

The Accounting Firm of the Future

Presented by: Whitman Business Advisors LLC



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Promoting Continuous Improvement in CPA Firm Leadership

Introduction & Agenda

- Learn about changes taking place in the industry.
- Explore new competition.
- Learn how to prepare for the future.
- Explore a new business model for CPA Firms.
- Learn how to increase profitability.



About Whitman Business Advisors

- Whitman Business Advisors was started in 2008

**WHITMAN
BUSINESS
ADVISORS** LLC

- Six Consultants are CPAs

- Phil Whitman Named 10 Most Recommended Consultants by Inside Public Accounting

INSIDE Public Accounting
**2015 MOST
RECOMMENDED
CONSULTANTS**

- Celebrated 10 Year Anniversary 11/3/2008 - 11/3/2018



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Changes Taking Place

1. Greater acceptance of WFH
2. Some firms open to WFA
3. Staffing - remote including offshore and onshore
4. Client Acceptance of the Virtual World
5. Move to Advisory Services
6. Non-CPA ownership of firms
7. Acceleration of M&A
8. Almost zero unemployment to significant - upgrade opportunities



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New Competition

1. Wealth Management Firms
2. Technology - still!
3. Private Equity
4. Vendors - Quickbooks,
5. Turbo Tax - DIY or HYBRID - HR Block - ask a CPA
6. Specialty Tax Companies



Preparing for the Future

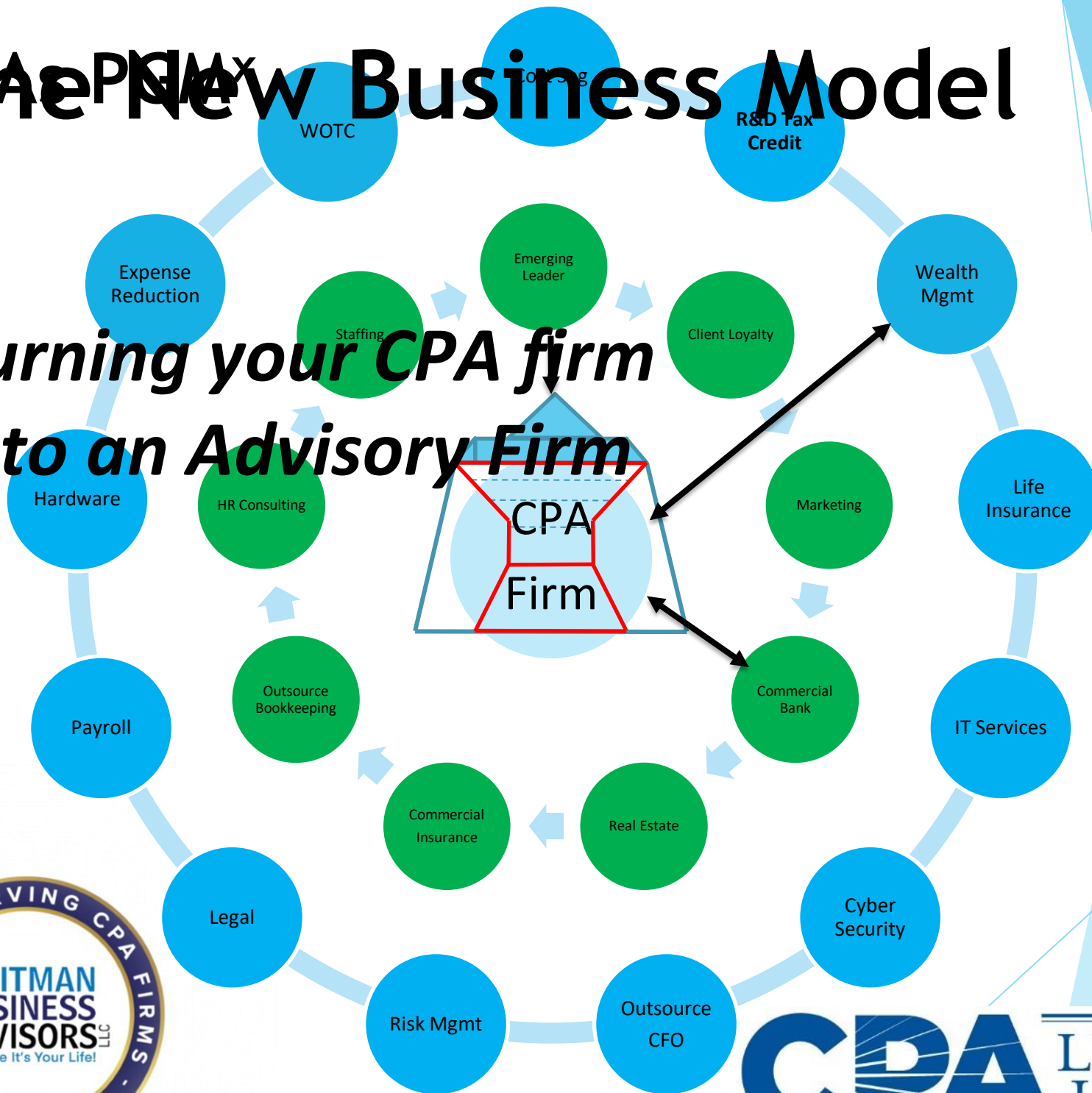
- Change in Governance
 - Move from slow decision-making and Risk Adverse to Faster and less Risk Adverse
- Review Partner Compensation
 - Reward behavior you're looking for
 - Clearly Define Work/Production Component & Ownership Component
- Professionalize your Administrative Service Professionals
- Moving towards Advisory Service Offerings
- Leading Edge Technologies
- Clearly defined Sales & Marketing process
- Get rid of unproductive partners - "Dead Wood"



