

# the accountancy practice of the future

— How to develop new service offerings

# a new kind of accountancy firm

## Accountancy is at a turning point.

The traditional ways of working are changing at an incredible rate – all driven by the fast pace of technological change, digital transformation and efficiencies that cloud, automation and artificial intelligence (AI) are bringing to the industry as a whole.

There's a **95% chance** that accounting will be automated by 2033, according to recent research – a shift that makes it increasingly vital for firms to offer value beyond pure compliance work.

What's also changing are the expectations of your firm's business clients. Tech-savvy business owners want more from their accountant than just a set of accounts and an annual tax return.

Business advice, strategic planning and financial forecasting are all core areas that the new breed of client wants from your services – and the firms that don't offer these are likely to struggle in the new digital marketplace.

So, how does your firm meet the challenge?

In short, there's an imperative to rethink your firm's purpose, transform your service offerings and evolve into the modern accountancy practice your clients require.

"There's a 95% chance that accounting will be automated by 2033"

— Oxford University and Deloitte UK

<sup>1</sup> The Future of Employment: How Susceptible Are Jobs To Computerisation?, Carl Benedikt Frey and Michael A. Osborne, Oxford University and Deloitte UK





# practical ways to evolve your services

In this eBook, we'll guide you through the key challenges of developing new service offerings, and will take you step-by-step through the important stages of the transformation process –

## You'll discover how to:

- Make your accountancy firm ready for the changes in the accounting world.
- Uncover the different areas where you can increase your services and convert your clients over to these higher-level services.
- Enhance your business model through the benefits of technology.
- Become a truly proactive adviser, with software efficiencies allowing you to shift from 'one-client-at-the-time' work to advising multiple clients at the same time.
- Leverage your financial data to create more insights into your client portfolio.

*So, let's start planning your transformation and crafting a new range of service offerings.*

# 01

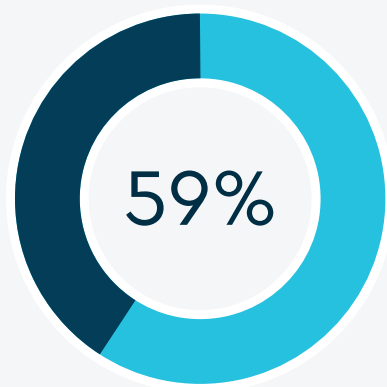
## moving with the trends

— the changing  
accountancy landscape



"59% of small businesses don't think they will need an accountant in 10 years' time"

— [The State of Accounts, Xero](#)



To build the right strategy for your service transformation, it's important to understand the current accounting environment, and how the landscape has changed over the past decade.

We're living through what the World Economic Forum has termed '[The Fourth Industrial Revolution](#)', a shift towards digital working, online interaction and software automation that has impacted on practically all industries in the developed world.

It's a time of unique change and transformation in the business world, and this industrial revolution is [driving some key trends within the accounting sector](#).

## increasing use of technology

To meet the needs of the digital world, accounting has seen an increasing emphasis on technology and software within a modern accounting firm. This technology brings a host of benefits to the efficient running of your firm, but can also add complexity.

### Some key technological shifts include:

- **The move from paper to digital** – traditional ledgers and paper files are fast becoming relics of a bygone era, with most firms moving to a mixture of desktop, cloud and enterprise software packages to run and manage their practice.
- **Integration with your client's systems** – to carry out your work, you need to connect with the software platforms and solutions used by your business clients, with many using industry-specific tools and the latest in mobile business apps to manage their company.
- **Working from mobile devices** – your clients and your staff are increasingly used to 'working on the go', using smartphones, tablets or laptops to access the software tools they need 24/7 from anywhere that has an internet connection.

# efficiency and the need for speed

Increasing the efficiency and productivity of your workflow is at the heart of the modern accountancy firm. And that's not just driven by the capabilities of new technology, but also by the needs of your clients and the imperative you have to make the firm profitable.

The need for 'everything to be faster' manifests itself in a range of ways – but, for the accountant, this generally breaks down to three core aims:

- 1. Increase your workload**  
– so your team's productivity is maximised.
- 2. Deliver your work to clients faster**  
– so clients have the important numbers they need.
- 3. Complete more jobs**  
– so the firm can service a greater number of clients.

# value pricing and what you deliver

Charging for your work used to be simple. Time was recorded against each job, then charged out to the client at an agreed hourly rate for each member of staff on the project. But there's an evolving shift away from this hourly model [towards the concept of 'value pricing'](#).

