

# 7 KEYS TO BUILDING AND EXPANDING SUCCESSFUL TAX PRACTICE

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## **Opportunity in the accounting and tax preparation industry has never been more attractive than it is today.**

The average age of owners and shareholders in small to medium-sized firms is now greater than 65-plus years old while the flow of younger professionals into the market isn't closing the growing gap in manpower, knowledge and experience. And now that COVID is surging through our society, we are seeing an acceleration in retirements and searches for successors by those retiring owners.

For the ambitious and opportunistic practitioner, buying and quickly growing the profitability of a firm is there for the taking . . . and it won't necessarily require a large upfront investment.

Based on our 34 years of experience at MTAP working with accountants and tax preparers, I believe there are seven keys to building your tax practice to ensure maximum value when it is sold or transitioned. I believe each area is equally important to the other, and if they are all diligently employed and maintained, they guarantee sustained success.



# #1 – Proper Training and Continuing Professional Education

The foundation of a successful practice rests in your skills and that starts with training. If you haven't yet earned one or more recognized credentials, you have a critical decision to make.

The credentials that bring the most credibility in this industry are:

- Enrolled Agent (EA)
- Certified Public Accountant (CPA)
- Certified QuickBooks Advisor

If you are already a practicing tax preparer, earning the CPA credential is impractical since it requires a 4 to 5 year accounting degree, 1 to 2 years of service in a CPA firm, and passage of the CPA exam.

That means your choices are earning the EA and QuickBooks Advisor credentials.

## Why the Enrolled Agent Credential?

For purposes of growing your tax practice, we believe the vast majority of preparers should earn the EA credential since the IRS places this credential holder at the top of the pyramid.

Passing the EA exam provides a solid foundation for providing 1040, 1120, 1065, 990, tax advisory, and other related preparation services.



It also allows you to represent clients on any issues brought by the IRS on returns/reports you have prepared. Passing the rigorous three-part test provides the skill set you need to handle the diverse needs of your clients. It also allows you to choose those areas of specialty you believe will help grow that client list.

If you are serious about earning the EA credential, I recommend using the industry's best test preparation guide by Fast Forward Academy. No other preparation program compares to the Fast Forward materials because:

1. The system for preparation and taking the exam is focused on preparers who have not been in a classroom learning environment for years.

By tackling one test section at a time – studying for Part 1 – Individuals and then taking that Part of the Exam only, then coming back and studying for Part 2, etc., Fast Forward has recorded better than 80 percent success rate by its students, far exceeding traditional models where candidates crammed for all three sections and tested for all in one sitting.

2. The study guides are expertly outlined and supported with an unlimited, online test bank users can use in their preparations.
3. Their guides are continually updated – almost daily in fact – when Fast Forward users take the exam and report back on questions they had not studied for and/or topics that may be new with IRS implementation of new tax year materials.
4. Fast Forward offers electronic and telephone support systems to help candidates through the most difficult areas, and by tracking success in taking the online tests, they can determine when a candidate is ready to take the exam.

## Here's your action step:

To learn more about the Fast Forward Academy EA and RTRP homestudy courses, and to get the MTAP discount of up to \$150, click: <http://fastforwardacademy.com>

For more information on the EA exam at irs.gov: <https://www.irs.gov/tax-professionals/enrolled-agents/become-an-enrolled-agent>





## The Importance of Targeted Continuing Professional Education

A common industry misconception is that continuing professional education (CPE) is a “necessary evil” to maintain your professional credential. For some, CPE programs are selected based on price rather than quality while for others, education content is the primary factor in their selection.

We believe that education separates the true professional from the “tax tradesman.” With a constantly growing tax code, new IRS regulations for tax preparers, and the growing encroachment of do-it-yourself tax software and online preparation platforms, using CPE to sharpen and expand your skills can help you become a “specialist” in a commodity-based industry.

In my years as an association executive, I’ve seen how CPE provided practitioners with a means to separate themselves from their competition.

**Let me give you one example of how it saved a practice and the family who relied on it:**

During a tax season in the mid-90s, a tax preparer friend died from a sudden and unforeseen heart attack, leaving a wife and three young children.

He worked as a sole practitioner and there was no contingency plan in case of an emergency. His wife reached out for assistance from local colleagues and was able to have all remaining returns prepared and timely filed by April 15 of that year, paying them a per diem fee.

When tax season ended, she consulted with many friends and industry experts about selling the practice and quickly found it would pay about 35 cents on the dollar – not nearly enough to sustain her family while she looked for work and the means to train for employment.

It was suggested that she take over the tax business and use the 7½ months before the next tax season to train and reach out to retain clients. She decided to register for an Enrolled Agent Exam course and also registered for every individual and business tax seminar she could find.

