

Scaling New Heights 2014

San Antonio, Texas



Level 5 Service *Leveraging Your Time and Talents* *by Working Smarter, Not Harder*

**Presenter: Edi Osborne,
CEO Mentor Plus
Business Intuitive**

What we'll cover:

You'll learn how to:

- Position your services at a higher level using the Level 5 Service Model.
- Differentiate your services from your competitors.
- Avoid getting caught up in a pricing pinch with frugal clients.
- Work less and make more money and have more FUN!

Begin with the End in mind . . .

- ✓ Transform financial statements into meaningful management information
- ✓ Move your clients up the service value chain and clearly articulate the value proposition
- ✓ Transition from a compliance oriented relationship to an advisory relationship in less than 30 minutes
- ✓ Real life example of a firm that is transforming its culture, services, and client mix with the help of Mentor Plus® \$COPE IT! Software and soft skills

The Rules and Roles are Changing

“... no matter what your profession ... ***accountant or other – if you are an American, you better be good at the touchy-feely service stuff***, because anything that can be digitized can be outsourced to either the smartest or the cheapest producer, or both.”

***The World is Flat*, by Thomas L. Friedman**

Does it make sense to continue
with the status quo?





Or is it time for a new breed of account?



If you introduce yourself by saying,

***“I’m not your typical accountant.” or
“We are not your typical accounting firm.”***



The Mentor Plus® 3D Learning Methodology for NextGen's

- Represents our beliefs and attitude on a given subject

Mind Set

Skill Set

- Represents the behavioral attributes to be applied within the context of our mind set.

- Represents the system or process through which we apply our skill set.

Tool Set

Why is this important?

- Tools, without the right skills to use them, go underutilized.
- Skills, without the right mindset, are misdirected.
- Mind set alone, without structured application, results in unleveraged activities.



Current State of the Profession

- ✓ 98% of all practitioners are chronically under-serving their clients
- ✓ 95% of all clients that say they are satisfied are simply waiting for something better to come along
- ✓ With so many employment options, talent retention is more important than ever; as much as 70% of employees say they are looking for a better job.
- ✓ Young people want to make a difference, not just crunch numbers.
- ✓ Up to 90% of services are commodity based, making it increasingly difficult for firms to differentiate themselves in the marketplace.

How is the profession responding to these issues?

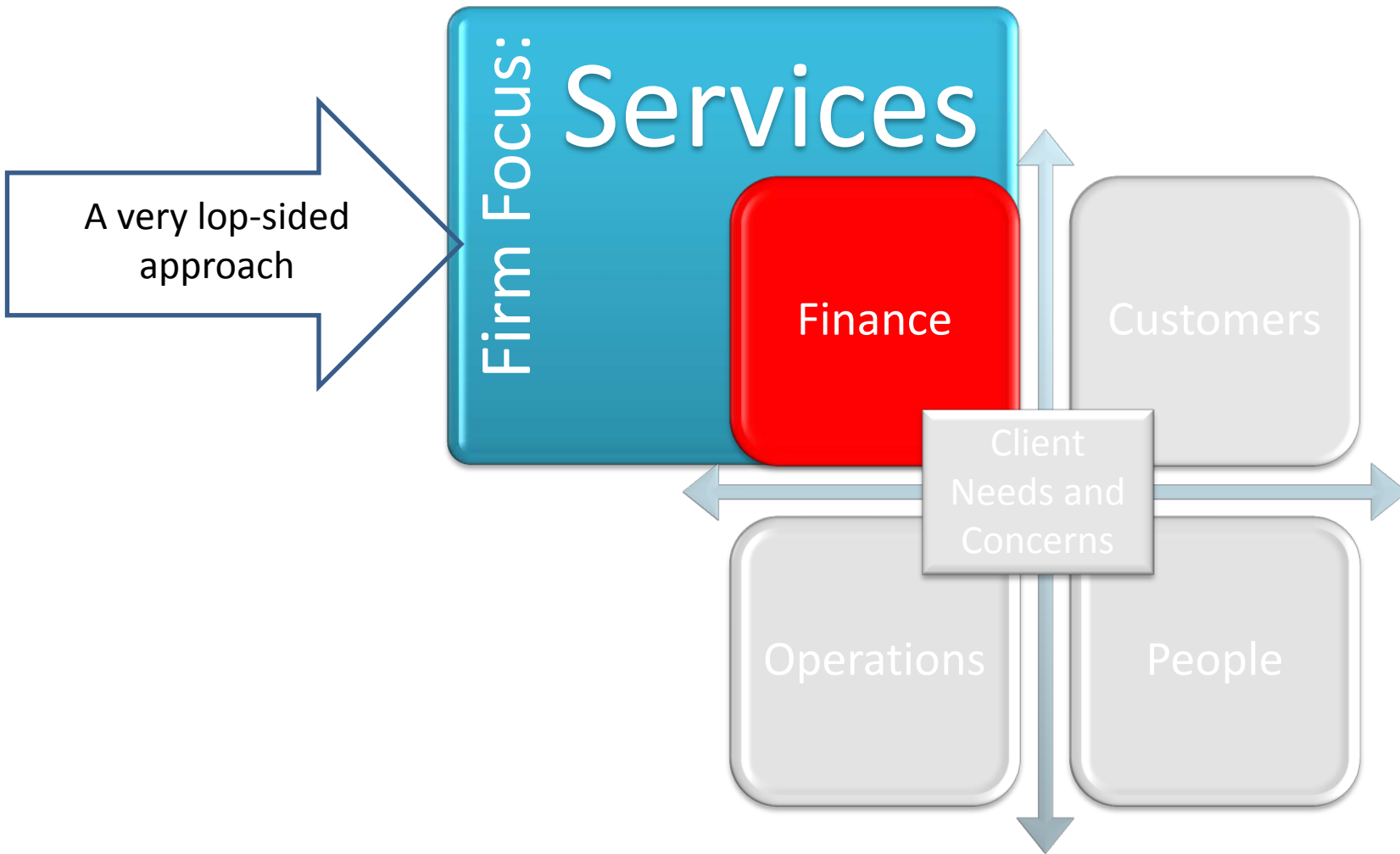
Most firms are still missing
the big picture . . .

What is wrong with this picture?

A client as seen through
a “service” filter.



The Service Centric Accounting Firm





*When all you
have is a
hammer, all your
problems look
like a nail.*

author unknown

What keeps him up at night?



How much more can we grow given our current capacity?

If I made a profit where is my cash?

We seem to be working harder but making less money, why?

How do I get my people focused on the right things?

Should I raise my prices?

How do I grow my managers? I'm working too many hours, where do I cut back?

How will I fund my retirement?