What your clients are willing to pay is no longer defined purely by the time taken to complete their basic compliance work – that accounts work is now seen as a standard offering.

Price is now more likely to be measured around:

- **The range of services you offer the client**  
– usually within a defined package model.
- **The amount of support you provide**  
– and the depth of your client relationship.
- **The value you bring to the client**  
– i.e. how integral you become to their success.











# changing client expectations of your service

As we've already highlighted, clients expect to get more advice from their accountant – and that, in turn, is having an impact on the nature of the services your firm must supply.

37% of small and medium-sized business owners think accountancy is becoming more automated and that they can complete a range of tasks themselves, according to the [The State of Accounts](#) report from Xero. More worryingly, the same report found that 59% of small businesses don't think they will need an accountant in 10 years' time.

The desire for compliance work as a sole service offering is on the wane, with many clients now expecting the bookkeeping, accounts and tax returns completed as a matter of course. But with the compliance done as standard, what other higher-level services do clients want?

# key areas where business leaders want advice

-  Business and financial performance
-  Management accounts and KPI reporting
-  Managing cashflow and cash forecasts
-  Debtor tracking and reducing aged debt
-  Spend management and expenses
-  Software and systems advice
-  Strategic planning and goal setting
-  Access to finance and funding
-  Outsourced financial director (FD) services
-  Business coaching and mentoring

# 02

## the key challenges

— what stands in your way?





# more data, in more places

"Business advisory services will account for more than 80% of revenue in the future"

— [Rob Nixon, CEO and Founder, PANALITIX](#)

So if clients want a deeper and more insightful level of advice from your firm, how do you go about providing the service offerings that match these new client expectations?

The evolution from compliance work to advisory services won't be an overnight process. It will take time and effort to get right, and – as will all significant transformation processes – there are some key challenges that you'll encounter along the course of your journey.

[The benefits of software on the 'number crunching'](#) side of the workflow has been significant – helping firms to quickly complete the bookkeeping, accounts, tax and basic financial reporting.

Software can also help to analyse, filter and present the important data you need as a trusted business adviser. But with more software tools comes increased data – and added complexity when it comes to sourcing the key information and numbers you need to begin advising.

## This results in some key issues when managing your client information:

- **The amount of data has increased** – with data being generated, recorded, stored and tracked at an increasingly granular level across your client's business operations.
- **Data is scattered across multiple platforms** – with different software tools, apps and solutions building their own discrete databases across yours and the clients systems.
- **Collating the data you need is problematic** – as your central workflow and practice systems must connect with and interrogate multiple data sources to produce reporting.

## the value of compliance has diminished

'Doing the accounts' is seen as the bare minimum you can supply as an accountant, and expectations are that you'll fulfill a far broader and more valuable role as a business adviser.

But this change creates a key issue when it comes to your profitability:

- **Compliance work isn't valued by clients** – and this drop in the perceived value of compliance means you can't sell to a client based purely on low-level accounts work
- **Compliance fees are likely to disappear** – with clients expecting their basic accounting done for free, and their money spent on high-value business services.
- **The firm is left with a revenue gap** – with compliance fees being eliminated, and the focus for revenue generation now sitting on a new range of advisory services.

# services sit on a spectrum

[Business advisory services will account for more than 80% of revenue](#) in the future, but what constitutes 'advisory' is open to interpretation in some cases.

Whether you offer compliance or advisory services is not a binary decision – and most medium to large accountancy firms will already offer a range of services outside basic bookkeeping.

What it's important to understand is that your firm's 'sweet spot' will sit somewhere along a spectrum between pure compliance and top-level advisory.

## The Service Spectrum



Gauging the level of advisory services that your target audience require, and balancing that against the capabilities, resources and staffing within the firm is a challenge. To get it right will mean carrying out some key research into client requirements and then marrying this to your transformation plans for the wider firm as a whole.

## advisory requires a different skillset

The skillset of the traditional accountant has always leaned towards the technical. But being 'good with the numbers' is no longer the only prerequisite for getting the job done. As software increasing becomes the number cruncher, that places new demands on your staff's abilities.

### Your ideal practice member must now:

1. Be comfortable with software and technology
2. Analyse and understand high-level reporting
3. Add commentary and develop key insights
4. Communicate ideas clearly with clients
5. Build a rapport with top-tier stakeholders

Without those core skills, their ability to deliver value-add services can be greatly reduced.

