

Accountants Affinity Report

PERSONAL SERVICES

Affinity score*

0.74

PERSONAL SERVICES BUSINESSES PREPARE TO ACCEPT SOME (ACCOUNTING) HELP

Vital financial and accounting services are no longer being ignored

Whether it's taking Fido for a daily walk, grocery shopping for grandma, or whipping up a dinner-party-worthy gourmet meal, there's someone in the personal services industry who can do it.

But, while these professionals are getting a myriad of things checked off the "to-do" lists of their clients, they often overlook one very important "to-do" of their own – taking care of their businesses' financial and accounting needs. With a score of only 0.74 on the accounting affinity scale that measures how likely businesses within an industry are to use accounting services compared to a score of 1.0 across industries, it's clear that the personal services industry could certainly be doing more.

The need for financial assistance is pressing, however, if not fully accepted. In the past twelve months, many of these businesses struggled with challenges such as low profitability (35%), cash flow problems (28%) and loss of a major client (27%). Yet, still only 27% conferred with a consultant or other financial expert, compared to 34% across all industries who did.

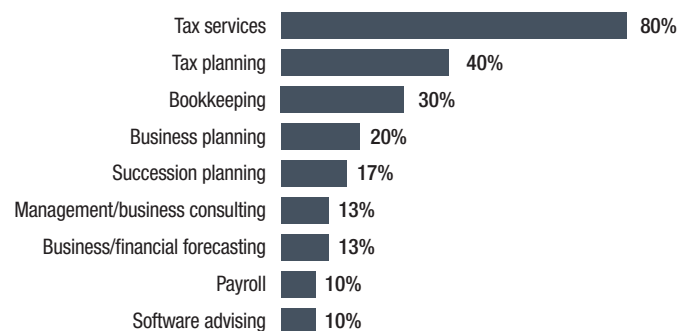
The good news is that personal services businesses that did tap into accounting services acknowledged their value. 91% of professionals from businesses that utilized accounting services report being either very satisfied or somewhat satisfied. The services they most frequently use are tax services (70%), bookkeeping (34%) and tax planning (30%).

Changing approach

Perhaps of even greater interest to certified public accountants (CPAs) and accounting firms is that personal services businesses are looking to increase their reliance on financial professionals. The

FIGURE 1

Accounting Services that Personal Services Businesses Are Likely to Use in 2019



Source: SourceMedia Research/Accounting Today, October 2018

industry opportunity score – an indicator of how likely businesses are to engage with accountants for new services – was 1.15, compared to the 1.00 average for companies across all industries.

Of the personal services businesses planning to work with a CPA or an accounting firm in 2019, 80% expect to utilize tax services, 40% tax planning and 30% bookkeeping (see Figure 1).

As this shift takes place, accountants need to understand the key attributes that personal services businesses are looking for. The personal services leaders surveyed felt that it is very important to work with a CPA/accounting firm that "acts as a trusted advisor" (84%), "communicates clearly with non-accountants" (75%), "responds quickly" (75%) and "is affordable" (71%).

*A measure of how likely businesses within an industry are to use accounting services — average score is 1.00.

Individual personal services survey participants stated that they are looking for a CPA or accounting firm that can:

- “Ensure that all monies are accounted for and properly filed.”
- “Advise when asked, but not get in the way.”
- “Prepare what is needed and save company money.”
- “Be honest. I’ve had dealings with crooks in the accounting business.”
- “Stay up to date with all the codes and laws for my business.”
- “Help me make the best use of capital and plan for tax compliance.”
- “Organize paperwork for easier taxes each year and be on hand to answer questions that come up during the year.”
- “Take some of the time away from bookkeeping and make sure my taxes are squared away.”

To gain traction with personal services business, accountants need to recognize that more and more of these businesses are realizing they could use some help in the financial arena – and then offer the services that will resonate with them to keep them coming back for more.

Methodology

In September/October of 2018, SourceMedia Research/Accounting Today conducted an online survey of 1,014 small business owners/managers across different industries. For this study, small businesses were defined as those with less than 50 employees.

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