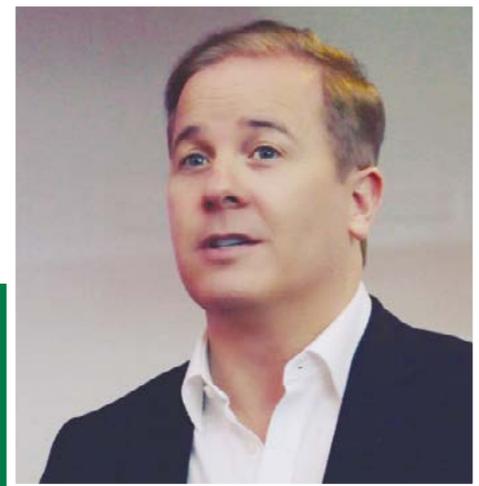


Remarkable Practice

inspiring remarkable results
in your accountancy firm

Aynsley Damery

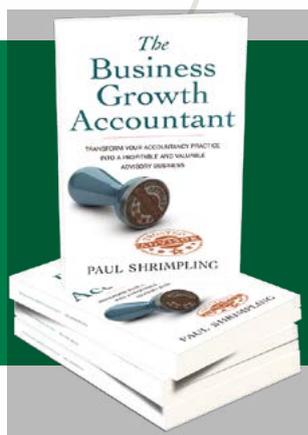
CEO of Tayabali Tomlin
Accounting for Entrepreneurs
Co-founder of TaxGo



Tayabali Tomlin is a multi-award winning accounting firm that believes in striving for excellence by thinking differently, challenging the status quo and transforming lives.

We transform the lives of entrepreneurs by providing clarity on their numbers, financial model and the fundamental economics of their business in order to help them achieve sustainable growth, superior profits and a plan for exit.

In this interview with Paul Shrimpling Aynsley shares the background and practical elements of the Business Growth Accountancy and Advisory services they offer.



Aynsley Damery

Paul Hello, so this is Paul Shrimpling and today I'm joined by Aynsley Damery of Tayabali Tomlin. Aynsley, to kick off with would you give us a short but concise description of you, your business and what you've been doing in this trusted business advisor space please?

Aynsley Well, a short and concise one is going to be quite difficult Paul, I think.

Paul Well, go for it and then I'll interrupt.

Aynsley You'll have to stop me, I am Irish [laughs]. You're going to have to interrupt. Okay. From a firm perspective, we're a two-partner firm based in Cheltenham and we do have some satellite offices based in Moreton in Marsh and we have a service office in London. But primarily, the corporate based office is in Cheltenham. And we have probably – well, we've fluctuated recently – but we have about 12 to 14 staff working in the Cheltenham office and the fee revenue is about 1.25 and probably primarily the bulk of that is going to come from business advisory work.

We do compliance work; we do accounts and tax returns for our clients, but primarily the bulk of the fee they pay us is for the business advice and the support and the hand holding and the various things that go on top of the accounts.

We very rarely do bookkeeping for somebody; it has to be a very small client that has a small transaction level and again payroll, we do it for a small number of clients so the bulk of our fee revenue really comes from, I suppose, hand holding, business advice and being there for our clients.

As a background, I trained with KPMG. I came from a small business background myself as my dad had his own business and I think I always wanted to make sure that the level of services and support that we offered at KPMG were provided to small businesses.

And I felt really, when I moved to the UK, that the level of support that small businesses were getting was not at that level; that it was primarily accounts and tax returns and the compliance work that was being dealt with and I thought there was a huge gap in the market really, that we were under-serving our clients, that this isn't what they were looking for, what they needed. And we set about, I suppose, maybe 10, 15 years ago, more than that, down a journey of trying to really understand what business owners were looking for from an accountant and then trying to deliver that.

Paul So, the work that you do, the advisory work – who across your 12-14 team members are actually delivering advisory work?

Aynsley Well, the reason I'm saying 12-14 is recently we've had, unfortunately, our Senior Team, two or three of them have left and have said, actually this is too much hard work for me and I can't cope with it. So, business advisory from us is very much, "This is not an Aynsley Damery show" and I was very keen from the outset that it wouldn't become an Aynsley Damery show.

And so we have tried to [divide 00:03:12] the business advisory across the firm, absolutely. There's a huge reliance, I suppose, on need from a client relationship perspective and a client development perspective and in certain relationships I would have a key driving influence in the business advisory side. But we have tried to get everybody else involved in business advisory at certain levels.

Paul Okay, so it predominates most, if not all, levels of people within the organisation. So how does it actually physically work in terms of you and your team delivering business advisory service, from a customer's perspective what does it look like? The meetings, the style of meetings, how often, how does it look?

Aynsley We have a range of packages that we sell at our premium service level. So our basic entry level at the premium range of services we offer, we call Rose, and in there the client would have a minimum of two meetings a year and they would have unlimited telephone support during the year. We would be looking at benchmarking them against their competitors; we would be looking at undertaking a strategic SWOT analysis with them, and we'd be looking at helping them develop very simple budgets and measuring and monitoring performance versus budget.

