year

2. Set the plan to achieve it – Not just COA-based
   1. Sales Plan
   2. Marketing Plan
   3. Headcount Plan
   4. Determine Drivers based on above

3. Review Budget to Actuals Monthly

4. Update the Budget for major changes throughout the year
Forecasting

1. Rarely matches your Budget
2. Consider 3 Way Forecasting
3. Build out 2-3 Scenarios
4. Update Monthly based on:
   1. Recent Results
   2. Sales Projections
   3. New Expenses
   4. All else should be Driver-based
KPIs (key performance indicator)

1. Financial and Non-Financial
2. Targets based on internal goals & benchmarking
3. Review Target to Actuals Monthly
4. Review Actuals to Trends Monthly
5. Adjust as the business evolves
How to pick KPIs for a business

What’s important to the business?

1. Key data sets that drive business (Rev, Av Rev/Customer, CAC, Conversion)
2. Key data sets that drive expenses (COGS)
3. Areas in need of attention (AP, Cashflow, etc.)
4. Areas tied to overall goals for the business (segment growth, debt repayment)
5. Satisfaction Ratings (customers, employees)
Analysis

1. Financial statement analysis
2. Cashflow analysis
3. KPI variance analysis
4. Operational & risk analysis
5. SWOT analysis
6. Rockefeller habits (Scaling Up by Verne Harnish)
7. Adhoc reports
Chapter Four:
What to talk about in your monthly meeting.
Never doubt that a small group of thoughtful, committed citizens can change the world; indeed, it's the only thing that ever has.

Margaret Mead
Foundations for a great monthly meeting

1. Send Financials, Agenda & Findings ahead of time
2. Run over the results quickly – highlight a few points, ideas, concerns, etc.
3. Have questions ready to stimulate a discussion
4. Send a summary afterwards with action items & commitments
Four time periods to consider

1. The Past – to see the trends to date
2. Next Month – to deal with immediacy
3. Next Quarter – to ensure we’re on track with our goals
4. Next Year – to prepare for changes internally & externally
Don’t dwell on the past

1. What insights into the business, market, etc. can we pull from the past?
2. What actions should we take to improve?
3. What new areas should we look into?
Strategy for next month

1. How’s the sales pipeline?

2. How’s cashflow?
   1. Shortfall – set a plan
   2. Neutral – how can we improve?
   3. Surplus – how should we use it?

3. Additional expenses to consider?
Strategy for next quarter

1. Consider the sales pipeline, cashflow & extra expenses
2. Any changes to the team?
3. Will we be on track for our budget?
4. How will we get or stay on track with the budget?
Strategy for next year

1. What is affecting everyone in the industry?
2. Where do we need to focus our efforts?
3. What do we need to do to position ourselves successfully?
4. Are we moving towards fulfilling our mission and vision?
5. How do we prepare now to achieve next year’s goals?
Call a friend for additional expertise

Bring in other experts to join your meetings

• Sales or marketing for growth help
• HR experts for big team changes
• Valuation experts for possible sales/investors
• Pitch experts for investment raises
• Another accountant for industry expertise
• Lawyer for major changes
Chapter Five:
Conclusion. Go Forth & Inspire.
Where to spend your time

- Bookkeeping: 55%
- Analysis/Insights: 9%
- KPIs: 5%
- Reporting: 5%
- Peer Review: 5%
- Budget Review: 3%
- Chasing Data: 1%
- Meetings: 9%
- Forecasting: 9%

Source: placeholder for data source here, 2018
Discuss what you learned with your neighbour and what you want to implement now.
**Free Benchmarking**

- Finagraph
- Stats Canada
- NRC
- BCD

**Additional Resources**

- QB-HQ Facebook Page
- Firm of the Future blog posts
Advisory Apps
Why do accountants host the best conferences?

Because they’re the LIFO the party!
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