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STRATEGIC BUSINESS PLANNING: HELPING CLIENTS FOCUS ON THE FUTURE

Many CPAs are well-versed with what happened with their small business clients last year, or the year before. But how familiar are you with their plans going forward? For next year? Or 20 years down the road?

Helping your small business clients build a strategic business plan, with growth and their long-term goals in mind, can be one of the most valuable things you can do for them.

It's also an incredible challenge, partly because small business owners are so mired in the day-to-day survival of running a small business that "today" takes most of their energy and emotional fortitude. Thinking about tomorrow can seem far too overwhelming.

If CPAs truly want to help their small business clients, they

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need to help them focus on the future. They need, in other words, to build a workable and actionable strategic plan to help them get there.

Today, that marries two ideas: CPAs still need to ask the arduous questions that help clients define their goals, but they also have to use technology to keep those goals visible and hold their clients accountable to achieving them.

A GPS FOR THEIR BUSINESS

The basis of solid strategic planning, says Robin Baum, CPA, managing partner at Beachwood, Ohio-based Zinner & Co., is still a decidedly people-focused process. Technology may support that process, but CPAs should never lose sight of the fact that they are, first and foremost, personal service providers. That means CPAs still need to sit down face-to-face with their clients to dig deep into their goals for the future.

That digging takes persistence, Baum says, because often a client's answers to questions about hot-button issues, like succession planning, family dynamics, long-term growth, and even the mission of his or her business, are not always what they appear to be on the surface.

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“Clients will say things like ‘we want to be more profitable’ or ‘we want to be recognized for our charitable giving,’ but often they don’t think through what that will require,” Baum says. “They don’t realize that being profitable may mean a family member has to take a cut in pay, or charitable giving requires a level of staff investment and cash they’re not willing to commit to. You have to go further than the blanket statement.”

John J. DeMartino, CPA, of Larchmont, New York-based JJD Consultants LLC, says during his 18 years in practice, technology and the CPA profession have both changed dramatically, but one thing has remained constant: Most small business owners will avoid writing a business plan until they are compelled to – usually because they need to secure outside funding.

“I have had clients who never strategically prepared for their company moving forward because they are so caught up in the past and because writing a business plan, like projecting cash flow, can be time-consuming and tedious,” DeMartino says.

To impel them, CPAs need to underscore the cash value and cost-benefit analysis of such a plan.

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“I tell them a strategic business plan is like a GPS for their business. It’s a living, breathing document that should be continuously consulted and reviewed,” DeMartino says.

When they embrace that idea, he says, creating a business plan becomes an “awakening” because clients can see strategies, which may exist ideologically, need to be planned, resourced, financed, implemented, and executed.

HOW TECHNOLOGY HOLDS CLIENTS ACCOUNTABLE

Helping clients move from ideology into action, says Anita Sherman, CPA, managing partner at Indianapolis-based Greenwalt CPAs Inc., is an essential skill for any CPA who wants to transition from tax provider or auditor to trusted team member – someone a small business owner will reflexively call anytime they need help.

To spur clients to action, Sherman says, CPAs need to work with them to create a practical, workable plan that is thoroughly integrated into their tech platforms, and visible through a dashboard, so they can consistently monitor, and be held accountable to, their goals.

That accountability, Sherman says, is where technology and strategy truly join hands.

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“The way I think about strategy is there is the planning and there is the process,” Sherman says. “Planning is a face-to-face endeavor, but we can use technology to track and measure goals and key performance indicators (KPIs). That’s the process.”

Sherman says creative CPAs can help small business owners use technology to analyze, monitor, and create accountability for nearly any goal they wish to achieve: ensuring a small business is maximized to sell, creating an 11th-hour retirement plan for a CEO, developing an action plan to help a son or daughter take over the family business, or determining the most profitable location to headquarter a business.

It’s the CPAs role, she says, to determine what data to measure and track on a daily or monthly basis, then present those key indicators on a dashboard so they are always front and center in their clients’ minds.

Specifically, small businesses can leverage technology to:

- ✓ Create dashboards to monitor KPIs and other performance goals.

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- ✓ Use dashboards to communicate and collaborate in real time with their CPAs and management team.
- ✓ Create a SWOT (strengths, weaknesses, opportunities, and threats) analysis.
- ✓ Track revenue per person, gross profit per person, gross revenue, cost of sales, expenses, gross profit percentage per customers for manufacturers.
- ✓ Mine data to determine high- and low-performing employees, supervisors, customers.
- ✓ Track donor information (dollar amounts on donations and timing) for nonprofits.

Dashboards are also incredibly helpful when working with clients who love the data but can't sort through it effectively, Sherman says.

“Right now, I'm working with some millennial clients who are enamored with all the data and tech, but they can't keep their eyes on 40 different ratios on financials. The dashboard helps them stay focused,” she adds.

Danny Estrada, CRM practice director for Net@Work, a national technology consulting firm based in New York City, says the avalanche of information technology produces is a

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double-edged sword for all users today.

“Ninety percent of the data that exists was created in the past year,” Estrada says. “Small businesses need to know their numbers in order to have a strategic advantage.”

Usually, Estrada says, that means help from a technology professional or a tech-proficient CPA who can set up the right systems to work for clients.

“I tell small businesses they need to know what the key elements in their business are, be able to monitor that data, and have that data talk back to you. Then you can make better strategic decisions,” Estrada says.

Small businesses can leverage cloud-based customer relationship management (CRM) systems with their on-premise or cloud financial systems/accounting software, for example, to monitor strategic information accordingly, he says.

When that happens, businesses can then track inventory that’s running low and send alerts via smartphone, or professional service providers can practice better time management, for example.

CRM technology, in particular, can also help small business owners determine their best customers and develop a niche

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market that will make them both more efficient and more profitable in the long run, Estrada says.

“CRM tells you who is the best fit for your small business and who you have no opportunity to win, which can be a make-or-break distinction for most small businesses,” he adds. “In terms of strategy, lack of discipline is the No. 1 killer of new businesses. If you can see on a dashboard who your valued customers are and have the discipline to stick to those customers, you’ll make smarter decisions for your business in the long run.”

KEY STRATEGIC-PLANNING QUESTIONS TO ASK YOUR CLIENTS

Wondering what types of questions will really get to the heart of your small business clients' long-term strategic goals? Anita Sherman, CPA, managing partner at Indianapolis-based [Greenwalt CPAs](#), says the following strategic planning questions can help you clarify your small business clients' plans for the future:

- ✓ If something unexpected happens to you, or you no longer want to be responsible for the day-to-day operations of your company, what would you like to have happen? Sell to an outsider? Management buys you out? Transfer to a family member? Shut the business down?
- ✓ What needs to happen between now and then to make sure the business remains successful?
- ✓ Have you set goals for improving your business over the next three to five years? What are those goals, and who will help you make those goals a reality?
- ✓ In what ways are you better than your competition? What can you do to ensure that continues?
- ✓ In what ways is your competition better than you? What can you do to pass them?
- ✓ Can you describe your succession plan for each of your key positions?

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