

A man in a dark blue suit and light blue shirt is smiling warmly at a woman whose back is to the camera. She is wearing a bright pink top. They are outdoors in front of a modern building with large windows and steps. The background is slightly blurred, showing greenery.

sage

THE POWER OF ADVISORY SERVICES

What every accounting professional should know

THE POWER OF ADVISORY SERVICES:
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and faster than you think

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THE POWER OF ADVISORY SERVICES:
What every accounting professional should know

“The services provided by CPAs have become so varied and diverse that the concept of core services is no longer representative of the profession.”

– AICPA (2011), CPA Horizons 2025 Report¹

“Promote the CPA as the trusted advisor who, in addition to providing core CPA services, develops solutions to complex problems by integrating knowledge, expertise and resources from multiple disciplines.”

– AICPA (2011), CPA Horizons 2025 Report¹



What it means to become your clients' trusted advisor

Did you know that 93% of small businesses value accountants as their source of business advice?²

But as technology forges a new path for businesses and entrepreneurs, accounting professionals are looking to switch up their services and tap into a new way of working.

One way to do this is by providing advisory services - to offer a range of consulting services to clients who want to increase revenue in their business.

And the demand for advisory services is out there: *Out of 1000 SMB owners surveyed by The Sleeter Group, **62.2% said they would prefer or require their accountant to be a specialist in their industry.***³

This shows that SMB owners need more than a traditional accountant—they are searching for something of a **Virtual CFO**—an experienced financial professional who is capable of providing insightful business advice on top of core CPA services.

Providing advisory services has been an important talking point in the accounting community for a while now, but many professionals are still unsure of which path to take when making changes to their firm, while some even question why they have to switch services when their core products (accounting, audit and tax) have proved successful for so many years.

Moving to advisory services will benefit your firm and your clients, and you're about to find out how.

Out of 1000 SMB owners surveyed by The Sleeter Group, 62.2% said they would prefer or require their accountant to be a specialist in their industry.

Doug Sleeter

Founder of
The Sleeter Group



2. IFAC (2016)

3. The Sleeter Group (2014)

Why core products are becoming irrelevant... and faster than you think

It's doubtful that the core products of the accounting profession will continue to drive growth for your practice—that's the view from one of the leaders of the profession.

In June 2016, Barry Melancon, President of the American Institute of Certified Public Accountants (AICPA), expressed his concern towards the decline in traditional accounting services. He was asked what keeps him awake at night and he replied: "the relevancy of our core products".

So, why are core accounting products becoming irrelevant?

Ed Kless, Senior Director of Sage Accountant Solutions, identifies innovative technology as the key disruptor of traditional accounting services, and believes the tasks accountants and bookkeepers are currently performing will evolve over the coming years.

"We are going to see technology continue to threaten traditional services, as innovations such as artificial intelligence, cloud-based technology and blockchain, become more prevalent" Kless explained.

And this disruption is happening at an astonishing rate. By 2020, it's predicted that graduate recruitment by auditing and accounting firms could drop by as much as 50% due to artificial technology.⁴

And technology is already changing the way clients file their tax returns.

According to IRS data, the use of tax professionals for e-filing tax returns has declined from 66.28% for the 2009 tax season to 60.88% for the 2015 tax season. With as many as 70% of US taxpayers able to file their tax returns digitally for free⁵, the need for an accountant to provide traditional services has been on a slow decline.

"Technology is completely cutting out the need for the traditional services that are provided by an accountant," continued Kless, who's not alone in his analysis towards traditional accounting services.

Executive Vice President of Sage Product Marketing Jennifer Warawa agrees with Kless on the changing role of accounting professionals, and suggests a real alternative for accountants and bookkeepers who may find themselves short of work in the near-future:

"Businesses aren't going to look to their accountants to simply collate and analyze information any longer—technology can already tick that box. Businesses want advice on what to do next and will seek out accountants and bookkeepers who can offer actionable, proactive services that add value to their business."

