



Rootworks
The Modern Firm[®]

It's a whole new world... Are you ready to run a better firm?

We have forever moved past the traditional firm. The old business model simply does not work in today's new normal. On a dime, firm owners were challenged with changing operations at every level and altering their mindset about how to run their business. This required:

- Setting up virtual workforces
- Implementing a contactless client service model
- Heightening attention around data security
- Being far more agile

The urgency to modernize...to run a better firm... has been amplified. But, let me be clear—this should not be viewed as an insurmountable obstacle. Just the opposite. This represents a golden opportunity to create the firm you've always wanted and set your business apart from the traditional pack. Staff and clients are more pliable than ever, open to new ways of doing things. So, now is the time to implement change that:

- Elevates client service beyond expectations
- Puts your firm completely in the cloud for optimum operational efficiency
- Streamlines workflow across departments and roles
- Enables you to offer higher-value advisory services and create new revenue streams
- Develops a brand presence that puts your firm in the vanguard of the profession

If you started your business by taking any client who walked through the door; adhering to manual, paper-based procedures; working long hours and weekends during tax season—these were all conscious choices you made.



Here's the good news: Running a better firm is your choice, too. Operating virtually; serving clients with far more precision and speed; accepting only ideal clients; moving to a fully cloud-based ecosystem...

it's all your choice.

Today, you can make the choice to run your firm the modern way. To simplify operations and focus on offering services you are passionate about. To run a high-performing, highly profitable and scalable business. And Rootworks can show you how.

Rootworks is dedicated to helping firm owners run a better firm. And having worked with thousands of accounting professionals, we know what it takes to make your modern firm a reality. The formula for success includes three key elements:

- ① Mastering the **business model basics**
- ② Committing to **firm improvement** and implementing enhancements by accessing the tools, resources and guidance needed to implement change
- ③ Leveraging the expertise of a **community** of like-minded accounting professionals

Create the firm you desire. There's never been a better time.

Darren Root, CPA
General Manager

Business model basics for The Modern Firm®

Understanding the basic elements that make up today's high-performing firms is the first step in your journey. The good news is that you don't have to figure out the basics on your own. We've already done the work for you by identifying the core business model elements and creating a roadmap—a proven path—for firm leaders to follow as they create their modern business.

These are the 13 fundamental elements that make up a modern firm, including everything from firm culture and client onboarding to technology stack and marketing communications.

Modern firms are agile, scalable and have a strong brand presence. This is accomplished when you work to enhance the core parts of your firm—the guts of your business model—with what we've termed business model basics. These are the 13 fundamental elements that make up a modern firm, including everything from firm culture and client onboarding to technology stack and marketing communications.

Rootworks has helped hundreds of firms develop a sound business model to support a sustainable and profitable practice. The following sections explain each business model basic in more detail, organized within four main categories: leadership, operations, products and experience.

Leadership

1 Culture

Your firm's culture is central to your success. A positive culture drives a profitable, successful firm. We help you with the four Cs required to build a modern and healthy culture, including:

Clarity: Define the future you want and determine how you are going to get there. Until you have a clear vision on who you are, you can't expect to grow a healthy culture.

Candor: Clearly express where you stand and what needs to be accomplished. Maintain an environment of openness, empowerment and honesty to eliminate any elephants in the room.

Connection: Ensure that all staff feel a strong connection with leadership. Firm-wide buy-in on your vision and a strong inner connection among your team are also critical.

Consistency: Get to a steady rhythm in your firm so staff can "see" the deep commitment to what matters most, such as supporting them with the proper technologies, offering flexible work schedules and executing authentic communications so everyone stays informed.

2 Ideal clients

Identifying your ideal clients is mission-critical to a modern firm. The days of taking anyone who walks through the door—the old model that cripples standardization—are over. Think through the clients that you are both good at serving and like to serve. When defining your ideal client, consider niches that are a good fit for your firm's skill set—if the client is open to higher value advisory support, and if you have a fee goal per client. "Ideal" will look different from firm to firm. Make sure you identify what is uniquely ideal to your practice.