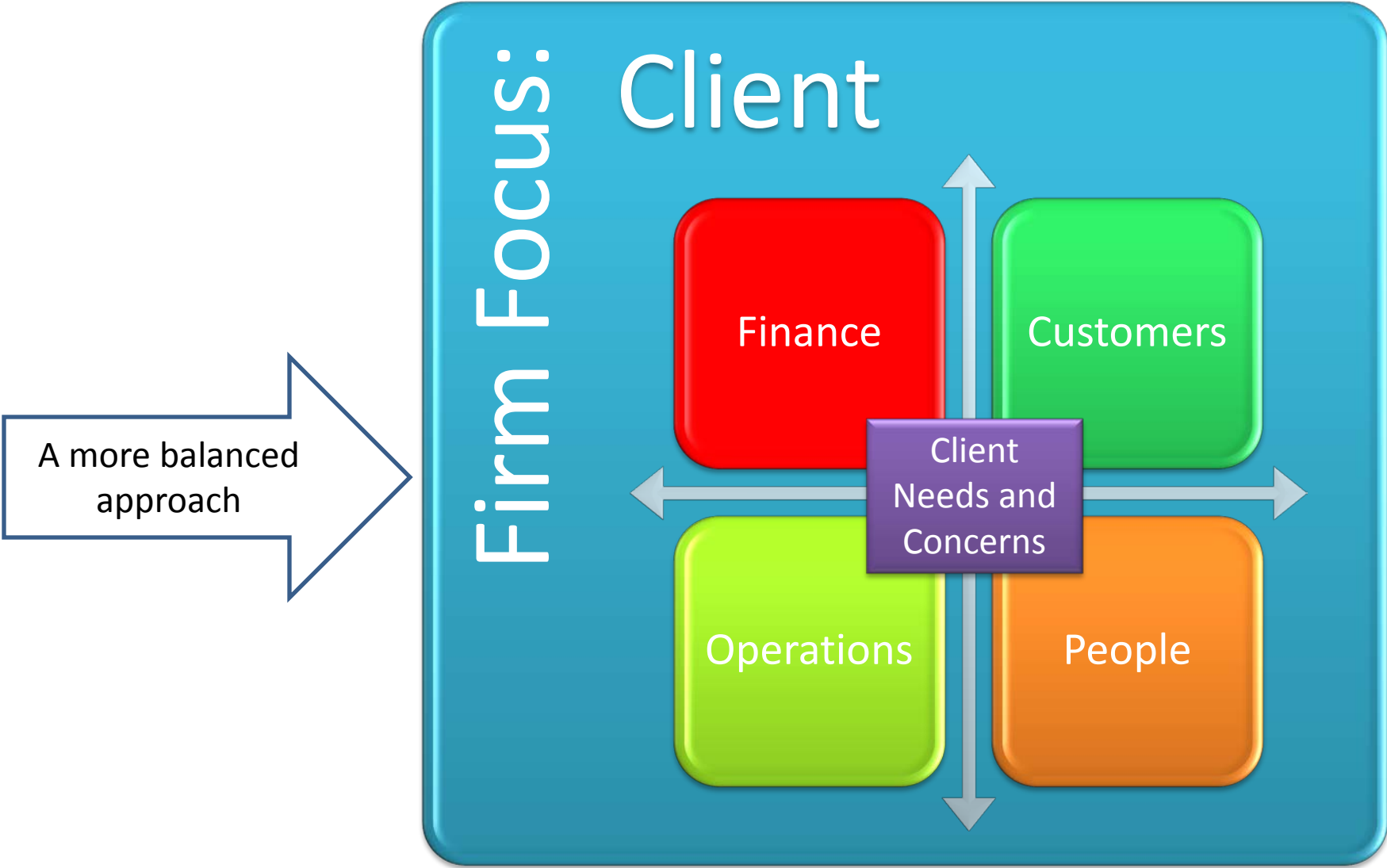
I'd like to take a year off to go sailing, am I crazy?

My dad worked himself to death, how do I avoid his fate?

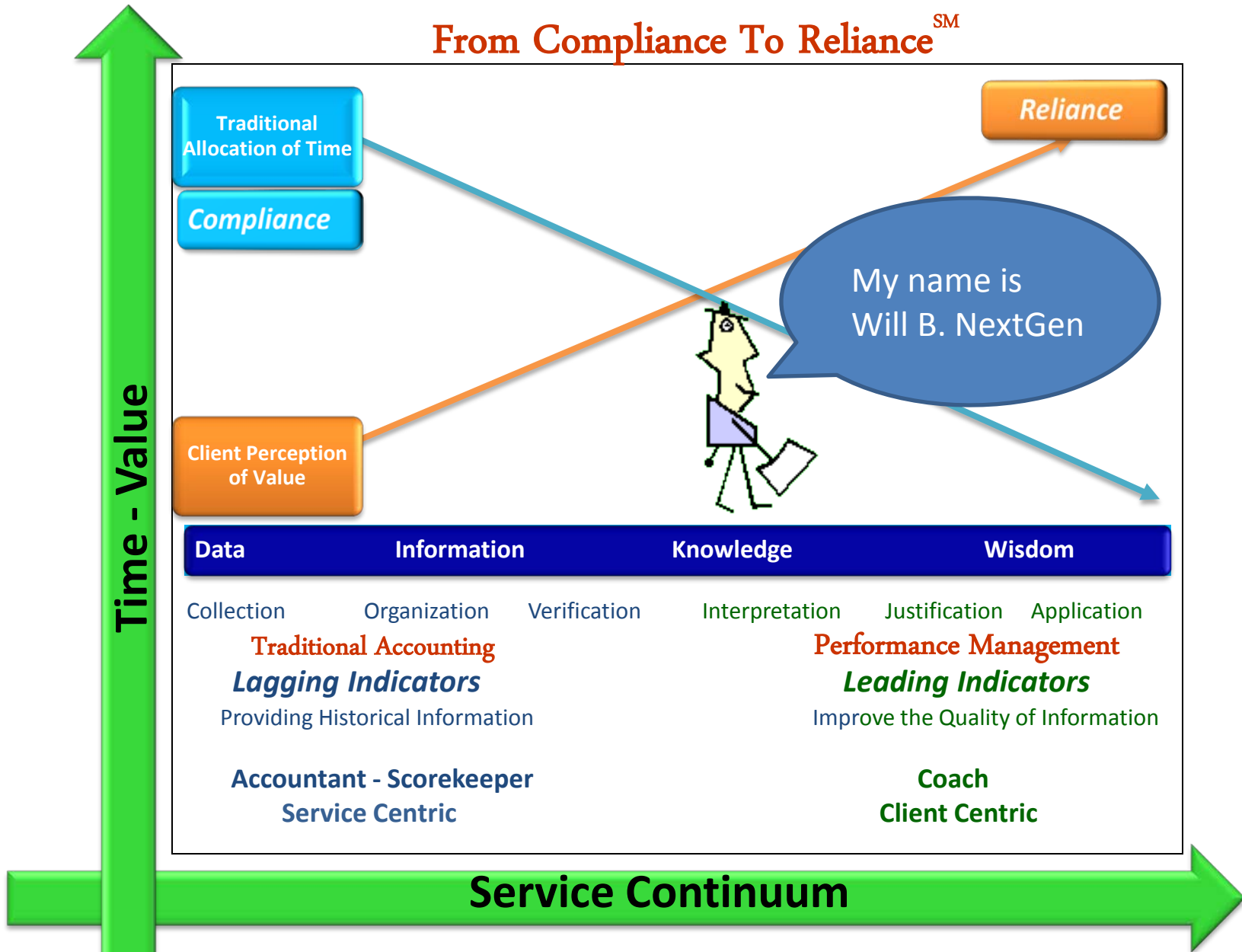
What is my business worth? Is it even saleable?



