



# Why change your Accountant?

## Lack of change leads to lack of thought!

The following are the most frequently offered reasons we hear why businesses don't want to review – followed by our reasons why it's important that you should!

“We are **CONTENT** with what has always been in place.”

We believe contentment breeds complacency and in a business critical area such as accounting this is a costly mistake, whilst your competitors may be improving and developing. Given the opportunity to meet with you we can take you through just how we make a real difference to our customers and their bottom line.

“We use a **LOCAL** firm who are just around the corner”

One of the most common reasons for sticking with a current firm is that they are local. Accountants don't need to be on your doorstep to give you great service. They can work from anywhere, and give you as much advice as you need by email or phone. You can even have regular video-conferences so they are involved in your business, almost like a virtual FD. With this approach you get the benefits you would with a local accountant but one who has a wider knowledge base.

“ We're **RELUCTANT** to change and **LIKE** the status quo.”

Reluctance to change is understandable, but recognising the benefits of change is essential. Without reviewing other alternatives you simply do not know what you are missing out on.

“We **TRUST** our current accountants – and won't know a new firm.”

All relationships require trust from both sides and not least the area of accounting and financial planning. We are a professionally qualified firm with a proven track record working with clients of all sizes, our partners have experience in a wide variety of fields. We will make the change process as quick and simple for you as possible.

“We have **INSECURITY** that we might be told something we don't like or cannot change”

If there's something you don't like, you and your new accountant will always be able to find a way to change things.

“We settle for **POOR SERVICE** because the bill is cheap”

The truth is you are almost certainly paying more for this 'cheap bill' through poor strategic advice, inflated tax bills, little or no financial planning and potentially woeful business systems. If your view is truthfully to pay the least possible for the minimum you can get away with – we are probably not right for each other. We offer a professional service, with an emphasis on quality.

However if you have simply paid a low fee to your current firm because you didn't know what else was on offer we would love the opportunity to meet with you.

“We have a **FEAR** of change resulting in accepting the norm.”

No one should accept 'the norm'. By striving for something better, you will open your business to more opportunities and achieve more. Being normal doesn't guarantee success.

Accepting the status quo is in reality doing a disservice to you, your business and almost certainly to your future and retirement plans. Change is of a vital part of long-term commercial success.

Lack of change often leads to complacency and in the mistaken belief that you are currently getting the best available service from your accountant, you miss out on new, more exciting and more profitable opportunities.

## TAKE ACTION

Take the initiative and call or email us for a totally free business health check. At freshwater, we understand the difficulties associated with change and will help you work through them. We also recognise the significant benefits you will receive by changing to a more future-focused, business-orientated accountancy firm: a firm which will help you reach your business and personal goals more quickly and profitably.

## We are not all the same!

There is a perception that accountants are a necessary evil and an expense the business needs to incur. There is a perception that we all do the same thing and will produce the same output. True most accountants do just that.

At the other end of the spectrum, accountants can be an essential part of any successful business, providing strategic financial and commercial expertise to maintain the business's competitiveness and increase its profitability whilst legally minimising tax.

However, ask your accountant the following questions and you may spot some signs of weakness: "How do I keep my best customers?", "Which of my employees must I keep?", "What is my exit strategy and how much can I be worth when that happens?" and "What is the best way to groom the business to sell and how do we achieve this in the most tax efficient manner?"

It's unlikely they will be expecting those questions, so see how they react. Are they comfortable answering them or are they being evasive with their answers? Only then will you know if your accountant is 'average' or 'special'. Which category is your accountant in? If you think they are average, maybe it's time to change. If you have been with them for a long time, they don't charge much, and do a good job with your compliance work, you might want to consider keeping them. But take on a 'special' value-added accountant to help your business grow and thrive.

If they are shrewd they will agree to work closely with you and your old accountant, providing strategic business advice. They understand that's where the real value is and know that if they do a good job, you will transfer all your business to them at a later date. We are not all the same. Now is the time to test how good your accountant is by asking those key questions listed above. Then sit back and wait for their answers!

If you would like to change to a more future-focused, business-orientated accountancy firm: a firm which will help you reach your business and personal goals more quickly and more profitably, then why not arrange an introductory meeting with one of our senior team and get a free Business Health check without obligation, simply by calling or emailing us.

## Are you reviewing the past – or planning for the future?

Perhaps one of the most important reasons to review your accountant is the way in which they work and the way in which you have become used to working with them.

All too often we hear the words “They come in; tell us what we already know; leave and send us their bill”.

Of course, there’s a requirement for accountants to review or audit the books to ensure they show a ‘True and Fair’ view of the company’s affairs. But in today’s marketplace, this should represent a small proportion of your accountant’s time and certainly not the key contact and thing you expect to receive from them each year

Far better that they and you should have access to ‘real time’ data to gain an insight into what’s happening in your business right now through accurate and timely management accounts and to generate realistic forecasts for the future.