Operations

3 Client communications

Never forget about your existing clients. While it's important to generate leads via a strong marketing communications program, your current clients need to consistently hear from you as well. Stay close to clients with timely, seasonal communications such as office hour changes, estimated tax payment reminders and important tax code changes. Diversify your client communications by also sending "lighter" materials, such as a client magazine or posting community-related information in your firm's social channels. Don't forget to layer in a few brand-awareness communications that showcase value-added services clients may need. Promoting and elevating your brand is an ongoing, progressive effort with both clients and prospects. Your goal is to keep your firm front of mind.

4 Security

Security needs to be at the forefront. It takes exactly one data breach to potentially bring a business down. As such, firms need to offer regular training for employees, educating on how to spot phishing emails and suspicious links. Moving away from email is another sound security move as over 90 percent of data breaches start with a single email. Adopting internal instant messaging applications like Slack or Teams can reduce email traffic immensely. Also, moving your technology stack to the cloud provides a much higher level of security than maintaining onsite servers.

5 Practice management

Maximizing realization rates is at the core of this business model basic. To accomplish this, it's critical to have a reliable process and the right solution in place to track work across roles and departments—including staff assigned, staff capacity, due dates and more. This helps ensure you always have a clear picture into the entire process and are supporting your ideal clients.

Products

6 Client accounting

Ensure that your client accounting workflow is defined end to end and that appropriate staff members are trained. Start by tracking the technologies used to support each client and the services provided. This creates a map of sorts that allows you to pinpoint inconsistencies in your model.

Example: Identify clients who are still uploading QuickBooks® backup files and then work to transition them into your firm's preferred model—whether that includes hosted QuickBooks or QuickBooks Online. This will help standardize your workflow and allow you to track client data with far more ease and consistency.

7 Business tax

Many firms do have a fairly good process for business tax in place. Nonetheless, you'll still want to identify the technologies to support a standardized workflow and train your staff. The common struggle here is annual tax clients and the rush of year-end work. This is where getting the right technologies in place can fuel efficiency. For example, if clients are on hosted QuickBooks or use QuickBooks Online, you can access their data directly instead of waiting for clients to get it to you.

8 Individual tax

As in other models, it's critical to identify the technologies that support a standardized tax workflow and train your staff. And as with business tax, most firms do have a good process in place for individual tax, including source document collection via portal or scanning and online delivery of Form 8879. The key here is creating balance. Do you have the staff for the volume of returns you process? How many returns really require review (complex vs. simple)? And, are you maximizing staff to establish new revenue streams—for example, audit protection services?

Products (continued)

9 Advisory services

Are you leveraging detailed client data to serve your clients in a far more proactive manner—offering higher-value advisory services they most likely need? Do you have a front-office solution that allows you to slice and dice data and identify new product opportunities? For example, clients who require entity type analysis, retirement plan selection, accounting system setup, and/or cash flow planning services? The goal here is to transition out of an antiquated reactive business model and work with clients proactively.

Your website should be a place where clients can do business with your firm.

10 Payroll

As with your client accounting model, first work to identify the technologies that support a standardized workflow and train your staff. From there, you can develop a payroll model that best fits your firm. There are three proven payroll models to choose from: Process payroll completely in-house, outsource to a third party, or follow a hybrid approach where your firm sets clients up and embraces technology to outsource taxes, filings and W-2s.

Experience

11 Web and mobile

Ensure a great first brand impression with a mobile-friendly, dynamic and modern-looking website with a client center, where your clients can do business with your firm and access their technologies and data. Your website should also be a place where prospects can easily learn about what you offer and the value you bring to the table via timely, education-based content that is pushed out regularly.

12 Marketing and sales

You can't begin to market and sell your services until you've identified your ideal clients and defined your services set. Once accomplished, you can start to build a sound, consistent marketing and sales program and craft messaging that resonates deeply with your select audiences. This will also help as you build relationships with referral sources.

13 Client onboarding

Standardize onboarding procedures for new clients so that every employee follows the same steps and offers a rich client experience. Your process will look different for businesses versus individuals and across services, but each should be standardized and streamlined.

