



EIGHT STEPS

to Building a \$1 Million Practice

The Tax Professional's Roadmap



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The Roadmap

It can be difficult sometimes to know what you want. It was for me.

It was a Sunday about five years ago, and I was in the office as always, miserable, when I spoke with a friend of mine, Brent Robertson. Brent is one of the founders of Fathom, which is a consulting outfit in West Hartford, Connecticut where they do marketing and problem-solving for many companies and entrepreneurs. He easily recognized my unhappiness. “What’s up?” he asked in his usual cheery way.

“I need to ask you something,” I started, “The firm is great, growing every day. Tax Rep keeps growing. The podcast following keeps growing. My wife and kids are great. So why am I so miserable?”

“Ahhh,” he started, “Well, tell me what you want.”

“What do you mean?”

“I mean,” Brent said, “describe to me what you want your day, week and month to look like. Walk me through that.”

I couldn’t.

“Well, until you know what you want, it will be hard for anyone to help you, and for you to know which steps to take.” Brent said. “Can I suggest we meet for coffee next week, and meanwhile you need to think about what you want your life and practice to be, and then we can engineer how to make that happen.”

And that is exactly what we did. Brent had me lay out my goals. We figured out what I needed to do, step-by-step, to reach those goals, and then we began implementing the process.

Having been through this process myself, its not that difficult to understand, and the process is easy to follow if not easy to do. In reviewing my journey, which was anything but smooth, I can break it down into eight steps:

1. Identify What You Want
2. Engineer Backwards
3. What Services Do You Want to Offer
4. Leverage Technology
5. Deal with Your Existing Practice
6. Finding Clients
7. Getting Trained
8. Get Up Each Morning and Repeat

This workbook is designed to help you sit and think through each of these steps, lay down your thoughts and ideas, and in doing so creating your own plan to move forward and build the practice of your dreams, whatever that may look like.

01

IDENTIFY WHAT YOU WANT.

This is both a practice question and a lifestyle question. What do you want your professional life to look like, and what do you want your personal life to look like? This can be anything from “I want to make \$1 million per year, own my building and have 25 people working for me,” to “I want to buy a farm in Vermont and have enough consulting work to make \$200,000 a year working one-day per week.”

So what do you want?

When answering the questions below, consider the entire picture. How much time do I want to spend working, how much do I want to spend with family, and are there other activities I would like to do, like pick up a hobby or volunteer for my church? These are all critical questions to ask yourself, and in doing so you will begin to fill-in the picture of your future self.

a. How much do you want to work per week? _____

b. How much money do you want to make per year? _____

c. Are there lifestyle changes you would like to implement? _____

d. Are there other activities you would like to get involved in? _____

02

ENGINEER BACKWARDS

Once we know the destination then we can start sorting out what we need to do to get there. You can see what you need to do, or cut back on, to make the lifestyle changes. Now figuring those in, we can start doing some number crunching on where you are right now in terms of income, and what you will need to add to hit the goals you have set for yourself.

Step #1: What do I already have?

Step #2: What will I need to add to get to my revenue and profit goals?

Now there are some wrinkles to this, for instance, do I want to keep all my existing clients, and what services do I want to offer and what do I have that I would like to drop, if any? But it is worth seeing how much you need to add to hit that goal number, because we need to take our dream in #1 and make it a plan that we can execute on.

Step #1: How much revenue do I want my practice to generate?

\$

Step #2: What do I already have (Revenue): \$

Step #3: What do I already have in terms of clients, by service type?

Step #4: How many more clients do I need to hit my revenue goal?

03

WHAT SERVICES DO YOU WANT TO OFFER?

When it comes to IRS representation services, there are many options to choose from. So the real issue is what do you want to do, day in and day out? It does not make sense to provide services you do not like providing.

This decision will impact the marketing you do and also how many clients you need to hit your goal.

The various services you can choose to provide include:

- Bookkeeping
- Forensic accounting
- Tax Return Preparation
- Offers-in-Compromise
- Installment Agreements
- Uncollectible Status
- Transcript analysis
- Tax Liens
- Tax Levies
- Penalty abatement
- Challenging assessed taxes
- IRS Exams
- Appeals
- Resolving Payroll Tax Issues
- Sales Tax
- Criminal Tax Investigations and Prosecutions

What is it you like to do? Whatever that is, my suggestion is go and try and do more of that! The whole “Find something you love and never work a day in your life” thing is based upon that.

Now if you are not sure, my suggestion is to look into each of them (see the “Get Trained” section below) and start figuring out what is of interest to you, and then pursue those services.

What services do you currently provide?

What services would you like to provide?

Are there structural changes in your business that would need to take place in order for you to offer new services you are interested in? If so what are they?

