



AUDIT TAX ADVISORY

Presented by

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HOW TO START AN ACCOUNTING PRACTICE



partners-network.com

Edward Mendlowitz, CPA



Edward Mendlowitz, CPA, is a partner in WithumSmith+Brown, PC, CPAs and is one of Accounting Today's 100 Most Influential People. Ed has authored 25 books and has written over 1000 articles and blogs for business and professional journals and newsletters plus a Tax Loophole article for every issue of *TaxHotline* for 27 years. Ed writes a twice a week blog that addresses issues his clients have at www.partners-network.com. He is the winner of the Lawler Award for the best article published during 2001 in the *Journal of Accountancy* and is on *Bottom Line/Personal's* Panel of Experts for taxes and editorial board of www.QuickReadBuzz.com site. He has also taught in the

MBA graduate program at Fairleigh Dickinson University, and is admitted to practice and has argued cases before the U.S. Tax Court. Ed testified twice at the House Ways and Means Committee on tax reform, equity and fairness. Ed is also the president of the Withum Partners' Network which purpose is to support smaller accounting firms in areas they do not or cannot practice in.

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Sign up and read his twice weekly blogs at www.partners-network.com

Professional Sharing

- Read my weekly "Art of Accounting" column at www.accountingtoday.com posted each Monday. Sign up - it is free and you will also receive the print edition of the paper free
- Subscribe to www.CPATrendlines.com where a Practice Doctor column is posted weekly. Also free.
- Read my twice a week blogs at www.partners-network.com. Also free.
- Call me with your practice management questions and issues – also free.

Comment

While this program is directed toward accountants that want to start their own practice, many of the suggestions and techniques can be adapted to services you can provide to your clients.

Starting an Accounting Practice

This is a program focused on how to start an accounting practice, not how to manage one.

Starting a practice is a one-time occurrence that where sufficient insights can be garnered from a few hour program. Running a practice needs a minimum of a couple days a year of programs, attending webinars and podcasts, continuous reading of articles and books, and regular interaction with colleagues discussing common practice management issues. It requires ongoing continuous efforts.

This program includes much of the information you will need to get started. Starting any business and in particular, an accounting business, is an exciting adventure that always excites me when I hear from someone getting started and I look forward to assisting them if asked. So do not hesitate to reach out to me.

Enjoy the presentation and materials in this handout, and good luck!

The Future of the Small Accounting Firm

I estimate there are about 42,000 accounting firms in the United States, with 41,600 being considered as small. According to surveys the 400th largest American accounting firm does about \$3 million in volume with fewer than 20 people including partners or owners. By any standard that is a small business. Most of the small firms have less than 4 or 5 people. Regardless of the Big 4 and the Top 100 (of which Withum is part of) we are in a profession made up of small businesses. I see a bright future for these colleagues.

The brightness of the future is because the small firms offer a service, value and fill a need. Many smaller firms provide an essential service by maintaining clients' sets of books, filing local, state and federal tax returns as required and providing the comfort that these compliance services are being handled effectively and timely. Some also add value by offering additional analyses, data, interpretation, projections, forecasting and even predictive services. Filling a need can also be met by providing an available and knowledgeable ear to a client when it is necessary since single owner business clients often have no one in their business to talk to (besides the accountant), vent or share thoughts with. While partners of larger firms can offer similar services many times they cannot be performed because of time or fee constraints. Therefore, the continued need for small firms and my positive outlook for them.

But there is also more:

- Owners of smaller practices all make a living, most truly love what they do, and regardless of the sometimes pressures of overloaded work and a compressed tax season, are still their own bosses and feel, and are, in control of their destiny. Life is good for them.
- The potential for growth is always there. It may not be realized. It may not be attempted, but it is there. That is a comforting feeling. I know that because I've been there.
- Most client businesses are small and the owners prefer accountants and other advisers that are experienced in and can related to their size business. They might not necessarily want someone that only works with their size business preferring those with little larger clients since they want an accountant they feel they could grow with and who can handle that growth, but it is the range of the accountants' size they are comfortable with.
- Clients want a hands-on accountant, not one shielded with layers of staff. Most larger firms cannot work that way for their smaller clients. Smaller accountants are adept in this.
- Smaller firms are better equipped to respond to requests from prospective clients. The owner or partner shows up and talks to the prospect – one on one. Partners in larger firms do this too, but they are constrained by their firm's protocol of preparing proposals, conflict verifications, projecting staffing and time, and are sometimes hesitant to offer fixed fees for fear they will be too low and face questioning or challenge from their partners. Smaller firm owners often quote enough of a fee to get the client knowing that no matter how far off they are based on "time" they will still be adding what they collect to their bottom line.

- There are great opportunities for growth by offering additional services to clients. Because of the greater hands-on nature of what smaller accounting firm owners do they can more readily recognize an opening to step up into to assist the client.
- Training staff is always a problem, but small firm owners with the right effort, approach and method, can train very effectively and work alongside the staff person while they are learning.
- Many smaller firm owners associate loosely with similar firms to share practice management issues and technical information and with larger firms such as through the Withum Partners' Network so they have capabilities that far surpass their size when a client needs extraordinary services. The effective firm owners pass on the knowledge of this ability to their clients so that they remain the first call from their clients when problems or changes appear.
- New products and services are always being introduced to our profession. For many of these, smaller firms are early adopters because of their ability for a quick response to the show and tell of the sales people.

I see many articles about vanishing services of small accountants and the outlook for a dim future. There might be some merit to what is written, but I believe the essence of what the small accounting firms do is not affected. The smaller practices have great and exciting opportunities ahead only limited by the owners and their desire and ability to go after these opportunities.

**Three questions
that can help determine if you are suitable
to have your own practice**

1. Do you really love almost everything you do when you are working?
2. Do you think about additional services you can provide to clients?
3. Do you have clients on the side, i.e. from moonlighting?

If the answers are “Yes” to all three questions you *may be* suitable to have your own practice. One “No” makes it very hard, in my opinion, to succeed.

Understanding what being in business entails

Following are reprints of blogs posted at www.partners-network.com describing what it means to be an entrepreneur. Once you take the first step to starting your practice you are transitioned into an entrepreneur – a business man or woman. All blogs are reprinted generally with the most recent shown first and with the dates posted. Additionally, reprints in the Q&A format have been taken from my *101 Questions...* book.

Qualities of CEOs and Entrepreneurs

DECEMBER 2, 2015

Blogs about qualities of CEOs and entrepreneurs have been posted here. Placing them side-by-side reveals very similar qualities. The reason is quite simple. They are both leaders of organizations.

Leaders need a vision, focus and direction for their organization that can be communicated easily to the cadres they want to follow them. They also need to motivate and inspire their supporters and to have them understand and buy-in to the bigger mission and cause. To accomplish this they need to be aware, observe, listen and be respectful of their charges and to create an atmosphere of team work and sharing that leads to accomplishing the common goals.

What the leaders need to do LEAD – and those qualities are common to everyone in leadership positions – be it a business, NFP, or a department, division, group or team. Leading people is not limited or restricted to large groups or organizations, but can also apply to one other individual or groups as little as two or three people. Leading requires having people do what they need to do, possibly the way you need them to do it, and to have it done on time. Leadership takes patience, time, persistence and consistency of purpose; and is a talent that requires multidisciplinary skills that continually need to be honed and improved.

Being a leader is work – but, if done properly can be fun and can yield great satisfaction, growth and achievement. Work at it!

Running a Business

OCTOBER 13, 2015

My last blog was about becoming an entrepreneur. Two things occurred right after it was posted precipitating this blog. A friend sent me his response of what an entrepreneur should do first [which I posted as a comment] and a reader called me to ask for help in getting his act together in the business he started over 20 years ago.

Many businesses without professional management end up settling in at a level that becomes a comfort zone. The direction, enthusiasm, excitement, leadership, hands-on control, seeking help of advisors, strategic plan and vision wanes and the daily grind, cash tightness, continuous helter-skelter problem solving takes over and the feelings of getting deeper in a hole start to overwhelm. The good news is that

there are only two things that are needed to get started to set things right. 1) Recognition of the need to fix it; and 2) the resolve to fix it. Once that is done, you can commence acting to reverse the malaise. Here is a plan to consider:

- The owner needs to fire himself (or herself) and hire a replacement
- The replacement will take over the work the owner was doing – the owner was primarily doing the work he was always doing before he started the business – being a carpenter, designer, manufacturer, salesperson, cook or whatever his occupation was
- The job description of the replacement is simple – whatever the boss was doing
- The owner now needs to hire himself as the CEO/Chairman and start his new job running the business
- If, perchance, he, i.e. you, is not able to run it, then someone else needs to be hired, but let's hire the owner for starters and give him a chance – the only cost is the salary of the replacement
- If this doesn't work out, then we go to Plan B which we will not deal with now. Call me in a few months to assess the situation; but to help him out, I am including a few things below that he can do to ease himself into his new position. I am now addressing the owner directly
- You and your key staff should separately draw up an organization chart of what you and they each think the present situation is and a second one with what you and they would like it to be. See my blog posted Jan 22, 2015 on how to use it
- Work with your key staff to do a SWOT analysis. See my Blog from Nov 13, 2013
- Next is a number thing – have your bookkeeper generate a profit and loss statement for the last three years with each month shown in adjacent columns. I know QuickBooks® can handle this easily – if you have a different system you might have to play around with it, but it should not be a chore. When you have it, look across the 36 columns for each major category – sales, purchases, payroll, rent, and 2 or 3 other larger items – and see if there are any trends, or variances or a couple of months that stick out as not making sense, and see if you understand what is going on – financially – with your business. There has to be at least one surprise or revelation. Track it down. Tip – if your bookkeeper cannot help you with this, you have a serious problem in that area
- You also need to learn to manage – that requires reading books, articles or blogs or taking some courses or attending a session or two at a trade show. Whatever you do, it took you years to learn your trade or profession at college or vocational school and through experience. Well, your new role also will take similar effort – there is no pill to take that will instantly provide you with what you need to know. Some suggested books are ***Power Bites*** by me, ***The E-Myth Revisited*** by Michael E. Gerber, ***The Goal*** by Eliyahu M. Goldratt and Jeff Cox, and ***Who Killed Change?*** by Ken Blanchard et al. There are others but these are a great start – and they are all not too long
- If you already primarily spend your time managing and continually feel bogged down, you should consider hiring an administrative assistant. See my blogs on Apr 28, 2015 and Feb 21, 2013

Get to work and make it happen!

Advice to an 11-Year-Old on Becoming an Entrepreneur

OCTOBER 8, 2015

A friend's 11-year-old son recently started a business by enlisting school mates to participate and donating a portion of their profits to charity. I met him and he seems like a really good kid – and alert, bright and attentive. This is someone I would like to help and decided to use today's blog for that purpose. However, everything here can apply to anyone at any age who might be wanting to take a leap into their own business.

Being an entrepreneur is one of the hardest things to do. People can be brilliant in whatever skill or trade they work in but being an entrepreneur requires brilliance in numerous skills aside from an excellent working knowledge of their product and industry. Following are some skills that need to be mastered.

- An entrepreneur's focus is to see that the business operates profitably, efficiently, effectively and in line with its strategic plan and long-term goals.
- The entrepreneur needs to see that each person working in the business has a role consistent with that focus and that they perform what they need to do and the way they need to do it following the time constraints.
- The entrepreneur needs to simultaneously juggle many balls – sales and marketing, inventory management and production scheduling, delivery methodology, project management and customer service protocols.
- The mechanics of running a business also require the entrepreneur to be involved in and effectively oversee invoices being timely issued and collected; cash flow management; vendors supplying the right quality merchandise and then being paid; personnel hiring, training, development and guiding and mentoring so they grow; the organization's culture and brand has to be molded and ingrained into every aspect of the operations with an unswerving hand; leases need to be obtained; credit lines established; bookkeeping and accounting records maintained; and income taxes and legal issues need to be handled by the right professionals invited to be on the team.
- You need to manage risk, obtain funding in the form of loans and investments, and at some point plan for your succession.
- The entrepreneur needs an alert and inquisitive nature to consider why successful products and marketing programs, new uses of existing products and just about anything new fills existing needs or create new ones.

These are daunting tasks and while many schools are just starting to introduce courses in entrepreneurship, much of this can only be learned in the school of hard knocks.

One way an 11-year-old, or anyone at any age, can acquire an education is to read biographies of successful entrepreneurs. Some that I recommend are by or about Benjamin Franklin, Sam Walton, John D. Rockefeller, Warren Buffett and Marc Ecko. There are others but any one of these would make a great start. Another way is to read magazines such as ***Fast Company***, ***Success Magazine*** and ***Inc.*** and also search out articles in daily newspapers or newsfeeds about businesses and their leaders. This sounds intimidating, but it isn't and if you are dedicated to becoming an entrepreneur each thing you do becomes a building block and a part of the adventure that lies ahead of you.

Being a successful entrepreneur supplies a satisfaction that I believe is second to none in the world of commerce and I highly recommend it for those so inclined. I have been working my entire career with

entrepreneurs and can tell you that there is no better occupation or feeling than being your own boss creating new products and jobs, satisfying customers and creating personal wealth.

You get started with an idea and then run with it. However, there is more to this such as clearly conveying the idea and the strategy for achieving your vision, and the benefits to an investor when you need capital to launch your business. This takes serious, thoughtful and careful planning with the right advisors and backers.

Starting a business is exciting and fulfilling. Good luck on your journey.

