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Peter Taaffe

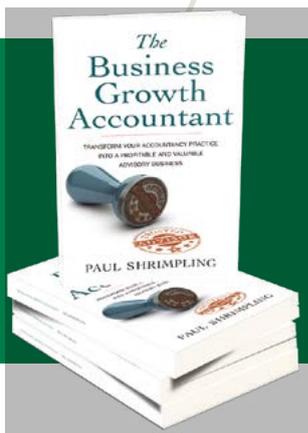
Owner & MD of BWM Chartered Accountants
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At BWM we provide a wide range of accountancy and business support services to organisations and individuals throughout the North West of England and beyond.

With BWMacfarlane you get help with developing an effective, profitable business culture, managing change particularly in small businesses and charities, ensuring business strategic success by defining what your goals are and helping you to achieve them.

In this interview Paul and Peter talk about how BWM has evolved since its beginnings in 1926 and the details of how their business advisory services have developed alongside the introduction of cloud accounting tools and the lessons they have learned along the way.



Peter at BWM

Paul So, I'm Paul Shrimpling - as you who listen to this will know - and I'm joined by Peter today, from BWM. Peter, would you just give us a quick intro your firm, size, scale, where you're located, the number of people and so forth? Then, we'll kick into discussing a little bit more about business advisory accountants.

Peter Yes, thanks, Paul. We're a firm of chartered accountants. We have about 60 staff including directors. We're based here in Liverpool. Our routes take us back to about 1926, through a couple of firms. One key merges six years and to where we are today, which is a single office based in the Liverpool City Centre.

Paul How many people have you got in your team, Peter?

Peter Possibly 60, and we're growing. So, we've got someone new joining us Monday, we had someone new join us last week and it's just, growth city at the moment.

Paul Brilliant. And what do you put that down to? Anything in particular?

Peter Ultimately, innovation and doing a good job at the right price.

Paul Right. So, the value for money equation of which price is a component, so the other end of that... So, yes, the right price, but where's the perceived value coming from that, that's prompting the growth?

Peter We're getting new clients from all over. From small, personal tax clients, through to large companies. The key growth is coming in really from, our virtual FD work, which is where the clients see real added value and are prepared to pay for it.

You don't add those clients on every day, but we are getting them in regularly, and those tend to be significant fees. But also, we are getting regular bread and butter in, obviously much more frequently.

So, it's a combination of things really, Paul.

Paul Okay, so if we take that business advisory, virtual FD repeats, how many clients are actually buying those services from the firm?

Peter 20 so far.

Paul And who is actually at the centre of delivering that? Is it you, or is it some of the other partners, or managers? Who is actually at the centre of the delivery part of that?

Peter Two directors, myself and a colleague, Andy. It is a team effort, I have to emphasise that. It is a team effort because we wrap the virtual FD work in

and around the whole package of services required. So, it's accounts works, it's personal tax work, it's not just us turning up and providing advisory work.

Advisory work in isolation provides good fees, don't get me wrong, but the benefit to the firm as a whole is through whole firm services.

Paul And that's certainly a feel that I'm getting from the other interviews that I'm doing, Peter. Where do you think the lead is though? In terms of winning advisory, virtual FD type clients, do you think the lead element of that - the reputation, if you will, the recommendation, if it's coming through recommendations - is coming through the advisory piece or doing great compliance services?

Peter It's not really from doing great compliance services, because that's a different conversation. It can be. It's coming from recommendations, it's coming from internet enquiry, and it's coming simply, from networking.

The usual sources, really.

Paul I guess, what I'm pushing for there is, is it the winning a virtual FD client... I'm guessing that's coming to you because of your reputation for doing other virtual FD work, it's not because you're doing compliance work?

I know I'm putting words in your mouth there, but I'm just looking for clarity on that.

Peter No, that's all right. It is coming from that. It's coming from clients who know that they're missing a trick, know that there's a gap in their armoury that they need to run their business better, to take them on to the next level, or indeed, they haven't realised it but in conversation with us, they actually come on to realise that this is something they really could benefit from.

Typically, it's smaller businesses that are of a size and scale that can't in isolation afford a full-time FD in their own right, but nonetheless, they're big enough to actually need and benefit from the skillsets. That's where we come in, because we fill a gap.

Paul I guess there's two types of clients there, then. One that actually know they're missing that and therefore, go looking for you or, your firm or, that service, and then, there's others who actually don't know what they don't know until they actually hook up and meet with you, is that a fair description?

Peter That's probably right. Those that don't realise that they could benefit are probably less in number than those who know they need it, in fairness. I think most of the time, we're pushing against that door.

