Case studies: Business intelligence

Business intelligence tools have long offered the promise of more actionable information on a firm's functions or a client's competitive and financial outlook, but until relatively recently they have remained financially and technologically out of reach.

In many cases, firms interested in gaining such information have turned to Excel spreadsheets or loading the IT department with specific, often time-consuming directives, only to have them yield the need for additional information.

All of these factors have contributed to firms simply not wanting to get involved in business intelligence work, or doing it on a limited basis. But with the increased availability of comparatively affordable, easier-to-use BI solutions, accounting firms of all sizes are discovering that their use is bringing them better insight on their own practices, as well as their clients' competitive landscape and financial standing.

Firm: Vermeulen & Co. / Ripon, Calif.
Product: ProfitCents (Sageworks)
Commencement date: Fall 2011
On record: MP Tom Vermeulen

Challenge/objective: The firm wanted to do more for clients than simple tax returns and financial reporting, particularly for smaller businesses.

Process: Vermeulen had known about ProfitCents for a while and decided it might be time for his firm to expand client services. He was already conducting some basic business coaching for his client base, looking at their financials monthly, quarterly and annually, and advising them on where to go. He had a financial projection tool, but it had "limitations." For him, using ProfitCents was not difficult; it was more a matter of setting up work plans for his entire office to use when clients come in.

"It didn't take too long, but I set up everything from making an appointment with the receptionist, getting GL compilation work, setting up reports that I want and how I want to see them. Plus ProfitCents comes with supporting work papers ready to sign," said Vermeulen. "All I have to do is look at it and sign it. The work plan starts with getting data into the system and getting a report to my desk. I then try to understand the top three to five dynamics of the business, what works and what doesn't. Sageworks has strong support, and if I call them anytime they respond."

He also noted that ProfitCents has a Counselor tool that projects financial results and what can be changed in a business over time. The firm then lays out base plans for clients to use as a foundation to build goals for them.

"I will have a laptop and log on, show the tool to a company's board so they see incomes and cash flows right on screen. Clients can come in my office too and sit down and look at a big screen and see financial projections and 'what-if' scenarios," said Vermeulen. "I'm not always waiting for my clients to come to me; I'll do an analysis at no charge just to get them on board with where they are and help save them from themselves."

Results: Vermeulen is finding that this is cementing relationships with current clients, with a minimum meeting every quarter now. Quarterly business performance analysis currently adds $150,000 a year to the firm's bottom line. The firm is currently a $1.5 million business.

He also recalled a case whereby he saved a client $3 million in payments, by simply pointing out there was no way to save the struggling business and by finding a way to reduce their deficit.

"ProfitCents has also proven to be a tremendous marketing tool; I can send a letter saying, 'Here's your industry specifics, how do you compare? If you'd like to discuss please call,'" said Vermeulen. "We're taking business in from other accounting firms who will just do returns. We had been primarily bringing current clients in [for BI work], but now we are getting this kind of business. Referral business is heating up too."

Next steps: Veremeulen wants to expand the program and offer it to more clients, as well as conduct training and attend seminars where certain industry groups are represented so he can show off what the product can do.