Because of her tireless dedication (she only had one shot to take the exam before tax season), she passed all parts of the exam that September, and supplemented her new-found knowledge with over 100 hours of tax seminar education.

She not only salvaged 90 percent of the original clientele the following tax season, but she also began preparing business tax returns her husband had chosen not to tackle in his 20-plus years of ownership . . . and increased revenues by 15 percent! The following spring, she dove into estate planning and taxation and added practice management coursework so she could run the business more efficiently. She added another 20 percent in revenues over the next year, hired a full time accountant for her growing bookkeeping services, and brought two preparers on board to handle 1040s so she could handle the business and estate tax returns herself.

Over the next ten years, this lady built a firm of 10 people and billed over \$1 million. She expanded further into financial planning and services to supplement her estate work, and eventually sold off the tax and accounting business for nearly \$750,000 while personally keeping the estates and financial planning book of business.

**And she did it by exclusively using CPE to build and sharpen her skills.**

I often referred people facing similar challenges to her, and she helped nearly every one of them conquer a bad situation. Many of those beneficiaries have also reached out to help others . . . the chain reaction in full gear!

To this day, I will catch her “consulting” with a colleague in a quiet corner of a seminar event, and she always tells me that CPE events are as valuable for the education as they are for networking. So, so true.

In today's changing tax industry, education is what separates the "practitioner" from the "preparer." Many can rely on a tax program to make important elections and calculations for "run-of-the-mill" returns. But experienced practitioners must possess the knowledge to tackle complex tax issues that tax programs simply cannot, and that knowledge comes from quality CPE programs.

When you're selecting a CPE program to attend, pay special attention to the course description and listing of topics to be covered. Make sure the CPE provider is on the CPE registries for the National Association of State Boards of Accountancy (NASBA) and the IRS. This proves they have gone through an exhaustive application process to earn the designation (although it does not guarantee the quality of their products). If the firm advertising a program doesn't describe the reference materials you will receive by attending, or they don't list the presenters, call them for clarification. **Don't settle for a program with a two or three sentence course description that omits presenter biographies.**

## **For tax and accounting CPE, I strongly suggest Checkpoint Learning/GEAR UP Seminars and MTAP.**

GEAR UP Seminars were originated by four California CPAs who tired of the "necessary evil" delivery of CPE. After attending numerous CPE programs that amounted to repetitious dog-and-pony shows and claiming they could do better, they launched a series of tax programs "by practitioners for practitioners" that swept the nation in the 1980s, 90s, and into the 2000s. Their presentations became the talk of the industry, and their reference guides were often called "tax bibles" for the areas they addressed. In the mid-2000s, the firm was purchased by Thomson Reuters and still delivers quality education "by practitioners for practitioners" across the country.

The Michigan Tax and Accounting Professionals has been the exclusive Michigan sponsor of GEAR UP Seminars since 1984 simply because we believe they offer the best and most relevant CPE for today's small and medium-sized firms. We also supplement our GEAR UP programs with targeted association-sponsored programs featuring presenters we have carefully vetted and worked with over the years who deliver quality, in depth education that attendees can quickly use in their practices and careers.

MTAP's Education Page: <https://www.michigantap.com/education>

Website: <https://checkpointlearning.thomsonreuters.com/CourseFinder/Search/?keyword=GEAR%20UP%20Seminars>



## #2 – A Viable AND Practical Business Plan

For many experienced accountants and tax preparers, developing a business plan seems almost sacrilegious. Many have told me their business plan has been firmly etched in their brain since studying the model in college or seeing how it was ignored in those early days working for a firm.

While I agree that developing and maintaining a complete business plan can be time consuming, it can also be invaluable in keeping you and your business focused and efficient in pursuing your goals.

The most important ingredients of a business plan should include (in order):

### 1. **EXECUTIVE SUMMARY** This includes...

- **Your mission and/or vision statement.**

The statement should capture your general focus. A mission statement could be . . .

"We provide valuable tax consulting and management services for individual and business clients seeking to maximize their earnings and minimize their debts."

A vision statement could be . . .

"We provide the expertise to help our clients realize their financial goals."

Most importantly, your mission/vision statement(s) should be a reflection of you and what is most important and provides the energy to grow your business



- Your **company information**, including when your business formed, the founders and their roles in the business, number of employees and locations, and any other important information (silent investors, independent consultants, etc.).
- **Company growth highlights** (if you are already established). This includes your profit increases or losses, most often in a growth chart model.
- **A description of your products and services.**
- **Financial information** especially if you are or will be seeking outside financing. This normally includes periodic internal financial statements, or, if you have shareholders, an independently reviewed statement prepared for stockholders.
- **A summary of your future plans** summary is normally broken down by year, with goals listed for each year and a brief description as to how those goals will be pursued and achieved.

