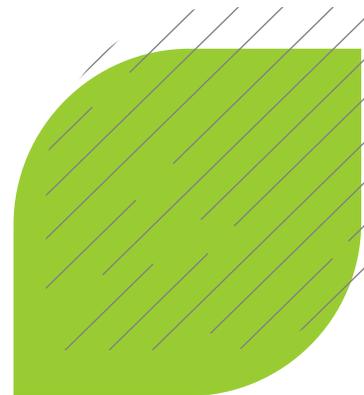




The Modern Firm[®]

| 2019



Find your way to

better every day!

Nobody knows better than you, the firm owner, how much “noise” we deal with everyday—ever-changing mandates, staffing issues, trying to keep pace with technology innovations. Is it just me, or does it feel like there is always a newer, better and faster solution being released? It’s overwhelming. But even amidst all the noise, the onus of leading and growing your firm still falls squarely on your shoulders.

Running an accounting firm is incredibly fulfilling, but at times feels chaotic. And that chaos...that noise... is distracting. So much so that it often keeps us from implementing real change. It keeps us stagnant. Keeps us doing the same thing day in and day out—operating in the same manner we always have. And for no better reason than it’s simply the way it’s always been done.

I felt this way at one time. I lived in the chaos every day. Then came that moment of “enough is enough.” It was time to take back control of my firm. To find a way to quell the chaos, to get better every day and get back to why I opened my business in the first place—because I love what I do! Because I wanted to build something extraordinary...a business that would support the life I wanted to live.

When I say, “Get better every day,” I mean just that. Major transformation doesn’t happen overnight. It takes a dedication to making small changes and progress each day. I worked to get better every day by slowly moving away from old habits and outmoded practices that kept me from implementing positive, profitable, noise-



Darren Root, CPA, Chief Executive Officer

cancelling change. Over time, I was able to break free from:

- The dogma of the industry (the way it’s always been done)
- The chains of slow-to-innovate software (there’s a whole world of cloud-based apps that help you provide unparalleled, collaborative client service)
- The old business model that keeps you working long hours and tied to the office

At Rootworks, I’ve put my experience as a firm owner to work. Our Rootworks Performance Model and Platform were developed based on my own firm transition—from running my practice the “old way” to operating what I term a Modern Firm. And you can make this transition, too! Together, alongside our engaged members and our dedicated, inspiration-invoking team, you can move away from the chaos and find clarity. You can get better every day!

Darren Root, CPA
CHIEF EXECUTIVE OFFICER

Offering the right information at the right time

At Rootworks, we understand the pain points firms face. We also know that many have continued to experience that “enough-is-enough moment” and are ready to make much-needed change. And that’s exactly why we created this eBook—to offer you a model of the elements that comprise a Modern Firm. To provide you with the right information at the right time.

Getting out from under the “old way” of doing business is tough. But at Rootworks, that’s exactly what we help our members do—offering clarity on what it takes to build a Modern Firm and supporting you with one-on-one guidance along the way...**for as long as you need it.** From offering the right products and leveraging current technologies to marketing and branding, you don’t have to tackle any part of your transformation alone.

Once you’ve completed this eBook, we are confident you will be inspired to take the next step.

So, let’s get started...



The Rootworks tribe

It's all about community, so you never have to go it alone

Our community of members...our tribe...is made up of progressive-thinking firm owners and their engaged, motivated staff. While members will often be at different points in the transformation process, all are dedicated to building a Modern Firm.

This is what being modern means to our member tribe:

- **Choosing the right technologies** at the right time that enhance operations and support client and firm success.
- **Embracing change and leading with intention** to build a prosperous, culture-rich firm.
- **Leading with the heart of an educator** to teach clients what technologies and information are critical in building a successful enterprise.
- **Embracing the advisor role** to serve as a true business strategist to clients and supporting them with structured, productized services.
- **Understanding and executing on continuous improvement** in the areas of leadership, products, operations and experience.

“What Rootworks has created is bigger than any one person. It’s a culture, a community and a hail storm of inspiration. It’s awesome and comforting to make this journey within a community of accountants.”

— MARCUS DILLON, DILLON CPAs, PLLC



Rachel and Marcus Dillon

From chaos to clarity

The profession is full of disruptions—from ever-changing regulations to the consistent release of newer, better and faster technologies. Combine this with common firm pain points such as qualified staffing shortages; a rise in cybersecurity crimes; and the demands of a tech-savvy, on-demand client base, and it's easy to understand how firms get to the point of chaos.