Will these new services help you attain your goals faster or slower than if you keep providing the services you are providing now?

LEVERAGE TECHNOLOGY

Are you using technology to its best effect? By utilizing technology you can cut the amount of time you spend and increase the profitability of each case you take. For instance, when I automated our onboarding of new clients for consultations we cut 30 minutes off each case. Given I alone open between 15-20 new cases a week, that is 7.5-10 hours of staff time that just freed up to take more work off my hands!

Chat Bots can now be selling potential clients at midnight to register and pay for a consult with you, including booking their appointment!

Technology is how you will maximize your effort and minimize your time on routine administrative tasks. It is also how you avoid multiple sources of input that can create mistakes and headaches later.

Step #1: Lay out your actual work processes, everything from onboarding new clients, to gathering their information, to actually doing the work itself.

Step #2: Review the process you have and look at what you could automate, just from existing software in the market today?

Step #3: Implement your new systems and reduce the workload and overhead you have now. This will allow you to either do more with less, or pay less to get the same work done you do now, making you far more profitable.

So how do you know what software is available, or even how to put it in place? This is why it makes sense to go to some of these large accounting shows, like AICPA's Engage, or Scaling New Heights. They allow you to see the exhibitors, hear from speakers who use this stuff and can help you sort out choices and even assist in implementation.

It also might be worth while to hire a consultant to help you decide on a solution that works best and help you and your team implement it.

The key point is if you want maximize your profits and minimize your efforts, technology will be critical to achieving both of those goals.

Step #1: My work process (i.e. workflow) currently is:

Step #2: What steps in the my current process can be automated?

Step #3: List the programs I will use to accomplish the automation needed for my practice:

YOUR EXISTING PRACTICE

If you have an existing practice that is not bringing you joy and profits, we need to decide what to do with it. This is usually when people ask me “Should I get rid of my tax return business?” or “I know, get rid of the bookkeeping...”

I would say neither of those things. The answer is simply “what do you WANT to do with it?”

The big issue is deciding who you want to work with and making sure you are paid properly. I will explain what to do for a tax preparation business, but these same concepts apply to any business:

Step #1: Start by ranking your clients. I suggest you pull a client list and an accounts receivable list. Rank the clients as either an A, B, C, D or F:

A – These clients are great. They are fun to work with, listen to you and pay you a fair fee on time. You want more of these folks.

B – these clients are good clients, and frankly could be A clients if you could only spend more time with them.

C – these clients can go either way. Some could become B or A clients if you spent more time, but others are really borderline at best.

D – these clients are annoying. They are late, do not pay on time, and expect too much for the little you force them to pay. The thought of them aggravates you.

F – you know who these people are. These are the people you dread dealing with, as any moment with them sucks your will to live. They continue to hang around even though they don’t seem really happy, and they take up way more of your time and resources than you would like.

You keep hoping they will warm up and get better, and yet every year they seem to get worse. If you ever develop a drinking problem it will be because of them!

Step #1: Rank Your Clients

Step #2: Fire the D&F clients

Step #3: Raise your rates

Step #4: Put a system in place that no tax return is filed without payment. This means you will need to inform the client in advance of the amount due.

Author's Note: If in the end you undercharged a little bit it doesn't matter, what matters is you were paid in advance and now do not need to chase someone for what is owed and deal with receivables.

06

FINDING CLIENTS

Clients are literally everywhere, and chances are you know a bunch who just have not shared they have tax issues. Marketing does not need to be hard, time consuming or expensive, but it must be consistent.

Step #1: Create a list of all your clients and your network of friends, family and colleagues.

Step #2: Create an informational newsletter to let them know you handle IRS representation matters and they should please keep you in mind when they or someone they know has a tax issue.

Step #3: Set a weekly calendar appointment for you to sit down and do your marketing tasks:

- a. Blogging
- b. Social Media posts
- c. Networking with professionals who are in a position to refer you work
- d. If you are so inclined, giving talks on tax topics to industry groups

Nobody can refer you clients if they do not know that you handle these matters, so it is critical that everyone knows you handle IRS matters.

07

GETTING TRAINED

It is important that you make sure you are trained up on the work you plan to sell to clients. You therefore need to have someplace you go to receive training, get access to sample letters and checklists, and be able to consult with other professionals about cases.

Step #1: Check the areas of IRS Representation you are interested in providing from the list below:

	Bookkeeping	Tax Levies
	Forensic accounting	Penalty abatement
	Tax Return Preparation	Challenging assessed taxes
	Offers-in-Compromise	IRS Exams
	Installment Agreements	Appeals
	Uncollectible Status	Resolving Payroll Tax Issues
	Transcript analysis	Sales Tax
	Tax Liens	Criminal Tax Investigations and Prosecutions

Step #2: Identify how and where you will obtain training and support:

The author is obviously partial to his own training community inside <https://TaxRepLLC.com>

Step #3: Set up a schedule that requires you to begin the training you now have access to (remember, start with the areas that most interest you, that you checked off in Step #1 above):

Step #4: List out the documents – checklists and letters – you will need to properly practice in the areas of representation you have selected:

Step #5: Determine which of the documents and letters can be automated and list how they will be automated, and set a due date to have this done!

