

Efficiency for growth

The smart way to fuel your accounting firm's topline

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Growth without fear.

If you run an accounting practice, it's likely you have ambitions to grow in some capacity. But this ambition probably comes with mixed feelings, one of which is fear.

Not a fear of growing necessarily, more a fear of what your growth will bring. Will you lose control of your processes or visibility across your team? Do you have to invest in scalable infrastructure? And above all, in your mind you'll require a larger team, which brings a whole new set of problems.

More bodies means more training and management. You'll be faced with challenges finding the ideal talent and building the right team, not to mention keeping your existing staff happy and valued. There is a reason acquiring and retaining the right staff has been identified as the [number one barrier for accounting firms](#).

It's no wonder that despite your appetite to grow, you might be tempted to stick with running your practice the way you do now. But wouldn't this be settling?

“THERE IS A COMMON MISCONCEPTION THAT TO INCREASE REVENUE, YOU NEED TO INCREASE CAPACITY BY ADDING MORE STAFF. A LOT OF EXTRA CAPACITY CAN ACTUALLY COME FROM AUTOMATION AND EFFICIENCIES, LETTING YOU GET MORE CAPACITY OUT OF YOUR CURRENT STAFF.”

— Paul Meissner, 5ways Group

There is a better way.

Growing your accounting firm doesn't require a bigger team. You don't need to turn your back on the reasons you built your business in the first place, spend endless hours recruiting and training, or create a whole set of new problems for yourself. Not if you are smart about your method of growth.

You need to be clever about the way you utilize your existing resources. Improve your efficiencies in every possible way by [redesigning, defining, and documenting your processes](#). Automate wherever possible. Look at where you are realizing the most revenue and make changes that will empower your team to boost their output. If you can do this properly, growing your practice will be a certainty. And this can be without any increase to your staff overheads.

“STANDARDIZING AND REFINING YOUR PROCESSES ALLOWS YOU TO TRIM EXCESS COSTS AND INCREASE YOUR PRICES. ANYTIME YOU CAN BOOST REVENUE WHILE AT THE SAME TIME REDUCING COSTS, YOUR PRACTICE CAN GROW EXPONENTIALLY.”

— Rachel Fisch, Deloitte Canada

If you read on, you'll learn exactly how your practice can do all of this. You'll find out the essential steps, and how to put them into action. And each of these outlined improvements you make will have a direct impact on the organic growth that you should be striving for—an increase to your topline. It's time for you to harness the power of efficiency to fuel your firm's growth.

Boosting the topline.

Focus on your output

There is a growing trend toward output based interactions—the majority of your clients now expect to know exactly what you are delivering. And even more than this, they want to know about the outcomes—the value your outputs will give to them. [Measuring what you are delivering](#) is relevant whether you price based on value, or not.

Firstly, if your team tracks their time and you charge by the hour, you can look at your utilization and realization to determine your output. Utilization refers to the amount of time that is being spent bringing in revenue to your practice. It can apply to a staff member, your team or firm as a whole, or even a system. Your realization rate is the percentage of standard billing rates that you actually collect—taking into account discounts on your standard rates, fee reductions and write-offs. You can multiply these two figures together to determine your output—topline revenue.

If on the other hand, you price based on fixed fees or on a value pricing model, you are already driven purely by output—you deliver something, and you get paid a certain amount for it. The key is to maximize the value for you and your client by ensuring you provide at least the value they expect, while spending as few resources and time as possible to create that value (more on this later).

“WE DO FIXED PRICING FOR EVERY SINGLE ENGAGEMENT. WE DON’T KEEP TRACK OF TIME AND WE DON’T HAVE MANDATORY HOURS.”

— Jason Ackerman, BNA CPAs & Advisors

Whatever your pricing model is, to grow your topline you need to be looking at boosting your output. And despite common assumptions otherwise, you can do this without increasing the size of your team. Instead, you should focus on process refinement. Improving the method your team delivers output will lead to big gains in efficiency—you’ll be able to produce more with less people and in less time.

“I KNOW WITH ABSOLUTE CERTAINTY THAT ALMOST EVERY ACCOUNTING FIRM IS WORKING FAR TOO HARD FOR TOO LITTLE MONEY. THE REAL CAUSE OF ALL OUR CHALLENGES IS THAT WE’RE TOO CHEAP.”

— Mark Wickersham, Wickersham Training International

Standardization comes first

You can’t improve a process if work is being performed inconsistently across your team. If all of your staff are taking care of the same tasks with different methods—no matter how small the difference in those methods is—you are running an unwinnable race. This is why [standardizing your processes is so important](#)—when the optimum way for every task to be completed is documented, you have a baseline to track and measure performance against.