This is a comment that I posted:

From an email from a friend, which I wholeheartedly concur with: “In my humble opinion, and never having been an entrepreneur so I can’t ‘certainly’ speak authoritatively, the first skill that seems that needs to be mastered leads to the first one on your list, namely: ‘Clearly think through and write out what you currently visualize as your strategic plans and long-term goals for your new venture. Having them on paper (or on a computer screen) in front of you should help you to move forward. And periodically review the document to see that you’re on the right path or modify your original plans and goals according to what you’ve learned in the interim.’ ”

COMMENT: AFTER I ASSEMBLED THIS HANDOUT I NOTICED THAT THE DESCRIPTIONS OF WHAT ENTREPRENEURS DO IS SIMILAR IN THIS BLOG AND THE NEXT ONE. I DECIDED TO INCLUDE BOTH OF THEM SINCE THEY WERE POSTED FOR TWO DIFFERENT PURPOSES. PLEASE PARDON THE DUPLICATION.

Mel is Not an Entrepreneur

June 12, 2014

Mel is very successful at what he does. He is so successful that he makes triple the amount of what the CEO of his company makes. Mel is a commission salesperson for a very high priced product. He is so good that he has made many sales just by looking at his prospect. However, that does not mean he is an entrepreneur.

I know many people similar to Mel. Some are clients and some work for clients. Many of them have one thing in common – they think they could make much more if they left and started their own business. Many that left have failed. They were not entrepreneurs.

Being extremely successful at what you do is not the same as running a business. On first blush to a high producing salesperson, it might seem so, but it really isn't.

A salesperson's interest, focus and energy is to make sales. Everything they do justifies their existence and generates a commission. An entrepreneur's focus is to see that the business operates profitably, efficiently, effectively and in line with its strategic plan and long term goals. Each person working in the business needs to have a role consistent with that focus and the entrepreneur needs to see that this is what occurs. Many balls need to be juggled... with sales being one of these which become meaningless without the inventory, delivery methodology and customer service protocols in place. Invoices need to be issued and collected. Cash flow needs to be managed; vendors need to supply the right quality merchandise and be paid; personnel needs to be hired, trained, developed and guided to grow; marketing has to be coordinated as does the sales; leases need to be obtained; credit lines established; bookkeeping and accounting records maintained; income taxes and legal issues managed as does risk; the organization's brand and culture has to be watched with an unswerving eye; and succession needs to be planned for.

Starting a business, likewise, is also difficult and many get started with insufficient funding without a chance to really get off the ground. This also takes serious, thoughtful and careful planning with the right advisors and backers.

There are many smart people out there, but very few are smart in every single thing they might need to do. The really smart people recognize this and concentrate on being the absolute best in what they do and do not spend their energy thinking they could do someone else's job better. Being an entrepreneur is someone else's job, if it is not yours.

5 ways to get into your own CPA practice

1. Buy a practice
 - a. Any practice you buy should provide a minimum of about half of your necessary current income
 - b. The remainder of your needed income should be financed by your savings or loans which should be considered an additional investment in your business
2. Buy a tax preparation franchise
 - a. There are many available and these can provide reasonable income and entre into business. However, this method is a single path to a segment of the CPA business.
 - b. There is a difficulty in buying a practice if you have no experience running a business. A sizable side practice will provide the confidence the seller will need to trust you for the balance of the purchase price.
3. Buy an accounting practice franchise (if they exist).
4. Start an "Accounting Store" (my idea of a retail location that will perform full service accounting work).
 - a. This idea is to start a store front full service CPA practice. I've had the idea for many years and have suggested it to quite a few young accountants, but no one ever tried it. If you want to discuss it more, contact me.
 - b. This could be the base that could enable you to start your own accounting practice franchise
5. Start from scratch
 - a. Your base should be clients you moonlighted with (and if none then what makes you think you can get clients to develop your practice).
 - b. You can also use your moonlighted clients as a base to merge into an established practice (not discussed here)
 - c. See information later in here about what to do to grow your practice

Pros and cons of per diem work

Pro

- Provides income

Con

- Takes away your focus and availability to network, market and sell and then turn around the work quickly
- Reduces pressure to succeed
- Diffuses your energy since a new loyalty develops for the person you are working for
- Extends the time table of building and establishing practice
- If you must work per diem, then I suggest it should be a maximum of 3 days a week, including during tax season

Ed's Two Year Time Table

EVERYONE I know that started a practice and who worked at it full time grew it to a point where they were able to start year three knowing they had enough business to make a living.

Your First Two Years

Without a plan, you are faced with a blank page and no road map. Here is a suggestion:

Goal: \$100,000 gross revenues to start year 3.

Starting volume: \$12,000 from individual tax returns and \$6,000 from one business client

Projected increases: \$18,000 from individual tax returns and \$64,000 from business clients

Time table: \$9,000 per year for individual tax returns (at \$500 average fee that is 18 new tax clients a year

\$32,000 per year for business clients (at \$7,500 per year that is a little more than 4 per year, or one every calendar quarter)

Shortfall in net income will be your investment in your business. With \$100,000 at end of year two, you have created an asset with a potential value at least equivalent to your investment.

One Page Business Plan

What needs to be done	Desired result	How it will be implemented
Start my practice	Begin third year with \$72,000 net income projected to be received; and will need \$100,000 gross revenue to accomplish this	<p>I am starting with \$12,000 in tax return fees and \$6,000 fees from one business client.</p> <p>I project that I will need \$18,000 additional tax return fees and \$64,000 additional business client fees at end of the second year.</p> <p>Dividing what I need by 2 tax seasons, I will need \$9,000 additional fees in year 1 tax season and \$9,000 for tax season year 2.</p> <p>For new business clients at end of 24 months, I will need \$2,700 annualized business client fees per month. If my typical business client is \$7,500 per year I will need five new business client every year or on average one every 2 ½ months.</p>
Why clients would want to use me (my message)	Benefits and value I will give clients that others will not	How I would meet clients
How I would get clients without networking for them		

Preparing a Business Plan Only for You

July 18, 2013



From my way of thinking there are two types of business plans – one for yourself and one for investors. The one for investors is basically a marketing document and is prepared to show investors how rich they can become by supporting your proposal. *I view the one you do for yourself as more important.*

Many people wanting to start a business ask me how to go about it. The accounting and legalities are easily handled by professionals. The hard part has to be done by you. You need to be clear about

what you really want to do and what you want to get out of the business. You also have to have some realistic expectation about the chances of success. There are some questions that must be answered. Writing them down forces you to articulate your thoughts and deeply consider what you will be undertaking. Here are five questions you must answer.

1. What will the business do?
2. Who will your customers be?
3. Why are you qualified to start and run this business?
4. Why would people want to buy from you?
5. How do you expect to make money?

While this is written in terms of a business, the same process can be adopted by someone starting a not-for-profit organization, or a division of a larger company.

You are doing it for you so what you write does not need to be printed in a fancy bound book. It just needs answers. You don't need any help for the first four questions, but might need an accountant to assist on the money part... if you get to question 5. Many people have unrealistic expectations and being forced to seriously consider and answer questions 1 through 4 puts a damper on most projects. Those that make it through question 4 have much clearer ideas of what they will be undertaking and why. To answer question 5 you will need cash flow and operating income projections. The purpose of the projections will be to determine if everything that is expected to occur will make money, and when and how much investment is needed to get started and sustain the business until the cash flow turns positive.

Dreams drive actions, but realistic dreams can bring success. You must plan before acting. Old cliché: Measure twice, cut once. Prepare a business plan only for you.

What to read, podcasts to listen to and courses to take

Starting a practice is much easier with a head start. Many books provide this. If NONE of these books, or similar ones, were ever read by you, I suggest rethinking quitting your “day job.”

These are some suggestions. There are many more. Reading some of these before your start will give you an idea of what managing a practice entails.

I believe my “one idea approach” is a great way to get benefits from MAP courses and books. The “one idea approach” assumes that it is likely you would get many ideas from each course, speech presentation, book, article or podcasts. If you are like me, afterwards you will get an overwhelming feeling of too much to do. Limiting your growth to just one idea, I believe, provides a doable task. By adopting one idea a month to change what you are doing or start doing something you weren’t, would have you make 60 changes over the next five years—quite impressive. Use my “one idea approach.” At the end of each interaction, pick the one idea you will start to implement. A month later another one and so forth...

Overall practice management

Power Bites by Edward Mendlowitz (iUniverse)

101 Questions and Answers for Managing an Accounting Practice by Edward Mendlowitz (CPA Trendlines)

Managing staff and establishing processes

E-Myth Revisited: Why Most Small Businesses Don’t Work and What to Do About It by Michael E. Gerber (HarperCollins)

Checklist Manifesto by Atul Gawande (Metropolitan Books)

Introducing clients to a higher level of service

Firm Forward: A Journey from the Land of Compliance to a World of Reliance by Edi Osborne (Oz Publishing)

The Radical CPA: New Rules for the Future-Ready Firm by Jody Padar (CPATrendlines).

Improv Is No Joke: Using Improvisation to Create Positive Results in Leadership and Life by Peter A. Margaritis, CPA.

Remaining Relevant: The Future of the Accounting Profession by Rob Nixon

Accountant’s Flight Plan: Best Practices for Today’s Firms by Brannon Poe, CPA (available at www.accountantsflightplan.com).

The Art of Client Service, Revised and Updated Edition, 58 Things Every Advertising & Marketing Professional Should Know by Robert Solomon. Yes, I am recommending this to accountants!

Pricing and billing

Bill What You're Worth, Third Edition by David W. Cottle (AICPA)

Implementing Value Pricing A Radical Business Model for Professional Firms by Ronald J. Baker (Wiley)

Tax season

Managing Your Tax Season, Third Edition by Edward Mendlowitz (AICPA)

How to Review Tax Returns by Edward Mendlowitz, CPA and Andrew D. Mendlowitz (CPA Trendlines)

Staff training

30:30 Training Method by Edward Mendlowitz, CPA (CPA Trendlines)

CPA Firm Staff: Managing Your #1 Asset by Marc Rosenberg (available from CPA Trendlines)

Free practice management Interview download

Interview with Edward Mendlowitz by Chris Frederiksen for 2020 Group USA. A one-hour audio recording and a free download by clicking here: <https://soundcloud.com/2020-group-usa/sets/lessons-from-out-front>

Note that I have read all of these books and think they are all well worth reading and implementing many of the ideas presented, as I have done. I have many other books I could recommend that are equally as good, but space restricts what I can include here.

I would appreciate any comments you have about these books or any others. I do not think it is too onerous to read one such book every other month, and you will get at a minimum six very positive and profitable changes for your practice during the year. I also know many of the authors, have heard them speak and read their blogs and articles. There is a treasure trove of assistance in the books out there. You just need to pick them up instead of passing them by and pushing them aside.

Happy reading!

Where to purchase books

All CPA Trendlines books can be purchased at www.cpatrendlines.com and use discount code **EdSentMe** for a 25% discount. The AICPA books are available at www.cpa2biz.com . All other books are available at www.amazon.com or www.bn.com

My book club

In addition to the above book list, here are the book club books we read at my firm. These meetings, two to three a year, not only discuss the books but the underlying issues and we apply them to current situations. Some people even have attended that haven't read the books and have been able to participate in some of our discussions. The book club's name is meant to take us out of the comfort zone of home and propel us into the stratosphere – somewhere between Mars and Jupiter.



Delivering Happiness : A Path to Profits, Passion and Purpose by Tony Hsieh

The Sales Bible: The Ultimate Sales Resource, New Edition by Jeffrey H. Gitomer

The Paradox of Choice: Why More is Less by Barry Schwartz

In Search of Excellence by Tom Peters and Robert H. Waterman

The One Minute Manager by Ken Blanchard and Spencer Johnson

The Presentation Secrets of Steve Jobs: How to Be Insanely Great in Front of Any Audience by Carmine Gallo

Linchpin by Seth Godin

Enchantment by Guy Kawasaki

Who Killed Change? by Ken Blanchard and John Britt

The Art of Client Service, Revised and Updated Edition, 58 Things Every Advertising & Marketing Professional Should Know by Robert Solomon

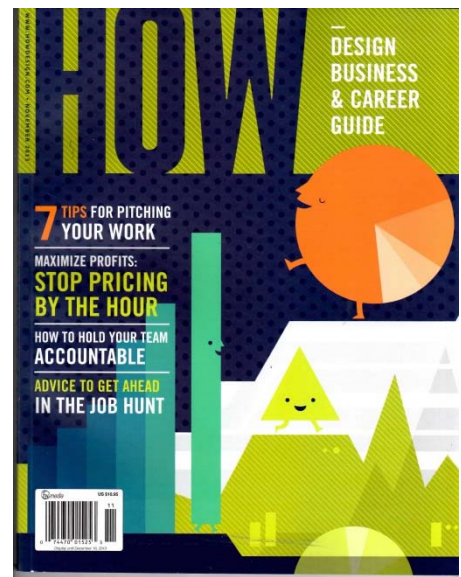
Parkinson's Law by C. Northcote Parkinson

Reading a lot of magazines

Following is a Q&A I posted at CPA Trendlines about reading magazines.

QUESTION: Why do you read so many magazines that have nothing to do with accounting? I noticed this from your blogs and references you make in your speeches.

RESPONSE: I read a lot because I like to, and because I view it as part of my job of bringing ideas to clients to help them in their businesses and because I am always looking for ideas to help my business grow. Ideas are not specific to an industry. Last week we had a book club meeting in my office to discuss a book written for account service executives in the advertising business. The book is *The Art of Client Service, Revised and Updated Edition, 58 Things Every Advertising & Marketing Professional Should Know* by Robert Solomon. The ideas there apply to accounting as well as any service business.



