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The new normal

Offering a service, setting a price and collecting your fees have been turned upside-down in lockdown. How have practices coped, and what does that mean for their future direction?

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Through the looking glass

With many clients facing long-term depressed sales and an increased debt burden brought about by loans, how can advisers both maintain fees – or even increase them – and keep their clients afloat? We speak to practitioners about their plans for the next 12 months



In recent months, during the Covid-19 pandemic, InsideOutsourcing has followed the fortunes of several practices as they look to help clients traverse the abrupt halting of face-to-face business.

This month we hear from a new set of practitioners, understanding their approach to pricing, billing and fee collection. These are thorny topics at the best of times. But lessons have been learned, and these will shape their future strategies.

Taking a position

Three of the practitioners told us that, at the time of lockdown, they stuck to their guns on pricing for services. That isn't to say that they went wild when business owners and directors knocked down their doors desperate for help. In fact, it was the opposite.

As a slew of loans, grants and furloughing information came out of the government, the firms decided against introducing complicated time billing.

"When things went pear-shaped in March, it was a shock," explains Glenn Martin of Avery Martin. "Clearly nothing like this had happened before and people didn't know what to do. The first week was chaos, with some clients calling us in tears."


The most important thing was to keep clients'

businesses alive: whether through a loan, finding alternative routes to market with their product, cashflow forecasting or cost-cutting. It was often a combination of all these things.

"It was a short-term fix," explains Stuart Hurst, a director at Accounts and Legal and previously chair of UHY's UK cloud accounting group until June. "Rather than dropping fees, we were doing more work for the same price, and 'no win, no fee' on supporting loan applications. There had to be some goodwill."

For Ria-Jaine Lincoln, a director of beauty specialist accountants Ria-Jaine & Co, her firm allowed payment holidays where clients were in acute financial distress, alongside flexibility in the overall packaged offering.

"Pricing has always been built to collect payment in advance, but this is also flexible so clients can strip out certain elements of a package to save on costs with minimal impact on the practice – and there is scope to allow a payment holiday based on current fee structure for monthly paying clients," she explains.

Glenn Martin says that, initially, he thought the firm had got its pricing wrong. "We were asking clients: 'Can you maintain the retainer for as long as possible, and we'll help you with the extra stuff,'" 

he says. “We didn’t have any bounced direct debits.”

Putting aside this fear, Martin set to work building up a platform from which communication could be pushed out to clients en masse where appropriate.

“When you have 100 people asking you what to do, we had to create some breathing space,” he adds.

Whatsapp and Facebook groups were created, and Martin would direct clients to his webinars in a bid to keep them up to speed as events moved on.

Charging points

However, the nature of the offerings developed, particularly around helping manage furlough claims and applications under the CBILS.

“We had a quick query service built into client retainers,” says Martin, “but the effort going into helping with furloughing, well we thought we’d given away too much (aside from billing the larger payrolls).

“There were extras we charged for, including CBILS applications and cashflow forecasting, plus nominal charges for some work. But clients said they really appreciated our effort and asked us to bill them.”

Stuart Hurst saw clients cancelling their direct debits, so these businesses were contacted and there was a correlation between the clients’ actions and their parlous financial condition. In other words, those scrabbling to save cash faced the most urgent financial support.



Stuart Hurst

“The first thing for them was to panic, so we worked fast to get them out of the dire straits,” he says. “Of those, only a small percentage have packed up.”

New clients, old clients, new normal

Both Martin and Lincoln have seen new clients come on board, a justification of their approach to their work in recent months, alongside judicious social media work that highlighted their offering.

“We are getting in front of non-clients, while the fee reviews that passed us by in March are now going through with little resistance,” says Glenn Martin.

And now comes the plan for the next few months, and beyond. The lockdown has meant that clients and accountants have communicated with each other more than before. And where compliance services may have been satisfactory for both parties, things have moved on.

“We’ve found there’s now a better awareness about financial matters and financial health, which emphasises the need for both cashflow forecasting and understanding your cash burn,” says Stuart Hurst. “I think our services will change forever.”

Ria-Jaine Lincoln says that she and her firm are now focusing on “improving the customer journey and experience”. “It’s about going completely digital, to be able to work and communicate quickly,” she explains.

“[By freeing up more time it’s allowed me to] offer advisory and save on staff costs, while being there and on call for clients. Client check-ins have been adjusted slightly with a focus on cashflow and recovery, and I have automated a lot of my processes to help with all of the above.”

For Glenn Martin, helping clients put a business plan in place is the foundation for services going forward. “Everything’s easier once there’s a plan in place to work towards,” he says. “Certainly, in this current situation, if turnover comes back at 60-70%, a really good plan needs to be in place.”

He also extols the virtues of providing free tools to help clients undertake some of the effort themselves.

“We pushed a lot of free content out to people – cashflow models and basic business plan templates – we’re encouraging people to do it

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themselves and then we could check and review it,” he says.

Hurst says his firm can see a broader impact on both service offering and the team’s development and roles from what they’ve learned in the last few months.

“The reality is that not all clients want a ‘management accountant’, but we’ve now improved our internal efficiencies to be able to offer services without charging more, so we can offer more clients a better service and maintain or improve margins,” he says.

The firm’s accounts teams and trainees have seen their understanding of tech tools, and of clients, improve during this period.

“They’re using software to help them, which has dramatically decreased the time to process data – so they can be more advisory and not feel like it’s eating into fees,” says Stuart Hurst. “We hope our clients grow and then we do more on bookkeeping and CFO-style support... we’ll grow as they grow.”

Running a firm in the post-lockdown world

InsideOutsourcing speaks to Alex Falcon Huerta of Soaring Falcon Accountancy about her firm’s journey through lockdown

“When I started the firm I wanted it to be fully online, but with the feedback from clients it was clear they wanted a face-to-face accountant,” says Alex.

“Since the business has grown, and more importantly since Covid-19, clients and the team have embraced technology because it allows them to do things quicker, meaning they have time to do a maths lesson with the kids then jump on a conference call with us in the evening to get the finances checked.

“I have built a remote team and am targeting high-end clients with high value –



Alex Falcon Huerta,
Soaring Falcon
Accountancy

and it’s working. More clients are asking for management accountants and cashflows. The last few months have really helped shaped what accountants are for.”

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