Paul Right, so they've discovered and realised that they're missing something before you've shown up, and then when you come, you're essentially the sticking plaster - it might not be the best metaphor there, Peter - but you're the fix, if you will.

Peter We are the solution.

Paul Yes, the solution. I could have used a drugs metaphor, but that might have been even worse.

Okay, so you hinted at earlier that the growth is coming predominantly or certainly, significantly from the business advisory virtual FD piece. Tell me, how important in the round is that positioning of virtual FD to the total fees and, the total service and, the total success of the firm.

How would you describe that?

Peter At the moment, it's not huge. It's probably about 10 percent. But it is an effect. We would see it now as a correlation for growth. When I say 10 percent, I mean in total fees, because that's spilling out.

But bear in mind, that we've been looking at doing virtual FD work for three or four years now, but it's just only started to gain momentum, probably literally in the last year. It's taken us a little while to get to learn what's involved and how to go about it effectively and efficiently.

But now, we've learnt it and it is gaining momentum now, and reputational, we're getting the reputation for [inaudible 00:07:13] so again, it's growing off the back of that.

And the internet, because people are coming to us, seeing the work we do on the internet, on our website, and giving us a phone call.

Paul So, you're getting virtual FD enquiries from the website rather than through recommendation and word of mouth? Is that what you're saying?

Peter No, it's one element but it's a growing element. The majority do come from networking and word of mouth. But we haven't ever seen much traffic from the website of value but it is starting to happen now, some quality work is coming our way through the internet, which is interesting.

Paul One of the pieces that I've been quizzing people on is ultimately, how do you justify a virtual FD client paying 35, 25 or some other round number - but substantial number - and the story that comes back time and again is, typically, it's a high-quality recommendation or referral that results in winning that level of client.

I've not picked up from anybody yet that there's been a direct lead from a website that's then resulted in an advisory or virtual FD client yet.

Peter Well, the higher end you're referring to, the larger fees haven't - I think it's fair to say - come from the internet yet, but we're getting smaller scale introductions, and particularly start-ups from the internet, and those are interesting because whilst we're very picky, or choosy, as to who we work with, there are young businesses that the fees can be very... it can be fees.

The prospect of these actually growing can seem very worthwhile.

Paul Yes, brilliant. So, Peter. You mentioned that you feel as though you've been on a four-year learning curve in the last 12 months, that's paid off for you. What would you say are the one, or two, or three key insights that have led you and the firm to a place where you're now capable, confident and recognised as being a virtual FD advisory firm?

I guess another way of wording that question is, where were the hiccups and the cock ups? Sometimes people are a little bit reluctant to share the hiccups, but what are the lessons, really? What are the one, two or three key insights on that four-year journey that now puts you in a position to scale it further?

Peter I think that the key difference has been in that, we have put in place the tools we need and the people to deliver the all-around service I was referring to earlier, and we're making it much slicker as a machine.

So, you could argue actually, it's progressed hand in hand with the cloud accounting software. As the capability of the cloud accounting software and the add-ons have themselves developed and are becoming very useful tools, we've been able to use those to compliment and supplement what we're doing.

And then, we've built a team around that to deliver it in a timely and effective manner. So, it's not just one element. There's a number of elements and so, we've got the information, the tools. It was how we got the tools we needed as an accountancy firm to come together with the software, and the soft skills, that we're able now to deploy.

Paul Carry on.

Peter It's just that, it's not any one factor, Paul. It's a group of factors. If it was one factor, you would be looking at one person delivering a service and the billables that one person can charge, whereas what we're really looking for is, scalability and getting teams wrapped up in it.

So, in other words, effectively the client is outsourcing their finance department to us, and that's our ultimate goal because then you've got scale. If you didn't have that, you'd be looking at recruiting a manager to charge a normal week in isolation, whereas what we're looking for is not just an individual, you're looking at a team so, we get the benefits of that.

Paul I understand. That tends to suggest then that actually, your client has got to have multiple points of contact within the firm. Is that how you've set it up?

Peter Absolutely.

Paul So, someone in your firm is dealing with them at say, the bookkeeping level, and someone is dealing with them at the management level, and someone is dealing with them at director level. Is that what you've got working?

Peter Absolutely. If they've got a particular issue on payroll, they can bring someone in on a payroll issue. They're not ringing me to ask me about someone's payslip, and that's critical to me having a balanced work life.

Paul Indeed. So, virtual FD. Is this a weekly, monthly or quarterly process as far as your client is concerned? In terms of what they're perceiving as the high value, virtual FD deliverables, as opposed to the hard work that's going on in the background by the team delivering the rounded service with all the MIS, the Management Information System.

