

Logbooks PRO - Consultancy designed by professionals for professionals

A practical way for accountants to capture consultancy fees

Accountants are always on the look-out for new ways to add compatible services to their current practices.

In recent years, many have launched new offerings such as wealth management, HR services and payroll. Although some have gained a return, few have experienced major success. While a wealth division might deliver 10% to 50% of the total fees, few accountants have taken a second business up to the same size as their original accountancy practice.

Are you sitting on a client gold mine?

People inside and outside the accountancy industry have recognised for some time that accountants are sitting on a client gold mine. Accountants are the envy of other service providers given their intimate level of access to a client's businesses. Yet accountants themselves still tend to have only moderate successes in converting the client gold mine.

Reasons for this lack of success vary. Some accountancy firms are understandably protective of their client base and don't wish to offer additional services. Other firms want to offer more services, but their daily compliance tax workload creates a barrier to moving into a more consultative product.

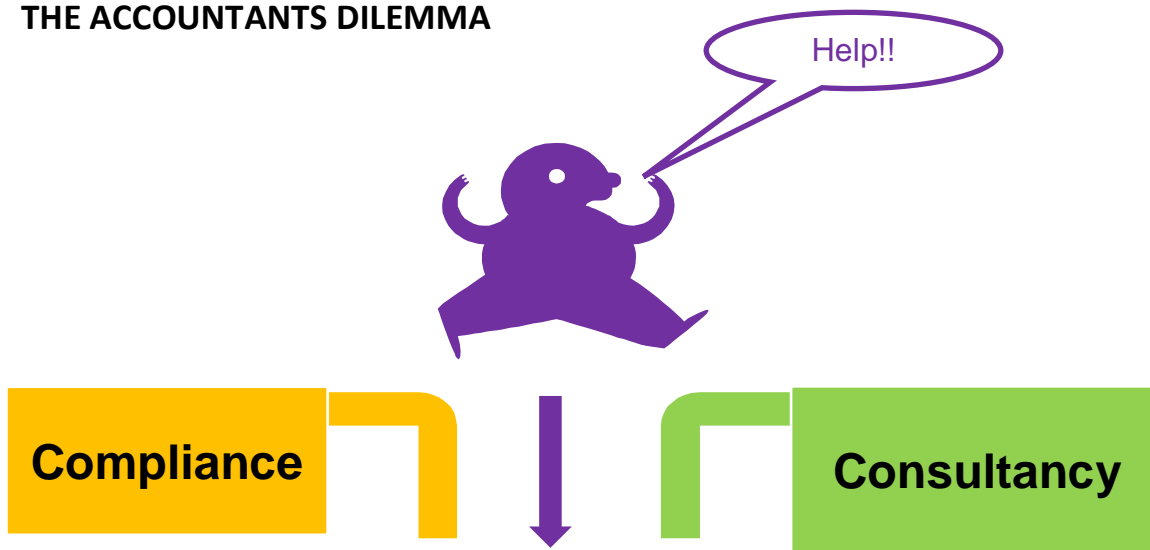
Several accountants have tried to extend via joint ventures. But if they pick partners who don't match the accountancy practice's culture the relationship is likely to fail.

A different way into consulting

From our analysis, we conclude that accountants struggle to sell services that are a massive leap from their core business. One accountant described it like this. 'I'm selling tax services every day and then out of the blue I have to sell another product. I might as well be selling vacuum cleaners! Sometimes it feels that far away.'

He went on to describe the problem. 'One minute I'm comfortably chatting to my client about their tax affairs. Then suddenly I ask, "Now do you want to buy this other service?" I feel like a domestic appliance salesman.'

THE ACCOUNTANTS DILEMMA

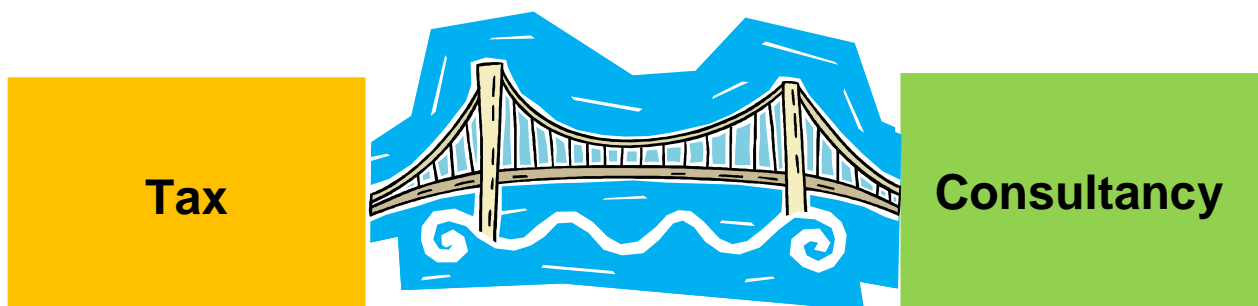


This diagram represents the gap facing accountants when moving from their core accountancy (compliance) offering to consultancy services. The gap often highlights a further issue – that of the accountant’s fee base. Say the accountant charges a client £2.8k over the year for tax work. Next minute, the accountant opens their mouth and asks, ‘Do you want to buy my consulting services? That’ll be £28k.’

