

Business Advisory Services in The Modern Firm®



Offering business advisory services: Why it's important in a modern firm

For many years, the AICPA, state CPA societies, software vendors and consultants have advocated for the transition away from transactional compliance work and into "higher-value" advisory support. Whether you've bought into this concept yet or not, the fact is that higher-value services are what clients want and need. Of course, it's important to understand what is really meant by "higher-value services" before buying in completely.

This eBook is designed to answer this very question. And as you work through each section, what will become clear is not only what is meant by higher-value services, but also how you can deliver them in a manner that drives revenue and profitability.

Higher-value services are what clients want and need.

Higher-value vs. transactional/compliance services

In simplest terms, higher-value services are those that are NOT transactional or compliance-driven. Examples of a few transactional-based services include the following at right:

- Payroll preparation and payroll tax filings
- Client accounting services
- Tax return preparation
- Attestation services, compilations, reviews and audits

A traditional accounting firm is typically made up of all or a combination of transactional and compliance services. In fact, these types of services have powered many firms for a very long time, and that's certainly not a bad thing. Each of these services provide value to clients and should be integral to a firm's lineup. However, because clients need more than transactional support, it's critical to expand the lineup by including those higher-value options.

It's not clear where the term higher-value service originated, but what we do know is that it has become a default moniker for any service that does not fall under the transactional/compliance category.

What we're really talking about here are advisory services, which indeed are of high value to clients. Advisory services constitute any expert advice or guidance you provide clients. For example, advice on topics such as entity selection, salary structure, tax planning or succession planning.

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The traditional firm services structure

If you examine your firm's full list of services, it's likely that you've built a model that looks similar to the traditional firm (as listed below).

This model is fairly standard. And while it has allowed firms to sustain, it's more of a reactive model—where firms simply respond to client requests. The key is to implement or add to a proactive model, where your firm leads clients in the right direction with education and advice. This is what clients want.

Products, not services...

Much has been written about "productizing" firm services. By developing products, it's much easier to support the fixed-fee model. Affixing a set price or value to a defined product over a service is more easily understood by clients. And, from experience, most firms know that clients do prefer fixed fees. It makes it easier to budget and eliminates billing surprises when your hours run higher than the client expects. And with the right technologies,

preparation and business model in place, these services can also be repeatable and predictable.

To the profession's credit, many firms have already adopted the fixed-fee model on the transactional/compliance services side. The same cannot be said of advisory services.

Here's the good news... advisory services can be productized as well—allowing you to offer "off-the-shelf" advisory solutions that are also repeatable and predictable.

To date, advisory services have primarily been delivered with a one-off mindset—with firms doling out advisory support when needed and based on the individual client's needs at the time. Here's the good news...advisory services can be productized as well—allowing you to offer "off-the-shelf" advisory solutions that are also repeatable and predictable.

Can you imagine the growth potential and client satisfaction you would achieve if you could accomplish productizing advisory services?

Traditional firm services

Transactional/compliance model

- Tax planning* and preparation
- Client accounting
- Financial statement preparation
- Audits
- Payroll services

Modern firm add-ons

Advisory services model

- Entity selection
- Budgeting
- Industry-specific consulting
- Key Performance Indicator (KPI) analysis
- Succession planning
- Software consulting
- Tax planning*

**Some firms might consider tax planning to be an advisory service.*

Delivering advisory services that drive profitability and growth

Just like transactional/compliance services can be productized, so can advisory offerings. While advisory services, most often, do not support monthly recurring revenue opportunities, they can be structured, organized and made repeatable—offering firms a simpler model for driving revenue and supporting better educated clients.

Using our example of the startup business from page 5, we know that the client requires a standard set of advisory services (what we termed Business Foundation Services), including a need to be educated on the following:

- ① Entity structure
- ② Owner salary structure
- ③ Employee vs. independent contractor rules
- ④ HSA and other health benefit options
- ⑤ Retirement planning
- ⑥ Federal and state laws for revenue recognition, deductions, document retention and proof
- ⑦ Best technologies for business operation

Delivery tools

To support each level of advisory product you define, you must have a set of tools to effectively and efficiently deliver the given product. For Business Foundation Services (and all other advisory services offered), the following tools are recommended:

■ Sales kit

Includes a presentation, a short brochure or information sheet, and a sales proposal describing Business Foundation Services and, optionally, fees for deliverables.

■ Education presentation

Used to educate clients on each component offered within the product.

■ Recommendations report

Complete with findings.

Once you've developed these materials, you are ready to deliver a fully productized advisory offering!



Final words...

Today's business clients have a real need for advisory services...and more and more are asking for this level of guidance. As you look at the entire lifecycle of a business—from startup to succession planning—there is a world of opportunity for firms. That opportunity expands when you consider productizing services into structured, off-the-shelf products that make offering advisory services highly efficient and profitable.

Envision building a collection of advisory solutions, complete with the proper assets, that allow you to easily support both your individual and business clients with high-value advisory services. This truly is the future... a game changer for firms looking to grow and increase profits.

Want to learn more about business advisory services?

At Rootworks, our team is committed to helping our members build successful advisory service-based products. We are continually developing tools and resources that our members require to market and support advisory services at every level.

If you want to learn more, please contact sales at membership@rootworks.com