Shown is the cover of the current issue of *HOW* magazine that caters to the art design business. Look at the cover stories. *7 Tips for Pitching Your Work*, *Stop Pricing by the Hour* and *How to Hold Your Team Accountable*. Which of these topics do not apply to your practice? Reading *HOW*, I get different looks at

perpetually vexing issues. I also occasionally get some design ideas – noticed I changed the title and added a little “design” to this month’s Q&A. Not a big deal, but an attempt to make it more pleasing graphically.

I subscribe to a lot of magazines at my office and home. I also go to the local public library and spend a about a half hour twice a month going through a bunch of magazines I don’t want coming to my house or office.

Ideas are our stock in trade, but it takes some effort.

Art of Accounting: Why MAP Programs Are Essential

BY EDWARD MENDLOWITZ POSTED AT ACCOUNTINGTODAY.COM ON AUGUST 22, 2016

I attend Management of Accounting Practice (MAP) CPE programs. In many instances these do not qualify toward the mandatory CPE requirements. Who cares?

I go because I want to make more money, work more effectively, service clients better, excite and retain staff, and have more fun doing what I love to do and have to do anyway.

I speak to hundreds of accountants a year who call me primarily with practice management problems, and I am pleased to assist them. However, when I ask them if they have taken at least one MAP program in the last five years, they reply that they don’t because they usually get enough CPE with the technical programs. Boy, are they stupid!!! Anyway I wrote about this here on April 4, 2014 so will not belabor this. However, I want to share some of the specifics of what I learned and how I benefited from attending these programs.

1. Actually the first two ideas I want to write about were from Peter Weitsen. He attended a program by David Cottle while I was on a vacation and he took two ideas that we immediately implemented. The first one was to have staff prepare daily time sheets. At that time we were getting monthly time sheets and were a little lax in reviewing and analyzing them. David’s suggestion of having them prepared daily captured much of the type of time that usually would have fallen through the cracks and not be recorded. This included many 15- and 20-minute interruptions that weren’t remembered at the end of the month so they weren’t recorded. Sometimes there were three or four such interruptions a day for some of the staff. Also, the daily entries were easier for Peter and me to review so we had a better handle on what the staff was working on and we became better aware of where value was being transferred to clients. Even though most of our clients were on a fixed fee basis (today it is called value pricing) we used the time sheets more as a management tool than for billing. For effectiveness time sheets are a lagging indicator, but the daily recording and review helped us capture scope creep and billing opportunities that would have otherwise been lost to us and also enabled us to generate fees for services we were not aware were being done and weren’t getting paid for. If Peter got nothing else from that day’s program, it was well worth the cost and his time.

2. The second idea Peter had us adopt was to raise every client’s fee every year. At that time we hadn’t increased fees for a few years—in some cases five or six years. Because of Dave’s program we increased every fixed fee 10 percent and there were no client complaints. We repeated this two more years when we started getting some complaints and then reduced the fees to a minimum 5 percent every year. There

were some exceptions based on circumstances, but these increases eventually added more than \$100,000 a year to our bottom line. Again, a very profitable day spent by Peter.

3. We kept in touch with Dave, read all his books and listened to every audio program he marketed. One of the best books on pricing and billing is *Bill What You're Worth, Third Edition*, published and sold by the AICPA. I highly recommend it.

4. We heard Chris Frederiksen, probably around 1990, who told us to "get the general ledger!" He said when you go on a lead you really do not have the client unless you walk out with the general ledger. Today it is the QuickBooks backup, and that is why I always carry an extra memory stick. He also sold us a WordPerfect file of his *New Business Kit* that we used to publish a *NJ New Business Kit* for about a dozen years. At some point almost every library in New Jersey had the book. Most bought them, but for those that did not, we donated it to them. It was a great marketing tool.

5. One of the most imaginative thinkers for new services we heard was K.C. Truby, and we never missed an opportunity to hear him speak. We even took our entire staff to his programs. His ideas led us to think outside the box and be bold enough to present a plethora of value-added services to our clients. He was the first person who I learned about CRM from. While I never bought the software he was hawking, the principles he taught were quickly adopted.

6. I could go on and on through memory lane. At some point Peter, Frank Boutillette and I heard almost every accounting firm practice management consultant and many business advisors, adopted multiple ideas from all of them, and idea by idea used them to grow our practice. Today I still attend MAP programs and make it a point to meet the speakers and exchange ideas with them. Some have even become friends. When I speak at a conference, there are many opportunities for me to sit in and hear the MAP speakers which I always do.

A simple recommendation is to attend at least eight hours of MAP programs or webinars a year and to try to adopt one idea from each hour—so you will make eight changes a year. Not too onerous and I could assure you very profitable.

Physical vs. virtual location; or both

I don't think the town where an office is matters as long as the accountant is active in that local community, and is accessible to their clients. I think there is a difference if someone is starting a new practice or moving the office of an established practice.

When starting a new practice I think it is better to have the office in the town you live in. You can become active in the community and be a presence which indicates availability. If you are married and have children, participating in the children's activities as a coach or on committees or groups they participate in will spread your reach. Also, your spouse will create a presence for you even if they only quietly contribute their attendance at activities. Belonging to a church, synagogue, mosque or temple also expands your circle of acquaintances. I don't think it is necessary to be pushy or an in your face type of person. Being there and joining committees and getting a reputation as someone doing their share of work such as envelope stuffing and phone calls creates the image of a hard worker, serious businessperson and a trusted advisor.

Irrespective of my opening sentence, I think it is important what community you live in. Living in an upscale area will make it easier to meet a higher level of potential client than if you lived in a less affluent neighborhood. However, I don't recommend getting in over your head and buying a house for more than you could afford. Also, it is not just the cost of the house and mortgage, but higher taxes and insurance, greater church contributions and other living costs.

Having an office in a different and more upscale town than where you live might create a better professional image, but you won't meet as many local people.

If you move your office to a different town clients used to coming to your office might find it difficult and you can lose some business that way, unless you maintain desk space, a conference room or meeting facility to service these clients. I don't think it will matter at all for business clients where you typically go to their office.

The building your office is in should be reasonably well maintained on the exterior and interior. It should not look dangerous, grungy, or unmaintained. It should have a brightly lit parking area for staff night work and client visits. Your office should have a nice and comfortable waiting area and conference room. If you usually meet with clients in your office, then it should reflect your personality, interests, professionalism and should not look messy or that you are not in control of what you are doing. People get quick first opinions from what they see. It is very difficult to supersede that first impression. Think about offices you've been in where you had positive or negative impressions and what led you to that, and then set up your décor accordingly. Further, your office is your workspace – make sure it is comfortable, serviceable and convenient for you. A trend in offices is to bring clients into antiseptic conference rooms that don't display any personality at all. An advantage of meeting in a conference room is that you aren't forced to put away the work on your desk to keep it confidential.

Cars are important if they are noticed. A clunker or very expensive car would be noticed. You don't need to be into expensive or fancy cars, but you shouldn't drive something that might cause you to be embarrassed if a client sees you getting in or out of it. There are many cars to choose from and they don't seem to change their look every year. Get something a little above mid-range and you should be okay.

Try to pick a model whose image would be just as good in a period of prosperity or a recession. Oh, and wash the outside and vacuum the inside regularly.

Another factor in offices and cars is the virtual office and social media. Many firms now operate without offices but through a network of connected cloud activities. I know a couple of very successful accountants, e.g. Jody Padar and Jason Blumer (you can find out about them easily through Google). They are using this model to the nth degree. They blog, Tweet and give very enthusiastic web based presentations. There are others, but they come quickly to mind.

More and more clients are connected, don't want to spend more time than absolutely necessary interacting with people that are not part of their core business and find that phone and webcast meetings can be just as effective as face to face. We are going through a new iteration of business that may or may not replace what we have become accustomed to, but is being adopted at an accelerated pace. In view of this, I suggest hopping aboard and getting comfortable with it. It saves time, reduces rent, and can be more effective in the right circumstances. A comment is that most of my discussions with Partners' Network callers are over the phone with email follow up of materials when necessary – very little face to face but I seem to have satisfied callers, and I am sure this is so with you and your clients. Also most of us have attended webinars and were able to ask questions more easily than if we were at an in person audience program. Withum now offers most of its in house CPE programs on line with no reduction of benefits and results.

Oh, many people run their office off of a smart phone or iPad®. And at some point this next new thing is already here – we really have to be ready to adapt and adopt.

One story if I may brag. Back in 1986, when desk top PC computers started to come down in price and easy to install and learn, our firm was doing switching more of its work that way. We started noticing that some of our staff were beginning to purchase PCs for their houses. I spoke with my partners about contributing to the cost and we decided that we would not and saw it as a commitment by them to be state of the art and to have the purchase as their participation in their training. One day a staff person told me he was going to get a PC and asked if we would help him out with part of the payment. After I told him no, and why, he smirked and laughed a little. When I asked him what was so funny he replied "At other firms this would be an enhancement in my status. Here I need to get one to keep up!" I felt as proud of my staff as I ever could at that moment. Today, at WITHUM we provide every staff person with a laptop and iPhone®. But we also support BYOD (Bring your own device) where staff can buy what they want to use and we will load it with our software, access codes, systems and security. What's next?

Marketing tip: When you open a new office, ask the mayor of the town to "cut the ribbon." Have a photo taken of you with the Mayor and anyone else that is present and immediately send to the local newspaper and the local business paper or newsletter. Include a small description of the event and what you will be "specializing" in.

Getting started in business

Your first day

OK, you quit your job and started your practice. It is your first day – what do you do?

Doing nothing is not an option. Here are a few things you can do:

- Go to a client if you have one
- Work on a client's information
- Once in practice you will need to set up a plan to meet with people that can either become clients, or refer clients to you
- Call someone for lunch – call one of your business clients, or an attorney you know
- Drop in at someone's office or factory – do a 10-minute hello and “did you know I just started my own practice and wanted to say hello since I was in the area and ask you to keep me in mind if you know of anyone that is looking for an accountant. Here are some of my business cards. By the way, how are you doing? Do you need any help with anything?.....No, I do not do windows.”
- If you opened an office, go to everyone in the building or office park and introduce yourself. I do not believe you need a brochure or anything other than a business card to hand out – and give a few
- Go to the most local bank to you and ask to meet with a loan officers and introduce yourself. Even if she never refers business to you, you now know someone you can go to when you are assisting a client in getting a loan
- Call the editor of the weekly newspaper and introduce yourself and ask if they could mention it in the next issue. You should prepare a fact sheet or brief article of who you are and what you will specialize in to leave with them
- To support yourself, you can try to get some per diem work, however, this will take you away from the marketing that I feel is necessary to get your practice up to your break even living level. The per diem will add time to any growth target

Follow up a week later

- Mail something to everyone you met. I suggest a newsletter or flyer that you purchased with your name on it, or a magazine article or *Harvard Business Review* reprint, or anything that relates to your conversation with them or to them. Try to notice things in their office that they appear to like. An example is if they seem to have an interest in music, send them the new book by Corey Mead about *Benjamin Franklin's Glass Armonica*. If they are a lawyer, send them *Lincoln the Lawyer* by Brian R. Dirck and NOT *The Lincoln Lawyer* by Michael Connelly. You get the idea – send them something innocuous so they will think about you and retain it on or near their desk as a reminder of you

Differences in marketing and selling and why you need both

Marketing

Marketing involves the totality of presenting the firm to a prospect so they want to do business with you. It should make you approachable and seem competent to solve their problems. Marketing involves your firm culture, and requires the adoption of a mindset where the ultimate goal is the client receiving the best your firm has to offer.

Marketing is the way you dress, respond, follow-up, the firm's brand, evident culture and everything about you. You establish your image by your letterhead, font style and size in your correspondence, letters and reports; memos you write, articles you publish, and speeches you give and even possibly by the way the stamps are pasted on the envelope. Newsletters (print and electronic), press releases and publicity also affect and mold your image. Everything counts!

Client contacts are part of marketing. How often and how they are made will affect your image and is a very important part of marketing. I know of a firm that requires partners to have a client contact at least once every two months, and the managing partner monitors it. I try to have contact with my largest clients at least once every three weeks, and with tax clients twice a year in addition to the tax preparation contacts.

Selling

Selling is making a sale. This involves starting a selling process with a target.

Prospects can be met at networking events, through referrals and additional business from existing clients. The networking needs to be continuous – sometimes never ending – and can require early morning or evening meetings – and a lot of lunches. Some of the networking can be done with social media, but that takes a thorough knowledge, continuous use and spending money to get positioning – and then the firm needs to follow up and follow through immediately with the lead. Also, statistics and analysis are essential and must be organized.

A must in selling involves creating a feeling (and the reality) of availability – that means initiating phone calls, emails, quick “in the area” drop ins and mailing supporting or collateral material such as books and articles and a need to establish expertise in the areas clients *are* concerned about.

Sales people and any effective professional needs to be a good listener – finding out what the client *really* wants and what *really* bothers him or her, not just what they say. Three important words of wisdom “Let them talk!”

One Page Marketing Plan

What needs to be done	How it will be implemented	Targeted market
Targeted prospects	Targeted referrers	Targeted advertising or media
	Existing clients Attorneys and other professionals that work with existing client and who I met or spoke to on phone or had email contact Other accountants	
Targeted social media	Frequency of meetings or contacting each target	Follow up strategy
Ways to engage and establish relationships	Lead measurement system and metrics	Add'l services that existing clients need that I can provide

How to get clients

Following are three checklists incorporating some of the ideas above and some others.

