



# Uncovering gaps, embracing change, and seizing opportunities

Tech-powered growth strategies for accounting firms: Maximizing talent,  
driving efficiency, and elevating client service

White paper



Tax professionals have been riding a rollercoaster of events and emotions over the past few years and, throughout it all, have been helping their clients navigate the pandemic's many pitfalls.

It goes without saying that tax busy season is a stress test of every tax and accounting firm's practice. But, it is especially true in this new environment where the success of work-from-home programs during the pandemic has created a demand among staff for remote and hybrid working arrangements, as well as more flexible service delivery among clients.

Firms that adapted during the pandemic by investing in technological infrastructure, process reengineering, and supportive training should now be in an excellent position to take advantage of opportunities arising from ongoing economic recoveries around the world.

Firms that adapt to busy season by investing time and attention uncovering the gaps and opportunities surfaced by the pressures they've experienced will be equally well positioned to move forward.

Tax professionals have been riding a rollercoaster of events and emotions over the past few years and, throughout it all, have been helping their clients navigate the continually changing business and regulatory landscape. And, in the process, they've learned that their services are more valued — and valuable — than ever before.

In 2022, talent and growth were the top priorities at most firms. But according to the Thomson Reuters® Institute [annual survey of global tax professionals](#), whose research was conducted during Q4 2022 and which was published in February of 2023, efficiency and client service emerged as the top strategic priorities heading into the new year — followed by growth and talent.

In this white paper, we'll explore the human side of each of the top four strategic priorities for firms and offer guidance on leveraging the opportunity presented by each gap uncovered.

### Priority #1: Efficiency

**"Over the years, my firm has worked to improve our tax workflow but there's definitely still room for improvement. I find myself spending too much time inputting client data and toggling between software programs when preparing returns.**

**I wish there was a way I could work faster and more efficiently, while still having confidence that my clients' returns are accurately prepared. This would not only make my work less stressful, but I'd also have more time to spend advising my clients, which is what I really enjoy."**

— Sarah, 48, CPA

Time is money. If you find that your firm is still spinning its wheels on time-consuming, repetitive tasks and complicated workflows then it's time to reexamine your firm's operational efficiencies.

Unlike the results of the survey for the 2022 report when efficiency ranked third in firm priorities, it was the most frequently mentioned priority in our most recent survey.

Efficiency can be improved in several different ways, including making investments in technology and training employees to make better use of the technology they already have. According to firms, the most preferred routes to greater efficiency include:

- Improvements to process/workflows
- Investment in new tax technology
- Staff training
- Make better use of existing functionality
- Invest in new practice management tools



One of the most notable benefits of using APIs is that they can save your firm time and resources, and many tasks can be streamlined or eliminated entirely.

Efficiencies can also be gained by rethinking prior year efforts and developing new methodologies in areas where unoptimized processes might have created roadblocks. In other words, stop doing the same thing over and over, year after year, and expecting different results.

This applies to the tax practice as well as audit.

“Efficiency is anticipating current year events, which could be something as simple as a change in personnel, the addition of a new subsidiary, a new line of business, whatever it is, a giant grant, a federal grant. So, you anticipate new events and what that can do to the audit, but a lot of firms don’t rethink or challenge prior efforts,” said Shawn O’Brien, senior consultant for Thomson Reuters [AuditWatch](#).

As it relates to technology, firms have an opportunity to improve efficiencies by automating workflows with cloud-based tools and APIs, which let one application access and use the features or data of another.

There are significant benefits to be gained when firms have the flexibility to [connect the dots](#) across systems via APIs. The reality is that when data is siloed in separate applications and disconnected systems, or if you’re dependent on manual processes to enter and aggregate it, your firm is likely missing out on opportunities to leverage data between various tools and users.

One of the most notable benefits of using APIs is that they can save your firm time and resources, and many tasks can be streamlined or eliminated entirely. This ultimately means greater profitability for your firm, as well as greater accuracy and mitigated risk.

Traditionally, tax professionals have spent a great deal of time gathering data from clients, loading that data into spreadsheets, reviewing the spreadsheets, determining what data is needed in the columns, reformatting the spreadsheets to be fed into the tax software, and then submitting that file into the tax application. A time-consuming, manual process that, with the help of APIs, can be automated and reduced to just a few minutes.

Using APIs, firms can enjoy improved data accessibility, process automation opportunities, and the ability to establish fully seamless, end-to-end workflows. Consider the following efficiency gains:

- Integrate with existing business systems to reduce manual data manipulation and streamline your tax workflows
- Reduce internal controls risks that come with the manual upload and download of data files
- Use the same data across multiple solutions, meaning you only import once — saving you input time
- Export data to be used by your partners or in-house analytics team for additional analysis

Firms are seeking to drive greater efficiencies by gaining the flexibility to customize their technology suite and workflows. By doing so, firms can [automate manual processes](#) and differentiate themselves from the competition by offering new and better insights through data analytics.

