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**ADVISORY**

# What Small Businesses Want From Accountants and Advisors

Small businesses want help from accountants on strategic planning and financial forecasting. This word cloud represents a summary of popular responses from small businesses when we asked them this question:

Dec. 17, 2018

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*“If you could get help in one area of your business right now, what would it be?”*

*[This article originally appeared on the [LivePlan Strategic Advisor Blog](#).]*

I've been in this profession for 25 years, and I've seen many small business owners struggle in growing their businesses, so I know they need help. But for some in the accounting profession, there's still a reluctance to offer true **business advisory services**—the kind that goes beyond tax advisory. The kind of advisory services that truly help small businesses grow and thrive.

This type of service goes by many names: strategic advising, management accounting, fractional CFO, and the like. They are the services that include the

components of strategic planning, financial forecasting, and monthly management reporting.

So, we decided to gather data from some of the entrepreneurs and small business founders in our small business ecosystem, [Bplans](#). We built and maintain Bplans as a free, educational resource for anyone looking to start and grow a business—it features expert, proven advice and free downloadable templates and resources. Millions of small business owners and entrepreneurs visit Bplans each month, and their feedback helps to ensure our content is relevant to their needs, and we get insights into the current small business landscape and trends.

We asked our Bplans community about the type of services they want from accountants, about their own confidence in business planning and financial analysis, and about their current level of accounting service.

Spoiler alert: the results were both surprising and gratifying. The data show that small businesses really are looking for public accountants to provide financial forecasting, management reporting, and strategic planning advisory services. Plus, the critical factors in selecting an accountant favor accountants and advisors in the LivePlan ecosystem.

Here's a detailed look at the results of our 2018 Bplans small business survey.

## **Bplans 2018 small business survey results**

We know accountants are most interested in working with established businesses, rather than those that haven't launched yet or are in the earliest stages. So, we segmented out responses from "existing businesses," to focus on those that have been in operation for 1 to 2+ years.

### **1. Businesses are least confident in their financial and business planning strengths**

We thought it would be most interesting to start this review with a look at business owners' confidence in their own skills. The extent to which small businesses want advisory services should relate to their perceived knowledge gaps.

Small business owners said they're most confident in the day-to-day management of their business, as well as customer service and sales, but their confidence scores were much lower in financial and business planning.

**From highest to lowest, here's how they ranked their skills:**

1. Day-to-day management
2. Customer service/sales
3. Business planning
4. Software/IT knowledge
5. Financial planning

## **2. Established businesses see value in business planning**

73 percent say they are likely or extremely likely to update a business plan in the next 12 months.

This high response speaks to the understanding and desire of small businesses for planning in general. Strategic advising services definitely **involve planning**—cash flow planning and **financial forecasting** are all types of planning. Indeed, only 7 percent said they were not interested in updating a business plan; 20 percent were unsure.

A traditional business plan isn't always part of a regular strategic advising offering, but it is often something that small businesses need, and it fits nicely in a **value-based pricing system**. These responses represent a **huge sales opportunity**, especially in a value-based pricing system where the customer can make choices based on what they value most.

## **3. Businesses want strategic advising services from accountants as much or more than they want compliance services**

We asked small businesses what services they want, specifically **from an accountant**. For this grouping, we wanted to see if there was a difference between the businesses operating under one year, and the 1 to 2+ year group.

For businesses in operation 1 to 2+ years, bookkeeping and tax services ranked highest, which is not surprising. But not far behind those are the services that make up the family of strategic advising.

It's interesting that the number one choice of service after the compliance services (tax and bookkeeping) is monthly management reporting and key performance indicators. And, it's not surprising that cash planning and forecasting comes next.

Businesses in operation for 1 to 2+ years are ready for monthly check-ins with their accountant, in order to know how they are performing and to plan for the following month and quarter. These businesses usually have a handle on their pricing by this time, and they are looking for ways to grow. Things like maximizing on margins and operating expenses, and understanding seasonality so they can plan for those gaps, can help these businesses get to the next level. **Small business owners often don't understand that these financial metrics can be indicators of their performance and potential for growth. They need an accountant's help to understand and apply the right analysis.**

For small businesses in operation for **less than one year**, the priorities are slightly different. First of all, bookkeeping drops in priority. Tax is 71 percent, but behind by only .5 percent is cash planning and forecasting. The other popular advisory services: management reporting and KPIs, and business planning and strategy, are tied at 61 percent.