CHECKLIST OF WAYS TO GET CLIENTS

1. Call or speak to everyone you know to let them know you just started your practice and would appreciate any referrals. And give them either 2 or 3 business cards, or simple flyer with your contact information and qualifications and/or services performed.
2. If some of the people you know are in business, instead of calling, stop in at their office; tell them you were passing by or saw someone in the area; and tell them the “good news.” Don’t spend more than 10 minutes with them – you dropped in unexpectedly and shouldn’t take them away from what they were doing for more than ten minutes.
3. For attorneys, call and tell them you would like to stop by for 10 minutes, and ask when and then tell them the “good news.” Also, contact everyone you ever met.
4. Don’t overlook bankers. Contact everyone you ever met. Mostly they won’t be able to help you, but out of 25 bankers you should get at least one referral for something.
5. Other types of people that can refer business are insurance agents, financial planners, business brokers, other accountants particularly from larger firms and from firms you worked for, owners of restaurants you are known at (yes, I’ve gotten clients this way), and copier and scanner salespeople. Do you get the idea – everybody you have ever had contact with.
6. Join Chambers of Commerce and networking groups and attend every meeting. Your frequent attendance will make people depend on seeing you. When someone knows they will see you and they could casually bring up a matter without incurring an obligation. When people call with a question, they could feel there is some sort of “obligation” even if it is to explain why they need the answer or why they are not going forward with you; but at a networking meeting it is a no obligation exploratory conversation.
7. Use your contacts as currency. When you make referrals of your clients to someone make sure they appreciate why you selected them and ask them to keep you in mind if they can refer something to you.
8. I don’t think it is necessary to see people for breakfast or lunch, unless you know them well and they’ve already referred business to you. However, I know a lot of people that “do lunches” very effectively.
9. Send a follow up email message to your referrers. If you established a blog (with Word Press such as I have) you could email them a link to a posting. Or simply thank them while forwarding an email you’ve sent to the person they referred.

10. Find something to postal mail your contacts and always write a personal note. You can send reprints of articles you wrote, articles you wrote that were not published but presented in a similar format, newspaper and magazine articles, books, a newsletter, or something related to their hobby or individual interests. Try to do this at least once every six weeks. FYI, many times I buy multiple copies of a magazine or newspaper and rip out the article I want to send. Doing this makes it look like I personally sent them my copy from my newspaper or magazine and that it is not a “mass produced” mailing.
11. I try to call people or send an email on their birthday. This has lost some effect since Facebook now reminds people of their friends’ birthdays. However, I still like to do this and in some cases it gives me an opportunity to speak with someone I’ve been out of touch with.

WAYS TO GET ADDITIONAL TAX CLIENTS

- ☐ Send an extra blank organizer to your tax clients asking them to pass it on to a friend. If you use a minimum fee schedule include that with organizer (if you want a sample minimum fee schedule email me for it)
- ☐ Ask each client you meet with to recommend you to a friend [if they recommend you to an enemy you should rethink what you are doing]
- ☐ Ask attorneys, insurance agents, real estate brokers, business brokers and other people you interact with professionally for referrals
- ☐ Mail flyers to new home owners – this is a common technique and usually yields some clients to make the mailing a break-even effort for the first year and the profit comes with the retained clients
- ☐ Advertise for small business clients and include in a less prominent position that you do individual tax returns. I find that people think that accountants that do businesses will do a better job on their 1040, and they expect to pay a little more for their return
- ☐ Advertise for QuickBooks consulting and include in a less prominent position that you do individual tax returns. Same reason as previous. You can test this and the previous ad and see if one does better than the other
- ☐ Hire a telemarketing service
- ☐ If you have an accessible office or store front, put up a sign that you do tax returns and that walk-in’s are welcome
- ☐ Join organizations, go to meetings, get to know people and the business will come
- ☐ Ask business clients to hire you to do tax returns for their employees as a benefit and make a “volume” price arrangement
- ☐ Buy a tax practice

Some ways are more effective than others. At one time or another I used every method above except the sign in window and got some business from each one. Note I could have used the sign but never thought of it at when I had the opportunity.

WAYS TO GET ADDITIONAL BUSINESS CLIENTS

Some of these methods duplicate the above checklist. When something works, keep using it

- ☐ Ask each client you meet with to recommend you to a friend that has a business
- ☐ Ask attorneys, insurance agents, real estate brokers, business brokers and other people you interact with professionally for referrals
- ☐ Mail flyers to new home owners promoting that you handle home based and small businesses
- ☐ Advertise for small and home based business clients
- ☐ Advertise to do QuickBooks or other small business accounting software consulting
- ☐ Hire a telemarketing service
- ☐ Hire a commission based new business marketing company
- ☐ Hire a salesperson
- ☐ If you have an accessible office or store front, put up a sign that you do tax returns for businesses and they are welcome to come in with any questions about your service
- ☐ Join organizations, go to meetings, get to know people and the business will come
- ☐ Look at listing of businesses that have tax liens and contact them to see if they need a “good” accountant
- ☐ Walk into a business, introduce yourself and ask if you could spend ten minutes with the owner – not a second more. Try to have a book to give them that might help them. You can give them a current best-selling business book or you can buy prepared booklets with your name printed on it.
- ☐ Circulate a press release and advertise a free book on starting or running a business that is available at your office. They can come in and pick up a copy – no obligation and no names will be taken. While there if they want, they could speak to you or an accountant for 10 to 15 minutes, also no charge and no obligation. We used to do this with the *New Business Kit* that had a cover price of \$29.95
- ☐ Hold a breakfast seminar for business owners at a local hotel
- ☐ Host a “How to read between the lines of a financial statement” breakfast or lunch and learn for a law firm or business or trade association
- ☐ Present a speech at a local group, and publicize it yourself and send handouts afterwards to clients and targeted prospects
- ☐ Introduce or strengthen your brand using social media including a regular blog
- ☐ Mail and/or email a newsletter
- ☐ Mail or email reprints of articles you wrote or were quoted in
- ☐ Buy a practice
- ☐ Ask for referrals – you cannot ever ask too many times

Most of these ways will get some results. Even if the initial cost is not recouped, do not consider it a loss since the costs will be recovered over the life of the client because most work we do is repetitive, even if only once a year.

Traditional marketing still works

Getting Media Coverage

May 26, 2015

I am frequently asked how an article or news release can be published in a newspaper or other media. Last week, I received an editorial in a newspaper that answered that question better than I ever could. So, with permission, I am using it as today's blog. This originally appeared in *New Jersey Jewish News* and relates to any type of publicity.

"Periodically we get complaints from individuals, synagogues, and organizations about their coverage — or lack thereof — in *NJJN*. And by "periodically" I mean every week. It is the nature of a community as big as ours — with dozens of institutions, competing programs, and demands on people's time — that someone gets more attention than someone else. This is not because we are biased toward the "big" organizations or the frequent advertisers (although, honestly, we can always use more of the latter). It's because we have a small staff and a very, very active community.

To help organizations and individuals tell their stories in the paper and on our [website](#), we'd like to share some tips for "getting in." Tip one: Think like an editor. We get dozens of news releases and e-mails every day. Here are a few ideas for getting the attention you think you deserve:

Superlatives. Assume that reporters have seen it all before. What is special, unique, unusual, or just plain fascinating about your story?

Human interest. The mere fact of a major event such as a fund-raising dinner or the launch of a campaign may not be enough to excite an editor. But is there an angle to the event that will? Does an honoree have a particularly interesting story to tell? Will the event be taking an approach that's new or rare? Is there a milestone surrounding the event (an anniversary or historical milestone)?

Trends. Help us imagine a bigger story. If your organization is starting a new initiative, can you link it somehow to a regional or national trend?

Current events. If there is a much-talked-about national or local news event, you can assume that *NJJN* is looking to find a local angle. If there is such a story, don't assume that we'll know that your organization or one of its leaders has taken part. Call or [e-mail](#) us ASAP.

The calendar. Editors like articles that are pegged to upcoming national and local holidays. That includes the secular holidays (Fourth of July, Veterans' Day) and the Jewish holidays. Or historical anniversaries that may tie into the work of your group, or various public awareness months (did you know May is Zombie Awareness Month?). Just remember to get in touch with us a good four weeks or more before the events in question.

Op-eds. We publish locally written op-eds, 650-850 words long. We want the [op-ed](#) pages to be a forum for a range of ideas and political perspectives. We ask that such articles have appeal for a wide audience. It's okay to be self-serving, but not **only** self-serving. We favor op-eds written by people with standing,

i.e., demonstrative expertise in the subject at hand, or the authority to speak on behalf of an institution. But the main criteria are quality and civility.

Letters to the editor. Less is always more, and a letter of 250 words or fewer is a good, punchy way to reach the public. We try to print all of the responsible letters that we receive. We prefer letters that refer to an article that appeared in the paper in a previous issue. We frown on letters that are simultaneously distributed to other news outlets. And we ask that the letters address the facts or opinions expressed in an article and do not cast aspersions on the intelligence, home life, religious proclivities, or physical appearance of the person who wrote the article.

Photos. A picture is worth a thousand word article. Readers tend to look at photos even when they skim articles. Assign a photographer to your event who can deliver professional quality pictures. Send them to us along with extensive caption information — the who, what, where, when, and why.

Advertise. We're committed to covering the news whether or not you advertise. But if you want to assure visibility for your institution or event (and the viability of *NJJN*), it literally pays to [advertise](#).

Hone your pitch. Once you have a good "hook" for a story, try to boil it down into the one short paragraph that will make it irresistible (while including the five W's). E-mail or phone the editorial office with your idea. If you phone, follow up in writing.

Deadlines and lead times. Timing is everything. We have available a list of our publication deadlines and special issue dates. Sometimes an announcement doesn't appear, or we are unable to send a reporter, simply because we did not get an item in time.

Designate a press liaison. This will prevent duplication of efforts and give you and us the ability to track a question or a problem.

Be realistic. We are dedicated to covering every organization, but have limited space and staff. You can do everything right from a PR perspective, but we still may not cover the story the way you would have wished. If you're feeling ignored, give us a call. And help us help you, by thinking like an editor."

This was written by Andrew Silow-Carroll, Editor-in-Chief of the New Jersey Jewish News (www.njjewishnews.com).

Purpose of writing an article or giving a speech

Writing articles and/or giving speeches are important to establish expertise, become exposed to potential clients and attract interest in prospects contacting you. If you are young, the topic really doesn't matter as long as you get published or invited to speak. However, if you are more experienced and want to use the article or speech as a marketing tool, the choice of topic is very important. You want the topic geared to the area of expertise in which you want to present yourself.

An attorney friend that specializes in estate planning recently wrote an article on home office expenses. It was an exceptional article and included many legal citations, but I always thought of him as an estate planner and here he was writing about a tax deduction.

I used to publish a *New Business Kit* with my partners – Peter and Frank. We had six editions when we finally stopped publishing it. The first couple of editions were exciting and made us authors, the last few were updated by summer interns because it was there and easy to get done. After the initial publication or two, it stopped having any meaning for us – it did drive clients to us, but they weren't the type of clients we wanted. We wanted the person already in a business that was looking to grow, and this book did nothing to attract that type of client.

I do a lot of writing and speaking – I enjoy it and enjoy sharing my experiences to those that care to read and listen. My target is fellow CPAs and not potential clients. I am past the period where I need to bring in new business to survive, and like to spend some time trying to help other CPAs which is a sort of payback to those that helped me along the way.

Getting back to my friend, he wrote the article because he could – it was easy, a way to show his rounded ability, perhaps show his clients and prospects he is more than “just an estate planner” and a way to get published. However, I think it watered down his image as an estate planner. Anything that diffuses a reputation or expertise in an area, is a negative when it comes to getting new business or firming up your ability.

My problem is that I wrote and gave so many articles and speeches that it was never easy to identify me as an expert in anything – I like to tell people I am the last of the “expert generalists.” In this age of specialization and niche expertise being a generalist is a negative to most people indicating a lack of competency in their area. I tend to think of the old general practitioner physicians versus the current day specialists. No one looks at the whole patient. Well, I was the guy that looked at the whole client and I think this is so about most smaller practitioners and some partners at larger firms. However, when you profess to be an “expert,” the image of “knowing everything” is counterproductive to establishing your image.

That being said, what you write and speak about goes a long way toward establishing you as an expert – how you want that expertise to be perceived needs a deliberate approach and you should craft your efforts in that direction.

Leveraging what you do

Instructions for those that wrote an article that was published

Great article you wrote. Now you need to leverage what you've accomplished. You need to let people know about it, with a personal touch.

Get reprints of the article or printed copies of the publication. If you get the publication, open it to the page with your article. Postal mail a copy with a personal note to EVERYONE you know. Handwrite a note on note paper something like the following. It would also look good if you hand address the envelope. Don't fold the reprint or issue and put it in a large envelope.

I would like to share with you a copy of my latest article. If you have any questions or comments, please do not hesitate to call me.

Write your first name

Also, ask someone to Tweet it with a link. And you RT that.

P.S. Leverage works!

Preparing a newsletter

QUESTION: I am contemplating issuing a monthly newsletter that I can forward to my contacts and clients. The objective is to establish and promote my expertise in a format that can be easily distributed. Each newsletter would consist of a brief commentary on a topic of my choosing (an economic, financial, or business management issue - I will avoid politics whenever possible) and a summary of a tax topic that is relevant to business owners and/or wealthy individuals. As I know you maintain a successful and quite useful blog, and thanks for the many checklists, I am seeking general advice, do's/do not's, that you might have to offer.