Automation offers seamless access to your data while reducing time, risk, and cost. Firms utilizing APIs can reduce manual data entry because when your applications talk to each other, you don’t have to enter the same data multiple times in different tools. Instead, the tools send that data to one another, freeing staff up to focus on tasks that really matter.

APIs and automation also reduce mistakes and risk. Each time you enter data manually you risk human error. If you enter data one time in one tool, it’s easy to identify and check for errors and you don’t have to worry about errors being replicated in other tools.

Finally, [automation](#) reduces your labor costs for non-billable work by automating administrative activities and freeing up staff for more valuable and meaningful work.

It should be noted that progress in improving efficiency at your firm requires an individual or small group to take responsibility for driving the agenda. If a firm finds they lack people keen to own the efficiency agenda, recruiters may be wise to look not only for prospective hires with technology skills but also for those individuals who demonstrate a real drive to improve operational efficiency.

## Priority #2: Client service

**“I’ve always prided myself on providing my clients with the best service possible. And over the last couple of years, with tax changes, digital currency, and then the pandemic, I’ve noticed more clients coming to me with questions and concerns and seeking strategic advice.**

**I truly enjoy helping my clients but, I’ll admit, collaborating with them when so many people are now remote, collecting their documents, and getting access to their most recent data can be a challenge. It’s pretty time-consuming and I feel like I’m not getting properly paid for the value I’m providing my clients. I need to rethink how I’m serving my clients in a way that benefits both them and my firm.”**

— Barbara, 57, CPA

As accounting professionals know, clients asking for more business advisory services has been a growing trend for years. New legislation and ongoing regulatory changes have further fueled the trend. So much so, that client service moved up to the second most frequently mentioned priority this year, compared to fourth in last year’s survey.

The 2023 Tax Professionals Report found more than 93% of those surveyed replied that their clients are now looking for some form of advisory services, and close to 65% said this desire was “strong.” 91% want guidance on tax strategies, 73% were looking for business consulting advice, 63% want help with financial planning, and 46% want decision-making support.

It comes as little surprise that those firms that have shifted away from a compliance-based model in favor of higher-value, higher-margin advisory services are reaping the benefits.

Providing strategic [advisory services](#) not only helps firms strengthen client loyalty, it also helps firms future-proof their practices and enjoy a more consistent revenue stream — all factors that are especially important in today’s fluid and complex regulatory environment.

Tax time can be an ideal time for firms to uncover the growth opportunities that exist within their client base.

When providing clients with advisory services, it is important to help them fully understand the value of the services and to price them accordingly. While there’s more than one way for firms to price their client services, value-based pricing can be an ideal fit. This means bidding adieu to hourly billing.

Value-based pricing enables firms to drive profitability because they can demand a higher price for their expertise. And once clients fully understand the value of the knowledge and business services being provided, most will find it easier to justify a premium price.

Consider this: [a survey by CPA.com, Hinge Research Institute, and Bill.com](#) found that firms may be able to increase monthly client revenues by up to 50% by offering strategic advisory services — presenting one of the most important growth opportunities for firms.



Automation offers seamless access to your data while reducing time, risk, and cost.



To provide clients with the proactive, strategic advice they desire, it is essential that firms have the right tools and technologies in place for their staff.

In addition to [advisory services](#), some firms are also developing niche practice areas to grow their businesses. Specialization can help firms better serve clients within a specific field (i.e., dentists, contractors, or manufacturers), while also opening up profitable growth opportunities.

In fact, when business professionals were asked what they would change about their accounting firms, 27% said they wanted the firm to have more familiarity with their business and industry.

Taking a closer look at your current book of business and focusing on your passions is a good way to begin your quest for additional revenue-generating opportunities.

For example, do you have a passion for charitable groups? If so, perhaps pursuing that passion and marketing to nonprofits is a good move for your firm. Or perhaps your firm already works with several dental offices. If that's the case, consider marketing your expertise to others within that industry.

### **Building an enhanced client communication strategy**

Today's clients expect a modern user experience, so it's also imperative to leverage up-to-date [client collaboration tools](#) to better communicate with them.

To provide clients with the proactive, strategic advice they desire, it is essential that firms have the right tools and technologies in place for their staff.

