Is Your Accounting Practice Reactive Or Proactive?

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The economic conditions over the last 5-10 years have created a serious demand for CPAs to become much more proactive and act as the 'trusted business advisor' for their clients. The reality is there are so many moving pieces in our current economic environment that it's impossible for any individual advisor to be able to provide their clients with the comprehensive and proactive planning they need and deserve.

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As in many professions, one of the biggest challenges a CPA faces when they want to grow their business is time. There are only so many hours in a week to perform the services a CPA normally does for their hundreds of clients: tax returns, financials, and audits, all of which are done in strict adherence with standards and regulations. Given the complexity of the tax code, it has become impossible for any CPA to be an expert in all of the areas that their clients need.

One of the things we've noticed in the tax profession is that CPAs are expected to do more work while keeping their prices competitive. Because of time constraints and the standardized services performed, income is limited. This is why, when a client can benefit from a service that the CPA does not offer, most CPAs refer the client to another professional. The CPA probably doesn't receive any revenue for that referral and also isn't in control of the situation.

Other issues facing many CPA firms today include finding and retaining qualified staff, succession planning, and pressure to increase revenues and profitability.

The issue of finding and retaining qualified staff is not likely to go away soon. In fact, it may become even worse due to a substantial decrease in the number of qualified candidates graduating from the country's colleges and universities. Even the best CPA firms are having trouble bringing new, younger talent on board.

Succession planning is really an extension of finding and retaining qualified staff. The issue is two-fold: There isn't enough new talent coming out of school and, as a result, many of today's partners have serious doubts that the remaining talent will be able to generate the kind of revenue needed to keep the firm afloat and pay their retirement benefits.

The old business model of an accounting firm is built on charging for their time on a reactionary basis. In other words, they are responding to what has already happened (i.e., last month's profit and loss or last year's tax return).

Have you ever considered the fact that a tax attorney can charge as much as $10,000-$30,000 per engagement for tax reduction advice? A CPA has access to the same tax codes, but the problem is that CPAs simply do not have the time to learn all the different services that can be offered and that their clients need. What is the difference between a tax attorney or CPA who can charge a client $5,000 for advice and one that can charge $30,000? The answer is knowledge!

Pressure to increase revenues may be the one area where at least some CPAs are making progress. Recently, CPA firms have begun to turn to additional, value-added services to increase their source of revenue. CPAs are now finding that working with a team-based consultant can enhance their services to business owners, like helping to reduce their taxes, increase their revenue, and avoid expensive lawsuits.

A CPA-team-based consultant's job is to act as an advisor to the CPA and provide access to different tax reduction solutions and specialists, much like a family office. This creates a synergistic team with the CPA in control and having access to all the tax reduction solutions and knowledge without increasing their workload. Not having to find and maintain their own specialists also frees up their time.

The consultant is supported by a team of specialists, working within a fiduciary standard, in the areas of:

- Advanced Tax Reduction Strategies
- Business Financing
- Captive Insurance
- Cost Remediation
- Cost Segregation
- Alternative Qualified Solutions
- Retirement Plan Protection
- Multiple Entity Planning
- Premium Financing
- Employee Stock Ownership Planning (ESOP)
- Charitable LLC Tax Planning
- Business Exit Planning
- Qualified Plans
- Retirement Plan Financing

This new model is based on a more proactive approach. It uses the timeliest, most proactive tax planning solutions available today by the most successful and profitable organizations in the country. The results are better client service, improved client retention, increased revenue, and more free time for what's most important.

A CPA can either reduce the hours they work by doing fewer returns, reducing their income in the process, or work with a system that utilizes leverage and technology to produce superior

results with reduced effort.

Those who have integrated these services into their practices have not only seen increased revenue, but also an increase in their customer base without additional marketing expenses and without increasing their workload.

By working as a team, a CPA can learn how to:

- Reduce the risk of losing their best clients to the competition.
- Provide more value to all their clients by expanding their services.
- Expand their brain trust by working with the top experts in the country.
- Increase organic growth by solidifying their role as the “go-to person.”
- Create additional streams from their existing client base.

If your firm is looking to establish an alliance with financial service professionals, before you start, do your homework. Look for a company that works with CPAs and has an established program designed to get you up and running in the least possible time and at the least possible expense. Look for a company that gives you access to specialists in all the areas from which your clients can benefit.

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