# INCITE TAX

# 3 Best Ways to Grow Your Firm

CPE Course

**Course Overview**

There are so many aspects to running a business or being on your own that you didn't realize would take up so much time or that you'd even have to do them at all. And these things are not in your skill set as an accountant. So, the question is which one should you focus on first? **Which area is going to help you grow the fastest and allow you to focus on what your skill set is?** We'll discuss MARKETING mistakes and what worked for me, PROCESS mistakes to make sure the client work doesn't get lost, and CASH FLOW mistakes that led to feeling like I was working long hours and didn't have anything to show for it. As a bonus, I'll tell you about the unique business model I use to operate my firm. The things you'll learn will lay a **foundation for true growth.**

**After the completion of this course, participants will:**

- Identify the three main areas of business operations they need to focus on to successfully grow their clientele and profits.
- Define the concept of "building digital real estate" and how it consistently brings in leads.
- Identify the eight stages of processing a tax return that need to be tracked.
- Identify how to get the clients payment information before providing services in order to decrease accounts receivable.
- Identify the key aspects of the licensee model as a unique way to operate an accounting firm.

**CPE Credits:** 1.5

**Field of Study Subject Area:** Business Management & Organization

**Delivery Method:** QAS Self Study

**Program Level:** Basic

**Prerequisites:** None

**Advanced Preparation:** None

No fee is required. Participants may cancel at any time. For complaints or concerns, please contact our offices at 801-999-8295.

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# Instructions

## Read through the instructions before watching the video.

The video is the bulk of the learning material. This workbook should be used as you watch the video. It will supplement some of the concepts you'll be learning and aid in taking notes. There will be spots to write your own thoughts and other places to write specifically about the learning objectives to further improve your learning experience. Review questions are at the end of this workbook with the very last page being the answer key... so no peaking until you've finished the review.

**Here's a general breakdown of when the main subjects are discussed in the video to help reference the material easier.**

**Introduction** – Beginning

**Marketing** – about 4:00

**Processes** – about 12:10

**Cash Flow** – about 18:15

**Licensee** – about 28:00

**Conclusion** – about 39:50

## Key Terms

**Profit First** – Cash flow management system created by Mike Michalowicz.

**Parkinson's Law** – The demand for something expands to match its supply.

**Digital Real Estate** – virtual property that comes in many forms. In the case of marketing, it's the online space or "property" you take up with your marketing content.

**Licensee** – the holder of a license. In the case of accounting, it refers to a CPA or other relevant professional certifications or licenses.

**Business owners are starving for the advice you have to give!**

# Marketing

Marketing is one of those things that hit hard for a business professional that hasn't been trained for it. Accountants in general aren't really geared for it. I learned early on when one my own that I needed to focus some attention on marketing but didn't really know the best way to go about it.

**Mistakes**

Only networked at low cost or free events. The problem was those people are mostly concerned with price and not value. And they would refer the same type of people as well.

Would only post on social media every once in a while. Not a great way to let prospects know you are still in business.

Website was lacking substance. It was hard for prospects to get to know me and what my firm had to offer.

**Solutions**

My big breakthrough was adapting a new marketing philosophy.

## Serve First & Teach First

It started out with free seminars are lunch and learns. I would teach small business owners how to do their own taxes. Teach some tax strategies they could implement.

For social media and website, it was about posting similar type things. Blog posts about how to do taxes or common tax mistakes. I'd put myself out there as the tax expert and prospects were thirsty for that knowledge. Then when they wanted someone else to take over their tax work or accounting, I was first on their mind.

This leads us to the concept of digital real estate. (refer to key terms on page 2) This is basically taking up as much space as you can online with your own content. Short tip videos, interviews, blog posts and social media posts are some of the more effective ways to grow your digital real estate.

The secret is consistency. If that feels overwhelming, think of it as a time investment that will more than pay for itself sooner than you think.

# Marketing

The best analogy for marketing that I've come across is...

## Marketing is Like Dating.

You're not going to get very far is you come on too strong on your very first meeting. You need to build the relationship.

**What are the marketing mistakes you feel like you're making? What's taking a lot of your time, but doesn't seem to get any results?**

**Make a note of all the ideas that came to you about how you can improve your marketing.**

# Processes

Not only is there a lot more to running a business or even just doing your own solo thing than you thought, but there's also a lot to even filing a return. And that's what you're trained in. There are 8 stages to doing a return that need to be tracked so you don't lose track of your clients and you always know the status of their return. Write down the 8 stages below.

## 8 Stages of a Return

1 _____

2 _____

3 _____

4 _____

5 _____

6 _____

7 _____

8 _____

# Processes

Retention increases when you have systems based around your clients. True growth happens more from retention than from new clients.

**What are the projects that always overwhelm you or you feel like have a lot of steps?**

**Think through the top priority projects and tasks that you do and write down each step in the process. This will help to know what needs to be tracked better or what can be systemized or automated to alleviate your time.**

# Cash Flow

Cash flow is crucial for a business's survival. It's the fuel that makes your business go. And without it, obviously, you aren't going anywhere. So, managing your cash should be your top priority.

**Mistakes**

One of my problems early on was I would accept whatever someone was willing to pay, no matter how low it seemed. Doing that made me into a commodity in everyone's eyes. It also created a lot of work and no extra money to enjoy my family life. Not a good balance and not great for my self esteem either.

I know it's the traditional model, but billable hours are a big mistake. One of the main factors in promotions at a big accounting firm is your billable hours. One problem with that is you don't control your workflow, so in order to keep your billable hours higher, you work slowly if there's not much work down the pipeline. What that means is your clients eat the cost of billable hours.

Another issue with the traditional business model is high accounts receivable. You provide the service and then bill for it after. For one, that's a long process for receiving payment and it's more likely you'll have to track them down for non-payment making it an even longer process.