## 2. MARKET ANALYSIS This includes...

- **Industry Description and Outlook.** Describe your industry, including its current size and historic growth rate as well as other trends and characteristics (e.g., life cycle stage, projected growth rate). Next, list the major customer groups within your industry.
- **Information about your target market(s).** Narrow your target market to a manageable size. Many businesses make the mistake of trying to appeal to too many target markets. Research and include the following information about your market:
  - **Distinguishing characteristics** – What are the critical needs of your potential customers? Are those needs being met? What are the demographics of the group and where are they located? Are there any seasonal or cyclical purchasing trends that may impact your business?
  - **Size of the primary target market** – In addition to the size of your market, what data can you include about the annual purchases your market makes in your industry? What is the forecasted market growth for this group? For more information, click this great [market research guide](#) from the Small Business Association for tips and free government resources that can help you build a market profile.

- **How much market share can you gain?** – What is the market share percentage and number of customers you expect to obtain in a defined geographic area? Explain the logic behind your calculation.
- **Pricing and gross margin targets** – Define your pricing structure and gross margin levels, and any discount that you plan to use.

When you include information about any of the market tests or research studies you have completed, be sure to focus only on the results of these tests. Any other details should be included in the appendix.

- **Competitive analysis** – This should identify your competition by product line or service and market segment. Assess the following characteristics of the competition:
  - Market share
  - Strengths and weaknesses
  - How important is your target market to your competitors?
  - Are there any barriers that may hinder you as you enter the market?
  - What is your window of opportunity to enter the market?
  - Are there any indirect or secondary competitors who may impact your success?
  - What barriers to market are there (e.g., changing technology, high investment cost, lack of quality personnel)?
- **Regulatory Restrictions.** These include any customer or governmental regulatory requirements affecting your business and how you will comply. This should obviously include IRS regulations for tax preparers, any regulations or restrictions for credentials you or staff members may possess (insurance or investment licenses, accounting credentials, etc.).

More helpful SBA links:

[Breakeven Analysis: Know When you can Expect a Profit](#)

[Conducting Market Research](#) – Includes tips and free government resources to help you build a profile of your target market.



### 3. COMPANY DESCRIPTION

The company description section of your business plan provides a high-level review of the different elements of your business. This is akin to an extended elevator pitch and can help readers and potential investors quickly understand the goal of your business and its unique proposition.

What to include:

- The nature of your business and the marketplace needs that you are trying to satisfy.
- How your products and services meet these needs
- Specific consumers, organizations or businesses that your company serves or will serve.
- Competitive advantages that you believe will make your business a success such as your location, expert personnel, efficient operations, or ability to bring value to your customers.

### 4. ORGANIZATION AND MANAGEMENT This should include...

- **Organizational Structure.** A simple but effective way to lay out the structure of your company is to create an organizational chart with a narrative description. This will prove that you're leaving nothing to chance, you've thought out exactly who is doing what, and there is someone in charge of every function of your company. Nothing will fall through the cracks, and nothing will be done three or four times over. To a potential investor or employee, that is very important.
- **Ownership Information.** This section should also include the legal structure of your business along with the subsequent ownership information it relates to. Have you incorporated your business? If so, is it a C or S corporation? Or perhaps you have formed a partnership with someone. If so, is it a general or limited partnership? Or maybe you are a sole proprietor.  
  
Important ownership information that should be incorporated into your business plan includes names of owners; percentage ownership; extent of involvement with the company; forms of ownership....

(i.e., common stock, preferred stock, general partner, limited partner); outstanding equity equivalents (i.e., options, warrants, convertible debt), and common stock (i.e., authorized or issued).

- **Management Profiles.** One of the strongest factors for success in any growth company is the ability and track record of its owner/management team, so let your reader know about the key people in your company and their backgrounds. Provide resumes that include the following information:

- Name
- Position (include brief position description along with primary duties)
- Primary responsibilities and authority
- Education
- Unique experience and skills
- Prior employment
- Special skills
- Past track record
- Industry recognition
- Community involvement
- Number of years with company
- Compensation basis and levels (make sure these are reasonable -- not too high or too low)

Be sure you quantify achievements (e.g. "Managed a sales force of ten people," "Managed a department of fifteen people," "Increased revenue by 15 percent in the first six months," "Expanded the retail outlets at the rate of two each year," "Improved the customer service as rated by our customers from a 60 percent (to a 90 percent rating)").

Also highlight how the people surrounding you complement your own skills. If you're just starting out, show how each person's unique experience will contribute to the success of your venture.

- **Board of Directors' Qualifications.** The major benefit of an unpaid advisory board is that it can provide expertise that your company cannot otherwise afford.