So, these are the basics. But what's next?

Start by asking yourself, "What kind of firm do I want to operate?" And then work through each of the business model basics, recording your answers as you go. At the end of this exercise, you should have a solid vision of what your modern firm looks like. The Rootworks team has decades of cumulative experience to help you figure out how to refine each of these basics and create a high-performing, scalable business.

Harness the power of technology, resources and community to create your modern firm

Understanding business model basics is just the first step in creating your modern firm. As you progress through each of the basics, it's important to focus on adopting the right technologies and secure committed support at every stage of change. Successful firm leaders understand that implementing the right mix of cloud-based technologies is a must—as is having access to dedicated resources, coaching and community to build a highly profitable and sustainable modern firm.

Technology at the core

Technology is at the heart of a well-run business. And for modern firms, implementing advanced cloud solutions is essential as you dig into the business model basics. For example, you can't create a healthy culture if you don't provide staff with the technologies that enable workflow standardization and online convenience. Without a dynamic, mobile-enabled website, you won't attract your ideal clients. Failure to move from email to highly secure apps like Slack and Teams for internal staff communications keeps you vulnerable to data breaches. You get the picture. When we refer to technology, we are talking about the solutions required to operate both a highly efficient front and back office. Back-office compliance solutions have served as the backbone of the profession for decades, including client accounting, tax, payroll and practice management (web-based and hosted).

However, what has long been overlooked is the importance of front-office applications and operations.

The front office is where all non-compliance work takes place. It's where you interact with prospects and clients to build brand awareness via a dynamic website. It's where you organize and analyze client data to gain deeper insight into your base and develop products to serve them proactively (think client intelligence management solution). It's where you streamline the client onboarding process and provide staff with the tools required to collaborate with ease and efficiency. Your front office is the power source of your firm—required to fuel a highly profitable business.



Rootworks was integral in helping us build a business with no restrictions—my firm hums along efficiently whether I'm there or not. Now I have a business that affords me the freedom to live my life.

Kristal Hassler
Managing Partner, TKCPA

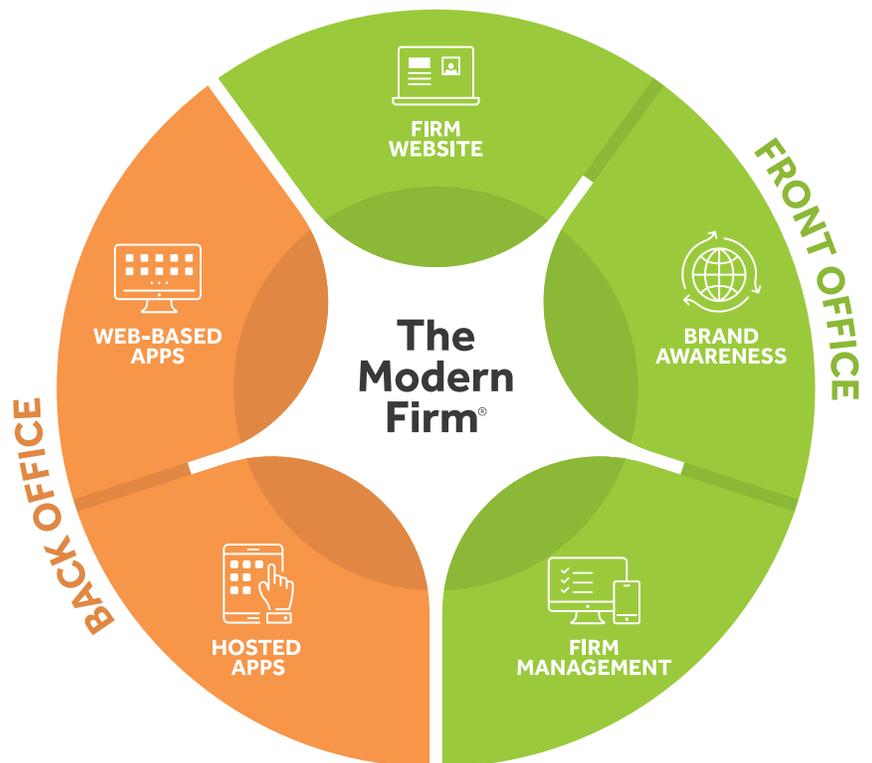
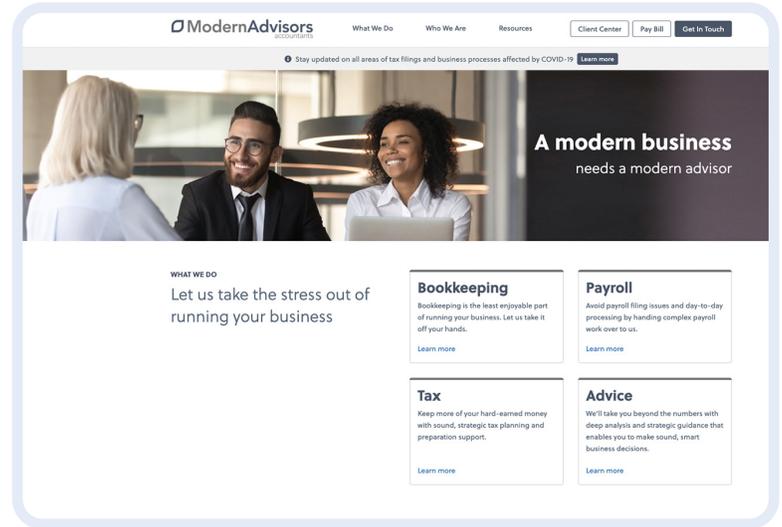
The making of a modern front office