The two meetings primarily, the first meeting would be a pre-year end meeting, a tidy up of what's happened but also looking at the business. So our agendas are all... we have [pro-forma 00:04:57] agendas. The team have various points they need to cover, so we bring it in on a [tight spanning 00:05:03] basis at pre-year end but then we delve into other

areas as well, and so we look at the management reporting structure, we look at what they've got in place already, where they are, what the strategic SWOT analysis brought up.

We look at scaling up, [that book 00:05:20] and the Rockefeller habits and the four decision frameworks. So we look at, where do they need to be focusing on, people, strategy, cash. And we also look at what's going on in the business. And then post-year end, primarily it's just to sign off the accounts done and dusted, but then that's to look forward as to how we're going to implement the things that we've found in the business.

The analysis, we do a detailed review of their financials and look at what the ratios and analysis of the balance sheet is telling us. We always do cashflow forecasts for clients, even though it's not required by financial reporting standards. It's very important for them to understand the difference between profit and cash. And we also take them through the major areas of the balance sheet.

And then we ask them, I suppose, interesting questions about what their plans are, where they're going, what they're intending, what they're trying to achieve, how the business is performing against that, what we can do to help. And it's, I suppose, an open meeting to discuss what they're looking to achieve with their business and how we can help them as accountants to do that.

Paul So there's very much a future focus around that post-year end meeting.

Aynsley Absolutely.

Paul And almost a prep and plan for that meeting in the pre-year end meeting.

Aynsley Quite, yes.

Paul And is that for every client that you work with?

Aynsley That's a minimum we do for every client we work with. We have some historical clients that we still act for; we have a small business... we've just recently launched a small business accounting solution. We've won a number of awards for what we're doing at the top end but we did feel that we were probably... and that tends to work so that a turnover is between one to ten million.

But we had a lot of people coming in to us under that level and the fee structure really didn't make sense for them, but they were desperate to be part of the community. And so we've developed a more cloud-based compliance with a little sprinkling of business advisory for an entry level package. And so we do have some legacy clients on that.

But when you come to TT, it is expected that you would start on a Rose level, so that would be the very basic minimum that we would be looking to do with you. And from then on it goes upwards, so for some clients we have monthly mentoring calls, so they'd have a monthly mentoring call with the team which is looking at their performance, looking at what they said they were going to do last month, looking at the numbers, then asking questions about their plans for the next few months. Standard

coaching questions, I suppose, and trying to get them to be sure they understand what the activities they've undertaken, what the financial impact of those are, and then looking at what changes they need to make next month and looking at budgets versus plan, etc.

And then, for other clients we are on their board, so that is either quarterly or monthly board meetings. Again, we act really as an outsource CFO. I think from our perspective when we talk about being an outsource CFO it's not just doing management accounts and payroll. I mean, from our perspective that the compliance base service. We're looking at more the strategic financial and direction of the business and so a true CFO in that sense of the word.

Paul Right. So that's at the higher end, but there was a comment earlier around standard coaching questions, are part of those either quarterly or monthly calls with clients that you and your team conduct. Standard coaching questions is easy to say but it's not normally associated with what an accountant does in terms of managing their relationship with clients. What and how have you developed the team so that they're comfortable asking those "standard" coaching questions?

Aynsley I suppose, like KPMG – I'm probably taking it from them – we have a cascade type approach. So we're always involving junior members of the team in meetings. So from a very young stage in their development with Tayabali Tomlin they will have been involved in those meetings where we're asking those questions. And we're constantly trying to ensure that our team members understand what business owners are going through,

what they're really looking for, and we try and get the team to develop an open ears policy. So listening and truly listening to what their clients are saying and actually listening for what they're not saying, and that's as important, oftentimes.

And we are, I think, from our own firm as well, we're always trying to look at how to develop the firm. So we're looking at ourselves as a business. We're constantly trying to drive forward, looking at what's happening in other industries, looking at what we can use to develop and the team can clearly see what we're up to on a business development and in our own strategy and where we're moving forward and the team are involved in our strategic planning days and our customer service training days. They're involved in our KPIs, in our huddles, and all the things that we're trying to do to explain to our clients on how to develop their business, they've seen an element of that somehow within Tayabali Tomlin, most likely.

So, they're able to say with an element of authority, this is what we've done here and this is the impact that it's had and this is what has happened with it and therefore maybe you could try this. I think authenticity is really critical and key and I've always felt in business that I've never wanted to say to a client, why don't you do this, and for them to turn around and say to me, well that's a joke, how can you ask me to do that because it's clearly not operating in your business.

So we've been very, very keen to try and use us, I suppose, as a laboratory to see what works for us and what doesn't work and why, and that's a really good learning experience for the rest of the team as well. Because clearly none of us are ever going to know if something's going to work or

not. We've got to try it, implement it, monitor it and measure it and if it's not working we either twist and tweak it or we change tack completely.

So that's very much the approach we take with our clients as well and I think we're very, very keen to get them to understand that nobody is going to know whether something is right or wrong. We can have opinions on it and strong opinions, and we can say what's happened elsewhere, but in reality we've actually just got to get stuck in and try it and, not be reckless with it clearly, but it is a question of getting stuck in and measuring and watching and seeing what's happening and then taking corrective action where needed.

Paul You mentioned something in there about exposing your team to client meetings that, say, you run, or one of your senior team are running and your junior team members showing up. How often is that sort of mentoring exposure taking place in your firm?

