2 Day Workshop: Group Exercise Q&A – Selling Value to Partners and Stakeholders

Instructions to the Group: Create a list of at least 5 Questions/concerns/obstacles you face when selling the value of a CAS practice to other partners and stakeholders in the firm. If you are a sole proprietor or small firm, this can include doubts or questions that you find you have yourself that hold you back from growing your CAS practice.

1. Partners may say that the firm already provides consulting services for clients when they ask for them and they fill in by providing project work that a Controller or CFO might provide. What are you describing that is any different?

2. How do you actually plan to make any money doing this when the client can get a bookkeeper for $20 per hour and we are always discounting fees for write-up work?

3. As a firm we bill by the hour and on terms. Clients expect it. Why would we change, and how would we get our clients to agree to it?

4. We make a lot of money by providing audit services. Doesn’t the idea of a CAS practice compete with that?

5. Won’t it take a huge investment to start a CAS practice? This is a horrible economy and we can’t possibly take that on right now.

6. Why don’t we just hold off until next year and talk about this again?

7. If I am a tax partner, why do I care about this?

8. Sales and Use tax – this is something that we want our client’s to do themselves using their in-house bookkeeper. We only want to get involved if our clients are audited. Discuss the problems with this thought process and the opportunities for firms who incorporate this into their CAS services.

9. Why would we want to provide payroll services?

10. Everyone in the firm is already swamped. How could we possibly take this on right now?

11. My clients will never want to pay my fees to prepare annual budgets and ongoing forecasts during the year. How would I possibly get them to buy that level of service?

12. How do I know what software solutions to use?

13. Can we use staff from tax, audit and other departments for this?

14. We have multiple offices – how would we set this up?

15. How will you prove to other partners and stakeholders (or to yourself) that the CAS division is successful?
2 Day Workshop: Group Exercise

Sample Answers to the questions from Day 1 –

1. A consistent, branded Outsourced CFO service is based on ANTICIPATING client needs rather than waiting for them to ask for our help. It also involves providing standardized services that help our clients grow successful companies, but that in-house staff they may hire often do not have the expertise and/or resources to handle correctly. If they do hire someone with the expertise they are often paying full-time, high level staff plus technology costs, rent and other overhead that we can help them minimize or eliminate completely.

2. We help our clients understand that by using today’s best of breed solutions like Bill.com, Intacct, etc. we are able to help them turn the time-consuming, paper-intensive “bookkeeping tasks” and turn those into efficient “transaction processing” services that integrate with other technology solutions. Our focus is making the “bookkeeping” something our client begins to not even think about because they can interact with us from anywhere at any time. Our work with them is as their advisor, Outsourced Controller, CFO, helping them USE the reports generated from the transaction processing and our additional work to focus on their strategic planning, budgeting, development projects and overall working together to help them actually achieve their goals.

3. When actually asked, many clients would prefer to be billed in advance based on a fixed monthly fee because it helps them know what to expect, helps them plan and even out their cash flow, and gives them a sense that they are paying for the value of what they are receiving (fixed fee), not simply the hours incurred. Suggested potential steps:
   a. Start with NEW clients, who have never been billed in any “older” way by the firm
   b. As a team within the firm, review the client list one by one analyzing current billings vs. what the client “should be getting billed” if using the Pricing Model from the CPA2Biz workshop and/or other objective thinking. Begin to offer the pricing model to clients that are already paying fees similar to what they would be paying in this new model, as they will not likely feel much pricing change and will likely be happy to move to this “no mystery” approach.
   c. Start to approach clients who have been clearly under-billed and explain the new service model, pricing structure, etc. to them. It is suggested that you choose a date by which the client can opt to move to this new model or realize that it is not a good mutual relationship. This is essentially where the client can choose if they want to be “fired” from the firm (do this at the pace and in the way that is right for your firm).

4. It is true that the firm may not be able to provide CAS services to the audit clients it chooses to serve. However, the following considerations are important:
   a. If you were to compare the profit potential of the CAS services to the profit margins being earned on most audits, the firm can begin to develop a “decision checklist” that helps the firm determine which clients really are best for the firm as audit clients vs. those that could be much more profitable as CAS clients.
i. If the client’s books are a mess every year, they always get a qualified opinion, it’s always impossible to know what we are going to get from them during the audit but we have to quote a fixed fee to get the job (and we then write off a ton of time each year), this is a sample of a client to think about.

ii. Smaller audits are often so competitive to price that the firm could make significantly more in revenue and profits by providing CAS services.

b. By forming positive relationships with other firms that also provide audit services, many firms have found a great way to collaborate by providing CAS services for each other’s clients.

5. There are many ways to approach starting the CAS practice. In short it does not have to be costly because of the best-of-breed SaaS solutions that make it easy to get started and incur costs that grow as the practice grows. It is not as in the past where the firm would need to spend thousands of dollars on software licensing, servers, extensive IT support, etc. The ROI in this practice area is often seen quickly and with significant returns when implemented with the right planning and commitment from the firm.

6. There is such a tremendous move by firms of all sizes into the CAS model right now, that firms who are making the decision to move forward aggressively have the greatest opportunities to seize market share, grow their client base, and stay at the lead in the industry. Firms who opt to wait risk losing clients (and this is happening frequently) to firms who are providing this high-value model, employee skillsets (and partners) are falling behind, and the firms will quickly start to feel the competitive risks.