# 03

## choosing the right **services**

— what do you do next?



"30% of small businesses place accountants at the top of their list of trusted advisors."

— [The State of Accounts, Xero](#)



Shifting your firm's service offerings away from pure compliance, and towards a broader range of advisory propositions, is not a quick fix. It takes time, planning and the right talent and infrastructure to deliver – but with the right strategy in place, you can update your services.

To help you kickstart your service transformation, we've outlined some of the key areas you'll need to focus on – with practical steps to guide your planning.

## drive value with your best clients

Your new focus on value-add and advisory services won't resonate with all your existing clients. So it's important to target the clients prospects who are most open to a deeper kind of accounting

### to drive value with the most responsive clients

• **Review your existing client base** – and grade your clients into three categories;

• **Grade A** – the valued clients with good relationships (and the right systems) who you believe can be easily upsold your new value-add and advisory services.

• **Grade B** – the clients who will need some time and effort to convince, but who could prove valuable (and profitable) if you can gradually scale up their services.

• **Grade C** – the clients where there's a poor relationship, a deep reliance on compliance and little or no opportunity to move them up the service scale.

• **Talk to your Grade A clients** – and find out which services they're looking for, the specific areas where they need help and their viewpoints around pricing.

• **Increase your touch points with Grade A and B clients** – so you're meeting with them more frequently, having more in-depth conversations and can isolate the main additional services they will need (meeting their expectations of you as an adviser).

• **Market your services to the right targets** – and clearly define your 'ideal client' (based on your Grade A client template). Make sure your website, your blog content, your social media posts and your events are all targeted directly at this demographic.

# make compliance free or cheap

At a time where the perceived value of compliance work is at an all-time low, it's important to position the function of low-level accounting work in the right way – where compliance is required but not central to the value-add services you're asking clients to pay.

There's a growing belief among the most progressive accounting firms that compliance is a necessary feature of any accounting relationship – but one that should be free to all clients.

## To make clients understand the validity of compliance work:

- **Explain the foundational role of compliance** – and how bookkeeping, data entry and the basic accounting processes produce the vital financial and business data that feeds into your value-add services and advisory offerings.
- **Demonstrate the power of real-time information** – and show clients how you can reveal their business performance, their cash position and their overall profitability, based on the key data and actuals that compliance work provides.
- **Add value through insight and advice** – by using this real-time reporting and smart analysis to spot the areas where your staff and senior partners can guide, support and drive the success of the client's business.

## Have your data and workflows in one place

To make your upgraded services work successfully, you need the right software and systems infrastructure driving the practice – and, in most cases, this will mean aligning your accounts and practice systems around one centralised platform.

The accounting software you use will be determined by the size of your firm and the preferred systems used by your Grade A clients – whether you're working with small and medium-sized businesses (SMBs) that prefer Xero or QuickBooks online accounting, or larger corporates that require enterprise-level accounting systems like NetSuite, Exact or Microsoft Dynamics.

But having the ability to pull the key accounts data through to a central reporting and workflow platform has a number of key benefits when expanding your services.

## 216 Accountants B.V

**"You don't expect this from an accountant..."**

216 is one of the most progressive accountancy firms in the Netherlands, and this forward-thinking firm recently won the award for the 'Most Innovative and Progressive Financial Services Provider' at the Exact Cloud Awards 2017.

Not only has 216 pioneered the use of cloud accounting in its native Netherlands, it's also changed perceptions around the value and pricing of compliance work.

### Free compliance work for all

The advice model that 216 uses is a very simple one. They take all the basic administration out of the business owner's hands, lightening their financial workload, and sit down with them to map out both their business and person goals.

This holistic approach has led to a three service subscription model. Advice is central to the three services, with commodity as the basis for advisory services and even including the annual accounts free of charge - with additional data-driven services plugged in as needed.

It's a methodology that gets the compliance work done as standard - leading to higher-worth advisory work and value-add services - but the compliance itself is free to the client.

# have your data workflows in one place

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## To make your data work harder:

- **Ensure you have full integration across all solutions**  
– and look for software that offers the right APIs (application programming interface) and integrations to connect up your practice tools and port data effectively between sources.
- **Centralise your data in one main datahub**  
– store your client and practice data in one core datahub, so you have fast and easy access to the information you need.
- **Run your workflows and reporting from a single application**  
– so you can manage tasks, analyse data, pull off real-time reports and communicate directly with clients.

