

Remarkable Practice

inspiring remarkable results
in your accountancy firm

Nick Williams

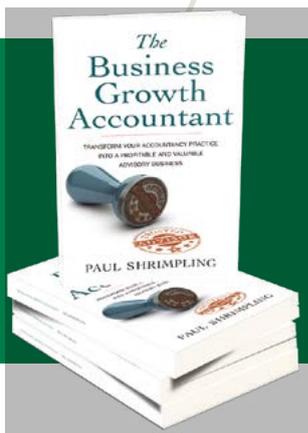
Head of Business Development Intuit



Transforming Accounting and Book-keeping firms to be future ready.

Transforming Accounting and Book-keeping firms to be future ready

In this interview Nick and Paul talk about the shift in attitudes towards Business Advisory work within accountants firms across the UK.



Nick Williams

Paul Hello, Paul Shrimpling here from Remarkable Practice, joined by Nick Williams of Intuit. Thanks, Nick, for taking time out on this call. Nick, would you just run us through your role within Intuit just to set the theme as to what you do and how you do it?

Nick Of course, Paul, thank you. So, my role is Head of Business Development at Intuit and I look after a nationwide team of sales professionals, business development managers, and we focus in on helping transforming firms with QuickBooks online and the platform that supports that.

I've been with the company for about 5 years and have experience of the industry now for about 20 years.

Paul Right, brilliant. So essentially, you and your team between you are in touch with accountancy firms of all shapes and size, have I got that right?

Nick That's right, so we have everything from a bookkeeper to a manager all the way through to the top 100 firms.

Paul Right. So, on this call, Nick, what I want to do, because the book essentially is about the firms that have made money out of business advisory, and make a difference to their clients business they see themselves as either predominantly or substantially a business advisory firm, so to begin with,

would you give us an overview as to how you see how big a deal, how much is going on, with that business advisory mindset, but turning that into reality across the profession as a whole, given that you see a lot, a lot of accountants?

Nick I think when you first think of the term 'advisory' or 'trusted advisor' or 'providing value added services', it seems to be a term that's used a lot with accountancy firms we see, but not necessarily implemented across them all. And what I mean by that is that many firms that we deal with literally struggle at getting data in... struggle with their workloads, struggle with even building basic reports. So it's like they never have the time to look at advisory.

So, I'd probably say at the moment we're seeing a shift of more people and more firms moving into that space but it's still only scratching the surface.

Paul So there's quite a lot of talking about it, but it's not actually what's happening between the accountancy firms and the business owner clients, is that what you're saying?

Nick That's it, yes.

Paul Okay. But presumably across the whole of the UK you can probably pinpoint one or two, or half a dozen firms, that have already made that leap of faith into what I prefer to call business growth accountancy rather

than business advisor. They're sitting down having regular conversations with clients about how they improve their, whether it be the accountancy value, the profits, fees, revenues and so forth. Can you bring to mind one or two examples of firms that are actually billing a substantial amount of fees because they are acting and behaving as a business advisor?

Nick Yes, I've got two examples I'll give you. So, first of all, we'll start with Wilkins Kennedy. So, Wilkins Kennedy is a top 100 firm who basically have been on a complete journey of transforming how they do their engagement with smaller business online. So, they create, their marketing brand is called My WK. If you go to www.mywk.co.uk obviously you'll see their environment and basically what that is, is a way in which they're fully automating their entire workflows.

But as a net result of that, Paul, what they're getting is, they're getting (a) more clients; but (b) they're actually spending their time on sort of insight-driven analysis of the businesses that they're working for. So, they help them with benchmarking and budgeting and better planning, and in turn that's lifted fees. So they're a great example.

Other examples in that similar sort of area would be Kingston Smith, again a core brand of KS Connect which is, if you just go to <http://ksconnect.co.uk/>, they're again similar, prioritising their times on doing very sophisticated industry analysis of what businesses are doing, and then they're monitoring what businesses are doing in terms of how they're performing in terms of margins, etc., across other businesses that they're benchmarking against, and actually then tailoring a service, which is not necessarily just accounting, it could be HR, could be legal advice, could

be manufacturing works advice. So again, they've seen a huge lift in fees and a huge improvement in efficiencies.

