

PracticeWeb

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# Why SMEs won't pay for business advice – and how to change their minds

A PracticeWeb  
research report





# The problem with business advice

Over the past few years, increasing automation and the digitalisation of the tax system have created a shift in the accounting profession. Instead of taking a purely compliance-focused approach, more and more firms are focusing on advisory services.

Like many other technological changes, that has only been accelerated by the COVID-19 pandemic. The Government now has more reasons to push forward with its Making Tax Digital programme, and that will mean more businesses of all kinds adopting digital solutions to manage their finances and meet their reporting obligations.

The events of the last year also prompted some business owners to look to their accountant for new kinds of advice, from guidance on furlough, grants and loan applications, to support with Brexit-related changes.

But there's a problem. Business owners still tend to view their accountants as people who are only

interested in technical tax matters or structural changes in a business, and not as people they can go to for broader business advice. They don't see their accountant as someone who can talk to them about growing their business, or their long-term strategic goals.

For accountants who offer business advice as a service in its own right, or want to start doing so, overcoming that value gap is essential.

This research report looks at how SME challenges align with accountancy services, the value business owners place on advice, and where the main misunderstandings and knowledge gaps lie between accountants and their prospects.

And throughout, we've provided practical tips based on our experience, so you can start connecting with clients and demonstrating the value of your advice today.



**Melissa Tredinnick**

Technology and Innovation Editor, PracticeWeb



# Business owners don't value advisory services. It's up to you to change their minds.

**How can I grow my business? How do I safeguard it as I recover from the COVID-19 crisis? What can I do about cashflow problems – and how do I spot them before they turn into something worse?**

These are some of the biggest questions on the minds of small and medium-sized business owners in the UK today, and they're questions that accountants have the expertise, and closeness to those businesses, to answer.

But our research, conducted at the end of 2020 and start of 2021, suggests **business owners don't always receive the advice they need from accountants**, for a number of reasons. For some, it's too expensive. Others just don't feel their accountant offers the kind of advice that's relevant to them.

There are various gaps in understanding on the part of both accountants and business owners, which might create a barrier to buying business advice.

Business owners tend to have a limited understanding of accountancy certification and qualifications, which in some cases could put them at risk of receiving a poor service. But on the other hand, accountants don't always see things from the business owner's perspective and may assume their clients understand technical topics the way they do.

We've dug into the numbers and found the most interesting statistics to come out of this research, supported by one-on-one interviews that help to illustrate the way SME owners feel about the service they get from their accountants.

TOP BUSINESS CHALLENGES

# What are you doing to support your clients?



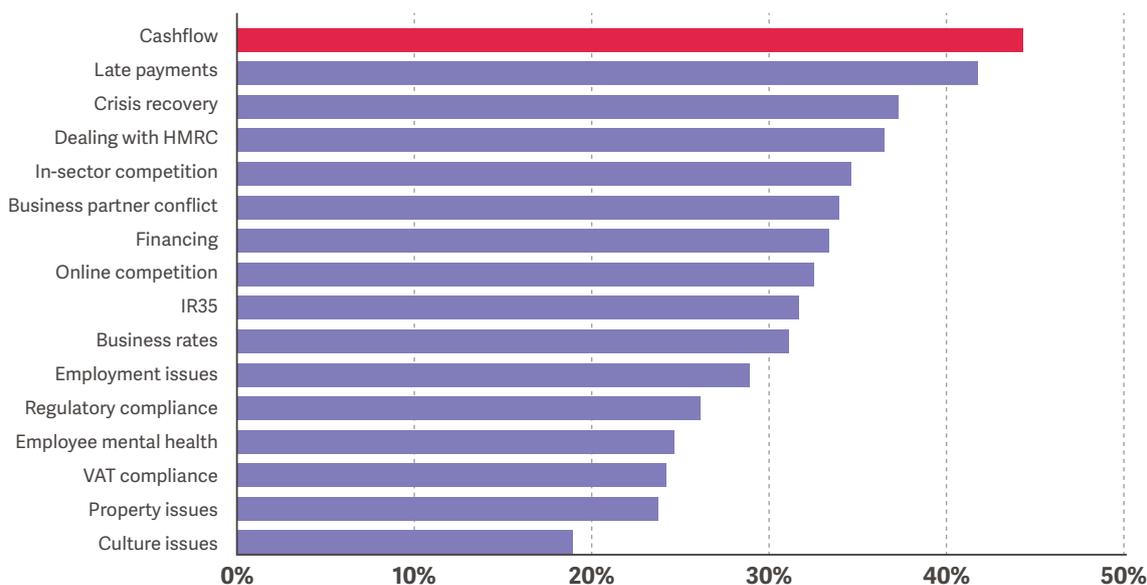


# What are you doing to support business owners with these top challenges?

Although 61% of our respondents listed their accountant as their main source of business advice, that leaves nearly 40% who get their accounting advice elsewhere. That's a problem that needs resolving.