Helping firms move out of chaos and into a state of clarity is our mission and why we developed the Rootworks Performance Model. Our model provides an organized, tested and proven roadmap to guide our members on building a firm for the modern era.

"After attending my first Rootworks event, I knew that if we could just change our firm to the Rootworks vision, we could do something exciting. After years of #Boss, #GPA, #QBO, #Mobile, #In The Loop, #Culture Matters, #Sean and #Great Firms & Friends, we have flourished in so many ways. Today, for the month of March alone, we billed as much as we did in an entire year back when we started with Rootworks. Rootworks matters to our firm!"

- BRUCE BERNDT, BERNDT CPAS



Bruce Berndt

Rootworks Performance Model™

Over the past 10 years, we've been refining and evolving what it means to be a Modern Firm. A decade's worth of research, testing and implementation are summarized in our Rootworks Performance Model—providing a clear guide on what it takes to build an agile, sustainable and highly profitable business.

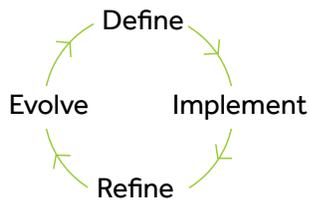
If you're like many, you've been going it alone for years—without a guided roadmap and lacking a clear vision of what you really want from your firm. Our Performance Model brings structure and clarity to the processes and the steps required to build a firm for the modern era. In short, our model will:

1. Get you thinking like an entrepreneur.
2. Inspire you to be intentional about every change you make.
3. Move you onto a structured and proven path to success—with an entire community to back you up!

The Rootworks Performance Model is organized around four core elements:

1) Leadership, 2) Products, 3) Operations and 4) Experience. Supporting each element is a set of sub-elements—each designed to support tax and accounting firms exclusively. In whole, our model provides a blueprint that allows you to visualize all the pieces and parts that make up a Modern Firm.

Rootworks Performance Model



Rootworks Performance Model

Leadership

Vision
Culture
Ideal Clients

Products

Client Accounting
Payroll
Advisory
Tax

Operations

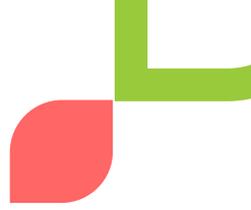
Security
Firm Management
Communications

Experience

Marketing & Sales
Brand
Onboarding
Web & Mobile

When you have a sound model to guide you, it's much easier to build the firm you've always wanted.

Digging into the Rootworks Performance Model elements and sub-elements



Leadership

Leadership is where it all begins—the heart of the Modern Firm. Only when firm owners and partners adopt an entrepreneurial mindset and are dedicated to leading with intention, will they be successful. Without sound leadership in place, other elements will present significant challenges.

Leadership is comprised of the sub-elements: Vision, Culture and Ideal Clients.

■ **Vision:** It's important to always start "with the end in mind." That is, what do you really want out of your business? Do you want a business that's designed around you...with clients that depend on you? Or would you prefer a business where you can leverage a qualified, committed team? Having a clear vision impacts every aspect of your business.

■ **Culture:** The culture you create sets the overall tone of your firm. It's important to understand that culture infiltrates all areas of your business. In fact, you have a digital culture, a security culture, a human culture and a leadership culture. The culture you've created directly impacts how quickly you can evolve. For example, if you've fostered a progressive digital culture, keeping current with the most advanced cloud-based technologies, then it's much easier for your team and clients to adapt during times of technology change.

■ **Ideal Clients:** Another output of leadership is ideal clients. A sound leadership culture attracts the right kind of clients—those your firm is both good at serving and wants to serve. Identifying and recruiting the right clients is paramount to a firm's success.





Products

The days of hanging out a shingle and billing by the hour are all but over. The internet opened up a whole new and convenient world for information gathering, allowing consumers to make educated, product-based buying decisions. Today, people expect to know what they are buying, how much they will pay, and when they will receive it. We are now living in a product-based, Amazon world.

Products is comprised of the sub-elements: Advisory, Tax, Payroll and Client Accounting.

The shift to a product mindset has pushed the accounting profession to explore the concept of products over traditional services. There has been a steady movement to productize services that are clearly defined, predictable and repeatable—from transactional services such as tax and payroll to high-value advisory services. Being product-based enables a firm to offer clarity on the products offered, the cost (value priced), and how they will be delivered (technology platform).