RESPONSE: Newsletters are a method of making clients aware of areas of firm expertise, firm news, specialized information appealing to a segment of clients, and tax and accounting changes. Newsletters can also highlight interesting client businesses and special interests of the partners and staff. Our newsletters also had contests and other devices designed to create a sense of community, credibility and trust for the firm, and to provide the client something with our name on it that hopefully would sit on their desk for a week or two. Since the newsletter was mailed, we were able to control, and know, who received it. We weren't able to control whether it was opened and then read, but we included things that elicited responses and were happy with those response rates. For example, when we offered something of interest for free, we got a large number of replies, and our financial indicator contests always had over 130 participants with many more readers commenting on it when we met with them. Newsletters also offer a permanent record of the firm.

I always like sending things to clients that have a shelf life, i.e. something that would sit on their desk for a while. Newsletters are one of those things. A prior issue is also something you can send to a client or prospect quickly with information about a subject area that interest has been expressed in.

Newsletters can be postal mailed or emailed. WITHUM does both. I keep an inventory of extra copies that I can mail to people and often email specific articles. Our web site www.withum.com has prior issues of the Journals easily available. One article I email a lot is by Sara Palovick on *New Baby Tax Benefits* to people that just had a baby or new grandchild. Newsletters can also promote firm events such as seminars and webinars, publications you provide articles to, books you contributed to or wrote, awards staff and partners received, and charitable boards staff and partners serve on. We also have specialized newsletters for the many niches we have and promote. These are primarily emailed with hard copies available to give to people. We use single subject alerts that are prepared and emailed quickly. Email has greatly reduced the deliver time and cost, but doesn't substitute, in my opinion, for the touchy-feely relationship a properly prepared newsletter provides. I believe that a high percentage of people receiving emailed newsletters do not open them while I think the reverse is true of postal mailed newsletters. Note that the *Partners' Network Newsletter* is mailed and emailed. We find we get much greater feedback from the postal mailed issue justifying the added costs.

Many organizations prepare newsletters that CPAs can purchase with their firm names printed on it, and some even will customize portions, so you don't have to be a great writer to get one done.

I like newsletters and think they work for the right purposes. I also think that blogs have partially replaced newsletters for technical information. See my two blogs on Social Media and Blogs: www.partners-network.com June 25 and 27, 2013.

In 2004 I presented a day long practice management conference for the NJSCPA's and spent quite a bit of time discussing the advantages of publishing a firm newsletter, and other types of letters, to send to clients and illustrated samples. I was very big on newsletters. I also did not talk at all about social media. The principles and benefits of newsletters probably have not changed, but the use, timing, format and method of delivery has. Things change. Today I would spend less time on newsletters and added time on the various types and uses of social media.

Newsletters are not an end but part of a comprehensive marketing program. That needs to be kept in mind when considering using them.

Role of social media and how to use it effectively

Social Media – Are You Getting Better or Just Busier?

June 25, 2013

Today's blog was prepared by Sarah Cirelli, Interactive Marketing Manager, at Withum (and the editor of my blogs.) Hope you gain from this blog. If you have any questions on Social Media you can call me. Ed



You sell sneakers. Awesome sneakers. Would you position them in the potato chip aisle just because Doritos makes enough money to spend 4 million dollars per Super Bowl ad? No, that's nuts. (Snack pun intended.) Interestingly enough, far too many companies are as quick to copy successful social media strategies that are as equally irrelevant to their brand and message as this. In the social media world, 2013 is the year of getting better – not busier. Due to the popularity of social media, it's easy to become overwhelmed and frustrated. There's so much saturation that it can feel like a daunting task. The marketing mediums may have changed — but many companies seem to have forgotten that it's called “social media marketing” for a reason. The

basics of marketing haven't changed. Don't forget about them.

There's one question that I get the most, and it is always, “I'm ready to start with social media... but where? Which platform?” The answer isn't in social media at all. It's within your company and within yourself as the savvy business professional that you know you are. Before you even get started, you must have a solid handle on who your company is. What are you selling? What is your message? Who are you trying to reach... and WHERE are they hanging out online? Because, they are. We all are. You just have to find your target market. When you find them... that's when it's up to you to position yourself there. That's when it's up to you to “be first, be unique or be great.” How the heck do you do that? With social media.

If you need a boost to figure out where to start, here are some suggestions:

1. Control Your Online Identity with LinkedIn: Fill out your profile... and I mean all the way. You better have a picture, experience, links to websites and projects you've worked on. Build yourself a healthy network – this network will eventually work for you.

Tip: If you do this well, your LinkedIn profile should be one of the first things to appear when someone Googles you. Have you done that lately? You should.

2. For the Research: In today's world, there's absolutely no excuse not to know everything about the person you're meeting with. Scary? Maybe. Being prepared? It just makes sense. All the information you need is online. Hey – you just built that profile of your own for a reason, no?

Tip: Run marketing reports and build marketing “lists” with LinkedIn. Research companies on LinkedIn for revenue information, lists of staff names and more.

3. Recycle the Content You Already Have: You've already spent thousands of dollars on your fantastic website and marketing materials. Just extend the reach. Share the information you already have – it works for NY Times.

Tip: Consider sharing and linking from Twitter and Facebook. Social media 101 states that all roads should lead back to your website. Use bit.ly or su.pr to shorten links to share.

4. Are you listening?: Not to me; I know you're listening to me. But, are you listening to your industry? If you're not ready to commit to sharing information, consider using Twitter or LinkedIn feeds to gain knowledge. Social media is one of the easiest ways to keep your finger on the pulse of hot topics and "needs and pains." Do you know what comes from needs? Leads.

Tip: Applications like TweetDeck and HootSuite make it easy to search for topics, keywords and people that are relevant to you... AND keep them organized so you can review when the time is right for you.

5. Hire an Intern: You're busy. I know! College kids love this stuff. They love this stuff and get this stuff.

Tip: I started as one over six years ago!

You see, you can't look at social media as "just another thing to do" but rather – a way to do what you're already doing – more efficiently. And, don't forget... it's all in the strategy.

Sarah Cirelli, @BeSarahMarie

[Becoming a Blogger](#)

June 27, 2013



I have been writing a blog since February of 2012 and am frequently asked why I do so and how they can get started writing their own. Here is the scoop.

I write the blogs because I like to, they represent a creative expression for me, I use them to help clients and colleagues, get business, get quoted, to share some of what I know to hopefully assist others or to offer my opinions on various matters that interest me.

Whether or not it is for you depends on your ability and desire to share what you know, your dedication to writing it on a regular basis and your follow-through to use it to promote yourself or your practice.

Here are some specific benefits and ways to use your blogs.

1. Writing a blog builds credibility, but not the way you might imagine. Do not expect to post something that will be read by thousands of people who will then call you to use your services. When I write a blog, I have a few specific clients in mind (unless it is a post that just makes me

feel good) and then send it to them. This establishes my expertise and also answers questions they might have and for which they can act on. Many clients I consult with come to me to make sure they are on target, or for some tweaking. These blogs provide them with clear methods to follow. There is never an obligation or need to engage me since I provide the responses. However, many times it leads to paid consultations.

2. I copy and paste particular blogs in emails and send them to reporters and journalists requesting that they consider using me as a source for a future article. It is a long shot for them to search the web and find my blog, but a guaranteed hit when I email it to them this way. I paste it and do not rely on them clicking my link because many won't do that in case it is spam. I do not click links, so do not expect others will either.
3. I now have a body of knowledge mixed into my blog site. As the situation arises, I email links to specific blogs based on clients' interests, or reprint and mail them.
4. I believe it is better to have a blog on a single topic. My partner, Frank Boutillette, has one on hedge funds, broker-dealers, SEC and FINRA topics; Ray Russolillo on charitable giving; and Kimberlee Phelan on International Taxation. They are focused and reach the people interested in those areas, and readers seek them out. Mine is more general – actually, it seems that way and that might make it less sought out. However, there is a direct focus and that is the issues my clients are concerned about – financial planning, investing, estate planning, business valuation, leadership and running a business. It doesn't seem too focused, but my clients read the blogs and call me with questions. After I was doing the blogs for a while, someone asked me if I cover income taxes and I was surprised when I realized that I haven't blogged anything about taxes at that time. If you would have asked me when I started, I would have said that I would cover taxes a lot. See, surprises do occur. My partner, Tony Nitti, blogs for Forbes about taxes in a very thorough and humorous way, so I don't think I need to cover what he does. Also, my clients seem more interested in other areas. And the calls about taxes all go to Peter now, who I also go to for any answers. For links to all of the blogs our partners do, go to www.withum.com and click on the blogs button for a list and description.
5. I am disappointed that my blogs do not generate many comments, and when I get a comment I try to respond to it and hopefully encourage the writer to continue reading and commenting.
6. Blogging does help set you apart and distinguish you. It is a brand builder. Clients recognize this and the intangible about you goes up a notch.
7. Staff become aware of the regularity and offer suggestions for blogs. They can even "guest write" a post to get the experience of being "published." I have found that staff mention the blogs to clients. And it is an easy way for staff to learn some new things.
8. I Tweet my blogs. I also Tweet others in the hope they will repay the favor by Tweeting mine. Also, if someone Tweets me, I definitely will Tweet them the next chance I get. That is "payback." I also post my blogs on LinkedIn and Facebook. This takes work – about a half-hour a day each time I post a blog.
9. Writing a blog teaches you to be precise and succinct. When you edit to shorten and tighten it up, you remove excess words, phrases and redundancy. You become a better writer. Francis Bacon said that "Reading maketh a full man; conference a ready man; and writing an exact man."
10. Why do anything? Every time I write something, I seem to learn something. That is a personal benefit for me.

You can get started by going to www.wordpress.com and follow their instructions to get a free site. I also suggest you buy and read one of the many books on blogging and social media. Two books that have helped me are *The New Rules of Marketing & PR*, Get the latest edition by David

Meerman Scott and *Social Media Strategies for Professionals and Their Firms* by Michelle Golden.

You are also welcome to call me to “pick my brains.” You can also watch the movie *Julie & Julia* which shows step by step how to run a blog. When that movie’s director Nora Ephron died recently, among her accomplishments was the credit that she was a blogger. Being a blogger must mean something!

Launching your reputation

Any of the above ways work. It needs you to work at it and be deliberate and focused. Do not treat it as a passing fancy. I certainly do not.

Establishing expertise for \$150

You can write a short article about a topical subject or with tax tips or some fraud warnings – not more than 350 words, and send it out as a press release. After it is posted somewhere, download it with the mast head, and then had it out. This makes you an “expert!” Then mail it to your list.

A service to use (cost \$129) is <https://ireach.prnewswire.com/orders/price-options.aspx>

Comment: This is a lot less costly than a brochure. It will also show up when people search your name.

Three services you can advertise and get business from

ELDER CARE FINANCIAL SERVICES

Elder Care Financial Services

We relieve you of the stress and chore of paying bills, verifying their validity, and avoiding missed deadlines.
Call for a no obligation needs and cost assessment.

Benjamin A. Franklin, CPA

123 Main Street, Perth Amboy, NJ
www.FranklinCPA.com

732.555.1234

Business and individual tax returns also prepared.

There are two distinct types of Elder Care services.

One service is the complete financial care and oversight of elderly clients. These could be relatives of the people retaining us, or the elderly person themselves. The other service is consulting on the financial planning and tax needs of the elderly person.

Elder care is a service that we have seen being introduced to the practice by the tax department. That is probably because it is the tax preparer who has the closest relationship with the non-regular business clients.

WHO NEEDS THIS SERVICE

Anyone with an elderly parent or relative they care for, or worry about, is a potential user of this service. Also some elderly clients can be converted to this service if they are simply made aware of its existence.

WHY THE ACCOUNTANT IS SUITED TO OFFER THIS SERVICE

People tell us everything, and I mean everything, since they feel there might be a tax benefit lurking somewhere. If we are attentive, we usually develop a database of vast knowledge about clients. Offering to help can be a great service for the client.

We find that most of the skills needed for elder care services are right in line with those regularly being done by accountants. These skills include basic write-up services, bill paying, and investment tracking. The sample engagement letter at the end of this chapter lists many of the services employed; you could see which ones you feel qualified to do – probably most of them.

Our elder care services even have included arranging for a client's cat to go to the vet.

INTRODUCING THE CLIENT TO THE SERVICE

Clients can be asked very simply if they have considered having someone perform these services for their family member or themselves. We usually provide them a draft of the engagement letter and call them after tax season to ask if they wish to discuss how we could better serve them.

Many older clients get lazy, careless, or impatient with their paper work and bill paying. We can usually spot when the way they provide us with their tax information changes, and declines. When we suggest that this service is available many express interest, and request that we follow up after tax season. With

these clients we do not wait; we try to speak to them as soon as we complete their tax returns (which then become a priority.

FINALIZING THE ENGAGEMENT

Fees are usually based on an hourly rate and a fixed monthly supervisory fee. After we've had the client a while and the work routine can be anticipated, we consider setting a fixed monthly fee. We bill at our standard billing rates for any accounting or other services that might be performed. Services that are billed at standard rates would be anything not specifically stated in the engagement letter.

SAMPLE ENGAGEMENT LETTER FOR ELDER CARE ENGAGEMENT

Note that this letter lists the types of services we will perform for these clients and you can pick and choose what applies to the services you are proposing to do.

Date

Ms. Daughter
Street Address
City, State Zip

Dear Ms. Daughter,

We are looking forward to working with you to coordinate and oversee the financial care of your mother, Mrs. Mother. We know your mother's financial care is important to you, and our service is designed to provide you with the comfort of knowing that her needs are being met. This letter highlights the steps involved in developing, implementing, and maintaining a financial care program for your mother. It also outlines, in general, our understanding of the terms and objectives of our engagement. The sufficiency of the procedures is solely your responsibility. Consequently, we make no representation regarding the sufficiency of the procedures.