4. Business Insider UK

5. Forbes, 2016



"Businesses aren't going to look to their accountants to simply collate and analyze information any longer—technology can already tick that box. Businesses want **advice on what to do next** and will seek out accountants and bookkeepers who can offer actionable, proactive services that add value to their business."

Jennifer Warawa

Executive Vice President of Sage Product Marketing

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Keys to embracing the change

“One of my favorite sayings is: ‘if you don’t like change, then you’re going to like irrelevance even less.’” Ed Kless



Ed Kless

Senior Director of Sage
Accountant Solutions

“One of my favorite sayings is: ‘if you don’t like change, then you’re going to like irrelevance even less.’”

That’s what Ed Kless said when asked about accountants who are on the fence about moving away from core products and providing advisory services.

So if offering advisory services could help accounting professionals transform into Virtual CFOs, how should accountants and bookkeepers embrace change?

Let’s hear from an accounting professional who is already providing advisory services and is reaping the rewards.

Chenine Humphrey, a Certified Professional Bookkeeper (CPB) and owner of Paper Trail Bookkeeping in Langley, British Columbia, is just one example of an accounting professional who's now offering advisory services.

Chenine has been a CPB for nearly two decades and has constantly updated her services in order to keep up with the demands of her clients.

Here, Chenine reveals some insight on the benefits advisory services have brought to her practice.

Sage: How would you define advisory services?

Chenine: "To me advisory services means being able to offer a wide range of business advice to my clients, whether it's financial, managerial or sometimes even emotional advice!

"What we did in the past was to provide services that were as simple as scanning receipts and basic data entry. We then started providing more sophisticated services, such as remittances for government taxes and now my business strives to offer a range of advice to my clients."

Sage: What do you think are the biggest differences between providing advisory services to providing traditional ones?

Chenine: "The main difference is education and experience. Accounting professionals need to have that experience behind them before they start providing advisory services.

"Now that advisory services are more sought after, you're not just a bookkeeper, you're that 'go-to' person who should be able to answer the tough questions and give advice on how to get your clients to the next level.

"You can do all the day-to-day automatic functions, such as processing paperwork and using accounting software, but when you move into an advisory role, you should be asking yourself: 'how can I provide better services?', 'how can my practice become more efficient and effective?' and 'how can my client and I make more money?'"

Sage: What benefits have advisory services brought to your business?

Chenine: "It's helped my business provide more than just traditional services. My company doesn't do taxes as it's a pretty mainstream way of earning revenue, so advisory services have helped me earn revenue elsewhere.

"We've also been able to diversify our services and clientele by providing bookkeeping services for bookkeepers. Typically, Canadian bookkeepers work by themselves or from home, so when they get too much work they have no one to turn to and they become overwhelmed.

"What we're starting to build is a place for other bookkeepers to come and use our facilities and receive advice from us when they need help. I'm starting to help other bookkeepers by providing advisory services and am beginning to make revenue there."

Sage: What advice would you give to an accounting professional who is unsure of whether to provide advisory services?

Chenine: "The advice I would give would be to find their niche— something they're passionate about and feel they are very good at.

"For example, if they specialize in a certain software product, they should aim to be the best they can be at it-to upgrade and adapt their skills to the constant changes that are always present so they are unsurpassed at that specialty. People will seek them out to obtain that knowledge and that is when they will be able to provide an advisory service."



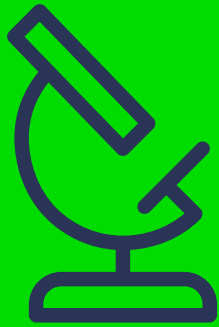
Chenine Humphrey
Owner of Paper Trail Bookkeeping

Now you've heard from a bookkeeper who provides advisory services, discover how you can begin to reap the same rewards as Chenine.

Discover our top 3 tips for giving your clients advice on the next page.