Success is 80% planning and 20% execution, so wherever it makes sense (all compliance work, for instance) you need to deconstruct and outline how a specific process should be executed. Create a culture of documenting everything in templates so it can easily be replicated across your team. No matter who performs the task, who the client is, or what time of year it is, it should be obvious what steps need to be implemented each time.

“ONE OF THE MOST IMPORTANT TOOLS I USE TO THRIVE IS A MODEL WEEK. AS A HIGH SCHOOL TEACHER TAUGHT ME A LONG TIME AGO, ‘PLAN YOUR WORK. AND WORK YOUR PLAN.’ THAT’S WHAT MY MODEL WEEK IS ALL ABOUT.”

— Paul Hayden, Hayden CPA

While some processes will sometimes need slight adjustments to accommodate variations between clients and their own needs, [a standard, documented way](#) that most work should be performed is essential. This is the only way you will know with confidence if a staff member is taking too long to complete common tasks or if you are reinventing the wheel each time.

You can then communicate to your team how long you expect most tasks to take, such as these targets used by Australian firm, Growthwise:

- 30 min per BAS
- 3 hours to draft financial statements
- 1 hour to finalize financial statements
- 1 hour to complete month end accounting

“THE ONLY PERSON WHO KNEW THE BUSINESS FROM START TO FINISH WAS ME, AND I KNEW THIS WASN’T A SCALABLE MODEL. I KNEW I NEEDED TO TRANSFER MY KNOWLEDGE, OR NOTHING WOULD CHANGE. I HAD TO REPLACE MYSELF BY STANDARDIZING OUR PROCESSES.”

— Jessica Daley, Xcelerate Business Solutions

Or you can accurately formulate estimates to help you budget, allocate workload across your team, and forecast your profitability by staff member or client. These are some of the estimates US firm, HPC CPA use for this exact purpose:

- 1 hour per month for monthly support clients
- 2-3 hours per month for small bookkeeping clients
- 4-6 hours per year for relatively simple business tax clients (includes planning and compliance)
- 8-10 hours per year for Global Small Businesses for business tax compliance and planning (includes basic foreign filing disclosures and forms)

“THE WORST EXCUSE FOR LOSING TRACK OF A JOB IS NOT EVEN HAVING A STANDARD PROCESS TO BEGIN WITH.”

— Scott Lynch, Beanstalk Accountants

How efficiency impacts your growth.

Improve your processes

The secret to running a more efficient accounting practice is constant process improvement. You need to explore every option to speed up the way every little task or job is executed. And never stop exploring and refining.

Aim for improvement in every small step, no matter how minor that improvement might initially seem. Think about the number of times each step will be repeated, each time the process it is part of is implemented—across different clients and periods. Even the smallest improvements, such as a few seconds eliminated from actioning each email, can add up to huge gains in overall efficiency. High frequency tasks with minor improvements will have dramatic increases.

“WE ARE NEVER SATISFIED TO KEEP THE SAME PROCESS IN PLACE IF THERE IS A BETTER WAY TO DO SOMETHING. WE ROUTINELY ASK OUR TEAM MEMBERS TO TELL US THREE THINGS THAT THEY SEE THAT WE CAN DO IN A BETTER WAY.”

— Donna Bordeaux, Bordeaux & Bordeaux CPAs

Standardization is essential when you want to uncover where your processes are broken and what steps need to be optimized. When your team is following the same steps, you can compare and uncover where staff have innovated to make a process work for the client they are serving—perhaps that innovation can improve the process not only for that client, but across the whole practice.

When you have refined a process, look at technology options that provide additional improvements to that process. Don't be afraid to look at any new app or to

change from your existing systems in order to improve your efficiency in the long run. Even if it takes two to three months for staff to get entirely comfortable with a new system, you need to consider the long-term benefit. Will the initial investment in cost and time onboarding and training be quickly overtaken by your long-term gains in efficiency?

“MAKE SURE THE DISCUSSION IS AROUND TODAY'S PROCESS AND NOT WHAT WAS WRITTEN DOWN THREE YEARS AGO OR WHAT THE MANAGER THINKS THE PROCESS IS. DISCUSS WHAT THE DOER ACTUALLY DOES. THE DISCUSSION HAS TO BE REAL IF YOU WANT TO IMPROVE.”

— Jody Padar, New Vision CPA Group

Change is inevitable in this profession—if you embrace new solutions and manage that change effectively, you can give your efficiency the leg-up it needs. It is essential if you want to grow your accounting practice without increasing the size of your team.

“TECHNOLOGY IS CHANGING OUR PRACTICE FASTER THAN WE COULD EVER HAVE IMAGINED. THE BEST TOOL THREE YEARS AGO, OR EVEN SIX MONTHS AGO, MAY NOT BE THE BEST ONE NOW. WE ARE CONSTANTLY ON THE LOOKOUT FOR BETTER WAYS TO SOLVE PROBLEMS AND ALLEVIATE PAIN POINTS.”

