

The Road to Advisory

# Pre-Advisory Checklist

*A list of processes & tools to implement before offering advisory services at your practice*



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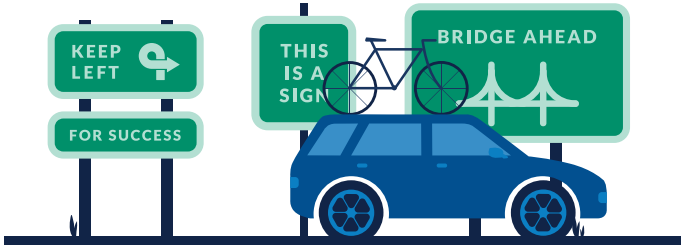
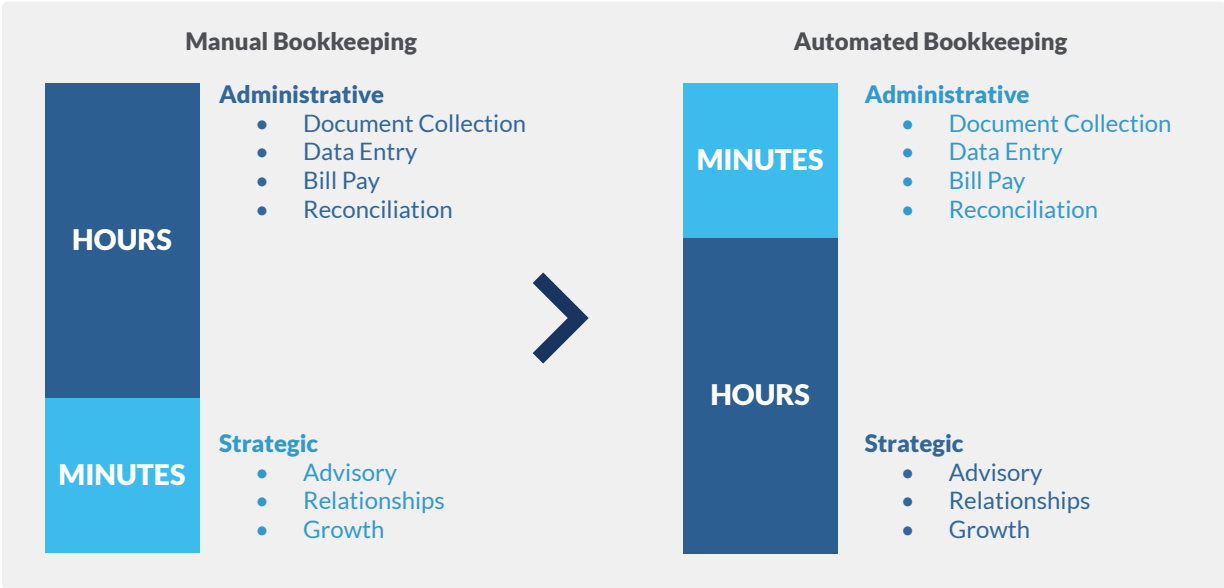
# Compliance to advisory:

## setting up your firm for advisory success

Offering both compliance and advisory services has become incredibly important for modern bookkeeping practices.

The introduction of new legislation (such as **Making Tax Digital [MTD] for VAT** in the United Kingdom and **Single Touch Payroll** requirements for small businesses in Australia) has made it vital for bookkeeping firms to guide clients through an increasingly digital world. A large part of this guidance involves implementing technology that makes compliance easier and less time-consuming – which leads to an opportunity for practices to offer advisory.

With the time-savings and enhanced quality of data created through cloud-based apps and tools, bookkeepers have an opportunity to provide a ton of value to their clients by offering advisory services. The time and effort that used to be spent on administrative bookkeeping tasks (such as document collection and data entry) can now be spent generating timely business insights that will help clients succeed.



However, the journey to offering advisory isn't quite as simple as adding an 'outsourced CFO' listing to your service menu. In order to be successful with advisory, it's important to ensure you've set the right foundation.

The compliance to advisory journey can be better understood by categorizing the “levels” of accounting and bookkeeping services. In order to offer simple advisory (and then, complex advisory), you must have the processes and tools in place to offer complete compliance services. The data collected from compliance services is critical for providing valuable and relevant advice. This checklist will help you build the foundation for advisory success by providing a list of recommended processes and tools for offering complete and efficient compliance services, putting you on a path to offer advisory.