I think when you look down at the smaller end, we see it starting to play out in a few of the TaxAssist network, which is great to see, and some smaller end firms, even down to bookkeeper level are aiming to get to that advisor level. But there's still a lot more to do, I guess, across the market.

Paul So, the appetite's there, it's just not necessarily turned into reality. The two firms that you've just described, it sounds as though they've made that step from simply being able to access, using the technology that's available, the figures and the performance of the business, but actually ending up having a conversation with business owners about the relevant numbers that could potentially have an impact on the business. Am I interpreting that right, do you think?

Nick That's correct. So, if I just take any small business, so naturally we deal with small businesses every day as well as our circle of work with accountants and small business, and what they're saying, these firms, their customers are actually quoting they enjoy having the engagement with their accountant or almost business consultant from the accountant, because it's really helping them to navigate through cash flow and tax complications, it's just helping them navigate sort of tracking where they've been in the history.

Paul So, actually, the accessibility to the relevant what I call business intelligence, rather than, you know, all the financial data for the business... You run a business, I run a business, I can look at all the data that's available within QuickBooks and maybe I've got features imported into it or Spotlight or something; I look at all of it, but actually I need some assistance from my accountant to work out which numbers are worth looking at in order to therefore make some decent decisions.

What I'm hearing you saying there, Nick, is that actually the conversation, the interaction you're having with the business owners, they're saying they appreciate that process more than they historically would have been just because we weren't able to do that because we didn't have cloud capable, instant, real-time access to data?

Not much of a question there but I guess what I'm looking for corroboration is, there's an appetite for the business owners for more interaction, high-value interaction, with the accountants, is that right?

Nick That's right.

Paul Right, okay. So that's based on the two firms that you used as examples, but ultimate results in driving fees and profits up for the firms because it's paying off for all parties.

Nick Yes.

Paul If you keep the two firms in mind and the people that are actually face to face with the business owners in that business intelligence/advisory type conversation, what characteristics would you say... How would you describe the people that are having those conversations?

What I'm fishing for, Nick, here is, there seems to be a thing that, there's very few accountants can actually have a business growth conversation with a business owner. It's not something an accountant would do. So, I'm fishing for, is that your experience, or are you seeing what we might term a caricature of an accountant that actually is ending up being a really rather good business advisor/business growth accountant?

Nick Definitely, one of the biggest clues is just in the tales in the people that we are meeting, so whether that [inaudible 00:10:01] is very centred in on technology being a digital advisor or a cloud evangelist, through to your basic business advisor or business consultant. First of all, the job titles we're seeing are beginning to change in these sort of thought-leading firms.

But also the people that they're recruiting. So it's not so binary as, we hire more accountants and then we bring them on the journey; actually bringing in graduates from business or people who have been a business consultant or someone with a level of consultancy experience, they're starting to bring in, with bookkeepers and accountants in support. So that's quite a bit of a mix we're seeing.

And I think it's happening two-fold. Number one, we know the industry is struggling always to find great talent and recruit talent, so there's one area where people are then diversifying. They're saying, truly, what talent do we need? Well actually, to try to be more business advisory, let's get more

consultancy led and advisory like people in, almost with a sort of level of much deeper client interaction, almost sales level interaction with the customers. And we balance it with the accountants and bookkeepers that we need. So that's really what we're seeing in terms of... And like, mindset of, like, business first, thinking about improvement. It's being very customer-led, very customer-supportive, that's what [we're seeing 00:11:17].

Paul Right. So if we take the firm perspective strategically, them making key decisions on the style, type, profile of people they're recruiting, to fit better that grown-up, meaningful, worthwhile conversation with a client, as well as recruiting – excuse the phrase – a back-office style number-crunching accountant.

Have you seen anywhere though an accountant who you would class as a normal, you know, chartered accountant or otherwise, who's stepped up and added to their skills so that they've actually got that softer side, almost sales oriented, questioning, listening, driving business owners to action, have you seen any of that?

Nick Yes, I have. So, I'll go back to one of the other examples of Tax Assist, it's a tax information network. One particular firm, Tax Assist in Harpenden, led by Mike Melling, a great business owner/entrepreneur, and he and his team, he's literally educating and coaching them in such a way that, yes, they are accountants and bookkeepers, but they're starting to look for deeper insights into the reports that they're building and that then gives them confidence to then have that client conversation.