Services to Be Performed

Following is a listing of some of the services we will perform on a regular basis. We will generally perform all financial and "paperwork" type of services your mother would need.

1. We will collect all her bills and ascertain their validity and accuracy.
2. We will write and mail checks for payments due by your mother in a timely manner. Generally we will review all items due on a weekly basis and perform whatever is necessary. Checks for amounts in excess of X,XXX with the exception of the monthly rent, real estate taxes, income taxes, and estimated tax payments will not be signed by us without your written approval.
3. We will review income Mrs. Mother is supposed to receive and ascertain that it is received or deposited timely. This will include the Social Security checks, IRA withdrawals and CD interest income and rollovers, and any other income Mrs. Mother usually receives or should receive.
4. We will review receipts for prescriptions and other medical expenses and prepare the necessary AARP forms for reimbursements and follow up on their payment.
5. We will maintain files of the original invoices and receipts in our office.
6. We will send you monthly a listing of all disbursements and receipts along with copies of all invoices and bills. This will generally be sent during the first week of each month.
7. We will send you copies of all bank reconciliations monthly when they are prepared, usually within one week of receiving the bank statements, along with a copy of the bank statements.

8. We will reconcile all brokerage and fund accounts and send copies to you. We expect that you will receive copies directly from the brokerage firms and mutual funds, if applicable.
9. We will discuss with you the types of investment alternatives as funds become available. We will provide suggestions but will not make any direct decisions, nor will we have signatory power over any investment accounts. We have some ideas on how the accounts could be maintained, particularly CDs, at a secure low-cost, low-maintenance, low-effort basis. We will discuss this with you when the first situation arises.
10. Telephone calls to you or your mother as necessary.
11. We will always have available for your review a year-to-date general ledger. We will print them as you request. Generally, we will only send these to you at six-month intervals.
12. We will prepare whatever information you might need to prepare your mother's tax returns.
13. We will not be responsible to prepare any tax returns, but will pay the estimated taxes if applicable.
14. We expect you to have a checking account where we could sign the checks. This account should have an initial balance equivalent to about two months of expenses. As the balance declines you would replenish it.
15. We will not deposit any income into this account. Rather, all income will be deposited into accounts that you control and where we are not signatories. The only exception might be the automatic deposit of your mother's Social Security checks.
16. Initially, we will write the checks on existing accounts and send them to you or bring them to your mother to sign.
17. We will use QuickBooks and Quicken software for these services. The versions we will use will be owned by us and will not be billed to you, unless the software providers change their policy and require us to purchase separate software packages for use in our servicing your mother's work. We intend to order preprinted checks and these will be billed to you. Initially, we will print a limited number of checks in our office for you so that there is no delay in getting started.

All disbursements we make will be subject to the approval and other controls we have established. However, in making those disbursements, we will be relying on the accuracy and reliability of information provided. We will not audit, examine, or review the information.

Please also note that our services cannot be relied on to disclose errors, fraud, or other illegal acts that may exist. Our firm's maximum liability to you for any reason relating to our services under this letter shall be limited to fees paid to our firm for our services under this letter. In addition, you will indemnify and hold harmless our firm and its personnel from any claims, liabilities, costs, and expenses relating to our services under this letter, except to the extent finally determined to have resulted from the gross negligence or willful misconduct of our firm.

Professional standards preclude us from disclosing client information without your specific consent. However, as a CPA in good standing with the States of New Jersey and New York, and as members of the AICPA, we have a routine triennial peer review of our procedures, policies, and standards. By your retaining us it is recognized that your files might be selected for such review.

Fees

Our fee will be on an hourly basis at \$xx per hour, plus a fixed supervisory fee of \$xxx per month, for all routine work as described above, and \$xxx per hour for the type of work that involves discussions with a partner or accounting staff regarding decisions that need to be made such as where the CDs will be rolled over to, or the term of the CDs, or other investing decisions. We will record our time in half-hour segments. We will also bill you for out-of-pocket disbursements such as postage and excessive copying charges. If you wish, we could discuss a monthly fixed fee after we establish a routine that usually takes about two months.

Financial and estate planning services are available. The rates for this are \$xxx per hour and will be performed by a partner. We may occasionally have preliminary discussions with you regarding these types of services or the need for them, which will be billed at the \$xxx per hour rate. However, if you wish to proceed we will then bill you at the \$xxx rate. Please note that the \$xxx rate will not be billed unless there is a specific engagement for such services, and there is an appropriate engagement letter agreed to by you. Until then, you will not be liable for that rate.

Our invoices for these fees will be rendered monthly and are payable on presentation. We will prepare the checks and will include copies along with the other bills we paid. We will always be available to discuss our charges, should you have any questions.

You or we may terminate this engagement at any time, upon written notice. During the course of our providing services, disagreements may arise between you and Mrs. Mother. It is our understanding that you and Mrs. Mother will resolve such disagreements, and that the resolution will be communicated to us.

Cordially,

ELDER CARE AND FAMILY BILL PAYING AND PLANNING CHECKLIST OR FOR FAMILY OFFICE SERVICES

Bill paying and bookkeeping

- ☐ Preparation of a tax payments and bills due calendar to track due dates
- ☐ Collect all bills and ascertain their validity and accuracy
- ☐ Following up on bills that appear incorrect
- ☐ Write and mail checks for payments due in a timely manner. This should be done at least weekly or more often based upon circumstances. Note that it is recommended that payments be made without prior authorization for recurring expenses and amounts under a predetermined value such as \$2,000. Permitted items over that threshold would include the monthly rent or mortgage payment, real estate taxes, insurance, income taxes, and estimated tax payments. All payments can be reviewed by the client when they receive the monthly reports and copies of bills paid. If there is an incorrect payment, it can be followed up at that time
- ☐ Arrange for payroll to be paid to full, part time or household employees and reviewing time records
- ☐ Arrange for payment to independent contractors such as private duty nurses and reviewing time records
- ☐ Income expected to be received will be reviewed to ascertain that it is received or deposited timely. This will include Social Security checks, IRA withdrawals, bank and/or bond interest income and dividends and any other income usually received
- ☐ Receipts for prescriptions and other medical and health care expenses will be submitted where necessary for reimbursement and follow up on their payment
- ☐ Digital files of original invoices and receipts will be maintained and accessible by the client or their authorized representative
- ☐ A monthly listing of all disbursements and receipts along with copies of all invoices and bills will be provided to the client or caregiver generally during the first week of each month
- ☐ Year to date summaries by categories (a general ledger) will be provided each month along with the monthly transaction listings
- ☐ All bank accounts will be reconciled monthly and copies of all bank reconciliations and the statements will be sent monthly – either digitally, by access to our portal or by postal mail as the client requests
- ☐ All brokerage and fund accounts will be reviewed and reconciled and copies will be sent to client
- ☐ All transfers in and out of each brokerage or bank account will be traced for validity
- ☐ Preparation of all required tax reporting statements including 1099s and W-2 forms
- ☐ A review of insurance policies to determine whether coverage is adequate including workers' compensation, umbrella and liability insurance
- ☐ Telephone calls to and from client and their authorized family members as necessary

Investment oversight

- ☐ The types of investment alternatives will be discussed as funds become available. Suggestions will be made, but there will be no direct decisions by the CPA. Decisions will be made by the client along with their investment manager. The CPA should not have signatory power over any investment accounts unless they are properly licensed and are performing investment management services

Tax assistance

- ☐ Whatever information is needed for the client's tax returns will be collected as received during the year
- ☐ The CPA will not be responsible to prepare any tax returns unless specifically engaged to do so, but will pay the estimated taxes when due

Administrative services

- ☐ A dedicated checking account where CPA could sign the checks should be opened. This account should have an initial balance equivalent to about two months of expenses. As the balance declines it would be replenished
- ☐ No income will be deposited into the account maintained to pay bills. Rather, all income will be deposited into accounts that client controls and where the CPA is not a signatory. The CPA will have access to this account to review deposits and reconcile the balances
- ☐ If requested CPA can calculate the required minimum distributions from retirement accounts and arrange for their withdrawal and deposit into the client's account or the checking account CPA will maintain for the client if that is to be the source of the funding
- ☐ The CPA should use small business accounting and investment tracking software (such as QuickBooks and Quicken). The versions used should be owned by the CPA and will not be billed to the client unless the software providers change their policy and require the purchase of separate software packages for use in these services.
- ☐ Preprinted checks will be ordered and billed to the client. To get started, temporary checks can be printed by the CPA

Additional services available

- ☐ Arranging for ambulance service or transportation to and from physicians, therapists and similar care providers
- ☐ Arranging for physicians or others to come to client's residence to perform their services
- ☐ Arranging for prescriptions to be renewed
- ☐ Arrangements for haircuts and beauticians
- ☐ Scheduling Wheels on Meals if necessary
- ☐ Arranging for people to visit, read and socialize with client
- ☐ Arranging for a client's cat, dog or pet to go to the vet

Planning services that can be provided

- ☐ Financial planning services including goal setting, asset allocation, cash flow and budget management and possibly debt reduction
- ☐ Assisting the client in developing an investment policy statement and long term strategy, including segregating "rainy day" funds
- ☐ Investment management including discretionary investing
- ☐ Estate planning

- ☐ Tax planning
- ☐ Tax return preparation
- ☐ Assistance in establishing a back-up account in case of disability of the elder care client

NOT FOR PROFITS AND BUSINESS BOOKKEEPING SERVICES

NFP & Business Bookkeeping Services

Outsource your bookkeeping and bill paying. Weekly, bi-weekly and monthly services based on your needs. We relieve you of the stress and chore of essential but nonproductive and nonprofit generating functions. *Call for a no obligation needs and cost assessment.*

Benjamin A. Franklin, CPA

123 Main Street, Perth Amboy, NJ

www.franklincpa.com

732.555.1234

Business and individual tax returns also prepared.

The sample ad on the left describes the services. You can adjust the wording anyway you want.

Many small NFPs do not have volunteers that want to or are able to perform the regular bookkeeping and bill paying. They also usually have a budget line item for this and if they don't, it is not too difficult to have it included in the next budget.

If you perform audits, you should mention this. Not many small firms do audits anymore and their fees are significantly lower than medium and larger firms making this work easier to get.

LAW FIRM TRUST ACCOUNT AUDITS

Attorney Trust Account Audits

We can informally and unofficially audit your attorney's trust account. We will also provide you with a detailed schedule of open balances.

Call for a no obligation needs and cost assessment.

Benjamin A. Franklin, CPA

123 Main Street, Perth Amboy, NJ

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732.555.1234

Business and individual tax returns also prepared.

Every attorney needs this especially smaller ones that do not have in-house people that can regularly review these accounts.

Getting leads for these services also gets you in the door of lawyers that can become referrers of new clients.

It is important to provide your street address so it shows you are local. If you work out of your house, then rent a box at a mailing office.

Notice the bottom line on every ad. This is intended to get tax return clients without actually asking for it. I believe this method works.

The ads illustrated, or any ads for services you choose to promote can be run weekly in succession.

BONUS: A fourth service you can advertise

INHERITANCE ADVCE AND GUIDANCE

Inheritance Advice and Guidance

If you are or will be the recipient of an inheritance, we can assist you about how the process works, how distributions are made and their timing, how to treat IRAs, 401k's and pensions, taxes that are payable, and how to invest in a safe and low cost manner.

Call for a no obligation one hour free consultation.

Benjamin A. Franklin, CPA

123 Main Street, Perth Amboy, NJ

www.franklincpa.com

732.555.1234

Business and individual tax returns also prepared.

Inheritance advice and guidance is a valuable service for clients who have lost a loved one and are remembered in the will. Most times accountants are not the first ones clients call. Usually the attorney is and then a financial planner. We get involved after the fact to "record" the results of what was done on the tax return.

However, accountants might be the best person a client could turn to first since we have many of the skills needed to advise the client. We cannot perform any legal services, but can provide necessary guidance on the process and

comfort on what might be a daunting undertaking.

Inheritance advice and guidance has to do with helping ease the client into their new situation, applying some brakes to what other professionals suggest they do, working out the tax plan, advising on pension and individual retirement account (IRA) alternatives, and maybe even offering some postmortem estate planning. This is a wide area where the accountant's skills are used to the fullest.

While most accountants are not licensed to perform investment management services [many are] they can provide guidance about different types of investment strategies and the risks attendant to each course. Referrals can then be made to an investment manager if necessary and appropriate.

From my experience I have found that the first thoughts of the suddenly and newly rich are how they can protect their new wealth. Further, since much of inheritance information is public, they are usually inundated by "financial advisors" who offer to help them...for *modest* fees. CPAs are widely regarded as the primary trusted advisor. This service builds on that reputation.

P.S. THIS BONUS IS IN LINE WITH MY POLICY OF TRYING TO OVER DELIVER TO A CLIENT OR PROVIDE A LOW-EFFORT, HIGH IMPACT EXTRA. I SUGGEST THAT YOU ADOPT SUCH A POLICY.

Advantages of a CPA¹ Preparing a Tax Return

Many people have simple circumstances that can be handled adequately by tax preparation services or by self-preparation with Turbo Tax® or similar software, and this checklist doesn't cover those clients. People with rental property, unincorporated businesses, investments that generate K-1s, grantor trusts, substantial investments in marketable securities or large retirement accounts and 401k balances need to engage a CPA firm, and this checklist is directed toward those clients.