Peter As a structured service, it's either monthly or quarterly depending on the client's size and their needs. But the other aspect - and this needs to be controlled because otherwise, time evaporates, your working week evaporates - is that there is contact-ability throughout.

They know that if they've got a particular beef, or a particular issue that they need to address - not beef, an issue they need to address - then, they can ring up pretty much any time and use us as a sounding board, or look for advice from us, because if you're a virtual FD... if you're someone's FD or whatever your role is within the business, your boss isn't going to wait a month to ask you a key question, they want the answer now or within a very reasonable timescale.

So, that's critical.

Paul That instant availability, the immediate access, whatever label you want to give it is a key component of the rounded service.

Peter It doesn't have to be instant, but it has to be timely.

Paul Within 24 hours, or less than that?

Peter Certainly... Yes, within 24 hours in an ideal world. But if they ring up and we can't deal with immediately, for a day or so, we will tell them when they're going to get a reply.

Paul Yes, so you're managing their expectations around that.

Peter God, yes.

Paul Okay. So, you've got this cloud accounting package, whether it be Xero, or QuickBooks, or whatever, feeding a product like FUTRLI, Spotlight or something of that ilk I'm guessing, which is then giving you reports to have grown up, meaningful conversations with your clients.

Have I understood that, that's how it works, or am I missing something from that lot?

Peter That's how it works. I mean, if the client comes to us and says, they love Xero, that's fine, we'll work with Xero. If they come to us and say, they love

QBO, that's fine. If they want advice from us, or they're not bothered what software package they use, then we'll guide them.

But we don't try to give them lots of numbers because otherwise... There are a number of accounting packages out there, and you cannot be an expert in all accounting packages so, we do try to restrict the numbers.

Paul Yes, keep it narrow. I would agree. I did an exercise recently, Peter, with a firm and we were just managing the numbers around making tests digital and so forth, and the first tranche - they removed it from the finance app for now - but if the first tranche did go through in '18, the clients that were on-boarding during that time were working on nine different methods of capturing their accounting data.

It's just not manageable, so I agree with keeping that element narrow.

So, you've got the clients accounts in, they've got a report coming from the various packages... or, do you make sure that the reports come from you, Peter? This is a bit of granular detail, I guess, because the perception that's in the software is the perception in the relationship with the firm.

I was just wondering whether they're accessing the management information directly themselves, as and when they want it, or whether you are prompting and delivering management information to them?

Peter The whole point of having that accounting is the client can dip in and dip out as and when they want, so they have that ease of access. We wouldn't want to not include them in that, it's their business, that's their information.

We do put together the regular information packs for them, a timetable and hope they can adhere to their responsibilities in the timetable.

Paul Yes, that's part of it.

Peter It is a part of it. And, do we white label the reports? No, we don't. You can white label an accountancy report, but we're not bothered.

We don't pretend to be software suppliers, and we don't see a particular problem in them knowing what software packages we use because at the end of the day, if the client feels that they've grown sufficiently to want to bring their work in-house, well, that's their prerogative and there's no way we can stand in their way, nor do we want to.

So, if they do grow to that scale, they can bring it in-house, upscale their resources, that's fine. Our relationship with them hopefully will mature, change and go in a slightly different direction.

Paul Okay. So, you hinted earlier that there's this rounded service attached to the virtual FD, there's 24-hour access and response, managing expectations. So, the software does a lot of the...

Peter I'm not sure I'd say 24 hours, but actually, it is amazing that clients will email you throughout the weekend and the evenings, and they are either gratified or demanding that you do actually respond in unsociable hours.

Paul Right, and do you and your firm do that, do you?

Peter Within reason.

Paul So, you're a week into your Caribbean cruise, are you responding to client emails in that setting? How do you manage that?

Peter Paul, it's sad but I always have done. I just can't help it.

Paul I didn't think you'd give that one away, Peter.

Peter I do admit to having replied to emails from a ski slope, albeit to one side of the piste, not in the middle of it because you'd get run over. So, no. Clients do expect these things. Responsiveness and access. As indeed, if you turn it around and look at what we demand of others, I've got some workmen doing some work in my house, I'm pretty damn irritated if the guy hasn't got back to me within the week, and we're talking builders here.

So, access and speed is very much built into it. I think the bottom line is, it has to be appreciated that the journey we as a firm have taken, I alluded to mergers. In fact, I came into my old firm - [inaudible 00:20:31] - back in 1991, I was basically providing them at the time with two other partners.

I made that into... I took that firm over, became sole practitioner with six staff and I think we worth maybe, 200,000. Jump forward to today's date including a merger six years ago now, we've got around 60 staff as I said

earlier, and the turnover has grown 11-fold. I can't say the net profit has grown 11-fold but hey, that's life.