When asked to rate their top business challenges, cashflow was the number one concern for survey respondents, with 45% describing it as "extremely" or "very" challenging for their business. This was followed by late payments (42%) and crisis recovery (37%).

## Business issues described as 'extremely' or 'very' challenging



More than a third also saw dealing with HMRC as a major challenge, which is particularly important at a time when businesses are relying on HMRC to provide COVID-19 financial support schemes.

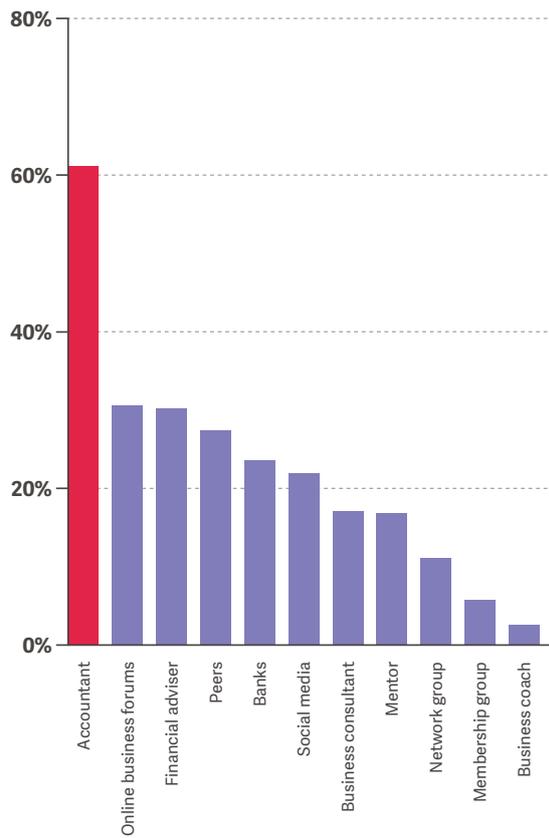
It makes sense, then, that 61% of survey respondents listed their accountant as one of their main sources of business advice. This was the top answer by a significant margin, followed by online business forums (31%) and financial advisers (31%).



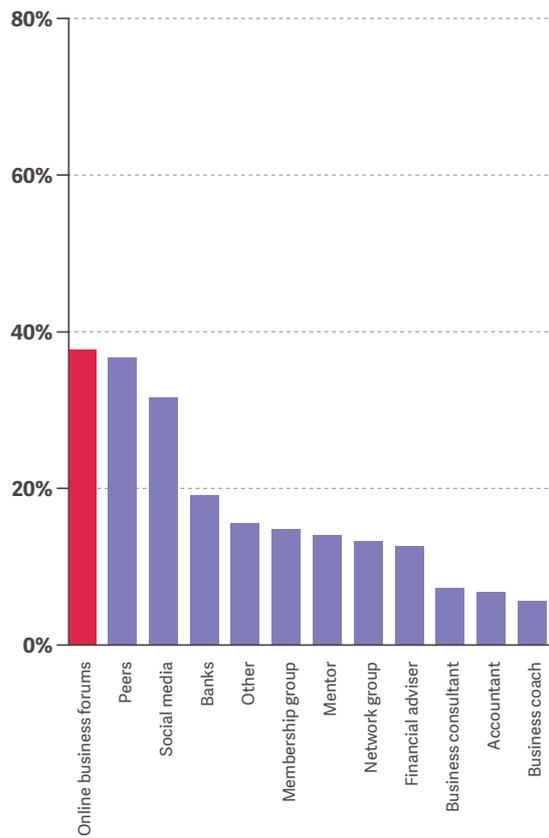
In our second survey, which focused only on people who did not have an accountant, respondents tended to look to online business forums (38%) or their peers instead (37%).

