



Build Your Firm®

Work Smarter, Not Harder!

Marketing for Accountants

E-Book Series

CRITICAL STEPS

**for Starting a New
Accounting Practice**



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Section 1 Introduction

Starting an accounting practice can be one of the most rewarding things you do in your life

if you plan your entry properly, have a healthy do-it-yourself mentality, willingness to learn on the job, and enjoy working with people.

The accounting industry is more diverse than most people realize. There are so many unique opportunities to create a practice, that it boggles the mind. And for the right individuals, the rewards of self-employment, economic enrichment, and gratification from helping clients are the reasons why they do it.

Relative to other industries, starting an accounting firm is relatively low risk, if you've prepared yourself adequately, and requires little up-front investment. In the long run, the business model is ideal, as selling an accounting practice when you want to exit the industry is very easy. Quite frankly, the business model is phenomenal, and the need for accountants grows stronger every year with ever-changing legislation.



Here are 6 key components for starting an accounting practice:

1 Prepare yourself adequately before jumping in.

Before starting your own accounting practice, obtain at least 1-3 years of public accounting firm experience. The typical accountant has 5-15 years of accounting and tax experience before hanging out their own shingle. This is typically a combination of private and public experience. You may also opt to start with just a couple of years of experience and make up for your lack of experience with a healthier drive to learn on your own by running your own practice.



As a rule of thumb, acquire 80-90% of what you need to know while working at someone else's practice (aka - working as an apprentice) and then jump in. Don't expect to know over 90% of everything there is to know. Even accountants who have owned a practice for many years learn new things on the job.

2 Plan your entry strategy.

Most aspiring entrepreneurs are afraid of failure. Accountants are no different. The majority of accountants are thrifty and risk-averse, so a typical entry strategy is buying someone else's practice because it appears to be less risky. Unfortunately, this notion is a fallacy - in fact, acquiring a practice is the most expensive way of entering the accounting industry.

The accounting firms that are listed for sale are the seller's retirement nest egg, so they want to sell to the most "qualified" buyer, both financially and experience-wise. If the accounting practice they build is highly desirable, a larger CPA firm will quickly gobble it up for cash. It is far cheaper to acquire new clients organically, using a proven marketing system.

3 Determine type of accounting practice.

Just like any new business, your goal is to develop a venture that is unique and sustainable. By creating a unique twist on a need in the market, you can compete on something other than price and location.



The accounting industry is ripe with niche opportunities and emerging needs that are currently underserved, or often ignored. The goal is to identify what is unique within your experience, evaluate what parts of your local market are underserved, and determine if you can command a premium price for it. The goal is to obtain higher pricing for superior “perceived” value.

4

Don't underestimate the importance of location.

By all means, you don't need expensive retail office space for your new practice, but securing space in a location which is in close proximity to many small businesses is imperative to attracting the right type of clients. Many practitioners choose to work virtually. Although this helps with productivity, it is not optimal to grow your practice.



More often than not, new practitioners will select an office location near their residential home for a shorter commute, or choose to work from home. This is typically the wrong decision. The reasons for selecting a residential home (i.e. good school system, low crime, etc.) are vastly different from reasons for selecting an accounting firm location. Additionally, your physical address is essential for local search optimization.

5

Market yourself first.

All new business owners need to learn how to use marketing for the purpose of lead generation. The accounting industry is no different. If prospective clients believe in you, they will buy into the value of your service and the wisdom you offer. This makes it less likely that a competitor will come courting and steal them away.

Clients will not believe in your capabilities unless you present yourself in a genuine manner. They are seeking a professional relationship with a real professional. Don't try to be someone you are not, or oversell your firm. This will ultimately undermine your efforts. Being true to yourself and developing a unique practice will bring about long-term success.

6

Properly price your services and overcome objections.

Even though this sounds basic, you'd be surprised how many new accounting practitioners struggle with these concepts. Learn how to identify good from bad prospects, types of services that are more desirable, how to properly price your services, and how to overcome objections. Do not try to learn this on the fly.

In working with thousands of accounting firms, we've developed a short list of common mistakes to avoid.



1

Abandon acquisition as an entry strategy.

This is an expensive history lesson. Practice acquisition often bankrupts accountants because they purchase the practice with an SBA loan, attrition is higher than projected, and cash flow does not adequately cover loan payments. In some cases, the seller re-enters the market and poaches some of the old clients. Yes, this happens more often than you would think.

2

Leave the legacy of your former employer.