For example, many firms still offer business advisory services as one-off engagements. This means that with each new client, you are starting from scratch. Now, consider the needs of a new business startup, including entity structure, owner wage structure, retirement planning and technologies for business operation. What if you had a repeatable, “off-the-shelf” product that allowed you to deliver advisory support consistently across clients without reinventing the wheel every time?

By developing a set of defined delivery tools, such as a sales kit, education assets (presentations to educate clients on each component of the service), and a recommendations report for key findings, you’ve created a repeatable and highly profitable advisory product.

For more information on productizing business advisory services, download our [Business Advisory Services eBook](#) from [rootworks.com](#).

Operations

Accounting firms have notoriously struggled with what is considered back-office operations. This includes everything that constitutes a firm's "back-stage" work environment—such as security protocols, workflow, and internal and external communications. Streamlining this core element is key to running an efficient and profitable firm.

Operations is comprised of the sub-elements: Security, Firm Management and Communications.

■ **Security:** Security has long been a significant issue for firms, and it continues to be a growing concern. Recent statistics report that one out of every three accounting firms have had some level of security breach. These same studies also report that 91% of breaches start with an email. Ensuring the security of clients' data falls squarely on the shoulders of the firm owner. Now more than ever, it's mission critical that partners and staff are educated

on security protocols and cultivate a security culture that fosters confidence and trust among clients.

■ **Firm Management:** From managing multiple workflows to understanding client and product realizations, firm management is another area where professionals struggle. Proper firm management includes planning and implementing the right technologies, workflow processes and metrics to manage a highly efficient firm.

■ **Communications:** This includes both staff and client communications and the need to devise a communications culture that is transparent and effective. A main issue for firms continues to be use of outmoded communication tools. For example, the use of email as a primary messaging tool creates communication silos—with information being housed within individual inboxes. The key here is to create visibility across client and staff communications to better serve clients and maintain a well-informed, efficient staff.





Experience

Experience relates to the overall feeling your clients and prospects have based on interactions with your firm. The combination of every touchpoint—including digital communications, your website and mobile app, onsite meetings, and more—drives how your firm is perceived by others. Today's tech-savvy, on-the-go consumers expect a rich, convenient experience every time. It's what will truly differentiate your firm from the competition.

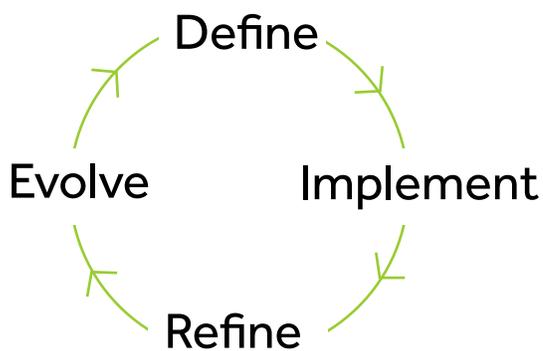
Experience is comprised of the sub-elements: Marketing & Sales, Brand, Onboarding and Web & Mobile.

■ **Marketing & Sales:** Traditionally, firms have grown via referrals, which often leads to taking on any client who walks through the door. A sound marketing and sales process allows you to be intentional about the prospects you attract and, ultimately, helps to deliver ideal clients.

■ **Brand:** This is a sub-element that many firms owners have trouble wrapping their brain around. Your brand represents who you are...how the community sees you. When your firm's name is mentioned, it's what comes to mind. When you consider your ideal clients, what does your brand do to attract them?

■ **Onboarding:** Onboarding represents the first big experience with your firm, and will set the tone for the client-firm relationship. Things to consider here are: How quickly and seamlessly are you able to onboard a new client? Do you provide training for clients on the technologies that support your products?

■ **Web & Mobile:** In our modern world, most clients prefer to interact and collaborate online. It's simply what is expected. So, what's the experience when a client lands on your website? Does it serve as a place to do business where all client-facing technologies are available via a client center? Can clients conveniently pay you online? Is it mobile friendly, so prospects can easily find the information they seek on any device?



The defined phases of change within the Rootworks Performance Model

Phases represent the final component of the Rootworks Performance Model—offering a simple guide on where you are in the change process. Phases are applied to every element and sub-element within our model and include: **1) Define, 2) Implement, 3) Refine** and **4) Evolve**.