### What are your main sources of business advice?

Clients of accountants



Business owners without accountants



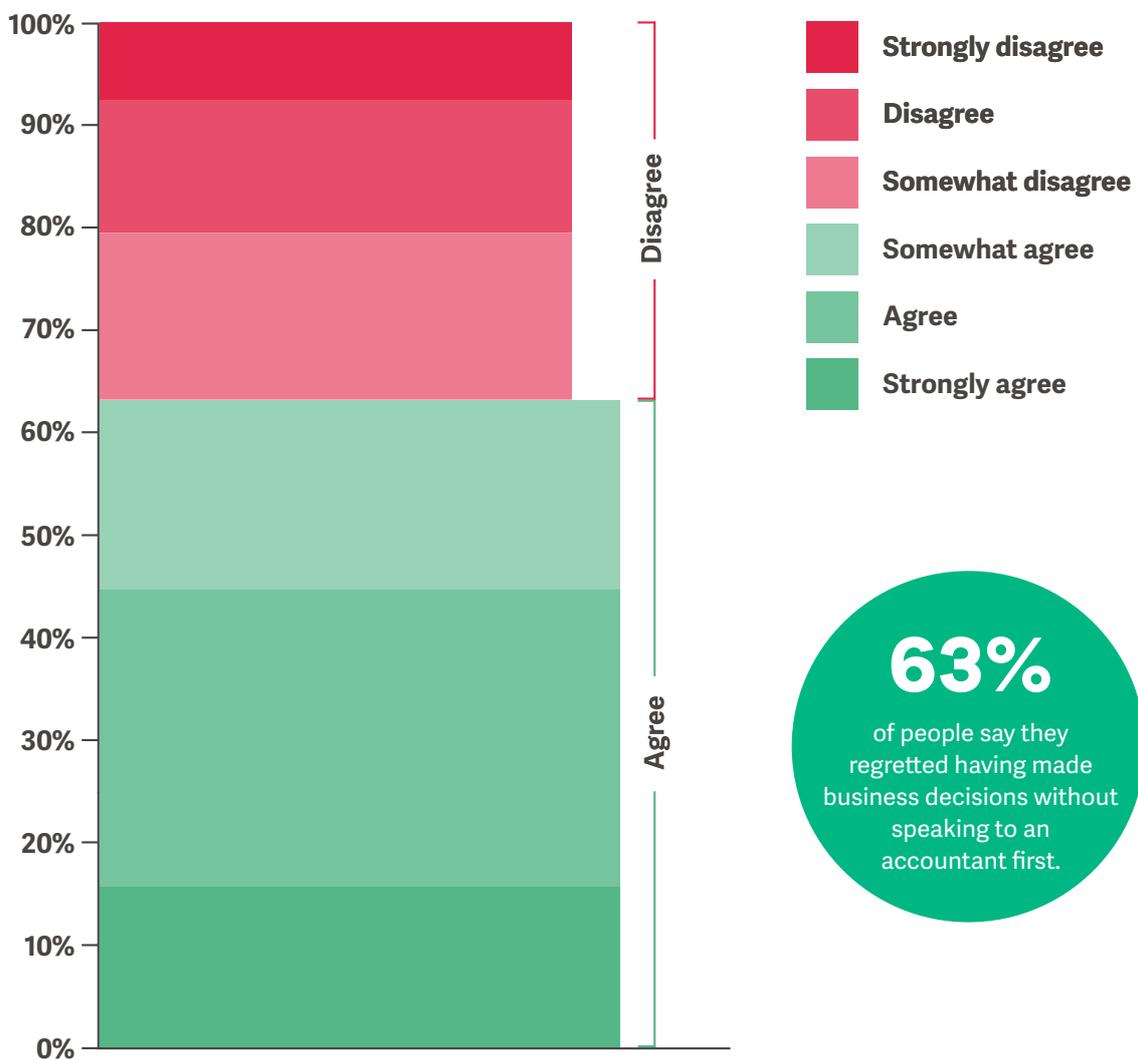
One of the business owners we interviewed said their accountant had become more important to them since the pandemic broke out:

***"I'm asking advice about bounce-back loans, that kind of thing. Whereas before, I didn't really need to ask her very much, I just run things by her a bit more."***



But that still leaves **a significant proportion of business owners (39%) who don't consider their accountant as a main source of advice** – and there's also evidence that those in need of advice don't always access it on time, with 63% of people saying they regretted having made business decisions without speaking to an accountant first.

**"There are business decisions I regret having made without talking to an accountant first."**





Despite such a high percentage of people saying they go to their accountant for advice, most of the people we spoke to in one-to-one interviews said they had not asked their accountant for advice on the challenges that were most pressing to them: problems like managing uncertainty, accessing credit, and attracting new business.

There were varying reasons for this, with some people saying they only received basic services from their accountant and didn't want to pay for additional consultancy work. Others were aware of advisory resources that their accountant provided, but didn't have any interest in them. One interviewee, for example, knew their accountant was offering webinars in response to the pandemic but simply didn't find them engaging.

Another interviewee, who had started their business within the last year, felt **their accountant could be doing more to help them choose the right services** and explain what they could benefit the most from.

"I believe there's loads that we could and should be doing that we're not because I don't have the time to do it and information isn't necessarily available freely," they said.

### Top Tip

The high proportion of people going to online business forums for advice serves to demonstrate the importance of helpful content.

Some of those people might be looking for interaction with other business owners, but it's also likely many are finding forum results when they ask their question on Google.

If you can answer those questions through a blog post or other content on your website, you will be able to open up new conversations with people in the sectors you work with.

