

# Supercharge and capitalise

AdvanceTrack's latest webinar, with Capitalise's Phil Hobden, looks at how technology has helped clients start to view accountants as their best friends when it comes to securing funding

"We want to empower 10,000 accountants to become bank managers." It's a bold statement from Phil Hobden, of online and mobile lending comparison platform Capitalise. It is a statement that definitely should make advisers sit up and take note of this view of the future.

Hobden was speaking in an AdvanceTrack webinar, "How firms can supercharge their client relationships through funding", alongside our founder and MD Vipul Sheth. The webinar covered the lending landscape, and the opportunities that now exist for accountants to steer small and medium-sized businesses through myriad finance options.

The erosion of the local bank, and subsequently the close relationship between a bank manager and small business, has left a void.

SMEs, Hobden suggests, are generally profitable but usually cash constrained. This means they are vulnerable to bad debt and cashflow problems. These SMEs will search Google for lending options, often choosing the first one on the results page. Their choice is unconsidered and because of that it tends to fail – or they end up in a bad deal.

Hobden said SMEs were five times more likely to access funding if supported by an accountant through the process. And this support, enabled by rapid technological advances, means accountants are seen by existing and potential clients as "necessary", rather than a compliance-driven "necessary evil".

The digitisation of tax through MTD, and its requirement for more frequent touchpoints with taxpayers, is pushing accountants to improve clients' bookkeeping, on frequency and accuracy through automation where possible.

For accountants, better client data will mean they have a much greater opportunity to help in the lending process. "And more robust projections, forecasts, gives funders and lenders the chance to see more potential and they may lend/fund more," added Hobden. "If you ask clients what their plans are, they'll say 'it's tough' or 'we want to grow'. There are lots of opportunities around funding and value-added services – including bookkeeping, forecasting, credit control... if you know the clients' plans.

"There's no excuse to not have a good relationship with clients – tech should give you capacity. We guarantee that 15% of your client base will be looking for funding each year, but sometimes the first time the accountant knows about it is when looking at clients' figures for their accounts. Help them get the right product for what they need."

• Capitalise can be found at [www.capitalise.com](http://www.capitalise.com)



## Webinars

You can watch "How firms can supercharge their client relationships through funding" and AdvanceTrack's other practice management webinars at [www.advancetrack.com/webinars](http://www.advancetrack.com/webinars).



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# Take time to make time

Being able to fight clients' fires, or support their growth plans, are key steps in increasing your practice's value to them. We cover how you can build this capacity within your accounting firm

The most successful accounting practices are those that have the capacity to either react, or be proactive, with clients. Ultimately this enables a firm to deliver a higher level of client service. If AdvanceTrack looked at our top clients, they have some 15% of spare capacity to deal with issues or broach things with their client.

But how do you achieve this? Well, first you have to take a step back and consider how your firm currently works and your attitude to technology.

## Practice drivers and technological advancement

There are a range of drivers of change in an accounting practice, and these will vary in value dependent on the varying challenges it faces. However, there are key areas of which one or more will be on your radar most times. These are:

- Number of staff/utilisation
- Timing of service delivery
- Use of offshoring/outsourcing in the practice
- The pricing model used (fixed or variable)
- How work is delivered to your clients
- Frequency of invoicing

All these drivers can be impacted by the adoption of technology. But firms adopt technology at different rates, even in different parts of a single practice. Martec's Law sets out pace of technological development versus change in an organisation. Most organisations are held back by the speed

at which the technology is introduced into the business, and later have to 'reset' – in other words, effectively to start again. This 'reset' might mean reorganising a department or function – for some practices it might mean their natural end.

Consider within your own practice how quickly some teams or individuals have adopted change or new processes and technology. A prime example is a client using cloud accounting such as Xero, but the year-end process is an annual one that is completed months after the financial year end. If that feels like how your firm engages with clients, then neither party is benefitting from the technology improvements that software companies are introducing.

So, what are firms – namely you - going to do to respond? There are varying approaches, but it's probably best to adopt and utilise the technology that will have the biggest, most positive, impact on the practice.

## Help your teams, or the practice as a whole, build capacity

Press the reset button intermittently across the organisation. Consider where there is a wholesale change in the systems and/or process as a way of speeding up change.

The image (on page 3) shows the typical difference in perception of cost/value between an accounting practice and the client. Accounts processing and 'being compliant' for audit are allocated a lot of value by the firm, but the client attaches little or no value to them. The most valuable part of the service from the clients' perspective is your meetings with them, and implementation of advisory services – plus the follow-up meeting.

So, if the compliance part of the business is perceived to have the least value, shouldn't this be delivered at the lowest cost and in the fastest possible time?

As the MD of an offshoring/outsourcing business, I'd put the case that all firms need to look at the capacity required to not only deliver the service, but leverage any change to grow the firm. Our most successful accounting clients have 'spare capacity', which they achieve through a mixture of technology and strategic use of our outsourcing/offshoring solutions.

The question you should ask yourself, then, is: "How much capacity can I free up?"