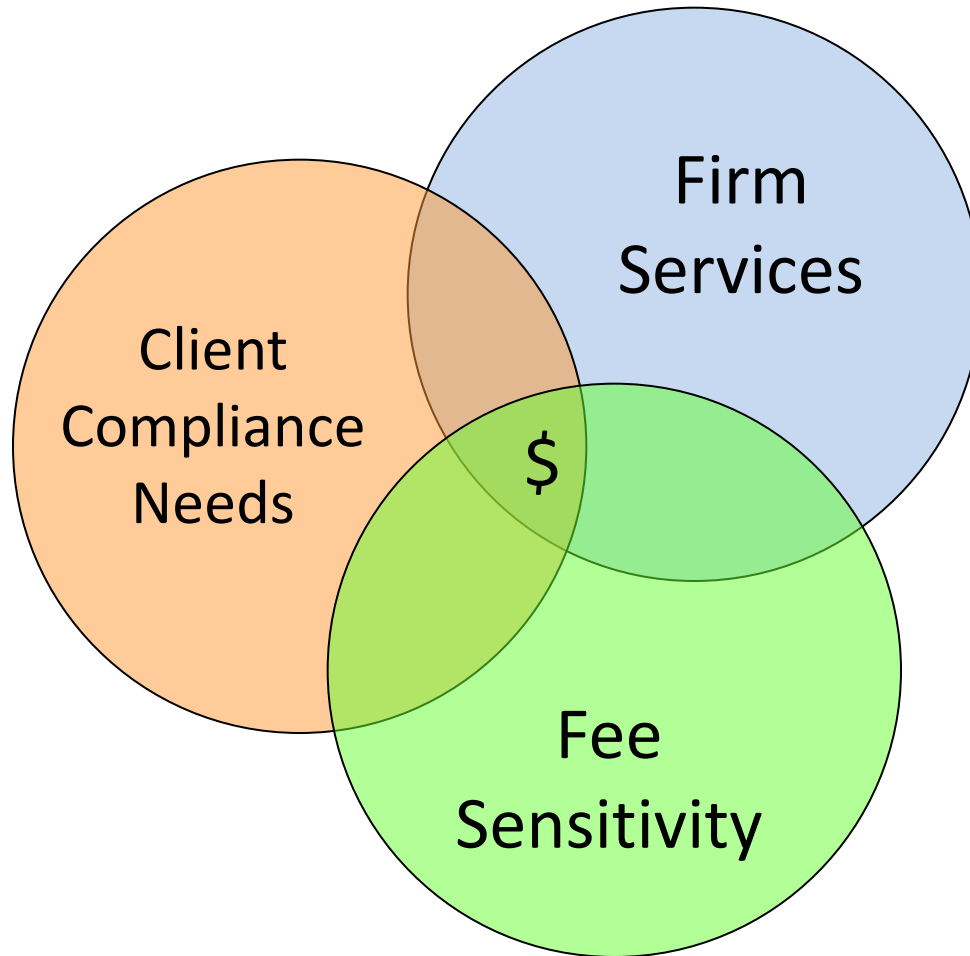
The Client Centric Accounting Firm



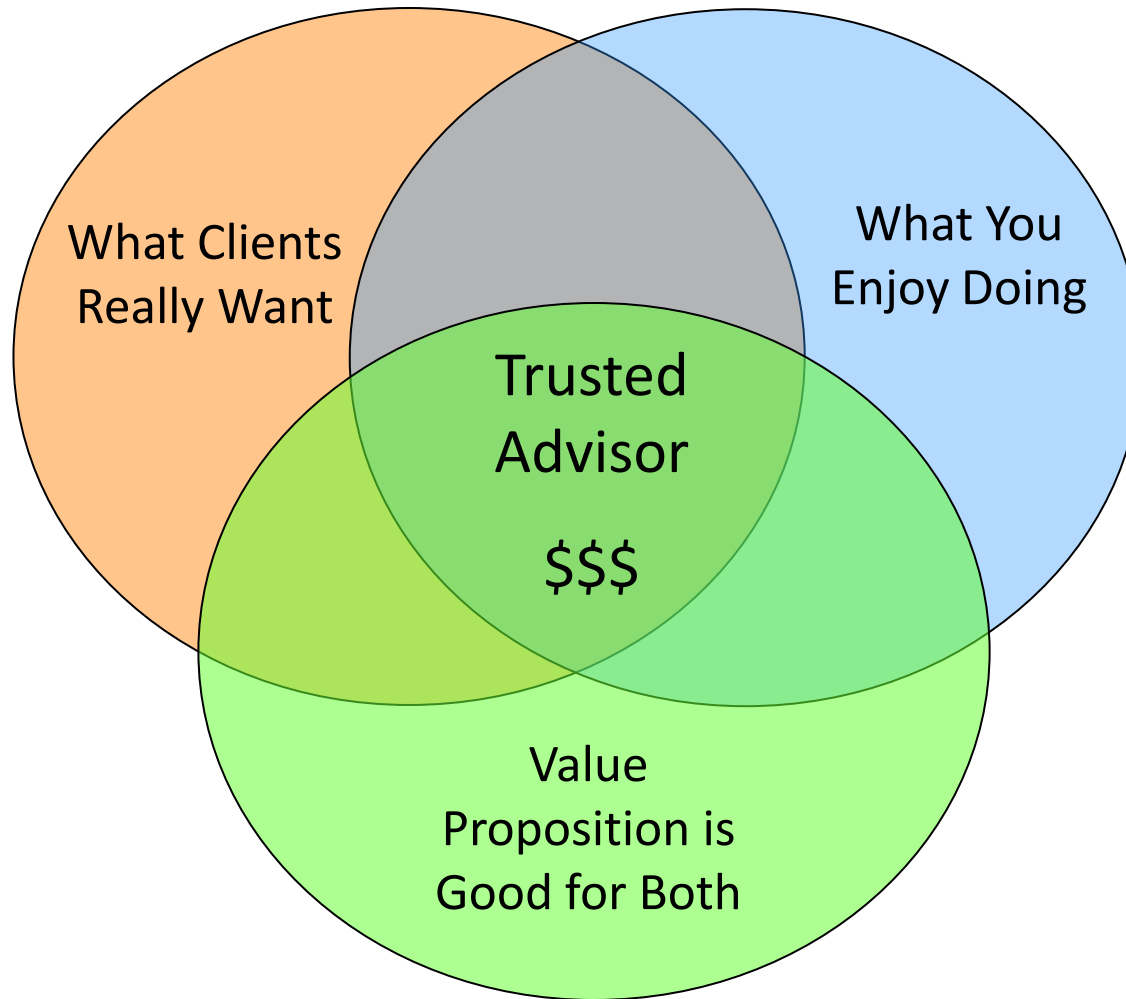
Client Centric Firms have Made The Transition From Compliance To RelianceSM



Compliance looks like this . . .



