



*Our mission is to provide information and strategies to business owners and managers for improvement in the effectiveness of its business management so that key objectives can be realized.*

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## Certified Public Accountant or Profitability Consultant?

### Business Performance Advantage Success Story

Recent scandals have served to shaken public confidence in the accounting profession. Accountants, themselves, have spent years trying to step out of the "number-cruncher" stereotype. If you take a close look inside your CPA firm, you could be surprised to find out that your accountant has the ability to be more than your own personal number-cruncher. Yes, that's right, your CPA may have the answer to questions other than what you owe the IRS. As you will see in this Business Performance Advantage Success Story, accountants are taking performance measurement concepts to a new, and quite profitable, level.

"Most companies only go to accountants to get their taxes and financial statements prepared," says one Business Performance Advantage consultant. "But after delivering these standard accounting services for more than 20 years, I realized that there was a great opportunity to step outside the box and offer enhanced services that interpret those same statements." To that end, the BPA consultant offered profitability consulting services for more than five years using a number of modeling programs. According to this consultant, convincing company owners of the value of this service offering was the first challenge. Convincing them that their accountant was the one to provide the service was the next one.

The BPA consultant continued to search for the right tool that quickly and easily shows clients how their financial statement data could be leveraged into forward-looking performance measures. After all, improved corporate performance can often lead to an increase in the client's bottom line. Combining the in-depth knowledge of performance measures with the interactive goal-setting and modeling capabilities of a software program allowed the consultant to finally attain this objective.

The BPA consultant can now quickly break-down complex financial statements into easy-to-understand business drivers. For example, a single page display might show a wide range of key parameters such as average days for accounts receivable, monthly accounts payable, cash flow, etc.

Have you ever wondered what would happen if you increased your prices by 10%? What if your debt was reduced by 20%? Your BPA consultant can work through many "what if" scenarios, which will allow you to set goals for your company. Business owners can specify a desired objective, such as a specific cash flow figure, and the solution will indicate how the stated goal may be achieved by adjusting certain business drivers. For example, a company may increase cash flow to the desired level by decreasing the days in inventory from 120 days to 90 days and decreasing the average days for accounts receivable to 30 days. If this solution is too severe, manual changes can be made and the consultant will respond by indicating how this change will impact cash flow and what other parameters need to be modified to meet the original objective.

One BPA consultant reports that most of his clients are small- to medium-sized businesses whose managers have little or no financial training. "When you talk to them about balance sheets, income statements and cash flow statements, the most common response is a glassy-eyed stare. On the other hand, when financial data is displayed in these terms, their excitement is palpable because now, for the first time, they see information, not data, and they can understand how this information affects their profitability. I have yet to have a client who wasn't impressed with this presentation. But even more importantly, every client who has seen the presentation has substantially benefited from it."

What scenarios do you want to explore in your own business? What goals do you have for this year? Next year? Five years from now? Give us a call to discuss the things that keep you awake at night. We can help.