



**COMPONENTS OF A
SUCCESSFUL TAX &
ACCOUNTING
PRACTICE**

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Statistically speaking, in the United States, both job growth and pay are “good” in the accounting industry, with numbers tallying 7% yearly growth and \$73,560 per year average salary.¹ Even if your accounting firm is experiencing similar growth and your accountants earn this much or more, you may agree that “good” isn’t always “good enough.” The key to going from “good” to “excellent” is ensuring you have a successful tax and accounting practice, which enables all in your organization to benefit, grow, and raise the revenue bar. Read on to learn the components of a successful tax and accounting practice.



**THE KEY TO GOING FROM
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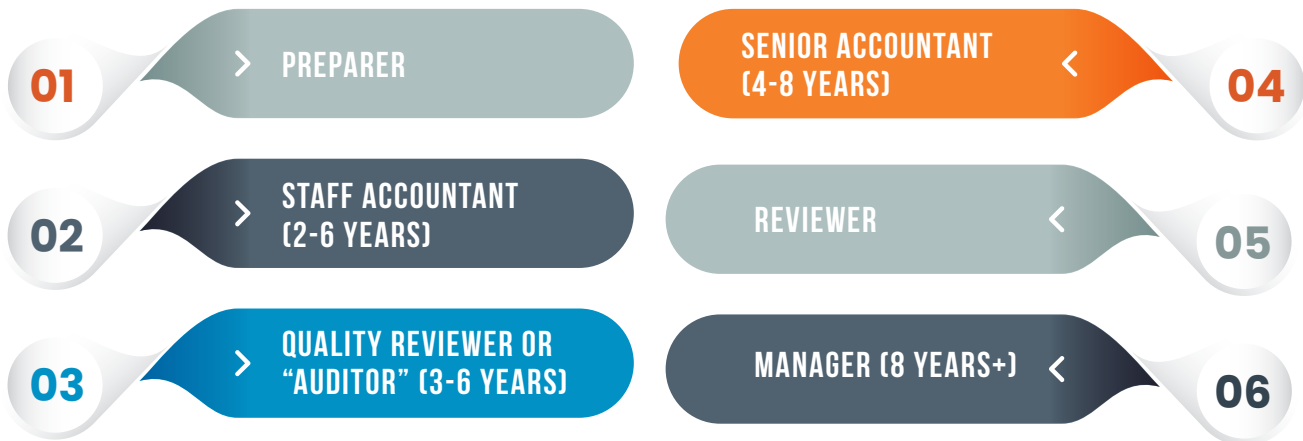


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YEARLY GROWTH

\$73,560
PER YEAR AVERAGE SALARY.

TEAM STRUCTURE

When contemplating team structure, it helps to make a distinction between the structure of the team and the roles of individuals. Some of the roles may include:



These roles, when given a structural context, can combine for a winning team.

The most effective team structure for an accounting firm may be a hybrid of two different philosophies: the hierarchical and organic teams architectures. These were recently outlined by researcher Don Hofstrand of Iowa State University.² Mr. Hofstrand describes the two like this:

Hierarchical team structure: The team works together, but there is a clear leader. This person is responsible for the success of the team, and team members report their progress and deliverables to this individual.

Organic team structure. In an organic team, everyone works together towards a common goal. The successes of the team are shared by all, and when someone needs help, others step in to offer assistance, knowing they also have ownership of their success.

Using what amounts to a "best of both worlds" approach, an accounting firm can take the leadership that's integral to a hierarchical team and the team culture from an organic team. The result is a team that is guided by a leader and also shares the credit for its successes and the responsibility to overcome challenges together.

BEST PRACTICES

Your tax and accounting firm will benefit from keeping a few best practices in mind, including:

- Standard operating procedures
- Using the maker-checker review method
- Work programs
- Calendars for consistent scheduling

The principle behind the maker-checker method has deeper ramifications that can improve more than just the accuracy of the books your firm is charged with keeping. The maker-checker approach involves a system where at least two individuals are responsible for each recorded transaction.³ One individual “makes” the entry by performing it, while a different person checks their work. After both agree on the entry, it’s finalized.

While this principle applies mostly to the validation of transactions, it has deeper ramifications as a driving tenet of a successful tax and accounting firm, particularly one that may be expanding its offering to include tax and accounting advisory services.

For example, suppose your firm is advising a client as to how to maintain a specific inventory ratio, which is net sales/inventory. If one individual on the team “makes” a recommendation to the client, another person on the team can “check” it, not only to ensure it makes logical, numerical sense, but also that it aligns with the company’s core principles and long-term goals. Using this as a best practice, you leverage the maker-checker philosophy to generate stronger business insights for clients.

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TECHNOLOGY

The best practices previously outlined can be aided through the use of technology. According to a team of researchers that recently published insights in the journal MDPI, technology is now playing and will continue to play a critical role in the accounting profession. Therefore, as firms institute standard operating

procedures, these should include the use of technological tools whenever possible. For example, business researchers Kokina and Davenport report that accounting firms should “develop new tools or technologies based on AI.” Doing so makes day-to-day procedures easier, faster, and more accurate.