Aynsley I suppose it's a daily basis. I mean, we have a lot of meetings.

Paul A lot of client meetings?

Aynsley Yes. And as well as the client meetings we have a lot of internal meetings and we do lunch & learn sessions and we have daily huddle with the team at various levels and we have team training days, not as often as I would like. It's interesting, the discussion you had at [Peak 00:12:38] last week and we've decided that's actually quite critical and true. We do quite a lot of

training and we do quite a lot of development of the team, like the scaling up workshop in Dublin with the senior advisory team, and we're always looking at outside business training like the Tony Robbins training, the business mastery, a couple of my senior team have been to.

But even internally, I've felt that maybe roleplays weren't enough for what we were doing so we're looking at trying to develop some weekly roleplays and weekly trainings and I think that's really, really important.

Paul So you think it's really important, because? Why are you so insistent that training is so vital?

Ansley Well, I think the analogy, I've heard it a number of times and I've heard it in Dublin as well and from you: sports teams spend about 80 to 90% of their time in training and 10% in actual taking action, and in business it's way, way skewed the other way, and for many businesses it's not even 10% of the training. It's really important that people are exposed to different reactions of clients and different situations and it just then becomes the norm that they respond in certain ways.

So it's all very well for us to say, this is what a client is interested in, this is how you should ask the question, this is the response you should think about. But we all know, in reality, things never work to plan. And if it's not embedded in the natural instinct of the person asking the questions then, you know, the potential for them to get flummoxed and stop and not help the client is probably there. So the more they can practise, the more situations they can encounter and the better they're going to become.

Paul Yes, and it's almost as if the unexpected is normal rather than... It's very hard to think on your feet unless you've been in exactly that thinking on your feet situation multiple times over. You can prepare brilliant questions in a structured way, whether it be around SWAT or any other model for that matter. The unexpected is going to come through, isn't it?

Aynsley Yes, definitely. And there's always something... I mean, some of my team are constantly spending a lot of time in prep for meetings, and I keep trying to say to them, yes, that's really helpful and handy to have the facts and to prepare on the results and the score, but you can't prep every scenario. You can't prep every question that the client's going to ask you. And sometimes you just have to get in there and just be that person.

It's also interesting, and this is great for the development of the senior team, is that we've been asked to guest mentor on a range of masterminds for one business network. And so from my perspective, having those guys having exposure to a day of business people asking questions of a group, and not having the pressure on them but having them there to be, I suppose, the ability to input and to give advice when they feel comfortable, will just hugely increase and expand their comfort zone and their business, I suppose, understanding and questioning skills.

Paul Going back to what I was talking about last week, it's that practising at the edge of the level but in a relatively safe environment, that's really needed. I like that a lot. So, what do you consider to be the key challenges to

winning and doing advisory work with business clients? Where do the challenges lie for you?

Aynsley I suppose from our perspective, we're at the premium end of the market and so it's really important that we explain the value to prospects. And I think we've not struggled in getting clients on board, to be honest. Our marketing machine is quite strong. I think certain people look at the brand and think it's quite fluffy and think there's probably little substance and I've had some people, especially last week, come up to me and say, there's nothing special about you guys, you're just really clever at marketing and you're no better than anybody else.

I mean, everybody's entitled to their opinion, absolutely, and it's, I suppose, what people say. Our marketing is very strong and we're good at marketing but there's got to be a lot of depth behind the marketing. You know, you can get clients in the door but if you're not delivering then they're not going to stay.

Paul It's that authenticity you mentioned earlier; ultimately, the number one component in the successful business is they can deliver what they promise.

Aynsley Absolutely. And we're dealing with, unlike at KPMG where you're dealing with a finance team or a department, not the senior board, my team is on a daily basis dealing with the person who has the hiring and firing decision. And so they're constantly at the front line. We're all human and we make

mistakes and as long as we own up to them and make them right and good then clients understand that. But if you're constantly at the front line and failing then you're not going to last very long.

Paul So in all of that, where's the specific challenge or... Winning clients is not an issue, because you've got a good, strong marketing model, great.

Aynsley Yes, and we're very good at explaining the value that we deliver. We're very good at selecting our clients. We have a strong client selection criteria in place, we have a strong, almost an interview process for clients before we get to meet with them, so there's a whole structure in place before we sit down and have a meeting. So we've really qualified that lead very much before they sit down in front of us in a meeting and so the conversion rate of those meetings is quite high.

So from a client acquisition perspective, it's not a big issue for us. For us, I think the biggest issue is, we do sell a dream and it's then the delivery. And so we've got to be really, really honest all the time and making sure that we're actually delivering on what we've promised. And oftentimes we try to under promise and over deliver and I think I'm probably a bad sales person in that respect in selling sometimes a little bit too much and leaving meetings struggling to deliver.

But I think from our perspective, it's trying to find the right team members to deliver what we're doing and to scale that. And so I think for us, scaling is the biggest issue. We've got a great team on board and they get what we're doing and they have a strong purpose for the firm. We've got a really good culture, we've spent a lot of time and effort in developing all of

that side of the business. And so the team on board really are on the right bus and everybody runs together.