# automate your compliance work

Completing the low-level compliance work is one the main drains on your staff's time and productivity. Using technology to automate time-intensive areas such as bookkeeping and data entry frees up time and allows the team to focus on advising.

## To embrace automation fully:

- **Automate your bookkeeping** – using optical character recognition (OCR) technology and data management apps like [Receipt Bank](#) or [AutoEntry](#) to smart scan clients' paperwork, digitise the outputs and pull the resulting data through into your accounts software and workflow platform.
- **Automate clients' credit control** – by using the debtor tracking tools in your software, or integrating with automated debtor apps such as [Chaser](#) or [Fluidly](#) to automatically chase up your client's late payments and improve their aged debt numbers.
- **Automate reminders and notifications to clients** – using the smart reminders in your software solutions to communicate with clients when VAT information is needed, tax information needs to be submitted or payroll run requires review and sign-off etc.

# get proactive with your insight

Technology can increasingly do much of the low-level analysis by itself, with machine learning and [artificial intelligence capabilities expanding at pace within accounting.](#)

Software is becoming smarter, allowing your cloud solutions and workflow platform to automatically flag up many of the main threats and opportunities within clients' data.

## To get proactive with your advice and client conversations:

- **Define the positive and negative elements to tag**
  - and set up your software to automatically analyse and filter the data to pull out key issues and opportunities.
- **Produce regular reporting and insights**
  - and add your own personal commentary to the trends analysis, red/green flags and insights produced by your reporting software.
- **Make this a conversation starter**
  - and sit down with the client to talk through the commentary and insights, and define what additional services or work they may need.

# have the right team and skill set

[Hiring, training and retaining the right people](#) is fundamental to delivering any new services. The ability to hold meaningful advisory conversations with clients is a key skill

– so if you're aiming for advisory services end of the spectrum, it's critical to have the right talent in the firm.



## To create a team that meets the challenge:

- **Define the key roles you need**
  - and how they will deliver your upgraded services.
- **Promote or hire the best people for the job**
  - and expanding your talent pool.
- **Educate your team to expand their knowledge**
  - increasing their value to clients
- **Build meaningful rapport with clients**
  - so they trust and value your staff.

# deepen your client relationships

30% of small businesses place accountants at the top of their list of trusted advisors – and providing value-add service can add considerably to this level of trust.

Accounting may once have been a numbers game, but building a truly great 21st century accountancy firm is increasingly about your ability to build deep relationships. It's these long-term connections and partnerships that will drive your move to advisory.

## To build and nurture these relationships:

- **Spend more 1-2-1 time with clients**

whether that's in person, on the phone or via video conferencing apps like [Skype](#), [Zoom](#) or [Webex](#). Increasing your interactions is a key way to make clients feel they're getting more value from the relationship.

- **Get to know their business inside out**

and listen to clients' goals, their worries and what their current pain points are. The better you know their company, the more advice and value you can add for them as a trusted partner.

- **Personalise your advice and services**

so your client feels they're getting a bespoke service that's properly focused on the numbers, KPIs and goals that matter to them.



30%



# 04

## datahubs

— the value of a  
centralised cloud solution



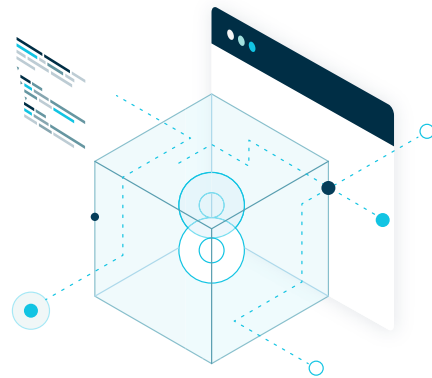
"Processes are 30% faster when using a centralised cloud datahub, providing greater efficiency."

— [Silverfin](#)

The complexity of the technology and software tools available to accountants, paired with the scattered and fragmented nature of data these solutions produce, has created a digital working environment that can be complicated, at best, and extremely inefficient, at worst.

The answer to the challenge of multiple apps and multiple data sources is to consolidate your workflows and data into one centralised datahub – removing many of the key hurdles.

## what is a datahub



[A real-time datahub](#) becomes the centre of your practice system, providing a cloud-based, centralised storage hub for all your key financial and business data.