7. Tax partners benefit by aligning with the CAS division for a number of reasons:
   a. They know they will receive timely, accurate financials from the CAS team when in contrast they often get a mess from the client during tax season that they have to clean up during those peak months before they can even begin the tax return
   b. The CAS department can meet with the tax partner on at least a quarterly basis and provide the tax partner with summaries of key things happening in the client’s company. This gives the partner the chance to work with the client in “real time” when tax planning and other important discussions should be had during the year. It also reduces the chance of any tax compliance issues being found after the end of the reporting year, at which point it can be too late to fix.
   c. As the client’s business grows and new endeavors are pursued because of the success they’ve had working with the CAS division, this will increase tax and other work opportunities for the tax partner.

8. Sales and Use tax is a huge area being targeted by most states right now as they desperately search for money. The problems and opportunities for the firms are:
   a. Problems:
      i. In most companies the person responsible for completing sales and use tax returns does not have expertise in these areas to ensure the company is in compliance.
      ii. If a client is audited, they will often hold the CPA responsible in that they will feel their CPA should have been telling them how important this was/is and looking out for them. This can be true even when the client is fully aware they have been out of compliance, in some cases by choice. When they are further told that they will be billed for assistance with the
audit (and the level of fees involved), this can greatly strain if not end the relationship with the client.

b. Opportunities:
   i. Sales & Use tax presentations, webinars, letters to clients in appropriate industry verticals ensuring they understand the complexity of Sales & Use Tax and the potential implications of not being in compliance (financial and other). Excellent way to build credibility with clients. Plus, if your firm has a Sales & Use Tax Specialist (or commits to developing one) this can be a HUGE differentiator for your firm as many firms cannot demonstrate true expertise in this “hot topic” area.
   ii. Offering ongoing compliance and filing services (which can be made much easier using integrated sales tax technology solutions) as a bundled part of the firm’s monthly CAS services.

9. Providing payroll processing services as part of the firm’s CAS offerings has a number of potential benefits:
   a. It is considered one of the most desirable areas of a firm being sold or purchased as it is a service that is easily resumed, has a high level of retention in terms of clients agreeing to remain active with the new firm (assuming the quality of service continues), and it is a very consistent, profitable (or should be) ongoing revenue stream.
   b. It creates an excellent additional “touch point” between the firm and the client, adding yet one more ongoing way that the client is linked to the firm for services that are part of their day-to-day operations. This has shown to dramatically increase client loyalty and retention.
   c. While this used to be a highly complex, manual series of tasks for firms, the availability of wholesale platforms like SurePayroll have changed this so that the CPA firm is processing the payroll and providing client support while the payroll company is assuming liability (with important disclaimers), handling the tax payments and filings, and most other important steps. This makes payroll processing highly scalable and relatively easy to staff.

10. Tips to starting the CAS Practice in the “already swamped” firm
    a. Have a business and implementation plan
    b. Hire a consultant who has expertise in this area to help you transition the first few clients. This can save countless hours, help avoid so many pitfalls, etc.
    c. Start slowly with a small number of technology solutions and services, and add on over time

11. It’s important when selling add-on and high value services that everyone in your CAS practice understands and truly believes in the value you are providing to the client, and that you are able to clearly articulate the benefits to the client of using these services. It is highly recommended that you work with your team to brainstorm and list all of the potential benefits for the client, and then incorporate those into your verbal presentations, your marketing materials, and the core culture of your firm. If you are providing budgeting, forecasting, or other similar services for existing clients (even if it is not in a structured service model), it is great to use those clients as case studies so that you can identify the ways that using your services has helped them increase revenues and profitability, avoid making ill-informed and potentially costly specific business decisions, helped to minimize overhead and other costs, etc. Be as specific as possible
when listing success stories so that you can examine how you contributed to those stories and seek to repeat that with more and more clients.

12. Choosing the right software solutions can be one of the biggest contributors to your firm’s success internally and as you work with your clients. On the other hand choosing the wrong software and/or not managing the process using Best Practices can be incredibly costly to your firm and potentially damaging to client relationships. Some suggestions for success include:
   a. Create a flowchart showing all of the functions a business needs to manage using software solutions. This would include not only financial management but also CRM, document management, workflow and project management, payroll processing, possibly sales tax and compliance, and other solutions. Once you are certain of the solutions you need, you’ll have a great foundation to use to begin researching the software you’ll need to fill each of those requirements.
   b. Seek truly integrated solutions, ideally with bi-directional synch capabilities, to minimize the number of times the same data needs to be entered in each application. This will save significant time and money, and greatly reduce the risk of human error.
   c. Work closely with your account representative at CPA2Biz, as they have already devoted extensive resources to researching the suite of products they feel work best for growing CAS practices and your clients.

13. The most successful CAS practices do NOT share staff across departments. For a detailed explanation about the reasons for this and top tips for staffing the CAS practice, you’ll find resources included in the workshop materials list.

14. Included in the workshop materials are publications that cover building the CAS practice and tips for successfully staffing multiple (and even remote/virtual) locations.

15. In order to prove the growing success of your CAS practice/division, it is critical that your firm selects and routinely reports the results of its Critical Success Factors and Key Performance Indicators. By being able to truly demonstrate, through financial calculations and supporting data, that the CAS practice is growing, profitable, and is leading to positive client sales and retention, you’ll have the concrete information you need to showcase the results of your efforts.