A list of well-known, successful business owners/managers can go a long way toward enhancing your company's credibility and perception of management expertise.



If you have a board of directors, be sure to gather the following information when developing the outline for your business plan:

- Names
- Positions on the board
- Extent of involvement with the company
- Background
- Historical and future contribution to the company's success

## 5. MARKETING AND SALES MANAGEMENT

Marketing is the process of creating customers, and customers are the lifeblood of your business.

In this section, the first thing you want to do is define your marketing strategy. There is no single way to approach a marketing strategy; your strategy should be part of an ongoing business-evaluation process and unique to your company. However, there are common steps you can follow which will help you think through the direction and tactics you would like to use to drive sales and sustain customer loyalty.

An overall marketing strategy should include four different strategies:

- **A market penetration strategy.**
- **A growth strategy.** This strategy for building your business might include: an internal strategy such as how to increase your human resources, an acquisition strategy such as buying another business, a franchise strategy for branching out, a horizontal strategy where you would provide the same type of products to different users, or a vertical strategy where you would continue providing the same products but would offer them at different levels of the distribution chain.
- **Channels of distribution strategy.** Choices for distribution channels could include original equipment manufacturers (OEMs), an internal sales force, distributors, or retailers.
- **Communications strategy.** How are you going to reach your customers? Usually a combination of the following tactics works the best: promotions, advertising, public relations, personal selling, and printed materials such as brochures, catalogs, flyers, etc.



An overall marketing strategy should include two primary elements:

- **A sales force strategy.** If you are going to have a sales force, do you plan to use internal or independent representatives? How many salespeople will you recruit for your sales force? What type of recruitment strategies will you use? How will you train your sales force? What about compensation for your sales force?
- **Your sales activity.** When you are defining your sales strategy, it is important that you break it down into activities. For instance, you need to identify your prospects. Once you have made a list of prospects, you need to prioritize the contacts, selecting the leads with the highest potential to buy first. Next, identify the number of sales calls you will make over a certain period of time. From there, you need to determine the average number of sales calls you will need to make per sale, the average dollar size per sale, and the average dollar.

## 6. SERVICE OR PRODUCT LINE

Describe your service and/or product, emphasizing the benefits to potential and current customers. Focus on why your particular product will fill a need for your target customers.

What to Include in Your Service or Product Line Section:

- **Description of your product/service.** Include information about the specific benefits of your product or service – from your customers' perspective. You should also talk about your product or service's ability to meet consumer needs, any advantages your product has over that of the competition, and the current development stage your product is in (e.g., idea, prototype).
- **Details about your product's life cycle.** Be sure to include information about where your product or service is in its life cycle, as well as any factors that may influence its cycle in the future.
- **Intellectual property.** If you have any existing, pending, or any anticipated copyright or patent filings, list them here. Also disclose whether any key aspects of a product may be classified as trade secrets. Last, include any information pertaining to existing legal agreements, such as nondisclosure or non-compete agreements.

- **Research & Development (R&D) Activities.** Outline any R&D activities that you are involved in or are planning. What results of future R&D activities do you expect? Be sure to analyze the R&D efforts of not only your own business, but also of others in your industry.

## 7. FUNDING REQUEST

If you are seeking funding for your business venture, use this section to outline your requirements. Your funding request should include the following information:

- Your current funding requirement.
- Any future funding requirements over the next five years.
- How you intend to use the funds you receive: Is the funding request for capital expenditures? Working capital? Debt retirement? Acquisitions? Whatever it is, be sure to list it in this section.
- Any strategic financial situational plans for the future, such as: a buyout, being acquired, debt repayment plan, or selling your business. These areas are extremely important to a future creditor, since they will directly impact your ability to repay your loan(s).

When you are outlining your funding requirements, include the amount you want now and the amount you want in the future. Also include the time period that each request will cover, the type of funding you would like to have (e.g., equity, debt), and the terms that you would like to have applied. To support your funding request you'll also need to provide [historical and prospective financial information](#).

## 8. FINANCIAL PROJECTIONS

The company financials should be developed after you've analyzed the market and set clear objectives. That's when you can allocate resources efficiently. The following is a list of the critical financial statements to include in your business plan packet.

- **Historical Financial Data.** If you own an established business, you will be requested to supply historical data related to your company's performance. Most creditors request data for the last three to five years, depending on the length of time you have been in business.

The historical financial data you would want to include would be your company's income statements, balance sheets, and cash flow statements for each year you have been in business (usually for up to three to five years). Often creditors are also interested in any collateral that you may have that could be used to ensure your loan, regardless of the stage of your business.