Source: Xero - How to Build Your Advisory Services



# Understanding the benefits of advisory services

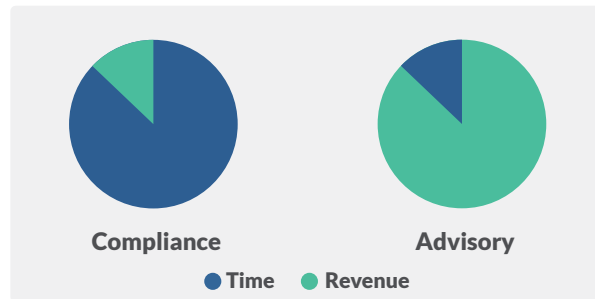
In addition to better positioning your firm for the future, offering advisory services can benefit both your firm and your clients in a number of ways.

## Benefits for your firm

### Increase revenue

Compliance work is notoriously time-consuming and provides limited value to your practice. Advisory, on the other hand, takes less of your firm's time and internal resources (when you have the right systems in place) and provides more value for both your clients and your firm. For your firm, offering advisory services is a scalable way to increase revenue since it's a high-value service that requires much less manual work.

### Visual example:



### Increase client retention

Given the nature of many types of advisory services – startup mentoring, capital raising, virtual CFO, and so on – it makes sense that providing value in these areas of business would build client trust. If you're able to use a business's financial data to help them achieve a goal or reach a milestone, odds are that clients will be compelled to work with you in the long term to help them achieve more business success!

### Staff fulfillment

Cloud technology is enabling many bookkeeping tasks to be automated, which presents a number of new and exciting challenges for your staff. Instead of spending hours scanning documents or manually entering data, they can spend time managing software systems or, if you offer advisory services, digging further into a client's business data. As a result, your staff will learn new skills and continue to be challenged in their career.

## Benefits for your clients

### Better, faster, and more actionable business insights

While compliance services are necessary, they're the minimum that you can offer to a small business client. By leveraging the data you collect with compliance and offering advisory, you'll be able to provide them with a real-time understanding of their finances. It's estimated that only 51% of small businesses will survive more than five years; however, that number jumps to 85% when they **work with an advisor** – armed with relevant information and advice, they'll be able to make more informed decisions that will help their business thrive.



# Checklist:

## What you need to have in place before offering advisory

**Before moving into advisory, it is essential to completely nail down compliance. That is to say, your standard accounting and bookkeeping services must be running smoothly and efficiently on a month-to-month basis before your firm introduces any additional services. This list contains the most critical processes and tools to have in place to offer advisory services – check them off to prepare your firm for advisory success!**



### PROCESS

#### 3-5 day month-end close

To provide advisory services, you need timely, relevant, and high-quality data to analyze. The only way to gather this information in real-time is to complete bookkeeping in real-time – or, at least, on a weekly basis so you can achieve an efficient month-end close and access an up-to-date balance sheet, P&L, and cash flow statement.

With that in mind, setting up a system for consistent, accurate transaction coding is also important. Ensure your clients are set up with a well-defined chart of accounts structure and that transactions are accurately coded every time. (With the right tools, transaction coding can be automated, ensuring both efficiency and accuracy.)

#### Weekly bookkeeping (for efficient month-end close)

- Collect all relevant financial documents
- Review A/P report
- Bill pay
- Ensure coding is accurate (e.g., check GST coding, if applicable)
- Publish receipts to accounting system
- Reconciliation (deposits from POS, deposits from Stripe, open transactions)  
*Note: Up-to-date reconciliation is one of the most fundamental steps for collecting clean, accurate data.*
- Review uncashed checks
- Payroll (biweekly)
- Email client(s) with any questions on weekly transactions

**PRO TIP:** Focus on client education. Many small business owners don't understand the basics of bookkeeping and what they mean for their business. Before you launch into any sort of business advice, take the time to ensure they understand the basics.



### Defined service levels/packages

An important part of offering advisory is defining and packaging your services. There are many different types of advisory services to offer – defining the type(s) that you will provide and detailing exactly what this means will help set client expectations and help you ensure your processes and systems are prepared to fulfill these services.

See below for an example of tiered packages and pricing. Please note, however, that this is the *end result* – before you can go to market with your services, you must take the steps outlined to the right.

### Example Service Menu

Services	Beginner Plan Compliance	Intermediate Plan Simple Advisory	Advanced Plan Complex Advisory
Cloud technology	✓	✓	✓
Bookkeeping	✓	✓	✓
Monthly reporting	✓	✓	✓
Tax returns	✓	✓	✓
Cash flow forecasting		✓	✓
Business planning		✓	✓
Budgeting		✓	✓
Software implementation		✓	✓
App advisory		✓	✓
Virtual CFO			✓
HR advisory			✓
Capital raising			✓
Training			✓
Advanced consulting			✓

### Specialization

One of the most impactful foundational activities you can do for your firm is to specialize in a specific industry, vertical, or niche. Working within a specific niche or vertical will impact all areas of your firm, from your cloud tech stack, to the types of roles you need to hire, to your marketing efforts. Specialization is critical for offering advisory services because it will allow you to have a deeper understanding of the common issues, needs, and goals of businesses within that niche, enabling you to provide more expert advice. If growth is your firm’s goal, it should be noted that specialization doesn’t limit your potential customer base – with cloud technology, you’ll be able to work with businesses regardless of location!