But because there's that constant, I think, on the front line, and we have a lot of young team members, we do find that the turnover in the team is higher than I would probably ideally like. And so from a training perspective there's a lot of training going on. But it's trying to find... you know, we're not looking for accountants who just want to sit behind a screen and play with numbers. That's important and there is a role for that but we're looking really for accountants who've got their commercial awareness, who've got their technical ability as well. In effect, we're looking for general practitioners.

So they've got the commercial, they've got the technical skills, but they've got a commercial awareness, they've got great communication skills and they can understand and talk to clients, and I think that's quite hard to find, a beast that does that whole area. It's always really hard to get staff in; yes it is. I suppose we look for people with good attitude and we feel that we can train them thereafter. So we're looking for people who are good competence and we know they've got the right attitude and we can do a lot of training and help them and coach them and get them...

I think you and I slightly differ on inherent... I think, on attitude. I think you said something to me recently and I might slightly be in the other camp, but I might have got the wrong end of the stick on that.

Paul

Go on then, I've got to pursue that one [laughs].

Aynsley Well, I think you said that attitude is irrelevant because you can actually train and coach the right attitude.

Paul There's a skill attached to it, yes. Don't get me wrong, I think we're in the same camp. It's, hire attitude and train skill. The competence piece can be bolted on. There is that... well, I'd like your views on this. Some people have a natural affinity or tendency or capability to be a good communicator and some don't, and what you're saying is that when you're hiring people, ultimately you want to hire them where they've got a natural tendency to be competent at holding a decent conversation with a business owner.

Aynsley Yes.

Paul You don't want to be hiring someone who's a quiet, shy, retiring mouse in the corner who just wants to process numbers. Yes, there's value attached to that but ultimately as far as the client is concerned, the true value is in the relationship, the conversation, the decisions that are made, the actions that follow in the follow-up.

Aynsley Yes.

Paul Which fits with the purpose of Tayabali Tomlin. Hey, I've done this advisory piece with accountants for the last ten years now and obviously five years

with AVN before that and what's crystal clear is, the number one biggest decision you ever make is the moment you decide to hire someone. So, yes, hire attitude first and foremost. I was just watching a video this morning around, "is will a skill?" and actually will can be trained. It is a skill rather than an attitude. So I'm just being challenged in that area at the minute so I'm sharing it with other people to process it myself.

Yes, you can train someone to drive a car but can you train them to want to drive the car? Well actually, I'm starting to get evidence together now which suggests that, yes you can. But ultimately if they don't want to, they absolutely won't. So I think we're in the same place on that.

Aynsley Okay.

Paul So, you mentioned purpose. So what is at the core of Tayabali Tomlin's reason for being, their purpose for doing what they do?

Aynsley I think quite simply it's changing lives. We're all about changing lives, that's our purpose. We change the lives of our clients by helping them grow, we increase their profits, reduce their tax bills and plan for exits, primarily. These are the four key areas that they seem to be overwhelmingly focused on. We change the lives of our team by challenging each and every one of us to be the very best that we can be, to have an amazing working environment and to challenge and stretch and bring people up.

And also we, I think, as a business, very strongly feel that we have a social responsibility to help those less fortunate, so we do a lot of work locally

and with a lot of charities and we're heavily involved in that. And then also internationally we've been heavily involved in "buy one, give one" and that's a lot of work abroad and with [inaudible 00:24:46].

So, yes, I think changing lives is what gets us out of bed in the morning. It's got to be more than just doing accounts and tax returns. And also I think that's probably... in the culture and embedded, probably not the purpose, but embedded in the culture of the organisation is always striving for continuous improvement, always challenging the status quo and trying to think differently, and we seem to have that culture embedded throughout the organisation which is really interesting.

I suppose it's been a passion for me and maybe I've just found people who share the same ideas and beliefs, or maybe the culture can be created to enable that to happen.

Paul

So if we can just drill down to... I'm a great believer in stories, as you know. I wonder if you'd run me through a story of what's happened pre-Tayabali Tomlin being involved with the business owner and then during, your role within changing their lives and the sort of results that have happened as a consequence.

Just to give me a feel, and the readers a feel, for how this approach to being a trusted business advisory accountant actually works whilst working with a business owner client. So it's the before and after story. Before you, during you and then the results after. We don't need names or anything, it's just drilling into a little bit of detail, so the specific story people can tap into.

Aynsley

Okay. So, it's quite interesting, I met a prospect for us on Thursday and they're a typical client that we tend to meet. So it's probably a good place to start and it's probably most fresh in my mind so it'll be indicative of the types of client we meet. This was a business owner that had grown a business from £750,000 to £4 million and they were very pleased with their accountant. They were using them to do their bookkeeping, even at £4 million. They were doing their payroll for them and they were doing their year end accounts. And they got on well with them; they felt that they had a specialism in their sector. They were quite a distance from them, but because they were well-known in their sector they felt that they were the right accountant for them.

There was nothing really wrong with the relationship, nothing awry, there was no problems or issues. They had been speaking to other business owners and felt that maybe they were missing a trick.

So, they just really wanted to chat with us about what we did and why we did it and how we did it and what we could do for them. And I think they probably had a few niggles at the back of their head that actually things were... they'd heard that people could get more and maybe they were missing out.