But it's not just a database. The datahub also brings you the connected features and functionality needed to carry out your core accounting workflows, analyse client's numbers and automatically flag up key insights – so you can deliver the high-value advice clients require.

# connected accounting in the cloud

With a centralised datahub, such as [Silverfin](#), at heart of your firm, you have the ability to carry out truly connected accounting – from the basic compliance, through the standard workflows, to the value-add performance services and the high-level advisory and FD work.

## With Silverfin integrated alongside your choice of accounting platform, you have:



**Data Integration & Connectivity** - As a firm, you'll have seamless integration of structured client data into a single cloud-based platform that then drives the whole practice.



**Core Process Automation** - Your teams work with end-to-end digital solutions that streamline your processes to provide greater efficiency — providing, on average, a 30% time saving.



**Workflow Standardisation** - Your workflow solutions can be tailored to your company's own particular way of working – providing standardisation across the business.



**Data Analysis** - The software will interrogate both financial and non-financial data to pull out valuable client insights – providing the foundations for advisory conversations.



**Collaborative Communications** - Your internal and client communications can be managed more effectively by linking conversations, reminders and notifications to specific workflows.

# a real-time datahub for all your accounting needs

## 1 Aggregate Data

Connect with both cloud and desktop bookkeeping systems. Aggregate and standardise all client data in one cloud datahub QBO, Xero, Sage 50 etc

## 2 Standardise workflow

Create one tailored way of working that drives efficiency and productivity across multiple offices and/or departments

## 3 Digitalise & Automate Compliance

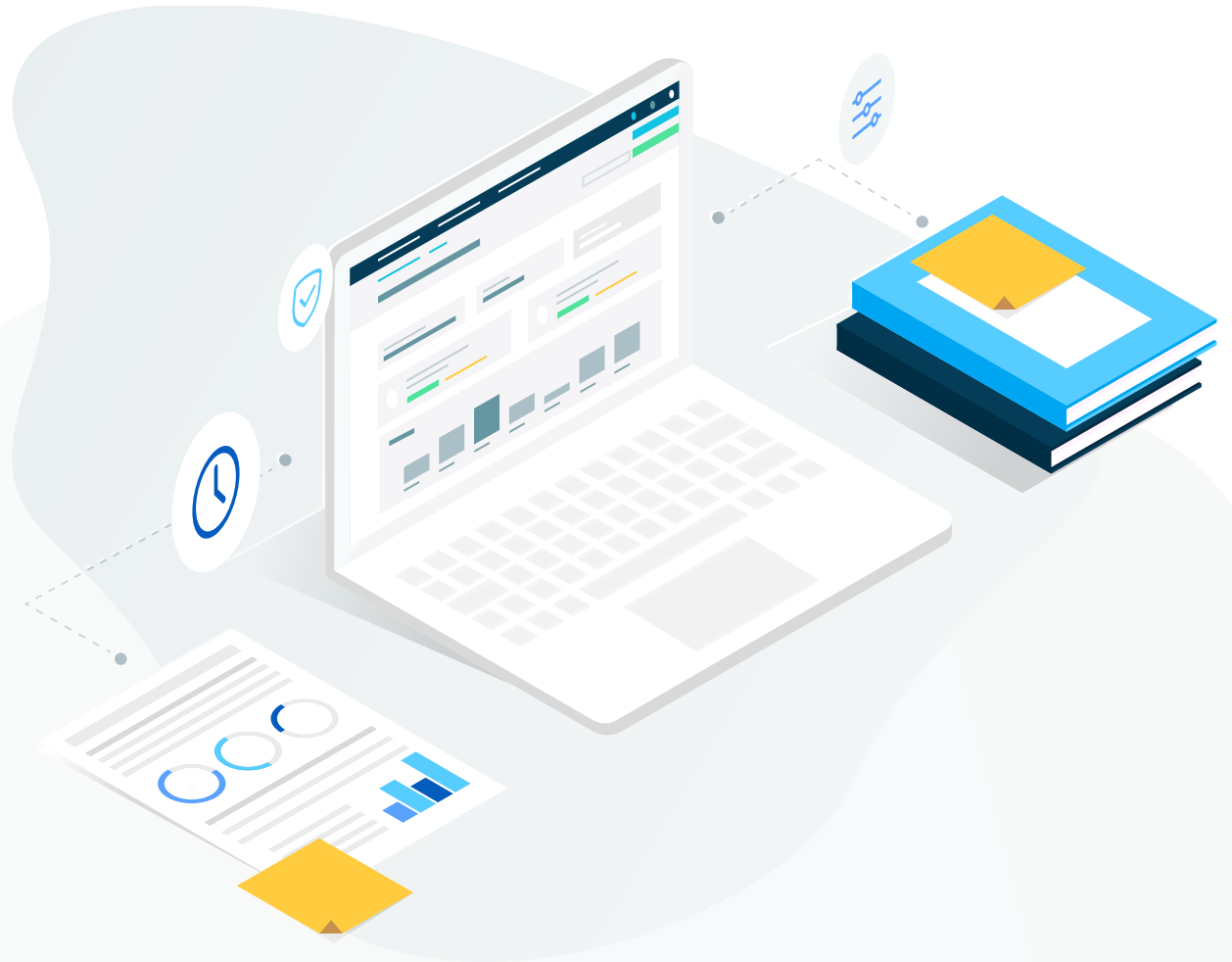
Connect live client data with all core compliance processes. Digital smart Working Papers, checklists, statutory Accounts Production Mercia methodology supported