This includes a cloud-based, integrated solution that delivers the following:

- Industry-relevant content and tools (videos, templates, pricing tools, checklists, etc.)
- One-on-one individual coaching sessions with a dedicated consultant and access to online learning courses to assist with implementation
- Ongoing coaching
- Access to CPE-qualified, advisory-focused webinars
- The ability to access all your advisory projects from one location, including easy access to your most recent projects
- Generates output to help communicate scenarios to your clients
- Surfaces opportunities for advisory services from your existing client base
- The ability to customize client-facing handouts with your firm's branding
- The ability to streamline and manage workflows on a [single platform](#)

"Firms need to turn to modern client collaboration platforms that offer collaboration beyond the traditional organizer. Things like event-driven questionnaires and the ability to interact on an ongoing basis to better and more efficiently gather information, as well as deliver information in a modern, easy-to-use way for both the firm and the client," shared Corey Greene, product marketing manager at Thomson Reuters Tax and Accounting.

Make it as easy as possible for clients to provide you with updated information, from any device, at their convenience. This could include [providing clients with a portal](#) that allows them to scan and upload documents with ease, communicate with staff, and securely access prior year returns from any computer, at any time.

### Priority #3: Growth

“The tax profession looks a lot different today than it did when I started my firm more than 20 years ago. For years, my bread and butter has been preparing tax returns for my clients and, of course, I’ve always billed them by the hour. However, with the internet and all the DIY tax products, clients today have a lot more options when filing returns. Fees have become flat and it’s getting harder and harder for me to compete.

I hear about firms moving away from a compliance-based business model and I realize it’s time for me to rethink my approach. I know I need to develop a new growth strategy, but it’s overwhelming and I’m not sure where to begin.”

— John, 61, CPA

In a time of flat fees, DIY tax preparation, and uncertainty in the market, taking steps to drive growth and future-proof your accounting firm is important. This can mean creating [additional revenue streams](#) through higher-margin advisory services, serving a particular niche, and mergers and/or acquisitions. It also means leveraging the right tools and resources to drive automation and improve efficiency.

While growth fell from the second highest priority in 2022 to the third in 2023, the statistical difference in the survey participants’ responses from year to year was negligible. There is no doubt about firms’ focus on and commitment to the growth and success of their firms.

The research found that leaders of established firms said they were seeking to “develop new channels” and “broaden services,” particularly in the areas of [tax planning and business advisory services](#). Others sought to grow their client roster through mergers and/or acquisitions. And at least one firm said they were targeting “regional and service line growth” by using technology to offer a broader range of services.

Firms and practitioners seeking growth are more likely to find it if they understand what their clients are looking for in a tax advisor. The report also showed that the top strategic priorities concerning clients at companies with less than \$50 million in revenue included:

- Managing the implications of tax reform and rule changes (e.g., the Inflation Reduction Act of 2022)
- Creating workstreams specifically for tax
- Utilizing new technology and automation
- Reducing their tax liability
- Improving efficiency and processes

It’s interesting to note that these clients placed coping with the impacts of the pandemic and ironing out the logistics of remote work near the bottom of the list, suggesting that many of them have absorbed the biggest shocks of the pandemic and are now focusing on more pragmatic tax matters.

When looking to grow, it is also important that firms not underestimate the [power of technology](#). This means leveraging cloud-based tools that drive automation and improve efficiencies across the tax function to simplify compliance needs.

“Firms need to invest in the right technology to automate certain responsibilities that free up time for their preparer-level staff and above. That’s a non-negotiable first step a firm must take because, without that, they won’t have the capacity to take the remaining steps needed to capitalize on these growth opportunities,” said Greene. “So, first and foremost, firms have to invest in software that offers integrations, like data sharing, which eliminates duplicate work and redundancies.”



Driving growth is not just about replicating best practices and driving greater capacity, it is also about providing clients with more value.



While it is important for firms to have a clear understanding of the skills needed to grow the practice, it's equally important to understand what top prospects value in their employers and their jobs.

Greene added, "What's most important is for firms to reframe their relationships with their clients from being the tax person to being a truly trusted advisor that also happens to prepare their tax return as a secondary aspect of that relationship."

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As Shawn O'Brien explained, "The tough part for us, as auditors is that we can be viewed as compliance. We're giving you one sheet of paper, so to speak, one PDF page, that is an opinion. But if I can provide you with a list of recommendations that either help your business, protect your business, or cut your costs, then that's where the true value comes in. I become more of a business partner than just a compliance auditor."

#### Priority #4: Talent

**"Busy season is the hardest time of year for me. My day starts at 6 am and doesn't end until ... much later. I rarely see the sun. I'm sitting constantly, eating whatever junk I can find, and barely have time to spend with my family.**

**I love my clients and my team, but I wish my hours were more manageable or that I could work remotely when I need to. A few of my co-workers have already resigned to take new opportunities. I'd like to think I'm valuable to the firm but, ever since the pandemic, I've been wondering what else is out there."**

— Mark, 38, CPA

Attracting and retaining top talent has long been a concern for the accounting industry. This pain point is fueled by fewer new accounting graduates and the growing number of baby boomers looking toward retirement. The pandemic further exacerbated the need for talent as many people — both inside and outside of the profession — began re-evaluating their careers and priorities.

