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PRACTICE MANAGEMENT

Defining a Unique Business Model for Long-Term Firm Success

Column: My Perspective

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I've spent a great deal of time talking about the importance of developing a business model for today's firms. In "The E-Myth Accountant (www.amazon.com/The-E-Myth-Accountant-Accounting-Practices/dp/1441710868)" the business-based "self help" book that I co-authored with Michael Gerber, I dedicated much of Chapter 6 to the topic of creating a business model. I continue to push this topic because it is critical to a firm's ongoing success.

Over the past couple of years, I've presented at many conferences and trade shows and have had the opportunity to poll hundreds of accounting professionals. The results remain consistent—and bothersome. Only about 17% of firm leaders indicate that they have taken the time to create a business model, and that is why I continue to push this information out to the profession.

I encourage you to sit down and take the time to think through, visualize, and begin writing down your ideal business model. What do I mean by this? Let's take a look at a few components that will help guide you in the process:

- 1. Make a List of Your Core Competencies**—Write down the services you feel you are strongest at delivering. A lot of firms want to be all things to all clients, and that simply does not work. It sends you and your staff off in too many directions.

Really think about what you do well. Is it audits, bookkeeping services, payroll, individual income tax? You see my point.

2. **Decide Who Your Ideal Clients Are**—Consider the type of clients you want to and are good at serving. Perhaps it's those within specific niches such as construction, manufacturing, or healthcare. Make a list of clients and integrate it into your model.
3. **Determine How You Will Deliver Your Services**—Once you've decided on your core competencies and ideal clients, you have to identify how you will deliver services. This means stepping outside of your comfort zone to consider advanced technologies that support online data sharing and exchange for ultimate efficiency for your staff and your clients.

While I've listed three basic steps in developing your business model, do not underestimate the effort required to work through each. A lot of thought and decision making need to go into building your optimal business model. Once your model is ready for launch, there are more challenging questions to answer, including:

1. **Does each prospect easily fit into your new business model?** If not, you have to make the hard decisions on what prospects to take on and which to cut loose.
2. **How do your existing clients fit into your business model?** This is a much tougher question, but it must be answered. You should first take inventory of all your clients and then separate them into categories. This will allow you to analyze where they fit or if they don't fit into your new model. Working client by client, begin to transform your practice by establishing a client base that neatly fits your model and will support a smooth and efficient system.

Once your model is defined, you must exercise relentless discipline— saying 'No' to prospective clients that do not fit. Just imagine your firm if you were providing the services at which you are great, serving only your ideal clients, and operating a system designed for efficiency and effectiveness. Each day you and your staff can enjoy an office that runs on standardized processes and ultimately makes clients happier.

You might think this is not realistic. However, after working with firms for the past several years, I can tell you with 100% assurance that it is not only possible, but it works incredibly well. Good luck defining your unique business model!

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