

Scale and sale

A phrase heard at an accounting conference led Nikki Adams, director at Ad Valorem, and her managing partner to change tack in their approach to running their practice and now, with AdvanceTrack's help, they're reaping the rewards

Nikki, tell us about your practice

We were a traditional practice in terms of our offering – although myself and managing partner Nigel Adams came from industry. Our practice did the same as others for the first eight years, but we got fed up – we weren't making enough money and it was hard.

After attending a national accounting conference, we changed our focus, and our mantra became making the business 'scaleable and saleable'. We set out to create a £2m practice... clients wanted tax so we looked to build that as a specialism.

Our practice is more advisory-led and includes a strong R&D tax claims service. We also consider ourselves more commercially-focused than many other practices.

When did you start using AdvanceTrack, and why?

As a practice we'd struggled getting our head around 'the cloud' at the start, and how we'd implement it. We were frustrated and a bit behind the curve. Then we set up a 'Millennial Club'; under-25s who said what they thought the practice of the future would be – and they've led our cloud offering.

In 2016 we started bringing in cloud clients and convert existing clients. We now have ten new clients a month coming in.

The only way to handle this was having the AdvanceTrack offering to manage our rate of growth.

We're very open with clients as to how and where the work's done. If clients want advisory, we'd rather them spend money on advice than their bill being simply for putting a set of accounts together.

What impact has AdvanceTrack had on the running of your practice?

It has enabled us to allow more junior members of staff to access clients earlier in their career – becoming 'client managers' as 'assistant accountants'. Even a trainee will have a portfolio of clients for whom they're responsible. Our consistent message is we want to have client contact.



We see our teams as having a client manager, assistant accountant, trainee and then AdvanceTrack supporting them as part of that team.

What is the future for your practice? What are you looking to achieve, and how?

We know that offshoring didn't work for us, so the benefit of AdvanceTrack is that it is up to (AdvanceTrack MD) Vipul to get the right people – we don't directly have that concern about talent.

We also know that the accounts production side of things is taken care of. We can fill the 'client hopper' without worrying about capacity. It then enables us to pay our staff well, which is crucial in a very difficult recruitment market.

We want to get to £10m in revenues seven years from now. We wouldn't be able to contemplate this without knowing that AdvanceTrack is by our side every step of the way.



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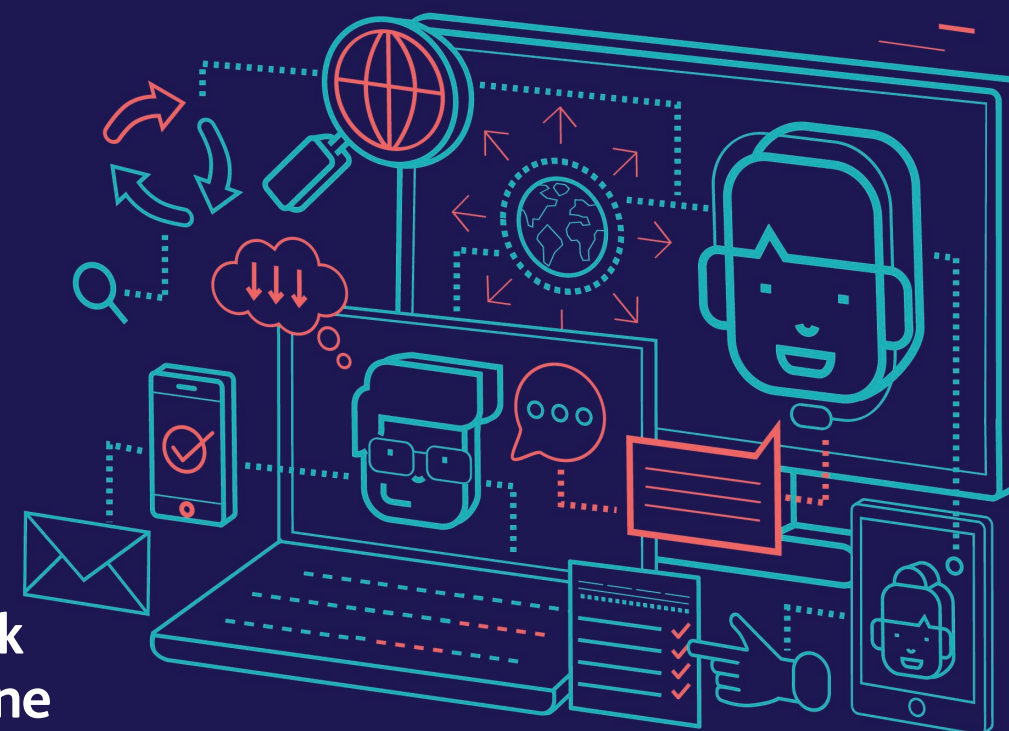
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Question time

To start the new year we've put together a comprehensive guide to how you should approach outsourcing, from 'what can I outsource?' through to the key questions you should ask of your own practice's strategy and operations. AdvanceTrack founder and MD Vipul Sheth fields the questions from Kevin Reed

What is the 'starting point'?

While outsourcing as a concept is well understood, practices can struggle to align that concept with the running of the business. Unless you see outsourcing as a strategic part of delivery for your firm, it won't work.

For example, do you understand how you're utilising your current staff and that outsourcing could create great (and positive) change to them?

Ultimately, do you want your people and practice processing data? I think that, instead, you'll make more money spending time sat in front of clients. Using an outsourced service can help you spend more quality time with clients. You'll bill much more per hour and it will make you a proactive adviser in the eyes of your clients.

