



Dext

Advisory for Accountants & Bookkeepers

A Dext Guide by Paul Lodder & Katie Hoare



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What really is advisory?

Let's take a moment to be honest about 'advisory'.

It's a phrase born of those in the tech space who needed to put a name on the end-goal of freeing up your time. In reality, accountants & bookkeepers would rarely say 'advisory' to clients.

That's because advisory is helping clients achieve their business and personal goals within a set amount of time. Something you've been doing for a long time already. That practice just has a buzzword now.

How to successfully advise clients

Successfully advising clients falls into three categories:



Creating the capacity to help clients



Making the most of your team's experience



Ensuring you get the value from your work

There's no magic formula for giving clients advice because their needs can be so varied.

One client may want a cashflow forecast, another may need funding or recruitment advice, and another may want you to help them digitally restructure their business. And then, this could happen ad-hoc or more regularly with monthly management reports.

Either way, utilising all aspects of those three categories will set up your firm in a way so you have enough time to give the right advice and ensure you get paid appropriately for it.

Meet the authors

In this guide, you'll get a good understanding of how you can leverage the advice you already give to clients into an official revenue stream for your firm.

It's written with insights from Katie Hoare and Paul Lodder – who have 34 years of accounting experience between them. Katie is now Head of Practice Solutions at Dext, and Paul is a Product Domain Expert. Between their roles, they help new and existing Dext partners to get the most from our products and build more productive, powerful and profitable firms.



Katie Hoare

Global Head of Practice Solutions
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Creating the capacity to help clients

A fundamental part of being able to help your clients is being familiar with how technology opens the door to create capacity. From there, you'll have more time to help your clients when they need it – with the added potential of also growing your client base.

Your firm may have a different view on what providing advisory is to others. You might want to speak with each of your clients for 10/15 minutes a month or you might prefer to get stuck into bigger projects with one or two clients. For you to be able to do that, you need to embrace the time saving potential of technology.



Automation to access real-time information

To put it bluntly, the time spent manually doing tasks which can be done by technology is wasted and will never give you the additional capacity to do more than you already do.

Take compliance. It's an aspect of your job which isn't going anywhere. Why wouldn't you want to speed it up with automation and use that time more efficiently? Especially when that time can be put back into further helping your clients.

Another way to create capacity is to get away from desktop accounting as far as possible. It leaves you vulnerable to receiving client requests out of the blue and not having the most up to date information for them available.

It's all about automating processes to access information in real-time.

Say a client needs a mortgage and you have to drop everything to help. If you don't have that real-time view of their accounts, you might have to spend the next two days summarising bank statements to get a rough view of their accounts. When that information is in real-time, you could take just an hour or two to assess their options and provide advice.

How Dext can help

Dext is usually one of the first pieces of tech we see accounting firms adopt because it massively maximizes time and is one of the easiest to implement.

Our Prepare product automates internal workflows and helps you to speed things up. You're then creating more time to help your clients and offer advice to them.

Our Precision product shows that your client's data is good in real-time, without needing to look through their records. This allows you to make quicker decisions for your clients and gives you the confidence of knowing those decisions are being made on accurate, up to date information.

Making the most of your team

Whether you're an individual or working in a wider firm, you or your collective will have gathered areas of expertise and experience when it comes to helping clients. Some may have also come from other firms and have insight in the best ways to automate your processes, creating that added capacity for clients.

Knowing what experience is available to you is important. It creates a foundation for your firm to build its advisory expertise on and also for people to know who to turn to internally with questions.

In order to build on those foundations and make the most of your team, you need to ensure everyone in your firm is brought into how you intend to advise clients in the future. From there, properly scoping out the work required will ensure the resources of your team aren't wasted.



Get the buy-in of colleagues

Possibly one of the biggest parts of all this is, whether you're implementing new tech, new tax and remuneration planning opportunities or any other new aspect of work to advise your clients, you have to have your team onboard. If you don't, nothing will happen.

Ideally, you don't want to make changes too quickly as that's when team members will kick back against them. You also need to ensure that you communicate clearly about what you're doing as a firm – emphasising that it's all with the client in mind.

Accountants & bookkeepers can be risk averse by nature and are not often comfortable with change. For example, when you introduce automation to give your firm the capacity for helping clients more, members of your team can start to feel threatened by the new technology with the belief that it will replace them.

