



## **More than Tax Returns: 10 Ways to Utilize Your Trusted Business Advisor**

By Libby Bierman, Analyst, Sageworks, Inc., May 11, 2011

If you are running a business, you probably understand the operations behind it. A bakery owner knows how to craft a good cupcake, and a plumber knows the cause and cure for a leaky faucet. For most business owners, financial management of their company is less intuitive and seemingly less urgent than these day to day activities that bring in the much-needed revenue.

This is when you should call in reinforcements: your accountant or tax advisor. Most accountants and tax advisors would love to take on the role of your trusted business advisor. The problem is, though, that many business owners do not take full advantage of this professional associate, perhaps because of disinterest in the financial analysis conversation or limited available time. Given the short amount of time you spend with your accountant/tax advisor and given the wealth of information you could be extracting from them, it is important to have a plan in place that allows you—a business owner—to fully utilize his or her resources.

Based on our interaction with thousands of practitioners over the past decade, Sageworks recommends the following techniques to help you make the most of the time you spend with your advisor and receive more than tax returns:

1. Be selective and choose the right practitioner from the start. If they are to be a trusted business advisor for your company, then you should interview them like you would—perhaps more than you would—a typical job candidate. Before engaging their services, ask questions about expertise and also about their communication style to be sure it corresponds to your operations. You should also agree in advance who the advisor will report to and whether or not that will also include board presentations.
2. Meet with them often enough that they know your business, its complexities, and your struggles. If you only meet with your advisor at year end, they may not remember the details of your conversation and the details of your business. Frequency of your meetings should depend on which services you have your advisor perform, but a good starting point is to meet with them once per quarter. The meeting doesn't have to take all day. Call them now to get in the calendars for an hour or two. These quarterly check-ups may save you time in the long run as they help you stay on top of financial organization prior to year end.
3. Prepare some questions in advance. You don't necessarily have to study each line item of your general ledger ahead of time, but prior to your meeting think of questions you can ask regarding inventory levels, investments you are considering, financing sources, your standing compared to peer companies, etc.
4. Then if you can, submit these questions to your advisor ahead of time so they have ample time to consider your numbers prior to making a definitive recommendation. Timothy

Sundstrom, CPA of Newton Square, PA, says “A big issue for many business owners is that accountants tend to be reactive rather than proactive.” If you can present your questions or financial considerations in advance, then they can fully analyze your concerns and deliver a more comprehensive financial evaluation. When that is the case, Sundstrom describes, “In essence we become the business’s primary care physician, not the medical examiner.”

5. Take with you the necessary documentation, especially if this is your first meeting. You should confirm with the advisor firm which documents are pertinent to your visit, but most likely it will include the past two years’ tax returns and financial statements.
6. Draw on their operational wisdom. Unless your advisor is new to the field, he or she likely has insight into the 100+ businesses they have worked with over time. Their experience has shown them what works and what doesn’t work in business.
7. Ask them to assess your business’s internal controls. Being close to the action is typically good because you are better prepared to make an informed decision. But it is possible to be too close, especially for internal control development. Processes or checks that make sense to you may be the function of habit rather than best practice, so ask your account to evaluate your current controls and their outcomes.
8. Request some technological consultation. Most likely you are using an electronic general ledger package, but you may not be using it effectively. Encourage your advisor to set up your bookkeeping system or make recommendations on how you can enhance its efficiency.
9. Ask your advisor for tips on information organization. If it would help them for you to organize your paperwork or financial files differently, then you may be able to negotiate a fee decrease since they will spend less time sorting and organizing your data.
10. Seek referrals. If you are in the market for a particular non-accounting service, see if your advisor has a contact from their professional network that they would recommend.  
Because of the tangential industries, most accounting firms have working relationships with local law firms, financial institutions, as well as all the industries in which they have clients.

**About Libby Bierman:** Libby Bierman is an Analyst at [Sageworks](#), a financial information company, and Inc. 500 honoree. Bierman is responsible for the development of new products to improve client retention and practice management within the accounting industry. She received her degree from the Mendoza College of Business at the University of Notre Dame where she graduated summa cum laude.

For the full article featuring Sageworks’ insight, visit the Independent Accountants Association of Michigan- [More Than Tax Returns: 10 Ways To Utilize Your Trusted Business Advisor](#)