Reliance looks like this . . .



The Client Centric Skill Set

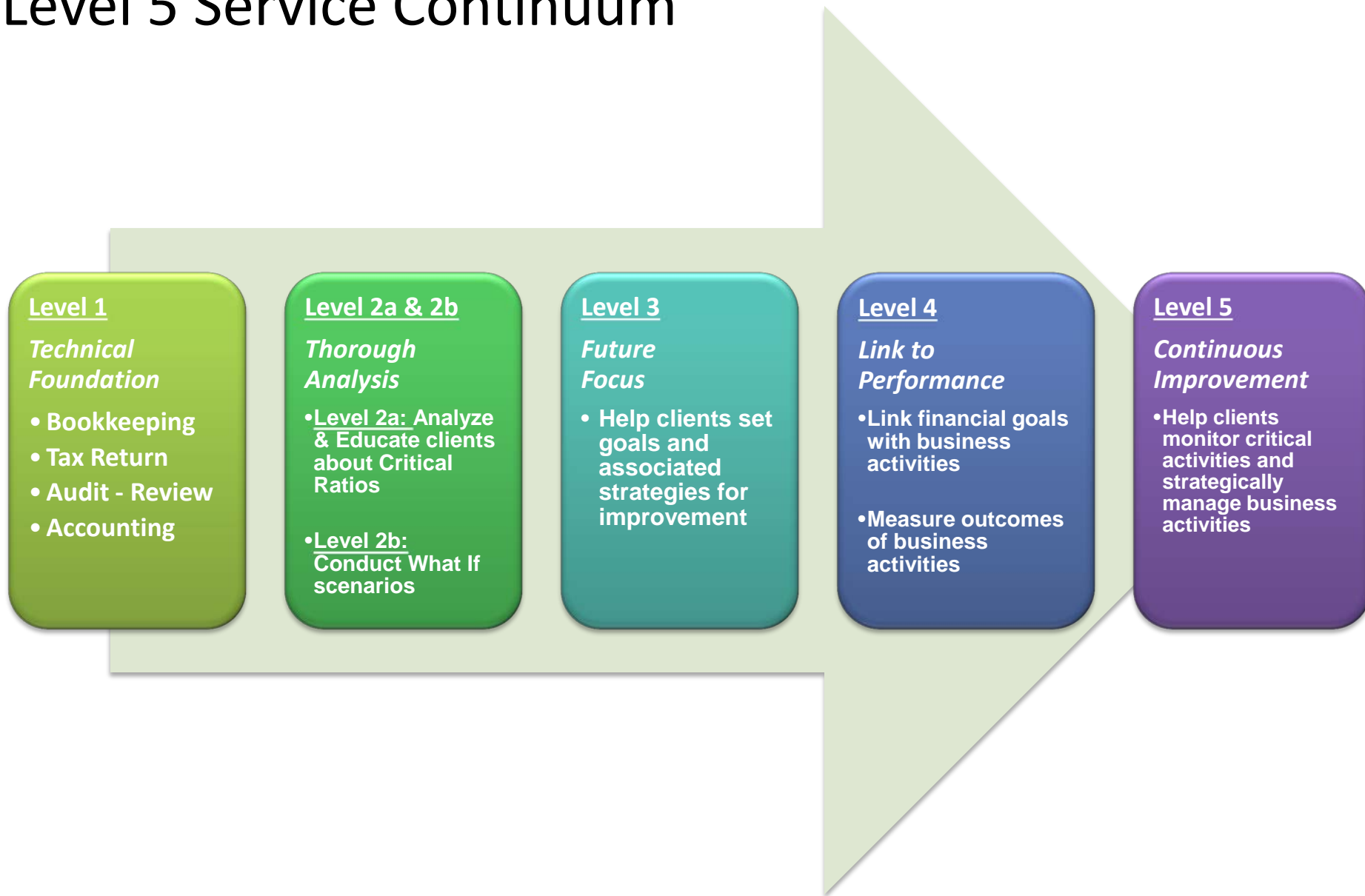
Translates the concept of being a
Trusted Advisor

Into a tangible deliverable:

Level 5 Service

*It's not enough to say we
are trusted advisors. Our
client service approach must
exemplify it.*

Level 5 Service Continuum



Level 1 Service

AOL TIME WARNER INC.
CONSOLIDATED STATEMENT OF OPERATIONS
Years Ended December 31,
(millions, except per share amounts)

	<u>2002</u>	<u>2001</u>	<u>2000</u>
Revenues:			
Subscriptions	\$ 18,959	\$ 15,657	\$ 4,777
Advertising and commerce	7,680	8,260	2,273
Content and other	<u>14,322</u>	<u>13,249</u>	<u>555</u>
Total revenues ^(a)	40,961	37,166	7,605
Costs of revenues ^(a)	(24,315)	(20,533)	(3,866)
Selling, general and administrative ^(a)	(9,916)	(9,079)	(1,864)
Amortization of goodwill and other intangible assets	(732)	(7,186)	(99)
Impairment of goodwill and other intangible assets	(45,538)	—	—
Merger and restructuring costs	<u>(335)</u>	<u>(250)</u>	<u>(10)</u>
Operating income (loss)	(39,875)	118	1,766
Interest expense, net	(1,783)	(1,353)	275
Other expense, net ^(a)	(2,498)	(3,567)	(208)
Minority interest income (expense)	<u>(278)</u>	<u>46</u>	<u>—</u>
Income (loss) before income taxes, discontinued operations and cumulative effect of accounting change	(44,434)	(4,756)	1,833
Income tax provision	<u>(140)</u>	<u>(139)</u>	<u>(712)</u>