- **Prospective Financial Data.** All businesses, whether startup or growing, will be required to supply prospective financial data. Most of the time, creditors will want to see what you expect your company to be able to do within the next five years. Each year's documents should include forecasted income statements, balance sheets, cash flow statements, and capital expenditure budgets. For the first year, you should supply monthly or quarterly projections. After that, you can stretch it to quarterly and/or yearly projections for years two through five.

Make sure that your projections match your funding requests; creditors will be on the lookout for inconsistencies. It's much better if you catch mistakes before they do. If you have made assumptions in your projections, be sure to summarize what you have assumed. This way, the reader will not be left guessing.

Finally, include a short analysis of your financial information. Include a ratio and trend analysis for all of your financial statements (both historical and prospective). Since pictures speak louder than words, you may want to add graphs of your trend analysis (especially if they are positive).

## #3 – Image Branding and Marketing Strategies

One of the biggest challenges small businesses face in today's economy is branding their image and how much to invest in marketing. The recent economic recession has forced businesses, families, and individuals to cut expense, and those cuts have often negatively impacted what is invested.

First, it is important to understand that marketing is multi-faceted. It includes important functions like image creation and maintenance, public relations and community outreach, and advertising.





For the small or sole practitioner firm, it can be a daunting challenge to sustain efforts in these areas. The goal of this section is to show you how you can efficiently set up your marketing program and how you can sustain consistency so it produces ongoing positive results.

This includes:

## Personal and Office Appearance

Make sure that you are presenting yourself and your office environment in an accurate reflection to how you want your brand to be perceived by others.

It's hard for potential customers to see you as polished and professional when your desk looks unorganized and your shirt is heavily wrinkled.

Yes, in a world of Zoom calls and work-from-home, appearance matters! And it should be looked at as a marketing tool.

## Projecting your Business Image

Your company image is also an extension of you, the owner, and it must project a message clients and prospects can easily understand.

Image begins with your logo or identifying symbol, and then extends to your website, social media pages, letterhead, and other brand collateral.

If you can, hire a local design firm to help you develop these items, especially since they'll serve as foundational tools for your business. However, there are user-friendly tools/templates use as Squarespace and Canva that you can use should you not have the budget to hire a professional at the moment.

## Low Cost Marketing Opportunities

Marketing is essentially “getting yourself out there.” If you’ve taken the time to develop your business plan, you’ve identified the economic make-up of your community and the target markets within it. That information will be very helpful in developing your outreach plan.

The best ways to reach out include:

- Charitable contributions and participation. Every community has established and popular charitable activities, and those charities often welcome financial advisory help as well as volunteerism. As a word of caution, be very careful when you volunteer your professional services since “Murphy’s Law” coupled with the opportunity to get costly services handled free of charge, can quickly consume your time. By carefully specifying the free service you can donate – tax management counseling, filing of the annual 990, etc. – you avoid a bad outcome.
- Participation in annual local sports, civic, or cultural events like run-walk marathons, fundraisers, or festivals/fairs. Again, be specific in how you will participate.
- Tax-oriented presentations before professional, civic, and education groups. Never undersell the value of your expertise, especially when current events impact it. Congress, state legislatures, and local councils are always proposing tax changes and they do a very poor job of communicating them. An independent “tax expert” can provide objective insight into the impact such proposals can have on taxpayers and businesses, and believe me, organizations and networking groups are constantly looking for good speakers.
- Periodic articles for your local daily and weekly newspapers, shopping guides, and magazines. If you’re already committing to making presentations before local groups, you have the material for 250 to 500 word articles. The outline of your speech can easily become the outline for an article. A great rule to follow for both presentations and articles is “tax planning and management issues in the summer and fall, and tax reporting issues for winter and early spring.”
- Volunteerism at your local economic development and/or business career center, community college, or business school as a mentor for aspiring entrepreneurs. Again, be specific in saying you want to advise entrepreneurs to insure you network with potential clients.

- Client “Bring-a-Friend” mixers. If you have an established clientele and can afford the \$500 to \$1,000 investment, you should consider a mixer that offers your clients an incentive to attend AND bring a friend (potential client). Anchor the event with a presentation you make or, if you have the connections, a presentation by a specialty expert (long term care, investment/retirement management, healthcare considerations, etc.). Also consider offering each client who brings a friend a nominal discount on their next appointment.

## #4 – Providing Excellent Customer Service

### Excellent Customer Service Can Make You Stand Out

Let's face it, without the customer, there would be no business. And when you look at two businesses that offer similar services, what drives customers to one over the other?

Sometimes it is price, but more often than not, especially when it comes to something like getting their taxes done, it is the service they receive.

If a customer feels like you are giving them personal attention to their financial situation, asking them questions, and listening to them, they will feel special. Sure, they can go down the street and get the same service cheaper, but would it really be the same service?