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The New Business Model

Turning your CPA firm into an Advisory Firm



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What are advisory services?

| | | |
|-----------------------------|---|--|
| Litigation Support | Employee Benefits | Internet/Electronic Commerce |
| Business Valuations | Investment Advisor/Services | Lease vs. Buy Analysis |
| Wealth Management | Technical Consulting | Software Development/Training |
| Life Insurance | Strategic Planning/Business Plans | Budgeting Services |
| Forensics/Fraud | Business Management for Small Businesses | Business Management Services |
| Mortgage Services | Bankruptcy/Insolvency | Cost Segregation |
| Sales Training | Financing Arrangements | Computer Systems |
| Business Management HNW | Employment Search | Accounting Systems/Software |
| Mergers & Acquisitions | Cash Flow Forecasting/Management | Compensation/Benefit Planning |
| Personal Financial Planning | Payroll Services/Consulting | Health Care Consulting |
| Private Equity Services | Export/Import | Professional Services Practice Management |



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POLLING QUESTION #1

- Are you currently offering advisory services to your clients that have been introduced during the past twelve months?
- Answer choices:
 - a) Yes
 - b) No



Why all firms should consider offering advisory services

- **Compete with larger firms**
- **Positive impact on your firm**
- **Clients wants**
- **Increased growth opportunities**
- **Increased profitability**



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How to get started with advisory service offerings?

- **Create a vision**
 - **Look at your clients, what do they want or need**
 - **Where are your clients getting bad or no service?**
 - **What are you comfortable with?**
 - **Who do you know? Who have you been referring business to? Who has been asking you?**
 - **Just START!**



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Common strategies for getting started

- **BUILD IT**
 - **Build is typically best for larger firms with deep pockets and a long-term time frame**
- **BUY IT**
 - **Synergies with new potential accounting clients**
- **PARTNERING**
 - **Fast implementation**



The "Grand Slam" strategy concept

- **Load the Bases**
- **Good for the client**
- **Good for the strategic partner**
- **Good for the firm**



Load the bases and create the Grand Slam of impacting your clients while driving client loyalty and profitability to the firm!



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Best Practices & Common Mistakes

- Need a vision
- Need a champion
- Need partner alignment
- Need the right strategic partners
- Need Patience
- Need Adaptability
- Need Accountability
- Need to reward successful participants
- **THIS NEEDS TO BE A PRIORITY, NOT A HOBBY**



Consequences of Not Offering Advisory Services

- Decreased profitability
- Loss of clients
- Irrelevance in marketplace
- Challenges in Recruiting & Retaining Partners & Staff
- Just surviving, not THRIVING!
- Becoming an Orphan firm with no succession options



Enhancing Profitability

- Review Partner Compensation
- Moving towards Advisory Service Offerings
- Using technology to make processes more efficient and effective
- Execution of a clearly defined Sales & Marketing plan
- Get rid of unproductive partners - “Dead Wood”
- Know your metrics: ACR, Realization, Utilization, OH per worked hour, revenue per professional/partner
- Review Profitability of Accounts - perhaps less is more
- Pipeline meetings
- Annual major contract reviews



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POLLING QUESTION #2

- Which of the following action steps are you most likely to take to enhance profitability?
- Answer choices:
 - a) Get rid of unproductive partners
 - b) Using technology to increase efficiency
 - c) Hire a business development professional to grow revenues
 - d) Convene a firm partner retreat to evaluate strategy



WBA SUGGESTS 10 ACTION STEPS

1. ASK YOURSELF: Is MY CPA Firm Sustainable with Coming Changes?
2. Ask yourself - are you an accountant or a businessperson
3. Be Entrepreneurial
4. Create a new vision of the future of your firm
5. Ensure Partner Alignment
6. Start small - learn lessons and continue
7. Take a Multi-pronged Approach
8. Explore what else your clients buy
9. Be patient
10. Call 1-844-WBA-TEAM



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Questions



YOUR PRACTICE MANAGEMENT RESOURCE

OUR SIX PACK+ of SERVICES for CPA FIRMS

Retreat Facilitation

Mergers & Acquisitions

PGM™

Talent Acquisition

Leadership Development & Managing Partner Coaching

Practice Management Consulting

+

Human Resources

Risk Management

Marketing & Communication

IT Consulting



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