

# Small Business Owners Seek Better Cash Flow Forecasting and a More Active Role from Their Accountants

When small business finance managers are asked to name the top challenges they face, they point to the inability to forecast results (51%) and manage cash flow (47%) as their most pressing concerns. Even those in charge of finance at SMB's struggle with revenue forecasting and cash flow management.

In an improving economic landscape, US small businesses still struggle with cash flow management. They lack the tools to get the right financing to keep their business running and growing while remaining fiscally healthy.

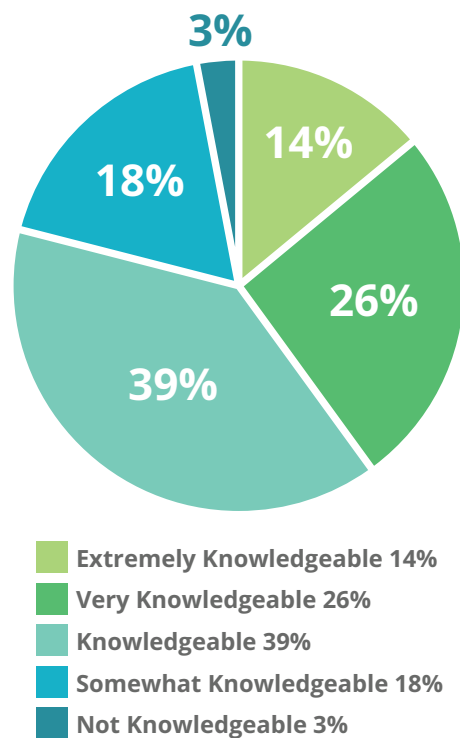
44% of small business owners say a top challenge facing their business in 2016 is cash flow.<sup>1</sup> In fact, 60% of small businesses believe their primary bank needs to provide solutions that support the management of their business' cash flow.<sup>2</sup>

At the same time, 50% of small business owners say they are planning to hire in 2016, up from only 12% in 2015.<sup>3</sup> It's clear that small business owners believe in the economic recovery and are experiencing growth, but they still struggle with fiscal management and fail to understand their credit needs to fund growth.

Compounding this issue is a lack of knowledge and expertise in small business finance. Only 40% of small business owners rate themselves as "extremely" or "very" knowledgeable in regards to accounting and finance.<sup>4</sup> Many SMBs (Small to Medium-Sized Businesses) struggle with financial management and are looking to other expert service providers to help them understand their accounting and finance.

Even though small business owners know that cash flow is a major concern, 20% of small businesses do not know if they will need additional credit in the next 12 months.<sup>5</sup> These small business owners need help getting the right amount of credit at the right time. A good habit of business planning and cash flow forecasting would illuminate these issues, but SMBs don't have the expertise or knowledge to do this strategic planning on their own. These SMBs need better tools to help them understand cash flow management and to help them predict their credit needs.

When small business finance managers are asked to name the top challenges they face, they point to the inability to forecast results (51%) and manage cash flow (47%) as their most pressing concerns.<sup>6</sup> Even the people in charge of finance at SMB's struggle with revenue forecasting and cash flow management. They need better tools to help them keep the business on track, and they do best when working with their strategic advisor to help them understand the numbers and results they are seeing, and to make an actionable plan.



<sup>1</sup> Wasp Barcode Technologies, 2016

<sup>2</sup> Barlow Research 1Q16 Pulse Study

<sup>3</sup> Wasp Barcode Technologies, 2016

<sup>4</sup> Wasp Barcode Technologies, 2016

<sup>5</sup> Barlow Research 1Q16 Pulse Study

<sup>6</sup> American Banker, 2016

The accountant is the best candidate to be a Strategic Advisor to their small business clients, as they have all the data required for this role at their fingertips. Indeed, we know that the number one reason small businesses switch accountants is because they were not receiving enough proactive services, or being provided with actionable insight to their financial data.<sup>7</sup> In addition, businesses grow 30% faster when they actively plan, track against that plan, and adjust for growth.<sup>8</sup>

Accountants who are not currently in the role of Strategic Advisor have a large opportunity to do so. About half of all U.S. CPA firms will likely lose at least one partner or principal to retirement in the next 4 years,<sup>9</sup> making growth in this industry inevitable, and opening the door for new types of services to be introduced. Namely cash flow planning and other types of strategic advising: services for which the small business client is ready and waiting.

"Accountants are the most underutilized asset in a small business."

Sleeter Group research 2014



Go to:

**liveplan.com**

to learn more

LivePlan is a tool built to help the Strategic Advisor accurately forecast financial results, understand cash flow projections, and manage their SMB clients' fiscal health on a regular basis. It features a KPI dashboard that automatically connects to their cloud based accounting software, giving the Strategic Advisor and SMB owner a complete view of all key business metrics while providing actionable insights to adjust course, develop and measure goals, and make sound business decisions.

<sup>7</sup> Sleeter Group Research, 2014

<sup>8</sup> Cranfield University Research Study

<sup>9</sup> Global Accounting Alliance Survey, Journal of Accountancy 2014