A Win-Win Partnership: SMPs and SMEs

Mats Olsson and Dawn McGeachy
Members, IFAC Small and Medium Practices Committee

Gerhard Prachner
Member, FEE SMP Forum

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Insights from IFAC Research

• SME demand for business advice
  – Often reluctant to seek advice but lack in-house expertise
  – Change in enterprise or external environment
  – Growing information needs
  – Regulatory demands extending outside financial compliance

• Accountants as external advisers to SMEs
  – Most studies worldwide indicate most preferred source of advice

• Reasons for choosing an accounting firm, especially SMP
  – Technical competency & trust
  – Proximity and responsiveness
  – SMEs wanting a one-stop shop
### Who Financial Executives Turn to and Trust for Financial Advice on Their Business

<table>
<thead>
<tr>
<th>Source of Financial Advice</th>
<th>Use</th>
<th>Trust</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountant/Accounting Firm</td>
<td>88%</td>
<td>55%</td>
</tr>
<tr>
<td>Other Business Owners</td>
<td>70%</td>
<td>23%</td>
</tr>
<tr>
<td>Professional Organizations/Associations</td>
<td>57%</td>
<td>21%</td>
</tr>
<tr>
<td>Lawyer/Law Firm</td>
<td>55%</td>
<td>33%</td>
</tr>
<tr>
<td>Your RM</td>
<td>46%</td>
<td>31%</td>
</tr>
<tr>
<td>Friends/Family</td>
<td>43%</td>
<td>28%</td>
</tr>
<tr>
<td>Online Media</td>
<td>38%</td>
<td>2%</td>
</tr>
<tr>
<td>Social Media</td>
<td>5%</td>
<td>3%</td>
</tr>
</tbody>
</table>

GALLUP®
What do clients REALLY want from their Accountant?

- Help to be Successful
- Knowledge of Their Business & Their Industry
- Creative Ideas
- Quick Service (responsive)
- Effort

- Value for Money (not to be confused with a low fee)
- Concern for Their Well Being
- Someone to Talk to
- Reliability
- Wider Range of Services

*Source: Gallup Survey*
• Biggest challenges facing SMEs are economic uncertainty (23%) and rising costs (18%)
• Accounting, compilation & other non-assurance / related services (33%) is fastest growing source of revenue for practices (advisory / consulting services 3rd with 21%)
• 46% offer sustainability services (most common advisory)
• 29% had helped SME clients with Integrated Reporting (IR) and 47% saw value in SMEs having integrated reports
• 46% said likely/very likely their SME clients will seek their assistance with IR implementation in the next 5 years
Implications for SMPs

• Expand service offering
  – Non-audit assurance and related services for example, reviews
  – Trusted business advisor

• Enhance practice management
  – Invest in people to obtain technical and soft skills
  – Forge alliances and network with other practices and professionals
  – Consider adopting value pricing (fixed)
  – Leverage IT like cloud computing, social media and smartphones
  – Focus on a specific industry sector or type of service
Accountants Can Help SME Clients!

- Long-standing, ongoing professional relationship
- Knowledge of their business
- Trust and integrity
- Relevant expertise and skills

Equipped to provide a wide range of consultancy services to make SMEs flourish
Connect national SMP issues to EU/international level

Integrate SMP perspective in all FEE activities

- EC Expert Groups
- EC Executive Agency for SMEs
- IFAC SMP Committee
- World Bank
- Member Bodies

SMP Forum
56 representatives from 21 countries
- Online communication
- Bi-yearly meetings

- Corporate Reporting
- Anti-Money Laundering
- Accounting
- Tax
- Auditing
- Professional Ethics & Competences
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