\$COPE IT! Software Demonstration

\$COPE IT! Software

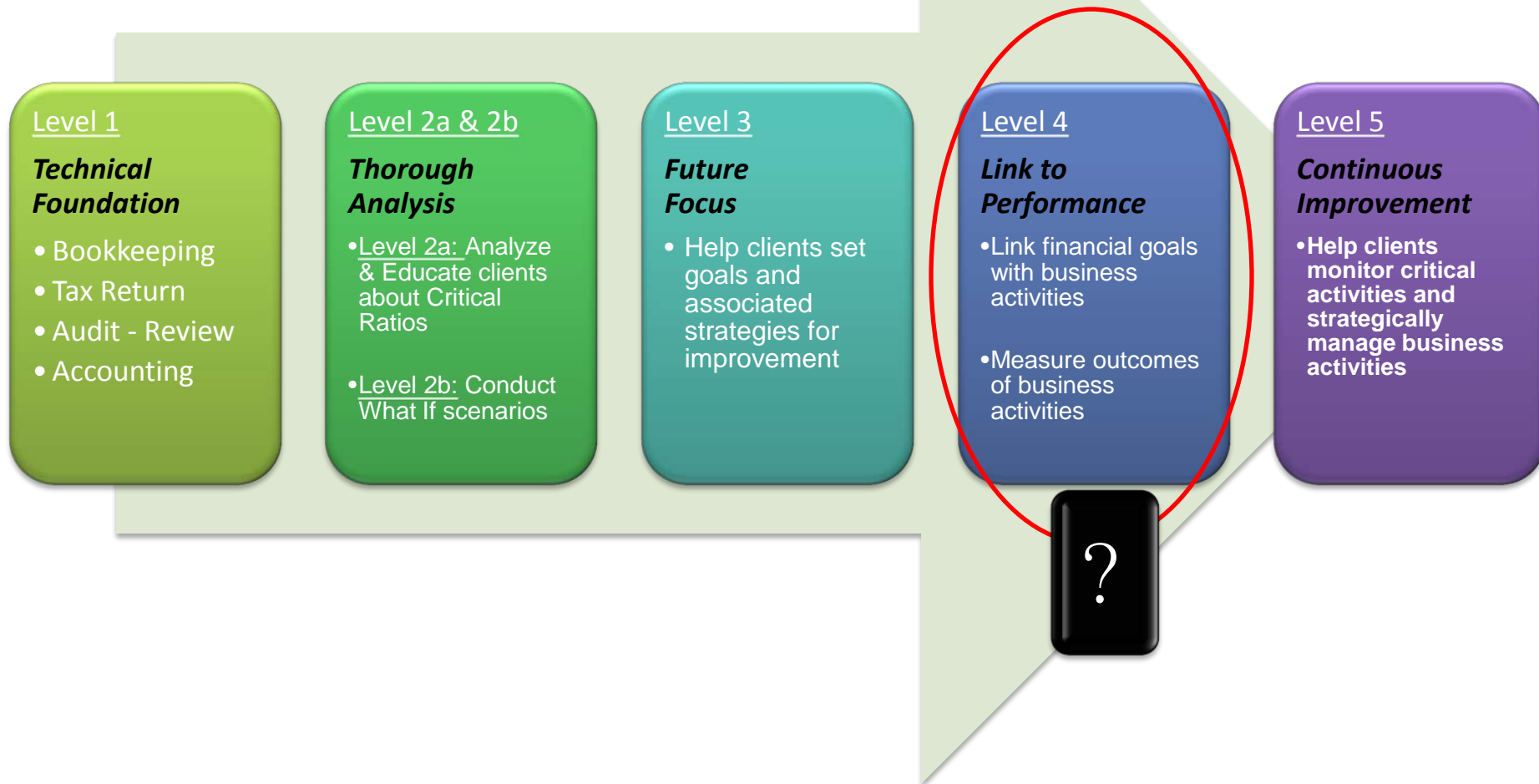
Facilitates an easy transition between
the 5 Service Levels

Great tool for educating clients on
Financial & Business Fluency

Shifts perceptions about your role
in the client's business

Quantifies the value proposition
for you and your client

Level 5 Service Continuum



Want to expand your accounting firm?

Expand What You Are Accounting For



Moving from Level 3 Service to Level 5 Service requires a more balanced perspective.

Introducing . . .

The Profit Equationsm

A formula that strikes a balance between reporting on history and predicting the future.

Traditional Perspective on Profit

If you want to measure success
the focus is on:

Revenue – Expenses = Profit

(Lagging Indicators)

Today's Perspective on Profit

If you want to impact success
the focus needs to be on:

People X Process = Profit

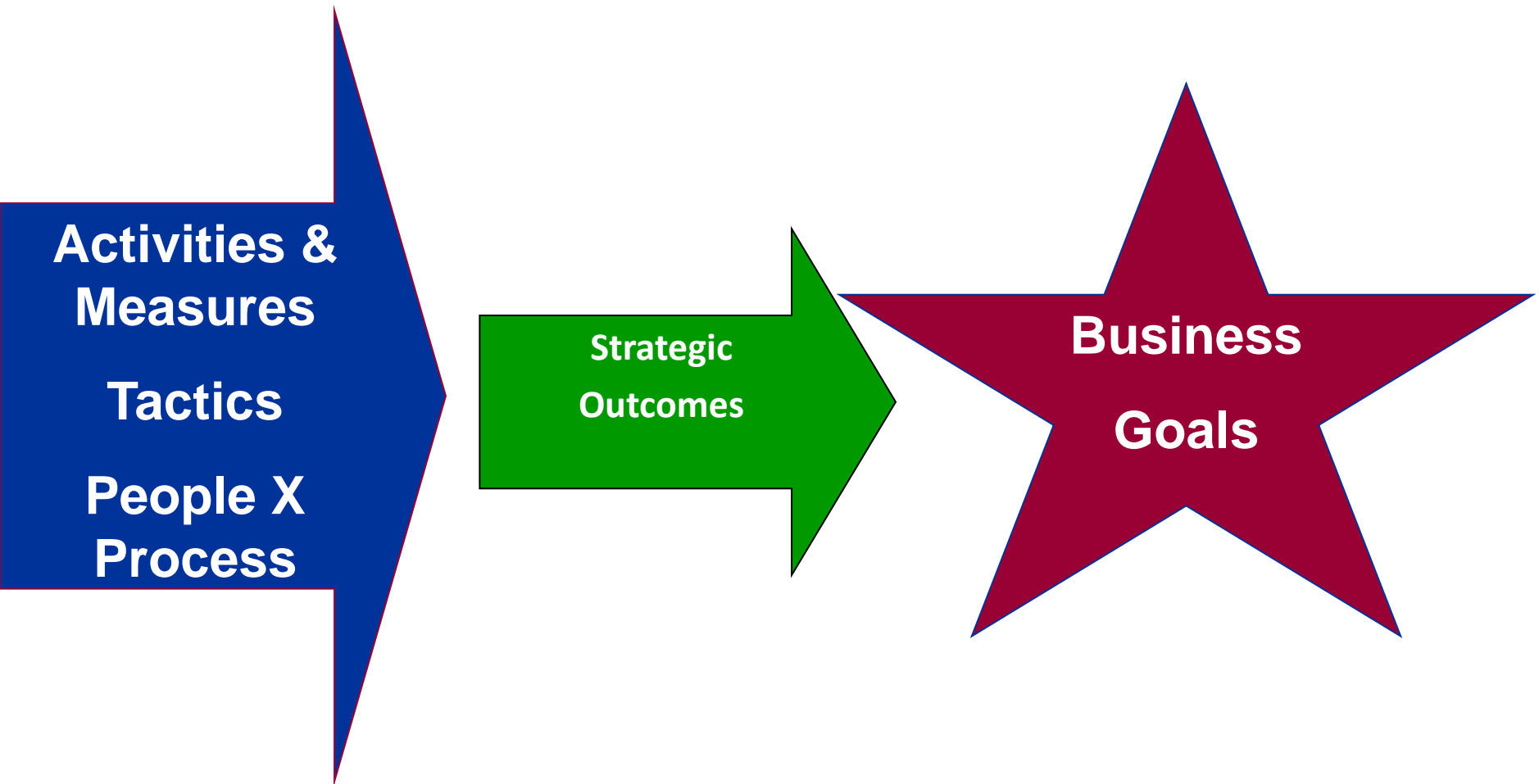
(Leading/Predictive Indicators)

The most important question you will ever ask . . .

