Small & Medium Practices: The Trusted Advisors of SMEs

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Audit Training of Trainers











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SMPs as Trusted Advisors

» This publication described the range of professional services available that are more naturally suited to SMEs

» Provides some guidance how PAOs can support their members during the transition from traditional compliance providers to trusted advisors



Small- and medium-sized practices (SMPs) have an important role to play in supplying professional services to their small- and medium-sized enterprise (SME) clients. This publication describes the range of professional services available that are more naturally suited to the SME profile. It also provides guidance that might be useful for practitioners, SMPs and professional accountancy organizations (PAOs) as they support their members during the transition from traditional compliance providers to trusted advisors of SMEs.

What type of services are offered by professional accountants?

Accountants offer a broad range of professional services to their clients that can be cataloged in different ways:

 Compliance versus voluntary services. Compliance services or regulated services are those whose supply

What kind of services do SMEs demand?

Research conducted by the International Federation of Accountants (FAC)* Indicates that SMPs continue to be the preferred advisors and natural service providers to SMEs. In general, SMEs do not start out with in-house finance staff; they tend to rely on external practitioners for most professional services and day-to-day advice. As SMEs grow, they build in-house capabilities and engage accountants in business to support their finance operations. However, they often still need the external support of SMPs, especially when seeking external funding.

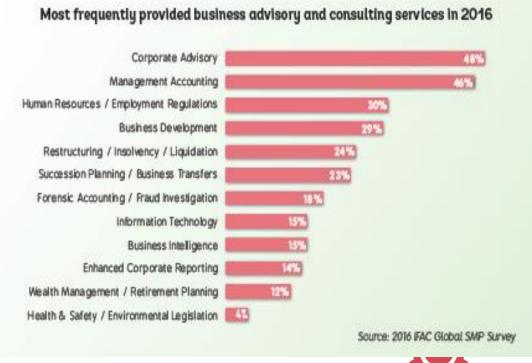
By offering a range of non-assurance professional services that are more naturally suited to the SME profile (such as compilations, agreed-upon procedures, cfent accounting services, advisory and consultancy services) SMPs can help SME owners to produce more credible financial informationand gain access to better advice in order to make important decisions about the growth of their businesses.

1 https://www.ifac.org/publications-resources./rde-smps-providing-business-support-smes-new-evidence

Potential for SMP Growth

» In the 2016 IFAC SMP Survey, most of global and European respondents found Advisory and Non assurance services as a source for greatest growth potential







SMPs Transformational Changes

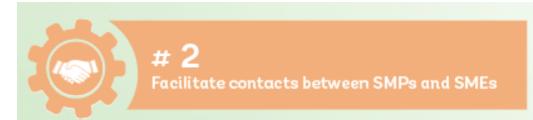
- » Specializing in non-audit services and moving away from traditional service focused practices;
- » Investing in new technologies (cloud computing, data analytics);
- » Talent management and developing both technical and soft skills (selling, negotiating, branding);
- » Rethinking their pricing models by moving towards value pricing over time-based billing;
- » Increasing their promotional efforts, including a digital strategy;
- » Developing networks and partnerships to extend knowledge, share resources and enter referral arrangements

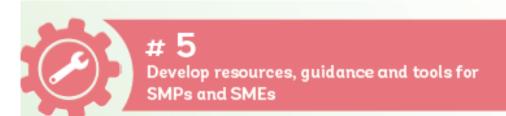


How can PAOs help enhance the SMP-SME relationship?











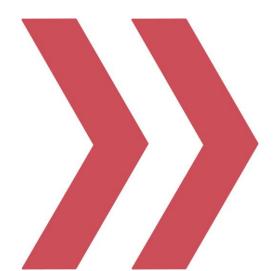


IFAC launches the 2018 Global SMP Survey!

- »Survey is available on IFAC page: www.ifac.org/aboutifac/small-andmedium-practices
- »Toolkits and materials to share translated in several languages







Panel Discussion