As a new firm, you have the opportunity to start over with a clean set of books, devoid of legacy issues. Use this to your advantage.

New firms can better capitalize on cloud tax software, paperless environments, progressive pricing practices, modern marketing methods, and virtual office practices. For example, most new practices tend to avoid audits and reviews, use SaaS tax software, store documents in the cloud (avoid buying servers), and service clients virtually (e.i. very few in-person appointments).

3

Avoid traditional write-up and payroll services.

Most new practices learn to embrace QuickBooks and use it proactively to attract new business clients. Although QuickBooks is not the best software program it has become the industry standard.



4 Steer clear of one-time-only accounting services.

As a business owner, your goal should be to obtain predictable, recurring revenues - think cable or cell phone subscription plans. Avoid hourly fees, time clocks, and one-time charges.

Package what you do into monthly payments and ongoing service packages.

5 Skip the outbound marketing techniques.

Decades ago, outbound marketing techniques like cold calling, door knocking, and fax marketing used to work. These methods now fall into the category of spam, seldom work, and yield poor quality leads, if any leads at all.

Learn how to use inbound marketing and a consultative approach.

6 Bypass friends and family for new business.

Once you have your own practice, chances are pretty good that your friends and family will come knocking for financial advice, tax tips and discounted services. Helping them out can provide an opportunity for real-life experience, but it comes with a full set of risks, including overextending yourself, overstepping your boundaries, and undervaluing your services.

Consider steering friends and family to competent and affordable colleagues, or make yourself available to answer questions only.

7 Don't skimp on marketing and lead generation.

To get your new practice off the ground, it will take a lot more marketing grease and gusto than you guessed. Most new practitioners fail to do enough in the first year of business which results in a revenue shortfall (and a cash crunch later).

Set aside a marketing budget with the following considerations:

- ✓ Lead capture and tracking
- ✓ Website with SEO
- ✓ Social Media management
- ✓ Marketing database
- ✓ Outbound marketing tools



We wish you the best of luck and enjoyment in the development of your new business venture!

Section 4 How We Can Help



Build Your Firm (BYF) is a practice development and marketing firm dedicated to the accounting industry.

Our firm was started back in 2003 by a practicing accountant, Allan Ratafia, and marketer, Hugh Duffy. BYF's practice development system can help you:

- ✓ Leverage inbound marketing to build a “branded” firm, generate leads, and establish a superior internet reputation
- ✓ Realize profit margins 2X the industry average
- ✓ Operate as a sustainable business, not an endless job
- ✓ Acquire high-value clients using niche marketing
- ✓ Command a higher valuation of your practice when you decide to sell



To learn more about BYF, simply request our free information kit on our website at https://forms.buildyourfirm.com/info_kit_register.htm.

Build Your Firm provides the following programs and services:



Website Development and Internet Marketing

We specialize in creating powerful websites for CPAs, accountants, enrolled agents and bookkeepers. Our websites include responsive design and content, have built-in search engine optimization, and come with a ROI guarantee. All websites have access to a Client Dashboard, Proprietary File-Sharing Tool, Email Newsletter, Payment Tool, and Content Library, making it even easier to generate internet leads.

Find out why CPA Practice Advisor rewarded Build Your Firm's website development service with a 5-star review!



Social Media Marketing

Our social media management services provide a consistent plan of sharing the relevant content that your online audience craves. We'll write the content and post it for you on Facebook and LinkedIn multiple times per month. All of this happens seamlessly while you're busy running your business.



Outsourced Marketing and Lead Generation

We work with you to customize a program that suits your practice and your local market characteristics, allowing you to acquire new business less expensively than buying a practice, while growing at a steady, controlled pace.

Build Your Firm provides the following free resources:



Marketing Webinars

Build Your Firm offers FREE webinars designed for accountants. Join us to find out how you can increase the quality and quantity of your leads with the right marketing strategies. Join up here <https://www.buildyourfirm.com/webinars>.



Free Information Kit

Request our Free Info Kits on our website at https://forms.buildyourfirm.com/info_kit_register.htm. You can also read our latest Accounting Marketing blog articles at <https://www.buildyourfirm.com/blog>.



Video Library

Accounting marketing and practice growth can be so much easier. Watch our videos to learn the latest at <https://www.buildyourfirm.com/videos>.

Section 7 Contact Us

Build Your Firm is dedicated to providing our customers with a superior level of service. Please see below for the ways in which we can assist you.



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