- ☐ Engaging a CPA is the start of a professional relationship that includes more than preparing a tax return. It is acquiring a “partner” in your quest for financial security and someone that can be called with any type of financial, investment, business or employment compensation question
- ☐ The CPA can offer advice to maximize tax savings opportunities both for the return they are working on and the current year
- ☐ CPAs are required to attend substantial numbers of continuing education courses and tax updates. This puts them in the position of staying current, interacting with fellow professionals where tax saving ideas are shared and people that they can discuss specific client situations anonymously with
- ☐ CPAs are planning oriented looking to the future to see how clients can do things that reduce their taxes
- ☐ CPAs analyze trends and can use this skill to pick up drifts that can be called to the client's attention to help them going forward, by the client being able to reverse unfavorable and capitalize on favorable changes
- ☐ CPAs are knowledgeable in a wide range of retirement plans – deductible and non-deductible. Their guidance can possibly save some taxes retroactively and can explain the benefits of establishing a pension plan for the current and future years that will maximize tax savings
- ☐ CPAs can assist a client in establishing investment allocation formulas based on client's goals and considering the client's entire investments including retirement accounts and unmanaged securities
- ☐ Besides asset allocation, the CPA can help determine the proper location for assets between individual and retirement plan ownership
- ☐ CPAs can help clients in mortgage refinancing, auto lease or buy choices, life insurance policy acquisition and many other financial situations that arise
- ☐ CPAs can assist clients contemplating switching jobs with employment contracts and exit agreements, and option exercising and restricted stock tax alternatives

¹ You can substitute Professional Tax Preparer or Enrolled Agent for CPA. This list is prepared to help you provide satisfactory responses to prospective clients' questions or expressed concerns

- ☐ CPAs are knowledgeable in entity selection to maximize tax benefits of commercial activities including single owner businesses and those that invest with others
- ☐ CPAs can be consulted regarding financial aspects when contemplating a divorce, retirement, funding children's college, buying a house or any change of life action
- ☐ Through the tax preparation relationship, CPAs know their client's level of aggressiveness and are adept at explaining the risks of taking tax positions that the IRS might be targeting
- ☐ CPAs are aware of IRS "hit" lists and advise clients against positions that have high probability of challenge and disallowance
- ☐ When clients take positions contrary to the Tax Code, CPAs prepare the proper disclosures so penalties will not be assessed should an IRS challenge be sustained
- ☐ CPAs are aware of the myriad forms and substantiation requirements and regularly advise their clients about what is needed and when it must be in their possession
- ☐ W-4 withholding requirements and estimated tax rules are important to follow both from compliance and cash flow standpoints and CPAs regularly advise on this
- ☐ CPAs can explain the special tax rules that apply to businesses including inventory methods, basis of accounting, start-up costs, T&E expenses and tax credits
- ☐ The alternative minimum tax is a "killer" for many clients; however, CPAs can explain some ways of taking advantage of this tax and the application of AMT credits
- ☐ For some clients, the state of residency and/or domicile can reduce overall taxes and the CPA can advise on this
- ☐ CPAs are always available to assist and handle tax audits, advise ways to minimize the cost of representation and ways to prepare returns that will not create red flags
- ☐ CPAs can assist with tax agency notices and mail audits
- ☐ CPAs are available, knowledgeable and helpful when clients must have assistance

The single-most important factor that attracts and retains clients

- **Being available**

Other factors

- Returning calls promptly
- Showing up
- Not missing deadlines

How to convey your value to clients

Following are three reprinted columns (with dates posted shown) that should provide some ammunition for you. They were originally posted at www.accountingtoday.com . This is good reading whether you are starting out or have a mature practice.

Nov 21, 2016

Art of Accounting: Disparity in the Value of My Services

Many times I provided services that I believed had significant value to the client and the client complained about the fee. His value was centered on how little he would have to pay for it. This is always upsetting but this poignantly came to focus a few weeks ago.

I had a few phone calls with a client and his attorney regarding him making a potential gift of over \$5 million to his children and grandchildren. The attorney recommended it and the client wanted to get my input and then asked me to attend a conference call with the attorney after which the client decided to take my advice and not make the gift. When I sent the bill for two hours the client thought I spent less time and should have billed a lower amount. I ended up sending a listing of my time, in tenths of an hour and some preparation time between the phone calls was included. When the client reviewed the time he suggested that some of the time was “personal” conversation and should not have been included in the billing.

My thoughts were that there was considerable value – we were talking about a \$5 million transaction and the client’s thoughts were that I “cheated” him by charging inappropriately. Before I go further, this is a client that we have had for over a decade, and while I brought him into the firm, I did not work directly on it but served as a sounding board and occasional consultant and basically supported the relationship. I always billed my services on a time basis. Also, at this stage of the game I felt it demeaning to have to account for my time, and in effect “punch a time clock.” I also felt the value of what I did was substantial far dwarfing the billed amount. The client viewed me as a vendor that he tried to chisel into a lower price.

This incident extremely upset me. Not as much for the client’s actions, but for the way I treated my pricing. At this point in my life when I consult with a client, for any matter, it is usually for a high impact or extremely important issue. I no longer get any softballs. Yet, I handle the billing on longer term clients the way I always did, particularly with the compliance oriented services I used to oversee. I have grown up. Business and billing models have changed. I consult with many professional firms on how to recognize the value of their services – yet I neglected this with this client and in some respects with some others where I have long term relationships.

How I should have handled this is to have the client define the level of the services and what my involvement would be; the importance of this matter to the client; and the value to him of my counsel, advice and guidance and then set a fee for a preliminary series of phone calls with the understanding that a project fee would be determined with the client if there was going to be further work. Thinking back, I recognize that it would have been a little awkward to discuss this with the client before I did anything, but it would have been less awkward than it ended up, and less demeaning with much less consternation with the client and much less annoyance on my part with the client and myself.

A final comment: Clients do not buy hours. They buy solutions to their problems where we successfully apply our knowledge and experience to solve their problems and deal with their concerns. If we choose to sell time then our clients' reactions to that should not be criticized. It is up to us to change the pricing model to reflect value – the output – rather than hours – the input.

So, I am pleased to admit that I am not too old to learn; not too set in my ways to recognize a better way of doing something that I have always done; not too stubborn to change or recognize I was wrong; and not too far gone to see other and apparently better ways of doing something. Hopefully, so can you.

Nov 28, 2016

Art of Accounting: When You Sell Value the Cost Should Not be a Major Issue

Every Monday morning, Bill Hagaman, our firm's Managing Partner/CEO sends an email to the over 850 people at our firm. His email two weeks ago hit the mark on providing value as the distinguishing factor in getting new business. I am repeating what he wrote as this week's column since I could not have said it any better. Enjoy!

"Good morning, Everyone

Let's face it. As service providers in the accounting profession, not only are we expected to deliver world-class service to our clients, but it is imperative that we bring in new business to propel growth. We work in a very competitive marketplace, thus we need to spend a lot of time and energy meeting with potential clients about our services (and when I say "potential clients," in this particular message, I also mean current clients requiring additional services). When I hear that we lost an opportunity due to fees, I can't help but wonder if we just didn't convince our potential client about our **value** well enough because there will always be someone offering what appears to be similar services for lower fees.

"Providing value solutions" means having the ability to clearly explain how we can solve their problems at hand, alert them to potential problems they may not even be thinking about, or providing them things that will help them perform their jobs better. In order to establish the value or worth of our services and solutions, we first need to learn about their business and their pain points, whether speaking in terms of sales, profits, employee turnover, order accuracy, customer retention or satisfaction, time to market or market share. Learn to ask high-value questions that will help you understand the impact of the issue on the overall performance of the client's business. Personal experience has taught me that most key decision makers respect and appreciate professionals who ask probing questions. Once we are in front of a potential client, you can ask questions such as:

- "What are your long term goals?"
- "Do you have a succession plan?"
- "What is keeping you up at night?"
- "How good are your controls?.....over cash receipts?.....cash disbursements?"
- "How is that affecting.....?"
- "What impact is that having on customer loyalty, market share, etc.?"
- "What is that costing you in terms of lost sales, profitability, growth or product innovation?"
- "How important is this compared to other projects you have on your plate right now?"
- "If we had an appropriate solution, what would that mean to your company or you personally?"

Notice none of these questions have anything to do with compliance service. The client or potential client assumes if we are there we are competent, responsive and have a great culture.

After you have determined the importance and the impact of a particular problem, you can then demonstrate the worth or value of our services to the potential client. What value do Withum professionals have to offer?

1. **We solve problems.** Remember the pitch to a potential client is ***all about them and their pain***. If we ask questions similar to those listed above and we successfully uncover why they are even entertaining us for the work, we need to demonstrate how we can provide a solution to their problems. This could include an offer to review past tax returns for free (we would charge to implement suggestions) or send out one of our Business Advisory team members to do a review of key controls (again, we would charge to implement suggestions). This will demonstrate to the potential client that we care about their business and that we are there to partner with them in making their business more successful, of course always being within the bounds of maintaining independence where necessary.
2. **We offer world-class client service.** We fully appreciate that our clients need accounting services, but choose to work with our firm. **Withum** is home to many talented professionals who provide the expertise and innovative solutions our clients require. But world-class client service means that we go deep with serving our clients as trusted advisors, being responsive and proactive and truly listening to what they need.
3. **We have deep and broad industry expertise and service offerings.** Our niche development initiative has been successful in grooming team members of all levels to specialize in key industry verticals or service lines in order to intimately understand what drives our clients' markets — and their success. And our services go beyond tax and audit — we have Business Advisory, Forensic, Valuation, Wealth Management and International Services. We are a full-service firm.
4. **We have many long-term relationships in the business community.** Our stability has permitted us to develop long-term relationships in the banking, legal and financial services fields. With strong roots in the business community, we have built relationships which afford our clients with referrals to the finest services available in these areas. As for our clients, we have many who have been with us for nearly four decades.
5. **We offer the Withum Way Culture.** Our people are smart, passionate, loyal and dedicated. We respect and care for each other, both personally and professionally. You are not just another client; you are a friend of the firm; a member of the Withum family. And we are there for our clients as a strategic partner in helping them succeed.

Remember, there is a significant difference between cost and value. When you can provide valuable solutions to clients that work with Withum, then the discussion of fees should rarely be an issue.

Thanks and have a great week."

Bill

Dec 19, 2016

Art of Accounting: How to Overcome the Value Disparity

This is a follow up of the column posted on November 21, 2016 about the disparity in perception of value of my services between me and my client. This will provide some guidance on switching from a rigid time based fee mindset to a value based pricing model.

There are a couple of issues that need to be resolved to be able to effectively price services in advance.

1) We have to lose the mindset of time based billing. This is not easy since it has been ingrained into us from the very beginning of becoming accountants. If we drop the culture of selling time, the clients will follow our lead. When we become convinced of the validity and appropriateness of value pricing and communicate this to our clients, the old model will vanish.

2) I have always been reluctant to interrupt the flow of work, the pressure of the moment, the call to participate, or the immediacy of what needed to be done to discuss the price of my services and payment terms. Instead I did the work and relied on the understanding of and recognition by the client of the importance and value of what I did and for the client's acceptance of the amount billed. Thinking back, I can recall many instances where there were conflicts with the client and where I received less than what I billed. I ended up having the discussion I should have had initially, but then I was at a disadvantage since I had already performed the work. In every situation I would have had an easier and better discussion and with either none or much less dismay. Of course there are positive situations where it worked out, but too many that did not and which could have been eliminated with the prior discussion. It is me, not the client. Good business practice would have had me speak to the client before the work was started, regardless of the circumstances and pressures of the moment.

As Dave Cottle has always said "The value of our services to the client is always greater before we start than after we complete the assignment." Price your work before you start, not after you've finished.

Takeaway:

- Always discuss what you will do and the pricing before you commence the work. In determining the price, consider the value to the client, the timing and urgency, the importance of your involvement and what you add with your experience, and the use by the client of what you will be doing.
- Define the scope of what you will be doing clearly and get the ascent of the client to the scope and price.
- Set a time frame and an outer limit of when the project will end if not completed as agreed.
- As soon as it appears that the initial scope will be exceeded, make a new, amended or updated pricing arrangement with the client. Ron Baker calls this a change order.
- Read *Implementing Value Pricing* by Ronald J. Baker and spend the time to understand and consider what he suggests.
- Change your mindset.

One Page Client Service Plan

Income tax preparation	Sales tax preparation	Payroll and payroll tax review
Financial statement preparation	Review client's bookkeeping and bank reconciliation	Review by tel. with client their monthly QB generated F/S
Meetings with client as necessary	Initial discussions for proposals for new ventures	

How to best use the 40 percent of your time that is not spent on client work

You are running a business – you need clients, administrative controls and procedures, and cash flow.

Read the sections above that describe entrepreneurs.

Following is a grid indicating the type of work a partner or firm owner does.

Item	Charge able portion (%)	Hours worked			Chargeable time		
		Day (hours per day)	Week	Year (45 weeks)	Day	Week	Year
Telephone	75%	1.25	6.25	281.25	0.94	4.69	210.94
Emails	50%	1.00	5.00	225.00	0.50	2.50	112.50
Handle postal mail	0%	0.20	1.00	45.00			
Social media	0%	0.25	1.25	56.25			
Working on new work	100%	1.00	5.00	225.00	1.00	5.00	225.00
Working on regular work	100%	1.35	6.75	303.75	1.35	6.75	303.75
Reviewing work	100%	1.00	5.00	225.00	1.00	5.00	225.00
Meetings with staff	25%	0.50	2.50	112.50	0.13	0.63	28.13
Meetings with clients	100%	1.30	6.50	292.50	1.30	6.50	292.50
Marketing and proposals	0%	0.20	1.00	45.00			
Marketing meetings	0%	0.30	1.50	67.50			
New product development	0%	0.10	0.50	22.50			
CPE	0%	0.20	1.00	45.00			
Read journals	0%	0.20	1.00	45.00			
Personal development	0%	0.10	0.50	22.50			
Articles and speeches	0%	0.15	0.75	33.75			
"Walking" around time	0%	0.50	2.50	112.50			
Administrative	0%	0.40	2.00	90.00			
Total		10.00	50.00	2,250.00	6.21	31.06	1,397.81
Chargeable time		6.21	31.06	1,397.81			
Percent chargeable		62%	62%	62%			

One Page Five-Year Projection

Here is a listing of services many accounting firms perform. You can adapt this format to include any services you do. You can also prepare this on a year by year basis. I like the year 5 projection because I believe it creates a longer term focus.