So, you have to understand that to get that kind of growth in the main organically, you have to be able to think flexibility, think strategically for your business over coming years, what shape is it going to be, how's it going to look and what type of practice you want, and how you're going to get there.

So, it's an ever changing... it's the name of that film, it's a never-ending story, and you have to - I think personally to be able to do that - not simply stand still, you have to be able to challenge your own personal comfort zones.

Paul So, this. The piece around you emailing or responding by phone off the piste, or off a cruise, because that's pertinent and relevant to that client at that time, tends to suggest that the capital value associated with virtual FD type advisory services is less than it would be for scalable, compliance type service, Peter.

Would you go along with that?

Peter I think I know where you're going because there have been a number of purchases of commoditised firms and yes, I'd agree with that. There seems to be a number of sales of commoditised type accountancy practices in the last year or so that have gone for very large sums of money. So, you are right.

A commoditised firm of that nature is a very different practice to the virtual FD one because, a commoditised practice depends on attracting businesses of a certain type that will behave in terms of their accountant support, in a certain way.

So, you give all the accounting work in your office, or your factory, to relatively unskilled individuals who can follow a process in much the same way as personal injury law firms have done over the last five or 10 years. That is the accounting equivalent.

So yes, I think you're right. I think the commoditised type firms are definitely large at the present time. Which one will be up and running in five or 10 years? I don't know. But I think the thing to bear in mind is that, it will be easier for us to put commoditised practice in on the back of what we do - and that is something we are thinking about - than it will be for commoditised practice to do a virtual FD.

Although I'm saying that, I think commoditised practices are run by very able individuals.

Paul Yes, and I think there's still miles to run in that race if it is a race between the two as opposed to, you saying you've got this rounded service which actually involves the compliance piece happening like clockwork, maybe with lower skilled individuals, lower knowledge workers because the technology is enabling a lot of that. They're not necessarily mutually exclusive are they, from each other.

Peter No, I think that's right. I think a lot of what we do is effectively bespoke and for higher end. But as the accounting software improves and the add-ons improve, then it may be that we can... or that the skillsets required to do what we do will reduce.

I'm not sure I can see it erased. I think at this point in time, it's two different services. They are in different - as it were - boxes, but they can crossover between the two.

Paul So tell me, what impact do you think having a virtual FD style focused firm has on your team, your employees, as opposed to say, a standard, run of the mill compliance type firm? Do you think there any upside benefits of having you out there as a virtual FD firm?

Peter Sure. Reputation is great because the banks - it's all spin offs, you see - but the banks get more spin offs, the finance providers get more spin off, lawyers see more work coming from us, so there's an opportunity for a lot of spin offs that create networking opportunities in their own right.

And the staff you alluded to, yes. They see the benefits because in the main, it gets them into more interesting situations and more interesting work that breaks up... if you can think accountancy might be monotonous, then it does break up the day and it gives them a lot more interest because it gets them into contact with the clients far more, and in a much more constructive manner.

Paul So, you mentioned earlier that you'd made two hires very recently. In what way did the fact that you're a virtual FD firm have on those two people joining you, Peter?

Peter I think it made all the difference in the world, frankly. The recruits we're getting on board these days, we're looking for bright and motivated individuals, and bright and motivated individuals are looking for quality of work, quality of experience, and career path.

If you think about it, we're in competition for the best staff with our peers and to attract the best staff - we're not offering stupid money, we're not competing for the big four - then, they have to see and be enthused by the quality of the work that you're doing, and they will be involved with.

That can be a key differentiator. But the thing is that, you have to keep what you're telling them their role will be in contact with the actuality, because people are not stupid and if someone joins you on the basis of work that they'll be doing and they come all fired up, they do that to get involved but leave us on another level.

If they join and those promises are not forthcoming, how long are they going to stay with you? Are they going to stay three months, six months? And by the time they realise it's not going to happen - because it can't - then they look around for the firm they should have joined in the first place, and you've had the disruption, your clients have met someone who isn't staying, it doesn't look good and you've blown an extensive agency fee.

Paul However you look at it, it's toxic if you don't actually deliver on the promises to your employees, or your future employees. If you overpitch it and under-deliver, that will backfire big time, is what you're saying.

Peter Absolutely.

Paul And I guess the same applies to the advisory services, so if you overpitch the virtual FD service and under-deliver, you're going to burn some big, substantial, lucrative clients rather fast as well. So, how do you be open?

Peter Not only that, but you risk getting sued.

Paul Well, that as well. How do you sell or market...? What's your core message - if you will - the marketing offer? We can describe it in all sorts of ways, Peter. What is it you're pitching when you've got a customer in front of you around this virtual FD service? What do they see, what do they hear from you?

