TAX PLANNING
Build & Scale A Profitable Business

Presented by AccountingTax.com
Table of Contents

1. Introduction & Goals .................................................. 5
2. Planning vs. Preparation vs. Implementation .................. 27
3. There’s Always More To Save ..................................... 35
4. The Business Model Of Tax Planning ........................... 41
5. Scaling A Tax Planning Business ................................. 71
6. Your Career History .................................................. 79
7. Pricing ................................................................. 85
8. The Math .............................................................. 97
9. How Big Do Clients Need To Be ................................. 109
10. Big Tax Plans Or Small ............................................. 119
11. Why You Must Charge For Tax Planning ..................... 127
12. Business Owners vs. Individuals ............................... 133
13. Defining Key Areas Of Opportunity ............................. 137
14. How To Analyze A Return For Tax Savings ................... 145
15. Estimated Savings Calculation .................................... 149
16. How To Start The Research Process ............................ 161
17. Lead Generation For Tax Plans ................................... 167
18. Sales: One To Many ................................................. 193
19. The Service Delivery Process ..................................... 225
20. In Closing ........................................................... 269
INTRODUCTION & GOALS
Foreword

The purpose of this book is to share with you the knowledge that 15 contributors and I have compiled over many years and a variety of methods. Through deep research, the analysis of over 6,500 interviews, and the observation of over 2,500 clients of my own, we have all come together to present our knowledge about the most effective ways to grow and scale a tax planning business.

While we mainly cover technical tax strategies applicable in the United States, many of the business principles apply to the rest of the world as well.

This book does not seek to make you the foremost tax planning expert the planet has ever seen. Rather, its goal is to marry basic and complex tax planning strategies with a business strategy that will allow you to build a successful, fast growing, profitable tax planning business designed to help save clients millions of dollars every year.

Many people who write similar books do so to share their story and tell you what they did. But this book isn’t about me. This book is about the most successful people in America and across the world, who I have had the pleasure of observing as they grew their businesses faster and more profitably than others, all the while providing more value to their clients.

We live in an interesting environment where the vast majority of small business owners and individuals truly believe that the people who are preparing their tax returns are saving them money on taxes. However, the truth of the matter is, while they’re busy bragging to their friends about how great their accountant is, their tax preparer barely spent enough time to cover even the most basic of tax planning strategies to reduce their tax liability.

In all my deep research, I have found that one of the great tragedies of this industry is that accountants, financial advisors, attorneys, and other individuals responsible for helping people save money on taxes don’t know how to communicate the value they create for their clients in a way that enables them to charge for their services so that they can spend enough time to save clients money that is rightfully theirs.

And this really boils down to the main purpose of this book. In all my experience in business, while sales and marketing is important - and we’ll get into the many different facets of these areas in this book - the sales and marketing can only be as good as the underlying service or product that it represents.

Tax planning, when done correctly, is a truly exceptional offering. The beauty of tax planning is while the fees are five to seven times higher compared to tax preparation, the value to the client is exponentially higher.

Now let’s set some goals!

Andrew Argue, CPA
CEO, AccountingTax.com
a. What are your Goals for this program?

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“Clients, employees, family, friends, whoever is holding you back from meeting your dreams... DROP THEM.”
- Andrew
**BUSINESS**

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“If the numbers don’t make your friends uncomfortable, they are not big enough.”

- Andrew
b. What happens if you 5X your business goals?

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“Make a goal. Do the math. Fight like hell. And you will probably get there.”
- Andrew
C. Retirement Planning Calculator

Current Age: ________________________________

Age to Retire: ______________________________

How much have you saved for Retirement: _________________

How much will you contribute monthly: _________________

What do you think your annual return is: _________________

Calculated Growth: ______________________________

“The most valuable thing you have in building wealth is your time.”
- Andrew
d. Targets for Next Month

Month ______________________

Cash Sales: ______________________

Strategy Sessions: ______________________

New Hires: ______________________

Profit: ______________________

“If you hit it, it’s too small.”
- Andrew
1. Don’t Catch Victimitis

Have you caught a bad case of Victimitis?

Symptoms include:
- Blaming anyone other than yourself
- Complaining rather than working
- Thinking life is hard
- Feeling like everyone is against you
- Not wanting to do anything
- Feeling like you are entitled to something

Treatment options:
- Take responsibility and ownership

2. Charge more for something you already do

Ideally, you would prefer to charge for a service you are already performing for your clients rather than having to learn an entirely new service and how to deliver more value. While not every person reading this book is someone who is already helping their clients reduce their tax liability, the truth is that many of you are.

For those of you who are already saving your clients money but are simply not charging them for it, the beautiful thing about completing this program and going through the book is that you are not going to have to do more work. You may have to change what you are doing, you may have to change how you are allocating your time, you may have to change your positioning, packaging, and pricing, you may even have to change what you are communicating to the client and the strategies you are learning. But ultimately, you will not find yourself doing more work. You will find yourself simply charging more for the value you are already delivering.

“As you will learn in the coming chapters, it is not about how complex and sophisticated the strategies are - all that matters is whether they work.”
For those of you who are reading this book and are not already tax planning, you will have to learn a new skill. You will have to learn how to do tax planning from the ground up. You will have to learn the tax reduction strategies and how to deliver them to your clients as part of the tax plan. But this is completely fine. As you will come to learn, even the most senior tax planning veterans continually add strategies to their tax planning arsenal.

3. **You do not have to have done this before**

“No matter what background you come from, you don’t need to have done this work before to be able to offer tax planning to clients and get paid for it.”

Whether you are a financial advisor, tax attorney, accountant, bookkeeper, CPA, EA, financial consultant, or just an every day normal person with a non-traditional background, by the time you finish this program and read through this book, you will have learned the basic fundamental strategies to be able to help people save money on taxes.

You do not need a CPA license to do this. You do not need to be a financial advisor to do this. That being said, there are specific strategies that may require certain professionals or licenses to implement. However, you can still sell your clients a tax plan and connect them to these professionals should they make the decision to move forward on these strategies.

As you move through the book, keep in mind that fundamentally you are not selling your background, your story, your history, or your college degrees. You are selling the value that you provide and the result that you deliver to your clients. Therefore, it does not matter where you come from - what matters is what you provide.

4. **Succeed Before You Think You’re An Expert**

“If you believe you can do it, you will make it so.”

You absolutely must think about succeeding before you believe that you are an expert. Every person you consider to be an expert began somewhere. Every single person in the world began as a naked newborn with no skills, no experience, no background, no story, and certainly no paying clients - everyone started from nothing.
Once you realize this, you can come to understand that every single person who signed on their first client offering a new service such as tax planning had that underlying feeling of being a fraud. They doubted whether they could charge that much for anything, much less for a service they used to charge seven times less for. The answer is: What do you believe?

“If you think you can or you think you can’t, you’re right.” - Henry Ford

If you believe that you can, you will put in the time to be a truly valuable provider and learn the absolute best strategies that you can bring to your particular niche. You will crave more meetings with prospects, and you will push through the consultations and feel confident charging for the value you provide.

Therefore, even though you may not feel like an expert on the first call, you have to start somewhere. You have to start by getting that first strategy session, by pitching the price, by closing that client, getting paid, and delivering the value. And you need to do it right now.

5. Learn to love sales

“Sales is such a dirty little word, but what about revenue? You need some revenue? Everybody needs revenue.”

You need to learn to love sales. You may currently fall into the group of people who believe sales is a dirty word, but if you do not have revenue, you do not have a business. You need to rewire your brain to love revenue and love sales.

Revenue is the first line item on the Profit and Loss Statement. Everything flows from the revenue line. If you do not have any revenue, you will not be able to pay for staff, training, advertising, or growth. As the business owner, focusing on revenue is your sole responsibility. Many other components of the business can be outsourced to other people be they executive assistants, other accountants, etc. However, the last thing you want to delegate to someone else is control over the revenue.
“Revenue is the one thing that nobody wants to put any time into because it’s one of the most painful things to develop. However, it’s the single most rewarding thing.”

For those of you who are not yet convinced, consider the following thought exercise:

Think of a person who absolutely hates going to the gym. This person has immense difficulty bringing themselves to put on workout gear and actually going and doing more than just fifteen minutes of cardio on the treadmill - this person may even be you.

Now, think of a person who loves going to the gym. They wake up every morning eager and excited to hit the gym as hard as they can. They love sweating, they love the experience of resistance, they love breaking down their muscles every day, and they relish the pain that comes the day after.

Make the commitment to love the resistance that sales brings.

6. Make the DECISION. Don’t desire. DECIDE.

“If you want this and you want to make it happen, don’t just desire it. Decide that it’s yours.”

Many people want to be successful in business especially in the tax industry and in accounting. However, desire is not enough. The people who succeed are the people who decide. You can hear it in their voice, you can hear it in their tone, you can hear it in the way they describe things. People who are successful do not talk about what they want or what would be cool to have. People who succeed talk about what they will achieve, what they will have, and what will happen. They speak as
if all these things simply have not happened, yet. This subtle difference in your verbal communication both to yourself, to your loved ones, and others who surround you shows that you have made the decision.

“At its highest level, a goal is an objective. There are a list of problems you must solve to get there. It is a priority. And it is a fight.”

Everything that has ever been achieved began by setting a goal, listing all the impediments associated with reaching that goal, prioritizing them, and fighting with everything you have to make it happen. If you believe this and you understand that it truly is this simple, albeit not necessarily easy, then you will have a much better chance of reaching your goals.

Whether your goal is $50,000 per month or $1 billion per year in sales, all of these things have already been achieved by thousands before you, so why not you?

7. Start spending 90% of your time on sales.

“90% of the clients you need to reach your goal, you don’t have. You can’t be focused on just the clients you currently have. You’re ignoring the 90%.”

Start spending 90% of your time on sales. If you want to grow a large business, you have to think about your life in a longer term. You cannot simply focus on where you are today; you must also consider where you aim to be in the coming months and the coming years. If you think about what your biggest year of sales will be during the course of your lifetime, and you consider how many clients you will have in that year, you will see that the clients you have today are only 10% of the clients you will need - if not less.

While it is important to service your clients well, keep in mind that you yourself do not personally have to service your clients to provide quality. You can hire team members for that. If you believe that you are so special that no one else will service your clients as well as you and deliver the value that you do, I invite you to consider the following - General Electric,
a multibillion dollar publicly traded company, hired a CEO (who was not a founder) to successfully run the company.

“They found a CEO to run General Electric, but you think you’re the only person who can successfully run a tax firm? Nonsense. Every layer and component of the business can be run by somebody else. If that person is the correct person for the job and they dedicate their full time and attention to it, they will do it better than you who can only dedicate a portion of your attention. However, in order to do all of these things, you will need lots of money, lots of volume and lots of sales, not revenue, but cash.”

Therefore, you are going to have to learn how to become a person who can go out into the market and claim wealth for yourself. In order to do that, you are going to have to begin spending 90% of your time on sales.

8. You’re not helping clients because you’re not charging

“There are hundreds of thousands of small business owners out there overpaying in taxes because you can’t get the message out - because you aren’t charging for the value you provide.”

Many people feel guilty charging their clients for tax planning especially if they have already been providing it. However, consider the bigger picture. If you charged more, for example $5,000 for a tax plan and $2,200 for a business return, you would have enough money to do the following:

- Hire more people
- Increase advertising spend
- Close 20 more clients
- Help 20 more people
- Invest in yourself to learn more tax strategies
- Provide significantly more value

As you can see, by charging for the value you are already delivering, you will be able to invest in resources to help even more people. If you remain where you are offering value for free, you will hardly be able to help anyone.
9. Managing profit vs. exploding revenue

“If you’re not spending money, you’re losing money.”

Unfortunately, many people who are interested in accounting are more focused on managing profit rather than exploding growth. Profit is important. It is what enables you to make investments, hire people, and flood the business with cash.

However, you have to completely invert your thinking and believe that every day you are not spending money, you are losing money. Every day you do not hire a new person or spend money on advertising is a day that you have lost money.

“You’re going end up somewhere. In all of our research in creating this book, staying small doesn’t necessarily mean less stress.”

Up until now, you have learned to manage the Profit and Loss by increasing margins through cutting costs. However, this is how a bookkeeper thinks. As an entrepreneur, you must begin to focus on exploding revenue. How would your business have to change for you to spend more in any given month than you make in monthly gross sales?

For example, how can you spend more on employees this month than you currently do in gross sales? If you only want a business that earns $500,000 in sales then you do not need to worry about this. However, if you plan on creating an incredible company, you absolutely need to begin to think this way.

If you do this correctly, every single month you’ll be spending more money, but you’ll also be making more...gross and net.

“It’s not about the size - small or big. It’s about the quality of the company.”
The only way to grow this thing is to talk to people and close them. List out as many prospects as you can in each of the following categories:

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### Other Small Business Owners We’ve Met

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PLANNING VS. PREPARATION VS. IMPLEMENTATION
Planning vs. Preparation vs. Implementation

Overview
A question that often comes up is “What is the difference between tax preparation and tax planning and how do you know when you should charge for implementation?

a. Tax Preparation
The purpose of tax preparation is to review an individual’s or business’s activity during any taxable year, complete the requisite tax forms, and file them with the appropriate tax authority. Typically you are looking at an entity’s activity retroactively and documenting it throughout the year in accordance with the taxing authority’s regulatory requirements.

Something to consider (and something that many accountants do not like to think about) is that very likely most returns contain errors, at least to some degree. For example, it is not unheard of for a business owner to occasionally swipe their business card at Starbucks for their morning coffee. However, the key here is not that every return should be perfect, but rather that we take reasonable steps to complete the return as accurately as possible and that any errors are immaterial for the given year.

The goal of tax preparation is not to reduce taxes, but rather to make sure that you accurately complete the return so that based on the entity’s existing fact pattern, they are not overpaying on taxes in the current year. It does not take into consideration future taxes other than to ensure the client is fully paid in for the first quarter of next year’s taxes. While there are a few strategies that can be included during tax preparation, which we will address in other sections, the vast majority of opportunities for minimizing taxes occurs during tax planning.

b. The Tax Plan
The purpose of a tax plan is to do a full analysis on a client’s life and business, and get them to a better state where they are paying less in taxes.

“Keep in mind that you will never be able to find every tax strategy available to the client.”
The tax code is simply too complex for you to understand all of the options out there. However, even if you are able to save them 3-5x what they are paying you, they are still in a better place than before they began working with you.

“Your responsibility is not to get them every savings opportunity that’s possible in the tax code.”

Your responsibility is to let them know what is available, and ensure they have the ability to save many times more than the amount they pay you for tax planning.

When pricing a tax planning engagement you will typically take 30% of the estimated tax savings to the client. For example, if you estimate that you can save a client $15,000 in tax, your tax planning fee may be $4,500.

We will go into much more detail on this in later sections. Once a client decides to work with you on a tax plan, you will always collect this fee regardless of whether the client chooses to implement any of the strategies you outlined.

In addition, the client may end up saving even more as a result of the plan. However, unless additional implementation fees are assessed, your fee will remain 30% of the estimated savings.

### Implementation Fees

Once you have the tax plan in place and have communicated the knowledge and information of what to do, you need to go through the proposed strategies and decide whether the client would like to use you to implement the strategies.

Not every tax strategy requires charging an implementation fee. For example, if you decide it is beneficial for the client to take the home office deduction, you can factor that into the tax planning fee or the tax preparation fee. However, for many of the strategies, you will find that it does make sense for you to charge a separate fee for implementation.

Keep in mind, just because a client decides to work with you on a tax plan and realizes they can save $17,350 in taxes, does not mean that they will choose to implement all the strategies you propose. Clients may decide to
implement some, all, or none of the proposed changes. They may decide that while a retirement account will be beneficial from a tax standpoint, they prefer the liquidity of a cash savings account and ultimately choose not to open a retirement account. Remember, the purpose of a tax planning engagement is not to convince the client to restructure their life and business, but rather to make the information available should they choose to take advantage of it.

**e. When To Use Subcontractors**

There may be several instances when it makes sense for you to use a subcontractor to implement the tax planning strategies.

The first reason you may choose to use a subcontractor is if you have limited knowledge or experience around tax and tax planning, or you are insecure about your knowledge in relation to your fees.

Anne has substantial accounting experience from her time in public accounting, but none of her experience was in tax. Anne decides she wants to work with real estate investors doing tax planning. She sells her first tax plan for $4,500, but realizes she does not have enough knowledge to deliver the work. She decides to partner with Richard due to his significant experience in tax planning. They agree that she will outsource 100% of the work to him and she will retain 50% of the fee. They do this for the first three tax plans Anne sells.

After reviewing Richard’s work and going over the first three tax plans together, Anne decides that she can do a portion of the work herself on the next three tax plans. For these, she and Richard decide that she will retain 75% of the fees for the work she does herself, and outsource the rest to Richard for 25%.

Once again, she reviews his portion of the tax plans and the strategies he used and now feels confident enough to complete the work on her own for the tax plans she sells going forward, and thus retains 100% of the fees.
As you can see, if you have a knowledge limitation, be it real or perceived, using a subcontractor is a great way to move past that hurdle.

Another reason you may use a subcontractor is because your client will benefit from a certain strategy that requires a specialist for implementation.

Anne’s client emails her asking for advice on buying a building. She takes the opportunity to upsell him a tax plan because she knows that once he purchases the building, should he decide to do a cost segregation study, he will be able to save $43,500 in taxes. The client decides to proceed with the implementation of the cost segregation study.

Anne knows that cost segregation studies are done by engineering firms. While she can simply refer him to a firm, she decides instead to charge him an implementation fee and oversee the process of the cost segregation. She charges him a $5,000 retainer and qualifies the hourly rate in case she goes over and proceeds to oversee the process between her client and the engineering firm.

Once again, you can see that in case #2 it was beneficial to both Anne and the client for her to use a subcontractor, or in this case, a third party provider to deliver work that she would not otherwise have been able to deliver herself.
You may also choose to use a subcontractor for a more efficient production process.

By now, Anne has sold enough tax plans that she has managed to put together a consistent process that works for her niche. She realizes that much of the work is lower level and can be delegated down to a subcontractor. Therefore, Anne decides to launch a job ad.

Because Anne has a niche and a process that works, she is able to quickly train her contractor to review new client situations for common deductions and bring them to her attention if clients are not taking them. She also trains them on putting together templates for the final deliverable and how to handle the administrative tasks that support the tax plan and implementation process, such as sending information request lists, billing, etc.

This way Anne is able to free up her time for more strategy sessions and is able to streamline the onboarding, client review, and delivery processes.

Another common reason to use subcontractors (or third parties) is if you have to coordinate with international parties.

Anne has a client who has many international real estate holdings. She realizes that he could save $224,750 by permanently investing some of the earnings from his international real estate overseas, and sells him a tax plan.

Anne charges an implementation fee in order to coordinate with parties overseas for her client to set up an international bank account, restructure how his properties are held, and make the appropriate investments.
Yet another reason why people may use subcontractors (or third parties) is due to legal restrictions.

Anne has a client who would benefit from setting up an S Corporation as a management company for his properties. She also recommends that he set up a retirement account for additional tax savings.

As she is not a JD, Anne does not want to legally structure the S Corporation for her client. Additionally, because she is not licensed, Anne cannot set up the retirement account for her client either. Therefore, she charges an implementation fee in order to oversee the process between the client and attorney to set up an S Corporation and the client and a financial advisor in order to set up the retirement account.

f. **Where to Find Subcontractors**

One of the best places to find subcontractors is in the AccountingTax.com Community. There are hundreds of people in the community who have significant tax experience, understand the language of tax planning, pricing, delivery, and the same tactics as you do. There are also recommended providers for attorneys, financial advisors, and individuals recommended for niche tax planning strategies.

Another good source for subcontractors are job ads, LinkedIn, and also through reaching out in your own network.

g. **How to Compensate Contractors**

There are a couple of different ways to cover the costs of subcontractors.

The first as we discussed above, would be to factor the cost of the subcontractor into your implementation fee. Under this method, you want to ensure that you are charging at least $2,500 - $5,000 up front plus hourly for any time spent managing the process, plus the subcontractor’s fee.
Many times, while working with subcontractors who are paid on a commissionable basis, you will not have to pay anything to the subcontractor.

For example, financial advisors who sell securities or insurance will not charge you a fee, because they want to get the client’s assets under management or get the insurance deal so that they can get the commission on the back end.

In this case, you will not charge a separate fee. You will collect the tax planning fee and refer them to the financial advisor or insurance broker and let them work out their own arrangement with the client. The reason you do not charge an implementation fee on this is because there is no additional work to be done beyond the tax plan, and there is nothing to manage or oversee, as the client will be working with the advisor directly.

**Summary**

At the end of the day, the value you are bringing to the engagement is providing the client with the knowledge of how much money they can save in taxes if they restructure their life and business in a certain way regardless of whether or not they choose to implement the changes.

Even though you may only legally be allowed to implement half of the changes, you can still charge the full 30% of tax savings because you have the ability to refer them to a resource that can implement the changes that will save them that full amount. You are allowed to take credit for the work third parties and subcontractors are delivering because in a way, you are the network that binds them all together and oversees the entire process.

“You’ve packaged the deal and brought the parties together and in effect, created the greatest value for all parties.”
THERE’S ALWAYS MORE TO SAVE
Overview

When many people first go into tax planning, they feel they do not have enough information about tax planning to be able to move forward with clients and with their business. They are intimidated by the US tax code which is 70,000+ pages long, and that is just the US. Those 70,000+ pages do not encompass the knowledge they need in order to help clients save tax internationally. Ultimately, even though people know intellectually that they will never be able to know everything about tax, they become paralyzed with the fear that they are not prepared.

There’s Always More to Save

The key to moving past your paralysis is to understand how you fit into the story of solving the problem of how to get clients to pay less taxes.

Consider this graphic. If your goal is to get the client to the most optimal tax situation where they are getting all the savings possible under the tax code, that is simply not possible. However, if you change your perspective to getting the client to a better state than where they were before they started working with you, that is completely achievable.
“Having a tax planning business is not about having absolute knowledge of the tax code. It is about having enough knowledge to help a business owner save money in taxes.”