To put this into perspective, consider implementing a payroll product. You first define the product—what you want to offer clients. You then implement the product. And over time, you refine your payroll offering to meet client needs, improve efficiencies and elevate profits. Finally, when the time is right, you evolve your product to the next bigger and better thing.

It's important to point out that many firms stay in the Refine phase for years. And while refinement is not a bad thing—in fact, it's where you bolster efficiencies and profitability—a firm cannot stay in a state of refinement forever. The challenge is knowing when it's time to evolve...when it's time to move on to what is next.

The Rootworks Performance Model is a proven and tested tool used by Rootworks members and their staff to organize thinking and bring clarity to building a Modern Firm.

Rootworks Performance Platform™

Getting better every day starts with an honest assessment of your firm

Once you decide to move forward with building your Modern Firm, the inevitable question is: Where do I start?

The short answer is: You start with the Rootworks Performance Platform.

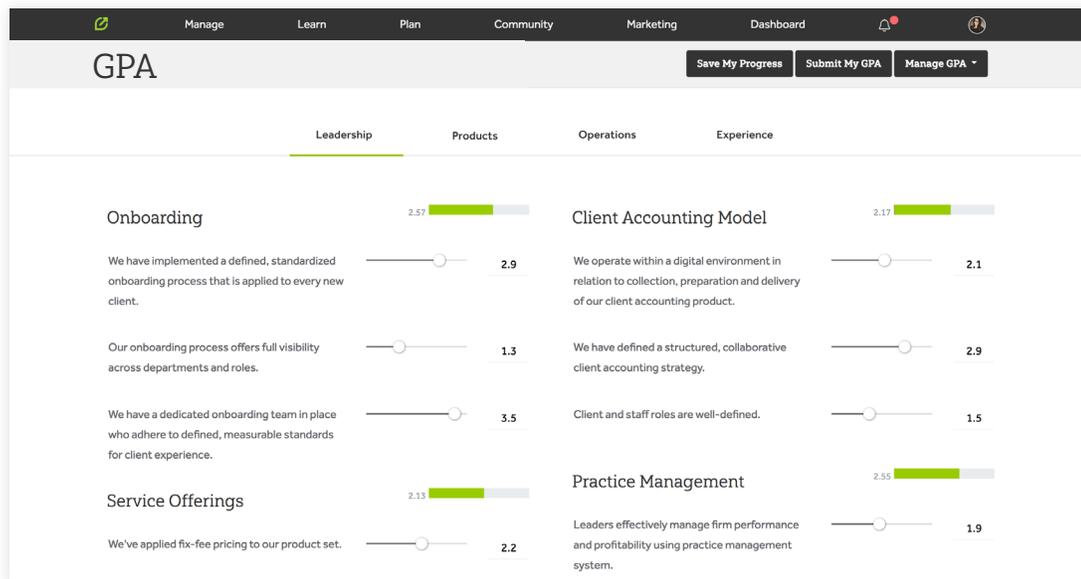
The majority of this eBook is dedicated to detailing our Performance Model—the big picture. The remainder will focus on the Rootworks Performance Platform—the machine that powers intentional, transformational change.

Rootworks Performance Platform offers a multitude of tools and resources that support you as you implement change and transition your firm for the modern era. The first step is conducting an honest assessment of your firm using the Rootworks GPA Tool.

Rootworks GPA Tool™

Before you can define your vision—that is, where you want to take your firm—you first have to know where you are. Our GPA Tool offers a sound starting point for assessing where your firm stands today—allowing you and your staff to “grade” your firm in each of the core elements (Leadership, Products, Operations and Experience). By honestly evaluating your firm, you can quickly identify areas in need of enhancement.

The GPA Tool allows firms to assess their performance using a scale approach (0.0-4.0), just like the GPA you received in school. This offers a much better mechanism to measure progress on a continual basis—opposed to a binary approach, such as yes-or-no answers.



The 4-point scale allows firms to rate their performance in all areas of the Rootworks Performance Model over time.

Other tools and resources offered within the Rootworks Performance Platform

The Rootworks Performance Platform offers an expansive repository of additional tools and resources, including our proprietary websites and several online achievement and learning tools. All were developed to support members at every step of their Modern Firm build.

