

# Perfect your accounting firm playbook: 3 easy steps to improve profitability

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The accounting industry's digital transformation has been ongoing, gaining momentum in recent years with rapid technological advancements. Staying ahead of the curve is crucial to retaining clients, attracting talented staff and maximizing profits. In these ever-changing times, adaptability is key. Here are three easy steps to enhance your accounting firm's profitability playbook and ensure consistent cash flow in an uncertain future.

## Step 1. Align with clients' needs and goals

Your first step in crafting a strong accounting firm profitability playbook is understanding your clients' needs and goals. This solidifies your position as a trusted advisor and guarantees clients will turn to you as their demands evolve. Additionally, knowing your clients' most pressing wishes gives you a starting point for creating specialized services.

While your clients will have their own unique needs, it's prudent to keep an eye on the emerging trends and the statistics of a profitable accounting firm. According to Thomson Reuters, 93% of surveyed tax professionals report that their clients seek advisory services, particularly in areas such as tax strategy (91%), business consulting (73%), financial planning (63%) and decision support (46%).

## Step 2. Embrace upskilling and expand services

As your clients' needs evolve, you can stay attuned to these changes by upskilling and expanding your service offerings. Expanding your skill set allows you to stay aligned with clients as well as increase profitability through new or updated pricing.

There are three key benefits to upskilling and expanding your services:

- **A competitive edge:** Clients often seek firms that offer a wide range of services, making your firm more appealing and competitive — resulting in year-round profitability.
- **High-quality talent:** Expanding services attracts high-quality accounting talent looking for growth potential, enabling them to handle more complex projects and provide better services.
- **Added value:** Reports show that 54% of buyers purchase accounting services in bundles, with clients willing to pay 50% more for bundled services. Expanding your offerings adds value for clients and increases your services' market value.



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## Step 3. Price properly

As your firm grows and expands, it's essential to adjust your pricing to reflect the provided value. While increasing fees can be daunting or awkward, you must ensure that you are compensated properly for your expertise and hard work. There are two ways to approach this: on your own or with a trusted partner like SmartPath, a pricing engine designed to calculate the ideal price for your services.

If you choose to do it yourself, conduct a thorough analysis of the costs associated with each service, including time, resources and value margin. Understanding the true cost enables informed pricing decisions. Consider transitioning from hourly billing to value-based pricing to ensure you're paid for every minute worked.

If such an audit seems overwhelming, consider using a tool like SmartPath, a pricing engine that can help you determine the ideal price for your services. SmartPath can streamline the pricing process, making it easier to communicate the added value to your clients and to justify the increase in price. SmartPath also offers the Perfect Pricing Template, which calculates the ideal fair cost for your clients while improving your accounting firm's profit margins. Get the proper price in minutes, with the data to back it up.

## Successful solutions for a more profitable accounting firm

Increasing your accounting firm's profitability is easier when you have a strategic plan in place. By aligning with your clients' needs and goals, upskilling and expanding your services — and pricing accordingly — you can achieve sustainable profitability year after year.

Schedule a demo today and learn how CPACharge can empower your team to improve profitability.