

The background of the slide is a vibrant green with a pattern of overlapping, curved, semi-transparent shapes that create a sense of depth and movement. The text is centered and rendered in a clean, white, sans-serif font.

**The client accounting  
services model in  
The Modern Firm<sup>®</sup>**



## Client accounting services: Why the hype?

Pick up a trade publication or listen to an influencer-led webinar, and you'll hear it over and over: "Firms should be offering client accounting services (CAS)!" There's also been significant investment in technologies that promise CAS workflow automation—driving even more attention to CAS. Because firms small, large and everywhere in between struggle with building and refining a CAS practice, it's important to understand not only what all the hype is about, but also how to build a successful CAS model.

For 40 years, my firm generated approximately 50 percent of revenue directly from CAS. Running like a proactive, well-oiled machine, CAS generated consistent, year-round revenue and paid overhead costs—leaving tax season and other business advisory revenue to flow to the bottom line as profit.

My goal in building my accounting firm was to remove revenue variability—those cash flow peaks and valleys. I also wanted to develop deeper relationships with business clients so we could proactively serve them with products they needed for success.

It's important to note what it takes to be proactive: **data!** While you're the expert on all things accounting and business operations, data offers deeper insight into your client base so you can proactively serve them with the right products at the right time.

In addition to being proactive, building the right CAS model means being intentional about the services you offer, who you serve (ideal clients) and how you deliver services (technology).

This eBook will help you understand the two main business models in play within most firms. It also provides insight on what is required to build a CAS model that leads to elevated efficiencies, greater profitability and better-served clients.

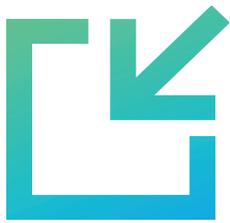
So, let's get started!

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General Manager, Rootworks

## The outside-in approach

Many firm leaders are unaware that they've developed an outside-in approach business model. That is, a model where clients have defined how they work with your firm. It goes like this: The client has a need, they reach out to your firm, your firm reacts to this need and attempts to solve it.

Driven by an outside-in approach means you allow your clients to dictate what you offer and how you deliver services. This is clearly not ideal because it equates to a reactive way of doing business.



**The outside-in approach means you allow your clients to dictate what you offer and how you deliver services.**

The trouble with this method is that it's wholly reactive. That is, the firm waits for a client request and then fulfills the request based on the client's criteria.

Just to be clear, this is a business model within many firms. And whether you know it or not, it may likely be your model as well.

A practice built on this type of reactive-based model looks something like this:

- A heavy 1040 tax operation that doesn't follow any particular protocols. It's a firm usually overwhelmed by the volume and complexity of its 1040 practice.
- The business client base is very diverse, using an array of technology tools with little to no standardization.
- Many clients use QuickBooks® and provide backup files for the purpose of completing an annual tax return. These backup files are frequently messy and create a significant amount of frustration at the busiest time of year.
- Payroll is often a component of this practice, but there's no standardization. Some clients use direct deposit, others want paper checks. Tax deposits and quarterly payroll tax return preparation are time-consuming—and the filing of W-2s consistently creates a chaotic January.

If this feels familiar, then you're working within an outside-in approach—the model of a traditional firm.



## The inside-out approach

The opposite of the outside-in approach is the modern inside-out approach. This approach empowers you to be proactive and intentional about the services you offer, the type of clients you serve and how services are delivered. It puts you in control...not the client.

Following this approach enables you to support today's clients with real-time, mobile access to their data and documents and ease of collaboration with your team—because you are defining the technologies in your ecosystem.

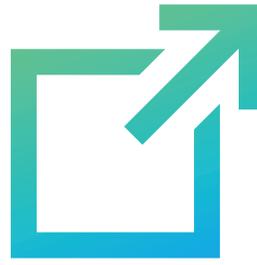
Establishing an inside-out framework also allows you to productize your services for ease of delivery and heightened scalability.

