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HUMAN RESOURCES & PAYROLL

Where's Your Accounting Firm's Business Plan?

A business plan will help you effectively communicate your value to potential clients and staff as you start and grow your practice. A good business plan lays out the goals for your practice and your plans for achieving them.

Taija Sparkman • Jul. 08, 2015



Many people business owners and entrepreneurs start a business because they have a service or product they want to sell to others. They don't do it to focus on the backend processes, such as payroll.

As a payroll practitioner, you recognize this and that's why you are in business – to provide a service that is crucial to the business, but often overlooked and/or dreaded by business owners. However, both you and your clients may sometimes overlook a key component to both businesses. Whether you've already started your practice or are still trying to figure out how to get started, you'll need one important thing to guide you – a solid business plan.

A business plan will help you effectively communicate your value to potential clients and staff as you start and grow your practice. A good business plan lays out the goals for your practice and your plans for achieving them. It will take into consideration the demographics of your target clients, your firm's profile, services offered and other logistics.

Before you begin drafting your business plan, take some time to assess your payroll practice. How will you define your business and set it apart from your competitors? Consider the services that you will offer – full or partial payroll services – and how you will package them for your clients. Define your ideal client: what industry are they in; the size of their business; their pain points and passions. Outline your costs and pricing structure. How will you sell and market your services?

Decide who will see your business plan. Do you need investors to start your payroll business? Is this plan just for the founders and partners? How will you share it with the rest of your practice – in its entirety or as support documents?

Once you're ready, you can begin tackling the main sections of the plan. Each business plan should contain the following sections:

- **Executive Summary.** The executive summary will provide a high-level overview of your payroll practice, outlining company goals.
- **Business Description.** This is the biography of your practice. Share when and why it was formed. In detail, explain what payroll services your practice will provide, as well as your firm's mission statement. Be sure to include those things that differentiate you from other payroll providers.
- **Market Analysis.** In order to know how to effectively sell your payroll services, you need to have an understanding of your market. What industries are you targeting? Are there other payroll providers there? Determine the strengths and weaknesses of

your competitors and identify where there are untapped opportunities.

- **Design and Development Plan.** Fully layout your plans for providing services to clients. Describe what these services will look like, what payroll software you will use. How will you roll out your services to new clients or expand services for existing clients? How much of your payroll practice will be in the cloud. Outline what this means for clients in terms of transitioning if they are not already there.
- **Operations and Management Plan.** It's important to map out how your business will run on a day-to-day business. Identify the key staff member roles and responsibilities for each. Outlining this now will save you time when creating job descriptions for recruiting and hiring. It will also give you a clear picture of what you will need to run payroll for your clients to make sure you have the right software in place.
- **Financial Factors.** If you're seeking funding to start your practice, they are going to want to see monthly and/or quarterly financial projections for the first few years. You should consider both busy times and down times, as well as any known major payroll issues that can affect your cash flow.

Now that you've laid out the basics, it's time to finalize and style your plan. It should be clean, simple and easy-to-read. Choose language that's easily comprehensible and a font style and size that's legible. Make sure you proofread for spelling and grammatical errors multiple times. The final draft should be approximately 30 pages. This will require some editing and fine-tuning. Be sure to include a table of contents and section headers. Graphics and images will break up text and make the plan more readable.

Once the plan has been finalized and put into place, plan to review it annually with your partners. Use it as a benchmark to make sure your practice is on track for meeting the goals you set. The business plan is a good guide for making sure that your day-to-day business is lining up with your practice's mission. It will help you measure if your practice is merely providing payroll services or on target to provide *meaningful and valuable* payroll services.

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Payroll Accountant's Checklist for June

- Reassess tax-time issues and processes
- Create a communication plan for keeping in touch with clients
- Think about business plans and create goals for business
- Start succession planning and create an exit strategy for firm

- **Reassess and retain/remove clients as needed**

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