Website—Your digital front door

Better serve your clients and elevate your brand presence with a dynamic, mobile-friendly website. Your web platform should offer clients a place to conduct business with you. Whether that means providing an organized client center to access applications (like QuickBooks Online, Bill.com and others) or supporting online invoice payment and appointment scheduling, your website should serve as your client hub.

Your website should also make promoting your firm and building brand awareness effortless—as well as serve as a prospect data collector. Rootworks websites do all of this and so much more. Beyond offering easy access to client apps, prospect data is captured and pushed to Rootworks' client intelligence management system, ClientView™—creating an organized process for collecting prospect data and prompting sales.

And finally, our fully integrated CMS (Content Management System) means timely, educational content is automatically pushed to your website to attract and engage clients and prospects. Best of all, our websites are subscription-based. That means we take care of feature and functionality updates as they are released—so you don't have to think about it.



Modern firm leaders understand that the front office must run in harmony with the back office.

ClientView™

See your clients like never before!

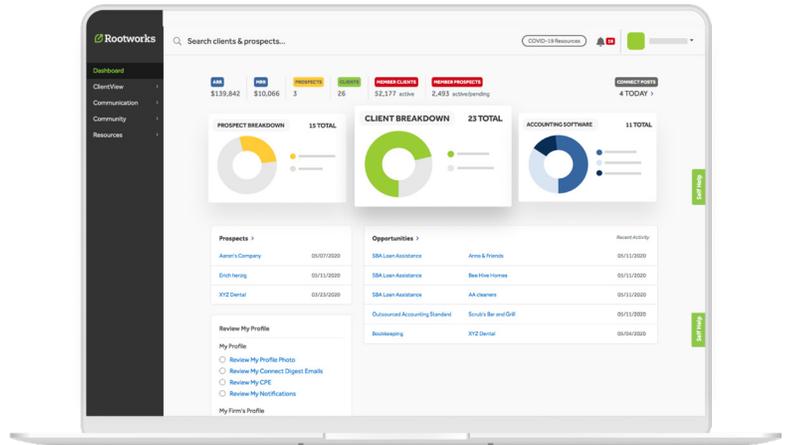
Dig deeper into your client data with ClientView, our advanced client intelligence management module that is built into the Rootworks membership platform. ClientView offers full visibility into your client data to identify new upsell opportunities and accelerate the prospect sales journey. Everything you need to support your clients in a proactive manner and convert leads is in one, organized place.