Furthermore your chosen practice should work with you to develop valuable Key Performance Indicators (KPIs) that enable you to assess your business performance, quickly and accurately. Very simply put, these are the things that you would want to know if you were on holiday and had 3 questions to ask the office before your phone battery died!

The purpose of performance measurement is ultimately to drive future improvements in performance. There are two main ways you can use KPIs to achieve this kind of management power.

The first is to use your KPIs to spot potential problems or opportunities. Remember, your KPIs indicate trends in your business performance. If the trends are moving in the wrong direction, you know you have problems to solve. Similarly, if the trends move consistently in your favour you may have greater scope for growth than you had previously forecast.

The second is to use your KPIs to set targets for departments and employees throughout your business that will deliver your strategic goals. Here are a few examples of the KPIs you can use to monitor and drive your business:

- **Actual Cash position v Forecast:** how far ‘off’ are you from your forecast cash position? What’s the main reason for it?
- **Actual Sales v Forecast:** any discrepancies need to be researched and understood so you can take necessary action to bring the figures back into line.
- **Liquidity ratio:** this will let you know how well you are able to meet your short-term financial obligations – a key figure for almost all businesses in the current climate.
- **Gross profit margin:** how much gross profit you are making on average, per sale? You’ll know what margin you expect to make, so the actual margins will reveal whether you are paying more for the cost of sales or not achieving your full sales potential.
- **Daily production quantities:** in a high volume manufacturing business, the speed of production could be critical to profitability, so you’ll want to know that performance is at acceptable levels.

- **Customer complaints:** if you deal with consumers, say in a mail-order business, you'll want to know how many complaints you have each day, and the broad reasons for them, so you can spot any trends and make plans to deal with them.

Of course, there are hundreds, if not thousands of performance indicators within every business. Your accountant will be able to help you identify those that are key to your business and set up systems to monitor and measure them on a daily, weekly or monthly basis.

## Do you have KPIs?

Is your current firm spending too much time checking historical records, rather than helping you monitor and measure the key indicators in your business so that you – and they – can drive your business forward to greater profits. It's not rocket science, but it does require a more future-focused attitude to your business.

If you would like to change to a more business-orientated accountancy firm to help you reach your business and personal goals more quickly and more profitably, then why not change to freshwater?

## Does your accountant add value to your business?

Perhaps one of the most important reasons to review your accountant is the way in which they work and the way in which you have become used to working with them.

All too often we hear the words "They come in; tell us what we already know; leave and send us their bill". Of course, there's a requirement for accountants to review or audit the books to ensure they show a 'True and Fair' view of the company's affairs. But in today's marketplace, this should represent a small proportion of your accountant's time and certainly not the key contact and thing you expect to receive from them each year

Far better that they and you should have access to 'real time' data to gain an insight into what's happening in your business right now through accurate and timely management accounts and to generate realistic forecasts for the future.

Furthermore your chosen practice should work with you to develop valuable Key Performance Indicators (KPIs) that enable you to assess your business performance, quickly and accurately. Very simply put, these are the things that you would want to know if you were on holiday and had 3 questions to ask the office before your phone battery died!

The purpose of performance measurement is ultimately to drive future improvements in performance. There are two main ways you can use KPIs to achieve this kind of management power.

## Has your current firm challenged, discussed & planned for your future?

One of the most important tasks for an accountant is to make certain that his client's future is understood, planned for and regularly reviewed. Only by making appropriate plans well in advance and reviewing them regularly, can your future and that of your business be safeguarded.

In order to make those plans your accountant needs to know:

- Where do you want to be, financially, when you retire?
- What actions have you taken already to achieve this goal?
- Do you have an exit plan?
- Do you want to sell the business at some stage, or do you have a successor in mind?

So many people we speak to have a goal of selling shares in a business as part of their long term strategy yet take no action in the short term to work towards that. Many others plan to sell certain assets, land, property, shares etc with little or no thought to the tax implications and without any plan or knowledge of how to mitigate this tax.

Are you actively preparing for your future in the most tax-efficient and proactive way possible?

Has your accountant been working on plans for your retirement? Are those plans reviewed regularly, especially in the light of any stock-market falls? Has a business exit strategy been planned? Are current results in line with that strategy? Is your wealth protected? Is your family protected in the event of your death?

Any practice worth its salt will make sure all these questions – and more – are answered as part of the annual client review. What's more, they should be connecting you with the right companies who can sell your business for the highest possible price when the time comes. What will you earn when you retire? What are your long term plans?

Are you regularly reviewing (every 6 – 12 months) your long term plans taking into consideration the massive current market changes? Is your accountant discussing this with you and encouraging this process?

