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Craig Smalley • Jan. 29, 2018

My client acquisition cost is through the roof. It's not actual money that I am spending, it is my time. When I meet with a new client, I ask for the last three years tax returns, both business and personal, before we meet, so that I can review them. I then offer a free hour consultation.

After the consultation, I send them an analysis of the returns they sent me, what I can save them, and how much it will cost. I then send to the client, and have a follow up call with them to explain what I sent them. The whole process is about five hours, or \$1,375 worth of free services.

If the client can't see, and I showed them in black and white, that my fee is a small fraction of what they will save, then that is on them. If the client sends an email talking about a tax strategy for the current and following years, that email is met with an engagement letter, asking for a retainer, that will be billed at my hourly rate. Once the retainer is depleted to a certain amount then it is replenished.

My time is better spent billing my hourly rate, than it is answering complex questions, in the hopes that I will get the tax return. This engagement letter does one of two things. The client goes away, or they sign it. The results are about 60% sign it, and 40% I never hear from again.

Here is where accountants make a mistake. You either sold yourself at the free consultation, and in my case with the analysis, tax plan and proposal. If you didn't, then why waste your time on a client that you are never going to convert, and spend your time on those clients that respect you.

I get over 300 emails a day and countless phone calls. If I am not billing for that, then I am spending my time doing a bunch of non-billable work, that will either upset me,

or cause us not to have revenue. Not to mention that when you are giving free advice,

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The National Society of Accountants every year, releases the average cost of a tax return. My fees are double and sometimes triple those fees. What those averages don't take into account is education, and experience. I have been practicing since 1994, I eat, live, and breathe taxes. I have Masters Certificate in Taxation. I have been blessed in my career that I have been exposed to most business. I know the special tax implications that affect their industry, and if I can't remember, I will certainly brush up on it.

When I drastically raised fees five years ago, my family ate a lot of peanut butter and jelly, and I lost 60% of my clientbase. Today, I'm not only sought out, I am paid for my advice, and that advice has saved a lot of money to my clients. I'm not going to lie to you, it was hard, but when we emerged from the other side, it got so much better.

I want to point out that I am not pompous. I am the most humble person you will ever meet. I study tax law for two hours every morning, I take a lot more CPE classes than I have to. I want to know things inside and out. I would do this for free if I could.

I suppose the point that I am making is that we all have different levels of knowledge. I will not compromise my fee, only in an extreme circumstance. I've almost been in foreclosure, we barely ate, but I refuse to compromise myself, and do something just for money.

Craig W. Smalley, MST, EA, is the Founder and CEO of [CWSEAPA, PLLC](#). He has been admitted to practice before the Internal Revenue Service as an Enrolled Agent and has a Master's Certificate in Taxation from UCLA. In practice since 1994, Craig is well-versed in U.S Tax Law and U.S. Tax Court cases, and specializes in individual,

partnership, and corporate taxation for high-net-worth clients; entity structuring

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