### Documented procedures & task lists

As mentioned, the service package example provided to the left is meant to be the end result of this activity. To define your service offerings, write down what you do (e.g., bank reconciliations, bill pay, balance sheets, financial reports, etc.), how you do it (your required apps), when you do it (the frequency at which each service is performed), and where you do it (on-site or virtually?). Be very specific – accompany each service with a procedure guide and a checklist. This step is critical for ensuring your compliance services are nailed down and that you stay within scope upon execution.

**PRO TIP:** Provide services that will make you stand out. Offering a wide array of advisory services that attempt to fulfill everyone’s needs will be less effective than offering a smaller set of specific services – this is also why defining your niche is important!

### Fixed or value-based pricing

The best pricing model for offering advisory services is fixed fee or value-based pricing since it emphasizes the value you provide to the client as opposed to the hours spent on bookkeeping tasks. You can find more information for implementing a fixed fee pricing model in this webinar.

# TOOLS

Before offering advisory services, it is also important to have the technical infrastructure required to support efficient bookkeeping and compliance services. Advisory services will also require you to have reporting and communication tools so you can efficiently gather and share insights. The following list aims to provide suggested tools for your advisory tech stack.

## Automated bookkeeping

To achieve a 3-5 day month-end close, as well as execute other compliance services, it's critical to use cloud-based software to automate as much of your bookkeeping process as possible.

### Document collection & data capture / audit preparation

*Suggested tools:*



### Bill pay (if applicable)

*Suggested tools:*



### Payroll (if applicable)

*Suggested tools:*



### General ledger

*Suggested tools:*



## Reporting

Once you've mastered your monthly bookkeeping process and are efficiently collecting accurate data, one of the best ways to gather and gain insights from your clients' business data (in real-time) is with a management reporting tool.

### Financial intelligence & management reporting

*Suggested tools:*



## Communication

Communication is key when it comes to advisory, especially since it involves valuable one-on-one sessions with your client. Since clients are busy and many modern accounting and bookkeeping practices operate remotely, it's a good idea to ensure you're set up to host these sessions via video chat, and to have a system in place for efficient booking. Even if you have a recurring monthly meeting time, things change quickly for small businesses, and you should be able to accommodate with as little back-and-forth as possible.

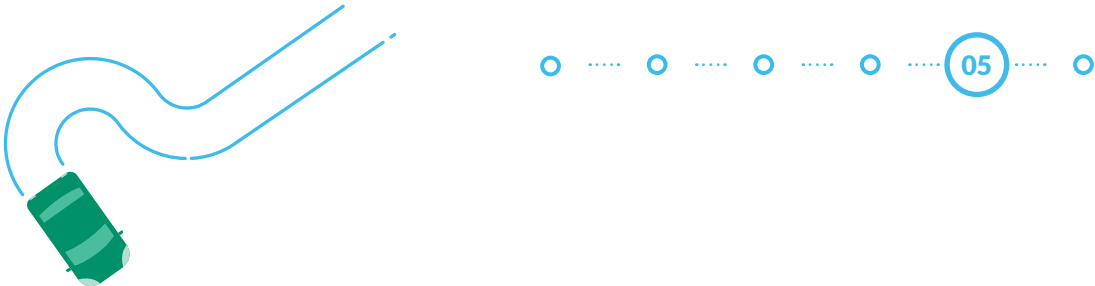
### Book meetings



### Video conferencing (with screen share)



**PRO TIP:** Use a tool like **Zapier** to integrate Calendly and Zoom to work together – when a meeting is booked with Calendly, it will automatically send a Zoom link with the meeting invitation.





# The road to advisory

Offering advisory services is a great way for your firm to increase revenue, provide better employee experiences, and make a meaningful impact on your clients' businesses. However, becoming a full-service advisory firm is a journey – it's important to ensure you take the right steps at the right time. Once you've built a foundation of solid processes and technology, you'll be well on your way to advisory success!



## APPENDICES

Weekly Reconciliation & Month-End Close Checklist

Setting Expectations at Every Stage of the Client Journey

How to Build & Implement a Fixed Fee Pricing Plan at Your Practice

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### ABOUT HUBDOC

Hubdoc is a data capture tool that automatically fetches your clients' bank statements, bills, and receipts; extracts the key data; then publishes to Xero for one-click reconciliation and audit-proofed books. Bookkeeping has never been so easy!

[BOOK A DEMO](#)



### ABOUT FATHOM

Fathom is a cloud-based financial intelligence and management reporting app for advisors, bookkeepers and accountants which helps measure growth, profitability and cash flow as well as monitor key trends for any organization.

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