ClientView enables you to aggregate multiple client data points and slice and dice information quickly and easily. The only front-office solution of its kind, ClientView provides firms with advanced data intelligence required to track client demographics and technologies, view the products and services clients have purchased, and identify opportunities within minutes instead of hours or days. This means you can say goodbye to manually updated spreadsheets.

Consider just a few of the powerful features within ClientView:

■ Client Dashboard

Within the dashboard, you can easily identify and filter clients based on a unique set of variables. For example, quickly identify how many QuickBooks Desktop clients you have who provide you with a QB backup file, those who are using QuickBooks Pro 2017, or those using Bill.com for bill payment. You can also filter by services and the monthly and annual recurring revenue associated with each service option. ClientView provides a panoramic view of your entire client inventory based on the technologies used, services provided and more. Most firms do not have this level of information at their fingertips.

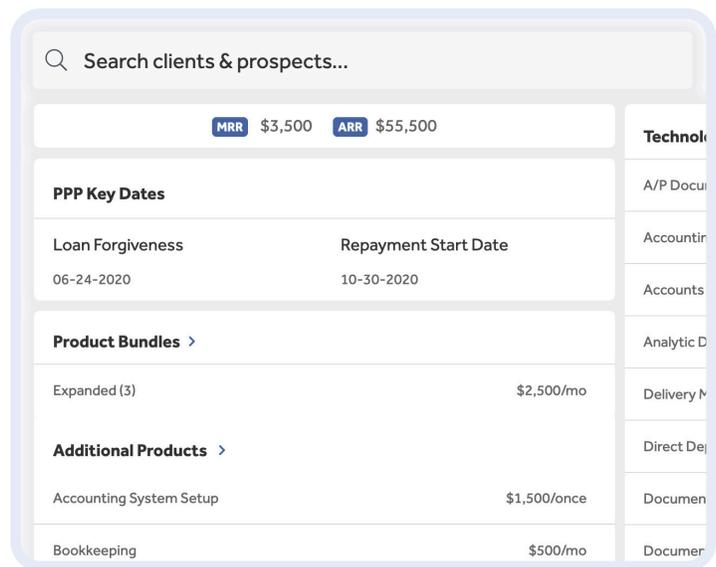


■ Opportunities

Based on client dashboard information, you can identify and tag opportunities. For example, opportunities to move clients from existing technologies to the platform used in your firm, or clients in need of certain products, such as retirement plans or payroll. The opportunities you tag serve as a running list of clients in need of transition to the right technologies and services within your defined business model.

■ Prospects

Maintain a current, organized list of prospects in a single space. This helps keep you focused on and communicating with active prospects as you nurture them through to client conversion.



Consider the added value of having this powerful front-office solution in place to track one-off, time-sensitive data, such as Payroll Protection Program loans and more.

The resources and tools you need to keep moving forward

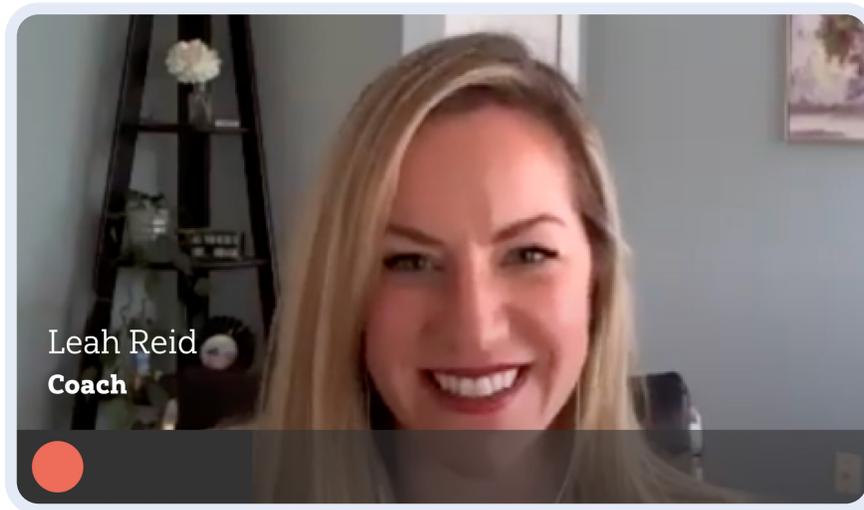
Because change happens so fast in the accounting profession—from the frequent launch of newer and better technologies to tax code changes and branding trends—most firms simply can't keep up. At least not without dedicated, vision-driven support.