If you can reach a higher level of awareness about where you are now and how you and the client fit into the graphic, you will have more confidence to do tax planning for clients.

b. Where the Client is Today
The first thing to think about is where the client is today. Almost every single company in the US is overpaying in taxes in some way. Sometimes this is intentional. For example, a company during a high growth period may choose not to restructure for a more tax beneficial entity because it would disrupt growth. However, other times their overpayment of tax is not intentional. Many business owners have never been informed of the possibility of saving tax and have never worked with somebody who has walked through their specific situation to see what they could save by implementing relatively minor changes in their lives.

c. Where You Are Today
The second thing we want to look at is where your knowledge of tax planning is today. If you are paralyzed from moving forward on your business because you feel you do not know enough, then you simply need to change your way of thinking from believing you need to know everything about how to save clients money on taxes to remembering that you only need to know more than the client.

“You don’t need to know everything, you just need to know more than the client.”
The reality is that if you are sitting here today, reading this page, you already know more than the client and can help them. Perhaps you do not know enough to save them $125,450 in taxes, but you certainly know how to get them to a better place than where they are currently.

d. Where You Will Be In Five Years
As you continue with training, using the community, using subcontractors and third parties, and doing research and learning from newsletters and other resources, your knowledge of tax planning will continue to grow and expand. You will work with more and more clients and be able to get the work done in less time, be able to charge more, have better staff, and deliver even more value to your clients.

Perhaps you will not be better than the top legal and tax minds in the industry, but you will certainly be better than you are now at a whole host of things, including saving clients money in taxes.

e. Top Legal and Tax Minds in the Industry
Consider if you were able to get the top thirty accountants, tax attorneys, and financial advisors in your client’s industry into one room for 30 days. The sole purpose of these individuals was to brainstorm and research how to save your client the most money in taxes.

Even though they would probably be able to save your client more money than you would today or even you in five years, the problem is that this solution is not readily accessible to the client nor would it be economically viable. The best that the small business owner has at any given point in time is you.

f. The Most Optimal Tax Structure
If the 90 individuals from the section above sat in a room and had to come up with the most optimal tax structure for your client, they most likely would not be able to. Between competing opinions, the many different layers of tax - federal taxes, state taxes, local taxes, payroll taxes, property taxes, sales taxes, the list goes on - and the constant tax law changes, there really is no way to know, now or in the future, what the best structure is for your client.

The key here is not the ability to get the client the perfect tax structure, but
to get them to a better place than they were before they began working with you.

“Done is better than perfect.”

g. **Tying The Different Layers Together**

Now that you understand the story of tax planning and the different levels, it is time to tie them all together.

Consider that today you are able to save the client $17,500 per year in taxes. Five years from now, with the knowledge and experience you will gain, you will be able to save the client $65,000 per year. If the client were to work with the top minds in the industry, they would be able to save them $125,000 per year and the optimal tax structure would save them $175,000 per year. Looking at all these different categories, the client is overpaying by $175,000 per year.

However, your job is not to figure out how to get them to pay $175,000 less in taxes, it is to get them to whatever category is available to them today.

Even if all you can save them is $17,500, that is still better than before they began working with you.
Summary
You are never going to get to a place where you understand everything. You just need to get started in the few things that you currently know, and understand that the knowledge you have will grow. You will always know less than the optimal choices, but as long as you know something, you can get started on the path to achieving almost anything.

“As long as you know something, that’s enough to get started on the path to achieving almost anything.”

In the beginning, it may take you longer than normal to review new strategies, do the research, and learn what to do. You may sell a client on a strategy that you do not know how to implement. However, as you are met with more success, get more clients, and continue to invest in yourself, you will be able to provide more value to your clients. The most important thing is to get started, keep an open mind, keep learning, and stay humble.

“HAVE CONFIDENCE IN YOUR ABILITY TO FIND THE ANSWER, NOT IN YOUR ABILITY TO KNOW WHAT TAX STRUCTURE THEY NEED IMMEDIATELY.”
BUSINESS MODEL OF TAX PLANNING
Business Model Of Tax Planning

Overview
When first starting a tax planning business, some key considerations to take into account are whether this will be a lifestyle business or a performance business. Depending on the owner’s preference and needs, this, along with service selection, will dictate the business strategy and similarly impact the business model in terms of marketing, sales, operations support, and moving the company towards a productized service.

a. Lifestyle vs. Performance
Perhaps the first question that someone needs to consider when thinking about business strategy and the business model for tax planning is whether they want to build a lifestyle business or a performance business.

A Lifestyle Business is defined as a business that is built to improve and maintain the lifestyle of the owner. In this model, the following are considered to be important considerations for the Owner:

- Time off and ability to work limited hours
- Flexibility: either in hours, working location, or both
- High income relative to other Owner goals
- Pursuit of hobbies and activities outside of the business

In this model, the main purpose of the business is to support the Owner’s lifestyle and ability to pursue goals outside of the business, rather than providing a return to shareholders or provide maximum value to clients.
**A Performance Business**, on the other hand, is defined as a business that is built to provide a return to shareholders through providing massive value to the market and to clients. The main goals are considered to be the following:

- Business growth and increase in value
- Increase revenue and net profit
- Provide the most value possible in the marketplace for the end customers and shareholders

In this model, the main purpose of the business is to deliver maximum value to a variety of parties through growth and impact.

This choice ultimately results in rippling effects throughout the entire future of the business. It changes the decision making process surrounding when to hire people, how to decide when to invest accumulated earnings, and even what to invest in. A point to note is that this is not a static decision. An owner may begin with a performance business and after a time decide to transition to a lifestyle business. Alternatively, they may begin with a lifestyle business and decide to convert it into a performance business. The key is not to commit to any one choice for a set period of time, but rather to be aware of what kind of business you have and what kind you want and what will be required of you in each of the two models.

“The choice between a Lifestyle or Performance Business is not a static one.”
From the perspective of a tax planning business, a Lifestyle Business in terms of revenue would be considered a business earning less than $3 million per year in sales. A Performance Business would be any business earning upwards of $3 million per year. While it may seem extreme to call a $3 million business a lifestyle business, keep in mind that tax planning is a high value service that can be delivered in a relatively short amount of time. Therefore, the business can generate high sales with a relatively small support team and maintain both healthy margins and excellent customer service.

b. Picking Your Service Offering

Many people who come into tax planning come from a tax preparation environment. At times they have been working with low paying clients who lack gratitude and often they feel taken advantage of. The value they have been offering these clients is also moderate to low because they are not charging enough to be able to provide tax planning services to help clients save money on taxes.

Therefore, when you make the decision to make tax planning a significant focus of your business - or even the sole area of focus, you must also decide what other services you are going to offer, if any. Generally, 80% of tax planning clients will work with you on tax preparation and 40% to 50% of tax planning clients will work with you on other service offerings, be it implementation, quarterly maintenance and support, financial services or monthly accounting.

“Consider doing tax planning first before offering clients more services.”

You do not have to make the decision of what services to provide at the outset. The most successful and profitable individuals who do tax planning focus solely on tax planning at the beginning and wait before making the choice of offering other services. It is entirely possible to build a business earning upwards of $10 million in annual revenue doing solely tax planning. Any services you decide to add on the back end, such as tax preparation, will most likely double the business. That being said, once you have helped an individual save $10,000 or more on taxes, it is much
easier to negotiate a higher tax preparation fee than they would otherwise pay, since even with the higher fee, they will still save money working with you. This allows you to earn much better margins on the tax preparation work than you would if you only offered tax preparation.

There is no right answer as to whether you should offer only one service or a handful of services. Generally, the most effective path to growing the business and providing the highest value and satisfaction to clients is to offer tax planning followed by tax preparation and other services. This also allows you to keep the client on an annual recurring service, which allows you to upsell them into other services if you begin to offer things beyond tax planning and tax preparation. Keep in mind, this does not mean you yourself have to prepare the tax returns. Your options include hiring a tax manager or subcontractor to prepare the tax returns, or otherwise outsourcing the work.

**Why it pays to wait before offering more services.**

Perhaps the biggest mistake people make is trying to offer too many services from day one. They never develop the ability to excel in any one service. Consider the individual who decided to focus solely on tax planning and is able to sell twenty tax plans per month. This means they are selling 240 tax plans per year. If they decide at that point to begin selling monthly accounting services, they have 240 existing tax planning clients they can upsell monthly accounting services to. Most likely, they will be able to convince 10% of those people to move forward in just the first month. That means they can sell 24 monthly accounting clients in one month. The longer you wait, the more profitable it will be and the easier it will be to add other services. It is generally recommended to wait until you hit the initial milestones of $50,000 per month, $100,000 per month, and $200,000 per month on the front-end services before beginning to add other back-end services.
c. The Organizational Chart

Once you understand the different options for business types and service offerings, it is time to look at the organizational chart of a business. The chart will help you visualize how the various components of the business model work together and how they scale across different revenue levels.

“Anyone reading this material should be able to get a tax planning client within days of completing this book. In fact, many people will get their first client even before they finish this book.”

The Beginning Stages

“When you first start out, you hire yourself and are simultaneously the best and the lowest paid worker.”
The old adage states, when you first start out, you hire yourself and you are simultaneously the best worker and the lowest paid. The onus of marketing, getting appointments, sales, converting appointments, and service delivery are all on you. As much as people want to hire and delegate out the work, it is essential that you go through this phase and understand intimately the different components of the business, what makes it work, what creates struggle, and what metrics should be attainable. Later, as you hire employees, you will be able to tell whether or not they are performing or if the process is broken.

The truth of the matter is that you will hire employees who will outperform you in each and every one of these areas. However, if you never learn the components intimately and instead hire employees to do it for you, you will never know whether the process is broken or your employees require attention.

$50,000 - $100,000 per month in sales
While the organizational chart may be surprising to some, it is entirely possible to do $50,000-$100,000 per month with only one administrative assistant and one service delivery employee. Whether you call them a tax planner, tax manager, tax accountant, etc. is not relevant. At this point, your goal is to take on the marketing and sales functions of the business and hand off the bulk of the service delivery function.

Due to the one-time sales nature of the business and the light service delivery aspect, a tax planning business owner will find themselves spending approximately 50% of their time on marketing and sales, which is up from 20% to 30% compared to a tax preparation business owner.

Therefore, in order to continue scaling the business, the owner should focus their efforts on sales and marketing and hand off the service delivery to a technical employee and the operational tasks to an administrative assistant.

$1,000,000 - $3,000,000 per year in sales

“At this point, you finally have a team.”

Once the business owner reaches $1 million per year in sales, the biggest bottleneck in scaling to the next major target, which is $3 million, is their limited amount of time. The owner only has 40 to 70 hours per week. There simply are not enough hours on the calendar for them to schedule calls with enough prospects to increase sales as well as handle the marketing, operations, and service delivery aspects of the business.
Once the business owner reaches this point, they will have to hire a sales team in order to convert more prospects into clients. In order to support the additional sales people and the added volume of sales they generate, you should consider hiring a marketing lead, one full-time technical employee to deliver services along with a potential part-time junior accountant to assist them, and of course, the administrative assistant to continue assisting with the operational aspects of the company. At this stage, the team is growing beyond a light support team. This is also the stage where full-time employees, as opposed to contractors, become imperative and the business owner may consider getting a physical office rather than working remotely.

Another key component of this phase is that while you are simultaneously hiring people into each of these departments, you are working to improve their respective systems: including trainings, processes, or positions. As the owner, you are still heavily involved in the day-to-day operations of the business. You are most likely still reviewing the majority of the tax plans your tax manager prepares, and you may still find yourself managing the marketing campaigns or stepping in when your marketing lead falls short. Despite the many headaches you still face at this stage not being fully out of the day-to-day management of operations and from building a team, the payoff can be huge. For example, imagine an accountant has a $100,000 per month tax planning company and a particular affinity for golf. With a sales team in place at the office, she can walk up to the sixth tee and have her sales team close two new $7,500 tax plans before she even sinks the putt to finish the hole.

Having a sales system in place takes one of the most stressful business components off the owner’s plate and redistributes it amongst the sales team. However, that being said, at this stage it is still recommended that the owner do some form of sales, taking their own calls and serving as a second voice on some of the sales team’s calls, although the vast majority of sales will be produced by the team.
$3,000,000 - $5,000,000+ per year

“Your role will be to work ON the business finding new ways to scale and grow all the while delivering more value to the clients and more margin to yourself, the owner and entrepreneur.”

Once you reach $3,000,000 and decide to go on the journey to have a performance business, you need to grow the organizational chart even further. You will begin to see divisions in your company grow - a marketing lead with an employee in charge of paid advertising and another in charge of copy, a sales manager who occasionally takes calls, but whose main role is hold his team to the sales targets, and a tax manager in charge of a team of accounting staff.

Even at this stage, it is unlikely that you will be able to fully dissociate from the business and serve in an investor role, but you will be largely relieved from the day-to-day management of the company. Your role will instead be to work on the business ensuring the correct people are sitting in the right seats, redesigning positions, and in general finding ways to grow and scale the business all the while delivering more value to the clients and more margin to you, the owner and entrepreneur, and any other shareholders.
While this type of business is far from stress-free, at this point, it truly is a performance business that is built to continually grow and scale into a company earning anywhere from $20 million to $100 million in annual revenue and more.

d. Components of the Business Model

Once you understand the various organizational charts and how they scale across the different revenue levels, it is time to look further in depth at each component of the business and their specific function.

There are four main components of the business model and they are:

- **Marketing**: Getting appointments with potential prospects.
- **Sales**: Taking appointments and converting prospects into paying clients.
- **Productized Service**: The difference between a productized service and service delivery.
- **Operations**: Supporting the engine that is Marketing, Sales, and Productized Service.
“One of the most important things to understand when starting out with marketing is the power of a niche.”

One of the most important things when you are beginning with the marketing department is to understand the power of focusing on a niche. Very few people correctly grasp the relationship between a niche and a transformation, but for those who do, the effect is a very simple business model with a simplified operational environment which provides very few services that add tremendous value to the client.

What is a niche and a transformation and why do you need only one?

When most people think about focusing on a niche, they think in terms of industries - construction, attorneys, real estate, etc. However, a niche can also be a specific group of people - retirees, new mothers, college students, etc.

A transformation, on the other hand, is the service you are providing to your particular niche. As you can see below, when you are first starting out, you have a list to choose from in each category.

<table>
<thead>
<tr>
<th>NICHE</th>
<th>TRANSFORMATION</th>
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<tbody>
<tr>
<td>Gym Owner</td>
<td>Tax Planning</td>
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<tr>
<td>Romance Author</td>
<td>Tax Preparation</td>
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<td>Attorney</td>
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<td>Not-For-Profit</td>
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<td>Dentist</td>
<td>Forecasting &amp; Budgeting</td>
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<td>Architect</td>
<td>Acquisition Analysis</td>
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“Where most people go wrong is they don’t focus on anything. They provide any service to any person with a pulse.”

Where most people go wrong is they do not focus on anything. They provide any service to any human being with a pulse. They have neither a niche nor a transformation dialed in, which results in an incredibly chaotic marketing message and marketing plan. It also results in a sales process where every single sales consultation is customized for that particular prospect and service. The business owner winds up dealing with the following:

- **NICHE**
  - Gym Owner
  - Romance Author
  - Attorney
  - Plumber
  - Marketer
  - Retiree
  - Not-For-Profit
  - Athlete
  - Dentist
  - Architect

- **TRANSFORMATION**
  - Tax Planning
  - Tax Preparation
  - Cash Flow Engineering
  - Cost Segregation
  - Personal Financial Coaching
  - Retirement Planning
  - Bookkeeping
  - Valuation
  - Forecasting & Budgeting
  - Acquisition Analysis

However, as chaotic as the graphic is from a marketing and sales perspective, the true devastation to the margins of the business and stress to the team occurs during service delivery. Consider how hard it is to become an expert at delivering one service to one group of people. It is simply not possible for one person to be able to effectively deliver thirty different transformations to thirty different niches in the early days of their business. The result is that you provide mediocre service to many people rather than a high value service to one type of person.
“The result is that you provide mediocre service to many people instead of a high value service to one person.”

Unfortunately, when many people start their business, this is where they begin - from a standpoint of how to build a business that makes money and not how to build a great business that provides high value to the clients, owner, and team members all at the same time. Therefore, one of the best things you can do before starting out is to pick one specific niche and focus on providing one transformation to that niche.

Alternatively, some people do begin correctly by picking one niche; however, they then try to provide multiple transformations to that niche:

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While this is a massive improvement over the previous scenario of providing all services to all niches, it is still not optimal. A good example would be an accountant who works solely with real estate investors and provides tax preparation, tax planning, and monthly accounting. The problem with this is that it still does not allow you to truly focus and excel at one type of service delivery and maximize the value you are adding to the client.

One of the best aspects of a tax planning business and why it is able to be so profitable compared to a tax preparation business is because of the limited focus of how much time you need to spend on service delivery
relative to how much value you are able to provide for the client. This next graphic shows how you can take just one transformation - tax planning - and focus on one niche - dentists:

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This is by far the best way for you to start whether you are doing tax planning or choose to provide a different service. By focusing on one niche and one transformation, you are able to develop:

- One marketing message
- One sales consultation
- One pricing model
- One service delivery model

While you may still encounter some customized components for each client, they will be very limited and you will be able to spend the bulk of your time finding ways to create even more value and build your business.

**The unique thing about tax planning**

While you may decide that CFO services or coaching is the best way to deliver value to your niche, for the purposes of this book, the focus will be on tax planning.

The unique aspect of tax planning is that once you build an effective system that delivers massive value to your clients, because the tax code is relatively static and everybody must adhere to it, you can take the tax planning model you created and apply that to multiple niches and wind up with a business that is similar to this:
Therefore, unlike other services such as accounting, where it is significantly better to work with one niche and provide multiple levels of accounting services, tax planning is a service that you can expand to other niches.

That being said, there is absolutely no need to focus on more than one niche if you are doing less than $3 million per year in sales. Up until you begin generating $3 million in sales, your focus needs to be dialing in your message to your market and delivering even more value to your clients.

Once the business begins generating $3 million in sales and you decide you want to go on the journey of building a performance business, at that time, you can expand your offering to different niches.

“If you can’t nail one offering to one niche, you’re not going to nail multiple offerings to multiple niches.”

Overall, you want to think about your niche and transformation in a continuum. Where you begin is not necessarily where you will end. For example, you may want to go on the journey to offer coaching services to dentists, but realize that what they really need is succession planning and so you ultimately change your transformation. The key is not what niche you are serving or what transformation you are providing, but rather that you are focusing on one niche and going on the journey to continually add more value to that niche through one transformation.
Building a predictable system for client acquisition
Once you have decided on a particular niche and service offering, the next thing to consider is how to build a predictable system for client acquisition. While this will be covered in depth in other parts of this book, the basics are outlined below.

Why “Hope Marketing” does not work
When many people start out, they believe that marketing consists of doing general activities. By creating blog posts, tweeting, posting on Facebook, writing a book, building a website, and generally doing enough different activities, something will work and they will eventually get clients. In the marketing industry, this is known as Hope Marketing.

Marketing rarely works unless you have measured it. When you do the math and you know what results you are generating using the various methods - LinkedIn outreach, multiple part email campaigns, paid advertising, etc - and you know how many meetings you are generating each week based on those methods, then you can track and improve the process and build a great system for client acquisition.

The nature of marketing
At the time of writing this book, generally speaking the best ways to acquire clients has been LinkedIn outreach, using paid advertising through Facebook and Google, 3-D mailers, and weekly webinars. However, even with tried and true methods, the simple fact is that 98% of the time you spend on marketing will not result in clients. Said another way, approximately 98% of the people who hear about you will decide not to move forward with you. This is the opposite of time spent delivering tax planning services. In that scenario, the vast majority of your time is being utilized between the research you’re doing and the actual services you are delivering. However, that is simply the nature of marketing. Once you understand that, you won’t be discouraged when the majority of people don’t move forward - that’s the way it is.
Your marketing message
The last component of an effective marketing strategy is having a great message. Messaging is something that evolves over time. When you are starting out, your aim is to craft a message that clearly articulates your offering in a way that resonates with your niche.

Over time, as you take more strategy sessions and learn the problems of your niche and their problems, you will be able to incorporate that into your messaging and begin to use their language to really strike a chord with them.

However, if you are unsure of your niche and are not yet sure of what your offering is and what unique tax planning strategies are available to your niche, you will find it difficult to create an effective marketing message. This isn’t to say that you should not start marketing until you have a great message, it is simply to say that until you do go out in the market and incorporate all the feedback you receive from you niche, you will not reach a point of exponential growth in the business where you are truly connecting with people in the market.

In the end, crafting a great marketing message is a journey that will continue for the life of the business; however, you can absolutely start reaching out to people today. You can get people on the calendar, talk to them and learn about what makes them work, what problems and dreams are in their head, and learn the language they are using. As you continue learning, you can go back and continually incorporate all the feedback into your messaging.
B. Sales

After marketing, the next area of focus is sales. As mentioned earlier, it is crucial to focus 80% of your efforts on brand new prospects and clients. Occasionally, a business owner may have several hundred tax preparation clients and decide to expand his service offering to tax planning. In this case, you want to focus on upselling existing prospects and help the clients you already have, before selling new ones. In this scenario, it is fine for the business owner to take a couple weeks to go through his existing client base and clean up the easy work amongst the existing clients. However, as stated earlier, typically the focus should be approximately 80% on new clients.

Generally, every single business owner needs a brand new sales pipeline with brand new prospects outside of their network of family, friends, and acquaintances unless they are below $100,000 per year in sales. If you are below $100,000 annual sales, you need to reach out to your network and work with anyone, regardless of niche or service offering, to reach your first $100,000 per year in sales. However, after reaching this milestone, you need to focus on a niche for all the reasons illustrated earlier in this section, and use active marketing to attract new prospects.

Starting with the end game
When deciding whether or not to build out a sales team, or what kind of a team to build, you need to first start by asking yourself if you want to build a business where you are the only one doing the sales, or if you want to build a business where there are many people closing deals for you. Similar to the Lifestyle vs Performance business scenario, this choice is not permanent. The choice you make does not ultimately matter, rather it dictates the actions you will take today. If you decide you want to go on the journey to build a business that generates more than $2,000,000 - $3,000,000 in annual revenue, you need to build a sales team that will go on that journey with you. On the other hand, if you decide that you want to do less, for example $150,000 per month in sales, you will be able to take all the sales calls yourself, however most of your time will be focused on consultations.
There is a saying in chess. When you first begin playing and learn from someone who is a master in the game, they begin by teaching you all the different ways the game can end. The reasoning is that once you understand how you want the game to end, it changes the decision on how you move the first pawn. Nowhere does this hold more true than for business. Once you decide on the end-game of your business, it changes the decisions you make today, in particular on the sales team.