— Megan Genest Tarnow, The Mobius Group

Rewarding your efficiency gains

If you charge by the hour, you will gain a lot less from improving your efficiencies—in fact you run the risk of being penalized. You need to justify to your client the time you spend on a project, so an hour you cut down from a process is an hour less that your client will pay you. Along with this, you need to spend valuable time writing down, chasing and communicating bills to your clients. This is an outdated model that isn't suited to accounting today.

“WE HAVE HISTORICALLY PRICED HOURLY AND HAVE HAD OUR TIME QUESTIONED BY THE CLIENT. EVEN HAVING PEOPLE QUESTION A VERY SMALL CHANGE.”

— Carol Bezy, *Business Resource Center, Inc.*

Instead, you need to ensure you are being rewarded for the service you are providing, rather than how you provide it. This will ensure every minute saved is a minute you can still be paid for, while you are freed up to focus on other aspects of your business and your clients' businesses.

The [solution is value pricing](#)—setting the price for your services upfront, based on the perceived value you are providing to your client. With this model, the smarter you work and more efficient you get, the more profit you will make.

“IF YOU DON'T START WITH VALUE PRICING YOU WON'T BE INCENTIVIZED—IN FACT, YOU'LL BE PENALIZED—FOR THE EFFICIENCY THAT YOU PUT INTO YOUR FIRM.”

— Joe Carufe, *Two Roads*

Automation will unlock further opportunities

The data entry component of accounting, along with other aspects of compliance delivery, can now almost [entirely be automated](#). This fact must be central in your efforts to improve your efficiency further. You need to embrace these advancements in technology and seize the opportunities that automation can offer your firm.

When you find ways to automate processes that were previously manual, you will start to see the really exciting gains in efficiency. And if you are pricing based on value, you'll still be paid for the ultimate automated output you deliver—the value you provide to your client.

These gains will free your staff up to spend time on other higher-margin areas of your business, like finding more opportunities to help clients through advisory services, putting you in a better position to upsell your services to existing clients. Or, depending on your objectives, you will have more time to focus on internal projects that will improve your business, or provide yourself with a much better work-life balance.

Explore [industry-specific solutions](#) that:

- Automate non-value adding processes such as data entry of suppliers' invoices, debtor follow-up and raising invoices
- Automatically assign tasks to clients, and send them gentle reminders if they forget
- Automate aspects of your onboarding process such as preparing proposals, generating engagement letters and creating work
- Automatically collect data from client bank feeds
- Provide visibility throughout your team to avoid double-handling email and ensure everyone knows who is working on what
- Assist you in standardizing your firm's processes

“BEING BUSY IS A GREAT PROBLEM TO HAVE, BUT NOT WHEN YOU WANT TO CREATE REAL VALUE FOR YOUR CLIENTS. WE CREATED THIS FIRM TO PUT OUR CLIENTS FIRST AND TO NEVER COMPROMISE OUR SERVICE OR COMMITMENT TO THEM.”

— Jami Satterthwaite, Nelson & Swaite, CPAs

Using the targets you have set for the amount of time each standardized process should take, empower your team to find ways to perform each task faster. Set them ambitious goals to reduce the time it takes to complete them by 10%, 20%, or even more each year.

Look at where the revenue comes in—and where it doesn't

Throughout all of this, your biggest goal should be to improve the processes that directly grow your topline—whether that leads to acquiring more clients and onboarding them quicker, or upselling to your current clients with greater success. If you can do this, you will see revenue faster.

One of your first processes to consider here should be client onboarding. If it currently takes you 45 days to move a client from your first conversation to performing routine work, and you are acquiring 5 new clients a month on average, it means you will see revenue from none of these clients in the first month. By the end of the next month, 2 or 3 may have concluded their onboarding.

“NOTHING OUTRANKS THE IMPORTANCE OF CLEAR AND TIMELY INTERNAL AND CLIENT COMMUNICATIONS, BUT A CLOSE SECOND IS OUR RELENTLESS ADOPTION OF AUTOMATED, PAPERLESS, CLOUD-BASED TECHNOLOGIES AND OUR CONTINUOUS STREAMLINING OF THE WORKFLOWS THAT SURROUND THEM.”

— Bill Mosca, Accountiful

As this trend continues, the monthly recurring revenue (MRR) from your new client base will look something like this:

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
\$0	\$600	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
	\$0	\$600	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
		\$0	\$600	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
			\$0	\$600	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
				\$0	\$600	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
					\$0	\$600	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
						\$0	\$600	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
							\$0	\$600	\$1,500	\$1,500	\$1,500	\$1,500
								\$0	\$600	\$1,500	\$1,500	\$1,500
									\$0	\$600	\$1,500	\$1,500
										\$0	\$600	\$1,500
											\$0	\$600
												\$0
\$0	\$600	\$2,100	\$3,600	\$5,100	\$6,600	\$8,100	\$9,600	\$11,100	\$12,600	\$14,100	\$15,600	\$89,100

In this example, each onboarded client is charged \$300 each month.