So we did a bit of proprietary work for the client, we got their financial statements from them, we did a bit of work in analysis, did some benchmarking, did some diagnostic reviews and looked at the structure, and then had a few phone calls with them, and then got to meet with them.

The crux of the matter really for them was that they were flying by the seat of their pants. They had become successful by luck and by obviously the

passion and drive of the business owner and they would have had inherent skills that made them successful, but they were in a way flying blind; they really didn't understand their numbers. They didn't really have a plan. They were just taking the opportunity that were coming their way and they felt that the performance of the business was seriously lacking and that whilst they had increased turnover, profitability probably hadn't increased at the right levels and that there was a huge potential that they were missing on the business and they didn't feel they had proactive supportive advice coming their way.

Proactivity, I know this word just gets thrown around all the time and it's a right bandied word, added value and proactivity, but people have latched onto it and they just didn't feel they were getting anything coming from the accountant; it was them always going to the accountant.

They never met them, never saw them, just posted off their stuff on a monthly basis. They got a set of management cards on Excel with [1PGPs 00:29:18] which were clearly wrong and they knew they were wrong and that's why they didn't bother looking at them, because they thought, well they're not right so we're not going to waste time on these.

So I suppose interesting that an accountant would send out management accounts that they knew were wrong and it would have been down to the client on timing differences or stock valuations or whatever, but consistent month on month to have a set of accounts that were clearly wrong and not find out and work out what was going on with them was quite outstanding.

Now, this business owner as well was using – I mean, you know I'm quite cloud-based so I find this absolutely scandalous and I thought I was in the

majority, but maybe I'm in the minority – they were producing their invoices on Excel, they were converting them to PDF and sending them to a client. They were then printing them out and sending them in the post to their accountant along with an analysis of the banking that they were doing on Excel for themselves, also the purchase invoices, sticking it in a bundle and couriering it off to the accountant.

The accountant was entering all this data on Sage manually and then – because Sage is quite clunky from a management reporting perspective – they were exporting the data from Sage into Excel and spending obviously a good bit of time on those management accounts in Excel and then sending them out to the client and they were worthless.

So, moving on, I mean you and I can probably clearly see what needs to be done here, even from a very starting perspective. So I think the meeting went along the lines of, what are you trying to achieve, where are you going, what do you want this business to do for you? What do you want in five years time? What does the business need to do to deliver that? And where are you now versus where you want to be?

We also looked at... there were questions around the structure, he had two business divisions operating within a single entity, and I asked questions on it and never really got the right answer so there was an issue on structure. And I suppose for ultimate exit, whether the structure was right. There was an issue from the management reporting framework that was in place and clearly there was a lot of efficiency to be achieved by moving to a cloud-based solution.

Also, even if he stuck with Sage, having that done in-house would probably have given him a lot more clarity; a £4 million business shipping

it all out and getting everything back a month later isn't really... And also from, I suppose, a business planning perspective there was no thought on strategy, and we haven't even gotten into the business yet about what staffing are in place, whether the people are... you know, his cash flow was strong but for the development of what he was looking to do it potentially wasn't going to be good enough.

And so those are the issues that we talked about at the meeting, and so it wasn't a question of, okay, can we sit down and have a look at your accounts and can we go through those. It was, we've done all of that, that's done and dusted and out of the way, we want to focus on what are the issues for you; what your concerns are; why you're not happy; what you think you're missing. And let's talk about what we think we can do to actually add and create massive value for you.

Paul How much of that came out of the pre-meeting interview process that you mentioned? The pre-qualifications to decide whether to meet or not. How much of that – what is it they're looking for, what needs to be discussed to “change their lives” – is coming through the interview process as opposed to actually in the face to face meeting?

Aynsley We try and do a lot in advance, so when somebody comes to us asking to meet, we schedule a phone call and that's generally done with me. So I will be on the first phone call trying to delve into the issues and concerns Aynsley starts the questions even before he meets a prospect. And so it is almost a repeat of the phone call in that they will share certain elements

on the phone with you, they will tell you certain things. And then we ask them for the financials of course.

So we gain trust on the phone call, we gain a rapport and we gain a connection on the phone call, to then be able to get that prospect to give us all their financial data. So we're asking for their last set of financial accounts; we're asking for up to date management accounts and any business plans or cashflows or projections or budgets for last year.

So once we've got that, then it obviously gives us another understanding of the business and the issues that we can see from a numbers perspective, and then I think the meeting is to give them the opportunity so that we can give them some findings. We open up the conversation with where they're going, what they're trying to achieve, what they really want out of life, what's this business for...

Paul Before we get into the depths of that, I just want to... this thing about establishing enough trust in a phone call. Never spoken to them before, we're having a phone call with them and we establish enough trust on that phone call for them to want to share all their financial secrets, for want of a better word, with you. What's at the core of establishing that level of trust on a phone call?

Aynsley I suppose from my perspective it's being passionate about what I do. It's about showing that you understand what they're going through, so it's empathy. And showing that we know and have an understanding of the issues that they generally have.

Paul How do you demonstrate that on a phone call?

Aynsley I suppose it's illustrations of what we've done for other people.

Paul Right.

Aynsley It's describing... It's not actually rocket science because a lot of it is explaining to them... We're asking them what they're feeling, what their concerns are. We're telling them that we know, or demonstrating that we clearly know those are concerns and that we clearly can help them overcome them and that just by talking differently, people automatically open. We're not talking about the results, we're not talking about their tax bill.