### How PracticeWeb can help

Building a 'content hub' around a key topic on your website can be a great way to gather together resources you already have and make them easy for readers to find. This worked well for many firms for information on COVID-19 support, and you could also create a hub on other topics such as Making Tax Digital. If you're a PracticeWeb client with one of our [Horizon websites](#), we can get this set up for you.



"A lot of these accountants sell services. And it's almost like they're waiting for me to have a need and ring them up and say 'I need something' whereas actually, you want someone on your side of the business.

"What you need is for your accountant to say, 'Look, I'm going to take a step back from the stuff we sell. I'm going to sit on the buyer side of the table, and I'm going to understand your business, and think about what you're doing and what you're trying to achieve. I will advise if we've got [the service you need], and if we haven't got it, I will manage that second or third relationship.'"

This business owner likened this idea to an 'FD for hire' service, but felt that most accountants who said they offered this still tended to focus on the delivery of accounts more than the strategic side of things.

### **Top Tip**

You need to proactively market your firm's services in a way that speaks to your clients' needs, without just pushing services.

They want to know how you can help them, and the best way to do this is through case studies and content that speaks to their needs.

### **How PracticeWeb can help**

Our content strategy workshops are designed to help you engage your clients through a high-level strategy, supported by a practical content plan.

Combined with our monthly blogging service, this will give you a regular stream of content to keep your clients informed on key business issues, and to direct them towards the services you offer.

VALUING ADVICE

# Business owners don't see the value of advice



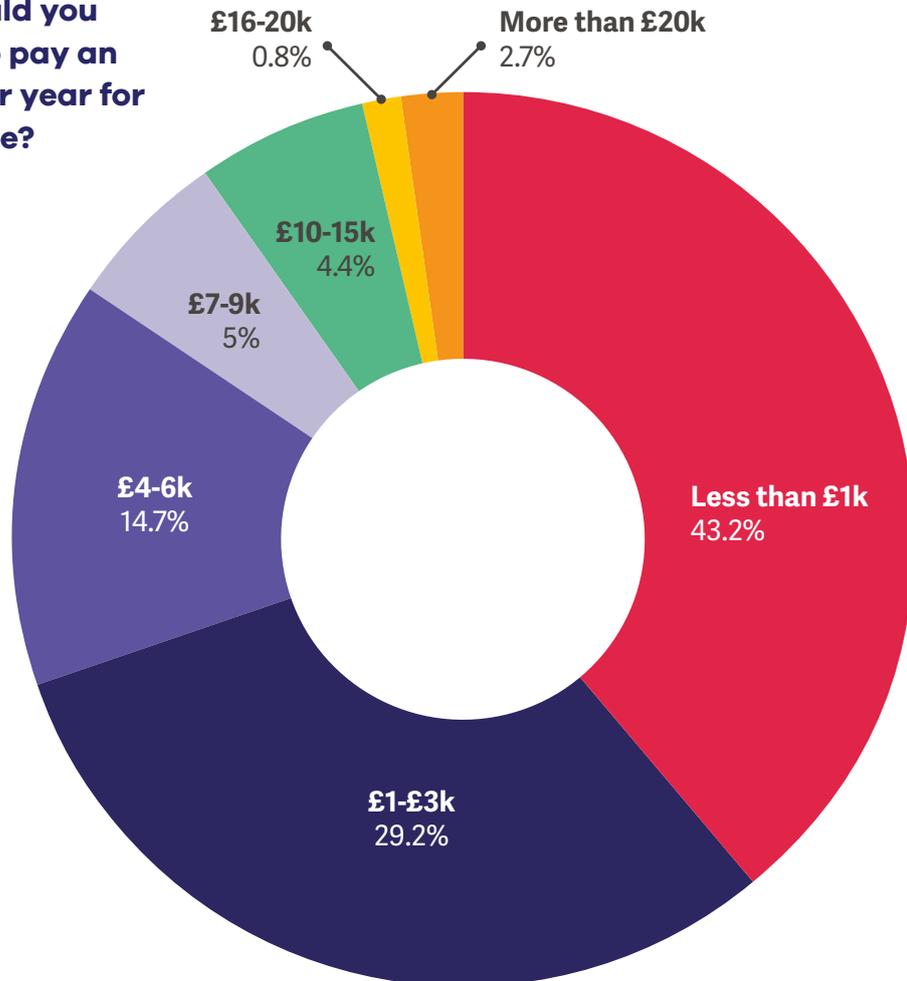


# Business owners don't see the value of advice

**When it comes to selling advice as a discrete product, the big problem is cost. Around 43% of respondents said they wouldn't pay more than £1,000 per year for business advice.**

In fact, half of business owners said cost was the main factor that would prevent them from seeking business advice from an accountant.

**How much would you be prepared to pay an accountant per year for business advice?**





Rather than simply coming down to a preference for lower-cost options, this might be because prospects are not seeing the value in advice services.