Peter Typically - and I don't want to create any illusions to the 50 shades of grey I've got in my hair - we're saying to them that, they're talking to someone who has years of experience in business, because accountancy is a business, we've been advising for that period of time other businesses, we may have not seen all of the situations because situations change as technology moves on, but we've seen a lot.

If we don't know the answers, the chances are, we'll know someone who does, and we go out sourcing for them.

Paul So, we're connected, we're experienced and if we don't know, there's other people we do know who probably do know the answer, if we can't get it quickly for you.

Peter Absolutely.

Paul Right. So, what sort of spectrum of fees are people paying you for this virtual FD service of yours? What's at the high end and what's at the bottom end?

Peter Bottom end. Well, we've just taken on a start-up on... but that's a start-up. So, we've agreed a fee for the first year of - from memory - about three and a half thousand plus VAT.

Top end is ten times that.

Paul And is that the rounded service fee for all the other services, in terms of management information, set of annual accounts, the management accounts that turn up and so forth, is that all inclusive, or are those services on top of the three and a half at the bottom end and ten times at the top?

Peter It's all inclusive, but if they got a new project that come along like a corporate finance job that they want to buy, that would be a separate fee. If they had some particular tax planning issue, again, that would be a separate fee.

So, it's not something that's rigorously applied. We don't say to them, "Okay, you're only allowed 10 invoices a month in the process." There is flexibility within it, but at the same time, there is common sense that says, actually, that has to be a separate fee and clients know that. They're not stupid.

Paul So, you've got 20 clients paying somewhere between three and a half thousand and approximately, 35,000 pounds a year for this rounded virtual FD service from the firm.

Peter Yes.

Paul Cool, all right. So, Peter. You touched on and brought up the idea of soft skills, because yes, there's all the accountancy knowledge, production of reports, etcetera, but ultimately, the virtual FD service boils down to a conversation with clients.

So, what do you see as being the core soft skills that are necessary to make that a success?

Peter Experience and common sense, I would suggest, and confidence in your own abilities, and actually common sense in knowing where you are straying beyond your immediate knowledge.

And I think the trick that we've found is actually, you don't want just accountants. If you can source people who have got wider experience, who have actually been in business themselves, to join the team to compliment what you're doing, that helps enormously because it is a different mindset, it is a different place to go, because the clients issues as often as not, can't be solved by staring at accounts.

You actually have to understand the business and how business resolves problems, whatever their nature, and get better advice outside of strict financial issues, so yes.

I mentioned before, Paul, that lifting yourself out of your comfort zones. I think keeping yourself challenged on what you can and can't advise on is so critical to this. If you retreat into traditional accountancy, the client is going to get bored fairly quickly as they realise, actually, you're not prepared to help.

Paul So, you're hinting, that was a degree of courage or bravery attached to opening a conversation which is nothing to do with a set of management accounts, or what might show up on a balance sheet. It's actually the broader, more... General business issues might be to do with HR or sales and marketing, or whatever. You're suggesting that you've got to delve into that territory.

Peter Within the ambits of your knowledge and knowing how to caveat it when it's a specialist subject. You mentioned HR, so you might take the good common sense advice, but it's always going to be caveated on the grounds that, HR Employment Law is a minefield, it's not your topic, but these are the sorts of things that you need to be pondering.

And then, go out and source the expert advice. Whether you get it for the client or the client gets it themselves. But you're right, you have to challenge yourself.

Paul How do you get to a place where you can scale and leverage this sort of service with younger, less experienced people? Or, do you think that's just not possible because you've got to have the grey hair?

Peter It is possible, as they learn and expand their own understanding. So, that's a development thing, and it does come with time. You have then got an opportunity to grow into it and listen to the conversations and the advice that's being given.

Paul So, you're exposing them to the meetings that you're in, is one way of building that knowledge.

Peter Yes.

Paul Ah, right. Okay.

Peter And to know that in the same way as we provide our clients with a sounding board, that people can internally use a sounding board within us and then we can either tell the staff member, this is what you should say, or have you thought about so and so, or at that point we can say, we'll bring the client together or we'll go see the client together.

Paul Does that happen a lot in your firm then, Peter? Is that a daily, or weekly experience?

Peter I wouldn't say it's daily but it's certainly regular. Weekly probably. We have a very wide client base and a lot of issues come up. The clients are wanting to use us as a sounding board, and it's how you then give that advice in a very positive and constructive manner, informing the client so the client can make their own informed decisions.

Paul Right. Is it advice, Peter? Or, is it asking the smart questions?

Peter Them of us, or us of them?