Rootworks supports our members at every step of the modern firm journey. This includes everything from training and structured courses to education-based resources, materials and personalized coaching. Here's how we help you stay on track:

■ Guided, one-on-one coaching

There is no expiration date on change, so why would there ever be an expiration date on support? Get the focused coaching you need from your dedicated coach, who can help guide you on virtually every aspect of your firm. Lean on your coach to help you move through the 13 business model basics.

Rootworks supports our members at every step of the modern firm journey.



We wouldn't be where we are today without Rootworks. We've had some of the smoothest tax seasons in our history since joining because we now have the right technologies and defined, structured processes in place.

Deanna Rubano
Co-owner, AccuPro Advisors

■ **Comprehensive online learning and timely resources**

Members have access to our online learning resource center—which is chock-full of education-based courses, trainings and materials that support consistent and successful progress through the 13 business model basics.

■ **Events and webinars**

Connect with peer firms and augment education by attending onsite or virtual events. Earn CPE and get valuable strategic and technical instruction from our team. Rootworks offers more than 100 events annually—so there is something for everyone as your firm moves through the business model basics on the road to building the firm of your dreams.

But assistance from the Rootworks team doesn't end there. We're not only here to offer consistent support around business model basics, but also to help you grow and thrive. Our members have access to top-quality sales materials that serve as the foundation for developing product lines (e.g., business foundation services, business valuations, etc.).



We've had an average growth rate of 32% year over year. And that's 100% organic growth—growth without any mergers or acquisitions. I have Rootworks to thank for that.

Bruce Berndt
Partner, Berndt CPAs



1099 Strategy & Use | Staff Training



Upselling Clients | Staff Training



Onvio Update Technology | WEBINAR

Rootworks offers multiple educational events during the year, many focused on the technologies and best practices required to standardize systems and processes.

Members also get access to our content package, with a new bundle released every other month. You'll have more than enough content to maintain an active website, social channels and Google My Business profile all year round!

Enjoy access to a ton of helpful materials geared to promote growth and bolster your brand presence, including:

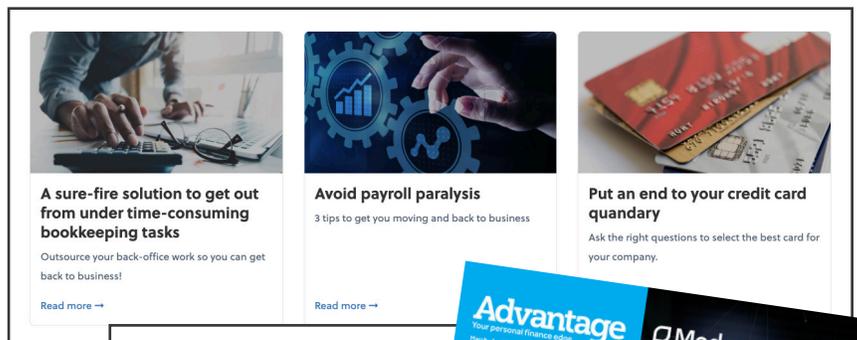
■ Sales materials

Dig into our comprehensive library of sales and promotional materials. All sales assets are designed to help educate and prompt prospects and clients to purchase your products and services, including polished presentations, proposal templates and more.

■ Content package

Communicate effectively and professionally with ready-made content developed specifically for accounting firms. Materials include education-based, thought leader-style eBooks, client magazines, social media posts and business-focused QuickReads articles.

Communicate effectively and professionally with ready-made content developed specifically for accounting firms.



There's strength in community

Be part of our nearly 800-firm (and growing) community. Exchange ideas, seek advice and share best practices with your peers to help move you through the business model basics and create your modern firm with far more ease and efficiency. There's no reason to go it alone when you have a community you can count on!