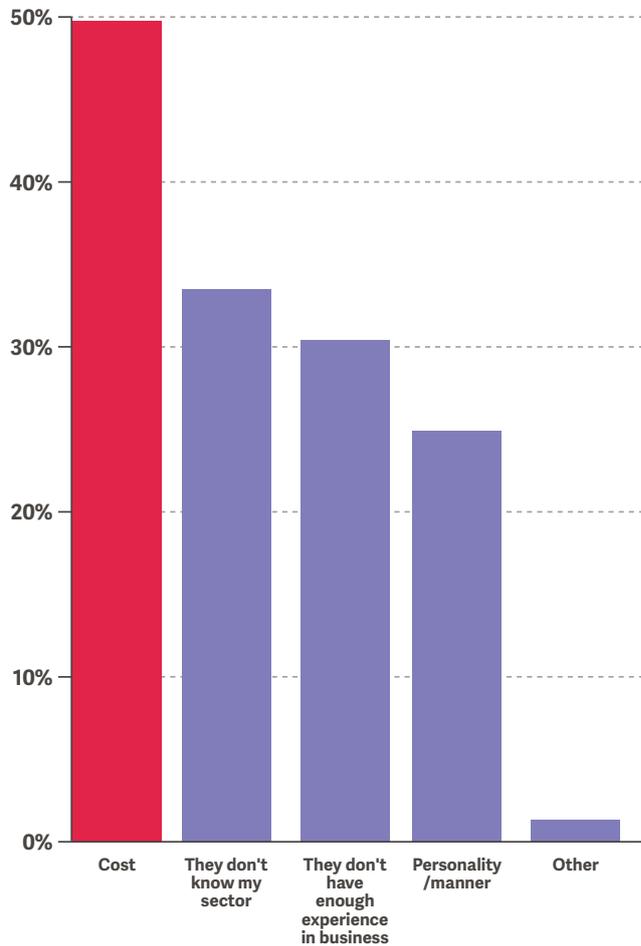
Our [previous research on SME attitudes](#), which was conducted in 2019, suggested price wasn't actually that important to SME owners, as long as they felt they were getting good value.

Business owners' reluctance to pay for advice from accountants could also be based on an assumption that accountants don't offer the kind of advice they need.

One of our interviewees, who had been running their business for 10 years, spoke about this difference in expectation:

"I have had business advice but it's never been from an accountant. The sort of advice I'm looking for is **how do you find clients, how do you grow the business, how do you get more work in? How do you sell and market yourself?**

### What would prevent you from going to an accountant for business advice?



#### Top Tip

If you're only describing the basic features and price of your service on your website and in marketing copy, it's likely you'll end up competing on price alone and losing prospects. Focus on the value your service offers, and the outcomes it could have for your clients, to show them it's worth the cost.



"I guess I'm not really big enough to worry about the sort of business advice an accountant is interested in, which is structuring and tax and the things you've got to think about when the numbers get bigger."

This distinction might be correct for some accountants – that they're not interested in advising broadly on business growth, and are instead focused on technical rules and structural changes.

But for those who want to be seen as all-round business advisers, there's work to be done to change the public's view of what an accountant offers, too.

***"I have had business advice but it's never been from an accountant. The sort of advice I'm looking for is how do you find clients, how do you grow the business, how do you get more work in? How do you sell and market yourself?"***

#### **How PracticeWeb can help**

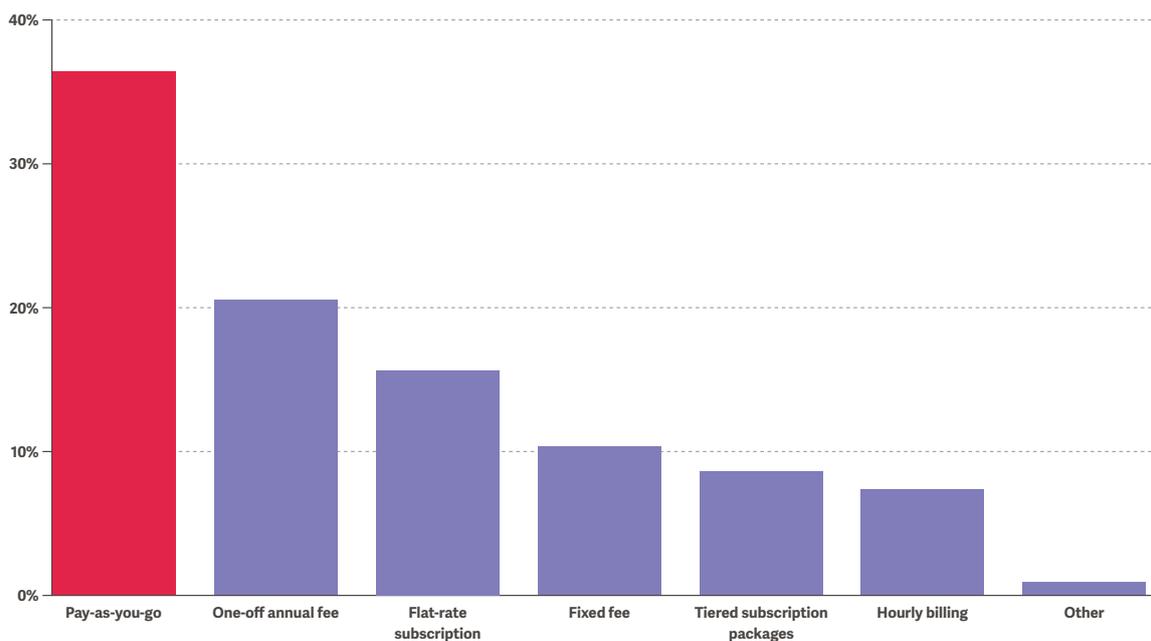
If you've been providing business advice on an ad hoc basis but you want to start offering it as a service in its own right, it's worth spending some time considering and researching how you're going to package, price, and promote that service.