We're talking about their business, we're talking about their challenges, we're talking about them as people. We're telling them that we focus on accounts and tax returns that are required for regulatory purposes, and that's important for government and we understand that as business owners generally they're too late and that's not what they're looking for. They're looking towards the future. We talk about the difference between a business plan and a financial model and what we do with mentoring calls and what we do with board meetings and I suppose just by talking like that, people automatically see that this is just what they're looking for.

Paul I don't know if you're familiar with Maister and Green's CRIS model on trust, are you familiar with that?

Aynsley It was a long time ago I read that.

Paul Trust is an equation which goes something like Credibility plus Reliability plus Intimacy divided by Self-Orientation equals your trust equation. So, self-orientation is, are you in it for the client or are you in it for you? Well if you're in it to change the clients' lives then your self-orientation is low and therefore if you've got high reliability, credibility and intimacy and the self-orientation is low then you've got a high trust quotient.

And it strikes me that even on that first phone call with a prospect you're delving into a degree of intimacy in the questions around them as people, their challenges, what they've got in their minds for their future or maybe they haven't. We're not talking credibility or reliability here, this is actually quite an intimate conversation and therefore the trust quotient is going up.

Your credibility comes from the fact that you might share one or two stories of instances that demonstrate you've seen it before or you appreciate their circumstances, what you would call empathy. And therefore credibility shows up as well. It sounds as though you're applying that formula quite well.

Aynsley It does, absolutely. I think as well from a prospect's perspective, we're always talking about long-term relationships. This isn't a short-term gain for us. We're looking for the right person to work with because we're

looking for that long-term relationship and if we can't create significant values for them then they're clearly not the right client for us.

Paul How do you engage in that conversation around value then? Because again that's bandied around the profession like confetti, but what does it really mean, how does it show up in your conversations with either prospects or clients?

Aynsley Well I think from a client perspective it's clear because the value comes from a number of results. I think from a prospect's perspective when we talk about added value we list out what we do to create added value. So, we have identified the pains of business owners and we've tried to introduce services and products, or product ties to those services, to deliver them to clients to try and overcome their pains.

Paul Give me one specific example of that.

Aynsley Even at a very basic level, we get clients in the door generally who come knocking quickly because they've either had a surprise tax bill or they've had a late filing penalty and they're pissed off. And it's something as simple as that. So we've clearly identified that clients don't like getting late filing penalties and they will never, ever accept responsibility for that.

Now, we all know it's likely their fault, or there will be contributing factors, but in all honesty it's probably down to them if the accountant is halfway decent. So we've just decided, let's take this completely out of the

equation. If you get a late filing penalty, it's our problem. So, we put in the systems and procedures in our organisation to hound them from month one, so year end plus 31 days they get a first indication from us saying, end of year, you've probably done your VAT return, probably got everything you need now for year end so when can we expect the reports. And they'll get a letter, an email, a phone call, progressively chasing that.

And it'll be on the basis of, we want this data early so that obviously when we need to put the year end to bed, we've got a plan for the future. We need to look at history – history doesn't necessarily impact the future, but sometimes trends need to be understood and analysed. Clearly you need to plan early for your tax bill, we don't want any surprises and we want to know the interaction between your year end and your personal tax year end and dividends and planning, etc.

So it's really, really vital and important that we get your accounts in months two or three. And we do that across the board and make sure that that doesn't happen. So, whilst that's tiny and it doesn't really explain added value, from a client's perspective, that's huge.

Paul More to some than others, but still it's significant, isn't it?

Aynsley Yes. Dividend planning. Clients always used to argue in the past, I thought you did that for me, we don't pay you for that, or, you don't give us that money. So we've decided, every small business owner needs dividend planning so it's already automatically included and bundled into their package. I know that's not a big thing and I presume lots of other accountants do that already and they may not even assign the value or

explain what they're doing but to sit down and have a pre-year end meeting to discuss these issues and to be able to accurately predict... to be there, face to face with them and helping them make the decisions on their remuneration planning is really, really important to them.

Paul Yes. Is that on a personal as well as a business level with you? Do you take very much the holistic view of your clients?

Aynsley Absolutely.

Paul As much a personal balance sheet as there is a business balance sheet approach to working with clients?

Aynsley Absolutely. Our client's business is probably their most valuable asset, or one of their most valuable assets and a lot of them think it's probably more valuable than it is, but it is a very valuable asset and we need to help them maximise the return from that investment.

Paul Yes, brilliant. So, you know I have my KPI bee in my bonnet. How important are KPIs in the conversation you have with clients and how important are KPIs in terms of how you manage and run your business?

Aynsley Well, KPIs are fundamental. Actually, we run a KPI course for a number of organisations. We run a day-long workshop on KPIs. We also, for our

clients we really encourage them to do a financial modelling day with us. We used to call it a strategic planning session but we thought that was too difficult a concept for people to really grasp and understand, thinking, "Well, I don't need a strategic planning session, I'm too small for that." And so we've re-jigged that into a financial modelling day.