Paul Well, we're in the hot seat.

Peter Most times, the client actually knows the answer, it's just they don't know they know the answer and sometimes, just helping them to voice their

own thoughts to help them reach conclusions... The lesson starts there. Sometimes they can't quite get it, but helping the client to develop their thinking, and then reach the conclusion of which they feel comfortable.

I think in our situation, it would be a major mistake for us to impose on the client our view because at the end of the day, actually, who is the expert in that particular business?

Paul Sure. But by definition, as we're acting as an advisor, we're going to give advice, so you are in a position where you're imposing your view on the client because technically, whether it to be to do with tax, tax law or the GP margin, I guess, certainly around having a conversation around gross profit, it's concrete, there's limited vagueness about it.

Whereas, if you're in territories that you know less about... I'm just flying kites here, Peter, rather than driving it to a question.

Ultimately, there's advisors imposing our thoughts and ideas on our clients because we've seen it before, or do you think we've just got to ask the smart questions so that they reach the same conclusion that we reached about an hour ago?

Peter I certainly wouldn't say to impose my view. I would discuss with the client where there's a range of alternatives, what the strengths and weaknesses of that range are, and help them to reach a conclusion or decision. I might say to them, "If I were you, I would do X, Y or Z." But I would always say to them, "What are your thoughts?"

So, you definitely give them a clear steer as to what you're thinking of but at the end of the day...

Paul So, you get off the fence?

Peter Yes, you can't stay on the fence. I mean, what kind of advice is that? It's rubbish.

Paul Okay, that's fine.

Peter You can't sit on the fence. You have to give them your considered view but at the same time, it's them that have got to make the decision ultimately. They have to feel comfortable that whatever the outcome, they feel comfortable that they're making the best decision they can on the basis of the information in front of them.

Paul Yes, and you've contributed to the process but ultimately, the decision is theirs.

Peter Yes, because otherwise, you're not a VFD, you are an FD, you are making decisions, you are a director with all the legal implications of that.

Paul Okay. There seems to be a really big difference in mindset from tackling this as an accountant, as opposed to tackling this as a virtual FD advisor. What do you think the mindset difference is in that virtual FD place, in your experience, Peter? What sort of mindset do people need to develop if they want to do more and better things in this virtual FD trusted business advisory space?

Peter The classic difference to me is actually... What's different for the FD... What is different for the professional FD because, if you look at how professionals always gave advice historically, they would be very... you'd be sitting there at your desk in your suit, wearing your tie, looking very mysteriously over the table at the clients, and if you're not careful, patronising them.

Whereas in reality, as a virtual FD, you're sitting there with a mug in front of you - coffee I'm talking about - and you are talking to the client on his level, in his terms, as an equal. You're not some remote God of professional advice who got some qualification 20 years ago.

I don't [inaudible 00:42:01] because they're very nice to me and I'm nice to them. What relevance does the fact you're chartered actually have apart from a marketing strapline allowing you to do...?

Paul Yes, and I don't disagree with that, Peter. What I'm fishing for is, we touched on earlier that there's a need to be seen as courageous or brave around asking questions around things that you may not know a great deal about, but you can still ask the worthwhile questions, maybe.

Peter Yes, because at the end of the day, you may feel like an idiot for asking them, but actually, you've got 30 years' worth of experience going into what might seem like an idiotic question to you, but actually for the client, it might well not be.

Paul What you're hinting at there is, there's almost a willingness to... you don't set out to be foolish, but sometimes it is the simplest and foolish questions that actually create the a-ha moments for the best decisions, because someone hasn't had the metal or the balls - for want of a better description - to ask that awkward question.

Peter Yes. Well, at the end of the day, the hardest questions that I've had in my professional career is the client that says, "I'm going to ask a really stupid question, but..." Because stupid questions tend to get to the heart of the matter. They tend to be very incisive.

I think the clients would rather you caveat the questions well enough. The client knows that you are not an expert in construction techniques, and I can't decorate a living room - as my wife will tell you.

Paul Mine too.

Peter So, the client knows that finance is our bag, general business advice is our bag, but we're not architects. If I designed the structural engineering for The Shard, The Shard wouldn't be standing there today.

Paul No, indeed. So, just fishing in that mindset pool, we've got bravery, a willingness to challenge ourselves - you hinted at earlier - there's the almost, willingness to not as I say, make a fool of yourself, but ask the simple, foolish, awkward, obvious questions, not necessarily knowing what the answers might be, as opposed to, if you're in your safe territory and your set of management accounts, you can ask a question and almost know what the answer is going to be.

There's a willingness to live in an ambiguous world. Would you say that's fair?