You can find more information on this in our [eBook](#), and we also offer [marketing strategy and research services](#) to help you target your service effectively.



When asked about how they would prefer to pay for business advice, **'pay-as-you-go'** was the most popular option, with 36% of people saying they would prefer it. Only 7% chose hourly billing, despite this arguably being the same style of payment – possibly because the term 'pay as you go' had more positive connotations for them.

### How would you prefer to pay for business advice?



Our interviewees had varying opinions on this, however, with some inferring that pay-as-you-go allowed for a greater freedom of choice and lower commitment to services, while others felt it sounded too much like “marketing speak”.

#### Top Tip

There’s generally no right or wrong when it comes to naming things like services, packages or pricing structures, as long as the name appeals to the people you want to reach.

That’s why market research is so important, to find out how your audience might react to certain terminology, and which option they’re more likely to choose.

KNOWLEDGE GAPS

**3 in 4 SME owners  
think 'accountant' is  
a protected title**





# 3 in 4 SME owners think 'accountant' is a protected title

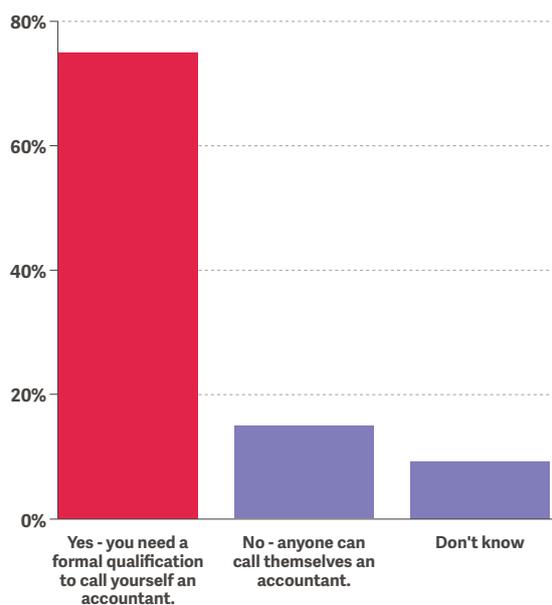
**Our research indicates many business owners have gaps in knowledge that might affect their decision-making process when choosing an accountant.**

Most survey respondents (75%) said they believed the title 'accountant' was legally protected in the UK, and that a formal qualification was a prerequisite of the role. Around 9% said they didn't know, leaving just 11% who were aware anyone can legally call themselves an accountant, whether or not they have a qualification.

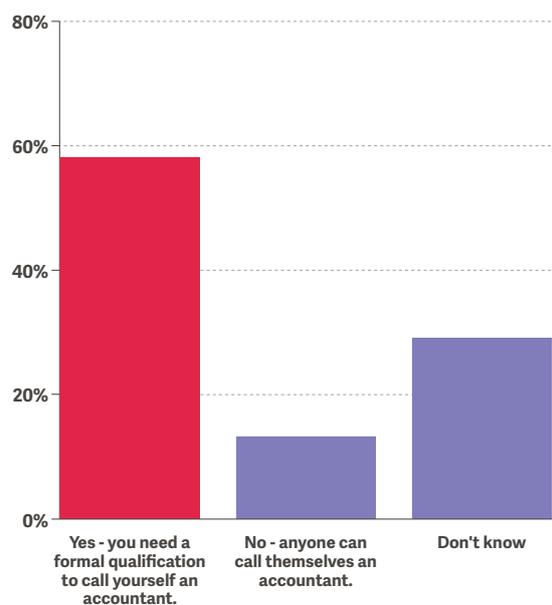
Interestingly, a lower percentage (58%) of those without an accountant also believed this, and 13% were aware that the title isn't legally protected – although 29% said they didn't know.

