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ADVISORY

Advisory Services: Helping Your Clients Make More Money \$\$\$

A cash flow analysis is also very important in making sure that funds are available through every stage of operation.

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By Ibi Ojo, EA.

The rapid evolution of **accounting technology** has automated traditional compliance work. Small businesses and accounting professionals, alike, are beneficiaries of artificial intelligence built into accounting software and apps.

As lower-level compliance work continues to be automated, tax and accounting professionals have to find meaningful ways their services can remain valuable to their clients—hence, the evolution of client **advisory services**.

We need to show, and help, clients understand that the **automation** of compliance tasks is just a tool to getting to the heart of the matter. Automation helps capture the data efficiently, which frees us up to perform tasks that will add value to our clients' businesses. The data becomes a report, with the ability to read, understand, analyze, interpret, and communicate the information.

Reports provide valuable insights

The message of the report is the main objective of capturing the data in the first place, and this is where the real value of the professional lies. We have the ability to turn the report into a powerful tool to help a business achieve its goals, including more efficiency in operations and cash flow management. This is done by identifying shortages ahead of time, and making adequate provision for capital profitability, expansion, growth, and other areas.

Advisory work is future oriented, while compliance work is historical. Advisory work entails how to use the results of the compliance work to achieve a better future for the client. This is what is valuable to the client: “wanting a better tomorrow”—an assurance that their business can survive in the future and has the potential to withstand an adverse climate.

With these types of services, clients see their accountant/advisor as a partner in their businesses. Clients enjoy better service and have a more personal relationship with their advisors when the advisors are proactive in recommending strategies that lead to growth, profitability, and success.

The result? Increased client loyalty leads to long-term retainerships.

The reason? You can help your clients make more money through advisory services.

Efficiency for a florist

What's right before our eyes can be somewhat invisible for a business owner. For example, an in-depth analysis of the financial statement might indicate a waste of materials, as in the case of a client of mine—a flower shop running at a loss. A thorough investigation into the high cost of goods sold, without a correlating increase in sales, indicated that the flower designer was ordering more materials than needed. Because the materials were perishable, they ended up in the trash.

This situation was quickly addressed: A system was put in place to order the right quantity of materials, eliminate waste, reduce cost of goods sold, and increase gross profit.

A comparison of the monthly income statement may even reveal more issues; for example, if the rent or a mortgage payment is not made. Timely payments of bills save late charges, interest, and penalties that could add up to a significant amount.

Using the appropriate ratios, inefficiencies in capacity would be revealed. Addressing this, and putting a system in place, would result in making more money with current capacity.

A **cash flow** analysis is also very important in making sure that funds are available through every stage of operation. When identified ahead of time, shortages can be remedied and also puts the client in a position to shop for the cheapest cost of capital.

Automate your processes

Any tasks you continue to do by hand that software can do more efficiently are costing you time, resources, and money. Cloud solutions enables us (the client and advisor) to optimize our processes. Assisting our clients to build a tech stack for their businesses allows them to operate more efficiently, profitably, and competitively. When clients automate some of their processes, it frees up their employees to apply their time and talents to income-generating activities.

When clients use a comprehensive suite of business applications, they can expect these five benefits:

1. New operational efficiencies.
2. Enhanced productivity.
3. Increased profitability.
4. Improved ability to scale operations.

5. A greater potential for revenue growth.

While there are sophisticated reporting tools to capture every aspect of the business, insights from the reports enable our clients to make more informed business planning decisions that increase efficiency and profits. The reports need to be interpreted by an advisor. The ability to interpret these reports and effectively communicate what they reveal about the business includes the business' performance, the client's position in the industry, the opportunities and challenges in the future, and how to adequately and timely address them.

Providing this information is an invaluable service to the client. Our firms are successful and of greater value when clients can connect our services to an increase in their revenues and profitability.

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Ibi Ojo, EA, is the owner of [Fortune Accounting and Business Solutions](#), a full-service accounting, consulting, and training firm. An Advanced Certified QuickBooks ProAdvisor, the favorite part of work is when she gets to engage with clients and recommend strategies to help them attain their objectives. Ibi has been working with QuickBooks for more than two decades, loves all things QuickBooks Online, and uses Intuit ProConnect Tax. Her QuickBooks Training classes were born out of her passion to help small businesses keep better books and obtain reliable reports that can be used in making decisions that will enable them to grow and be profitable. In 2020, Ibi was nominated for 'Top 50 Women in Accounting' and recently became a member of the Intuit Trainer Writer Network.

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