## Calculate your capacity plan

Using a 'top-down' approach, consider:

- Predicted client billings
- Write off allowances (plan should be zero)
- Special work

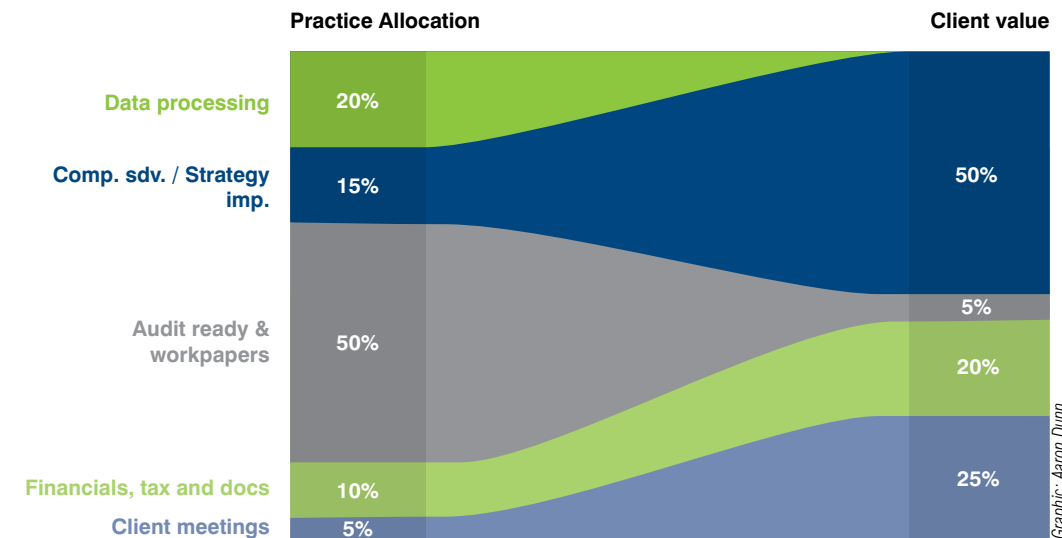
Using a 'bottom-up' approach, consider:

- Available hours of staff
- Expected productivity of staff
- Budgeted rates of staff

Any difference will be a surplus, or shortfall, of capacity.

## Improving processes will increase the capacity of your firm

There are a number of tasks that need to take place to improve your processes, which will in turn help you build capacity.



First, you must identify your internal 'champion' to lead the process change, who must build a framework for change. Identify key leaders and their role in the review of this process, ensuring that non-compliance with the process won't be tolerated.

Then you can build detail around the new process, once compliance has been signed off and key leaders have agreed on the changes. You'll never make everyone happy, so consider the majority view. Also consider key risks and impact on clients.

## Building an efficient team

Next you must make sure your team is fit for purpose. Training is the key to this, and this is done by building a training culture. The main areas to consider are:

- Process training
- IT training
- Personal skills training (e.g. negotiation or presentation)
- Product training (e.g. Xero, etc)
- Share your training plan with a wider group (internal/external stakeholders)

## Delegation skills

Build a delegation plan. Consider the skills needs in your business and ensure the team have the training to do the job. They must focus on solutions and ensure you hire and keep the best talent.

By having the right team balance with appropriate skills and experience you minimise rework, minimise errors and write-offs, particularly if work is otherwise delivered by senior managers and partners. Finally, if senior staff are freed up, they can be more client-facing, delivering more to the clients and bringing in new business.

Based on your client behaviour, it's then key to try and smooth your workflow over the year. How do you do this? Well, build faster turnaround times within your production teams. AdvanceTrack has been building this for firms using their offshore outsourcing capabilities. And then ensure that there's free capacity across the year, not just certain months, allowing the firm to grow and deliver based on client demands.

## What are you measuring within the firm?

I know from personal experience when working in larger firms that KPIs are given to staff they have little or no control of. As a result, if you measure them against these, it is demoralising as seen as unfair. So, ensure you measure people on things they have the power to manage. You must also

give honest and regular feedback.

Team members should be encouraged to advise management if job budgets can't be met. An earlier conversation may reduce the write-off through open conversation with the client and team. Finally, ensure each team member has a job budget and delivery deadline.

Bear in mind that feedback from staff and clients will be critical. Review successes and make improvements where necessary. Can you recommend any advice to the clients based on the information your team has reviewed? Consider if that advice is billable, and whether a fee discussion is required.

If a client has poor bookkeeping or other issues, these must be communicated. If these are not communicated, they believe they provide good books. Firms across the industry are guilty of correcting the errors without communicating this to the client.

Make the client accountable for their actions around timeliness, accuracy of information provided, query resolution and payment terms. Consider the purpose of an engagement letter and ensure it focuses on the client relationship and not legals, which can be dealt with separately.

## Clients

You've built your capacity plan. You've trained your teams and most importantly, you've adopted technology and have a plan to take the most benefit from this, so you are closer to the technology line in your improvement process.

You then consider how outsourcing/offshoring can help deliver more. Like all things, you need to consider the people in your business and ensure that they buy into the vision you paint of the firm and this will be driven by the type of person and possibly age profile of the team members.