Service	1 st year \$ volume	\$ volume in year 5
Tax return preparation		
Business clients		
Tax audits		
Tax collections		
Unfiled and late tax returns		
Set up QuickBooks		
Show how to utilize QuickBooks		
Elder care services		
Attorney trust account reviews		
NFP bookkeeping		
Business' bookkeeping services		
Bank loan assistance		
SBA loan applications		
Bankruptcy counseling		
1041 and 706 preparation		
Set up new businesses		
Succession planning		
Estate planning		
IRA consulting		
Buy-Sell agreement consulting		
College loan applications		
Buying a business reviews		
Selling a business consulting		
First time employee consulting		
Financial planning		
Tax returns for foreigners		
Employee benefit consulting		
Business valuations		
Forensic investigations		

Pricing your services and setting fees

Set fixed fees in advance – carefully define the project, what you and client will each do and the expected result. You can also include some extras that are available and not provided.

Art of Accounting: Billing Methods

MARCH 7, 2014 BY EDWARD MENDLOWITZ

Pricing, billing and collecting fees for services are how accountants earn their livings.

One time, one of my fellow partners at Withum, Peter Weitsen, billed a client for a lengthy phone call and a follow-up memo, and the client complained, saying that he did not realize he would have to pay for the work he did. Peter replied, “That’s how I make my living!” The client understood and paid the bill.

There seem to be many ways clients are charged for the work we do. And the value to the client is usually perceived differently than by the CPA.

I also have seen that the value to the client is always greater before the work is done than after, yet most accountants determine the fee and present the bill afterwards. Sometimes they even reduce it (before presenting it) because they think it is too high, only to have the client complain about the “high” bill.

Many accountants charge by the hour and don’t know what the fee will be until the work is completed and time calculated, with the corresponding rates for each person that worked on the assignment.

I have been in business a long time, and with the exception of some rare instances, never had a client tell me they wanted to buy X number of hours. What they do tell me is that they want to buy a solution to a problem or relief from a compliance matter. They don’t buy the hours; they buy the solution, yet they are charged by the hour.

A colleague, Ron Baker, developed an industry within professional services where a CPA (or any other professional) and client decide before the job starts what the value is to the client, what work is needed and the price and terms of the engagement. Before any work is started, the client knows what it will cost.

Many CPAs I know think this is crazy because how do they know how much time it will take? Well, Baker says it doesn’t matter. What does matter is the value of what you are delivering. If you cannot make money that way, then maybe you are in the wrong business.

Two books I can recommend on this topic are Baker’s “Implementing Value Pricing” (published by Wiley) and David Cottle’s “Bill What You’re Worth” (published by the AICPA).

Many years before Ron Baker, I started performing services for clients. Mainly it was moonlighting since I had a day job. Everything I did was priced beforehand (otherwise I would not have gotten the job). I figured what the value was to the client and used as a guide what my boss would charge if it was his client and came up with a number that was acceptable to his client and me.

At that point I had no overhead and everything I made went into my pocket, so I did well. I never kept track of my time—it didn't matter. What I did keep track of was whether I was delivering value to the client and I always made sure of that by doing a little something extra—a midyear phone call or a pre year-end projection, or a heads up about a change in the tax laws.

Today, there is much controversy over whether value pricing is a good method, or whether accountants should stick to the hourly billing model. It is not so simple, but I do know one thing for sure: Every time a client gets a bill, they consider the value they received in exchange for their cost. Accountants must consider this too, and make sure they provide the value.

Art of Accounting: Pricing by the Hour

DECEMBER 16, 2014 BY EDWARD MENDLOWITZ

When I was starting out I read a number of books by master salesman Elmer Wheeler, who said, among many other things, "Sell the sizzle, not the steak." This left me with thoughts of always telling clients, or whoever I interacted with, about the value and benefits of dealing with me while de-emphasizing the cost.

About a month ago I received a call from the landscaping company that mows my lawn, puts down the fertilizer and does some other stuff. They wanted permission to "winterize" the lawn and said it would cost \$55 per hour.

I asked how many hours it would take and I was told "one." I asked how many people and was told "three." I asked what would happen if it took longer than an hour and was told I "would be charged only for the extra time in quarter of hour increments." I then asked about the benefits and was told "it would winterize the lawn." I then said, "No thanks." And then I thought about it.

First of all, this could not have been the first time they ever winterized a lawn, so they should know pretty well how much time it would take. They also have been cutting my grass for a few years so they should also know how many people would be needed and also how much time it would take. And then they should have given me a fixed price.

For a cost of \$165, \$200 or even \$250 or possibly \$500, I certainly would have given the OK without thinking twice about it. For those amounts the value was certainly there (even if I could not visualize what "winterizing" meant). Further, the benefits or value were never clearly explained to me.

Now, how do accountants quote fees? I do not believe clients like open-ended vague pricing. A fixed fee negotiated beforehand based on the value to the client seems to me would work best. I also think that many times we fail to get buy-in on the benefits and value to the client, and that is because we neglect to look at the project from the client's point of view.

Needing an audit report for a bank or tax return for the government is not a benefit. It is what we must do for the client who must have it. The benefits and value are what distinguishes one provider from another. Clients assume we will use proper care, are knowledgeable, that the right procedures will be followed, and that the deliverable will be completed on time and will be acceptable to the third party recipient.

What do we do that creates added value? If nothing, then we are performing a commodity service, and if we want a happy client we should be the lowest-cost provider.

I know my firm adds exceptional value on everything we do, including so-called commodity services, and we are able to convey this to our clients so we get the assignments at the right fee. I have been working on this for years selling the benefit, not the hours it takes.

Sell the sizzle, rather than the steak.

Checklist for starting a CPA practice

Following is a guide of the issues to be considered when starting a CPA practice, or that could be used to advise a client contemplating starting a law firm or any type of professional services firm.

1. Name – a person’s name or names, or a fictitious name such as “Smarty Pants CPA Associates.”
Assumed names need to be registered with County Clerk
2. Type of entity to be used if not a sole proprietorship
3. Obtain a TIN for practice (even for a one person business with no employees or independent contractors)
4. Licensing with NJ CPA Board as a “business.” This also applies to one person practices
5. IRS PTIN registration
6. Society memberships and expected participation
7. How practice will be financed
8. Projected cash flow
9. Payroll or draw policy
10. Location – office or retail space
11. Premises – own, rent or sublet
12. Solo or with a partner
13. Buy-sell agreement if more than one partner or owner
14. Business plan (and strategic plan)
15. Technology hardware and admin software
16. Tax and audit software and client accounting software
17. Paperless strategies
18. Document management
19. Workflow automation
20. Mobile strategies

21. Subscription services
22. Personnel levels and admin support
23. Use of permanent, part timers or per diem staff
24. Employment agreements prohibiting stealing clients or setting a purchase price for stolen clients
25. Staff scheduling methods
26. Leverage, i.e. using staff, consultants or outsourcing partners
27. Work partners will do, and should do
28. Quality control of services and deliverables
29. Service niches or specialties
30. New product development
31. How work will be performed
32. Engagement letters
33. Use of time sheets, and if so, what software
34. Fee schedules or rates
35. Billing methods
36. Cash flow management methods
37. Getting a Logo and Website
38. Need secure portal availability
39. Email addresses
40. Opening a bank account
41. Determine if you want a post office box, or mail to be delivered to your office
42. Office equipment, filing, telephone, postage meter, courier accounts, stationery
43. Communications methods
44. Insurance - disability, umbrella, workers' compensation, mal practice (professional liability), general office

45. Medical insurance
46. Life insurance
47. Disability income insurance
48. Disability buy-out insurance if you have a partner
49. Pension contribution
50. Firm administrator
51. Partners' meetings frequency, location and length
52. Partners' retreat
53. Partner compensation and profit division policy
54. Partner benefits policy such as vacations and time off
55. Firm vision
56. Firm brand
57. Firm philosophy
58. Publicity, marketing, advertising and sales promotional activities
59. Social media strategies, and establishing accounts
60. Networking methods
61. Referral sources
62. Mailing list – establishing and maintenance
63. Engaging a mailing service
64. Announcements of new firm
65. Associations and groups to join
66. Create excitement
67. Practice continuation agreement (if a solo business)
68. Exit strategy (already? Didn't you just get started?)

Still an Innovative Profession

Edward Mendlowitz, CPA, ABV, PFS, Partner WithumSmith+Brown, PC

The same day I received the innovation-focused issue of *Fast Company*, I also received *The CPA Journal*, which announced a special, upcoming issue on the future of the accounting profession. I looked at the *Fast Company* list of the most innovative companies of 2014 and did not see any accounting firms. I wondered why they had been omitted, given that they have been at the forefront of the world's most innovative businesses.

Throughout history, accountants have helped to transform, modernize, and encourage growth. The first writing by the Sumerians using cuneiform 5,400 years ago were accounting records. In the Bible, Moses engaged one of Aaron's sons to perform an audit. Queen Isabella had her controller accompany Columbus on his first voyage. The Oscars hired a CPA firm to count the votes when the integrity of the awards was questioned. Moreover, accountants led the charge for mass use of the personal computer when spreadsheet software became available in 1980; they then grew to become the largest group of consultants on the use of computers and technology. There is every indication that this trend is not only continuing, but also accelerating.

An Essential Advisor

CPAs are professional service specialists. Although they perform well as bean counters and tax advisors, they have always looked to add value for their clients by detecting future trends and developing methods to fill their clients' needs. CPAs' attitudes, derived from their client-centric activities, are geared toward problem solving. Whereas some might visualize boundaries on the scope of a CPA's services, CPAs themselves do not; any problem is an added opportunity to help a client and come up with a solution for it. A CPA's ability to do this comes from having a complete understanding of how transactions arise and flow through an organization; the need for proper controls and performance-measurement tools; and the way profits are generated, utilized, paid out, and retained. Capital infusion and formation is always necessary in new endeavors, and CPAs are adept at their ways and means. Independent CPAs are the consultants that clients first turn to when new projects are contemplated—they are there from the beginning and are at the forefront of discussions about issues, solutions, and timing.

By the nature of their work, CPAs tour and go through clients' offices, factories, and warehouses, observing and questioning operations, inventory, employees' roles, machinery and technology usage, applicability, and costs. Virtually every contract that has a continuing dollar obligation is reviewed by an independent CPA, as well as a client's internal CPAs, in order to measure its benefit and appropriateness. Clients' returns on investment from new activities, product costs, cash flow and capital requirement projections, short- and long-term budgets, investor payback, and strategic plans are just some of the projects CPAs become involved in at the earliest stages of conception.

The profession universally embraced technology when computers were in their infancy, and they used the cloud long before it had that name. CPAs were early adopters of all types of portable hardware and devices; the remote use of software; paperless and virtual offices; integrated operations; data security and transmission; dual, quadruple, and portable monitors; high-speed and smart scanners; data mining; and voice-activated data entry. In many instances, CPAs worked with vendors to help develop many processes and uses.

Opportunities for CPAs

CPAs are at the top of the “C-suite.” In many organizations, the CFO is the number two executive; often, CPAs have even been elevated to the CEO position. CPAs are also among the most charity-focused professionals. Many CPAs serve on multiple boards, giving their time and expertise, along with monetary contributions.

Opportunities for CPAs are plentiful, and more than half of the partners in large CPA firms started with that firm. Colleges have carefully rated courses so that almost every accounting graduate can get an entry-level job with a CPA firm. For those who remain in public accounting, jobs with CPA firms are always available, supplying job security for CPAs. Many accountants who leave public accounting firms do so because they have been courted by a private (non-CPA) firm, which is often a result of the widespread knowledge of the excellent accounting, finance, and business background that CPA firms provide to their staff.

The quality of graduating accounting majors, the energy of the people already in the profession, and the desire to provide superb client service and to take part in every new project have made CPAs the most creative and innovative professionals. CPAs have a safety net of strong professional societies and regulatory agencies that look after their interests and provide protocols for standards, growth, professional and personal development, and a sharing of innovation. Continuing professional education (CPE) is mandatory, with thousands of courses available in almost every area that a CPA can practice in, which ensures that CPAs remain current and on the cusp of new information; in addition, CPE courses help strengthen a CPA's industry knowledge.

Looking Back and Looking Ahead

The infrastructure of today's accounting firms focus on accommodating diversity, women with families, staff needs for retirement security, excellent healthcare coverage and a wide range of benefit plans, and perpetual learning and staff development. Interaction with colleagues, client personnel, and other professionals providing services to clients is growing and creates greater opportunities for individuality, empowerment, and advancement.

Looking back to when I started, today's accomplishments were unimaginable, and I am filled with pride to have been part of it. In examining the history of accountants, perhaps such success should have been expected. CPAs are the raw material of innovation and superior service, filling clients' growing and ever-changing needs. The future of the accounting profession is optimistic, bright, and growing.

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