Regardless of whether you choose to remain the only salesperson or plan to build a larger team, there are a variety of components you need to consider to make a great sales environment such as predictability, consistency, and the ability to generate leads every week. Some other things that will impact the kind of team you build are whether you are doing one-time only sales as in the case of tax planning, annual recurring sales as in the case of tax preparation, monthly recurring sales as in the case of monthly accounting engagements, and so on. Especially in the beginning, it is recommended that you build out your marketing and sales team on only one of these services and have a separate team responsible for upselling existing clients into other services.

Even if you decide not to build a team from the outset, it is still a good idea to be aware of the different facets of what it takes to build a successful sales team in case your goals change over time.
What is needed to build out a great sales team?

One of the most important aspects of building a great sales team is recruiting. You have to build a pipeline of candidates to interview and know how to run those interviews. Typically, if you schedule 25 interviews, only 12 candidates will show up, and of those 12 who show, you may wind up only hiring one.

Additionally, if you want exceptional people on your team who are going to close deals and you cannot be emotionally close to them. Your relationship with them should be a dispassionate one that revolves around the numbers and results.

The salespeople you hire should be judged based solely on performance for that month and not on your relationship nor the previous month’s performance or any other factors. If you find they are not meeting their targets and have stopped performing, you need to assess them as to whether or not they are going to be able to perform again, whether they need to change roles, or whether they need to be terminated.

How do you train your new hires?

Perhaps the number one problem with accounting firm owners who hire salespeople is that they never offer proper training to their sales staff, yet they still expect the sales team to go out and sell prospects. Once you hire somebody into your company, you must give them training on how the company works, what services the company provides, and generally on how to succeed at their role.

While it may seem extreme to expect a salesperson who does not come from a tax or accounting background to be able to walk through a sales consultation and present the client with an estimated tax savings number, this is absolutely possible. Given the appropriate training, they will be able to run a consultation with a prospect just as well, if not better, than you. As long as you offer training that teaches them about the industry,
the process, common deductions, legal entity structure, retirement and insurance, loopholes, etc., they will be able to take a call with a prospect and close the client just as well as the business owner.

You need to offer your salespeople a sales script that is at least 20 pages. In that script, you need to include potential objections word for word, how to handle those objections word for word, and how the script can be improved. Additionally, you need to provide them with call recordings, both good and bad. You need to show them five good call recordings where you successfully handled objections and closed the prospect. You also need to show them five bad calls where you should have closed but did not.

Once they complete the onboarding training, you need to offer daily training. Every day you need to get feedback from them about what they are doing well, what they are doing wrong, and you need to provide solutions to their problems. You need to reinforce to them the value of the company, including how successful it is and where it is going. You should remind them repeatedly of the value they are providing on the call.

While your sales people will lose sales, even if they deliver 80% to 90% of the sales results that you do, they are still immensely valuable because you get all that time back as the owner.

**How do you manage your new sales team?**

"Any good sales environment is based on results. It is not based on the relationship or the person. It is based on numbers and if the numbers are not working, things need to change."

If you go on the journey to build out a full sales team, you will have to manage them. Once you have five to eight salespeople on the team, you will generally want to bring a sales trainer and a sales manager on board as well.

These individuals will be in charge of things like the interview process,
onboarding, training, timesheets, the allocation of leads, probation periods, and terminations. Overall, they need to be in charge of overseeing the entire sales system.

As you grow your team, you will need to allocate the leads. As new prospects emerge, the best salespeople on the team should get the best leads and the sales representatives who are struggling will get the mediocre leads. As the lower level representatives work their way up the pecking order, they will be allocated higher quality leads, but you need a sales system that takes the best prospects and puts them in front of your best salespeople.

In addition, you need a sales system follow-up. For those prospects they are not able to close on the initial call, your sales team will need to follow up, often several times, over a period of time to give themselves a chance to close the sale.

The sales manager should also be in charge of setting clear performance expectations and terminations. Sales is different from other departments in that if sales representatives do not perform, they only receive a couple chances before they are terminated. Keep in mind that you do not need to be the one to terminate these employees. Over time, you can hire an HR manager and have them oversee the hiring and firing process, but initially, you want to take this on yourself so that you understand the process.

Overall, these are the components necessary to build out a highly effective sales team. There is significantly more detail available in terms of software, the specific lead allocation process, and how to hire, train, and interview salespeople. For anyone who is interested please email support@accountingtax.com. We will also cover this more in future chapters.

“Anyone interested in more information on how to build out a highly effective sales team, email support@accountingtax.com”
A productized service is a systematized value-added, done-for-you service that is packaged as a product with a defined scope and price. It is effective when focused on delivering one specific service exceptionally well. It adds value in unique ways that neither software nor a generalist accountant or service provider is able to provide. Nowhere is this definition more true than with tax planning as a service.

“The beautiful thing about tax planning is how little economic input it requires in order to deliver tremendous value to the client.”

One of the more unique qualities of tax planning is the relatively limited amount of time it takes to deliver the service, and the immense amount of value it adds to the client. However, when it comes to the accounting profession, unfortunately most accountants find themselves in the mental trap of believing that they need to bill for their time as opposed to billing for the value they provide. Often times this results in them mistakenly convincing themselves that the more time they spend on service delivery, the more value they are adding to the client. Instead, you should aim to provide the least economic input to achieve the highest level of value to your client.

Definition: Economic input is time, money and resources - time of staff, time of the owner, and related costs such as software, training materials, etc.
In the case of tax planning, the client is currently in a state of overpaying in tax. Your goal as a tax planner is then to get them to a state of paying less tax using the least amount of economic inputs possible. Simply by reading this book and using the resources and templates provided, this process has been significantly shortened for you. However, the process of improving service delivery is a journey that has only begun. As you gain more and more experience in your niche, you will be able to shorten the process even more, gain greater efficiency, and continue the journey for the life of your company.

Another graphic representation of the relationship between Value to the Client and Time Spent on Service Delivery is depicted below:

As you can clearly see from the graph, the amount of time it takes to deliver services does not necessarily correlate to how much value you are providing the client. While they can be related as in the case of implementation, tax preparation and quarterly maintenance plans, in the case of managing accounts payable or reconciling bank statements, these are relatively low value services that require a lot of time to deliver. Conversely, tax planning is an incredibly high value service that requires relatively minimal service delivery time and this is ultimately the quadrant of the graph that you want to spend the majority of your time in.
Overall, you do not want to fall into the trap of believing that you need to spend countless hours in order to deliver more value to clients. Instead, your goal should be to focus relentlessly on how to provide the most value to your clients and then streamline the process so that it requires as few economic inputs as possible.

“You don’t want to fall into the trap of believing that you have to spend countless hours on service delivery into order to deliver exceptional value to your clients.”

e. Operations

In essence, the role of the Operations department is to deal with all the runoff that the other departments generate by growing and scaling. As your company grows, you will need more and more operational support in a variety of different areas which we will go over individually:

- Hiring
- Interviews
- Human Resources
- Centralized Client Communications
- Customer Support
- Deadline Management
- Client Satisfaction
- Accounts Receivable
- Accounting & Legal

Hiring

“Operations is responsible for making sure that the Organizational Chart, which is designed by the owner, is filled with the right people in the right seats.”
If you are going to build a performance company, and especially a large sales team, you will have to eventually hire a full-time recruiter to take over the hiring and interview process. Depending on how quickly you aim to grow, you may find yourself doing upwards of 100 interviews per week. From this perspective, it makes sense to bring someone on full-time to take care of posting job ads, screening applicants, determining compensation, and coordinating new hire relocation.

As with other components of the business, it makes sense to do this yourself at first so that you develop an understanding of the process, but ultimately you should hire someone to handle the process for you.

**Interviewing**

Being able to effectively interview candidates is a skill. As the business owner, you should interview each candidate for the first twenty to thirty team members that you bring onboard. You want to personally ensure that every single person that comes into the company has been individually screened by you.

Additionally, they should be required to do personality tests - at the time of writing this book, Myers-Briggs and Team Dimensions are the two recommended tests - as well as being required to do a practical test. For example if you are hiring a tax professional to help you deliver tax plans, they need to successfully complete a technical tax test before you hire them. A marketing person needs to successfully complete a marketing test and so forth. You should grade them not only on how well they complete the technical portion, but also on how well they perform in communication, whether they ask questions, how they present themselves, and their interaction with you.

Throughout the interview process, you want to screen the applicant from both a psychological as well as technical perspective. Once you have a good interviewing process in place, you can bring someone on board to help you, but as stated before, you should do the hiring yourself for the first twenty to thirty team members.
Human Resources
If you plan to grow a big team, you will need human resource policies - payroll, insurance, benefits policies, paid time off policies, sick pay policies, etc. When done correctly, human resources can be seen as talent management instead of a negative department that drags the company down.

“Human resources can be seen as talent management - building an amazing environment for talent to thrive.”

The goal of HR should be to create an optimal environment for talent to thrive and become an essential part of building an amazing company and team. In an environment where employees are terminated for both behavioral and performance reasons, you must ensure that everything is absolutely ironclad from the offer letter to employment agreements, company policies, warning letters, probation letters, termination letters, and severance packages.

There is a tremendous amount of work that goes into managing a high performance team, and if your goal is to build a performance company, you should hire a human resource person as soon as you can afford one.

Centralized Client Communications
As the business owner, you want to centralize client communications and documentation to ensure that you know when other people in the company are emailing clients and prospects. This allows you to monitor how your employees are interacting with them and gives your clients and prospects a forum to complain when those interactions are negative.

This allows you to flag things that are not going well and create templates and processes for dealing with a variety of situations such as new clients needing engagement letters, finalizing tax plans and implementation steps, supporting documentation for a specific strategy, and general customer support. As problems come up, you want a process to ensure those problems are dealt with quickly. This way, even if you as the owner are not available, your clients still receive support within 24 to 48 hours from your customer success manager.
Deadline Management
Operations is responsible for all of the different departments in the company, including managing deadlines. Operations must ensure there are the correct amount of people and teams associated with each department and if a deadline is close to being missed, they need to either hire more people or motivate current employees to work overtime through well-designed bonus and compensation plans.

However, they must also ensure that employees are not working so much overtime that they are constantly overworked and they should ensure that people are taking an appropriate amount of time off.

Client Satisfaction
Client satisfaction is largely driven by having enough great people in the proper roles. If this does not happen and client satisfaction begins to diminish, Operations is responsible for hiring the correct people into the correct roles and replacing those who are not in the correct roles either by assigning them into a different department, or through termination.

Accounts Receivable
While many clients will pay upfront and in full for a tax plan, occasionally you may find yourself offering a payment plan or an initial transaction will decline. In these cases, Operations is in charge of a professional follow-up process. Some additional areas Operations needs to manage and track accurately are:

- Maintenance agreements
- Credit card and ACH information storage
- Proper 30 day, 60 day, 90 day, and 120 day follow-up process via email, text, and telephone for declined payments and payment plans
- Ongoing AR listing
- Updated percentage of uncollectible accounts
• Monthly collections targets
• Declined charges
• Requests for returns
• Charge disputes

**Accounting and Legal**
While you as the business owner will take on these tasks in the beginning, eventually you will find yourself passing these off to Operations, especially if you are building a larger team. Some professionals you may potentially need include but are not limited to:

• Employment attorneys
• Tax attorneys
• Liability attorneys
• Internal accountants

Even though you as the business owner may be an accountant, you do not need to handle your own accounting forever. It is the responsibility of Operations to hire the appropriate team to handle your the accounting, legal, and tax work of your business so that as the business owner, you can focus on growing and scaling.

**Summary**
While there are many other facets of Operations and its related responsibilities, the above listed are some of the initial areas to focus on when you decide to scale your team.

The reality of Operations is that you will have to make sure your expectations are realistic. Problems will never go away; if anything, they will only get worse. The only thing you can do is constantly improve your method of dealing with them and that is through better staff, more aware and intelligent team members, and a better approach to problem solving.

The key is not to avoid mistakes, but rather not to make the same mistakes over and over again. As you keep growing and scaling, every department will have problems that you will solve for the time being and as you scale again, new problems will emerge in a continuous cycle. Once you accept the fact that this cycle will always exist, you can begin to look at the problems as operational opportunities instead and truly have fun growing and scaling.
SCALING A TAX PLANNING BUSINESS
Overview
Perhaps one of the greatest aspects of a tax planning business is the speed at which you can reach different income milestones. This is unlike a traditional accounting firm, where there are significant limitations in capacity due to the amount of economic resources required to onboard and service clients.

a. Growing a Tax Planning Business
Because the service delivery is so light, especially if you are focused on one niche and are delivering one transformation (tax planning), you can quite literally onboard dozens of clients per month. In the case of traditional accounting firms delivering tax preparation, the problem with growth and scaling is not only the significant amount of time spent on service delivery time, but that time is packed into a seasonal time frame. These two factors combined severely limit how many clients can be onboarded. However, tax planning businesses do not face this issue. Rather, for them, the bottleneck occurs on the sales and marketing aspect of the business.

Sales and marketing must be pursued relentlessly especially in the early stages of growth. In just a few short months, you can build enough momentum to close several clients per week and within one year you can generate $100,000 per month in sales.

The table below suggests a potential timeframe for you to consider:

<table>
<thead>
<tr>
<th>Month</th>
<th>Clients/Week</th>
<th>Clients/Month</th>
<th>Unit Price</th>
<th>Monthly Sales</th>
<th>Staff</th>
<th>Profit Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>8</td>
<td>2500</td>
<td>20,000</td>
<td>0</td>
<td>70-80%</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>8</td>
<td>5000</td>
<td>40,000</td>
<td>0</td>
<td>70-80%</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
<td>12</td>
<td>5000</td>
<td>60,000</td>
<td>1.5</td>
<td>70-80%</td>
</tr>
<tr>
<td>4</td>
<td>4</td>
<td>16</td>
<td>5000</td>
<td>80,000</td>
<td>1.5</td>
<td>70-80%</td>
</tr>
<tr>
<td>5</td>
<td>5</td>
<td>20</td>
<td>5000</td>
<td>100,000</td>
<td>2</td>
<td>60-70%</td>
</tr>
<tr>
<td>6</td>
<td>5</td>
<td>30</td>
<td>5000</td>
<td>150,000</td>
<td>3-4</td>
<td>50-70%</td>
</tr>
</tbody>
</table>
You may not choose to grow your company to $100,000 per month and may instead want a company that does between $100,000 and $500,000 per year in sales. That is perfectly acceptable as well. The chart is simply a guide for how to plan your timeframe for the level of sales you want to achieve. Conversely, this does not state that if you choose to build a tax planning business, you can only build up to $150,000 per month. You can choose to grow as large as you want. The key is when you are just starting out to make the goal at least $50,000 per month in sales. The rationale is that if you set a much larger target, you are more likely to fail in a much better position than if you set a small target and meet it. Generally, if you hit your target, your goal was too small. That being said, if your goal is $150,000 per month in sales, this chart shows you the approximate timespan required for you to achieve that goal assuming you are starting with no sales and are willing to dedicate everything you have to reaching your goal.

“If you hit your goal, it wasn’t big enough.”

Of course, simply because you dedicate yourself to growing your business to this size and at this pace, does not guarantee success. In order to scale to this size at this rate, you will have to become an incredible analytical marketer in addition to becoming an outstanding writer who can craft compelling copy that attracts people to you. You will have to become an amazing salesperson to the point that if you are on the phone with a prospect, the likelihood of them moving forward with you is very high because you can clearly articulate the value of them working with you. Once you have accomplished all of those feats, you will then have to become a business owner who creates incredibly effective and streamlined
processes for delivering those tax plans. You will have to know, in intimate detail, those tax planning strategies that are specifically applicable to your niche. You will also have to do this all while holding together the operational environment of your company and ensuring both your clients and employees remain happy and satisfied. If you can do all of the above, then you have a chance to succeed at this timeline.

“This gives you an idea of what is possible if you fully commit to achieving your goal.”

For those of you reading this and feeling discouraged, this timeline was not created from the perspective of what the average tax planning business owner is doing. It was created simply as a chart of what is possible for you if you are completely and fully committed, and in fact, it can probably be done faster than this. It is a reasonable timeline in terms of scaling the marketing, sales, and service delivery aspects of the business, in unison.

Depending on which marketing model you want to use, your advertising costs will vary. Whether you use direct mail, paid advertising through Facebook or Google, LinkedIn marketing or whether you have a large existing client base you can utilize, your advertising costs will change and you should factor them into the chart you build for yourself. However, overall the chart does an excellent job of reviewing a six-month timeframe and detailing how many clients you need per week, which translates into how many clients you need per month, the average price per tax plan, your monthly sales target, the number of staff needed to meet that level of revenue and your potential profit margin.
Variability in Costs
These numbers are all fluid and you need to customize it for yourself and your own goals and preferences. For example, you may have smaller margins because you want to build your team faster, or you may have a higher unit price because you are able to sell more expensive tax plans.

Alternatively, you may have fewer clients because you decide to work on larger tax plans. All of these options are viable and will still lead to a successful business.

The point is not to rigorously follow the chart, but rather to have a detailed plan for exactly how many consultations you need each week, how many unit sales you need each month, what your target price per unit needs to be and how many people you need to help you deliver the work. As you continue to scale, margins will decrease because you will have to spend more on advertising and you will have to build out a larger team.

“The point is not to rigorously follow the chart, but rather to do the math for how fast you want to grow.”

Advertising ROI Targets
At the time of writing this book, the research shows that you should be able to achieve anywhere from a 5-1 up to a 10-1 return on investment in terms of advertising spend, regardless of what method you choose. Therefore, whether you advertise via radio ads, direct mail, hiring salespeople to cold call, Facebook or Google ads, or LinkedIn marketing, etc, you should expect no less than a 5-1 return on investment for money spent on activities to generate appointments.

Therefore, if you decide to spend between $15,000 and $30,000 per month in advertising, you can expect to generate $150,000 per month in sales.

Scaling in Unison
In order for you to be able to grow the company to this size, you really have to scale everything in unison. All the various components - units, price,
staff, advertising - must come together similar to a team of synchronized swimmers in order for you to pull off growth of this magnitude in a short period of time.

Once you reach the level of $150,000 per month, you can maintain the business fairly easily. However, to take the business from zero or minimal sales, up to over a million dollars in sales annually, will generate quite a bit of stress, but at the same time will be exhilarating.

One of the things you should not lose sight of is how unique these numbers are to a tax planning business. Growth of this magnitude in such a compact timeframe is simply not possible under different business models. Onboarding enough tax preparation clients to get to these revenue levels would simply be staggering and not possible to achieve in this short amount of time. Similarly, a monthly accounting business would not be able to do this either.

**The Downside of Tax Planning**

Unfortunately, as with anything in life, there is always a downside. In tax planning, the downside of tax planning is that it is a one-time service. This means that every month, on the first of the month, your sales go down to zero. Many people find this extremely concerning. Consider a monthly recurring revenue model. If you have $80,000 of monthly recurring revenue and you take no action at all during the month in terms of advertising or new client acquisition, you would still make $80,000 that month. This is not the case for a one-time service model.

However, one-time sales will keep you on your toes. You will always make marketing and sales your priority and you will always be pushing for new clients. Your need for marketing and sales will never end. That being said, this is not something to be intimidated by. Consider all the companies that run on one-time sales - Toyota, Walmart, Apple, etc. The one-time sales that occur in tax planning are significantly more profitable than the one-time sales that occur in traditional tax preparation companies or with monthly accounting engagements.

Therefore, even though there are challenges associated with this kind of model, it is absolutely worth it to go on the journey to build a massively successful tax planning business.
Summary
As you scale the business, the amount of long-term value you create is absolutely massive. You will have generated an incredible client base for tax preparation services, monthly accounting services, financial services, insurance and retirement recommendations, etc. All of these revenue streams are available to you should you decide to take advantage of them. Whether you choose to offer these services at $1 million in annual revenue, or wait until you reach $10 million of revenue, the choice is yours.
YOUR CAREER HISTORY
Your Career History

Overview
As mentioned in other sections, there are always going to be additional savings for your clients. You will never be able to find every tax strategy available to your clients, and you will certainly never become an expert in every tax strategy listed in the 70,000+ page tax code. There are simply too many variables, strategies, and differing opinions for your client to reach that ideal state. However, what is more important is that by investing with you on a tax plan, they are able to take their tax savings and keep significantly more of their earnings - five, ten or even one hundred times more - in the current and future years.

a. Your Past Is Not an Indicator of Your Future

One of the biggest issues people face is believing that they can never be a tax planner because they are an accountant, an attorney, or a financial planner and they are solely that one role. They believe that because they have only ever done tax preparation, or legal entity setup, or sold securities, they cannot transition into tax planning because they do not have enough knowledge.

What people so often lose sight of is that the ultimate goal of tax planning is to save the client money. It does not matter how unique or complex or new the tax savings strategy is. What matters is, does it work?

Consider the image below:

\[ \text{THE RESULT} \]

Reducing Taxes For A Business Owner & Individual

Attorney → Financial Advisor → Accountant → Normal Person → Baby

All that matters is: Does it work?
You can see above that people from all backgrounds fall into this mental trap. However, the truth is that even if you were able to find a baby genius who knew about tax planning and you knew for a fact the strategies the baby recommended would save you money on taxes, you would pay the baby.

Very often, **Accountants** focus on their process, their background, and what services they have historically provided and do not focus enough, or at all, on the result for the client. They believe the myth that tax preparation should include tax planning and because of this they do not charge for the service and ultimately do not provide the value to the client.

**Financial Advisors** believe that because they are earning such a high commission, they cannot charge additionally for a tax plan. It is sometimes true that financial advisors have limitations with the brokers they work with and they are not able to charge for financial plans; however, this is often not the case. As with accountants, they believe that no one in the industry is doing it so they can’t either.

In a similar vein, **Attorneys** believe that they are not doing tax planning because they do not know about deductions or legal loopholes associated with reducing taxes. All they are able to do is move their client from an S-Corporation to a C-Corporation because they know this will put the client in a more favorable tax bracket, and they charge solely for the legal entity setup and do not take credit for the additional value they are providing.