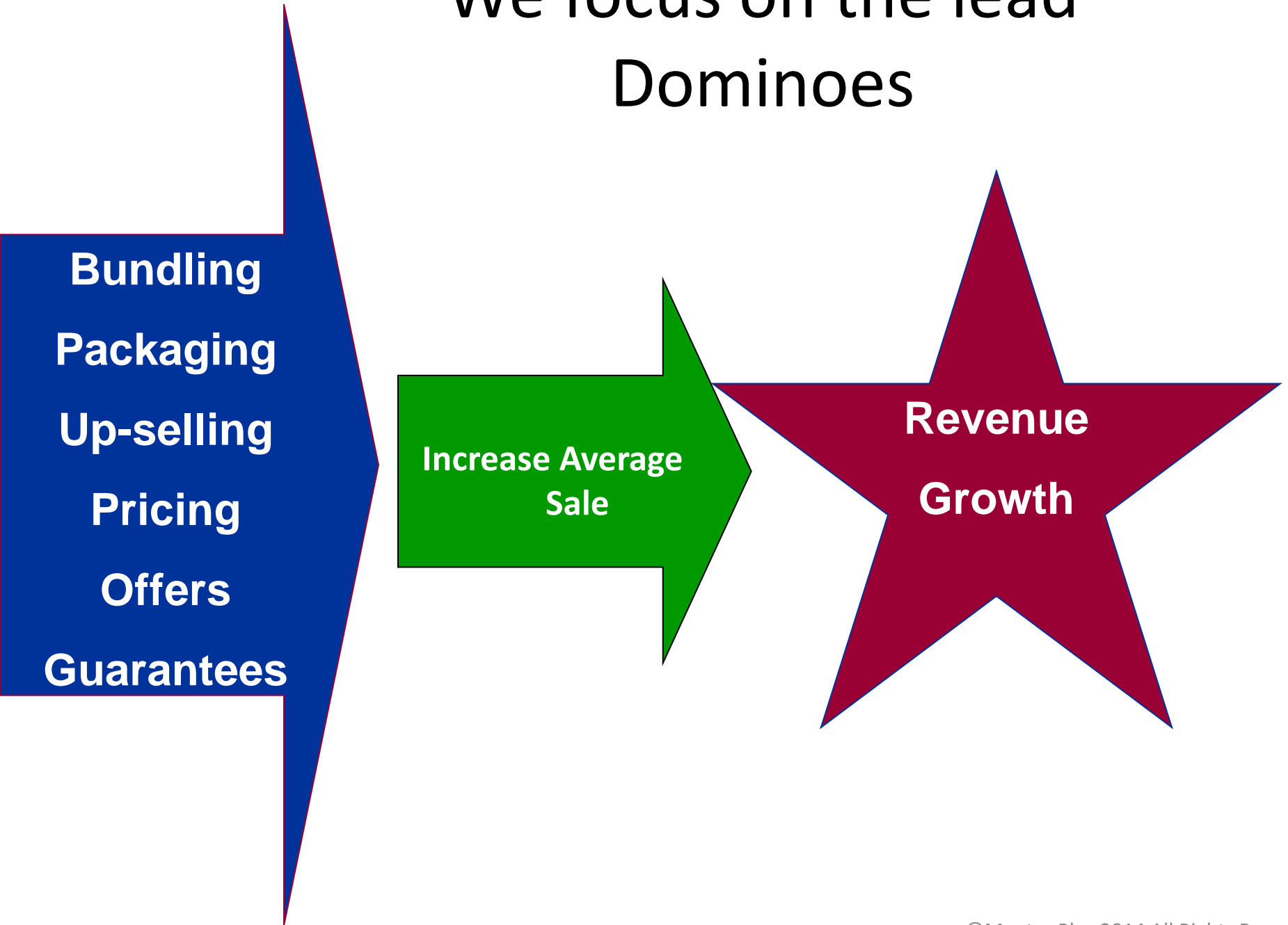
**Is it a People or
Process Issue?**

Hint: Default to process.