Here are some keys to excellent customer service that can set you apart from the competition:

**Be a good listener.** Take the time to identify your customer's needs by asking questions and concentrating on what your customer is really saying. Listen to their words, tone of voice, body language, and most importantly, how they feel. Beware of making assumptions – thinking you intuitively know what they want. Do you know what three things are most important to your customer?

And as you listen to your customer, you can actually open up other revenue streams by accommodating their other needs above and beyond completing their taxes. But more on that later.

**Be a clear communicator.** Most misunderstandings are from lack of communication. Whether it is your staff or your employees, be sure you are clear in what you are going to do and what you expect them to do...



...A great way to do this with customers is by using engagement letters.

An engagement letter lays out specifically what you will be doing for the client and what you expect to be paid for those services. MTAP Members have access to a variety of sample engagement letters in the members-only section of our website.

**Give more than expected.** This can go a long way to setting you apart from your competition.

Perhaps it is as simple as gourmet coffee and fresh cookies at the conference table to make them feel more comfortable at their appointment. Or maybe it is offering to do their teenager's 1040EZ for free.

Think hard about what you can offer your clients that they cannot get elsewhere.

You want to be sure their experience with you from the first phone call to the completed return and any possible follow up is a positive and pleasant experience. Yes, pleasant and paying taxes may be tough to put in one sentence, but you can achieve this with your customer.

**Treat your employees well.** If you want your customers to be treated well by your employees, you need to set the example by treating your employees well. It is just as important to gain their loyalty as it is your customers.

One tax preparer friend always amazes me with the things he does to keep employees motivated and happy. During the hectic tax season, he has surprised employees with "chair massages" and free tanning packages from a local client; theme parties on Saturdays after work (Hawaiian Lei-awls, wine tasting, movie outings, etc.).





**Ask for feedback.** Always ask for and encourage feedback from your clients on your service. The best time to conduct a customer satisfaction survey is when the experience is fresh in their minds. So at the conclusion of your service to them, simply ask "How satisfied are you with the service you received?"

If you've gotten them a refund, or helped them save on the amount of taxes they had to pay, they will most likely give you a positive response. This is also a great time to ask them if they would be willing to refer you to someone and handing them a few of your business cards.

But don't just use this valuable feedback time as a moment to boost business. Most people, if they are unhappy or not, may not tell you that to your face. They just won't come back, and they certainly won't refer anyone. So you may want to follow up with a survey, either on paper or by email.

When you do get feedback, listen, be open, and then try to find a solution.

**Give Your Customer Attention All Year.** You have a unique business where you may only see your clients once a year. So it is important you give them some attention all year long, otherwise they can be easily swayed to go to another tax preparer. This is not hard to do. You can do it through direct mail, email or both.

It can be as simple as sending one short email each month with a tip on finances or taxes, or a monthly newsletter with many tax and personal tips for success. If you prefer to add some direct mail, you can create postcards or mail a newsletter to your clients.

And don't be afraid to get a little personal. Let them know you just got back from weekend or a vacation with your family, and that you really enjoyed spending some "down" time with your spouse and kids. Remind them to take time out, even if just for a few hours, and spend it with their loved ones.

If you just had a baby, or one just graduated, or celebrated some other milestone, let them know about that. You don't have to go in great detail, just a little so they feel like they are dealing with a person and not "a corporate entity". Introduce your staff through some of your emails so when they call, they know who they are talking to.



Just be sure you are making contact throughout the year so when it comes to tax time, they won't hesitate to trust YOU with their most personal information.

Follow these guidelines and you will be well on your way to offering great customer service which will set you apart from your competitors.

Never underestimate the importance of great customer service. This will build loyalty and referrals for your business.

## # 5 – Managing Your Time

### Getting MORE done in the same 24-hours!

Each day we all have the same amount of time to get things done—24 hours. Yet why is it that some people manage to accomplish so much more in those 24 hours than others?

When it comes to running your own accounting and/or tax practice, it is especially important that you maximize the use of your time because that has a huge impact on how much money your business will make.

Your basic goal is not to "manage time" but to get more done. Yes, we all have the same 24 hours, but how is it some people are able to get a lot more done than others?

Our first thought is often, "well, I just need to manage my time better," and that is probably true. But it's more about coming up with a system to get things done in a timely manner.

When it comes to time management, we can spend more time working on systems to manage our time than actually getting anything done. Whether you are using a fancy color coded system on your iPad or a simple piece of paper and a pen, **it all comes down to creating an efficient "To Do" list and getting the things on the list DONE.**

That's it. Sounds simple enough, doesn't it? Not quite. There are many ways to derail your "to do" list, so here are some keys to staying focused and being productive:

## Create Multiple Lists

Not to overwhelm you with more tasks, but the first thing you have to do is create a variety of lists. Look, if you make one "to do" list with "complete project x" on it, that is not going to be helpful. "Project x" probably has 10 to 15 various steps to it before it is completed. Instead of having one super-long, super-scattered list, it's much more powerful to have several lists that you refer to for different reasons.