The following five offerings highlight product options every CAS firm should offer:

### Offering 1: Basic business client accounting

This includes a well-curated selection of the basic accounting services most business owners would rather not perform on their own, including:

- Bank accounts reconciliation
- Reconciliation of electronic transactions into QuickBooks®
- Credit card statement reconciliation
- Monthly financial statement preparation
- Preparation of monthly budget reports
- Tax planning
- General business advice
- Tax return preparation



**This approach empowers your team to be proactive and intentional about the services you offer, the type of clients you want to serve and how services are delivered.**

### Offering 2: Standard business client accounting

This level of service will meet your client's changing needs—including everything in the basic package, plus additional payroll services:

- Payroll preparation
- Submission of payroll taxes to agencies
- Payroll tax return preparation
- Employee access to pay stubs and other information from their mobile devices
- Employer digital access to all payroll information
- Submission of W-2s
- Pension and garnishment remittance



### Offering 3: Complete business client accounting

As your client's business matures, this package meets their more sophisticated needs. It includes everything in the standard and basic packages, plus:

- Bill and payment processing
- Credit card expense and receipt tracking
- Employee expense report processing
- Recording deposits
- Performing payroll
- Account reconciliation
- Presenting financial information to clients via video conference once a quarter (all information should be available to clients in digital format)

### Offering 4: Annual business tax

Many firms struggle with their annual business tax clients, who have a tendency to be needy and show up at the busiest time of the year to seek help. Every firm should have a product that solves this problem. It's important to note that this product is less about real-time information and more about accounting support throughout the year, making tax planning and compliance easier. This offering includes:

- Review of the general ledger on a monthly basis
- Tax planning
- General business advice
- Tax return preparation

### Offering 5: Complete individual client accounting

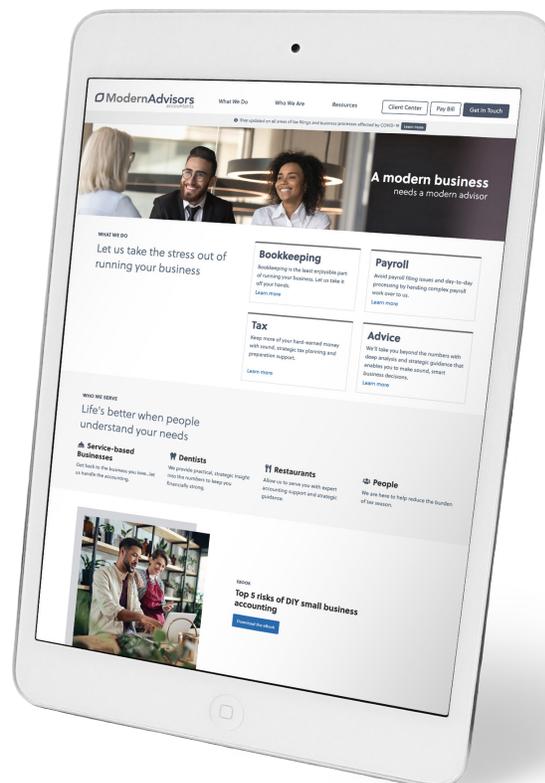
Two-thirds of the typical accounting firm's clients are individual tax clients, so here's your opportunity to provide them with a greater level of service.

Your firm's more affluent clients are a great fit for a complete individual client accounting package using QuickBooks®. This includes:

- Bill processing and payment
- Credit card expense and receipt tracking
- Recording of deposits
- Account reconciliation
- Presenting financial information to clients via video conference once a quarter (all information should be available to clients in digital format)

In each service offering, you have control of what you sell and how it's delivered.

Once you've defined your CAS offerings, it's much easier to identify the technologies required to deliver them, the sales materials needed to sell them and the clients who are the right fit for them.





## Final words...

Building a modern client accounting services model isn't a matter of throwing everything at the wall and seeing what sticks. It's the result of:

1. Thoughtfully defining what it is you want to sell
2. Building clearly defined, scalable product offerings
3. Defining the technology to deliver standardized products
4. And leading your clients in the direction they should go (not having your clients lead you)

To take control of your practice and build it from the inside out, it's important to know the kind of firm you want to develop, the profile of your ideal clients, and the products and services that bring together your core competencies and support clients' needs.

This is truly the key to building what we call a modern firm. And Rootworks can show you how.

### **Want to learn more about building a high-performing client accounting practice?**

At Rootworks, our team is committed to helping our members build profitable and sustainable solutions. We're continually developing the tools and resources our members require to grow a successful enterprise.

**For more information on Rootworks and our resources for The Modern Firm, please contact sales at [membership@rootworks.com](mailto:membership@rootworks.com)**