However, even if you only know how to do one strategy and it’s all you are able implement for them right now, just this one simple change could result in tens of thousands of dollars in savings for the client.

Therefore, it doesn’t matter if it is a baby, a person with no financial or accounting background, or a financial advisor, or whatever else the person’s background happens to be. If the person has the knowledge to save their client money on taxes, they need to charge for tax planning. As you continue on your journey, you will build and expand your domain of knowledge and be able to offer even more tax planning strategies and save your clients even more in taxes, no matter what your background is.
b. What The Client Is Buying

While it is great to have an efficient deliverables process and a polished product, ultimately this is not what the client is buying. As a matter of fact, all of the following, while potentially helpful, are NOT what the client is buying:

- Your process
- Your degree
- Your career history
- Your templates
- Your license, JD, or CPA
- Your staff
- Your logo
- Your website
- Whether the tax plan is simple or complex

The client is buying one thing, and one thing only.

The client is buying the RESULT:

- Previous year Savings
- Current year savings
- Future year savings
- The savings from today until the end of their life
- The compounding interest added to those savings

It does not matter to the client whether or not you deliver the most complex tax plan in the history of tax planning. They don’t care whether you have the most stunning templates in the industry or if you mail them a napkin that outlines what steps they should take. As long as your tax plan can save them money and deliver the above results, you have delivered value for the client.

Understand, the prospect is not aware that this is what they are buying. As the client, they are unaware; but you, as the business owner, are fully aware. Once you can internalize this message, that the client is only interested in the current year savings, and the potential those savings create for them, you can understand that your past career, history, and degrees or lack thereof have absolutely no bearing on the value you can
b. Continuing Your Journey

You have the ability today to provide value to your clients in the form of tax planning -- so you should charge for the value you provide. However, you also need to spend time acquiring new knowledge and skills. As you go on this journey, you will learn more tax strategies and better processes to deliver the services, and you will continue to upgrade your overall skills.

While your past may have played a role in bringing you to your current state, without continuing the journey to upgrade your skills and your way of thinking, you will not be able to rely on marketing and sales gimmicks to get you to the next stage. As discussed in elsewhere in this book, marketing and sales are only as good as the product they represent. You need to be able to help your client save money on taxes by continually improving.

In Summary

Your career path is one continuous journey. You know more now than you did before you picked up this book, but you know less than you will once you finish this book. You know less than you will one year, five years, a decade from today, but you still need clients today. For as long as you are an entrepreneur, you will always run two businesses. You have the business you are running today ensuring deliverables go out, new clients are brought on-board, and the correct staff are hired. You also have the business that you are building where you are learning new skills, adding new tax strategies, and strategizing for the next level. As you go through this journey, you are no longer a normal person, an accountant, an attorney, or a financial advisor - you are an entrepreneur who provides a productized packaged service called tax planning. Ultimately, this is what provides massive value to your clients.

“YOU’RE AN ENTREPRENEUR WHO PROVIDES A PRODUCTIZED, PACKAGED SERVICE CALLED TAX PLANNING.”
Pricing

Overview
Before you have your first strategy session, you want to make sure you understand how much to charge for each piece of the engagement. Generally, if you are doing tax preparation, you should absolutely be doing tax planning as well. However, you want to make sure you are breaking out the separate pieces of the engagements and charging correctly for each part.

In this section on pricing, we're going to cover:

- Preparation
  - Individuals
  - Business Owners
- Planning
  - Plans
  - Implementation
- Maintenance
- Deposits
- Hourly vs. Fixed Fee

a. Tax Preparation
Preparation is a largely misunderstood service in the U.S. Small business owners regularly brag to their friends, “my accountant is great; they help me save so much in taxes.” The reality is that often times that accountant is simply preparing the return in accordance with what that person happens to have done in the previous year - they aren’t doing any planning whatsoever.

Yes, they may be taking all the strategies possible. But they probably aren’t looking at that client after tax season and asking:

“What can we do to change this person’s life and business, to take advantage of regulatory changes to pay the least amount of taxes?”

With that being said, let’s do a quick overview of tax preparation and what we should be charging for these engagements.
Individual Tax Returns

Individual tax returns are those filed on behalf of the client to the IRS and local taxing authorities. This can also include a Schedule C business owner (if they do not have a legal entity but do have a small business they operate on the side).

Because there are low margins on individual returns, you typically only want to do them as part of bigger engagements. For example, if you are doing the tax planning and business return for a client, you should also do the individual return as a courtesy so that they do not have to find another accountant to do that work for them.

You can make exceptions for high net worth individuals, or individuals with particularly complex tax situations where you can charge higher fees and earn healthy margins, but overall you should only really do individual returns to the extent that they are attached to a business.

Price Targets for Individual Tax Returns

<table>
<thead>
<tr>
<th>Minimum:</th>
<th>$750</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target:</td>
<td>$1,200+</td>
</tr>
</tbody>
</table>

Many people want to know how they can charge a minimum of $750 for an individual return. The answer is, by not working with everybody.

As was mentioned above, you typically only want to do individual returns as part of a bigger engagement. Therefore, if you have already delivered a tax plan, done the monthly accounting, and completed the business return for a client, you have already provided a tremendous amount of value to them and you have positioned yourself as a high value provider. At that point, paying you $750 for their personal return makes much more sense.

Key Considerations

When pricing the tax return, you want to start by considering who they have to fire in order to give you the work and how much value this is providing to them. For example, if they have an existing provider they are not happy with or they have been doing it themselves, hiring you provides them with a lot of value in the form of emotional relief. This makes it easier for you to negotiate a higher fee.
If they have an existing provider, you want to ask how much they are currently paying. At times, prospects will push back and not want to answer this question. However, you can explain to them that while you have a fee in mind, you want to make sure it makes sense and that you are taking everything into consideration. If the existing provider charged a much higher fee, there could be complexities you are not aware of.

Another consideration is how much value you are providing and how much money you can save them. It is rare that you will take over tax work from a previous preparer and not find ways to save the client additional money on taxes or expenses. Assuming this amount is minimal, you should note it to the client, factor it into your fee, and include it in the tax preparation. If, however, you find you can save them $5,000 or more, that is a separate tax planning engagement and should never be included in the tax preparation fee.

A couple of other considerations to take into account are the personality of the client and the current state of their accounting. Demanding clients will command a higher fee (the “pain in the a** fee), and similarly, clients with messy or nonexistent books will also command a higher fee because of the amount of additional work they will require. As with tax planning, if you find that you need to set up their books and clean up a year of accounting, you should structure that as a separate engagement and charge accordingly.

**Business Tax Returns**

Business tax returns are returns filed on behalf of a business to the IRS and local taxing authorities. The client will have some sort of a legal entity set up, be it a Partnership, Corporation, LLC, etc. Generally these returns include a variety of complexities such as inventory, Cost of Goods Sold, foreign reporting, etc. which will drive up the price.
Price Targets for Business Tax Returns

<table>
<thead>
<tr>
<th>Minimum:</th>
<th>$1,200</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target:</td>
<td>$2,000+</td>
</tr>
</tbody>
</table>

As a business has additional complexities, you will want to charge a higher fee in comparison to an individual return. It is also a good idea to qualify the fixed fee on the strategy session and state that if you go above the retainer you will charge hourly. This will protect your margins in case you run into further complexities that you did not account for during the strategy session.

Additionally, the pricing applies per year. For example, if the client needs to file three years of tax returns, you would charge $2,000 per year for each unfiled return for a total of $6,000.

Key Considerations
As with individual tax preparation, you want to take into account all of the same factors for a business tax return.

With business returns in particular, you want to consider how much accounting work, if any, is going to be required in order for you to be able to complete the tax return. If the business hasn’t even completed their books for the last year, you need to sell a cleanup engagement before you can consider doing the tax preparation. Additionally, if they have a bookkeeper but you find that you still have to clean up the books despite their work, you will want to charge additionally for that as well.

Plans
One of the bigger confusions in the tax industry is the difference between tax preparation and tax planning. Many small business owners believe that their CPAs are currently saving them money each year as part of their tax preparation. This is simply not true.

The majority of accountants who prepare returns simply copy and paste from the year before, adding in the data from the books, and do nothing to ensure their clients are paying the absolute minimum in taxes.
b. Planning

Therefore, when selling tax planning services, you may need to inform your client of this reality (we'll go over this during the sales portion of this book later), but you also want to make sure you are pricing your services accordingly and separately from tax preparation.

“When in doubt, start high and negotiate down.”

Price Targets for Tax Planning

<table>
<thead>
<tr>
<th>Minimum:</th>
<th>$2,500</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target:</td>
<td>30% of current year estimated* tax savings, generally up to $20,000</td>
</tr>
<tr>
<td>Target Range:</td>
<td>$4,800 - $9,800</td>
</tr>
</tbody>
</table>

*It is important to note that our initial tax planning fee targets are 30% of estimated savings, not actual savings.

When pricing a tax planning engagement, you want to charge the client 30% of their current year savings.

Therefore, if on the strategy session you determine that you can save the prospect $10,000 in taxes, you would charge $3,000 for the tax plan. Even though you are going to save them $10,000 this year and every year going forward, the reason you base your estimate on current year estimated savings is because future year savings are not readily accessible to them—they only have access to what they will save in the current year.

An exception to this rule is if you are talking to a prospect during the fourth quarter of their tax year (e.g. October, November, or December for a calendar year taxpayer). At that point you can base your estimate on both the current year tax savings and the next year tax savings.

The reason for this is because the cash from next year’s savings is much more readily available than in the example above.

Typically, you should not charge more than $20,000 per tax plan, even if
you are saving the prospect more than $60,000-$70,000. For example, if you estimate that you can save a prospect $100,000, you may still charge $20,000 and not $30,000.

The reason for this is because $20,000 is already a sizeable fee especially if there is minimal work to be done. This also tends to be the upper price limit for most potential clients.

The exception to this rule is if there is substantial work to be done on your end for the plan.

For example, in the case of international tax plans, there is significant coordination of several parties to complete the work. For this type of tax planning, you should continue to charge 30% of estimated savings even if it exceeds $20,000. You may also decide to quote these fees separately as part of an implementation plan, which we’ll go over shortly.

While you should qualify your fee, in tax planning you rarely go over. These engagements are so profitable that you often make significantly more than $250 per hour. Therefore, you generally should not have to bill additionally over the quoted price.

Similar to other engagements, contributing factors to the price are the personality of the client and how much accounting work, if any, needs to be done in order to complete the tax plan. If you find that substantial accounting work is needed, you should first sell the clean-up engagement. Once that is complete, upsell the tax plan. In the same vein, you should qualify that any implementation work is also not included as part of the tax plan and ensure that you are charging separate implementation fees for that portion of the work.

Another key consideration is whether or not it makes sense for you to even do the tax plan in the first place. For example, if the client wants to relocate the company to Singapore, but international tax plans are not something you want to do in general, then it may be best to pass on the engagement. The size and complexity of the engagement will take a significant amount of your time. If this is really not work you want to be doing, you should consider whether your time would be better spent with a different client.
Implementation Fees
Assuming you have decided to move forward with the tax plan and have communicated the strategies available to your client, they will tell you which of the strategies they would like to implement.

At this point, you should consider charging an implementation fee for strategies that are complex and costly to implement. Remember: not every strategy will require an implementation fee.

Price Targets for Tax Plan Implementation:

| Minimum: | $2,500-5,000 retainer and $125 per hour if over |
| Target:   | $5,000 retainer and $250+ per hour if over |

When deciding whether or not to charge for implementation, the key is the amount of work to be done beyond research to implement the strategy. Let’s look at an example of a client who decides to set up an Intellectual Property subsidiary as a C Corporation.

Evaluating and Pricing an Implementation Plan
Assuming you are not a JD (or you are one but don’t want to do the work), you may need to coordinate with an attorney to set up the Articles of Incorporation for the client. You have a few options. You can choose to refer them to an attorney who bills the client directly for their fees and not charge any sort of implementation or referral fee.

You can also choose to charge an appropriate fee to manage and coordinate the process and make additional margins on the fee. Assuming you choose to charge a fee, how do you know how much to charge?

As a general rule, unless you have implemented a certain strategy at least five times, you most likely will not know how long the process takes and how to price the implementation. In these cases, you should start with a $5,000 retainer and qualify that you will bill hourly if you go over.

Your hourly rate should be at least $125 per hour. However, for tax planning work, it really should be closer to $250 per hour or even $500 per hour.
if you are confident in your services and the value you are delivering to the client. If you know from the beginning that the implementation will be a huge project, you should charge a higher retainer--anywhere from $20,000 and up.

You then need to take into consideration the subcontractor or third party you are working with and how they charge. Some will charge a fixed fee, others will charge a commission, and still others will charge an hourly rate. You want to make sure you are making at least the $5,000 retainer plus whatever the subcontractor or third party cost is. For example, if you know the price of a cost segregation study will be a $12,000 fixed fee, you would charge $17,000 for implementation, making sure to qualify that you will charge hourly once you exceed your $5,000 retainer for the time related to process management.

c. Maintenance
You may have clients who need you to check in with them on a quarterly basis to help them stay on track with estimated payments and review their payroll tax forms. Not only do you want to help make sure they remit the appropriate amount, but you also want to make sure the payments are appropriate for any changes in the business.

The last thing you want is for your client to be hit with a $75,000 tax bill in April because they had a great fourth quarter and no one accounted for the additional tax on that revenue.

Price targets:

| Target: | $1,500 - $5,000 per year |

While some people offer to help the client with this service, the most successful firms consider this more of an accounting service. If you’re working with the client on an ongoing monthly basis, you may help them set up an account and set aside estimated amounts for taxes, calculating the amount monthly or quarterly. However, just because you do the tax plan or preparation does not mean you need to charge for ongoing maintenance.
**d. Deposit**

A good practice is to take deposits for tax work throughout the year. As you talk to people throughout the year and outside of the traditional tax seasons, it is generally a good idea to take non-refundable deposits for tax work to be done in tax season - usually $500.

This will allow you to build a strong pipeline throughout the year, and it will allow them to reach out to you with any questions they may have before busy season. If you find that prospects are pushing back, you can agree to make the deposit refundable. You may also consider lowering the deposit amount to $250, especially if it is just for an individual return. However, this is a great method to build up your cash reserves outside of tax season.

> “Never begin work until you have received payment in full. Alternatively, if you agreed to a payment plan, you don’t start work until you have accepted the first payment in full.”

**Upfront Payments**

Another good practice is to collect full payment upfront in January. Especially if you have taken a deposit, you can notify the client that you will charge the remainder in January. If they push back, you can try to negotiate 50% payment in January and the remainder due at tax filing.

> “Under no circumstances should you deliver the tax return without collecting payment.”

You may consider scheduling a call to deliver the return and walk them through their return and address any questions. At that point you can confirm you are going to bill their card and then file immediately once the payment clears.

> “Until their payment clears, they are not a client!”
As a general rule, you never want to charge less than $125 per hour. However, your target should be $250 per hour or more. Here’s the reasoning behind this: if you billed 2,000 hours per year, at $125 per hour, your maximum annual sales would be $250,000; however, you will never be able to bill 2,000 hours because of all the administrative, sales, and marketing hours you also need to bill. If your business is making less than $250,000 gross, you may as well go back to being a wage slave! Therefore, the absolute minimum you should charge is $125 per hour and always begin with a $2,000 retainer and bill into it.

Fixed pricing can be an excellent approach.

“Once you set the fee for the engagement, you allow yourself to become more and more efficient and effectively earn more per hour.”

The downside of fixed fee pricing, however, is that if you underestimate how much time the engagement will take you, you can wind up losing a significant amount of money on the engagement.

The solution is therefore to use a combination of both.

“You should aim to price the engagement at a fixed fee, but qualify to the prospect that if you go over, you will bill hourly.”

This way, especially when you are just starting out and before you have a good idea of how long it will take to complete an engagement, you give yourself a method to protect yourself should the engagement be more complex than you initially intended.
Summary
As mentioned in other sections of this book, tax planning is separate from implementation and preparation. The prospect may want you to implement the changes for them and prepare the tax return; however, you must be clear on the strategy session what the separate parts of the engagement are and be sure to price for each separately to allow for maximum margin and value to the client.

You need to take certain key considerations into account when establishing pricing. Often times those are the personality of the client and the amount of accounting work that needs to be done in order for you to complete the engagement. You may run into situations where you have to first sell a clean-up engagement before you can sell a tax plan or preparation engagement.

Another key concept to keep in mind is fixed vs. hourly pricing. While sometimes people believe you should only use one or the other, it can be beneficial to use both—especially when you are just starting out. This will keep you from ruining your margins on a particularly disorganized client or if you simply don’t know how to estimate economic input for engagements.
THE MATH
The Math

Overview
Once you understand pricing and have a basic understanding of the different types of services that are associated with tax planning, you have to tie all the information together and do the math to determine how to set your sales targets and how much activity you need to generate in order to reach those targets for different timeframes.

Where to Focus

“You need to set a goal, do the math, and fight like hell to get it.”

Despite the simplicity of a tax planning business only offering one service, there can still be a great deal of complexity to take into consideration when setting goals. The key is understanding where to focus your attention so that you can come back daily and understand what action you need to be taking on a daily basis to make your business grow.

No matter how large your business grows, there will always be fundamental numbers that you will have to consider. The process that you use to calculate your goals and targets will never change, even though the numbers themselves will change as you reach higher and higher sales targets over the coming months and years. You will have to continually revisit, reassess, and think about these numbers daily in order to ensure you have the appropriate infrastructure, marketing, sales team, and operational support to reach them. However, the key is to know where to focus once you have set a goal, do the math to know what you need in order to reach it, and then fight with everything you have to achieve it.

When setting your goals and doing the math, there are a few key components to consider which are covered below.

Timeframe

The first key component is timeframe. The truth of the matter is that all timeframes are important - the day, the week, the month, the year, and your lifetime. For example, if you are 27 years old reading this book, your math is going to be vastly different than if you are 77 years old reading this
book. At 27 years of age you have a different amount of time to be able to achieve your goals, scale your business, grow your team, and realize your dreams.

Your dreams should adjust to your capacity. Therefore when you think about the timeframe of your business and your life, you should think of yourself as an asset in use with a depreciable life. When you think of growing your business, first ask yourself how many years are remaining of your depreciable life between now and your last day in service whether that be the day you retire, or quite literally your last day on this Earth.

“One great question to ask yourself is: What is going to be your biggest year in sales between now and the day you stop working?”

It is great to ask yourself the above and consider your lifetime results, however you should make it a point to review each of the timeframes listed below:

1. **Daily:**

   Perhaps the most important aspect of doing the math of success and planning is what you do in any given day. Whether you are reading this book at 9:00AM in the morning or 10:00PM at night, the reality is that everybody at any point in time always makes a sale right now. All action in business takes place in the moment of now.

   “What you do between now and the end of the day defines whether or not you made this day happen.”

   While it is important to plan and build the pipeline and look forward to all of the other timeframes, the reality is what you do in the amount of time you have left between now and the end of the day today defines whether or not you made this day happen. Each and every day, your goal should be to make the most of that day. Presented below are some questions that may help you:
• How many appointments do you have today?
• What are you doing to get more appointments today?
• How many people are you reaching out to?
• Based on the goals you set, how many appointments do you need each day?
• If it is 3:00PM and you have not met your quota for appointments for the day, what you can do RIGHT NOW? Who can you text? Who can you call? Who can you email?
• Can you send out another LinkedIn or Newsletter marketing campaign?

“The next timeframe to consider is the week. A week is truly an incredible amount of time. When you finally start growing your business and learn how to make things happen, a week becomes an eternity, particularly when you have a tax planning business with one-time sales.

While you will certainly have bad days where you do not close any clients, especially when you are first beginning, you can never have a bad week. Something may happen that affects the week, but the idea that you would go one week without closing a sale in a one-time sales business is not an accident, it is a mindset.

“If you don’t have at least one appointment a day and you don’t have at least one client a week, that’s a major problem.”

A week will give you enough time to do enough appointments to be able to get an idea of what your close rate is. It will give you enough time to see a return on investment for any advertising money you have invested, and
it should give you enough time to generate responses on any promotional campaigns you run. It will give you enough time to make up for mistakes with prospects that did not close or marketing experiments that failed.

A great habit to develop is on Sunday night, before the week begins, look to see if you have enough appointments on the calendar to reach your goal, and see if you expect to collect enough total cash - from both rebills and new cash - to reach your goal?

A key metric to think about, particularly on a weekly basis, are rebills. Rebills are defined as cash coming in from payment plans for clients who did not pay in full upfront. For example, if you sell a tax plan for $8,000 and the client pays $5,000 on the initial call, the remaining $3,000 billed in 30 days is referred to as the re bill.

In addition to cash from rebills, you will also have New Cash coming in from brand new prospects whom you close on the initial call. Therefore, every week you want to be aware of how much total cash you are bringing in for the week.

As you are coming into Sunday and thinking about planning your week, while the number of appointments you have scheduled is perhaps the most important metric, a very close second is how much cash you expect to collect.

Therefore, if you find yourself on Sunday night, coming into the week with no appointments and no rebills, you have a very big problem because you are not on track to collect any cash that week. And so, come Monday morning, you are absolutely hustling to generate appointments and close some new deals.

3. Monthly:

In your tax planning business, you need to begin thinking of your month as your year. You need to look at the month and begin counting both the total number of days in the month, as well as the number of business days in the month. Some months have 28 days, others have 31. Some months have 20 total business days, others have 23. These are the kinds of numbers you need to be aware of as you set your goals for that month.

“If you hit your goal and have ten days left in the month, that was a really bad goal.”
A good analogy for the month is to think of it as a Monopoly game board. Look at the board and ask yourself what activities you are going to put around the board to generate the amount of sales you want to reach. Some of the pieces you will have to place are:

- A certain level of marketing activities
- A certain amount of advertising and promotion
- A certain number of appointments
- A certain close rate
- A certain number of tax plans
- A certain number of new hires

When you consider your plan for the month, and you take into consideration the above components, you realize that they all must come together in perfect synchrony to make everything work and this is why the gameboard analogy fits so well.

Another reason the month is such a great timeframe is because in today’s day and age, information moves very quickly. Therefore, it does not matter if you have had the worst two weeks of the year in the first fifteen days of the month, you can still recover in the last two weeks and have the best month of your life as long as you focus, believe in your goals, and do the work.