Here are some lists you might find useful:

- **The daily "to-do" list.** This is the "worker bee" of your lists. It covers the top tasks you aim to complete each day, and is ranked in order of priority. **The daily list chunks down your project or monthly goals list so you can get things done.**
- **Project lists.** If you have ongoing personal or business projects, project lists and timelines are invaluable. You can sketch out the entire project from start to finish and move the next item on the list to your daily list. (Note: Some people prefer "mind maps" or calendar-type schedules instead of straight lists. (See link below for more details.)
- **Annual goals list.** On an annual basis, take time to review your long-term goals in every area of your life. This will drive your priorities and daily "to-dos."
- **Monthly goals list.** Break your annual goals down to monthly goals and keep track of them here. Review these on . . . you guessed it . . . a monthly basis.



Brian Tracy wrote a great book called ["Eat That Frog"](#). I highly recommend it. He talks a lot about prioritizing and how we often take a look at a list and do the "quick and easy" things first. It makes us feel productive because we have just fired off five or six things fairly fast.

But actually you are not being productive. Instead you should look at your list and consider which item will bring you in the most profit. Often that is your "ugliest frog" and often the item that will take the most effort.

His theory is, if you "eat" your ugliest frog first thing every morning, you will find yourself far more productive. It works! It's also fun to look at your list and pick out your "ugly frog".

## Getting Time to Get the Work Done

Making all of these lists is great, but how do you actually get the work done?

First, STOP CHECKING YOUR EMAIL! This can be the one thing that ruins any plans you have to tackle your list.

I know I've been guilty of this. I will stop in the middle of a task to check my email and, of course, there is an email I feel compelled to take care of immediately. So I stop and deal with the email issue, and when I get back to my original task, I have to take some time to figure out where I was to get my head back into it.

Do this 2 to 3 times every hour and nothing gets done! You do not need to check your email that often! For the most part, whatever is in there can wait an hour or more. And seriously, if it is an emergency, they will call.

Instead, set aside specific times throughout the day to check and answer email.

Designate some "do not disturb" time so you can focus on a task. One option is to set a timer for 50 minutes and focus on one thing for that time. When the timer goes off, spend the next 10 to 20 minutes doing something else, like returning a phone call or checking email. Then, if you need to, set the timer for another 50 minutes to work on a task, and so on.

## **Don't Forget to Re-evaluate Your Lists**

It never hurts to go over your lists to re-prioritize and evaluate how you are going to get tasks completed.

Remember, you don't have to be the one to "do it all." You can also delegate some of this to staff people or contract with someone to handle some items. Yes, it costs money, but you have to consider how much your time is worth. Sometimes it makes much more sense to hire out or delegate tasks or even the whole project.

If you do have staff or contract with other people, a great way to keep track of everything is through a site called Trello.com. [Trello.com](https://trello.com) is a very cool collaboration tool that organizes your projects into boards. In one glance, Trello tells you what's being worked on, who is working on what, and where something is in the process. And best of all . . . IT IS FREE!

Even if you are doing most of it yourself, Trello can keep you on track with your projects.

## **Now Go Out There and Get Things Done!**

If you want your business to grow and thrive, you have to take the time to plan your "time."

If you keep using this type of system, whether on an I-Pad or by pen and paper, you will find yourself being more organized and accomplishing more and more in that 24 hour day. Do this and you will see more success in your business.

# **# 6 – Getting Paid**

## **You did the work, now reap the rewards!**





One thing many tax preparers and other business owners dread is dealing with unpaid invoices and collecting money from customers. If you want to get paid for the work you do, here are some tips that can help you get paid quicker and even by those tough, slow paying clients.

- **When you create an invoice put a due date prominently on it.** Many people put “net 14 days” or “net 30 days” on an invoice, but adding an actual date can be much more effective
- **Include the invoice with the tax return.** Don't mail out the invoice separately. Hand it to them with their copy of the return. You can put all the documents they gave you, a copy of the return, and the invoice in a folder with your business name on the front of the folder.
- **Ask for payment upfront** when you meet and collect their tax documents. One larger firm told us they do this for most of their clients. If you aren't comfortable with that, ask for a 50 percent deposit.
- **Accept credit cards.** Accepting credit cards gives your clients another option to pay. Setting this up can be easy to do and does not have to be expensive. We use [Clearent Intelligent Processing](#). They can quickly and easily get you set up and accepting credit cards.

