



Becoming a Trusted Advisor to Your Clients

By Libby Bierman, January 13, 2012

When your vehicle's gas tank is nearing empty, you generally have a multitude of gas stations to choose from. They all have similar offerings, so your choice is largely dictated by your location at the time and maybe the reward card you have for a certain chain. And while the price may be slightly different station to station, the discrepancy often isn't enough to justify searching out the low-cost provider. Gasoline is a true commodity.

When a business owner is searching for an accountant, his or her choice is not so simplified. Financial services—despite what some of your tax-only clients may believe—is far from a commodity. And in many cases, location and even price are immaterial. What, then, is the best way to acquire clients and improve client retention?

Providing quality work is part of the battle, but when everyone in the industry touts their “excellent customer service,” you need a clear differentiator. One proven way to add value to professional relationships is to become a trusted business advisor, which involves helping the management team make better-informed business decisions.

Typically, accountants are providers of data, and they perform that role very well. Financial statements are prepared accurately and in a timely manner, for example, year after year. But presenting clients with this “good” financial data is not usually enough to become an indispensable advisor. Why is it insufficient?

- 1) Business owners may be intimidated by financial data, and financial statements can seem indecipherable. Usually, business owners can successfully speak the language of their business and of their customers, but financial jargon can seem like another language entirely.
- 2) Financial statements are historically oriented, but business owners are largely focused on the future of their company. “Old” data may not seem incredibly useful to them at first glance.
- 3) Business owners may also see financial analysis as a distraction from the day-to-day operations of their company. They have to make ends meet and don't have time to devote solely to financials unless there is an obvious return (and they may not recognize the return due to point #1).

To become a trusted business advisor, financial professionals must couple the delivery of data with interpretation and sound business advice. Your end goal should be helping clients understand financial statements rather than review them. Some points to consider when planning a client visit:

- 1) Do not just provide data and hope your client will be able to interpret it—especially if you are not meeting with the client to present their financial statements. Include a written report that explains in plain language the metrics most important to the success of that company. And with this narrative summary, length is not the goal; keep it succinct so the client is more likely to read it thoroughly.
- 2) Connect historical financial data with its impact on future company plans. Brian Hamilton, CEO of Sageworks wrote, “Numbers are not just numbers—they tell a story of how the company is moving

towards or away from its strategic objectives.”¹ Historical numbers can provide the context needed to look intelligently forward and avoid repeating past mistakes.

3) Focus your conversation on the few, key performance indicators of that business and its wider industry. Determine the most relevant metrics and then explain to the client how those metrics impact revenue and cash flow because those are two indicators the business owner definitely understands.

Interactions with business clients can and should be informal, so they feel welcome to ask questions. Then based on their questions (or lack thereof), you can gauge whether or not they are just seeking data or substantive advice to help grow their business. And this more engaged communication will help you, too. In relationships where you do become a trusted business advisor, you’ll see higher client retention, uncover additional consulting opportunities, and your clients will be much less likely to view your firm as a commodity or as just another gas station on the main road.

For the full story featuring Sageworks’ Libby Bierman visit *Today’s CPA*, January/February 2012 issue, pg. 19