## To your knowledge, is the title 'accountant' legally protected in the UK?

Clients of accountants



Business owners without accountants





This lack of knowledge means businesses are at risk of putting their faith in an accountant who is under-qualified for the job, simply because they assume everyone using the title has a certain level of education and training.

**Worryingly, nearly half (49%) of business owners felt they'd been let down by poor advice from an accountant in the past.**

Most of the people we interviewed said they relied on recommendations to choose an accountant, and few seemed interested in checking specific qualifications:

"I probably wouldn't [check an accountant is qualified]. When I first got an accountant, I did actually check his credentials online, but I didn't the next couple of times. If they have letters after their name, or they're from a known company, I guess they'll know what they're doing."

The flip side to this is that some business owners feel their accountant doesn't understand them well enough, or hasn't made enough effort to see things from their point of view.

Around 64% of survey respondents thought it was "extremely" or "very" important that their accountant had experience owning or operating businesses.

**About a third (34%) also said they wouldn't go to an accountant for business advice if they didn't know their sector**, and 30% would be put off if the accountant didn't have enough experience in business.

**Top Tip**

Your prospects might not be actively on the lookout for your industry accreditation, but it does help to create a good impression if they can see you have it. Make your industry body membership and qualifications easy to see by including them on your website, your staff profiles, and on social media accounts like your LinkedIn profile.

**Top Tip**

Whilst referrals are a fantastic way to get new clients, you run the risk of building your business around clients you may not want. Make sure you assess each referral to ensure they are a good fit for your firm and you will be able to deliver the service and advice they are looking for. You don't want to end up with high churn and dissatisfied customers.



When asked what would make them think an adviser was credible and reliable, an interviewee said they looked for “someone who’s been there, done it, and got the T-shirt in terms of their mistakes, who’s had inside experience, and potentially already sold a business.”

More than industry experience alone, SMEs seem to be looking for a willingness to understand and learn about their business.

Several interviewees said they thought it was important their accountant took an active interest in their business, asked questions about it, and saw things from their point of view. And many of their negative experiences had to do with accountants being disinterested or failing to spot issues early.

One of the interviewees talked about having experienced a declining quality of service as their accountant’s firm grew over time and became less personal:

“I felt like we were just sort of being put through the process, they were turning the handle on us. They weren’t taking any time to understand what we were trying to achieve, and more errors started to come into the reports.”

#### **Top Tip**

As your firm grows over time, effective client management processes become even more important to ensure your clients still receive the quality of service they’re used to.

[Using a CRM](#) can be helpful for this, allowing you to organise client details and manage your team’s interactions with them.

#### **How PracticeWeb can help**

Publishing sector-specific content is an effective way to speak directly to the types of clients you want to work with and demonstrate that you understand the challenges they face.

As part of our [content service](#), we provide bespoke eBooks and other content that can be targeted at specific sectors.



Interestingly, the same interviewee talked about how they had started managing more accounting tasks themselves over time. This had been prompted by Making Tax Digital – but it was actually their accountant’s poor client management that pushed them to leave.

“[Moving to online accounting] kind of changed what I needed from an accountant. With my first accountant, I was getting a bit annoyed with them anyway, and this just sort of accelerated that process. I just didn't see as much value in what they were doing for me anymore.

“If they'd been providing a great service to me and I enjoyed working with them, I probably would have stuck with them. But I didn't – over time their client management got worse.”

Having moved to a different accountant, this business owner said they felt better understood and listened to.

“Accountants have their own language,” they said. “He's actually able to talk to me in my language.”

Establishing – and maintaining – a personal connection with your clients might sound a little fluffy, but as this example goes to show, it’s genuinely important for building a working relationship that lasts.

**Top Tip**

A well-designed brand will also help you speak to your target clients. Think about who your clients are, the expertise in your firm and the problems you can solve, and you’ll have a starting point for identifying what makes you stand out.



## How your firm can use this research

**Our surveys and interviews showed that while strategic advice from accountants can help SME owners with the most important challenges they face, business owners simply don't see the value in it.**

The job for accountants, then, is to show that value.

Ultimately, this comes down to the quality of service you provide. But you can also demonstrate it to clients and prospects with an effective content and communications strategy based on market research.

It all starts with your clients – you need to understand who you're talking to, and who you want to appeal to, before you can design services and a marketing strategy that speaks to them. Our research offers a broad overview of business owners' attitudes, but you can build on it by looking in more depth at your own clients or target clients.

At PracticeWeb, we approach everything with our clients' clients in mind, from content and marketing strategy to building easy-to-use, SEO-optimised websites.