Communication and sharing success stories are key here. Explain why you're introducing new technology, how processes will change and ultimately, what's in it for your team. Show that by giving colleagues more advisory responsibilities and bringing them into client meetings, you're helping them to develop professionally. And once everyone in your firm sees how successful this is, it should get your team feeling bought into changes rather than battling against them.



Properly scope out work required

Where we've seen most accountants & bookkeepers fail to officially wrap up the help they give clients and bucket it as 'advisory' is when work isn't properly scoped out.

Those who fail to scope out what's required of them can quickly find they don't have enough time or have charged a fee way below what it will cost to actually perform that service. To ensure you do properly scope out the work required, it's important to ask your clients the right set of questions. And these questions should cover both their business and personal goals.

Here's a basic set of questions which you can use to open the door to further helping you clients:

What's the current state of your business?

- 1 Position in your industry?
- 2 Number of locations?
- 3 Amount of revenue/profit?
- 4 Number of employees?
- 5 Number of clients/customers?
- 6 Ease of operations?

Where do you see your business in the next 12 months/3 years?

- 1 Position in your industry?
- 2 Number of locations?
- 3 Amount of revenue/profit?
- 4 Number of employees?
- 5 Number of clients/customers?
- 6 Ease of operations?

Understanding your life outside work

- 1 How can this year be great for you and your family?
- 2 What do you value most in life?
- 3 How does success look and feel?
- 4 What is your idea of the perfect week?
- 5 What is your biggest ambition? (This might be your business)
- 6 How much income are you looking to make?
- 7 How much are you looking to save for retirement?
- 8 When would you like to retire or exit your business?

Don't feel you can only ask these questions. They're a basic template for building a strong foundation. Feel free to add any of your own which you know will add value when looking to better understand your clients.



Ensuring you get the value from your work

Many accountants & bookkeepers will often advise clients without really realising it. The odd bit of advice here and help there soon adds up to time which should be getting compensated for.

We've seen it plenty of times before when a more junior team will prepare a set of accounts. They've done all of the tax journals, adjustments, timings around dividend, and brought the tax bill down from 15,000 to 5,000 – but they never show that value to their client.

Of course, that's great for the client, but it's a missed opportunity for your firm to bring in deserved revenue.

Driving value from advisory services

If you want to get the most value from your advisory services, you need to recognise the value you bring to your clients and be transparent about your fee. Don't be afraid to have those conversations and be open with your clients from the outset about your services.

Think about it from their perspective. If you tell your clients that you charge a set amount in order to help them fulfil their government obligations, they're more than likely just going to find the firm who can do that for the lowest price.

Reframe the conversation and show how you could, for example, reduce their tax bill by 20%, double their profit and allow them to retire at 50, you're now going to have a client who's much more invested and willing to pay for those services.



The big opportunity: Tech advisory

If you want to be more forward-thinking with your advisory services, tech advisory is the biggest growth area at present. You might also have heard this referred to as app advisory.

There's a lot of value you can take from tech advisory as its main focus is restructuring businesses – from systems and processes to staffing and recruitment. It's also not limited to the industry your clients operate in.

One of your clients may run a shop which would benefit from having an improved card reader. You may advise someone running a hotel and help them fill rooms by improving their booking system. And if there's a manufacturing business on your books, you have the potential to save them money by helping them improve their factory structure.

For tech advisory to work, you'll need to take a more consultative approach. This is why it's vital you have your internal processes automated to give you access to real-time information. Without those pieces, you'll be doing nothing more than guess work.

You'll also need to have a great understanding of your clients overall business operations. What's already in place, what's working and what's not. You can then use your time away from data entry to find which types of software will work for them and showing the value in it.

With tech advisory, you also have access to dual revenue streams for your firm. The first is the fee you charge to the client for your work and the second is potential commission from software vendors you implement. However, it's worth noting that not all vendors provide commission.





Key takeaway: Get your team onboard

This guide should give you a good understanding of how you can leverage the advice you already give to clients into an official revenue stream for your firm.

The key takeaway in all of this is that no matter what you attempt to do with advisory, you have to have everyone in your firm with you. If you don't have your team onboard, nothing will happen.

Take the time to map out where you want your advisory services to go and ensure you take your colleagues with you. It might be worth testing the waters with a handful of clients first. Once everyone in your firm sees this working, they'll be much more receptive to pushing through bigger change.

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about Dext
and how we
can help your
firm become
more powerful,
productive, and
profitable at
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