AUTOMATION AND BUSINESS INTELLIGENCE (BI)

When you think of automation and business intelligence, some troubling terms may come to mind: “Skynet,” “singularity,” and “obsolescence,” to name a few. And, yes, while some of these terms arise from science fiction, many feel they’ve been validated by recent advances in AI. But for tax and accounting firms, automation and business intelligence should be wholeheartedly embraced.

Rather than posing a threat, they present an opportunity. Specifically, automation and business intelligence free up accounting professionals to do

what machines can’t: create, problem-solve, strategize, and more. As Pittsburg State University puts it, “Accountants also serve as catalysts for intervention in other departmental resource and financial strategy where necessary.”⁴

In your firm, you can promote a culture that welcomes “robotic partners” to the team, using their data and automaticity to enable your most valuable resources—humans—to solve clients’ problems and present actionable solutions.

HAVE AN IMPLEMENTATION TEAM

An implementation team is a bridge between a great idea and equally great results. This is especially true when it comes to accounting and tax services. While it may seem to some that accounting and taxation are relatively linear areas of expertise, this couldn't be further from the truth, especially when it comes to implementing powerful ideas and action items.


To realize the value of the creativity and intellect of those in your company, you need to establish systematic procedures for attaining both high-level and granular goals. To illustrate, suppose your accounting firm has been mulling over the idea of outsourcing accounting to an external service provider. Both general accounting and tax preparation outsourcing services can free individuals up to explore other revenue-generating opportunities such as offering consultant services or reaching out to clients, converting leads into customers.

While this is, without a doubt, a good idea, you need an implementation team to make it happen. The fact that it's an "obvious win" carries no weight without bodies behind it, pushing the idea forward. In this example, your implementation team may be charged with:

- ↳ Checking and re-checking any projected return on investment presented in connection with the outsourcing initiative.
- ↳ Identifying outsourcing services with the technological and human resources to execute on their promises.
- ↳ Interviewing representatives of the solution to determine if it's truly a good fit.
- ↳ Closely studying any technological tools the outsourcing firm uses, from accounting software to communications systems, to ensure the firm will get the quality of service they need.
- ↳ After choosing a solution, designing an onboarding program to educate all those whose roles are impacted by the solution.
- ↳ Performing periodic reviews of the effectiveness of the service, as well as external and internal opportunities it has presented.
- ↳ Suggesting changes in service agreements in line with the firm's business goals, if necessary.

Far too often, this list of responsibilities may fall on the shoulders of a manager who's already buried in work. By selecting an implementation team, you can share the weight, using "many hands to lighten the load."

USING SPECIALIZATION AND INDUSTRY EXPERTISE TO INCREASE REVENUE



IN ACCOUNTING, LIKE WRITING, THERE'S NO SUBSTITUTE FOR SPECIALIZATION AND INDUSTRY EXPERTISE.

For some clients, being a “generalist” isn’t enough. They want more than experience; they want expertise. The idea of hiring an accounting firm with a strong track record in other industries may feel like hiring an entertainment writer to craft a cybersecurity blog. It may work, but you may get more value with a tech writer. In accounting, like writing, there’s no substitute for specialization and industry expertise.

Keeping this in mind, it’s wise to focus on one or two verticals to specialize in—at least in the beginning. This should start with tapping into the experience of internal staff members. While it can be hard to objectively assess strengths

and weaknesses, you likely have internal data, numerical and anecdotal, that can push you in the right direction. For example, you can ask:

- Which kinds of customers has the firm been the most successful with?
- What has been working especially well?
- What hasn’t worked?

Asking these questions and being open to their answers can often help you identify industry verticals, as well as specific aspects of accounting that play to your strong points.

FOCUS ON HIGH-VALUE CLIENTS AND JOBS

It's equally important to focus on the clients that can help you generate the most revenue. You may have found that larger clients may have well-organized records and do a better job of presenting their documents than smaller players, especially those who may be using accounting services for the first time. Unfortunately, it's not financially feasible to help everyone, so you're better off focusing on high-value clients.

Similarly, some jobs pay more than others—even if they require more work. For example, you may make more from tax clients than you would be doing bookkeeping or live accounting jobs. It's similar with dimensional business accounting and reporting, which often result in higher payouts in relation to the work performed and human resources engaged in the process.

**EXPERIENCE | ACCURACY
A BETTER CHOICE: PABS IS
ON YOUR SIDE**

With PABs, you can work with transformative industry veterans that continue to shape and guide the PABS vision. Our full-service team is dedicated to your business and committed to your success. Together, we partner with you to deliver exceptional results across the full spectrum of your tax, accounting, and bookkeeping needs. PABS is not only by your side; we are on your side.

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ABOUT PACIFIC ACCOUNTING AND BUSINESS SERVICES (PABS)

PABS takes on the burden of building your practice by offering a full range of services to ease staffing and technology challenges. PABS knows that running a business is hard work. For the past 14 years, PABS has provided businesses across the globe with precise, consistent, high-quality accounting, tax, finance, and bookkeeping services. As leading experts in financial management, our team of 500+ skilled and experienced professionals based in six locations globally is ready to customize innovative, proven solutions to meet your unique needs.

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PROVIDED
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