Make a short list



Analyze your clients' industry



Open the discussion

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3 top tips to give your clients the proactive advice they need



Identify and collaborate with key clients

To move into advisory services, you're going to need to free up some time in your schedule to make the transition, so in the weeks following the end of the hectic tax season, get to work identifying who can benefit from your financial and business acumen.

Make a short list

Make a list of clients who you only provide traditional services to, but could benefit from advisory services. Keep the list small enough to manage at first, ensuring that you provide the best service possible to your clientele.

Analyze your clients' industry

Once you've selected suitable clients, develop a strategy.

Start by leveraging industry data reports to see where the possibilities lie in providing services to your clients. For example, if your client is in the real estate industry, you should create or source a report which provides:

- An overview into the industry
- A list of business challenges
- A list of trends and opportunities
- Industry forecasts

Open the discussion

These kinds of industry reports can help open a discussion between you and your client about what advisory services they need most and how they can move forward.



2

Go straight to the cloud

As technology continues to liberate entrepreneurs, it can also liberate accounting professionals.

Virtual CFOs can use cloud-based technology to identify how their clients can perfect business processes and move their enterprise forward, such as by raising capital and collecting payments more efficiently from suppliers.

And the demand for cloud is out there. Our research has found that 87% of small companies want cloud-based services yet less than 15% of accounting software that serves them is cloud deployed.⁶

One bookkeeper who's taken this advice is **Juan Castro.**

Juan is President of Kentucky-based firm The JCC Group.

The experienced bookkeeper explained how using cloud-based technology has helped him liberate his small business clients and get them back to what

they do best – run their business without having to worry about paperwork and process.

"One of our clients owns a small restaurant. What we've done for them is identify a Point-Of-Sale solution that can link up to the cloud, then we can download that information into our books."

And it's not just restaurateurs he's helping with the use of cloud-based tech.

"A lot of our construction clients require the ability to create invoices on the go. By simply going on the cloud, they can create that invoice, we take care of all the other information and at the end of the month we can give them solid financial statements."

Cloud-based solutions have not only helped Juan's clients become more efficient, it's allowed him to become a better advisor, so much so, he now labels himself as JCC Group's 'Chief Solutioner.'



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Juan Castro

President and Chief

Solutioner of the
JCC Group



Watch Juan's story here

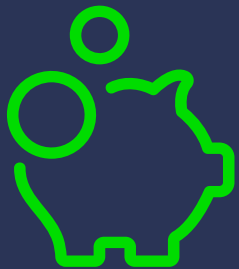




Set a target



Measure clients' progress



Help clients invest and grow

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3 Set and monitor KPIs to help your clients reach their goals

As an accounting professional, you have a wealth of financial expertise and already understand different business models and industries. This is valuable knowledge you can use to help existing clients set targets and plan for future growth.

So what does this look like in practice?

Set a target

Let's say you're working with a client who runs a small computer repair business. Start by helping him set a growth KPI— for example increasing revenues by 5% next quarter as compared to the same period last year.

After reviewing your client's books, you see they can increase revenues in multiple ways, for example, by concentrating on upselling an extended repair warranty rather than spending more marketing dollars acquiring new customers.

Measure clients' progress

You can then measure your clients' progress towards this KPI using cloud-based software that can accurately store and track vital financial information.

Help clients invest and grow

Once your client has met their KPI target, you can use your years of expertise to advise them to invest any extra money gained through these efficiencies into business development. This means that, as a trusted advisor, you're not only helping your clients achieve short-term goals, but setting them up to succeed in the long-term.



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Take the first step in providing advisory services

The Sage vision is to provide accounting professionals with a simple way to turn data into actionable advice, making them more valued financial advisors for their clients.

Sage View helps you see your clients in a new light by arming you with current KPIs, trends, analyses, alerts, and reports with a single solution. Using this real-time information, you can monitor the financial health of your clients' businesses, advise them on opportunities, identify potential concerns and help them take pre-emptive action which leads to greater success for their clients.

For more information, contact us at:

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