At MTAP, we get a discount on processing fees with Clearent, plus they do not charge for government-mandated PCI Compliance (an annual requirement). You can also check out your bank for credit card processing. No matter who you decide to use, be sure you are aware of all the fees involved, including fees for PCI Compliance. Remember, fees vary from provider to provider.





- **Get permission to direct debit.** You would need them to sign an authorization agreement to do this, and you should check with your attorney for proper language to include on such a form. A firm we know gets permission to use the same account a refund is going into and submits the debit 30 days after e-filing.
- **Send statements out each month.** Sending a statement each month gives you a chance to go over who owes your business money and how much. You can also decide if you need to take further action. For your customers, it is a good reminder that they owe you money.
- **Send overdue accounts a "red invoice."** One tax preparer told me he sends out the same invoice only on red paper for those who have not paid. He is amazed at how many people not only pay, but call him up to apologize for being late.
- **Call and talk to them.** Let them know you appreciate their business but you need to know when they will be paying this overdue invoice. Get them give you a specific date for your receiving payment. Always remember to follow the three F's: Be Friendly, Firm, and Focused. Never end a conversation without securing a commitment. Otherwise it is a failed phone call.
- **You may want to offer a payment plan.** If they are using a credit card for the payment plan, you may want to consider charging extra to cover the expenses of extra credit card fees.
- **You could file a claim in Small Claims Court.** Often if a client gets a such a letter, they will pay right away to avoid risking further litigation. But remember, this is an expensive option.
- **Collections agency.** This, too, can be costly and should only be used as a last resort.

Lastly, keep in mind that sometimes you need to "fire" a client. If they are consistently difficult to collect payment from, consider letting that client know that you are no longer able to prepare their taxes. It saves continued aggravation and time . . . time you can use to secure a better client!



## #7 – The Need to Diversify Your Services

If you are a 1040-oriented tax practice, it is important that you understand that you are competing in a commodity-based market where there is little, if any differentiation between firms. You must also compete against the national tax preparation franchises and the fast-growing online 1040 preparation services.

**Don't be fooled or become complacent because your clients are being solicited at least once a month by your competitors!**

One viable solution to separating yourself from your competitors is to diversify the services you offer. Here are four service areas you could quickly expand into from your 1040 business:

- **Business tax preparation.** If you prepare federal 1040s with schedules, you are already dabbling in business tax preparation. If you're non-credentialed and have to earn an IRS-recognized credential to retain your preparer privileges, give serious consideration to taking the Enrolled Agent examination since it extensively covers preparation of 1120 and 1065 returns. Many 1040-only preparers who have used the [Fast Forward Academy EA Homestudy Course](#) have added business tax preparation to their service list because they gained so much knowledge and confidence from the business tax section of the guide. It is a natural transition for the experienced tax preparer, and it opens the door to more business-related services you can offer as you begin developing a business clientele.

- **Payroll tax filings** (not processing). At several 1040 tax seminars last fall, surveys revealed that payroll tax reporting was fast surpassing write-up as the fastest-growing service within accounting and tax firms. Many surveyed commented that small businesses don't want the hassle of filing the 940 and 941 returns, and it takes minimal time for preparers to master that job. The secret, they say, is to duplicate it with several clients to make it profitable.
- **Tax Representation.** As the IRS continues to step up compliance programs and automated IRS systems cause problems for taxpayers, effective problem resolution services are becoming more important.
- **Tax Planning (or "Tax Minimization") Services.** As a tax preparer, you deal with tax code and law every day. You intimately understand deductions and shelters, and I'm sure you've seen countless instances where clients made unwise decisions leading to more tax exposure. It wouldn't take long for you to sift through your tax files to identify clients who could benefit from a "tax minimization" consultation during the coming summer. You can prepare an easy-to-use template that identifies areas of concern or opportunity for clients and develop a strategic tax plan. Charge a flat fee for the appointment or base the fee on a percentage of estimated savings. It's as close to a no-brainer as you can get.

## Concluding Thoughts:

Our goal is to provide you with ideas and strategies to grow your tax practice and we hope you find this useful.

**If this guide was helpful to you, I highly recommend you consider joining our community of tax and accounting professionals inside MTAP.**

Your membership earns you access to more resources, tools, and connections to help grow a more profitable and efficient practice. You also get to enjoy discounted rates on high-quality CPE courses and vendor programs.

The best part? You get TONS more value like this guide for just **\$97/year**.

Ready to grow and succeed? Learn more about joining MTAP [here](#).



Nothing ever comes easy, but those who meticulously plan and execute will reap many rewards.

As always, we welcome your thoughts and ideas on building a successful tax practice!

Sincerely,

Jon A. Hayes, Executive Director  
Michigan Tax and Accounting Professionals

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