



FREQUENTLY ASKED QUESTIONS OF THE SMP COMMITTEE

Recommended by the SMP Committee and approved by
Council on August 5, 2021

1. What basic skills does one need to survive as an SMP in Trinidad and Tobago?

To succeed as an SMP, one must be able to:

- develop a strategic plan that defines the target market, develops a plan of activities for reaching the desired market, projects revenue and expenditure and establishes a brand
- obtain proper equipment and software
- staff the business with appropriate skillsets
- ensure a consistent quality of output
- promote visibility
- maintain strategic relationships
- be ethical in one's conduct
- determine and charge fair fees
- be innovative.

2. What are the professional requirements and skillsets needed to become an SMP?

Anyone who is an ICATT member with a practising or auditing certificate can seek to be an SMP. However, an SMP needs to:

- be a qualified professional accountant/ be considered fit and proper
- have the necessary skills and experience to undertake the assignment
- be willing to undertake continuous professional development in the relevant field
- be willing to work in an environment of constant change and which is devoid of certainty and consistent financial security
- be able to manage stress, demanding clients and the proper use of technology;
- have the requisite Human Resource management skill
- focus on business development.

3. What areas of business activities are available to an SMP?

An SMP can perform the following services, subject to having the necessary certification:

- audit, review and similar assurance engagements
- preparation and compilation of financial statements and book-keeping
- preparation of corporation and individual tax returns, value-added-tax returns and making appropriate filings as required by the BIR.
- business advisory services
- installation of accounting related software
- provision of payroll services
- internal audit services
- company formation and filings with the Registrar of Companies
- corporate secretarial work
- business valuations
- training of company personnel in accounting, auditing, taxation and related business matters; and
- preparation of business plans and cash flows

4. What should an SMP consider when choosing a business partner?

To improve the SMP's chances of achieving long-term success, the following qualities are critical in a prospective business partner:

- his/her experience and skills must support and compliment your own;
- shared values, entrepreneurial spirit, and vision
- an ability to communicate effectively i.e. precisely, concisely and without ambiguity
- an absence of debilitating 'baggage' or burdensome impediments
- a track record of professional achievements that could add credibility to your business
- working connections to a business network or industry or even a client list
- financial stability
- unwavering personal and business ethics
- a passion for service, business development and success.

5. What are the salient issues to include in a partnership agreement?

- Name of partnership;
- Initial contributions and percentage ownership;

- Distribution of profits/allocation of losses;
- Allowable advance drawings;
- Partnership decision-making process;
- Retirement, death, disability or withdrawal from partnership;
- Mediation in the event of disputes;
- Allotment of duties e.g. who is responsible for human resource management;
- Time-off including paid and unpaid leave;
- Time-specified non-competition clause for leaving partners;
- Continuity clause to business stability upon the demise of one partner; and
- Procedure for admitting new partners.

6. What are the less critical issues to be addresses in the partnership agreement?

- the business' vision, mission, values and purpose;
- duration of agreement;
- allowable business expenses;
- authority to bind the partnership, including any financial limits;
- maintenance of books and records of the partnership;
- accounting year-end;
- confidentiality;
- additional contributions when necessary;
- procedure for alterations or modifications to the agreement; and
- entirety of agreement i.e. the non-recognition of supplemental provisions.

7. What the main contributors to cash flow issues that may be experienced by an SMP?

Cash flow issues often arise from one or a combination of the following:

- low gross margins;
- high overhead;
- liberal customer credit policy;
- ineffective collection strategies; and/or
- long term assets have been purchased with cash.

8. What are the best soft skills, which an SMP can impart to his/her staff?

An SMP is in a unique position to impart the following life skills to his/her staff:

- a strong and uncompromising work ethic;
- social intelligence and communications skills;
- dependability and commitment;
- adaptability and flexibility;
- positivity;
- resilience;
- self-motivation; and
- team-spirit.

9. What is most important to an SMP in growing a business?

The most important attributes needed to sustain SMP growth are product excellence and customer service. An SMP's work must be impeccable, and his/her customers must be treated with respect and dignity.

10. What does the SMP Committee do?

The Committee meetings are held monthly, and the agenda are congruent with the ICATT's Strategic Plan for the relevant period. When appropriate, the SMP Committee works closely with the Accounting and Audit Standards Committee and others, to ensure that all relevant views are obtained, and all angles are explored. The primary roles of the SMP Committee are to:

- address issues affecting SMPs;
- be champions for changes by exerting influence on the appropriate stakeholders; and
- make recommendations to Council.

11. What are the main challenges faced by SMPs?

The main challenges facing SMPs are:

- Client Dependence. If a significant portion of income is generated from one or a few clients, the loss of that client can significantly impact the longevity of the business;
- Money Management. In the absence of proper cash management, funds may not be available to consistently cover current and projected expenses and purchases;
- Lack of Expertise. The SMP is often challenged with obtaining the necessary knowledge, skills and experience, particularly regarding complex audit, accounting and regulatory filing issues.
- Fatigue. If improperly staffed or where there is inadequate work-life balance, the SMP may become overwhelmed by the hours, the work, and the constant pressure to perform;
- Founder Dependence. A business that can't operate without its founder is a business with a deadline; and
- Balancing Quality and Growth. The SMP's input is critical to ensuring consistent quality of output. However, as the business grows, a sole proprietor SMP may not be able to personally manage every aspect of the business. To avoid a drop in quality, the installation of internal control systems becomes critical.

12. What are the main challenges faced by employees of SMPs?

The main challenges facing employees of SMPs are:

- Harassment - It is important that the SMP establishes sound reporting practices; ensures the prompt investigation of complaints; displays upright comportment at all times; and sets the tone-from-the-tone regarding acceptable and unacceptable behaviours;
- Lack of Diversity and Inclusion - It is important that the SMP develops policies to encourage inclusion of individuals diverse races, ethnicities, religions, sexual orientations and (dis)abilities;
- Technological inefficiencies - It is important that the SMP consider investing in technology to streamline tasks, affording their employees the tools necessary to perform their duties in an efficient and effective manner; and
- Jack-of-all-Trades expectations – SMPs often blur the lines between one job specification and another, requiring staff to perform myriad duties. It is important that SMPs convey to staff the opportunity that this provides, in terms of knowledge, skills, flexibility and growth.