And I think there's two things to get out of it, having the time to find insight into what the business is actually doing by using real-time information from QuickBooks and other systems that you've mentioned, but being able to unearth that insight from data and giving the clients clear actions of help in what they need to do.

And the confidence piece is, I think, the key thing, because many of them would shy away from doing that, but by just spending more time understanding and recording what they're saying, understanding trends and patterns, they are then more confident to have that conversation with the client which, as you know, the client really loves. Because, you know, [inaudible 00:13:18].

Paul I'm deliberately repeating this just to clarify a few things, so, we've got an accountant, they themselves have freed up time and are using that time to delve into the data and identify the business intelligence, for want of a better description, the business insight numbers, so that they have the 'aha' as to what's going on in this business. If they've got that, what you're saying is, they've then got the confidence to then go in and share that and quiz the business owner around that because they're closest to the numbers that really matter?

Nick That's right.

Paul And there's no reason why every accountant can't do that, in theory.

Nick Exactly, yes.

Paul I mean, there's a chapter in the book which is labelled 'Rocket Scientists Need Not Apply'. And it's, ultimate, what are you asking your client? You're asking your client, what goals have you got for your business, what challenges are facing your business, and how are you measuring it? It's not rocket science and I've found too many firms – okay, only a handful – but plenty of firms who are doing it and they're teaching their managers and people across the firm to apply similar skills.

The firms that are actually doing this, whether it be our friends in Harpenden as part of Tax Assist, or Wilkins Kennedy, or whatever, what sort of investment in the people are they making, Nick, in order to improve their soft questioning and listening skills? What are you seeing there?

Nick This is a huge area of opportunity. First and foremost we're seeing the other end of the skill where... Okay, everyone needs to be business advisors, good luck, make sure you do it, without any support training... And I go back to my word 'confidence'. The accountant/bookkeepers shy away from it because they haven't been fully immersed in that, in those skill sets of, like you said, questioning needs-based understanding of customers.

So, those that are doing it well, and again we support them in part, is where they've actually looked at those softer skills, building up almost competencies where people can almost track and benchmark themselves against competencies. Let me give you an example. In the case of someone like Mike Melling or in the case of Kingston Smith, you're truly

working with their team because... client engagements, let's look at how you interact with clients.

Number one, what are your questioning skills? Are you demonstrating deep active listening so you're hearing the pains of the customer? And then can you ultimately [serve 00:16:07] a needs-based positioning of your solutions come back with a proposition or a solve or an answer for the client that truly answers his or her need that you've picked up?

So in those three things have you got effective client engagement through good, deep questioning, effective high-level listening, and are you pulling together a solution based on those moves? It's sort of three basic competencies that people can then benchmark them against. We always recommend people use a levelling system to say that, number one, great questioning skills, totally understands the client, level one. Or level four, you know, asks very vague, unprepared questions, didn't actually get to the root cause.

So then the individuals can sort of benchmark themselves and try and evidence and exhibit that they're showing those behaviours. And I've only seen a few firms do that and I think... and out of your title about, rocket scientists may not apply, because unless you're really centring on those stock client-facing skills, then I think the writing is quite clear on the wall.

Paul Indeed. So, if we take, say, Kingston Smith, so is those assessments around those core conversational skills, is what I'd like to call them, are those assessments, progress, being tracked in people's appraisals or reviews, Nick, is it showing up there?

Nick I haven't seen that. So, I presume it is but I can't comment that I've actually seen it.

Paul You can't, okay.

Nick But I'm led to understand that it has in those areas, that it is something we do recommend when we're engaging with any of these firms. So to drive the right behaviour is the best way to clear objectives, link to that and measure it to drive the right behaviours. So I think your question, the two things go hand in hand, like the competency framework and then making sure it's tracked and measured.

Paul Let me take it from a different angle. Are you seeing firms – or a firm – put a training and development programme together for either individuals or teams of people around these softer skills? Have you seen anything of that?

Nick Not... I've seen in the ones I've just outlined, I've seen them put together a sort of training environment as part of people's on-boarding if they're new, if they're hiring team members, or if they're already existing members, they've put them in their plans. I think what I just haven't seen, which is one area that I would have thought, the measurements of success and linking that back into sort of end of year appraisals and annual performance reviews. I think that's the area that I haven't seen but I'm not saying that it doesn't exist. It may exist but I just haven't any evidence.