REPEAT: DISCIPLINE, NOT MOTIVATION

Building a \$1 million practice is not about being motivated. Motivation comes and goes. Nothing, as the book points out, is terribly complicated.

What it does take is discipline.

Step #1: Set calendar dates every 6 months to review:

- After Tax Season, review the clients, who paid and was it a good fee, who did not pay, and do you need to fire any clients?
-
-

- Are you getting work in areas that you need more training in?
-
-

- Are there forms, checklists or letters you believe is missing from your library?
-
-

- Are there processes that can be automated to reduce the time spent on tasks?
-
-

Bonus: Creating an Annuity for Yourself

IRS Account Monitoring

Though on the service it would seem that IRS Representation is a one-off sort of service, you know, fix their problem and never see them again, it is the exact opposite. In many ways our clients never seem to leave!

The same issues that caused them to get into trouble the first time does not go away just because they met with us and drank our coffee. As a practice, we revoke our Power-of-Attorney ("POA") when the case is resolved. We found we did not want to baby-sit client accounts and reacting to amil that came in for them after they were gone and no longer paying us. Well, when a Power-of-Attorney revokes said POA the IRS sends a letter to the client alerting them that the POA has been revoked. It tends to make clients get hysterical.... "Why are you firing me!?"

After explaining we were not firing them and they could always call us again if they needed us, clients would insist on our maintaining the POA. So, we began charging \$500 a year to maintain the POA and monitor their account. After a few years we had 100 or so clients paying us \$500 per year to monitor the IRS account through Tax Help Software, which is the software we use to pull transcripts and prepare the tax resolution forms. If you are interested in doing the same the software and discount codes are:

<https://TaxHelpSoftware.com>

Two-Week Free Trial code: **TAXREPTRIAL**

10% Discount on Purchase code: **TAXREP10**

Reasonable Compensation Reports



Between 2010 and 2020 a parade of Court Cases, IRS Factsheets, Job Aids and Internal Memos, plus Heightened IRS scrutiny and Preparer Penalties has brought the issue of "Reasonable Compensation for S Corps" out of the shadows and placed it forefront as a priority issue for CPAs, EAs, and Tax and Financial advisors to cover with their clients.

If you have Subchapter S-Corporations or C-Corporations as clients, it is critical that they have some basis for the W-2 Compensation they take. Let me introduce you to RC Reports.

RC Reports will use its database of millions of businesses and industries to generate a report supported by data that will explain what your client's compensation should be based upon industry, business size and location.

Corporate clients should pay \$500 - \$1,000 for the report each year to make sure they are audit proof. The downside of not having support during an audit can get unbelievably pricey in terms of taxes, penalties, interest and professional fees to fight the case!

This will also create a very nice annuity for you and save the client many headaches. We have yet to see the IRS challenge the report when we have used it in an audit situation!

You can get RC Reports here, and save \$100 off the annual price of \$1,500: <https://trn.rcreports.com/>

Close Clients and Get Paid!



If you have a Client Relations Management ("CRM") System then this might not apply, but if you don't you should consider utilizing Anchor™ to get your engagement letters signed and get paid.

Anchor™ is free to use, they just charge \$5 per financial transaction. What Anchor™ does is allow me to send me retainer agreements and checklists to clients, and if the client does not approve or pay the agreement, it automatically follows up with them to remind them. You will close more deals and automate the onboarding practice by using Anchor™.

I was so impressed with Anchor that I partnered with them to add my letters and checklists into their system, so if you go and sign up with Anchor™ through the Tax Rep portal, its not only FREE but you will also be able to access all our engagement letters and checklists, as well as our pricing schedule!

Did I mention its FREE?

<https://www.sayanchor.com/taxrep>

Automate Getting Your Client Reviews



nicejob

Think about how you shop for anything online...don't you check the product reviews before buying something new? Your potential clients are exactly the same, so your online reviews on sites like google are critical to having that potential client call you and drop money on your consultation.

We discovered NiceJob™ which not only collects client reviews but will automatically follow-up with the clients who do not respond, and will automatically post five-star reviews directly to your social media accounts and your website. We have arranged a 50% discount from its normal \$75 per month for three months, so now you can try it and gather reviews for just \$37.50 a month!

Get your TRN discount here:

<https://start.nicejob.com/tax-rep-network>