

The Path to Advisory

An overview to help tax firms lead with planning and advisory services

By the Intuit Tax Council

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Staffing challenges, compliance obligations, technology advances and world events are changing the way tax professionals work. The way we ran our practices five years ago will not help us remain competitive five years from now. Tax professionals are looking for new ways to create value and build relationships with clients. Advisory services offer an excellent means to do this while offering:

- improved work/life balance
- more significant impact on clients’ financial well-being
- opportunities to streamline practices using innovative technology

If you are considering moving in this direction, this overview can help build the case for your decision and identify some of the important steps to consider along the path ahead.

The Case for Change

Hiring, training and retaining qualified staff

According to the 2019 PCPS CPA Firm Top Issues Survey¹, “Finding qualified staff” was the top issue for every firm-size segment except sole practitioners, and most expect staffing to continue being a top issue in the next five years. This staffing challenge is closely correlated to several of the other top challenges noted in the survey.

- Hiring, training and retaining qualified staff
- Changing client needs
- Seasonality / workload compression
- Regulatory changes
- Emerging technologies

Each of these challenges identified in the survey can have significant negative impact on staffing.

- Changing client needs alter the demands and expectations firms have

¹ <https://www.aicpa.org/content/dam/aicpa/interestareas/privatecompaniespracticesection/strategyplanning/firmstrategyandplanning/downloadabledocuments/2019-top-issues-survey-commentary.pdf>

for staff, requiring a delicate balance between customer service, strategic, and technology skills.

- Significant regulatory changes and emerging technologies increase the need for constant training.
- Seasonal workload compression creates challenges in staffing needs. Historically firms supplement staffing with short-term seasonal hiring, but as technology becomes more crucial in our workflow, and each firm has its own unique tech stack solutions, onboarding and training seasonal hires can be difficult.

Workload compression is a particularly dominant issue in traditional firms. When a firm allows a client to define how and when they bring in tax documents, it compounds workflow compression. It does this by creating unpredictable time demands and bottlenecks in the process that lead to staff overload, dissatisfaction, and poor work-life balance.

Working remotely has long been a part of life for many tax professionals. However, coronavirus restrictions turned a once peaceful home office into a more chaotic environment with kids and spouses sharing the space, shining a light on the need for better balance and work-life boundaries, compounding an aspect that was already a challenging component of our profession.

Advisory firms are prescriptive about workflow, tools, timing and proactive planning. These factors can help resolve and avoid common staffing challenges.

Changing regulations and world events created new challenges for tax professionals

In 2018, the Tax Cuts and Jobs Act (TCJA) brought the most sweeping set of changes to the tax code that we have seen in decades. The new law simplified the tax code in several ways, but change is seldom simple. In many cases, the new tax law created additional work for tax professionals.

- Increased time demands fielding client questions and concerns that were often outside traditional transactional billing
- Updated information, forms, and software requiring tax professionals to learn and adapt
- Increased compliance and liability requirements

For those already offering some form of advisory services, adjustments to existing tax planning strategies were needed. These strategic adjustments happened quickly and in large volume, leaving many tax professionals feeling vulnerable to liability claims. This increased risk occurred primarily with transactional clients when the tax professional needed to trust client information as it was presented (or not presented) for tax preparation.

In addition, the TCJA almost doubled the standard deduction amounts, paving the way for less complicated 1040 clients to prepare their own tax returns.

When COVID-19 arrived in 2020, it turned everything upside down. New programs arose to help clients mitigate sometimes frightening and uncertain financial times. A few of the COVID-related programs that impacted tax professionals include:

- Paycheck Protection Program (PPP)

74%

tax firms provide tax planning and advisory services

but only

62%

say they are getting paid for those services

Source:
Intuit Accountants Survey,
August 2021 (n=786)

Technology resource links

Intuit tools:

