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Doug Sleeter • Apr. 02, 2013



In January 2013, The Sleeter Group conducted some research of small and medium-sized business (SMB) owners across the US. The goal of the research was to learn about what SMBs want from their outside accounting firm.

We asked a series of questions that targeted the types of services currently provided by CPA firms, as well as the types of services that SMBs desired from an outside

accountant. We also wanted to understand the SMB's impressions of what services

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years of qualitative research and understanding of how accountants work with their clients, these findings point to some significant opportunities for forward thinking accounting firms, who invest in technology skills and who build client services to leverage these skills.

The majority of respondents were service businesses, in business for between ten and fifteen years, average revenues of between \$250,000 and \$1,000,000, and under 5 employees. 54% of the respondents provide services to consumers (B2C), and 46% provide services to other businesses (B2B).

Some examples of these typical CPA firm clients are:

- B2C – Auto Service, Artists, Church, Construction, Hair Salons, Landscaping, Legal, Mfg
- B2B – Advertising, Design, Information Tech, Internet, Legal, Mfg Reps, Consulting, Property Mgt, Wholesale

Some surprises we found among the businesses who have employees:

- 90% Have Internal Bookkeepers
- 70% hire external bookkeepers (other than the CPA)
- On average, they assign 1.26 employees to bookkeeping tasks and 0.71 contractors.

When we asked these businesses about their current accounting system, it was no surprise to find out that overwhelmingly, they are QuickBooks Desktop users with an inhouse bookkeeper, about half of whom prepare their own payroll. Over 70% of them use QuickBooks on local hardware in their offices.

In a nutshell, these businesses are living in the “old world” of desktop software, running within their own offices, and they are only using cloud services if their desktop systems have add-ons that connect to the cloud. For example if they use

merchant services, online banking, or Bill.com for managing AR/AP and cash

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served by their previous firm.

- **Accountant NetPromoter** score is 26 – This is high-average compared with other service businesses as measured by SatMetrix.com.

When we asked questions about who SMBs seek out for strategic advice, we sought to understand the expectations from SMBs about how much involvement they want from their CPA as far as “strategic technology advice” compared with “strategic business planning advice.” The idea was to get the SMB to differentiate between an obvious match (business and financial planning) as compared to the technology planning area.

It was no surprise that when it comes to seeking strategic financial advice, accountants score at the top of the list.

But more interesting to us was that we discovered SMBs have a *desire for help with technology planning*, but at the same time, they perceive their accountant as either *not able, or not willing* to provide technology related planning and consulting services.

This leads us to conclude that there is a significant opportunity for firms to differentiate themselves in the market by providing technology related services, and to market themselves as being experts in technology.

Most SMBs WANT their accountant to be proactive helping them plan and implement technology changes... But nearly the same number say their CPA does NOT WANT to proactively help them.

We also thought it was important to understand SMB's opinion on how “up to date” their accountant is with regard to adoption of new technologies.

We found that only 15% said their accountant is ahead of the curve as far as technology usage inside their firm, and 65% said their accountant is either behind or

current in their technology use.

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What we found is that SMBs either do not want technology recommendations at all, or when they do want the recommendations, they don't want their accountant to be involved in the sale.

These results didn't surprise us, but it may surprise many software companies. As logical as it may seem to turn accountants into resellers, SMBs would rather their accountant be "solution agnostic" when making recommendations.

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