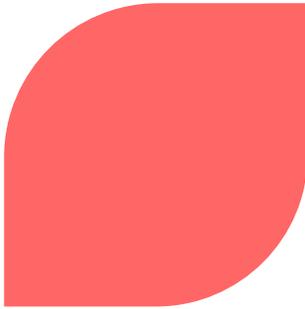
Websites: Our websites are designed to be a place where clients can do business with your firm—online and on-demand. Our proprietary Client Center is built-in and houses all client-facing technologies for ease of access and use. Our sites also offer a prospecting form that integrates with Client View (Rootworks' built-in CRM module), the ability to accept online payments, and are mobile friendly.

Achievement tools:

- **Client View:** Our web-based tool that provides firms with a snapshot of the products clients have purchased and the technologies used. With a clear, current view of this data, firms can more easily assess clients that need to move to the technologies embraced by the firm and identify those who can be upsold on additional, value-added products. Client View also provides a running, current list of prospects to ensure proper sales follow-up.
- **Benchmarking survey:** This tool offers objective measurement of firm performance and valuable benchmarking data for Rootworks members.
- **GPA Tool:** As mentioned previously, this tool supports progressive, objective assessment of a firm within all elements and sub-elements of the Rootworks Performance Model.

Learning Tools:

- One-on-one, dedicated coaching
- Detailed, guided lessons
- Educational webinars
- On-premise events (summer retreats and an annual year-end conference)
- Technology reviews (seasoned staff continually vet technologies from all reaches of the profession)



Member success is so sweet!

Because we are a business where people matter most, we measure our success by the success of our members.

Be sure to read each of the following success stories to see how Rootworks members are applying our model and using our powerful platform to build agile, profitable and sustainable businesses.

Leadership: Joe's Success Story

Montgomery & Company, CPAs

Montgomery & Company, CPAs is more than a case study on leadership, but also a story of a passion reignited. Joe Montgomery III, partner and Modern Firm visionary at Montgomery & Company, wasn't even sure he wanted to continue working in the profession. The traditional mode of firm operations—the long hours, lack of flexibility and status-quo technology—didn't fit with Joe's vision for how a business should be run.

"Dad joked that he would say goodbye to the family on January 1 and hello on April 15. This was not the type of business I wanted to work in," Joe said.

Joe knew he needed to change the firm's culture overall. He just didn't know where to start. That is, until he discovered Rootworks.

A highly engaged member of Rootworks, Joe, his father and his staff have done the work to get to where they are today. Progressively working on the firm's culture has moved them far down the path to Modern Firm status.

"You have to implement and follow the Rootworks model...and stick with it. It took about a year for us to really get some momentum. Being connected with a team dedicated to your success is so helpful—we needed that live human element. It's what separates a deeper, richer membership in an organization from a basic subscription to a product. I can talk to a Rootworks team member and get the one-on-one support I need to keep moving forward," Joe explained.

Building a positive, modern culture also led to substantial growth for Montgomery & Company.

"As a result of being fully engaged with Rootworks, firm growth doubled in our first year of membership!"



"Working with the Rootworks team, we were able to define who we are and why we do what we do...starting with our mission statement and core values. This is when I got really excited and I started to get back my passion for working in the profession."

JOE MONTGOMERY III, MONTGOMERY & COMPANY, CPAS

Products: Carlos' Success Story

El Triunfo, Business Consulting

According to Carlos Guaman, president of El Triunfo, the tremendous success his firm has experienced over the last few years traces back to one source: Rootworks. "I read Darren's book, 'The Intentional Accountant,' and not a week later I got invited to a Partner Summit where Darren was the main speaker. Just like in his book, he talked about building a business where you serve as an advisor to clients, not just an accountant. That spoke to me. It changed the way I thought about running my firm."

Carlos joined Rootworks to get the focused help he needed to transform his firm. He credited Rootworks with providing all the "missing pieces."

Since 2015, El Triunfo has been on fire! Carlos reported 35% growth in the first year of membership and 45% growth each year after. Additionally, Carlos took the Rootworks team's advice on bringing payroll back in-house instead of referring it out, which added another \$400K to El Triunfo's revenue.

"Here is what makes Rootworks different: They hold your hand when you need it. My coaches were with me at every step of launching my payroll business. I didn't have to figure it out by myself. You can't get that from anyone else."

Carlos added: "Our software provider offers basic technical training, but the Rootworks team helped make sense of how to use the technology to successfully serve clients. They coached us on hiring quality staff; they offer amazing staff trainings; they helped us define our 'Why' and pinpoint our ideal clients. We wouldn't be where we are today without their focused, one-on-one support."