Paul The reason I asked is that I just did an interview with a small 12-person team, I think, in Australia, and they've got a very definitive training process. In fact, they've got several. One of them is, 30 Fridays of the year, two hours on that Friday, everyone downs tools and there's a process in that two-hour session to focus in on a particular soft skill, whether it be reflective listening skills or mirroring and matching, to kick-start a meeting on the right wavelength stuff. Or like a specific issue that showed up in the client meeting and how everyone can learn something from that in terms of better framing of the question.

Lots of potential training discussions, development discussions, across the team. But in fact, they've actually created a 30-week of 'we're going to do this' of the 52, so you take out holidays and daft seasons, it's essentially every working week with a few exceptions. What have you seen where other firms have put something as structured as that together focusing specifically on soft skills, what have you seen there?

Nick When I go back to... Where we do see it very heavily is in terms of, like, the digital advisors or the cloud evangelist stuff, and the case of Wilkins Kennedy is an example, the team there, they centre in on client onboarding to the cloud online proposition and that's where they measure real soft skills because first of all, it's tangible because they move their business online, and number two, is everything set up and effective.

So, the net result is easily measurable. But the softer skills you mentioned, they do coach and support and track how they're doing from a client onboarding perspective to QuickBooks or... And the reason why they do that

is because naturally, to get air time with a customer, whether they be walking in on the shop front of Tax Assist or you're sitting with them and you've been going through their accounts and talking about the future, you've literally got a 30-second pitch.

The confidence and the articulation is to bring out the mobile phone and say, well, this is what could transform your business, let me just give you the high level and understand your pain points. That's an area where they're working on and we're supporting them, almost an extension of our team of consultants, [this is consultants telling them 00:21:23] to leverage the technology.

So they spend a lot of time on client on-boarding and mirroring technology to match with the workflow. Where I feel the need to move next is take that same rigour and approach and say, right, let me now understand your business and let me give you more advisory services linked to those areas where your business can grow.

Paul Right, okay.

Nick Does that make sense?

Paul Yes, I think so. So, what you're saying is, it's been a good start and they've got KPIs that enable them to track the performance of the people around the on-boarding from old-school, desktop annual accounts six months after the year end date to cloud accountancy reporting on a quarterly basis or monthly basis or whatever the client actually needs. So then they see

timely numbers. So there's the transition from old-school to cloud school, if you will.

Their team skills have grown and developed and they've invested time and effort in that to build those skills and they're seeing the numbers show up across the firm in terms of transition from old-school to new-school, but not yet are you seeing programmes that enable a deeper business growth conversation between the business owner and the accountant?

Nick That's correct. And I think just in terms of the first point, the soft skill set they're evolving is real deep questioning on workflow analysis, so really understanding how does the operation, how does the business operate today and how can it be further optimised and how can technology help them optimise?

So it's deep questioning from almost like a technical viewpoint...

Paul Is this questioning internally how the firm's working or conversations with a business owner?

Nick With a business owner. So, you know, for example how... what's your speed to get paid, what's your biggest issue, you can't get paid, how long does it take you to get paid on average, what is the infrastructure or standard approach of how you get paid, like will you have to [inaudible 00:23:25]. So it's that deep workflow of the business they look to analyse and say, look, right, now can we layer in technology to help streamline that.

So, Wilkins Kennedy does that really well. They can have conversations... There's actually another great firm, Peter Jarman. He's just created a sub-brand called PJ Online, but Peter Jarman is based down on the South Coast. His team, they literally will have conversations, they'll go deep in questioning. They had a conversation with one customer in particular, sells products online and basically had their platform connected into QuickBooks via Amazon, via Ebay, via Ali Barber, linked in with their PayPal components.

And then not only that, started to help them with stock management systems, and they laid on top of it obviously a monthly report that they would then spend time analysing the sell profiles, the average margins, what the competitors are doing, and that's just amazing, I mean their customers paid more and more in terms of fees for that particular accountant, so much so, almost in excess of I think £3,000 to £4,000 to set up a continual engagement. This is typical like [fixing the pound a year 00:24:35] type engagement...