The gap between tax and consultancy is simply too large in many cases.

Shirlaws is offering a different way for accountants to deliver a consultative product within their practice. In doing so, accountants have complete control because they don't *need* a third-party unless they prefer this approach.

SHIRLAWS BRIDGING SOLUTION



We have designed a bridging product to help accountants expand their service offer and benefit clients. We set out to create a service that could be delivered by the accountant at a price within the

ballpark of their tax and accounting fees. We also felt its content should be completely familiar to the accountant. In other words, they would have no need to learn something new.

Maximising the Value of the Accountancy Practice

Accountants have always been trained to look after the needs of their clients that they tend to neglect to maximise their own practice value. Unfortunately accountants have never been trained to act like entrepreneurs and therefore do not consider their practices as bona fide businesses. Therefore areas such as maximising asset value are not even considered when trying to grow the practice and the focus tends to be on the manic scramble for fees even though the same accountancy product is being offered.

Logbooks combined with Shirlaws training will help increase the value of the accountancy practice whilst at the same time train accountants to think and act like entrepreneurs. The combination of accountancy experience with a business mindset will inevitably make the accountant the core component of all their best and most valuable clients.

Having spoken with many successful entrepreneurs the same complaint was always mentioned: “I wish my accountant was more proactive”. In fact 1 business owner went on to say “...if my accountant visited my business more often I would pay them more money. In fact I wish I could pay my accountant more because it would mean my business would be getting more value.” **Logbooks ensures that the accountant has regular contact with their clients AND positions them as the conductor of their clients businesses – a key component of their growth and success.**

BECOMING THE CONDUCTOR AND KEY COMPONENT FOR ALL KEY CLIENTS

The goal is very simple. We want all our best clients to think and say the following: “When I need something to add value or save money for my business I will always ask my accountant first.”

Logbooks will help each accountant in the following way:

- Promotes regular contact and communication with their best clients for an agreed fee
- As a result of regular communication it will help to identify more opportunities such as monthly management accounts, high end tax strategies, investment opportunities for surplus cash (German Property Fund and/or Patents) and potential opportunities to earn commissions from introductions to Shirlaws (high end business consultancy) and maybe IFAs and mortgage brokers.
- **Pull sale instead of Push sale:** The clients identify the additional services that they require. The accountants’ job is to simply let the client know about the array of services that are available – **this is very powerful as TENS continues to increase its product range.**
- Enforces the idea to their clients that the accountant is essential to the success and growth of their business.
- Helps increase the value of their practice by utilising the ideas and Intellectual property of Shirlaws that is currently being used by 600 successful businesses every year.

Adding value in the pre-sales years

We aren't trying to turn accountants into wealth managers or HR consultants with this service line. Instead, we are largely repackaging familiar business areas into a consulting-style service. It's not something completely new.

Imagine one of your clients plans to sell their business in five years. You will probably explain how they will need to undertake a significant amount of work in preparing their business for sale. This will include an information memorandum, P&L and balance sheet forecasts, legal work, shareholder agreements and a business valuation report.

Accountants are familiar with these preparation tasks – either providing them already or having all the skills needed if they could access a few computerised templates. A key part of the five year plus business preparation also includes the quarterly completion of that all-important business logbook.

Preparing your client's business for sale

We usually tell our clients, 'You'll need all these tasks completed to enable the sale. You can wait five years and get them done when you're ready to sell. It'll probably cost you £100k at that point. Or you can begin now, five years ahead, and we can build each item slowly over the coming years. Instead of spending £100k in one hit you'll only spend about £30k spread over five years.'

We recently explained this approach to an accountant we were working with. He took it to his client and the client signed up in one meeting. Now the accountant is asking for our templates because his client is so keen to start preparations.

This client was spending £2,800 a year with the accountant on tax and is now spending another £500 each month to build the necessary pre-sale items. This £500 splits into £100 for the logbook and £400 to the accountant. This means the accountant has added £4,800 in fees to his client base, the equivalent of two small clients' tax fees.

Summary

Shirlaws recognises the difficulties that accountancy practices face in expanding their service offer. We have developed a practical, simple to use approach that remains close to the traditional accounting skill set and knowledge base.

This bridging product helps the accountant to cross the gap between tax and consultancy with confidence.