■ Take advantage of Connect™

Join our supportive online community—made up of members who are all on the same path as you. Connect is our powerful member forum where you'll enjoy all the support you need in a non-competitive environment.

■ Engage in lifelong learning

Earn CPE and get valuable strategic and technical guidance from Rootworks' team of experts. We offer a learning event nearly every week. We have events designed specifically for partners, others for staff only, and still others that offer value for both partners and staff.

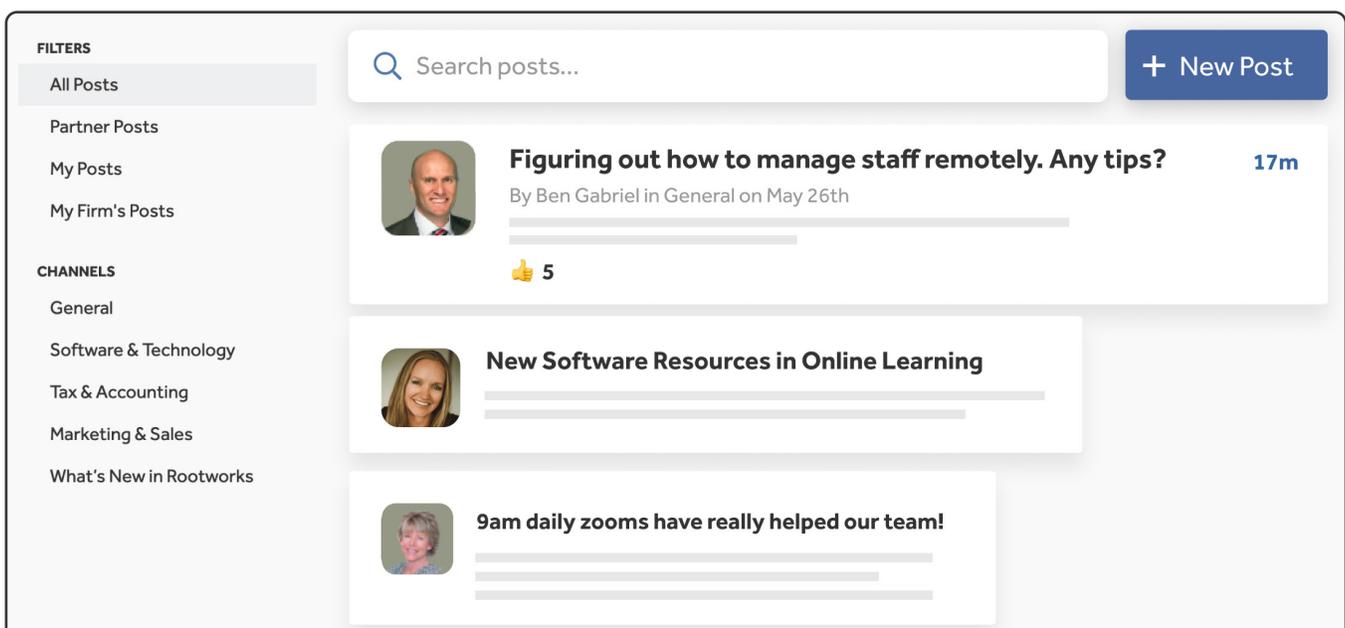
■ Participate in events and trainings

Solve the pain point of staff education by taking advantage of our nearly weekly trainings to move your employees forward and keep them ahead of important trends and technology updates.



Following the Rootworks business model, we've grown significantly in the advisory services area because we are now far more proactive. We have the client data in hand to know what our clients need from us before they have to ask.

Shannon Summersgill
Founder, Summersgill CPAs





Don't stop now! **Make your next move toward running a better firm...**

You don't have to make this journey alone. Rootworks provides you with the business model basics, the platform and the community to support you in developing a firm for the modern era.

Register for our **FREE** Modern Firm Workshop and further explore everything Rootworks has to offer. You'll hear from several of our seasoned executive Rootworks team members.

Register for the webinar now:

rootworks.com/modern-firm-workshop

Or contact sales for a demo today:

membership@rootworks.com