This profile makes perfect sense. Businesses in this stage are most worried about cash, because everything is new. They often have higher expenses as a startup, and they might not have their pricing figured out yet.

Even though these businesses have huge cash worries, as the advisor, it's important to remember that this is the stage where businesses need the most help getting their overall business strategy in place. Financial indicators like proper gross margin and operating margin can help assuage cash issues down the road because they are indicators that price and expenses are optimized. These are planning tactics that small businesses owners don't usually understand, and need help to see the importance.

It's also interesting to note that for this group, bookkeeping services rank equivalent to the advisory services. **New businesses see the value in planning and strategy because they are overwhelmed, and they want accountants to help them.**

## **4. Nearly half of established businesses don't have an accountant**

Only 18 percent of established small businesses have an on-staff accountant—**48 percent have no accountant**. The remainder have outsourced accountants, but only 14 percent meet monthly. The remaining 20 percent have outsourced accountants who meet quarterly or less.

When we looked closer at just that group, we found that of those with outsourced accountants who met quarterly or less, 49 percent responded that these outsourced accountants do not offer business planning and strategy.

There's a big sales opportunity for accountants to find new small businesses clients. There's an additional opportunity for accountants offering advisory services to better serve small businesses who want strategic services and who should be meeting monthly for management reporting and key performance indicators.

## 5. Accountants can advise on accounting solutions

We wanted to know the accounting software that established small businesses prefer. 64 percent of small businesses are using Excel for their accounting, which represents a huge opportunity for accountants. Cloud-based solutions made up the majority of the remaining responses.

**Accountants can and should advise on accounting solutions.** Small businesses need this help and are clearly ready for it. With cloud accounting software features advancing rapidly, they make the logical choice as a solution. *Note: the "other cloud based solutions" in this chart are made up of SageOne, Xero, Freshbooks and Wave.*

## 6. Opportunity with LivePlan Expert Advisor program

We asked this group to **"think about a business advisor who would help them understand business goals, and manage their business more strategically,"** and to select critical factors in choosing that advisor. The results are satisfying because they confirm the value of LivePlan's [Expert Advisor](#) program, which matches small businesses in our ecosystem (Bplans users plus LivePlan small business clients) with qualified LivePlan accountants who can help them.

- **60 percent value referrals.** LivePlan's Expert Advisor program is a type of referral service. Our [Expert Advisor directory](#) holds a summary of each advisor with a short summary of their business.
- **70 percent are open to virtual services.** In a world of [cloud-based accounting solutions](#), virtual accounting is becoming more and more common. It says a lot about the small business landscape that they are open and ready for this type of relationship with their accountant.
- **57 percent value experience in their industry,** which reinforces the accounting industry trend of developing niche services. The LivePlan Expert Advisor

directory allows qualified LivePlan accountants to be listed by industry if they wish.

Clearly, an enormous opportunity exists for accountants to meet the needs of small business clients by providing advisory services that specifically include business planning, financial forecasting, and monthly reporting. What's more, small business owners are currently without adequate accounting support, and they are quite open to virtual accounting services. They value referrals and industry experience, which LivePlan can help provide through our Expert Advisor program.

The results of this survey make us more excited than ever to amplify the LivePlan Expert Advisor program: bringing our Bplans and LivePlan small business users together with LivePlan accountants who can help them grow.

LivePlan's mission is to help people succeed in business, and our programs and software are uniquely suited to achieve this mission.

*This article originally appeared on the [LivePlan Strategic Advisor Blog](#).*

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### **Kathy Gregory**

Kathy Gregory has 20 years of experience in business development, including: financial forecasting, strategic planning, process development, project management, and mergers and acquisitions. She has worked in public and private, small to mid-size organizations doing business development, and strategic planning and implementation, working with executives, boards and their investors. At LivePlan Kathy runs the specialized program for Strategic Advisors. She is a graduate of the University of Oregon.

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