4. **Annual:**

While it is good to review your results on an annual basis, overall they are far too overrated. The year is such a long time period and so much goes into it, that while you do need some high level planning and an annual sales target, you do not want to live by this timeframe.

Additionally, your annual goals are most likely the ones that will be adjusted the most. There are so many swings during the year that you may realize halfway through the year that you have already hit $350,000 in annual sales and your goal is only $500,000 for the year and therefore must be adjusted upwards, and not to $750,000 which would mean constant growth, but rather to $1 million for the year because it would require additional effort to what you are already putting in.

However, even though they are hard to estimate, you do want to take time to create an annual target and when you do, you want to think big. Put
the math together for something that you believe you can achieve, but something that will truly force you to push past your current comfort level. You want to err on the side of thinking too big. If you do the math and you can see yourself hiring the necessary amount of people, and doing the required amount of appointments per week, and assembling a team to deliver that many tax plans per month, if you put the math together and you believe it is possible, even if your goal is ten times your current income, once you put the math down and believe in it, you will be able to make it happen.

5. Lifetime:

Lifetime is incredibly important. Many people never think of what they can accomplish in their lifetime. However, the reality is that most people who are reading this book are going to be 60 years old and older. Whether you are going to live until 60 years old or 96 years old, you will find yourself in those moments and the question is: did you plan where you wound up, or did you merely meander there?

“You are going to end up in these moments. Did you make it happen, did you aim and shoot, or did you just wind up there?”

When you think about your life, you need to think of the results you can create over the course of your lifetime. To help you figure this out, you should do the math on your personal finances and refer back to AccountingTax.com/Retirement presented in an earlier section in this book.
You can apply the same exact math to your personal finances as you do to your business finances. Do the math to calculate how much you can save and what your net worth will be based on how much you are able to save on a monthly basis.

Some other great numbers to think about are those related to your niche:

- How many people are in your niche?
- How many business owners are in your niche?
- How many people try to start a business in your niche every year?
- How many people are in the U.S. vs abroad?
- Are there multiple niches you are considering going to?
- Will you offer multiple services to your niche?

**b. Service Type**

Before you can successfully do the math on your business goals, you need to decide what service you will focus on. This section is not designed to provide you with the most comprehensive math calculation of a company offering seventeen different services. It is merely meant to give you a simple framework to calculate the math on a company offering tax planning, and while you may look at it and think it is too simple, keep in mind that simple does not mean easy.

The most important thing to focus on when you think about one service is to focus on that first engagement with a potential client.

“The fronter engagement - the very first engagement that occurs with a client.”

If you can excel at the fronter engagement and excel at converting your prospects into clients, you will have hundreds of thousands of clients to upsell into other services.

To date, the research shows that approximately 80% of clients who buy a tax plan from you will also buy tax preparation services from you if you
choose to offer them. Additionally, 40% of tax planning clients will work with you on other services such as monthly accounting, implementation of the tax plan or other non-accounting services. Therefore, if you can deliver the fronter engagement and build an excellent pipeline that converts two to fifty plus clients per week, you will have a massive customer list that you can go back to later and upsell secondary services.

The key is to focus on one pipeline that consistently and predictably brings brand new clients into the business on a daily basis. The people who are most successful at tax planning and grow the fastest with the most margin begin by offering one main service to new prospects and upsell existing clients into secondary services. They may occasionally sell a client into different services from the initial call; however, their main focus is tax planning and tax planning only.

c. Volume

When it comes to doing the math, people make errors in both directions. They make errors overestimating what they can do, such as the people who think they can hit $1 million in sales for the year and they are starting with no clients and six weeks left in the year. Other people underestimate what they can do, such as the person who is currently earning $65,000 per year and is aiming to make $100,000 in annual sales in five years. The risk for most people is underestimation, but the point is that you must actually sit down and do the math for the services you are going to provide, which is tax planning.

At the time of writing this book, the research shows that the absolute best initial goal for someone who is just beginning until they gain traction is to sell two tax plans per week. If you can hit this target, you will be well on your way to building a business that is profitable, generates lots of sales, provides immense value, and quickly gains momentum. Consider the math on this goal: Two tax plans per week at $2,500 equals $5,000 per week which equals $20,000 per month. While to somebody who has a job this seems absolutely out of reach, to somebody who has gone out and built a business, this is perfectly attainable. The best part is that you can scale from there. If you can begin to close two $7,500 tax plans, that is $60,000 per month in sales which translates to $720,000 per year, and at this size with these sales, you can still run the company yourself without any team members. There are very few business opportunities in the world that allow you to do this.
The reason you can do all of this is because tax planning is so light on service delivery. Therefore, even if you can only get your prices up to $4,500 per plan and you do not yet know how to consistently close $7,500 plans on average, it does not matter. The key is for you to be able to consistently close two clients per week because in order to reach that level, you will have had to learn how to do the following:

- You had to figure out how to close
- You had to figure out how to justify the price
- You had to figure out how to get appointments
- You had to figure out how to do that consistently

If you can do all of the above consistently for weeks on end, you will have proven to yourself that you have a consistent sales model that generates brand new appointments and brand new clients and all you have to do is more.

Once you reach the level of two tax plans per week, your goal really should be $50,000 to $100,000 per month in sales. To be honest, you have a much better chance of hitting $200,000 per year in sales if you aim at $50,000 per month than if you aim to make $200,000 per year. The way that goals work is that once you set a target, you generate a certain amount of activity to reach that target. Therefore, with a bigger target, you generate more activity, and you will hit right below that target. That is why you want a higher target. If you can hit your goal right below, you know you set a good goal. If beat your goal halfway through your timeline, that was bad goal.

Calculating the Math

Once you have your targets and your service offering you need to go through and do the math. Here are two spreadsheets that will walk you through how to do the math for both monthly and annual sales projections, as well as how many meetings you need on a weekly basis to hit your targets.

As was mentioned before, upsells are not included because it is simply too much to focus on:
Monthly & Annual Sales Projections

This spreadsheet is used to calculate how many clients you need, at what price, to hit your sales targets on a monthly and annual basis.

It also calculates how many meetings you have to perform per month to hit your goal.

You should use this spreadsheet on a monthly basis to reassess your goals for the year and subsequent month.

Download the excel version:

AccountingTax.com/Plan-Projections

Total Weekly Meetings Needed

Perhaps the number one indicator of success in a tax planning business is the number of appointments with potential clients on a weekly basis.

This spreadsheet walks through how to determine how many meetings you need weekly based on your sales targets for the month, pricing, and the close rate.

Download the excel version:

AccountingTax.com/Plan-Weekly
Summary
When doing that math, you want to take into account what timeframe you are focusing on and what your main service offering is. After that, you want to consider your volume and push with everything you have to hit your targets. If you just barely missed, you know that you had a great goal and need to simply do more. You should start by aiming to sell two tax plans per week consistently, and if you can do that, you will be well on your way to gaining momentum scaling into a much bigger company than you ever imagined before you picked up this book.
HOW BIG DO CLIENTS NEED TO BE
How Big Do Clients Need To Be For Tax Planning

Overview
Tax planning as a whole is the concept of saving people money on taxes. Technically, you can do this for anyone who has income. However, what you need to consider from a company perspective is finding and working with clients who are large enough for you to consider them a good engagement and the circumstances under which you can charge them for a good tax planning engagement. You can even do this for individuals and business owners that don’t have a single dollar of revenue.

a. What constitutes a good tax planning engagement?

A good tax planning engagement is any engagement where you can charge minimum of $2,500 for a tax plan; but ideally you want to be charging $4,800 - $9,800 per plan.

There are bigger tax plans available, anywhere from $20,000 to $50,000 and up.

However, these plans are much harder to sell consistently. Therefore, generally the best approach is to target the mid-tier priced plans for a consistent monthly income stream and take advantage of the bigger plans by upselling existing clients.

In order for clients to be in the ideal $4,800 - $9,800 range, they can be any size. This price also does not include implementing the plan or tax preparation; it is strictly mapping out the changes they need to make in their business and life in order to save more money on taxes. Once you have the plan you can determine how much to charge for implementation and tax preparation if those are services you choose to provide.

b. How does the value proposition work?

The main purpose of a tax planning engagement is to compare: before working with you and after working with you, is the client paying less in taxes? When you sit down with this person, you are thinking of ways to restructure their life and their business to save them money on taxes. They have two options from this first meeting with you:

They decide to work with you. They make the requisite changes and save money this year and every year going forward.

They decide not to work with you. They continue on as they did before, overpaying year after year.
Your job on this first meeting is to get them to clearly see there are two life paths and to outline the cost of not working with you and how much they will save this year and every year going forward if they do elect to work with you.

**c. How do we define the dollar amounts they are saving?**

There are two parts to delivering your value proposition to the client:

1. **PY**
   - Look at previous year to determine what happened in the past and show them what they have already lost

2. **CY - FY**
   - Look at the current and future years to see what they can save in the current year and going forward

When analyzing the first part, which is the past, we need to first determine how much this person overpaid in taxes. Whether this person made $50,000 or $5 million in the previous year, we need to figure out how much they overpaid and how much they will save in the current year if they implement the strategies you walked through with them in the meeting.

The vast majority of savings are going to be in the current and future years. There are some tax planning strategies which allow you to take advantage of prior years by filing amended returns, which will we cover in later sections.

“The way human psychology works is that fear of missing out and fear of loss is a much more powerful motivator than what someone stands to gain.”
However, even though we may not be able to fix what they overpaid last year, the key part to remember is that it is incredibly persuasive and impactful for someone to evaluate what they have already lost.

What this means is that if you tell a person they have already lost $17,200 and you tell the same person they could potentially save $22,000, they are much more motivated to move forward with you because they know they have already lost by not working with you. We do not use any of this information to calculate pricing; however, this needs to go into the value proposition in order to get them to commit and move forward with you.

The second part that we need to evaluate is how much we can save them in the current year if they implement the strategies before the year end and their tax savings going forward into future years.

**You want to give them a specific number as an estimate during your first meeting with them.**

In later sections we will go over how to arrive at that number, but just be aware that being able to arrive at a specific number is key during the first meeting.

Once you arrive at estimated tax savings for the current year, you want to additionally calculate whether or not these are recurring savings, or only one time savings for the current year.

Towards the end of the year, October through December, you can break this rule and factor in future year savings as well as current year. However, as a rule, pricing is based off current year savings.

**Consider the following example:**

<table>
<thead>
<tr>
<th></th>
<th>20PY</th>
<th>20CY</th>
<th>20FY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>&lt;Overpayment&gt; Of Tax</strong></td>
<td>13,250</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Amounts Saved Compared To Previous Years</strong></td>
<td></td>
<td>13,250</td>
<td>13,250</td>
</tr>
<tr>
<td><strong>Tax Planning Fees</strong></td>
<td>3,900</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Tax Preparation Fees</strong></td>
<td>2,000</td>
<td></td>
<td>2,000</td>
</tr>
<tr>
<td><strong>Total (Cost)/Savings</strong></td>
<td>13,750</td>
<td>7,350</td>
<td>11,250</td>
</tr>
</tbody>
</table>
Prior to working with you, the client is overpaying $13,250 per year in taxes. They decide to work with you and you determine you can save them $13,250 in estimated taxes this year and each year going forward. Even with your tax planning and tax preparation fees, the client still saves $7,350 in the current year and they save $11,250 each year going forward.

If this meeting is taking place in the middle of the year, you base the price off the CY tax estimated savings of $13,250, and your fee should be 30% of that number. In the scenario above, you would price the engagement at $3,900.

If this meeting is taking place at the end of the year (October, November, December) you base your price off the current year and future year savings. In the example above, $13,250 in the current year plus $13,250 in the future year for a total of $26,500 estimated tax savings and your price is 30% of that. You would price the engagement $8,000.

“We change the price due to cash flow. Now that we’re close to the end of the year, the savings will have a cash impact in just a few months, making it easier for the client to pay.”

Assuming they will save $13,250 this year and every year between now and the time they retire, once you add in investing and compounding interest the true value of the savings can grow to several million, depending on their age.

However, that money doesn’t seem real because they won’t have any of it until many years from now. If you charge 30% of the current year estimated tax savings and perhaps next year’s savings, this is a reasonable time period for them to recover the cash from which they can pay you for the tax planning work.

d. How does this differ for new businesses?

“The best time to do tax planning is before the income is generated.”
Consider the following case study:

Jimmy is a very successful salesman. He does not have a non-compete agreement with his current employer and decides to leave his job next month. He will take his top clients with him and anticipates that he will be able to do $780,000 in sales at a 40% margin in the first nine months of business, from April to December.

This will result in substantial income to him, so he decides to reach out to you for a tax plan so that he doesn’t overpay in taxes.

Even though he doesn’t currently have this business and has not paid a single dollar in taxes from this income, you can consider the following strategies and see which gives Jimmy the most advantageous tax situation:

- Legal Entity Optimization
- Maximizing Deductions
- Retirement
- Insurance
- Tax Cuts Jobs Act
- Niche Specific Strategies
- More Advanced Tax Planning Strategies

This way you can estimate tax savings and arrive at your price for the tax plan by comparing how much tax Jimmy will pay on his $780,000 of income without implementing any strategies, compared to how much tax he will save by implementing the above strategies that apply to his situation.
Using the fact pattern from the case study, let’s say Jimmy will pay $100,000 in tax. You determine you can save him $22,500 in estimated taxes this year and every year going forward.

Because this is his first year in business, there is no data for the prior year. Current year estimated tax savings are $22,500 and you can see that even with a 30% tax planning fee and $3,000 tax preparation fee, Jimmy is still saving $12,700 in the current year and $19,500 every year going forward.

In this example, Jimmy has a high projected income. However, the same principle can be applied to individuals who are projecting for $100k - $500k in annual sales in their first year.

Yes, even people with no revenue can pay for a tax plan under the right circumstances!
After going through and showing the client how much they have already lost and how much money you can save them, a great way to drive home the value of those savings is to present to them with the retirement calculator.

Using the initial fact pattern of saving $13,250 per year, that is approximately $1,100 per month. Let’s assume this individual is 35 years old, wants to retire at 65, has nothing saved for retirement, and will invest his savings at 12%. At the time this book is written, the 30 year return on the S&P 500 is 12%. When we put these factors into the retirement calculator, we see that without changing anything in his current lifestyle or business, he will save estimated $3,567,862 simply by working with us on his tax situation. He does not need to increase income, reduce expenses, reduce lifestyle to nothing. He simply needs to work with us on a tax plan.

CALCULATE YOUR ESTIMATED RETIREMENT SAVINGS
AccountingTax.com/Retirement

[Image of retirement calculator]

f. Driving home your value proposition

How Big Do Clients Need To Be?
Summary
In summary, creating a value proposition for a client does not correlate with their income or sales, but rather with how much we can save them on taxes. Even if someone is doing $100,000 in gross sales, they can still be a great client if we can uncover some savings.

“Companies don’t need to be huge for tax planning. It only matters that they save more than what they pay us.”

Your value proposition is:
• How much money they have already lost by not working with you
• Current Year savings
• Plus the retirement calculator to drive the point home

The point isn’t how complex or sophisticated the tax planning strategies are, or how big the companies are, but rather does it work? Even the most basic deductions will still save clients money if they are not taking them, and that is what matters. It’s not the complexity; the result.
Big Tax Plans Or Small?

Overview
While most people begin tax planning by selling and completing smaller tax plans, inevitably the decision arises whether to build a company with small tax plans ($2,500 - $9,800) or larger tax plans ($10,000-$ 20,000+).

a. The Strategies: Broad vs. Niche Specific

People who decide to pursue small tax plans in the $4,800 - $9,800 range will work with many more clients implementing simpler and more common tax savings strategies. They can easily find themselves selling upwards of 15-20 tax plans per month doing things for clients such as ensuring they are incorporated properly, making sure they are taking the most obvious deductions, and making sure they are taking advantage of retirement accounts and insurance to increase tax savings.

Most of the business owners they talk to will be potential clients because the strategies are simple and apply to a broad range of businesses. The vast majority of people doing tax planning fall into this category.

The truth is that most business owners are missing the basics.

On the other hand, someone who decides to pursue low volume, large tax plans priced upwards of $20,000+ will wind up working with only a handful of clients per year. These people are niche experts who often specialize in small, complex strategies such as R&D Credits, monetized installment sales, solar credits, captive insurance, or other niche specific tax savings methods.

The majority of business owners they talk to will not be potential clients because their strategies only apply to a very select handful of businesses.
Big Tax Plans Or Small

Remember, 93% of businesses in the US do less than $250,000 annual revenue.

93% <$250,000

The choice comes down to whether you want to work on things that are complex and apply only to a few people, or whether you want to work on things that are simple and apply to almost everyone. Once again, there is no correct answer and both can work.

b. Business Structure: Toyota vs. Bentley

While both businesses are viable and profitable, they inevitably will lead to different structures. A high volume business selling 10-20 more tax plans each month at $4,800 - $9,800 each will lead to a more complex operational structure.

They will need a larger team and a better management system, along with a sales and marketing team in order to process the volume. They will also need many more people for service delivery, marketing and advertising, and administrative support.

If we consider the title in this section, the high volume business would be likened to Toyota - it is a business built to serve a larger market.

On the other hand, there are people who want to run a business like Bentley - very high-end and niche, and comes with a certain degree of prestige.

Accountants who are only doing complex, niche specific tax plans would fall into this category. They get fewer clients per year and focus on a very select market.
Another factor to consider is the risk to both the client and the accountant across the two types of businesses. Let’s first consider the risk in the sales process.

Generally, the higher the fee, the more due diligence, investigation and contemplation the client needs to go through on their end, especially if they have never worked with you before. This results in potentially more calls during the consultation process, a proposal, and generally a much longer and drawn out sales process.

The truth is that regardless of how conservative or aggressive the tax plan, when there is a higher fee and a bigger investment to work with you, there is more risk to the client because they simply do not have the tools to evaluate the legitimacy of the plan on their own.

Business owners will still move forward with a $20,000 or even a $100,000 tax plan, but the sales process takes much longer and involves significantly more work. Most prospects are simply unable to pay a $50,000 fee upfront over the phone on the first call.

Additionally, due to the large fees and narrow band of focus, you will have to disqualify the vast majority of your leads simply for not being qualified due to income, industry, or a variety of other factors.

On the other hand, accountants who focus on smaller tax plans with more basic strategies are able to get prospects to move forward on the first or second call. This is because not only is the price lower, but also because most of these strategies (retirement plans, corporate restructurings, and insurance plans) are things prospects have heard of before and may even be familiar with as a means to save on taxes.

Perhaps the most optimal business strategy is not to choose big plans over small plans or vice versa, but instead to do both.
The most successful accountants find themselves selling a majority of smaller tax plans on a regular basis (upwards of 20 per month in the $4,800 - $9,800 range) and when they see an opportunity for a more complex strategy they upsell prospects into those more complex plans.

For example, they will sell a prospect on a $4,800 tax plan and upon going through the information, notice they can save them an additional $100,000 using R&D credits, a monetized installment sale, cost segregation study, etc. They will upsell the prospect by saying:

“We can save you an additional $100,000 in taxes by taking advantage of this strategy; however we will need to charge an implementation fee of $25,000 in order to do so.”

This way they are not trying to sell a brand new prospect into a $30,000 plan, but rather they are upselling an existing client who has already bought a $4,800 plan, seen tax savings, seen the value, and developed a trusted relationship with them. Therefore, the best strategy may not be to focus on small plans vs. large plans, but instead to use both to deliver the most value to your prospects and existing clients.

Consider the graphic below:
If we consider the “Complexity of the Strategies” on one axis and “The Number of People this Applies to” on the other axis, we can see the relationship visually.

Generally, the more complex the tax strategy, the more value it can deliver, and so you need to charge more. This results in a tax plan that, while it delivers tremendous value to the client, only applies to few people and is hard to sell for the factors just mentioned.

On the other hand we can see that as a strategy becomes less complex, it typically will apply to more people and, while it is still valuable to the client, is generally easier to sell for the factors just mentioned.

Therefore, from the perspective of building a highly profitable, highly stable tax planning business with great margins:

“The best area may be the middle ground.”

d. Risk Tolerance: For the Client and For the Accountant

Generally, you want to focus on selling run-of-the-mill tax plans to a majority of prospects and upsell your top 10-15% of clients into more complex tax plans or implementations once they have already seen the value in working with you.

A key component in tax planning is the risk tolerance of all the parties involved. Let’s take a look at the various options and how they impact the tax planning process:

**Client has LOW risk tolerance, Accountant has LOW risk tolerance.**
Not many strategies apply unless both parties open their mind that there may be things out there they aren’t familiar with and should consider.
Client has HIGH risk tolerance, Accountant has LOW risk tolerance
Accountant needs to question if they should be more flexible.

Client has HIGH risk tolerance, Accountant has HIGH risk tolerance
Accountant needs to be really careful ensuring they don’t get too aggressive and are sticking to legal strategies.

Client has LOW risk tolerance, Accountant has HIGH risk tolerance
The accountant needs to educate the prospect on these strategies to get them to take the action that will be best for them and their business.

Overall, at certain times, both the client and the accountant may be hesitant to employ certain strategies due to heightened emotions about what might be a grey area in tax. When the accountant is more conservative, they should question themselves about being more flexible and being more aware that there may be strategies available that they are not informed about. They should also be willing to do the research and due diligence
on their end so that they can become more confident with strategies that are beneficial to their prospects.

When it is the client who is more hesitant about employing certain strategies, the accountant needs to do their best to educate them on these strategies so that the client can get to a place emotionally where they feel comfortable taking advantage of the strategies that are most beneficial for them and their business.

**Summary**
The question does not have to be big vs. small tax plans, but as we have seen, the best answer may come from combining the two. Focusing on one or the other is a viable option that will lead to two different business structures and two different sales processes.

*“Both are lucrative options and are ultimately at the discretion of the entrepreneur.”*

While accountants should strive to deliver the best results to their clients, they also need to be aware of the psychological resistance relating to tax planning.

At times both the accountant and client can be hesitant to employ certain strategies. Then it comes down to the accountant to make sure they are handling the situation correctly for both themselves and the client combined.

It’s not just facts that matter; the emotions, and the persuasive effects of the salesperson, can play an even greater role in getting a deal closed and helping a small business owner save money on taxes.
WHY YOU MUST CHARGE 
FOR TAX PLANNING
Why You Must Charge For Tax Planning

Overview
The biggest problem that accounting and tax professionals have when they’re not charging for tax planning is that it literally isn’t possible to spend the time to go through your client’s situation and figure out how much money you can save them on taxes while you’re preparing their tax return.