And so we do a lot of work in advance with the clients, getting them to get a lot of data together, and then we spend a day sitting down and creating a five-year plan and I think we're very keen to explain the difference between a business plan and a financial model to our clients. You know, a business plan can be normally based on the past, last year plus 5%, blah, blah. With the financial model we're actually going down to the activities that generated results, so we're looking at how the sales process occurs and what activities need to go and to be tweaked and changed to generate a sale, then what activities that sale generates and what activities you need to be able to support that.

So, in the financial model we're actually saying really what's possible with the business. We're not looking at the past, although it is helpful and a good starting point. We're actually really trying to say to people what's possible within your business. And when we drill it down and get into the activities that generate those results, that's where we can really, really find that we can get some really interesting performance indicators. They might not be key, but there will be a lot of performance indicators that can be used at that point.

And then it's that whole process of trying to determine which are the key, and for us, KPIs are massive because clearly if you can have three numbers which you can look at on a daily or monthly basis or weekly basis and

know with certainty that as long as those three numbers are going the right way then you're going to make money then that's a fantastic way to run your business.

Again, with technology, we try and maximise and leverage technology. I'm not into technology for technology's sake, I have to say. A lot of people say, you just won't pick anything because it's new. No, we will look at technology and what it can do to help. It's what we use with the technology, not the technology itself. And so we look at platforms that we can use above the cloud and we tend to use Xero and Quickbooks online as our two primary platforms for the bookkeeping. And we have a platform that sits above them and sets the data out of the cloud and produces a much more graphical, user-friendly format and with that it's much easier to report on the KPIs as well, and that can be done live and we can take non-performance financial measures in as well into that.

Paul Okay. So the three numbers that you run your accountancy practice on, have you narrowed it down to three numbers?

Aynsley Well, we have three and I'm not sure they're always the right three, but I think yes, for us, turnaround time, we don't have timesheets so we don't run our practice on six-minute units. And so, for us, turnaround time is really critical for the work that we're doing. So it's important for us to understand on a compliance basis what the turnaround time is but also on a special project, what our turnaround time on those is.

Paul Right, okay, it's not just annual accounts, it's projects, it's management accounts, and so forth.

Aynsley Absolutely. I mean, we get a lot of specialist work in the door so it's really, really important that we are on top of that as well, so it's not just the compliance work. So, turnaround time is a really critical one.

Team satisfaction actually is one of our KPIs and so we feel that obviously if we've got a happy team that we're going to have happy clients.

Paul How do you track that?

Aynsley We have a programme called 15-5, so we ask the team to fill in a questionnaire every week, 15 minutes for 5 questions generally. But you can tailor that completely and it's actually a kind of nifty tool to use with clients as well because you can set up groups with your clients, so it's good for just getting quick feedback. So on that we ask them to talk about what was good this week and what they did well, what they enjoyed, how many high satisfaction days they had, who on the team demonstrated amazing... who demonstrated the core values really well that week. And so we're constantly getting that feedback on a weekly basis. Obviously there's what could go better and what could be done better. So, 15-5 is the programme we use for that.

We also use a programme called Align, which helps with the work habits and helps the team understand the overall picture, where we're all going and where our targets are and when we're on track for new client

acquisition, for billings, for cash, etc. The whole team are involved in understanding the numbers.

Paul Is that the one-page planner piece from Rockefeller Habits you're talking about?

Aynsley It does, actually. There is a one-page plan on there as well, but the Align programme basically takes a [scaling up and look at the habits 00:48:39] and brings it more to life on the screen, so it's a really good...

Paul I'll have a look at that, thank you. And the third one?

Aynsley The third KPI is value gap, so we look at the value we believe we can create for clients and the value we have created, and what the gap is and how we close that gap.

Paul So the value you can create, you believe you can create?

Aynsley Yes, and the value we've actually created and the gap.

Paul Okay, so you've got processes for assessing the value you can deliver for a client?

Aynsley Yes.

Paul What have you got for that, a checklist or a Q&A process to add numbers in? How does that work?

Aynsley Yes, so we have a spreadsheet that we have with questionnaires on, a little... pre-questionnaires, what we think we can do. We look at, I suppose, the results we can get from benchmarking and we also look at what can happen. We have the Power of One, that's something we use with prospects – what happens if you can just [do] 1%, 1%, 1%, 1% and what the impact of that is. So those are all fed in, the guesstimates that we think we can do on a structured change with tax savings and generally what impact that would have on the value of the business going forward.

So we get our team to fill that in and then they fill that in on an annual basis.

Paul And then compare and contrast what you've actually delivered with what you said you thought you could?

Aynsley Yes.

Paul Presumably, ultimately, it's down to whether the client wants to pursue something that you're bringing up for them, is factored into that? Because they may be holding you back in your ability to deliver value, I guess.

Anysley Absolutely, and that's probably because we haven't explained well enough what we're doing, and what we can do to add value.

Paul Yes. So it sounds as though that would be a good driver for high value conversations that result naturally in cross-sales rather than pursuing cross-sales for the sake of pursuing a selling KPI.

Aynsley Yes, because our team hates selling and no matter how much training we can give and how much we can call it serving rather than up-selling, we can call it whatever we want but the team do hate selling. So for us to be able to create a journey – which I'm just developing at the moment, actually, so I'm developing the TT Journey – and for us to be able to show the journey and for the client to say, guys, you haven't done this for me yet, would be really cool for my team.