Paul And ultimately, Nick, all that's happening now is you've got better, more meaningful, more timely numbers. You've done the analysis in order to extract those and you're having a more challenging, more supportive and business growth conversation primarily because you're talking about the right numbers.

Nick That's exactly it.

Paul Again, it's not rocket science, is it? And the opportunity is just massive. Okay, so, is there anything about... this is almost a cultural mindset, if you will, of firms. Lots of people talking about, you know, let's take the firm to a business advisory firm, and I've seen that in the consulting sessions I have with firms I work with. But ultimately, it's more conversations, better conversations with clients. Is there a cultural or a managing director/partner mindset that separates the firms that are driving this through from the ones who aren't? Is there any way you can describe the differences there?

Nick I think to put it simply, I see two levels of mindset. The first one being task orientated and the second mindset being client orientated. And I say that in two ways: task orientated as the name implies, let's just get through the work and let's make sure we get everything out in time for our clients and we do the work in the most effective way possible, task orientated.

Where I do see a few firms, but not many, but I think having a client, being obsessed by their clients' benefits, being client orientated, which is the case of, how can we help our clients grow, what more can we do to support our clients? The tasks are just a given but what more can we do to help them survive and thrive?

Paul Yes, okay. That leads us to... Of a dozen interviews I've done with the firms who are billing anywhere from £100,000 to half a million quid's worth of advisory fees, and these are small firms, Nick, so quite significant in terms of what it means to their firm... They've got a mindset which is actually client advisory first, accountancy second, as opposed to the vast majority

of firms, it's the accountancy tasks first and then advisory/client value second. Am I just describing the same thing you've just described and putting different words... does that fit with you?

Nick Yes, it does.

Paul There's an interesting research paper that's a government paper, best part of 16,000 interviews with business outlets, quizzing them about the advice they pay for and it's significant. There's a mean average of £2,000 a year paid for advice across these businesses. So, sort of saying that, every firm of accountants' average fees should be two grand or more, but it's not.

Nick No.

Paul But back to your point about business, and as you mentioned earlier, there's an appetite with business [founders 00:27:53]. You know, the one about a business, if only the accountants could have a conversation to help them have a better business, they'll be more loyal, spend more, buy more and recommend them more.

Nick, I think I'm going to wrap it up there and give you the opportunity to get onto your call. I may, when I review this, just ping no more than one, possibly two, additional questions once I've processed what we've covered today to link in specifically with something I'm writing as part of the book, and that will happen over the next – well, within the next three or four working days, because then I'll be finished.

So, I just want to say thank you very much for taking time out, I know it's been hard for us to both get together, but I really appreciate you investing some time and sharing some really valuable thoughts about what's actually taking place in the handful of firms that are already doing this and I think what stood out for me is, there is an appetite across the profession for more of this, more work needs doing, and actually there's a requirement almost, an expectation almost, from the business owners for this.

Nick Yes.

Paul And I think that's what... What you've done is brought a business owner perspective and if they want help, the accountants are in the best place to deliver it but most firms aren't doing that at the moment, I think that's the shorthand from this call, I hope I've got the handle about right there.

Nick Yes.

Paul So, Nick, thank you very much. Is there any last comments you want to flag up or anything that you've seen that you think, you know what, any accountant who's looking to be a business advisory or business growth accountant, if there was one thing they absolutely must do, what would you say it would be?

Nick The one thing they'd need to do is, I think, first of all, optimise and almost streamline what they do today so they can free up their time to actually focus where they need to take their accountancy practice. That would be my big point of advice at this moment in time. And I say this moment in time because in 24 to 36 months the conversation will be completely different. If you're still streamlining your services and workloads, I think you'll be out of business.

Paul And you think it's that tight a timeframe?

Nick I do feel with, you know, everyone obviously [inaudible 00:30:13] on the horizon, but I just think there's a lot of progressive and somewhat potential disruptive firms and I think those are just kicking a can down the road, and I think there's a definite end to that road.

Paul Yes, there's a cliff at the end of it, they're going to fall off, yes. Brilliant insight. Nick, thank you very much, really appreciate your time.

Nick Thank you, Paul, for the opportunity and good luck with the book.