Jill is an accounting firm owner. As of May 30th, she has 250 business tax clients all with different entities - Corporation, Partnership, Schedule C. This is a lot of companies. For her to analyze all 250 clients between May 30th and December 31st to calculate how much they are supposed to be paying in taxes for the current year would be a huge undertaking.

Consider the fact that there are approximately 250 business days per year. Jill would have to go through multiple clients per day, every day. Additionally, she does not charge for tax planning, so this means all of her analysis is unpaid.

Since Jill cannot analyze all of her clients, she need to narrow down her list of clients to those who are most likely to have unrealized tax savings.

She should start by first analyzing which of these businesses has the highest opportunity for tax savings due to regulatory change (e.g. Tax Cuts and Jobs Act of 2018, etc.), due to business change initiated by the owner (e.g. restructuring, etc.), or due to life change (e.g. owner retiring, etc.).

She should then create lists of clients. One list would be clients that are subject to the above changes. Another list would be of clients she knows are making over $250,000 per year. Generally, the more a business does in sales, the more tax savings opportunities are available to them, and those opportunities can often create much larger tax savings.

Once Jill has her lists ready, she needs to go through and start setting up appointments with those clients. Even at this point, she still cannot afford to do the work for free, but in order for her to determine whether or not it makes sense to do the work, she needs to meet with the client for 30-45 minutes. Once the client commits to paying for the tax planning, she can then go through and figure out what changes need to be made.
The fact is that most accountants don’t do this. Most accountants don’t spend any time before year end helping their clients save money on taxes. Most accountants wait until the next tax season, when they’re already too busy. They prepare the return based on what happened in the previous year. They know that they probably should give some recommendations for the next year, but it’s the middle of tax season and they’re busy. Then when the end of tax season comes around, they’re burned out and they never get back to their clients. They are too afraid to charge their clients in the off-season, so they wait until tax season, and the vicious cycle continues.

As a result, clients end up overpaying in tax every single year until eventually another accountant reaches out and says, “You need to end this cycle. Leave your accountant and come work with me.”

The reality is that Jill will never be able to help all 250 people, because not all of them can benefit from tax planning and of those she can help, they are not all going to pay. However, if she can look through the clients and set up appointments, she should be able to get anywhere from 25-40 percent of these clients to commit to paying for tax planning in the off season. These are the clients that care the most about fixing their situation, paying the least amount in taxes, and going through the full process with her at a point in the year when she has an adequate amount of time to go through a proper tax plan.

Now, in this example, we use Jill who has 250 clients. The reality of the situation is that you don’t need 250 business clients to make the point. You could have 10 clients, you could have 50 clients, or you could even have a thousand clients. At any of these levels, the same thing occurs. You can’t spend the time figuring out how to save this individual money on taxes without charging for it separately, and you need to do it during the off season to give yourself enough time to be able to go through the process, do the research, present the plan, and get the person to make a decision based on what’s legally available to them.

Most people in the U.S. and across the world think that their accountant is actively helping them save money on taxes, but that’s rarely the case. In reality, the accountant, whether they’re a licensed CPA, CA, Enrolled Agent, or tax preparer, is very likely preparing the return looking at what the person did in the previous year, documenting that activity in the tax
return, and submitting that to the IRS on behalf of the individual. Very few of these tax preparers or accountants are actually spending time in advance going through their clients’ situations to actually figure out how much they can save them before the end of the year comes and wipes out that opportunity.

Because most accountants are charging such low fees (just a few hundred dollars to prepare a business or individual return), they can’t spend the time digging into the client’s situation and running different scenarios to find the best case for this client and getting their tax bill as low as it can go. **The accountant owes it to their client to charge them more and spend the additional time securing tax savings for the client.**

For instance, you may be charging a client $1,000 for a business return and $400 for a personal return. However, because you didn’t review their entire financial position, they overpaid taxes by $30,000. Paying you more saves them money!

<table>
<thead>
<tr>
<th></th>
<th>20PY</th>
<th>20CY</th>
<th>20FY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>&lt;Overpayment&gt; Of Tax</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>Amounts Saved Compared To Previous Years</strong></td>
<td></td>
<td>30,000</td>
<td>30,000</td>
</tr>
<tr>
<td><strong>Tax Planning Fees</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>Tax Preparation Fees</strong></td>
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<td>&lt;3,000&gt;</td>
<td>&lt;3,000&gt;</td>
</tr>
<tr>
<td><strong>(old accountant)</strong></td>
<td>(Business Preparation)</td>
<td>(Business Preparation)</td>
<td></td>
</tr>
<tr>
<td><strong>Total (Cost)/Savings</strong></td>
<td>&lt;31,000&gt;</td>
<td>19,500</td>
<td>27,000</td>
</tr>
</tbody>
</table>

In the example above, the client was overpaying by $30,000 in the previous year. By working with their provider and going through the tax planning process, they were able to save $30,000. With a $7,500 planning fee and $3,000 for business tax preparation, it’s still a net savings of $19,500.

That’s just the first year’s savings - they get to keep enjoying those savings for years going forward. For a one-time investment of $7,500, they get that $30,000 in savings every year!

In future years, the savings, net of the tax prep fee, is still $27,000, assuming the business doesn’t grow.
Adding up these savings for any length of time shows just how amazingly valuable your services are. If we provide tax planning for an individual that is 35 years old and estimate that they'll save net $27,000 each and every year between the ages of 35 and 65, figuring 12% growth on that savings (the average S&P 500 return over the last 30 years is 12%), this individual will have saved $7.2 million, without changing any other aspect of their lives.

Meanwhile, the low-fee paying clients are losing out on that tremendous tax savings -- just because the accountant is short-sighted, uninformed, or unconcerned about the financial well being of the client.

They’re handing that money to the IRS instead of helping their client put that money in savings for their own benefit!
BUSINESS OWNERS VS. INDIVIDUALS
Business Owners vs. Individuals

Overview
From a tax planning perspective, owning a business opens up significantly more tax planning opportunities than an individual earning predominantly W-2 income.

While there are still tax strategies available to individuals, it is often times advantageous to review your individual tax clients' situations to see if there is an opportunity for them to open a business on the side to take advantage of additional tax savings strategies.

a. Tax Planning for Individuals
Even though there are limited opportunities for tax savings available to individuals, there are certain basic strategies we should make sure clients are taking advantage of. One of the more basic strategies that can provide a huge impact is retirement planning.

Clients who do not have retirement accounts should be made aware of the tax savings possibilities of contributing to a retirement account, and clients who do have existing accounts should be maximizing their annual contributions. The accountant should additionally go through and confirm that the retirement plan the client has is in fact the most appropriate one for their situation, whether it's a 401(k), IRA, SEP, etc.

High net worth individuals fortunately have more opportunities for tax planning than most average W-2 wage earners. When working with these types of clients, you need to go through and analyze their specific situation.

For example, a client with $3 million of wage income is most likely going to have investments. For this client you would want to make sure they are maximizing investment expenses and minimizing Alternative Minimum Tax and Investment Income Tax. Additionally, clients who invest heavily in securities most likely have the opportunity to take advantage of tax loss harvesting and 83(b) elections.

For these clients, you should make them aware of these strategies and help them work with their financial advisor so that they can take full advantage of these opportunities.
Common tax savings strategies for businesses include, but are not limited to:

- Home office deduction
- Travel expenses
- Meals (50% and 100% deductible)
- Hiring children and grandparents
- Maximizing depreciation - Sec 179, bonus depreciation, bifurcation
- Health care strategies
- Fringe benefits
- Accountable plans
- Medical reimbursement plans
- Legal entity considerations and restructuring
- Retirement planning
- Insurance/captive insurance
- Augusta loophole
- QEAAP
- Advanced strategies:
  - Tax loss harvesting
  - Deferred compensation
- Niche strategies:
  - 1031 exchanges
  - Passive real estate losses
  - FICA tip credit
  - R&D Credits
- Self-employed health insurance plans
- Work Opportunity Tax Credit

We will cover these strategies more in-depth in later parts of the material; however, even now you can compare how many more strategies are available to business owners and you can see how even a part-time business can result in huge tax savings to clients. Even if your client
does not want to become a consultant, there are other business options available (e.g., real estate investing) that will allow them to shift personal expenses onto the business and claim deductions.

The point is, it doesn't matter what your client chooses to do, but rather that the opportunity exists for them to significantly save money should they decide to become a business owner.

**Summary**

While there are tax savings strategies available to everyone, the truth is that even high-net worth individuals are limited in their tax planning strategies compared to business owners. Because of the ability to shift personal expenses onto the business, accountants should consider going through their individual clients and analyzing those who would substantially benefit from becoming business owners and providing them with a tax plan that details the additional tax savings available to them should they choose to make the recommended changes.
DEFINING KEY AREAS OF OPPORTUNITY
Defining Key Areas Of Opportunity

Overview
Estimating tax savings for a potential client on a strategy session is an art and takes practice. Fortunately there are a few strategies and a way of thinking about the process as a whole that can help expedite the process and make you feel much more confident on your initial calls.

a. Visualizing Opportunities - A Way of Thinking

When calculating the potential tax savings of your future clients, you want to structure your strategy session questions in accordance with The Big Five.

These are the five main categories which have the biggest impact on potential tax savings. They are:

1. Maximizing Deductions
2. Efficient Entity Structure
3. Retirement & Insurance
4. Niche Strategies
5. Advanced Strategies

Within each of these categories, there are core strategies that you want to learn whether or not your prospect is taking advantage of them. As you garner experience, you will learn which are the core strategies that offer the biggest savings. We will review some of the more obvious ones in this section, but there are dozens, if not hundreds, of strategies available under each category. Keep in mind that you have a limited amount of time on the call to calculate how much you can save this prospect. This is why during the strategy session you want to initially focus on the core strategies. Once they become a tax planning client and you have all their information, you can go through and apply any other strategies that will save them even more money than your initial estimate.

As you go through the strategy session script, you want to structure the questions in a way that enables you to get the information you need in an organized way. You will see that within each section below, there are listed potential questions you may ask on the strategy session to help you gather more facts related to that category. In reality, you will ask many more. As you go through the call, all the questions you ask will circle back to one of these five categories.
Defining Key Areas Of Opportunity

As you get answers, you can then take the answers and input them into your spreadsheet to calculate your prospect’s potential tax savings.

1. Maximizing Deductions

One example of a core strategy to maximize deductions is the Administrative Home Office. Let’s take the example of a doctor who has a home office to work on the administrative tasks related to his practice such as bookkeeping, billing, reviewing patient files, etc. If you can establish his home office as an administrative office, then he is able to deduct the mileage between his home office and his medical office where he sees patients, thereby increasing his deductions.

Keep in mind that at this point you do not need to know how to implement the strategy; you are simply going through to see what strategies may be available to this prospect and how much they can potentially save in taxes.

Potential Strategy Session Questions:

“Do you have an office outside your house?”
“Do you do work at home?”
“Do you reimburse yourself for those expenses?”

2. Efficient Entity Structure

Once you have gone through and calculated how much to save the client by maximizing deductions, you want to figure out if they are organized under the best business structure. Approximately 75% of small businesses are organized as a Schedule C. Fortunately for us, it rarely makes sense for a business owner to remain a Schedule C. By moving them over to an S-Corporation, Partnership, LLC, or even C-Corporation, you will often be able to significantly minimize their taxes.

Potential Strategy Session Questions:

“What kind of tax returns do you file?”
“How many entities do you have?”
“What entities do you have?”
“How much income is in each of those entities?”
3. Retirement Accounts and Insurance

After you have gone through the calculation for the first two categories, you should move next to questions regarding the prospect’s retirement accounts and insurance deductions to see if there are any potential tax savings there. For example, while IRA accounts are popular, they only allow very limited contributions each year: only $5,500 unless the prospect is over 55 years old. Therefore, if you discover that a prospect is contributing to an IRA, you know that moving them over to an SEP or 401(k) would potentially result in a bigger deduction and more tax savings.

Additionally, you will want to ask what kind of insurance they have and make sure they are using health and dental insurance deductions to the full extent available. Life insurance does not fall under this category, because life insurance premiums are not tax deductible. However, other forms of insurance are deductible and can result in even more tax savings.

Potential Strategy Session Questions:

“Are you currently making retirement contributions?”
“How much do you contribute each year?”
“What kind of plan do you have?”

4. Niche Strategies

Depending on what niche you are in, you will employ different strategies to help your prospects save money on taxes. For example, the real estate niche often makes use of Sec. 1031 exchanges and cost segregations to help avoid capital gains and increase depreciation, respectively. Restaurants have the FICA tip credit, and tech companies have R&D credits. As you become more and more familiar with your niche, you will have a better idea of the niche strategies used to save your clients even more money in taxes.

Potential Strategy Session Questions (Real Estate Specific):

“Do you own real estate?”
“How long have you owned your real estate?”
“How are the properties performing?”
“How much debt do you have on the properties?”
“How much did you pay for the property?”
“What do you think it is worth now?”
“What are your goals regarding real estate?”
5. Advanced Strategies

We will cover advanced strategies in much more detail later on in the material; however, some of the more common ones are the Augusta Loophole and Captive Insurance.

The Augusta Loophole is available to nearly all business owners. It allows you to host business events, for example quarterly Board Meetings, at your home, and exclude the income from the rental on your personal return, but take the rental deduction on your business return.

Captive Insurance is not as common and typically requires a business to have fairly high income, over $500,000 every year, in order to take advantage of this strategy. However, for companies that do qualify, this is a great advanced strategy to employ that could potentially result in significant tax savings.

Potential Strategy Session Questions:

“Tell me about your house?”
“Do you have the capacity to host business events at your home?”

b. Calculating the Tax Savings

Once you have gone through the script and structured your questions to ask about the core tax savings strategies, you will be able to estimate how much you can save a potential prospect while on the phone during a strategy session. Let’s take the example of Will:

During a strategy session with a doctor, Will determines that he can save the prospect $35,085 in taxes using the following method.

Through basic questioning he determines the doctor is in the 37% tax bracket.

Will realizes he can maximize deductions using an administrative home office. By asking about utilities and housing payment, he decides to be conservative and estimate $500/mo of savings for a total of $6,000 which in inputs into the Tax Savings spreadsheet.

He can also move the prospect from a Schedule C to an S-Corporation.
The business is currently netting $100,000 per year so Will estimates he can put the prospect on a $50,000 salary and save payroll taxes on the remaining $50,000. Therefore in the spreadsheet he inputs the $50,000 at a 15% payroll tax rate instead of the full income tax rate.

Will also determines he can increase retirement contributions to $20,000 per year up from $5,500 per year by converting the prospect to an SEP. He inputs the difference of $14,500 into the spreadsheet.

He also learns that the prospect has a Medical Device startup on the side that he and his co-founder are selling this year, which qualifies for Qualified Small Business Stock treatment. He determines that he can use the QSBS strategy to eliminate $100,000 of capital gain. Will inputs $100,000 multiplied by the prospect's capital gain rate of 20% into the spreadsheet.

At the end, he arrives at the total amount of $35,085 estimated tax savings:

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Potential Deduction/Savings</th>
<th>Tax Rate</th>
<th>Potential Tax/Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admin Home Office</td>
<td>$6,000</td>
<td>.37</td>
<td>$2,200</td>
</tr>
<tr>
<td>S-Corp Conversion</td>
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<td>.15</td>
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</tr>
<tr>
<td>Retirement Contributions</td>
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<tr>
<td>QSBS</td>
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<td>$20,000</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>$35,085</td>
</tr>
</tbody>
</table>
Summary
As you learn more strategies, you will learn to ask better questions and find more ways to save the prospect money. Occasionally, once a prospect decides to move forward on implementation, you may find that a client does not qualify for a strategy that you thought was viable during the strategy session. However, it is rare that you will not be able to find other strategies that will save them at least as much, if not more than your initial estimate. Overall, using the way of thinking approach outlined above, you will find yourself asking the right questions and getting the information you need in order to calculate the prospect’s potential tax savings and communicate the value of working with you.

Download The Tax Saving Strategies
We’ve compiled a book of the top tax savings strategies. For each strategy, we cover a description, calculation, estimated savings, IRS and court case references. We cover deductions, legal entity structure, retirement, insurance, and more. You can download the book here:

AccountingTax.com/savings-book (edited)
HOW TO ANALYZE A RETURN FOR TAX SAVINGS
How To Analyze A Return For Tax Savings

Overview
After a client decides to work with you and before you deliver the final tax plan, the client will at some point send you their tax return, (hopefully several years of tax returns). At this point, you will have the opportunity to both verify the strategies you identified during the strategy session and also find more opportunities for tax savings.

a. Reactive vs. Proactive Strategies
Tax planning strategies fall into one of two categories - they are either proactive or reactive. Proactive strategies are by far the most common. They are implemented in the current period and impact the current and future tax years (e.g. employing children). Reactive strategies are those that can be taken in previous periods typically through an amended tax return and can continue into current periods (e.g., cost segregation studies).

Even though most of the strategies you suggest will be proactive strategies, keep in mind that reactive strategies do exist and can be equally valuable. This is why you want to request several years of business (for non-Schedule C business owners) and individual returns from clients.

b. Begin Looking at Strategies
Once you have the returns and are ready to begin analyzing them, you want to go through in a logical order and consider whether or not strategies apply. To those who are new to tax planning, you may find it easiest to do this with the List of Strategies open in front of you and go through one by one to see if they apply to your client or not. Once you have more experience, you will have a better idea of what strategies to pull in where.

When analyzing the return, you will want to revert back to The Big Five categories that you used during the strategy session. Once again they are:

- Maximizing deductions
- Efficient Entity Structure
- Retirement and Insurance
- Niche Strategies
- Advanced Strategies
By analyzing the tax return in the same way you analyzed the client’s situation during the strategy session, you will be able to determine their tax savings.

During the strategy session, Jeffrey calculated he could save his client $17,550 using both the Administrative Home Office strategy and by increasing her retirement contributions by converting her to an SEP. The client is currently an S-Corporation and has provided Jeffrey with three years of both her individual and business tax returns.

Jeffrey decides to start by analyzing the returns to check if the Administrative Office is a viable option for the client. He begins by looking at the 1120S to check if there are office expenses there, and finds the client is deducting office rent and limited supplies but is not taking any expenses related to their home office on the business return. Next, he checks the 1040 to see if there are any home office deductions and finds that there are none. Through this analysis, Jeffrey concludes that he can still use the Administrative Home Office strategy for his client, allowing her to deduct both home-related expenses as they pertain to her home office and mileage between her Administrative Home Office and her patient clinic.

Next, he needs to confirm whether or not the SEP plan is a viable option. Looking through her individual returns, he sees that she has contributed $5,500 to an account each year, confirming what she told him on the strategy session. He concludes that the additional savings from increased retirement contributions are also a viable strategy.

During the analysis, Jeffrey also noticed that his client has a son she is claiming as a dependent. Through additional communication with the client, he discovers that her son is 17 years old and she would be willing to hire him to help with some of the administrative work in the office. Jeffrey adds an additional $12,000 deduction to the originally estimated savings from the strategy session.

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c. Using Client Accounting Software

Another powerful tool to help you analyze your client’s potential tax savings is their accounting software. Assuming they give you access to it, you can use it to confirm things like how retirement contributions are being treated - confirm they are not being combined with other employee benefits. You can also look to see if health insurance is being deducted correctly, and so on. Oftentimes you will be able to find additional tax strategies available to the client just from combing through the detail in their books.

d. Troubleshooting

At times you will find that what a client told you during a strategy session does not match the reality reflected on their tax return. For example, a client may have told you they do not contribute to a retirement plan, yet upon analyzing their books and tax returns you find that they are deducting $20,000 per year.

What should you do?

You need to go back to the client and follow up with them. It is entirely possible the client does not remember what they did or has no idea what is happening with that part of their finances because somebody else such as a financial advisor handles it for them. While this may ultimately disqualify a strategy you previously proposed, it is highly unlikely that you will be unable to find other strategies that will save them an equal amount, if not more.

Summary

After selling the tax plan and getting the client’s tax returns, you need to systematically go through to see which strategies apply and which you can rule out. You should analyze the tax return the same way you analyzed the client’s situation on the strategy session. You will often find that by going through the client’s returns and books, you will be able to find tax strategies to save them even more on taxes than you initially estimated.
ESTIMATED SAVINGS CALCULATION
Estimated Savings Calculation

Overview
One of the hardest things for people to understand when they begin doing strategy sessions for tax planning is how is it possible to estimate tax savings for a prospect without looking at any of their information or tax returns? The answer is, through the Tax Planning Strategy Session Script and Estimator Spreadsheet.

a. The Strategy Session
By using the strategy session in the right way, you will be able to estimate your prospect’s potential tax savings in sixty minutes or less without looking at any documents or tax returns. Through guiding the conversation along the five main categories of tax saving strategies mentioned in earlier sections and by asking specific questions around those strategies, you will be able to get the information you need to make a reasonably accurate estimate.

However, even though you need to guide the conversation, you also want to be flexible. For example, a prospect may bring something up that you decide you want to ask more questions on. Or perhaps you decide to set their comment aside and continue your current line of questions before circling back to that earlier comment. The key is to use general questions to guide the conversation along the five main categories but to remain open to ask more specific questions as things come up in the strategy session.

b. Strategy Session Questions
Below you will find a sample list of questions and the rationale behind why we are asking them:

General Questions:

We always want to start with asking general questions about their business and situation so that we can get a basic understanding of where they are.
“What made you take the call today?”

“How long have you been in business? What are you currently selling? What was your revenue last year? What about pretax income? What are you projecting this year for sales? How often do you get your P&L?”

“Do you take a salary?”

**General Questions:**

**Why we’re asking:**

This is a very powerful question. Sometimes the prospect will immediately tell you why they took the call and what their biggest problem is. You can then be flexible with your questioning and take the opportunity to dig into this problem further.

**Why we’re asking:**

These all relate to the basic information we need to know in order to deliver any sort of value to the prospect. Additionally, the length of time in business can give us an idea of the possibility of retroactive tax strategies. Knowing revenue and sales projections gives us an idea of what income tax bracket they may fall into. It also gives us an idea of whether some of the more advanced strategies based on income are viable. For example, if the prospect tells us their business is projected to earn $100,000 this year, we know not to ask specific questions around Captive Insurance.