Peter No, this is fair. It's gone away because business is like an accountancy firm, you don't know what you're going to be doing tomorrow.

Paul Yes, it's messy.

Peter Life is messy. Business is not a production line, although production lines can be in business obviously. But it's not a production line, no.

Paul So, I'm heading towards the end now, Peter. I'm curious to know. I'm guessing you've got a client where you've acted in a virtual FD or advisory

role for a long time, another client where it's been say, 18 months, another one where it's been a couple or three months.

I'm fishing for - without necessarily the client's names or details - it's just understanding the upside benefit to the business owners of this virtual FD service from your firm. It's almost, what's the story? This is what they were doing before, this is where it was going wrong, this is how we worked together and here's the result where we turned it all around. It's that sort of classic case study story.

Is there an example of a business where you've got involved, or one of your colleagues has got involved, and that's had a big impact, so you get a real sense as to the value of the service?

Peter

I think what I would say is this, as often as not, the businessman actually is someone who has made a real effort to understand the business, to get to grips with what's going on, and to be prepared to challenge them and their thinking, and the way they've always done things.

And the way they've always done things can vary enormously from how other production lines are organised, to how is the stock organised, how do they measure the KPIs for their sales staff, how do they reward people, what leave-behinds do they give their better customers, how do they deal with the problem cases?

I wouldn't want to point to any one, single factor. What I would say is that, there is a lot of ways where accountants, by listening to their clients, listening to what the clients problems are, which may have nothing to do with finance or accountancy, but just listen to them, exercise common sense and apply the experience you've got.

Most of us have got business experience but sometimes, just don't realise it. And I think, listen to what the client is saying once a formal meeting has finished, because they may tell you things that they - I wouldn't say, don't mean to - but haven't intended to discuss that actually, lead you onto different areas so the conversation widens out and every which way, you're then providing value.

That's what it's about, providing value. If clients can see the value, they will pay for it.

Paul What you're saying there, trying to read between the lines and actually, what you've said is, the value of this role is in the conversation and the clarity of the thought, and the clarity of action, and the decisions that come out of it, it almost doesn't matter what the end result and outcome is for the business if the business owner sees good process, experiences good process like that, then you will have delivered value.

Peter Yes, and it might be something as stupid as, you're spending two thousand pounds a month on radio adverts, when was the last customer you got?

Paul Yes, from a radio response.

Peter What are the KPIs? How do you measure success on the various advertising media? It's asking the questions and just challenging their thinking all the time, without being a right pain in the arse.

Paul Well, there's some merit in that as well, I think.

Peter There is. Some businessmen actually don't have that... Or, business people should I say, business persons, they don't have that driving factor. So, to actually make them think about what they've been doing for the last three years, whether or not there is or isn't a better way.

And actually, what's worked well for them in the past 10 years might not work so well now the millennials are getting their own...

Paul Yes, you might be undermining them and then, you're into a Blockbuster and Kodak experience, which unravels very fast.

Peter Yes.

Paul So, over the four years, what's been the biggest challenge in building this approach to a virtual FD service, Peter? What's been your biggest frustration?

Peter Carving out time to deal with this from a normal day job, because it is... it does require time to build and it does require time flexibility to respond to a demand. So, the reality is that as you get into this, the demands on your personal time do change, whereas when I was a Senior, you spend all day

working on one piece of work, but the reality is now, I might not get more than five minutes on one piece of work.

So, it's how you manage the shifting demands on your time throughout the day.

Paul Very good. So, what's been the biggest upside of this commitment you've clearly brought to a four-year programme of developing the virtual FD service within the firm? What's been the biggest upside for you, personally?

Peter I'm not a multi-millionaire yet.

Paul Working on it.

Peter I'm working on it. It's an increase in self-belief. I'll give you a slightly silly example but, I had to get into public speaking, meet and greet, five or six years ago, and someone said to me the other day that, when I first started doing it I was slightly nervous, and now I do talks to 60, 70 people, and this same guy said to me, now he watches me... and this wasn't his exact words, they were slightly less polite, but he said, that I didn't give a cuss name or four X's anymore.

Slightly less polite than that. He was wrong in a sense. I do care a great deal, a great deal. But at the same time, I have that much more belief in myself which is probably duly misplaced but that's another matter. I think

the reality is, since I joined that very, very small... bear in mind, I came from [inaudible 00:52:32] that would have been, back in 1991, to join a small accountancy firm with six staff, to get to the thing I've got now, which isn't bad.

I've always led from the front, and that's slightly the wrong place to be sometimes, but if you don't apply the leadership, I don't know who would.