Because I'm a good salesman, I think, but it would be really cool if my clients were chasing and hounding my team to say, you haven't done that with us yet, let's do this.

Paul Brilliant, I'd love to see that when you've got that done. It's something another firm that I work with has done and it's actually changed the dynamic of the conversation both at the prospect level as well as the client level.

Aynsley Exactly.

Paul Very good. Brilliant. So, behind all of this, you've got this set of values running for the business. How did you set about pulling a set of core values together for the firm?

Aynsley Oh, that's in my book [laughs]. We get asked so often. Core values, I think, are critical, and we understood at an early stage that the core values were really, really important and core values were a way of us expressing as a team the rules and expectations of an organisation. And to then be able to use those in team meetings and to be able to use those for clients and to be able to use them in appraisal process is just really, really helpful. So that's a sales pitch for core values. Core values, I think, are critical.

We felt that if you introduced core values from the top down and said, these are our core values, that whilst some of them may be... people go, yeah, yeah, I get that, others would feel, well why have they put that one there, what does that mean to me? And I suppose the team wouldn't have had as much buy-in as if they'd been involved in the process.

So I think the senior management team got together and spent an exercise on developing what we felt would be representative of our core values in advance, and then we had a series of meetings with the team to try and talk about core values, to try and get the team to understand the importance of core values; to list the performance standards that we already had in place, because we had done an exercise in performance standards probably 12, 13 years ago and we had been measuring the team on performance standards for a while.

And so we used the performance standards as a starting point for a discussion on the core values and what people felt the firm was, what it represented and what it was about and what was good, and the right behaviours of the team.

And so we naturally felt that the words that were being used fitted into various categories and I think the senior team was quite shocked that actually the core values that we were interested in pushing, as such – or, not pushing but encouraging, should I say – were the core values that people were coming up with themselves.

And so we then had an exercise, we got everybody to list all the words that they thought described the firm, and then we got people, as a team, we got them all out there and we tried to bundle them all together and tried to get the common themes that were going through. And then we had an exercise on describing, picking the most important ones that we felt, which mightn't have been the most by number but might have been really, really critical for us to describe. Because some were taken for granted, but some maybe weren't so much taken for granted.

We had a whole discussion on which were core in any organisation and should be expected, and which were core but slightly different for us, which were important to us to highlight. And so we had another exercise on that. And then we had an exercise after that to bring as a team what we felt were... I think we tried to select seven and we couldn't get seven so we ended up with ten. We had nine, I think, and one of our apprentices came up with a tenth which everybody on the team went, "Oh my God, that's got to be there." So that became the tenth.

So, we ended up with ten core values that we all felt really, really comfortable with as an organisation and as a team, which we felt we were prepared to stand by and uphold. And then, subsequently, those core values now, to get them as a living, breathing thing, they can't just be done once and put in a box. So they are part of the appraisal process, they are part of team meetings.

We do an exercise – we're supposed to do it every quarter but I think we slipped on the last quarter – where we highlight a core value and we look at what it means in reality so that we can properly describe what that core value is. We can look at what behaviours demonstrate really good adherence to the core value and what attitudes and behaviours are against the core value. And so we've done that for a number of core values.

And we're also looking at using the scaling up, Rockefeller Habits, bringing in a quarterly theme around a core habit to further enforce the core values.

Paul Brilliant. I think that piece where there's actually a story shows up on a regular basis, which clearly demonstrates that you're upholding your core value, is a great way of reaffirming to everybody that these are living, breathing rather than, as you said, stuffed in a box gathering dust; they are real, they are a concrete part of the business, aren't they?

Aynsley Absolutely, and if you're not sick of talking about your core values then you haven't done a good enough job as a leader.

Paul If you're not hoarse talking about your core values, you're not a good leader, it's the same principle, isn't it? Aynsley, this has been brilliant, I really appreciate you taking the time out of your diary to share some of the insights and behaviours and processes that you've got running in your trusted advisory accountancy firm. I can't thank you enough.

My last question, have you read the book by David Marquet on Turn the Ship Around?

Aynsley No, I haven't, but I've heard about it.

Paul Well, let me send you a copy of that in the post as a thank you for today, because I think you'll love it, it blew me away. Just, how do you turn the performance of a submarine around following old management styles so that a big submarine in the US fleet then becomes the best performing submarine within months, going against a truly embedded set of values to purpose, i.e. the Captain was installing a completely different set... I think you'll find that fascinating, it's an easy and enjoyable read, so I'll send that through.

Aynsley Excellent. We've talked about how important learning is from an advisory perspective as well.

Paul Indeed. To be honest, that's come through in virtually every interview, the commitment and dedication and almost obsession and learning and relearning goes up in all the firms that are genuine, as you are, trusted

business advisory accountants; without a shadow of a doubt that is one of the pillars. Another one is the authenticity piece that you touched on, because without that you know you're selling smoke and mirrors, which you will be found out. So again, what you've done is reaffirmed and added layers of confirmation around the core themes that are going to show up in this piece, so again, thank you very much, I really appreciate your time.

Aynsley A huge pleasure to talk to you, Paul.

Paul I look forward to catching up with you next time we meet. Cheers, Aynsley.

Aynsley Bye.