What if you could find a way to reduce the time it takes to onboard clients? Many progressive firms take less than 30 days, while the best in class are nearer to 15. If you can refine your process to onboard clients in this period of time, you will be serving the same number of clients, but realizing revenue from them much sooner. And your monthly recurring revenue would look quite different:

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
		\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
			\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
				\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
					\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
						\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
							\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
								\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
									\$1,500	\$1,500	\$1,500	\$1,500
										\$1,500	\$1,500	\$1,500
											\$1,500	\$1,500
												\$1,500
\$1,500	\$3,000	\$4,500	\$6,000	\$7,500	\$9,000	\$10,500	\$12,000	\$13,500	\$15,000	\$16,500	\$18,000	\$117,000

In this example, each onboarded client is charged \$300 each month.

As shown in the two tables above, the difference in monthly recurring revenue is dramatic. If you are taking too long to onboard your clients, there is \$27,900 in lost revenue. In reality, you are probably onboarding larger numbers of clients and have a much higher average revenue per client—meaning you could be missing out on significantly more growth to your top line than this example shows.

You do not make money onboarding clients, you make money on the recurring work and tax, so design your processes accordingly. The quicker you can move your clients through onboarding and into this ongoing work, the earlier you will realize revenue.

“ONBOARDING IS MORE ABOUT PROJECT MANAGEMENT THAN ACCOUNTING. SO IF WE CAN BIFURCATE A LOT OF THE LOWER TASKS AND ALLOCATE THEM TO LOWER LEVEL PEOPLE, OUR PROJECT MANAGERS CAN HAVE 10% MORE TIME TO FOCUS AND CAN TAKE ON AN EXTRA PROJECT.”

— Bruce Phillips HPC CPA

[Find ways to give onboarding staff](#) more time to focus on the more involved, skilled steps of the process. An example of this could be to have one staff member responsible from the time the engagement letter is signed, who reaches out with a welcome email to gather documents. By the time your onboarding managers become involved, they have everything they need and don't have to waste time chasing things up or searching for information.

Onboarding is one of a number of processes that you should continually be striving to cut down in time, but it is a key one. Reducing the time it takes is not in your interest just from a revenue point of view, it's also about reducing project risk. The longer it takes, the less time you have to provide value to your client—meaning there will be a higher likelihood of cancellation.

Onboarding is an essential process that impacts your future with every client. The quicker you can implement the process while maintaining your quality and high level of customer service, the quicker you can grow.

“PRIOR TO TAKING AN ACTIVE LOOK INTO OUR ONBOARDING, IT FELT LIKE IT TOOK FOREVER, FOR EVERYONE. TODAY, WE CAN ONBOARD A NEW CUSTOMER WITHIN TWO WEEKS, WE HAVE A CLEAR SYSTEM THAT INVOLVES MULTIPLE TEAM MEMBERS WORKING IN THE BACKGROUND TO MAKE THINGS AS EASY POSSIBLE.”

— W. Michael Hsu, DeepSky

Efficiency is the key.

This will not have been the first time you have read about improving efficiency in your accounting firm. But what you care about more is increasing your topline. These improved workflows and processes can do both.

Despite what many accountants believe, efficiency will not just lead to an improved bottom line—it can absolutely increase your revenue too.

So make some intelligent changes today that properly utilize the resources you already have at your disposal. Tweak and make improvements to processes that result in you seeing revenue quicker. And remember, any efficiency gain—no matter how minor it is—will compound positively over time.

Even if topline growth is not your number one objective, these actions are still vital—whatever the purpose and values of your practice are. If helping your clients' businesses to grow is most important to you, you will have exponentially more time to focus on new and innovative ways to do this. If you are striving for a better work-life balance and spending more time with your family is most important, this is your answer for that too.

Whatever your key drivers, these process improvements will help you to achieve what you set out to as an accountant. And perhaps most importantly of all, you can give you and your team more time, and grow your revenue, without the need to add more bodies to your team.

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This feature was produced as part of Karbon Magazine. For more articles, videos and resources on harnessing the power of efficiency to fuel your firm's growth, visit: karbonhq.com/efficiency-for-growth

“OUR PROFESSION IS BEING MORE HUMANIZED BECAUSE SOFTWARE IS TAKING AWAY THE THINGS THAT USED TO KEEP US IN AN OFFICE. NOW WE CAN ACTUALLY SOLVE HUMAN PROBLEMS THAT HAVE A FINANCIAL COMPONENT.”

— Jason Blumer, Thriveal CPA Network



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