We are a future-focused, business-orientated accountancy firm: a firm which will help you reach your business succession, retirement and wealth creation goals with greater certainty. To arrange an introductory meeting with one of our senior team and get a free Business Health check without obligation, simply calling or emailing us.



## Is your accountant a 'sounding board' for commercial ideas, thoughts, plans or hopes?

Many business decision makers and owners, especially those who are entrepreneurial, operate their businesses in something of a vacuum. They are the creative force behind the idea; they generate the sales and, more often than not, they'll undertake the marketing too. But in all businesses, there comes a time when one team's vision needs to be supplemented by someone with external focus. It could be a friend or family member, but who better to act as a sounding board for new business ideas than your accountant?

These days, accountants have to be far more than simply compliance clerks. They should have a broad range of business expertise, a variety of clients and the ability to make sound business decisions. Yet all too often, they don't get involved in this decision-making process. Perhaps that's because:

1. the business owner doesn't have any reason to think they might have an opinion, or
2. they haven't made a conscious effort to get to know the client or the business well enough to express an opinion.

Either way, it's a missed opportunity on both sides.

## Is your accountant asking you tough questions?

If your relationship with your accountant is built on the ability to communicate freely and to trust each other, he/she should regularly be asking you tough questions about your business. It's not a confrontational tactic, but an honest and open way to find out whether you are giving certain aspects of your business the importance they deserve.

After all, there's no value in asking questions which are easy to answer!

So, when was the last time your accountant asked you a 'tough' question, such as:

- "What impact will the increase in VAT have on sales and cash-flow this quarter?"
- "If your main supplier goes bust, where can you get supplies at the same or better price?"
- "If you lose another contract, what impact will that have on cash-flow?"

If your accountant isn't asking 'tough' questions about your business, there's an easy solution – find one who does!

freshwater is a future-focused, business-orientated accountancy firm that's not afraid to ask the toughest questions to help you reach your business and personal goals more quickly and more profitably.

## The world has changed; the economy has changed. Has your accountant changed?

As a result of the banking crisis of 2008/2009, and the period of recession which surrounded it, the business world has had to change. Orders were cancelled and staff laid off in an effort to reduce costs; there's been pressure on cash-flow and working capital, but bank loans have been far more difficult to obtain. Consumers too have felt the pinch through increased levels of deposits for homes, higher supermarket costs etc.

All this has meant that for many businesses it's been really tough. Just the time, you might think, that accountants would be most active; helping their clients get through the recession with helpful advice and proactive strategies.

Yet in many cases, accountants have put up the shutters themselves to ride out the storm. They've cut back on staff and made themselves scarce at a time when their clients needed their help the most.

### Safe harbour?

If your accountant has a 'safe harbour in a storm' mentality rather than an 'all hands to the pumps' strategy, you'll know it's time to change.

To experience all the benefits of a more hands-on, proactive firm of accountants, contact freshwater today.

You'll be changing to a more future-focused, business-orientated accountancy firm: a firm which will help you reach your business and personal goals more quickly and more profitably. Arrange an introductory meeting with one of our senior team and you'll get a free Business Health check without obligation.

## Do you and your accountant speak the same language?

If you are reluctant to talk to your accountant because you can't understand the jargon he uses, it's highly likely that your relationship will be very short.

After all, being on the same wavelength is an essential prerequisite if you want to get maximum benefit from your accountant. Yet all too often, they are so wrapped up in their own language that it's difficult to know what you need to do – or when you need to do it.

At freshwater, we understand the language of business. We are committed to no jargon, no finance-speak, Just plain English!

If you would like to change to a more easy-to-understand, business-orientated accountancy firm: a firm which will help you reach your business and personal goals more quickly and more profitably, then why not arrange an introductory meeting with one of our senior team. We won't let you down. We will do what we can to help you and your business.



## Do you know your accountant will charge you this year?

Having a clear fee policy is essential in today's business world. Clients need to know exactly where they stand. So for example, if you saw 'Fixed Fees agreed in advance. No extra charges for meetings or phone calls', you'd know exactly what your accountancy fees would be for this year.

Unfortunately, many accountants still operate by the 'old book' method of charging clients by the quarter hour or perhaps, by the minute! So if you speak to a partner for 10 minutes on the phone, you'll be charged for 15 minutes at the partner's charge-out rate – perhaps £300 or more per hour.

Clear-fee policy If you don't know how much you'll be paying for your accountant's work this year, now's the time to find one who will be free with his time and fixed with his fees.

At freshwater we don't charge for phone time! In fact if you have an urgent question we will call you back. Simple.

If that's not reason enough then call one of our team members to arrange a no obligation one to one face discussion to see how we can help you and your business.