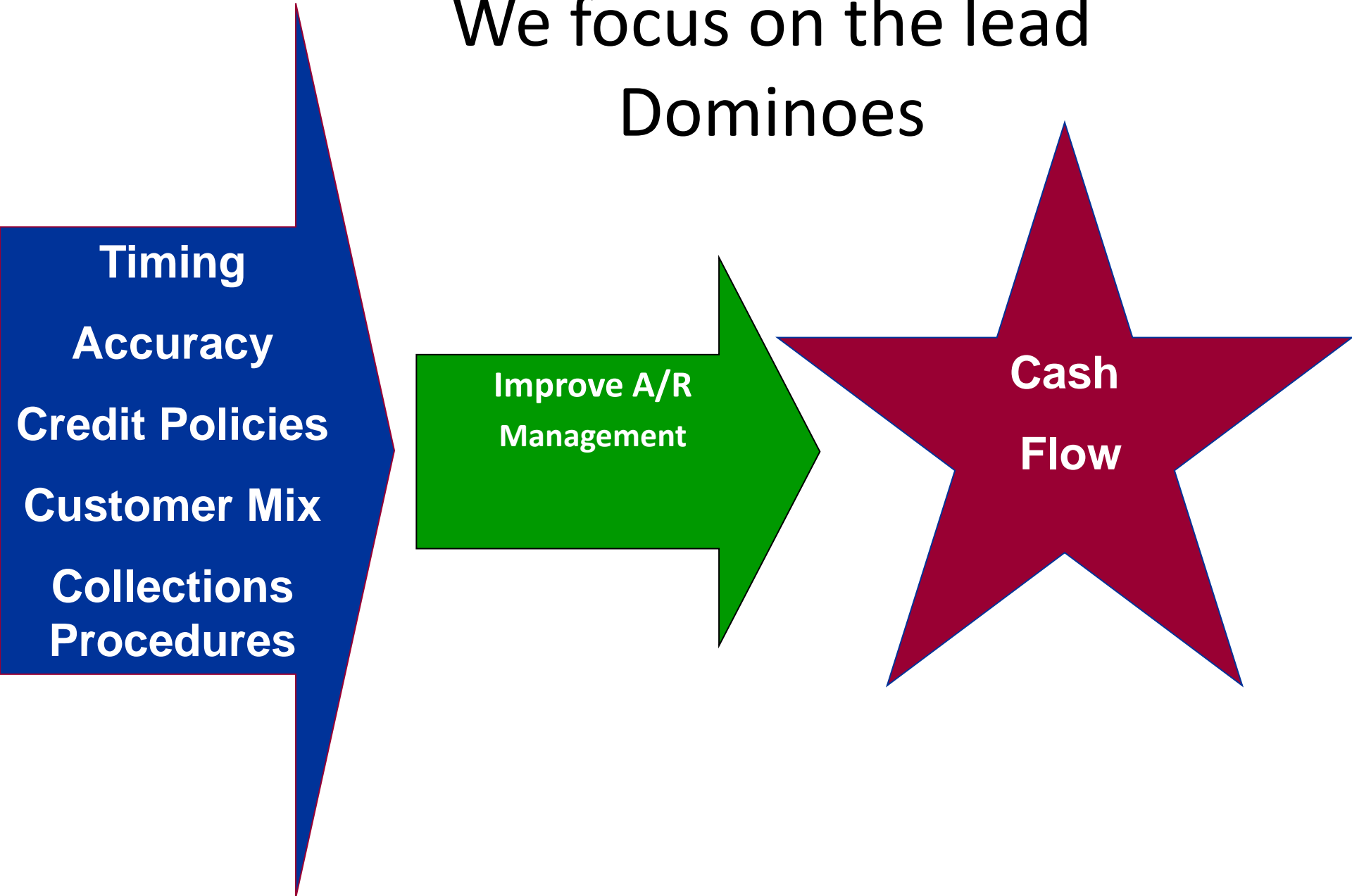
The Lead Domino Theory



We focus on the lead Dominoes



We focus on the lead Dominoes



We focus on the lead Dominoes

**Employee
Errors**

**Vendor
Quality**

**Quality
Controls**

**Equipment
Issues**

Reduce Rework

**Cost of
Sales**

Look for the Lead Dominoes. . .

Symptom

- Ask Instead . . .

Why aren't we making money?

- What activities are critical to the profitability of this business and how are we performing in these areas?

How can we get our employees to be more productive?

- Have we given our employees the tools, training, and information they need to be productive?

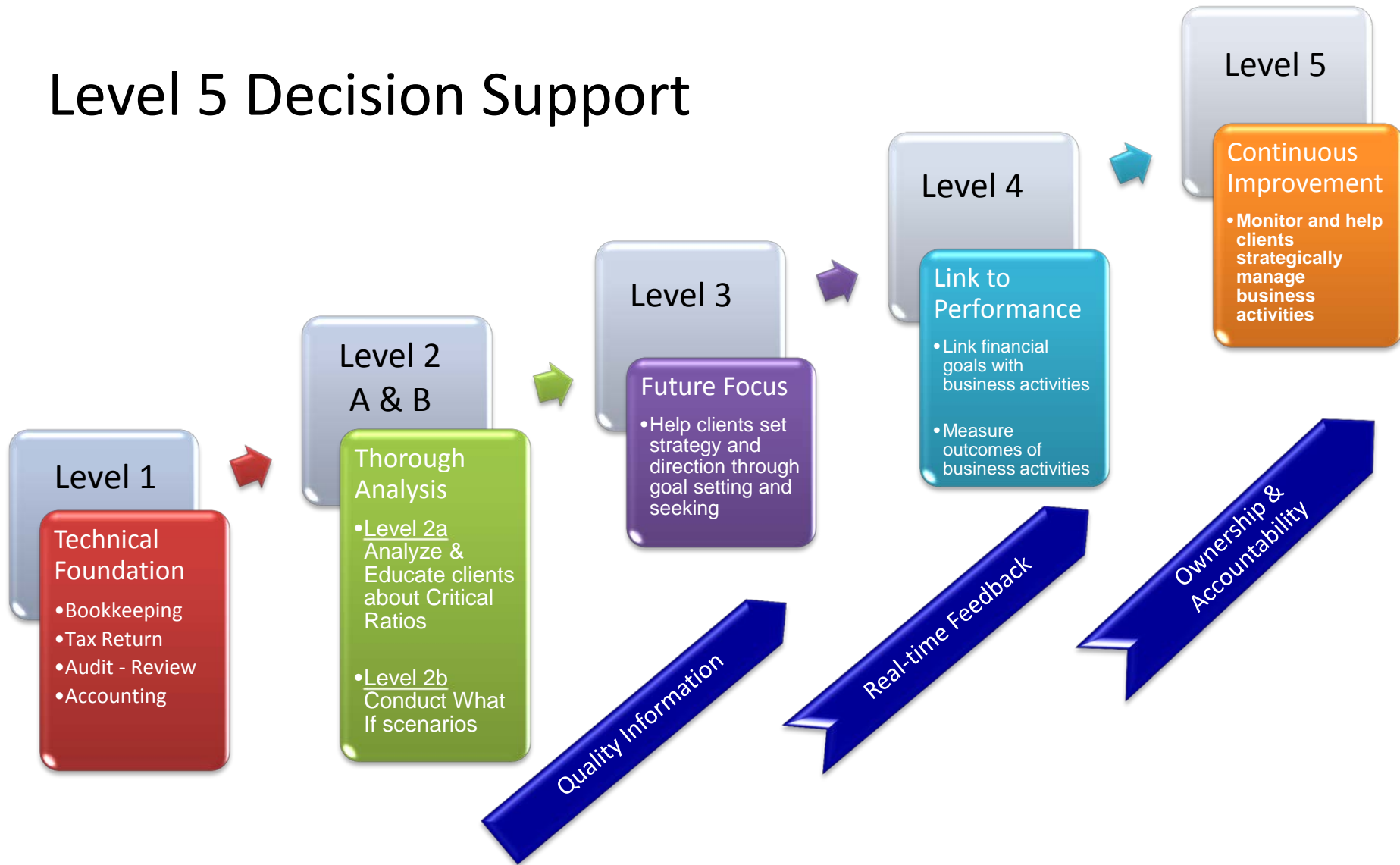
How come things never get done right around here?

- Is this a recurring problem? Is it a people or process issue?

Why do they always come to me for the answers?

- How well are our systems/procedures documented? Do we reward initiative or punish it?