Today, El Triunfo is on top. Having defined their ideal clients as the Latino business community, they've cornered the market. "Our clients are successful Latino entrepreneurs and we are helping them grow. We take everything we learn from Rootworks about growing our own business and transfer that knowledge to our clients...it's that good!"

There seems to be no barrier to El Triunfo's success. Carlos' vision is to serve Latino businesses across the United States. "We are now set up to do this, because we no longer operate like a traditional firm. And with Rootworks' continued support, there's no stopping us."



"I needed to change everything about how I ran my firm...the technology we used and how we used it, training my staff, defining who our ideal clients were...but I didn't know how to do it. There were all these missing pieces that Rootworks filled in. Rootworks saved me years of figuring all this out myself."

CARLOS GUAMAN, EL TRIUNFO

Experience: Shannon's Success Story

Summersgill CPA, Accountants and Advisors

Shannon Summersgill, owner of Summersgill CPA, has mastered the art of client interaction. From her website/client platform to client and prospect communications and social media, she is killing it!

After joining Rootworks, Shannon's first call of action was a new website. "It was evident that Rootworks could not only design a beautiful site, but also provide a centralized platform that offers clients convenient online access to our services."

Under the Rootworks model, Shannon understands that a Modern Firm website means never sacrificing form or function. Her site reflects a progressive brand and enables clients to work with her firm online and on-demand.

In tandem with building her site, she also engaged in Rootworks' Outsourced Marketing Communications service. This service places a marketing pro on her team to develop an annual plan and execute marketing initiatives on the firm's behalf.

"I've had success that has more than exceeded my expectations. Working one-on-one with our Rootworks marketing manager, we maintain a highly active communications program made up of unique email campaigns, social posts and blog articles. We are now marketing all year long with the right messaging to support our modern brand."

The website and marketing efforts combined have significantly helped Summersgill CPA grow. Shannon stated: "Within the first few months, the leads started to roll in. Our Rootworks marketing pro even coached us on the sales follow-up process to ensure we properly nurtured leads through the sales cycle."

In fact, Shannon wholly credits Rootworks for her firm's growth in 2018. "We've brought on all these new accounts because of either our website platform, our marketing efforts, or because we follow Rootworks' guidance on using the best technologies. I attribute 100% of our growth with some aspect of our Rootworks membership. They know how to operate a Modern Firm at every level."



"I've had multiple prospects tell me that the reason they called was because we are clearly forward-thinking. They love that our website is more than just a website, but a platform to work and collaborate. Some of our new clients left their long-time CPAs because they were so behind the times...refusing even to use QBO."

SHANNON SUMMERSGILL, SUMMERSGILL CPA

What it means to be part of the Rootworks tribe

The rate of change in the accounting profession isn't big news. While we all know that we have to keep up with change to thrive, there are few resources out there that actually show us how to do it. This is why Rootworks was created—and why today it is the leading firm improvement organization dedicated to the accounting profession.

A membership in Rootworks provides firms with a proven and tested model for building a modern, agile and sustainable business—complete with the solutions, resources, advice and people required to support you at every stage of transformation. This means you don't have to go it alone and that there is no expiration date on support!

With Rootworks, you get:



Solutions that fit—Our expert team is consistently vetting best-of-breed technologies from all corners of the profession. We then offer recommendations on the solutions that are the right fit for the Modern Firm.



Resources that equip—We empower you to lead your firm's transformation by supplying you with a wealth of educational resources for partners and staff, including one-on-one coaching, onsite retreats and conferences, training (live and on-demand), self-paced lessons, and a long list of instructional materials.



Advice that resonates—Get sound, achievable and ongoing advice from our expert team and the inventors of the Modern Firm.



People who support—Grow and develop your firm with people who are dedicated to helping you when you need it. Depend on our expert team for the latest strategies and solutions that prepare you for what's next in the modern era.

At Rootworks, our entire team is dedicated to helping firms move out of chaos and into a place of clarity. We are here to help you get better every day as you work toward building your Modern Firm.

Don't stop now!

Move out of chaos and into a state of clarity

Rootworks will empower you to take control of your future—from your vision and culture to your products, website and mobile solutions. You'll be inspired to kick-start your transformation to a Modern Firm.

Register for our **FREE** Modern Firm webinar and explore the Rootworks Performance Model and Platform with Darren Root and other executive Rootworks team members.

Register for the webinar now at rootworks.com/mfwebinar.

Or contact sales immediately for a tour at andy@rootworks.com.



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