

## How Next Level Insights Gives Vets a Real Time View of Their Practice

**Nate:** So one of the ways that we typically engage with our clients is looking beyond some of their basic financial data, looking beyond some of their practice management data that they can quickly pull from their practice softwares, and trying to get into something a little bit more. Frame things in different ways that are hopefully a little bit easier to understand and have something that's actionable in terms of either goals or planning for the future.

**Nate:** So we call those our Next Level Insights. And what those are can really vary by a client, right? And clients come to us with all sorts of different needs and concerns with their practice, and that's something we like to discuss with them upfront and ongoing, with our periodic touch points to kind of learn where they think their practice is going, where their concerns are and what they'd like to understand and know more about.

**Andy:** Nate, I love this conversation because a lot of times, you know, when we meet a, a client or potential new client for the first time, and they tell us their story and their relationship with, with their tax professional, it's the old school talk to them once or twice a year, collect their financial information, collect their tax information, and we're doing historical reporting, and that's really what the relationship is. It's looking backwards. What I love about this topic is that what you just introduced is really a timely, forward-facing, agile mechanism that we help practices with.

**Nate:** And you touched on it there, right? The historical nature of this. And many folks come to us with the experience of, not only is it historical in nature, but oftentimes they're getting that information at the same time they're filing the tax returns. So not only is it historical, but the year has been gone for three months, plus before they're even seeing anything.

**Andy:** Correct, and that at a minimum, now, if it's extended. Now, add more months to that, and it's almost like you're always playing catch up, and you never really know what's going on at the current moment in time.

**Nate:** That's right, and you know, it's it is possible to lean on some of the performance indicators that hopefully are kept up in better time within the practice software, because that tends to be where folks are doing their billing from, right, recording all their production and receipts, at least on the practice management side. So there's certainly things you can glean from there without engaging your accountant, but the reality is that a lot of folks aren't all that comfortable with that software. Don't always know what they're looking for or where to go for that information, what reports are best.

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**Nate:** Sometimes folks come to us and flat out say, You know what? I know my inventory number in that software is wrong. I know my categories should be cleaner. I know what I have all these categories. I have no idea what they mean or how to use them. And really what we aim to do then is educate clients on real-time. This is what you're seeing in your practice management software. This is also what is in your current accounting software, because we help keep it current and trying to bridge the two, understand the two and show the connections of where things go and what is really important to manage practices day-to-day and on longer term scales.

**Andy:** Yeah, totally agree. And I like how you mentioned, you know, the practice management software, the accounting software, and then I know that there are also other platforms that we can integrate into that, whether it's their payroll system, whether it's if they have credit cards that they're using, etc, but really it's, it's morphing and combining all those systems into one so that you can best and most efficiently manage your practice.

**Nate:** Yeah, and maybe the, the big hurdle then, with even proficient use of both of those, current use of both of those, which you know that's kind of step one right? Is getting things current, getting things clean. The next hurdle is, okay, I've got all this information in lots of different places, and how do I piece it together? And that's really where our Next Level Insights shine, either in the form of real-time dashboards or reports, and might think of reports as your financial reports, right, like balance sheet, income statement, but they're really more than that.

**Nate:** We're not just looking at regurgitating what is in both of those softwares. We're looking at pulling out key and specific items explaining what they mean, and putting them in ways that are easily digestible for you to take with you, if you've got 10 minutes to visit the financial performance for the month or the quarter, or whatever it is, or whether you're the type of person that likes to pull that up on your device, you know, in the evening before you before you go to bed, and that's your time to consume and see how things are, are going, and get a pulse of your practice. That's really where those reports shine.

**Andy:** Yeah, and I also love, you know, the first time we present these to a client, because a lot of times, what are they used to: picture that old school balance sheet and income statement, you know, it's got hundreds of lines, and you almost need a magnifying glass to read it, let alone understand it. Which one's the month, the quarter, the year? I have no idea. And then you give them the snapshot, and it's got the key performance indicators. It tells you which ones are good, which ones are okay, which ones are bad. And you start to monitor and focus in on those month over month, quarter over quarter. It's so different.

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**Nate:** That, that trend perspective is really helpful. And beyond that, you know, you can take some of those pieces of information and also use some forward-looking items like, you know, you'll know from seeing some of ours that our clients like to have and these are pretty customizable, right? We pretty much build these for clients based on their needs, but one of the items we look at is free cash flow, and that combines both the historical performance with operating needs for the next couple months, along with debt servicing, and that type of information is really powerful for having folks feel really comfortable about the cash that they're generating, or how their practice generates cash to cover their expenses and their debt, maybe from acquiring the practice or equipment, or, you know, whatever needs they have.

**Nate:** And a couple of other cases that really shine, right? One of the most common questions we get in our quarterly meetings is, you know, I can see my practice bank accounts. I know what's in there, but I've got some stuff that like I got to pay federal tax estimates. I've got, I need a new car. I need whatever. I need some expenditures to improve equipment at the practice. How much can I distribute out to myself for some of those personal items in nature? And am I putting my practice in some sort of disadvantaged position, or how much cash do I have available for capital expenditures and looking to expand and adding new equipment, replacing old equipment, making those repairs on the facility that have been needed for a while? You know, it's really tough to just glean that from a pure balance sheet, profit and loss, statement of cash flows.

**Andy:** Yeah, absolutely. And one thing you touched on is that last one, that statement of cash flows, that's like the forgotten statement, right? You know, it seems like forever ago since we talked about it, but it's kind of back, because it's like, yeah, I can see the balance account. I can see the balance on the balance sheet. But what does that mean? What? Where did my cash go? Not just on expenditures, but on capital items, on paying down debt. In this high interest rate environment, cash and the conversation around it has become so much more of a focal point. And so, you know, these, these reports and these snapshots can really help them to see, plan for the future, and plan for the unexpected.

**Nate:** Exactly. I mean, you touched on several reasons right there why they're important above and beyond, right, just the basic education and getting folks comfortable with how their practice is performing. Beyond that then is, okay, you've got all this awesome stuff at your fingertips that's more helpful, more visual, more digestible than it's ever been, what do you do with that information? And that's something that we spend some time on talking through in whether that's forward looking in terms of goals or looking at specific metrics for improvement. And those could be, you know, in various categories, they could be with direct expenses like cost of sales, that could be related to staffing, that could be related to overhead items or overall revenue as well. It can really lead to a lot of really healthy discussions.

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**Andy:** So Nate, where does someone start? You know, if someone's listening to this and like, wow, that sounds amazing, but I've just got the old school balance sheet income statement. Like, where do people go from here?

**Nate:** The first place to go is give it a little bit of thought in, in what your, are your deepest concerns or immediate concerns about your practice, or what you'd like to know about your practice and its financial well-being and performance. Sometimes our prospects come to us with, you know, this a pretty concrete roadmap of, this is where I am, and this is where I want to be. And I'd like to, you know, engage you all, because I think you can help me get there. And they have a clear vision for what that looks like, but quite a few don't.

**Nate:** And sometimes the hardest step is taking that first step, and that is talking and engaging with your advisor and your data more frequently. Making sure that your books are kept up at a minimum, determining what it is that you care most about, whether that's profitability, whether that's managing your tax exposure, your cash flows. Determining what that is, and then taking those concerns to your advisor or us, if you happen to be a prospect. Because really, with some of the technologies that are out there, there's all sorts of capabilities, some more than others and at different price points, but there's most certainly out, tons of opportunity out there to improve upon whatever your status quo is.

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