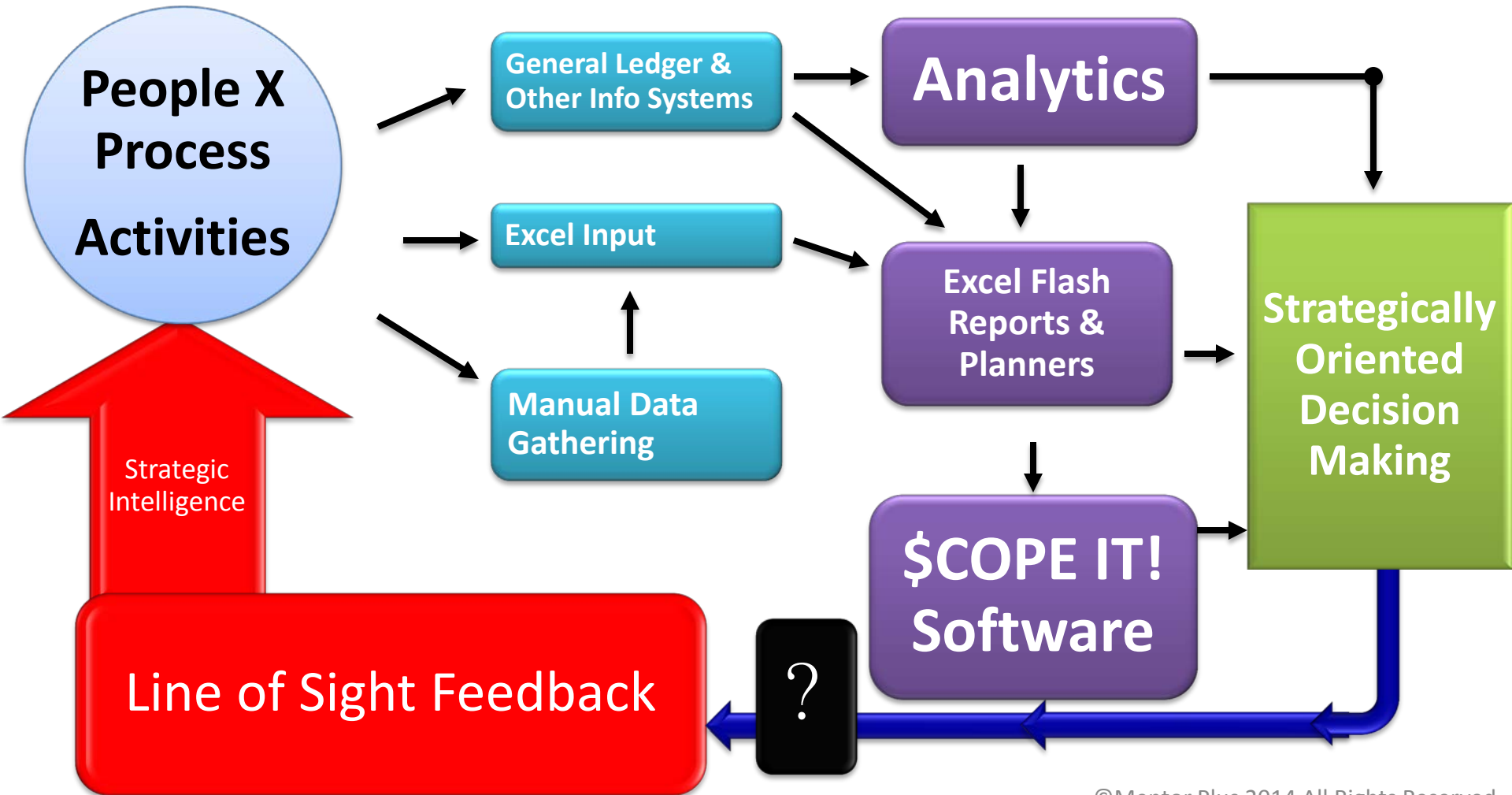
Level 5 Decision Support



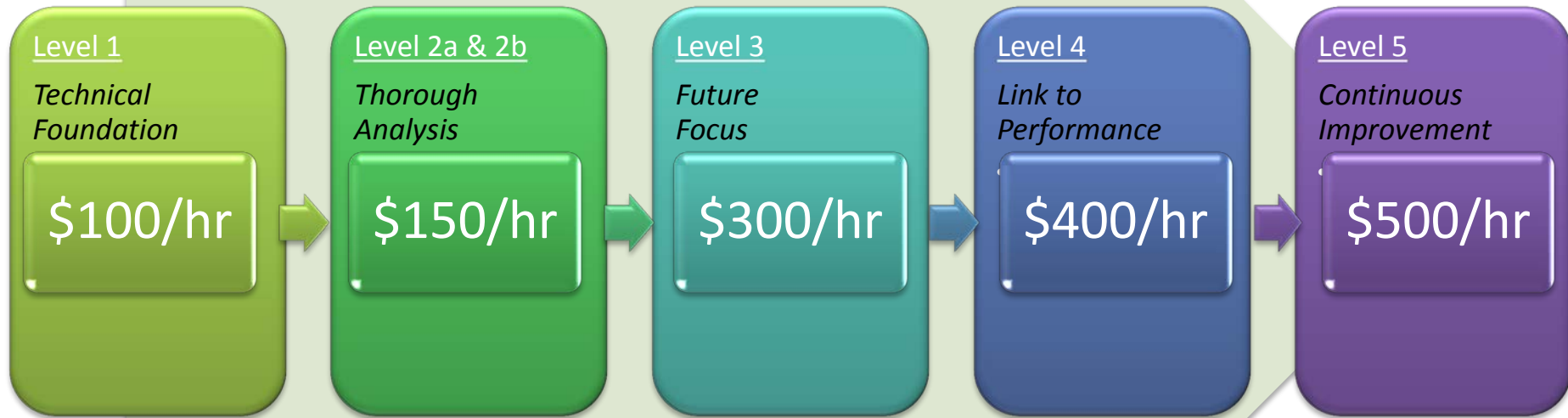
*You see it as a service level.
Your client sees it as a level of information excellence
and better decision support.*

Level 5 Decision Support

<i>Collect</i>	<i>Organize</i>	<i>Analysis</i>	<i>Apply</i>
<i>Data</i>	<i>Information</i>	<i>Knowledge</i>	<i>Wisdom</i>



Level 5 Service Value Proposition



A case in point . . .

Meyers Norris Penny LLC

About the firm

- Approximately 2,800 employees
- 50 offices across Western Canada – Expansion to Eastern Canada underway
- Primarily focused on small to medium enterprise

Tangible Outcomes

- A-Team (20 members) sold \$1.4M Level 2-5 Services in 10 months
 - A-Team members revered as leaders in firm
 - Positive impact on self-esteem
 - Waiting List to “get with the program”
- Second wave of 55 launched in 2006
- Third wave of 90 launched in 2007
 - Teams generated \$8M from FYE June 30, 2007
 - Teams generated \$11M FYE June 2008
- Fourth wave of 60 launched in 2008
- Fifth wave of 60 to be launched in 2009

Cumulative outcome over \$100M in L 2-5 Services

Key Point #1

- Financial Statements
 - Are NOT the deliverable only a vehicle
 - How they are delivered should improve the quality of information for decision makers
 - Should be relevant to the client's situation
 - Should provide the firm with a greater understanding of the client's business model
 - Should serve as a foundation for future planning
 - The discussion has just begun, not ended
 - Instead of closing their books, we need to open up their future

Key Point #2

- Software vs. Soft-Skills
 - Software is a tool, not a deliverable
 - It's not about the software, it's about the insights the software can provide
 - Soft-Skills are just as important, if not more important than the software

The Rules and Roles are Changing

“The accountant who wants to stay in business in America will be the one who focuses on designing creative complex strategies ...”

“The accounting profession is currently in transformation. Those who get caught in the past and resist change will be forced deeper into commoditization. Those who can create value through leadership, relationships and creativity will transform the industry, as well as strengthen the relationships with their existing clients.”

***The World is Flat*, by Thomas L. Friedman**

Take Away Tools

- Level 5 Service Model graphic
- Level 5 Assessment Matrix

Wrap-up

- NextGen Accountants will thrive!
- Client Centric Firms will Dominate
- Software positions broader skill set
- Financial & Business Fluency is critical
- Path to Kaizen (Continuous Improvement)
- The means to articulate how you and your firm are different

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Your questions?

My question: What will
you take away from this
session?