A [survey of finance and accounting professionals](#) conducted by human resource consulting firm Robert Half found that 89% said they are facing challenges finding skilled talent.

"Firms have learned, somewhat suddenly, that without hiring and developing top talent they simply can't grow as much as they could otherwise. There's too much work and not enough staff willing to work in the industry given the industry standards and work/life balance," said Greene. "Really, we're even seeing firms struggle to maintain their current numbers because of staffing shortages, let alone remain competitive."

For firms today, hiring and staffing is not simply about completing greater workloads through expanded headcount. Recruiting and retaining talent is a strategic priority centered on finding the right talent with the right skill sets and further developing current staff to grow the firm and better serve clients.

More specifically, the profession is seeing a shift in emphasis from metrics of pure productivity to a more well-rounded approach that puts the client front and center.

When firm leaders were asked about the qualities they planned to train existing staff on in 2023, 42% said they planned to offer communication skills training for all roles. This could indicate a trend toward building a more client service-focused business at all levels of the firm according to data from the 2023 Tax Professionals Report.



When top talent feels that the firm is on their side, providing the necessary tools to complete work quickly and accurately, both staff and partners win.

So, what are the attributes and skills required of the [ideal tax advisor](#)? The ideal tax advisor is someone who:

- Has demonstrable knowledge and experience
- Pays attention to changes in the tax code
- Uses tax technology to be more productive, accurate, and efficient
- Is dedicated to serving client needs
- Has the communication skills to explain tax strategies to clients
- Can interact productively with colleagues
- Delivers high-quality work in a timely manner

While it is important for firms to have a clear understanding of the skills needed to grow the practice, it's equally important to understand what top prospects value in their employers and their jobs.

The profession has a reputation for long hours, especially during busy season. The increased stress and workload can take a toll on both the physical and mental health of associates. In addition, day-to-day pressures continue to climb due to shifts in client demands and a more complex regulatory landscape.

Firms looking to attract and retain top talent in today's environment must provide their teams with greater flexibility, improved work/life balance, and equip them with the right technology to work faster and smarter. And they must do it all in a way that allows them to deliver high-value offerings like [advisory services](#) to their clients.

This means, first and foremost, modernizing your firm's tech stack and migrating to truly cloud-based platforms. Leveraging the cloud provides staff the flexibility to work remotely and removes geographic borders, exponentially expanding the firm's pool of qualified job candidates. In addition, migrating to web-based solutions is a prerequisite to drive automation, efficiency, and take advantage of the latest advances in accounting technology like artificial intelligence (AI), machine learning, and APIs.

"What's the role that these technologies can play? Really to automate everything that can be automated. Keeping staff happy while offering them additional growth opportunities," said Greene. "When firms go through this transition, we've not only seen that it helps them attract and retain talent, but it's also key to their success and results in tremendous growth. It enables that firm to broaden its specializations and stay on the leading edge of exciting new topics."

"Firms need to be using technology that enables business intelligence," Greene added. "They need to be able to mine their clients' data so that, at a quick glance, they can understand the presence and size of an opportunity. The firm can then prioritize which are worth pursuing and how much are they willing to invest in them for different ROI calculations."

Leveraging technology to drive increased efficiency and greater capacity is critical to recruiting and retaining talent in an audit practice. More specifically, an end-to-end [cloud-based audit solution](#) with seamless data flow across tools which provides the advantage of being able to work from anywhere, collaborate with colleagues in real time, and securely access audit data.

"The Cloud Audit Suite provides a dashboard that pretty quickly shows the status of an engagement to a boss, manager, or partner to gauge the progress," said O'Brien "Our trainings are heavily geared toward improving audit quality in less time so that capacity is created."



Noted O'Brien, "Our products can assist auditors in doing their jobs with equal effectiveness, but quicker, which means they get to go home earlier at night. That means their life is a little bit better."

When top talent feels that the firm is on their side, providing the necessary tools to complete work quickly and accurately, both staff and partners win.

## Conclusion

Firms' experiences over the past few years appears to have prompted a long-overdue re-evaluation of what it means to be an effective tax advisor and how important a loyal, well-trained team of tax professionals is to a firm's overall resilience and viability.

A renewed emphasis on recruiting and developing a firm's human capital suggests that at least some tax leaders are taking this opportunity to reassess their priorities and remind themselves that investing in top-quality talent and supporting the professional growth of their employees is essential to the long-term health and well-being of both the business and its workers.

The trend toward offering a broader range of business advisory services is taking hold at all levels, primarily because clients are begging for it — with a whopping 93% of respondents saying their clients are asking for more tax planning, business, financial, and other advice.

The door of opportunity is wide open for those firms that are willing to walk through it.

## How does your firm stack up?

Download the Thomson Reuters Institute 2023 [Tax Professionals Report](#).

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