Your staff will be involved in those client-facing conversations and earn more money for you. And as their own value increases, you'll have more satisfied and better-paid staff. And happier clients.

What can a practice outsource? What are the most popular or standard types of outsourcing that take place, and how is that evolving?

In principle, any task where someone is sat at a computer and inputting manually has the potential to be outsourced, from tax work to bookkeeping and accounts production. What's unlikely to be outsourced is the



conversation piece with the client, unless there are some basic forms of administrative-focused communication. What tends to be outsourced early on, with relatively low risk, is year-end accounts – a popular choice. You have nine months to file a set of accounts so there's ample time to check without the client requiring visibility during that process. The information is not being changed live as it would be with bookkeeping. It sits in its own silo.

As for evolution, well, the biggest change happening is the need for real-time data. As a result of this, areas such as bookkeeping in the cloud are increasingly being demanded by the end-client. So, if they want real-time bookkeeping, how do you deliver that at scale?

And that's where we come in, helping to systemise in order to scale that service upward.

Once their information is processed consistently and quickly, you're moving to real-time information. So, the achievement as a result of MTD compliance is you just need to press a button.

What types of practice outsource, and why? Do certain types of practice outsource certain types of process?

It's not really about size, it's about attitude. Big firms would do it more because of their scale, but because of their size it means a lot of buy-in is required from a range of people. It can be done by them but requires a much more involved process.

When I meet the whole partnership, they'll have gone through the whole 'why?' journey; any change project requires leadership and sponsorship. And it can also fail with small firms, if someone in the chain doesn't go along with the plan.

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How long can it take to get a process or function outsourced? Why does it take that long – or short – a time?

I could ask, "How long's a piece of string?", but it can be fairly quick, relatively speaking. Again, it depends on both attitude and the will to harness technology. If a group of people understand tech and are prepared to standardise (which will require change in an organisation), then it will happen.

One of our most successful clients used outsourcing to standardise their working files. Instead of a different approach by client, office or partner, they said "this is how we produce a file to support accounts". So, when that data comes to us it means that we know exactly how it has to be prepared.

How does the arrangement work between outsourcer and practice? What is the process and how secure is it?

For bookkeeping, we can work with cloud tools that are collecting client data and we sort it, then push it into accounting software and make sure it's fully reconciled. An accounting firm might have someone continue doing this, but instead of looking after ten clients that person can now manage, say, 50 clients. Their work will also change – it won't be about processing, but their time will be reviewing the outputs (while understanding how it's put together) and work at greater scale with their end-clients. This also frees them up to speak to clients.

Once the initial work is done, some firms get us involved in undertaking management accounts and reporting on behalf of their clients. It requires skill to understand what you're doing and how you're doing it, but it can be systemised as well and enable you to speak to your clients in a consistent manner.

As a firm you can move to a subscription-type service and start having great conversations with clients. You're not reporting history.

On security, some in our industry believe that just because the outsourcing staff log into a firm's network, they think there are no other GDPR or data protection requirements; we have lots of protocols required to keep client data secure. You can't just say, "we're working on your servers in London"; there is a separate requirement to undertake impact assessments around how that data is being accessed.

Then, beyond that, the protocols must be secure. We can work on a firm's network, where firms have their own IT staff, to do work to ensure data accessed by our team members is locked down and things can't be abused.

What are the key advantages from a cost and process perspective that outsourcing can bring?

This may sound odd, but even in 'year one' of the project (even when factoring

Key questions to ask outsourcers

What experience do you have in the outsourcing space? What credentials does the outsourcer have in place, and are they interested in how your practice operates? Try and speak to existing clients. This is all crucial as it will impact directly on your working relationship.

Do you also run an accounting firm? It's not unknown for some outsourcers to also provide their services directly to what would be considered end-clients. Therefore, are they actually competing with you and, if so, are you comfortable with that?

What credentials do you have that give me satisfaction that you're trustworthy and reliable? Accreditations should be asked of the outsourcer. What are their processes and general approach to security and reliability? Where are their operations based, and can they be visited?

Key questions for the practice to ask itself

Do you want to grow your business? Simply hiring more staff is a way to help you grow, but getting staff competent at processing complex accounting and tax data means they're sought after. It's also difficult to improve margins. Lastly, will this approach work when attempting to provide data to HMRC more regularly, and will clients start asking for better and more timely services?

Do you want yourself and staff to be more client-facing? If you're looking evolve your offering, then your staff will be vital in achieving your goal. Freeing them from processing provides an opportunity for them to help your practice evolve.

Do you want to make more money? Improving margins and profitability requires you to improve your processes.

in internal time) you're probably looking at break-even from a pure cost perspective.

But I'd say that, longer-term, what you can achieve is more client-facing time, and as a result they bill more.

They've also changed the type of person they recruit, not someone to work in an engine room but instead be comfortable sitting in front of clients, and talking sensibly and confidently about that business. They're not having to talk to clients' FDs about deadlines and accessing information. And it's a totally scalable process.

What else should my practice consider?

When I sit down with practitioners I say: "You need to have a standard workflow." So whatever is sent to us by whomever, it looks pretty much the same every time, while appreciating or understanding where there will be exceptions. Get standardised yourself and then expect that level of process rigour from the outsourcer.



Vipul Sheth is founder and MD of AdvanceTrack
Kevin Reed is a freelance editor

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