## 4 Support Value-Add Services

Generate Management Accounts and reporting at the click of a button. Run data analytics across all clients to support Advisory conversations. Create alerts to stay compliant and monitor client data e.g. VAT registration thresholds, debtors days

## 5 Collaborate & Share

Communicate and collaborate both internally and with clients on working papers and reporting. Share content through the Client Portal



# 05

## future services

— services that drive the future of your practice



"Firms that provide advisory services earn considerably more revenue per client than firms that offer only compliance."

— [Xero UK, 2018](#)

Connecting, systemising and centralising your practice systems is the defining step in upgrading the scope of your firm – and upgrading your services to meet the needs of today's clients.

From beginning to end, you're in control of the data, the workflows, the analysis, the client interactions and the final reporting and accounts productions – helping to expand the capabilities of the firm and drive the right services for those vital Grade A clients.

## updating your service offerings

We've seen how the desire for compliance work has waned in recent times, and we've also seen how there's a growing market for higher-level advice, support and outsourcing.

There's a broad spectrum of additional service your firm can adopt – and your end choices will be unique to your practice – but there are core value-add areas that will form the bedrock of your new service offerings.

These can be broken down into four key service areas

### 1. Basic compliance

★ LOW

- Bookkeeping
- Statutory accounts
- Filing tax returns
- VAT/GST

### 2. Business performance

★★ MEDIUM

- Scorekeeping and target-setting
- KPI reporting and performance
- Cashflow management and forecasts
- Spend management and cost reduction
- Debtor tracking and aged debts
- Tax planning for the business
- Software and systems advice

### 3. Advisory

★★★ HIGH

- Advising owner/MD/management team
- Financial modelling advice
- Strategic planning and 5-year plan
- Scenario-planning and decision-making
- Financial and non-financial forecasting
- Access to finance and funding
- Directors' tax and wealth management

### 4. Outsourced

★★★ HIGH

- Outsourced payroll function
- Outsourced credit control team
- Outsourced finance team
- Outsourced finance director (FD)

# become the accountants your clients need

Every firm's service transformation will be different. But putting yourself in the shoes of your Grade A clients and targets will help you define a services strategy that hits the mark.

## To develop new service offerings that add true value:

- **Listen to your clients** – and tailor your new services and propositions to fit the current, medium-term and future needs of their business.
- **Embrace the right technology** – and make use of the efficiencies, automation and analytics capabilities of modern financial software
- **Centralise your data** – and use a datahub, such as Silverfin, to store, collate and interrogate your client's data in the most productive ways
- **Build the best team of advisers** – and create a practice staff and partner group who can build relationships, communicate with clients and offer real insights and advice.
- **Offer services that add true value** – and choose a 'sweet spot' on the services spectrum that matches your capabilities and delivers meaningful benefits of clients.

"Start your transformation journey today  
– and become an accountancy practice  
of the future!"

— [Silverfin](#)

## What is Silverfin?

Silverfin a central datahub for finance professionals that brings your accounting firm flawless financial closing, reporting and workflow.

Every day, we streamline thousands of financial processes – from working papers, management reporting to statutory accounts – for forward-thinking accountants, auditors, CFOs and tax consultants around the world.

Find out more about Silverfin at [silverfin.com](https://silverfin.com)