**Why we’re asking:**

This also gives us insight into their basic tax situation. For example, if they are an S-Corp owner and not taking a salary, that is a compliance issue. If they are a Schedule C business earning $100,000 per year and not taking a salary, that means potentially huge self-employment tax savings.
General Questions:

Why we’re asking:
If they become a client, we want to know what system they are using so that we can request access to it. On the other hand, if they tell us they don’t have a system in place, we know that they need an accounting set up and clean up engagement before we can even consider a tax plan.

Why we’re asking:
If they don’t have up to date books it’s going to be very hard for us to do a tax plan. Similar to above, first they need a clean-up engagement to get them basic information and then we can sell them a clean-up and tax plan or sell them the clean-up now and upsell them into a tax plan later.

Why we’re asking:
Once again this is a great general question that can give us a lot of insight into their behavior. If they tell us they are swimming in debt and we estimate we can save them $37,500 per year, we have just made our value proposition that much stronger.

Once you have an idea of their general situation, you can begin going through your list of questions as they relate to the five categories for tax savings.
Questions Surrounding Deductions:

Why we’re asking:
This gives us insight about whether the Administrative Home Office strategy might be viable for them.

Why we’re asking:
It is truly surprising how many business owners confess that they know they are not fully deducting all of their business expenses. Whether they mix business and personal on their credit cards or they simply do not have a good system in place, many business owners know they are spending money and getting no benefit. This is great for us because it offers us the chance to potentially save them significant amounts of money in taxes.

Why we’re asking:
For example, if they are buying football tickets and taking clients to games but not deducting it, this could result in additional deductions for them and further tax savings.
Questions Surrounding Deductions:

“How is your health insurance paid?”

Why we’re asking:
Oftentimes prospects will deduct this incorrectly or not at all. This can give insight into whether there are potential tax savings here.

“Are you married? If so, does your spouse work for the business? If they don’t, what do they do?”

Why we’re asking:
If the spouse works for the business there could be an opportunity to get them on a medical plan or a Sec 105 plan for additional tax savings. This also gives further insight into their total income and filing status which helps us determine their tax bracket.

“Do you have any children? How old are they?”

Why we’re asking:
If the children are old enough to work, we may be able to have them help out in the business and add them as deductions. Additionally, if they are compensated less than $12,000 per year, they are exempt from payroll tax.
Questions Surrounding Entity:

Why we’re asking:
If they tell you they have no entity and are netting $250,000 on the business, we know there is potential for huge tax savings if we restructure them to a different entity type. To the extent that they have multiple entities, you want to find out the following about each:

- Description of Operations
- Gross Revenue
- Net Income
- Interaction with other entities
- Is ownership of the entities the same or different?

Questions Surrounding Retirement and Insurance:

Why we’re asking:
If they are not making any contributions then we know there are definitely tax savings opportunities available to them. If they answer the second question by telling us they max out their contributions each year, we have a pretty good idea that they are contributing to an IRA and we can most likely save them additional taxes by converting them to a different plan type.

Why we’re asking:
Insurance may not always be applicable, but if you have a prospect who is making at least $500,000 per year and you find they are paying at least $50,000 per year for insurance, it makes them a great candidate for Captive Insurance.
Questions Surrounding Niche Strategies:

“How many employees do you have and do they receive tips?”

Why we're asking:
If we are talking to a restaurant owner, this would be a great line of questioning to see if they are eligible for the FICA Tip Credit.

“Does the company conduct research and development for products?”

Why we're asking:
This line of questioning is geared to seeing if the company is eligible for the R&D credit.

Questions Surrounding Advanced Strategies:

“What are your long-term goals for the business?”

Why we're asking:
If they tell you they have plans to retire or sell the business, perhaps it would make sense for them to take advantage of the Qualified Small Business exclusion for capital gains.

This is a non-exhaustive list of questions you should consider asking on strategy sessions. For a more comprehensive list, see the “Tax Planning Sales Script.”

As you get to know your niche better and become more familiar with tax planning strategies, you will come up with your own questions that are better tailored to your niche. Keep in mind that you are not trying to find
Estimated Savings Calculation

every strategy available to them. Rather, you are trying to pin down the 20% of strategies that provide 80% of the tax savings to the prospect and your questions should reflect that. Once they sign up as a client and you have a copy of their tax returns and access to their books, you can dig into more strategies for additional savings.

“You are not trying to find every strategy available to the prospect, you are trying to pin down the 20% of tax strategies that provide 80% of the tax savings.”

c. Estimator Spreadsheet

As you are asking all these questions and receiving information from the prospect, you need to organize the information in a way that allows you to calculate an estimate of how much you can save the prospect in taxes. You will do this using the Estimator Spreadsheet pictured below:

While you’re going through the questions, you want to be constantly noting down the savings per strategy.

We’ll use these individual strategies to build your total value proposition for your pitch.

This estimate is also what we’ll use to calculate your price for the plan.

Generally, we charge 30% of estimated savings for the tax plan.

The estimated savings calculator can be downloaded at:

```
AccountingTax.com/Estimator
```

Let’s walk through how to use the spreadsheet to calculate potential tax savings from retirement using the case study of Nathan.
As Nathan is going through his strategy session questions, he estimates that his prospect is in the 37% tax bracket. Through further questioning, his prospect reveals to him that he is currently contributing to an IRA retirement account and maximizes contributions each year. Based on the prospect’s age, Nathan interprets this information to mean that the prospect contributes $5,500 each year. Nathan estimates that by switching the prospect to an SEP retirement plan, he can generate an additional $15,000 deduction for the business instead of the current $5,500 deduction to the IRA by increasing his contributions to $20,500 per year:

\[
\text{\$20,500 - \$5,500 = \$15,000 additional deduction}
\]

Nathan then inputs the $15,000 additional deduction into the Estimator Spreadsheet under the “Deduction” column. The spreadsheet automatically calculates estimated tax savings of $5,550. As Nathan continues going through the strategy session, he simultaneously fills out the Estimator Spreadsheet, which calculates for him his estimated tax savings (which in this case is $29,045).

There are a few things to note about the Tax Savings Estimator Spreadsheet. It is set up according to the five main categories in order. Therefore, if you structure your strategy session to follow the five categories in order, you will find it easy to follow along in the spreadsheet. The other thing to note is that changing the prospect’s marginal tax rate will impact the estimated tax savings. Therefore, it is important that you try to figure out which tax bracket the prospect is in when you are on the call. Moving a prospect from a 37% bracket to a 25% tax bracket will significantly impact their estimated tax savings.
Summary
By asking questions in a logical manner according to the five main categories of tax strategies, and in combination with the Tax Savings Estimator Spreadsheet, you will find that you are able to come up with an estimate of how much tax you can save a prospect on the strategy session. Keep in mind, your goal is not to come up with the exact number you will save them if they decide to work with you, but simply an estimate of tax savings that is accurate enough for you to be able to pitch a value proposition at the end of the call. Once they become a client and you gain access to their books and start looking through their tax returns, you can dig in further and save them even more.

“You are not looking for every tax savings strategy, but rather an estimate of what you can save them if they decide to work with you.”
HOW TO START THE RESEARCH PROCESS
How To Start The Research Process

Overview
At this point, you have had the strategy session, the client signed up for the tax plan, they sent you their returns and you have analyzed the return to see which strategies you think apply. The next step is to begin researching strategies that may apply but you simply do not have enough information on them.

There are a variety of resources available to you in terms of authoritative literature, subcontractors and third parties, and the AccountingTax.com community. Knowing where to look and what resources are the best for qualifying information is the key to learning how to research effectively and getting the best answers for your clients.

a. Start With the Obvious

The best place to start is by going through the “Tax Saving Strategies” one by one, reading the requirements, and comparing them to your client’s situation. You will be able to categorize them into three different buckets - strategies that apply, strategies that do not apply, and strategies that require further investigation in order to make a decision. Some will be immediately obvious and others you will realize you need to research before you can reach a final conclusion.

For example, if you are working with a dentist who does not own any real estate, you can immediately rule out Sec. 1031 exchanges. However, if you are working with a restaurant owner, you know that you need to consider the FICA Tip Credit. You may not immediately know whether or not it applies, but you know that you need to consider it because of the niche.
Once you go through and make decisions on what does and does not apply, you can do the calculations on those strategies that you think may apply. For example, you think the Captive Insurance strategy may apply and you know the client wants to maximize their retirement contributions so you make a note to do further calculations. You know that in order for the client to benefit from a Captive Insurance strategy the business needs to earn at least $500,000 for the next five years and the client needs to be able to afford $50,000 in order to set it up, plus annual funding. You decide this is not the case for the client, so you ultimately disqualify this strategy.

You then move on to the retirement plan calculation. You know the client is currently only contributing $5,500 per year to their IRA and you know there are other options available, but you realize you do not know enough about retirement plans to confidently suggest which would be the best option for your client so you decide you need to do more research on retirement plans.

The more tax plans you do, the more strategies you will learn, and the more efficient you will become at this. For those who are starting out, this is a great way to narrow down the list of strategies you need to research.

b. Strategies That Require Research

Once you have gone through the “Tax Saving Strategies” and narrowed down which strategies you need to research, you need to consider the best options for how to go about getting that information. Some options available to you are:

- Bringing in other advisors
- Research products
- Google
- Subscriptions
- Posting case studies to the AccountingTax.com Community
Continuing the earlier example where you realized you needed help deciding which retirement plan option is best for your client, you can bring in a financial advisor to help educate you on the different plan options. By providing them with your client’s situation and reviewing their suggestions, you will learn how to analyze future clients and how to arrive at the best answer for them.

Research products such as Parker Tax Research, Bradford Tax Institute, or ThompsonReuters are also excellent resources for research. They link to authoritative guidance in the form of the Internal Revenue Code, source documents, and relevant court cases. One of the best ways to use these products is in conjunction with Google searches which is the third option listed above.

For example, you may need to research Section 1031 exchanges to see if they apply to your real estate client. You start with Google and find several good articles from a combination of financial articles and blogs. While these articles provide a good foundation for how the strategy is used, they are not authoritative. After perusing these blogs, however, and gaining an understanding of what the strategy is and how it’s used, you can use Parker Tax Research to read the IRC and see how the Section 1031 strategy has been applied previously per authoritative sources. It is good practice to verify anything you find on Google by cross-referencing it against authoritative literature.

Subscription services such as TaxAdvisor and Bradford Tax Institute also provide a great resource. Once again, while they are not considered authoritative, they provide an excellent framework to outline the basics and give you the terminology you need in order to understand the more technical authoritative guidance.

Yet another resource available is the AccountingTax.com Community. By posting your question as a case study, you can get some great feedback from experts in the niche and from people who have significant experience with tax planning for similar clients. The best way to get good results is by including the following:
How To Start The Research Process

- What niche the client belongs to
- The entity type and ownership structure
- Annual revenue, income, and assets of the entity
- Background and special considerations
- Your proposed strategy or resolution

By including all of the above details you will minimize the amount of back and forth in the comments and will be able to get an answer more quickly and one that is much more accurate than if you omit information.

Summary
After selling the tax plan and analyzing the client’s returns, we need to verify the strategies we think we can use to help the client save money. Because no one can be an expert in every aspect of the tax code, this often requires research. By using the methods outlined above, you will quickly find yourself learning more about the strategies you use most often.

The best thing about research is that the more you research, the less you need to research.

You will find that once you learn what an SEP plan is and when to use it, you will no longer have to keep researching SEP plans. In this way, you can move on to researching more complex tax strategies and becoming a tax planning expert in your niche.
LEAD GENERATION & MARKETING
Lead Generation & Marketing

Overview
Because of the nature of a tax planning business, it is incredibly important to have a proven marketing method that is consistent and robust. Perhaps the biggest mistake small business owners make is they pick too many different strategies. They try to market using LinkedIn, Twitter, videos, blog posts, Facebook ads, cold calling and some even write a book. They never learn to pick one method, set a goal with that method, implement strategies for that particular method, analyze their results, and improve the process and iterate constantly all the way from the initial step of the process to converting the strategy session.

Unfortunately, for many accounting firms, picking a variety of methods is not as profoundly negative as it is for tax planning companies. Because the nature of their services is either monthly recurring or annual recurring, they do not have to generate as many new prospects as a tax planning company. In tax planning, your company is more of a sales and marketing organization than it is an accounting firm, because of the one-time nature of tax plans. While you may offer multiple tax plans to a prospect throughout their life, you will most likely not create the sort of annual recurring relationship with them that a tax preparation company will.

Therefore, if your goal is to grow your tax planning business, you will need a constant stream of new leads, new appointments, and new clients every single month.

Change your expectations
When most people begin marketing, they do not understand the math and the numbers behind marketing. To someone who has a history of accounting, tax, or financial consulting, every step along the service delivery process is considered an essential step. Whether they are reaching out to the client for an information request, or setting up the Quickbooks file, or integrating bank feeds, all of those components of the service delivery process are considered an essential task. Close to 98% of your time is utilized.

Marketing is the exact opposite. Effectively 98% of your time is wasted. 98% of the leads who show interest in you will not purchase. 98% of the people who see your advertisements will not purchase. The vast majority of people whom you come into contact with will not become a client - and that is perfectly fine. For example, consider Budweiser commercials during the Superbowl. Even people who do not drink (e.g. underage, pregnant
women, religious reasons, etc.) watch the Superbowl, Budweiser still runs their advertisements. They are not marketing to the 98% of people who do not buy; they are running the advertisements for the 2% who do buy and will become customers. Therefore, if you are able to change your expectations surrounding marketing and plan for overwhelming failure, you will find the process as a whole significantly more enjoyable.

In marketing, you will never develop a process where you will succeed with every lead. Rather, your goal should be to develop a process that generates a constant stream of activity with lots of volume. That being said, you should take care of your spouse, your kids, your existing clients, and serious prospects; however, you do not need to take care of every human who comes into contact with you, comments on your advertising, or responds to your email.

As long as you are generating activity and your marketing is eliciting responses - good and bad - you are doing the right thing. Not everybody will be happy with your content and like what you are doing. There is a general rule amongst marketers that says: until you receive negative comments, you have not succeeded at any level. Therefore, change your expectations around marketing to embrace the hateful comments and the lack of utilization and you will find yourself succeeding at a whole new level when it comes to marketing.

b. Pick A Niche

You absolutely have to pick a niche when doing active marketing. The internet is a vast ecosystem of human beings, small business owners, companies, and brands, and unless you pick one niche, you will have a very hard time marketing effectively.

Over time, you will be able to expand your niche and broaden your messaging to include a larger market; however, it is incredibly important to pick a niche when you are just starting out as was mentioned in the Business Model Section.

c. Do The Math

Earlier in the materials, you learned how to do the math from a high level overview. In terms of marketing, you need to do the math in very granular detail. You want to measure the following:
• How many appointments do you need?
• How many emails do you have to send to get appointments?
• How many emails do you have to send to get a client?
• How many people have to opt-in to your advertising campaigns with their email and phone number for you to get an appointment?
• How many people have to opt-in with email and phone for you to get a client?

In order to succeed at marketing, you are going to have to measure all of the above and more, in minute detail. As an accountant who is numbers oriented, if you can get yourself truly excited about this process - tracking it, analyzing it, refining it, etc - this will be something that will essentially print millions of dollars in revenue for you over time. However, you must do the math daily.

This is another reason why it is essential to pick one marketing method especially when you are beginning. The math is slightly different for each method. LinkedIn campaigns have different math and metrics than Facebook advertising, which is different from 3-D mail campaigns. Each method requires its own system for tracking however; the fundamentals are the same. No matter what method you employ and use to generate your leads, you will need to look at each of the activities to see how it is driving the stages through the pipeline and how it is delivering the ultimate prize - a paying client.

Another thing to keep in mind is that no matter how quickly you can get your marketing system up and effectively generating leads and appointments, it will stop working at some point. When that point comes, you will have to intervene and change or reverse something to make it work again and you simply cannot do that without doing the math.

“Doing the math, and doing the math daily and consistently, is an absolute requirement.”
When you are a small business - defined as earning less than $10 million per year in sales - it is essential that you pick one marketing channel and learn to dominate that one channel. People who try to market using all the channels available to them typically do not do well.

“Generally the best marketing method when you’re first getting started and have exhausted your network is LinkedIn.”

At the time of writing this book, the recommended channel is LinkedIn for people who are just beginning and do not have a substantial amount of money to invest in advertising. Through this channel you can dial in all of the following:

- Which niche market am I going to go after on this channel?
- What message am I going to have on that channel?
- What am I offering, and how do I write about it on that channel?
- What is my price point going to be?
- What objections do clients from that channel typically have?
- What is the best onboarding process for these clients?

As you can see, by starting in one channel where there are limited variables, you can hone in on:

1 niche market
1 service offering
1 price
1 strategy session
1 series of objections
1 onboarding process
1 service to deliver

However, as you can see, this all begins from having one marketing channel. If you start with 17 different marketing methods and cater to 25 niches with 7 different service offerings, have incorrect pricing, and nothing even close to resembling a sales script, you will never become great at everything.

Therefore, simplify to one marketing channel, develop one pipeline and apply that all the way through your business until you dominate.
d. Make an Incredible Message

While LinkedIn is the recommended channel of choice for the reasons mentioned above, regardless of what channel you select, you will have to create an amazing message that does all of the following:

- Grabs your prospect’s attention
- Hones in on your prospect’s key problems
- Contains key buzzwords
- Drives emotion strongly enough to force your prospects to take action
- Gives your prospect a clear call to action

“A great message interrupts their day and gets their attention”

Below you can see an example of a promotional campaign on Facebook that targets real estate investors for tax planning:
The advertisement above clearly targets one niche with one offering, grabs the prospect’s attention by honing in on a key problem using industry buzzwords, and gives the prospect a clear call to action.

This advertisement is also a great example of tracking the statistics and doing the math on the results daily. In the table below you can see the statistics generated by the above advertisement:

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<th>Date</th>
<th>FB Likes</th>
<th>Ad Spend</th>
<th>Clicks</th>
<th>CPC</th>
<th>Leads</th>
<th>CPL</th>
<th>Applications</th>
<th>CPA</th>
<th># of Cust</th>
<th>Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2/14/2016</td>
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<td>$8</td>
<td>$116</td>
<td>$3</td>
<td>$20</td>
<td>9</td>
<td>13.16</td>
<td>3</td>
<td>$20.47</td>
<td>$0</td>
</tr>
<tr>
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<td>$110</td>
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<td>$0.07</td>
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<td>9.17</td>
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<td>$106.99</td>
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</tr>
<tr>
<td>2/16/2016</td>
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<td>$134.38</td>
<td>$0</td>
</tr>
<tr>
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<td>$5</td>
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<td>16.89</td>
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</tr>
<tr>
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<td>$26</td>
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<td>$10</td>
<td>$5.20</td>
<td>10</td>
<td>13.51</td>
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<td>$146.00</td>
<td>$1</td>
</tr>
<tr>
<td>3/18/2016</td>
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<td>$22</td>
<td>$142</td>
<td>$6</td>
<td>$3.08</td>
<td>15</td>
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<td>$2</td>
</tr>
<tr>
<td>3/24/2016</td>
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<td>$142</td>
<td>$6</td>
<td>$3.08</td>
<td>15</td>
<td>12.69</td>
<td>3</td>
<td>$47.26</td>
<td>$2</td>
</tr>
</tbody>
</table>

As you can clearly see, the table shows how much cash is being spent on advertising, how many customers are coming in and how much was spent to acquire those customers.

You can also see an example of a calendar with dozens of appointments generated per week:
In this case, the above calendar shows 26 appointments with potential clients in one week. At first this may seem like an unrealistic amount, considering that you still have to spend time delivering the services and managing all the other aspects of the business. However, keep in mind that this still leaves 24 hours (assuming a 50 hour work week) in which to do other work, and you additionally have the option of hiring staff to help with the service delivery and administrative functions of the business, or even to take some consultations with potential clients.

You should be reviewing your dashboard of all the above metrics daily for whichever marketing method you are using. Additionally, you must learn to live in your calendar. This means ensuring you have appointments daily, blocking off every hour for appointments and intentionally scheduling time to complete work as well as take care of all of the other aspects of running a business. If you are having trouble succeeding, it is almost guaranteed that you need to make better use of your calendar. You should learn to manage your time through meetings with other people that hold you accountable for that time. Soon you will find that if you fill up your calendar with 26 meetings in a week, you will be forced to be incredibly productive in the remaining hours simply so that you can deliver all the tax plans you sold.
e. **Key thinking hack for making marketing changes**

One of the key “thinking hacks” for marketing is that when something in the process inevitably breaks, you must first go backwards to get it working again, before you can once again try to make improvements to the process. Consider the flow-chart below:

**When you start**

Original State: Marketing Is Not Generating Results
→ Experiment: Launch and Get Your Marketing Campaigns Working
→ Desired State: Marketing Is Generating Appointments & Sales

When you first begin, you begin at A. Your original state is one marked by a lack of results because nothing is working. Through experimentation at B you change your messaging, you change the subject line, you change your offering until eventually you find yourself at your desired state of C where you are finally generating appointments and sales.

**When you try to improve**

Desired State: Marketing Is Generating Appointments & Sales
→ Experiment: Do Something To Improve It
→ Result: Gets Worse

Inevitably, you reach D where even though you are at your desired state generating results, you want to improve the process convinced that your changes will lead to even better results. You implement your experiment at E and much to your dismay you find yourself in a worse state with worse results, F.

**Key Tip:**
Go backward before you go forward. When a test doesn’t work (even if you are absolutely certain it should help) reverse it. DO NOT. I repeat DO NOT keep making changes.

Revert to the original state where marketing was generating appointments and sales.

Then try to experiment again.
When you are starting out - which is defined by less than $100,000 per year in annual sales or you are selling less than two tax plans per week, when it comes to marketing, you have to reach out to your existing network even if they are not in your niche. You should also use active marketing methods. Once you cross the barrier and are generating more than $100,000 in annual sales or you are able to consistently sell more than two tax plans per week, you can focus solely on active marketing.

This is where business owners make the big mistake - they try to change from there (F).

Go backward first

Result: Marketing is not working

Experiment: Reverse it and get back to original state

Desired state: Marketing is Generating Appointments & Sales

Now you can try to improve again

Instead, the answer is to go backwards before you again try to move forward. Even if you are absolutely convinced that the change you made should have helped the process, you need to reverse it and get back to your desired state (D) where you are once again generating appointments and sales.