- [Intuit ProConnect Tax \(PTO\)](#)
- [Intuit ProSeries Tax](#)
- [Intuit Lacerte Tax](#)
- [Intuit Practice Management](#)
- [Intuit Link](#)
- [Intuit eSignature powered by DocuSign](#)
- [QuickBooks Online Accountant \(QBOA\)](#)
- [QuickBooks Online \(QBO\)](#)

Supporting tools from other providers:

- [Certified Tax Coach](#)
- [TaxPlanIQ](#)
- [Qount](#)
- [Calendly](#)
- [Acuity](#)
- [SmartVault](#)
- [Dropbox](#)
- [Trello](#)
- [Loom](#)
- [Zoom](#)
- [Google Drive](#)

Additional resources:

- [Intuit Tax Pro Center](#)
- [Intuit Firm of the Future](#)

- Consolidated Appropriations Act
- Recovery Rebate Credits (RRC)
- Economic Impact Payments (EIP1-3)
- CARES Act
- American Rescue Plan Act of 2021 (ARPA)
- Expanded Child Tax Credit (CTC)
- Employee Retention Credit
- Extended and enhanced unemployment insurance benefits for both employed and self-employed (as well as last-minute changes to the tax treatment of the income)

COVID-19 related tax issues created a significantly increased volume of questions and virtual meetings with transactional clients where existing pricing models did not meet the time required for their demands. Complicating matters further for tax professionals, the temporary closure of many government offices and client businesses led to filing deadline extensions.

The enormous complexity of tax law changes and client tax situations has created stress on firm workloads and threatened the quality of tax work. This environment poses increased risks for generalist firms. In contrast, advisory firms can leverage specialization to limit their risks through focused tax advisory strategies.

Technology advancements make it easier to do more

As the demands on tax and accounting professionals have increased, emerging and evolving technology solutions have surfaced to provide complex analysis and predictive modeling to support our profession. From improvements in cloud security features to artificial intelligence and machine learning, technology advancements are opening doors to streamline time-consuming compliance aspects of tax and accounting while reducing errors and increasing accuracy.

ProConnect Tax, QuickBooks Online, DocuSign, Dropbox, Calendly, Loom, and Zoom are just a handful of the online tools most practices depend on in their daily workflow to connect and manage clients and staff regardless of geographic location. Advances in cloud security now offer bank-level protection in many of these tools. Advanced encryption, two-factor authentication, secure storage, and hosting offer much higher security features than most practices can enable on local servers and at a lower price-point. These security features provide increased peace of mind for remote working environments that have become the norm since the pandemic began. Cloud solutions and enhanced security protocols also enable professionals to connect directly to client data sources, reducing in-person meeting requirements.

In addition, the integration of solutions and data has evolved to dramatically reduce the time required for data entry and increase the accuracy of automated data mapping and reconciliation. Reliable integration occurs between products from the same company – like Intuit QuickBooks Online and ProConnect Tax. And now, tools like Zapier and PlusThis enable integration between diverse online resources, allowing practices to create customized enterprise-connected solutions.

From bookkeeping to tax preparation, the tax professional's role is increasingly shifting away from data entry towards review, strategy, and advisory. Tax and

accounting tools can now flag inaccuracies, predict outcomes, recommend strategies, and automate communication.

This convergence leads to confidence.

These shifts and advancements are leading tax professionals down the path towards advisory services.

Smaller clients tend to be less profitable – requiring more time, more questions, and generating less income. It has also become easier for simple tax returns to be filed through DIY software with assistance along the way if needed. Most tax professionals want to focus on fewer higher-value clients, where they can make a difference in the financial outcomes of their clients. They want to provide valuable insights and get paid for that value rather than time.

Larger clients tend to have more strategic needs that require a big picture view to drive actionable insights.

- Tax planning
- Wealth management
- Estate planning
- Business process advisory
- Business finance advisory / CFO services
- Insurance advisory
- Retirement advisory

New technologies give tax pros the tools to expand their roles with clients by integrating data, analytics, reporting and project tracking. These features provide validation for advice, giving professionals confidence in their strategic recommendations.

Wider reach allows for a narrower focus.