What you do is more valuable than becoming a commodity or trading time for money. You add so much more value than any software.

**Don't Sell Yourself Short**
**Charge based on the value you create!**

**Solutions**

You are worth the higher prices. The great thing about having your marketing fixed now is that you have plenty of leads coming in. So, then you don't have to worry about those that will only higher cheap accountants. There are plenty of small business owners that will see your value and what you can do for them. Also, you know how much work is involved in each service, so charge a free for each service.

Every client signs an engagement letter, right? Well, they should. Do not provide any service until after they have signed an engagement letter. Since everyone will be signing one, make sure to get all their valid payment info on the letter. So the first thing is do not provide any service until you have a signed engagement letter with the payment info on it. Second you can now receive payment immediately after providing the service.

# Cash Flow

Another cash flow issue we all face, but rarely notice is described by the Parkinson's Law adage (refer to key terms on page 2). A generalized version of Parkinson's Law states the demand for something expands to match its supply.

For you as business owners, that means that your bank account is one large pile of supply. So, your spending is going to match that supply. That's why you might have noticed when your revenue increases, your profit doesn't seem to increase as much if at all.

There is help for this with the cash management system created by Mike Michalowicz called Profit First (refer to key terms on page 2). The main concept is to break up your one big money supply into a certain amount of purposeful bank accounts like profit, tax, owners pay, operating expenses, etc. What using multiple bank accounts does is put boundaries around you cash to minimize the effects of Parkinson's Law.

**What are the cash flow issues you thought of? What money trends have you noticed in your business that are concerning you?**

**How can you apply Profit First or other cash flow management tools to improve your money situation?**

# Licensee Model

You might have guessed by now I don't like the traditional accounting firm model. Charging by the hour is not an option. The competition created within large firms among the accountants is not conducive to a good working environment.

To basically erase most of the negative aspects of a traditional business model, I've come up with something unique, especially in the accounting industry. If you're wanting to grow your own firm, then totally steal this idea. If you're on your own but not wanting to manage a bunch of people, the concept can still be implemented in some ways. Like creating a small support team that specialize in the stuff you don't want to do.

This is a licensee model (refer to key terms on page 2). The licensees are the CPAs or other professionally licensed professionals that deal directly with clients and the paid for services. They earn partner level pay while experiencing all the flexibility ownership gives them without the hassle of ownership.

## Licensee is a Pure Revenue Sharing Model

The crucial element that allows this model to perform at its maximum potential is having a team to support the professional and all the business side of running the company.

For example, here are some highlights of a few of the things my company will have the administrative assistants and other staff do that the professional doesn't have to worry about.

- Return source docs
- eFile or paper file the returns
- Run payments and cover processing fees
- IT support and specialized software
- Remote QuickBooks server for client access
- Payroll
- Marketing and Sales

The licensees can take whatever work they want, whether only tax work or bookkeeping. They are in charge if their workload and even what type of work they. If you have multiple licensees, they don't compete with each other because there are plenty of leads coming in for everyone. What's amazing is they actually collaborate, teach and support each other. It creates a much better working environment for the whole company.

# Action Plan

The 3 things we are talking about, being efficient in marketing, having a reliable system to track your project, and managing cash flow, plus the bonus licensee model, is going to help increase take home pay and decrease the hours you work.

I hope now you know why marketing, processes and cash flow are so important to your business success. And when those areas are running well with systems in place, they provide the foundation to allow the licensee model to truly thrive. Which enhances your company culture and brings more growth and success.

## It's Time to Take Action!

### This course is kind of pointless if you don't put any of it into practice to start growing your firm today.

**Maybe you had a thought like that sounds easy or I can totally do that. Write them all down and schedule them in your calendar right now.**

**What are the thoughts that came to you as you were daydreaming about your firm's potential? What are the steps and goals you want to make?**

# Review Questions

## Complete all review questions before proceeding to the next page.

**1** **What cash flow management system puts boundaries around your cash?**

a) Parkinson's Law
b) Profit First
c) Licensee
d) Owner's Pay

**2** **Select the correct ending to the phrase, Charge based on...**

a) The value you create.
b) Billable hours.
c) What clients are willing to pay.
d) Your education.

**3** **Who ends up eating the cost of charging by billable hours?**

a) The accountant
b) The assistant
c) The client
d) The owner

**4** **What's the law that states the demand for something expands to match its supply?**

a) Licensee
b) Parkinson's Law
c) Profit First
d) Murphy's Law

# Review Answer Key

## Do not read this page until the review questions have been completed.

**1 What cash flow management system puts boundaries around your cash?**

a) Parkinson's Law – **Incorrect.** This is the reason you need boundaries.
b) Profit First – **Correct.**
c) Licensee – **Incorrect.** This is a business model for running your firm.
d) Owner's Pay – **Incorrect.** This is a bank account within Profit First.

**2 Select the correct ending to the phrase, Charge based on...**

a) The value you create. – **Correct.**
b) Billable hours. – **Incorrect.** The traditional way firms bill clients.
c) What clients are willing to pay. – **Incorrect.** Will not be profitable.
d) Your education. – **Incorrect**. Education is to become certified.

**3 Who ends up eating the cost of charging by billable hours?**

a) The accountant – **Incorrect**. They don't lose any money.
b) The assistant – **Incorrect**. This doesn't affect them.
c) The client – **Correct.**
d) The owner – **Incorrect**. They make money off more billable hours.

**4 What's the law that states the demand for something expands to match its supply?**

a) Licensee – **Incorrect**. This is a business model for running your firm.
b) Parkinson's Law – **Correct.**
c) Profit First – **Incorrect**. This is a cash management system.
d) Murphy's Law – **Incorrect**. Basically, if anything can go wrong, it will.