

## Hey! What's New? 2024-98

### Small Firms Find Success with Advisory Services

Andrew Kenney writes in the *Journal of Accountancy* that young and midcareer CPAs are embracing fresh approaches and modern technology to build flourishing CAS practices. “Facing major changes to the profession, many small firm owners are shifting away from once-a-year audit and tax-compliance work. Instead, they’re building deeper, year-round relationships with clients by offering advisory services in specialized niches. They are also embracing remote work to create new workplace flexibility; using dashboards and project management software to track increasingly complex client relations; and using automation to speed billing and client communications.”

Running a small accounting firm isn’t easy, but its rewards often include independence and work/ life balance, Kenney says. “The modern small firm needs to be efficient, maintaining deep relationships with clients while using its staff time effectively and avoiding overwork. That’s not possible without a range of tech tools — from relatively simple communications upgrades to more advanced management systems.”

Specialized technology platforms can also aid a firm in its journey to advisory services, Kenney adds. “For some that has meant investing in practice development software that offers extensive templates, calculators and other materials for developing advisory-style relationships. Firms also are turning to technology to manage external relationships.”

Clients increasingly expect firms to use secure digital portals for document transfer. He notes, “especially as the cadence of communication becomes more frequent and regular. Automated, scheduled reminders ensure documents don’t go missing and deadlines aren’t missed.”

The foundation of the modern firm is client advisory services, or CAS, a growing segment of public accounting that provides business clients with year-round accounting and advisory support. Services offered by CAS firms include accounting and bookkeeping, payroll management and outsourced CFO services like cash-flow forecasting, tax planning and industry benchmarking. According to Kenney, “CAS firms often specialize in industry niches so they can develop deep understanding of that industry and provide better targeted advice to business clients.”

Running a small firm has never been easy, but the modern market has come with a raft of new challenges. Says Kenney, “the fast pace of tax changes, not to mention growing regulatory scrutiny on topics like data privacy, has made it ever more difficult for small firm owners to keep pace. Meanwhile, large firms are competing for a larger share of both the audit and advisory spaces. Small firms also are vying for their share of the talent pool — in competition with the larger firms, the tech sector, and beyond.”

Despite the growing challenges, small firms continue to offer an alluring alternative for future leaders desiring transformation. The key, perhaps, is to fulfill that potential for staff wanting an alternative to traditional firms. Some firms are creating workplaces where staff can learn, develop and enjoy a rewarding work/life balance. Others have implemented new team-based model. For example, one person might take on the lead advisory role for a client, while others take on bookkeeping, data management and administration for the same client. “That

approach allows the firm to maximize attention on each client, while also giving staffers the opportunity to learn from one another,” Kenney says

The rewards of running a small accounting firm include independence and work/life balance. According to Kenney’s research for his article, here’s how modern owners are making it work:

- **Focus on year-round engagement.** Transition to ongoing advisory services to build deeper client relationships and ensure steady revenue.
- **Identify and develop niches.** Conduct market analysis to focus on specialized areas that offer differentiation and higher margins.
- **Spread the word.** Educate the client base about the benefits of new service models to facilitate transitions and ensure retention.
- **Implement reminders.** Set up automated notifications for clients to ensure timely document submissions and fulfillment of deadlines.
- **Automate billing and communications.** Streamline billing processes and client communications through automation to save time and enhance accuracy.
- **Get perspective.** Create customized digital dashboard views for your various leadership roles.
- **Develop a sustainable work culture.** Create a work environment that supports work/life balance and reasonable workloads to retain talent.
- **Embrace remote work.** Implement flexible work arrangements to attract talent and enhance job satisfaction. Use secure portals for document exchange to protect client data and streamline communications.
- **Build a team.** Implement a team-based approach to client service, with different staff members contributing their expertise to enhance service quality while also growing their own skills in different areas.

For a whole lot more, check out [Small firms find success with advisory services \(journalofaccountancy.com\)](http://journalofaccountancy.com).