

# Spotlight:

## Integrating advice and accounting



Accounting firm Gold Group Consulting successfully adds advice to its service offering to meet increasing demand from its Self-Managed Super Fund (SMSF) clients.

### Combining accounting with advice

Gold Group Consulting is an accounting firm located in Queensland that has provided a range of tax, audit, and advisory services, including advising trustees of SMSFs, since 1969. Today, the firm has close to 200 SMSF clients. Not only has this side of their business grown significantly in recent years, but their SMSF clients were increasingly looking to them for advice on a broader range of issues.

One of the firm's partners, Tyson Flower, became aware of the growing expectations from their SMSF clients, recommending that the firm integrate an advice offering into their accounting practice. Tyson also felt that their current service offering didn't allow them to provide the level of advice that SMSF clients needed on related issues, such as default levels of insurance.

*"Knowing how much to charge for advice was a key consideration."*

So in early 2014, Tyson Flower completed his financial planning (RG146) accreditation enabling Gold Group Consulting to provide their SMSF clients with the advice

they needed. However, gaining professional qualifications was only the first step. Gold Group Consulting also needed to integrate their new advice services with their existing accounting services.

### The challenges

Accountants have the knowledge to give good 'advice' but lack the systems and processes to support delivery, such as compliance measures, an Australian Financial Services License (AFSL) or professional indemnity cover in place to provide financial advice.

The firm's SMSF clients had been receiving general advice at no charge for years and the Group were unsure about how to make the transition. Being a traditional, established accounting practice also made it more difficult for the firm to move beyond the timesheet mentality.

### The solutions

#### Start slowly and gain support

When Gold Group first introduced advice, they avoided taking on too much too soon by focusing on their strengths – their knowledge and trusted relationships with clients.

The choice to start with an internal team member as the financial adviser resulted in an immediate transfer of trust, and also made it easier to gain the support of other staff within the firm. This was important as it was often the accountants who had the first conversation.

Instead of taking on the responsibility of ensuring compliance with license obligations themselves, Gold Group chose to become an authorised representative of Count Financial Limited. In Count, they had a partner who understood their thinking, client value proposition and conservative nature. They also gained access to large, well-resourced research and technical teams to help them offer better advice to their clients.

*"The fact that Count had licensed supported accountants for 35 years was a huge benefit."*

## Focus on advice, not product

Adding financial advice to their service offering enabled Gold Group to advise their clients on related issues and help them avoid potentially costly oversights. At Gold Group, this meant focusing on advice before product.

The biggest difference between the advice provided as an accountant and a financial adviser is how it is delivered. With the support of Count, Gold Group were able to quickly establish a new advice process resulting in clear, specific and, importantly, written advice. Documenting advice made it easier for clients to understand, and provided reference for use in future meetings.

When a product is required to implement strategy, the team selects a product best suited to the client and their situation. To do this, it is essential to have access to a wide selection of products without conflicts.

## Recommend rather than sell

Gold Group found that the best way to approach advice with clients was to think about the long term needs of the client, approaching the situation like a professional consultant rather than a 'seller of products'.

*“Work in partnership with clients, rather than taking orders from them.”*

The team at Gold Group see it as their job to ask the right questions. They work in partnership with clients.

One way they do this is by demonstrating the difference between having a retirement plan versus hoping for the best.

One of the big lessons that Gold Group learnt was that not all clients required advice, and they only should provide advice to clients who want it and are happy to pay for it. They found that their best, or biggest, accounting clients were not necessarily their best financial advice clients. In fact, they only see 20–30% of their existing clients taking up their advice services over time.

## Be clear on the value you can add

Knowing how to charge for advice is one of the most difficult hurdles to overcome. When creating a pricing model for their firm, Gold Group started by understanding the value of their advice.

There is a direct correlation between having a clear value proposition and the strength of your pricing. By having the right advice process in place, Gold Group could see the value of their advice more clearly. This made it easier to price their advice and, ultimately, increase the profitability of their business.

Being clear on their value also helped Gold Group avoid a number of other common mistakes, such as undercharging for their advice or giving it away for free.

*“When creating a pricing model for their firm, we started understanding the value of our advice.”*

## Top Tips

- Start slowly and leverage your strengths
- Put your clients at the centre of your service offering – both accounting and financial advice
- Challenge your practice to talk advice (and be aware of the safety blanket of tax)
- Your best accounting clients are not necessarily the best advice clients
- Be clear on the value of your advice and don't give it away for free

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