Paul So, are you saying that actually, the virtual FD stuff has contributed significantly to your self-belief and as you've already hinted at in this call, the progress of the firm, and that's the big win from the virtual FD? Or, am I putting words in your mouth?

Peter It's certainly one of them. I would think... I would like to say, it's actually contributing also towards the development and self-belief of the team around me, because I am not a sole practitioner, I've got a team of 60 people, each of whom I regard as contributing on an equal footing.

Paul Hence the comment about this being a rounded service. It's not one man, one island delivering, speeches from on-high. There's a whole process.

Peter Absolutely. You can do the best job in the whole wide world, but if the clients and the staff don't get paid on the 31st, the fur will fly, won't it?

Paul It will, indeed. It will, indeed. I always think those strategic services come, but keeping in payroll. Fundamentally, you have to get them right every time without fail, because if you don't and you're advising a business owner on whatever element of improving sales and marketing, process and systems, production, HR, whatever, if you can't do what you're there to do on time, every time, without fail, then you're undermining your own credibility, aren't you?

Peter Well, that's right. That is right. But that's always been the case.

Paul It has, absolutely. It hasn't stopped a lot of firms doing that though.

Peter No, that's right.

Paul There's lots of firms who do it brilliantly too. Brilliant. Peter, really, thank you very much for taking the time out today. There was one last question - and there is always one last one - it's about... I'm assuming and guessing that you're a consumer of business literature of some description, whether it be seeing speakers speak or from books, or whatever.

Are there any references, or books, or courses, or people that you believe the accountants profession should be watching more closely, or reading their publications in order to advance their skills, abilities, knowledge, insights, beliefs around business advisory, virtual FD type work?

Peter Obviously, I strongly recommend your books and your webinars.

Paul I'll delete that.

Peter But I think the thing is, if you are thinking forwards like the issues within your own business, and as you see courses, webinars or talks coming out from whatever source, you actually think about the content, will it give you insight and provide you with not necessarily answers, but food for thought?

So, I've listened to what you've said on a number of occasions, I've been along to software conferences as to what they perceive the future to be in terms of accounts and software, I've been along to one or two institute courses and I've listened to other individuals speak.

Your business, your firm is unique to yourself and your set of circumstances are unique to your geographical area and your client base, your expertise. You listen to what's being offered and think about how that would apply in your own circumstances. What answers does that give you?

Because in the same way as you are offering advice to other businesses as a virtual FD, there's absolutely no reason why you can't take the same skillset and apply it to your own business.

Someone asked the other day, it was something as simple as payroll software. Is the payroll software we're using the best out there? Just because we've been using it for 10 years, it doesn't mean to say it's now the best. And so, we've tasked someone to go and have a look at the

software that payroll are using, how they organise it and report back on how that might be applied in our case.

Maybe we're doing things as well as we can be, or maybe not. If not, then we'll change.

Paul Is that always the learning mentality no matter what setting you're in? Whether it be to do with a piece of software, a business speaker or a book, it doesn't matter, it's always, be learning. I think that's the underlying message of what you're saying there.

Peter Absolutely. If you're not learning, you're moving backwards. I think particularly as your business develops, having access to specialisms either within your own firm or outside of it is critical because things are changing very dramatically and quickly that you cannot build things to amend. You just can't.

Paul Yes, and it's back to that metaphor of being an island. If you consider yourself an island, then you're likely to get swamped.

Peter Certainly during the rising tide.

Paul Yes, indeed. I think that's a better metaphor, indeed. So, is there one business book that's been profoundly influential upon you, Peter?

Peter The straight answer is, no. It's a time thing. I dip into books and read odd snatches, or odd extracts here and there. So, some of Steve Pipe's books, I have had a quick look at those. Patronage Professional, and that kind of thing.

You have quick looks and you see what they say, and you try not to be irritated by being told how wonderful a particular accountancy firm is, when you may know a little bit more about that firm.

Paul Indeed. I'm familiar with that feeling, Peter. But we're all doing something good, aren't we? It's just, when we manage to do lots of things in a little way, the world changes. Like you said, it's the rounded approach to a successful business.

Peter Well, it depends if you want to be here in five years' time, or if you want to have a business to sell when you come to retire.

Paul Yes. Fantastic. I think we're done, Peter. I really, really appreciate your time. As I said before, I can't thank you enough and I'll be delighted as soon as I get the transcript back from the people who will be doing it, I will forward a copy. If there's anything that you don't like the look of, then just let me know.

Otherwise, I look forward to sharing with you the book when it's done and dusted. I may hopefully cross roads with you before then.

Peter All right, Paul. See you soon.

Paul Yes, great to speak to you, Peter. Thank you again.

Peter Okay, bye now.

Paul Bye, bye.