Follow the top tips we've included in this report to make a start on communicating the value of your advice to the people you want to reach, or visit our website's [Knowledge](#) section for blog posts, guides, eBooks, insights and more.

# Methodology

This research has been conducted through a combination of quantitative surveys and qualitative interviews with SME owners in the UK.

We ran two separate surveys at the end of 2020: one was sent to 343 small and medium-sized business owners who had an accountant, and the other to 270 SME owners who did not have an accountant.

Both pools of respondents were owners or partners of firms with up to 250 employees.

The results from each survey were then weighted against census data using post-stratification, to ensure they were representative of the general business population.

Following this, we carried out a series of one-to-one research interviews with small business owners at the start of 2021.

# Full question set





# Surveys

**Which of the following best describes the sector your business operates in?**

**To your knowledge, is the title 'accountant' legally protected in the UK?**

- Yes - you need a formal qualification to call yourself an accountant.
- No - anyone can call themselves an accountant.
- Don't know

**To what extent do you agree with the following statements? (Strongly agree / Agree / Somewhat agree / Somewhat disagree / Disagree / Strongly disagree)**

- In the past, an accountant has let me down with poor advice.
- There are business decisions I regret having made without talking to an accountant first.

**When choosing an accountant, how important are the following factors to you?**

- They have a professional accounting qualification or accreditation
- They have experience owning or operating businesses

**What are your main sources of business advice?**

- Peers
- Mentor
- Online business forums
- Social media
- Banks
- Accountant
- Financial adviser
- Business consultant
- Network group
- Membership group
- Business coach



**What would prevent you from going to an accountant for business advice?**

- They don't know my sector
- They don't have enough experience in business
- Cost
- Personality/manner
- Other

**How would you prefer to pay for business advice?**

- Flat-rate subscription
- Tiered subscription packages
- One-off annual fee
- Pay-as-you-go
- Hourly billing
- Fixed fee
- Other

**How much would you be prepared to pay an accountant per year for business advice?**

- Less than £1k
- £1-£3k
- £4-6k
- £7-9k
- £10-15k
- £16-20k
- More than £20k

**In your opinion, how challenging are the following issues to your business?**

- Business partner conflict
- Business rates
- Cashflow
- Crisis recovery
- Dealing with HMRC
- Employment issues
- Financing
- Culture issues
- Employee mental health
- IR35
- Late payments
- Property issues
- Regulatory compliance
- VAT compliance
- In-sector competition
- Online competition



# Interviews

**What are the main challenges your business faces right now?**

**Have those changed over the past year?**

**Does your accountant offer any services that help with these challenges?**

**Would you say the service you get from your accountant has changed since the pandemic?**

- Are they more or less important to your business, or the same?
- Have you sought more, or different types of advice from them?

**Is there anything you feel your accountant could do better to help with your business's main challenges?**

**Have you ever regretted making a business decision without going to an accountant for advice first? What was it?**

**Have you ever paid for business advice?**

**If yes:**

- Who was the advice from?
- What was the advice for?
- Were you happy with the service? Do you feel it was good value?
- How did you decide where to seek advice?
- How did you decide whether the adviser was credible/reliable?

**If no:**

- Why not?
- What (if anything) would make you consider purchasing business advice?

**What would you expect to be included in a business advice service from an accountant?**



**Have you ever needed business advice but felt unsure of where to go for it?**

**If an accountant told you they offered business advice on a 'pay as you go' basis, what would you think you were getting?**

- And if they said their advice was billed on an hourly basis?

**Have you ever had a negative experience with an accountant?**

**If yes:**

- Could you tell me about it?

**Did you change accountants as a result or stick with them?**

- What would you look for when choosing a new accountant to avoid it happening again?

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# About ACCA

**ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants, offering business-relevant, first-choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management.**

ACCA supports its 219,000 members and 527,000 students (including affiliates) in 179 countries, helping them to develop successful careers in accounting and business, with the skills required by employers. ACCA works through a network of 110 offices and centres and 7,571 Approved Employers worldwide, and 328 approved learning providers who provide high standards of learning and development.

ACCA has introduced major innovations to its flagship qualification to ensure its members and future members continue to be the most valued, up to date and sought-after accountancy professionals globally.

Founded in 1904, ACCA has consistently held unique core values: opportunity, diversity, innovation, integrity and accountability.



More information is here: [www.accaglobal.com](http://www.accaglobal.com)

# Free up your time to support your clients

As we emerge from lockdown, rules, restrictions and support measures are changing rapidly. Improving your communications will allow you to focus on helping your small business clients when they need it most.

On average, firms who switch  
to using our services see

**20%**

**increase in traffic**  
after 5 months

**30%**

**increase in leads**  
after 5 months

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**0117 915 0420**  
**hello@practiceweb.co.uk**  
**practiceweb.co.uk**

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