With the evolution of cloud technologies and the repercussions of the coronavirus pandemic, remote working options are likely here to stay. Geographical boundaries no longer impose the same restrictions on our client base that they once did. Licensing and regional tax knowledge might restrict your preferred client base within a state, but not a neighborhood. Referrals and marketing can reach much farther, expanding your potential client base. And the larger the volume of your potential base, the more you can focus on a specific target segment of that base – **a niche**. Advisory services are ideal for targeted audiences where the advice is specifically catered to that group.

Leading with advisory services in a focused niche can help eliminate workflow compression, while growing service revenues. Working fewer hours creates a better work-life balance and helps solve staffing challenges. Being an expert in fewer areas, instead of generalists, can also make it easier to keep the firm trained on tax law and regulatory changes. Finally, leveraging a standardized, automated workflow can improve productivity and create the capacity to focus on high-value advisory services.

Firms who provide tax planning services do so for an average of



Their average fees per planning client are

\$2,351

Source:
Intuit Accountants Survey
August 2021 (n=786)

Leading with advisory services can provide a pathway to a better future for your firm.

Leading with or leaning into advisory services offers a means to positively impact the challenges tax professionals are experiencing today by:

- Supporting better work-life balance for you and your staff
- Serving clients' changing needs and getting paid for it
- Balancing seasonality and workload compression
- Helping clients proactively address regulatory changes

There are several steps to consider as you transition your business model, but they don't have to happen all at once. The 2021 Intuit Accountants Survey, found that firms providing tax planning services did so for just over one-third of their clients on average. We expect to see that number continue to grow, but the shift is happening across our profession.

If you feel you are ready to start down the path towards advisory services, download our [full Path to Advisory Guide and Workbook](#) for detailed guidance and worksheets for the steps ahead.

Recommended Steps Along the Path to Advisory

Define the Destination

The first stage of the journey entails crafting clarity for your vision for your firm. While this sounds simple, and perhaps even obvious, this stage is crucial to future success. It defines the boundaries and guideposts that create focus for you, your team, and your clients. Clarify in these areas can help attract the right clients, attract the right employees, and inform important decisions.

- Craft a vision for your firm
- Identify your niche and unique selling points
- Define your tax advisory services
- Define your other advisory services

Our full guide can help you define packaged offerings for your advisory services and provides samples to help you communicate the value they bring to your clients.

Plan the Roadmap

The next phase involves the rigor of planning your roadmap for success.

- Planning your advisory workflow
- Positioning and pricing your advisory services
- Developing your team

Advisory workflow can be quite different than traditional tax preparation and transactional workflow. The full guide offers tips for the cadence of an advisory

practice and identifies technology tools that the Intuit Tax Council recommends to help streamline your workflow. It also provides pros and cons for various pricing models and guidance for calculating value-based pricing. This section also gives practical, actionable tips for developing your team within an advisory model.

Grow your Practice

With workflow, pricing, and your team in place, the focus shifts to growing your practice.

- Winning clients with content marketing
- Creating more capacity
- Creating community

Marketing doesn't always come naturally for tax and accounting professionals. The full guide and workbook provides ideas for powerful marketing content and suggestions to help you publish more, faster, and with greater reach. Of course, marketing brings new clients and many successful firms bump up against the limitations of capacity in their firm. Thus, the guide provides tips to help you create more capacity in your practice as you grow your business.

The [full Path to Advisory Guide and Workbook](#) has detailed guidance and worksheets to support you through each of these steps along the way.

Conclusion

Change doesn't happen overnight. It is essential to set realistic timelines for milestones as you transition to a more advisory-oriented practice. Consider the following schedule as a starting point and download the [full Path to Advisory Guide and Workbook](#) to get started.

Plan for Success: 3-6 months

Planning your advisory workflow

Positioning and pricing your services

Developing your team

Implementing technology

Grow Your Advisory Practice: Ongoing

Winning clients with content marketing

Creating more capacity

Creating community

For additional resources that support tax professionals visit [Intuit Accountants Tax Pro Center](#).

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