Once you find yourself back at D, you can once again try to improve the process to make it work better. However, the thinking hack is to realize that you must first reverse a change that led to worse results instead of continuing forward no matter how small and insignificant your change was. The reality is that, while to you the change may have seemed insignificant, the truth is that to your niche, it resulted in a massive difference.

Therefore, whether it was a change in messaging, a change in software, a change in the time of day you sent your email campaign, you need to reverse it back to its original state before you continue experimenting.

f. When you first start

When you are starting out - which is defined by less than $100,000 per year in annual sales or you are selling less than two tax plans per week, when it comes to marketing, you have to reach out to your existing network even if they are not in your niche. You should also use active marketing methods. Once you cross the barrier and are generating more than $100,000 in annual sales or you are able to consistently sell more than two tax plans per week, you can focus solely on active marketing.
Many people make the mistake of trying to skip over their existing network because they tell themselves it is awkward to try to sell your family or friends. However, the truth is that if you have not managed to figure out how to message somebody in your phone to get an appointment and convert them into a client, it is going to be significantly harder to convert a prospect who is a stranger from another state in a different niche.

“If you can’t sell someone you know, you can’t sell someone you don’t know.”

Use the lead lists we created earlier in this book

If you fall into the first category where you are not yet generating $100,000 in annual sales or you are not yet selling two tax plans per week, use the lead list you put together earlier in the book:

• Potential Clients In Your Niche
• Existing Clients We Can Upsell
• People That Didn’t Move Forward
• Facebook Friends
• Phone Contacts
• LinkedIn
• Other Small Business Owners We’ve Met

Another key point to know is that if you have existing clients who are generalists or do not necessarily conform to a niche, you should sell them first. You need to take care of existing clients first, save your existing clients money on taxes and get them to a better state before you begin to focus on brand new strangers. While you still want to begin the process of active marketing, the truth is between now and for as long as your proverbial doors are open, you must ensure that you are taking care of your existing clients first.

The truth is that many people resist reaching out to their existing network because they feel more comfortable reaching out to strangers. However, marketing is not about your comfort. If your plan is to make marketing decisions based on comfort, you will find it to be a deadly process once you finally begin running your campaigns.

Note: If you have existing clients that are in all sorts of industries, sell them FIRST.
g. Active Marketing Methods & Process

While in any given day your focus should be on getting clients and closing deals, marketing is the process that will make sales so much easier for you. It can generate upwards of ten appointments per day with prospects that are significantly more qualified than people you may meet at a networking event or get from a word of mouth referral.

Even though marketing can do all of the above for you, it will require effort on your part to establish the system and commit to it. The graphic below shows you the way you should think about collecting all of this information:

1. Once you exhaust your existing network

The remainder of this section will discuss all of the components of the graphic above. It will go through prospecting - made up of list building, paid advertising, referrals and network- and other ways to generate leads with new prospects.

It will then go over what to do with the information you gather from them such as phone numbers and email addresses. It will then review the different types of education you can share with them be it emails, videos, or documents.

At this point, the prospect will be in your “Village” and the materials will cover the variety of ways you can convert prospects from your village into paying clients.
Ultimately, if your goal is to build a large organization and a large business, you will have to spend just as much time excited about marketing as you do technical tax planning strategies. If you want to be an entrepreneur, you cannot ask yourself what feels comfortable or what you are interested in, but rather what is necessary to achieve this end and what do you need to learn to have a successful tax planning business. If you ask yourself these questions, you will find that of all the content presented in these pages, marketing is perhaps some of the most important because of your ability to predictably generate brand new appointments for your one-time, extremely valuable and profitable service.

2. **Prospecting**

There are a variety of methods that you will use to do prospecting. The most important part to remember however, is that your goal is to try to get in touch with brand new people. You want to learn the following about them:

- Where are the people who we want to serve in our niche?
- Specifically, how do they talk and what buzzwords do they use?

While there are a few examples presented below, further detail and screen-by-screen walkthroughs, for each of the methods is available in the Next Level Firms training materials. **If you are not already a member of the program, email support@accountingtax.com for more information.**

As mentioned earlier, when deciding on a marketing channel, the key here as well is to pick one method and focus on it until you dominate in it. Once you have the first one working, you can add others and expand your marketing environment further.

3. **LinkedIn**

**Cost: $100-$200/mo; Low cost**

LinkedIn is an incredible platform that contains hundreds of millions of small businesses, users, and small business owners and perhaps the best thing about it is how relatively inexpensive it is to access such a wealth of information.
If you were to email a prospect about potentially working with you, there would be no string of connection. However, if you connected with that same person on LinkedIn prior to reaching out, you would all of a sudden be connected to them in some way despite the fact that before connecting on LinkedIn, you were still strangers. This thread of a connection warms the relationship, adds context, and allows you both to take the next step.

As with any platform, it is vital to have a niche market, a striking message, and a great offer. When you consider the limited investment that LinkedIn requires, it truly is a great platform that allows you the freedom and space to dial in your niche market, craft a striking message, and create a great offering with a very limited investment of both time and money.

You can see below, the process used to get appointments using LinkedIn:

You begin by setting up a LinkedIn profile and sending out connection requests. Once connection requests are sent and accepted, you gain access to your the email addresses of all those new connections. You will follow up with them a couple times on LinkedIn, but once you have access to their email, you will follow up with them via that medium as well, simply stating that you would like to work with them, a little about what you do, and asking for the meeting.

A certain percentage of those you reach out to will take the call and go through the full strategy session process where you estimate their tax savings, make them an offer, and you will be able to convert them to paying clients.
Shown below is a sample email template sent to a prospect procured through LinkedIn:

LinkedIn Email Template
Email Subject: Boring Accountant

Hey Sarah,

My name is Jeremy and I get the pleasure of being a boring accountant for my staffing and recruiting clients.

With this privilege, I work through restructuring entities to save anywhere between $27k-$432K in taxes (yep you read that correctly).

Basically I am tasked with increasing the profits of your business and would like to chance to show you my skills, I promise they are all not as boring as you may think.

If this email interested you enough to read to this part, I’d love the chance to talk to you.

How does your calendar look on Tuesday?

Thanks,
Jeremy Jake
XYZ Company

Keep in mind this is one part of a four to six part follow up series on both LinkedIn and via email. However, this is typically the first marketing method that many people employ and have seen tremendous success with.

You should continue to use this method and marketing message until you are generating at least $20,000 to $50,000 per month. The total cost of software and tools will be around $100 to $200 per month, depending on which you choose to implement.
Another active marketing method that has the potential to generate appointments is newsletters. One of the worst mistakes business owners make is to hire a company to write their newsletters. These companies could care less about the content or your niche and instead write bland generic newsletter with tax updates that nobody is going to read, not even tax geeks. Therefore, if you are going to send out newsletters, you will have to learn how to write amazing copy by yourself.

**Exercise to write effectively**
You should start by sending one email per month, then increase the frequency to one per week, then multiple per week, then one per day, until finally you are sending multiple per day as many times as you can handle. While this may seem excessive or even impossible, many successful writers and entrepreneurs recommend that you write at least something every day, whether this is in a journal, a blog post, or in some other manner. What better way to write every day than to also share it with thousands of people who could potentially become your clients and buy a tax plan.

For those of you who remain skeptical about your ability to write, the best way is to simply force yourself to start. Block off six minutes in your calendar, sit down, and force yourself to start writing. Even if all you write are random words and thoughts on a page, you just need to start. After some time, you will watch those words form into coherent thoughts that talk to your desire to help a certain niche, all the ways you know to how to save them money in taxes, and stories of all the people you have already helped.

**Sending out your newsletter**
Many people who send regular newsletters do so using a service such as ActiveCampaign.com or Mailchimp.com which takes only minutes to set up. Once again, the Next Level Firms program offers screen-by-screen walkthroughs on how to do this. **If you are not already a member of the program, email support@accountingtax.com for more information.**

The Newsletter Marketing Formula will not guarantee that every
email is going to produce a customer or even that it will generate appointments. However, these are all the components you will need to include:

**Newsletter Marketing Formula:**

- Catchy headline
- Key problems people are facing
- Specific details on the problems using keywords
- Vague explanation of how to solve
- Case studies of transformation
- Call To Action
- Book a time to talk about working together

**A catchy headline:** the entire purpose of this exercise is for your prospects to open the email. Therefore, the headline needs to grab their attention by either being specific to their industry or containing a key buzzword or just by being something that is out of the ordinary.

**Key Problems:** Once they open the email, you want to immediately touch on key problems they are facing. These problems may be related to taxes, they may be related to finances, money, accounting, or their business in general. Whatever the problem is, you need to mention it from the beginning and go into it with specific examples and detailed keywords. Your goal is to show them that you understand them better than they sometimes understand themselves, but most definitely better than any other accountant they have ever spoken to.

For example, when speaking to attorneys you may mention the keyword IOLTA or you may mention the tax implications of bringing on a second partner into the firm. Either of those are very specific to that niche and are not something that would be relevant to a retail shop.

**Vague Explanation of a Potential Solution:** This is where you can bring in a case study or discuss a transformation for a previous client. For example, you could talk about a client that you worked with to restructure their legal entity and save them $27,350 in taxes each year. The key here is not to give them a step-by-step walkthrough of exactly how you did it, but rather to share the story with details so
that it becomes real for them and entices them enough to sign up for a call with you.

**Call to Action:** At several points in the newsletter, you want to give them a call to action and tell them how to book a meeting with you and schedule a strategy session. You can do this two or three times in each email. You can use a tool like ScheduleOnce.com to set up an automated email schedule.

The best way for you to see newsletters and the above formula in action is by opting in to the AccountingTax.com newsletters. If you are already a member of Next Level Firms, there is a chance you were removed from the email list once you became a client. In that cases, simply visit the website and sign up using a different email.

You should imitate the headlines and formatting until you develop your own feel for how the process should be done.

**Best things about newsletters**
One of the best things about newsletters is that you are using prospect emails that you have already accumulated through the LinkedIn process. You can also use existing clients, and others who have opted in through your website. Regardless, there is no need for you to go out and prospect even more emails; you can simply use what you already have and continue to email them on a regular basis to keep them excited and informed about your services and what you offer. Newsletters work beautifully in conjunction with your LinkedIn outreach campaigns.

**5. Weekly Webinars (60-120 minutes)**

**Cost: $200-300/mo**

Weekly webinars are another great method to get in touch with prospects and inspire them to book a meeting with you that does not require a large investment of money; simply a large investment of your energy.
How they work
Once you collect a number of prospect emails through LinkedIn and you transfer them over to a newsletter, you reach out to them several times a week telling them to book a spot on your upcoming Webinar.

You do not have to prepare slides. You do not have to prepare at all other than taking notes on what you are going to cover. You can simply turn your computer on in front of a whiteboard and start talking. You can share a little about your journey, the key problems they are facing, and how you can help them. Generally, the format follows the below outline:

Introduction and what you are going to cover: this allows you to talk briefly about yourself and introduce the topic for the Webinar.

For example: The Five Best Methods Real Estate Investors Use to Decrease Tax Liability.

Who this is and is not for: This is the part where you want to briefly mention who will benefit the most from watching this Webinar.

For example: This is for anyone who has their first property and may be about to close a deal, or for anybody considering a Sec 1031 exchange on an existing property. This is not for anyone who is considering becoming a real estate investor and does not yet own rental properties and is not yet generating rental income.

Your story and how you got started: You can talk about what connects you to the niche and how you came about your specialized knowledge. This is your chance to truly humanize yourself, make yourself real, and connect with your niche as a person with a family, children, and hobbies and not just some dry tax accountant.

5 Key things for your niche: This is the bulk of your presentation and where you will go over the topic you introduced at the beginning. You want to go over their specific problems and tell stories of case studies showing vague solutions that delivered real results. You need to go into enough detail to make it real for them but not so much that you lose them or give them all the answers that they can take to their existing accountant, or worse, try to solve the problem themselves.
For example: Talk about the process of a Sec 1031 exchange and what the effects are for a real estate investor. You might also talk about the benefits of doing a cost segregation study, under what circumstances it might arise, and how it can relate to their situation. You might also talk about something that has absolutely nothing to do with real estate but could still save them thousands in taxes because of their tax bracket such as retirement contributions.

Outline two choices (minute 40): At this point you should emphasize to them that they have two choices - they can work with you, or they can try this themselves. This is also the point where you invite them to book a meeting with you.

Question & Answer: You can do this portion either live or scripted. If you have many people attending they will be asking lots of questions and you can spend time on those. If you choose to do it scripted, you can write out a list of questions that people have asked in the past and address them on the Webinar.

Continually push them to book: From minute 40 where you mention their two choices and throughout the Q&A up until the end, you want to make sure you are continually pushing them to book a meeting with you. However, the best part is, even if they do not book with you directly, when they signed up they provided you with all of their information so now you can go ahead and call them for a strategy session and add their email to your newsletter. The key here is to follow up with them immediately after the webinar while it is still fresh in their minds.

How to promote your webinars
In order to promote your webinars you should send one email per day beginning four days in advance and then the day of the webinar you should send at least two and up to three emails.

Each email should send them all to a landing page where they input their name, phone number, and their email. You can also integrate the landing page with the webinar software. Some recommended webinar software includes:

- GoToMeeting
- StealthSeminar
- WebinarJam
Keep in mind, this whole process, while it does not require a lot of money, it does require a tremendous amount of energy to put yourself out there and be comfortable. However, this is an excellent way to generate appointments using your energy.

**Summary**
LinkedIn, Newsletter marketing, and Webinars are three ways that you can grow an audience email list and convert prospects to appointments and eventually clients. You can do this all spending nothing more than your energy and a couple hundred dollars per month.

6. **Facebook Advertising**

**Cost: $1,500-$2,000 mo+**

Once you have mastered the above three methods, you can move on to paid advertising, for which the best method is Facebook Advertising.

In the example above, you can see the Facebook advertising process displayed in detail. However, for more information on this you should refer to the Next Level Firms program materials, which contain everything you need to get started with Facebook advertising including:

- Landing Page
- Advertising Templates (images, copy, headline)
- How to set up tech
- How to launch ads in Facebook
- How to monitor on an ongoing basis
- How to scale from $50/day to $12,000/day and beyond
For anybody who is not yet a member, you can email support@accountingtax.com.

$100 per day advertising spend is $3,000 per month. You may be looking at that number thinking it is a lot to spend on advertising; however, consider that if you invested that per month for three months, that would equal $9,000.

If you invest $9,000 in advertising and it does not work, you would lose $9,000. However, another way to look at this is that you can risk $9,000 to potentially generate $50,000 - $90,000 per month in ongoing sales, if not more.

Therefore, while paid advertising is certainly risky from a financial perspective, the upside of succeeding with paid advertising is tremendous and if you are a person who wants to go on the journey of building a performance business, you should absolutely use paid advertising. That being said, you can most definitely grow to $100,000 per month in sales without doing any paid advertising, but if you decide to invest in Facebook, the minimum is $1,500 to $2,000 per month and more.

7. Prospect Information

As you go through the process of prospecting, you will begin to collect and amass information. When you consider all the information you receive, emails are certainly important; however, phone numbers are even more valuable. In the beginning, you most likely will not even know what to do with all the information you collect, but over time you will use it to convert prospects into paying clients.

Phone numbers
Once you begin to accumulate phone numbers, it is important for you or an administrative person from your company to begin to calling them on an ongoing basis. All of the phone numbers that you collect should go into a sales system so that when you build out a larger sales team, you can have salespeople routinely following up with these leads and trying to convert them to paying clients.

Emails
The emails you collect will also go into your sales system. In
addition, you should add them to your newsletter marketing campaigns and advertise webinars to these prospects in an attempt to have them sign up with a phone number which you can use to convert them over time.

Keep in mind, all of these prospects have expressed interest in your offerings. They have expressed interest in tax planning with you and whether they become a client in 48 hours, next week, in a month, or whether they take three to five years to convert, you now have their information and can continue to contact them and try to convert them for as long as your business exists.

**8. Educate them**

Once you have gone through and collected information from your prospects, it is incredibly important to think about how you are going to educate them about what you do and the services you provide. The better you can do this, the more appealing and interesting you will make yourself to them. Ultimately this will all lead to higher quality strategy sessions when you do finally meet with them.

**Email: (LinkedIn email campaigns, Newsletter marketing, Direct Outreach)**

The easiest way to educate your pool of prospects is through email. This can be as simple as a four-part follow-up LinkedIn campaign mentioned earlier in the materials stating a little about what you can do to solve their key problems, and inviting them through a call to action. It can also be through newsletters or direct outreach emails, but regardless of which you choose, email is by far the easiest way to reach out to your prospects and educate them about what you do.

A key point is that you can vary your emails. They can be value based, salesy, catchy, or anything else; however, they should all seek to educate your prospects more about what you do and capture their attention so that they are inspired to reach out and book a meeting with you.
Video (Niche video for Facebook Ads, Weekly Webinars)
Another excellent way to educate people who gave their information to you is through videos. One great way to do this is through niche videos posted on Facebook. With these you will invite everybody who comes to your website to enter their information and watch a niche video. This process can be tremendously powerful since people will constantly -24/7/365 - give you information in order to watch a short video about you and then book a meeting because they are interested.

You can also use short videos as part of your weekly webinars. These are videos posted to your website advertising the webinar. While it does take more production time and it is generally recommended that you invest in high-quality camera equipment for these, they add an entirely different dimension and feel for your prospects who view these videos.

PDF (Opt-in for the website, Email campaigns)
PDF documents are another form of information that you can use to educate your prospects and get them excited about working with you either through your website or by attaching the documents to your email campaigns.

10. Conversion

Once you begin generating leads and educating them about your services, it is important to remember that not all of your leads are going to sign up to work with you and certainly not all are going to make the decision to work with you immediately. In fact, a majority of your leads will never work with you and a even greater majority will not work with you for quite some time.

Therefore, it is important to consider what you can do on an ongoing basis to remain relevant to those who may eventually make the decision to work with you. Below are some options of things you can do over time as you continue to grow your team:

Daily Emails: Every day send your leads a new email talking about your company, success stories of current and previous
clients and how you can help them too.

**Weekly Webinars:** You can create weekly webinars where every single week you are creating new content specifically designed for them and their niche.

**Outbound Calls To Inbound Leads:** You can also call your leads. Once you have amassed hundreds of phone numbers, you can begin putting together lists for your sales team to call on a daily basis.

**Calls:** This includes calling prospects who have already booked meetings with you.

**Text Messages (mass and 1on1):** You can also send text messages to all of the phone numbers. These can be promotional texts offering a $500 discount for anyone who signs up for a tax plan before the end of the month.

**Voicemails:** These can be sent out directly without their phone ringing. They will simply see a voicemail come through, check it, and call you back.

**3D Mailers:** This is where you send a physical package in addition to a letter giving them the option to call you back if they are interested.

**Promotions & Discounts:** You can either run discounts on existing products or you can bundle products to try to incentivize prospects to buy.

**Retargeted Advertising:** This is how you can remain omnipresent for anyone who has come into your “Village” as explained above. Whenever they are on other websites, they’ll see you right on the side bar.

While this can be an overwhelming amount of activity, keep in mind that you do not have to have all of the above in place from the very first day you are in business. You must first begin with the fundamentals; however, keep in mind that over
time, as your team grows and you accumulate more and more information from your prospects, you will want to add these activities to convert your prospects. Otherwise, you will be leaving a tremendous amount of opportunity on the table.

Additionally, some people may think all of this follow-up is too aggressive; however, the reality of this is that nobody remembers anything you do and if you are still in doubt, try to remember what you saw on social media three days ago. The people who remember your promotions will be the paying customers who are happy and excited to be working with you.

Summary
You will be able to add more in time, and you saw above how complex marketing can become; however, the important thing is to commit to finding one method that works and results in one niche, one offer, one price, one strategy session, and one service to deliver.
Sales: One To Many

Overview
If you are going to make the decision to build a tax planning firm above $100,000 per month in sales, you will first have to commit to becoming an exceptional salesperson. Once you make the commitment, you can go on the journey to not only embrace the sales process yourself, but to later build out a team and an amazing sales environment that, when done correctly, can grow to tens of millions in sales.

A. Make the Decision

“You have to make the decision to become incredible at sales.”

While it may sound simple, you must make a conscious decision to become incredible at sales. Without this commitment, you simply will not make it past all the hurdles that will be thrown in your path on your journey to generating $100,000 to $1 million and more in sales. Between the real and imagined mental and emotional impediments, without making the conscious decision to be an incredible salesperson who excels at generating revenue, you will never be able to push through. Once you make the decision to do hundreds, even thousands of calls, you will truly be able to master the process of sales. However, until you have completed at least thirty strategy sessions with potential clients, you have not even begun.

“If on your first strategy session your hands aren’t shaking, you’re doing it wrong.”

Before you can teach others to sell for you and begin to build out your sales team, you need to focus on yourself first. Sales is one of the most valuable activities in the company. It is the line on the financials that generates revenue to cover all the other lines on the financial statements. Because it is so essential, it cannot be outsourced from the beginning. You must first learn yourself how to correctly price tax planning separately from tax preparation and you yourself must be able to convey the value to your prospects so that when they commit to working with you, they are happy and grateful to pay your fees. Nobody else is going to solve these problems for you, and truth be told, if they could, they would most likely take your whole business and run it themselves.
Therefore, you truly must make the commitment to excelling at sales first and foremost. Even if you do hire salespeople, you will still be required to come in on the call at the end as a second voice to help close. You will still be required to create an effective sales script for them. You will be required to provide them with recordings as examples of when you have closed. A tax planning company is just as much a sales and marketing organization as it is a technical tax firm. However, if you can push past the pain and the obstacles of mastering the process yourself, you will find yourself walking up to the 6th tee one day as your team closes two brand new $7,500 tax plans before you even have a chance to take the head cover off your driver.

1. Programming Your Automatic Thoughts

Perhaps one of the best indicators of a great salesperson is a high level of awareness. Once you are aware of yourself and of the other person, when you are doing consultations with potential clients, you have the ability to step outside of the situation and not react to the other person, but to craft a response that takes into consideration all of the components of what is happening for that person and their company. You are aware of everything that is happening during that call. You are taking into consideration the type of relationship you will have to develop with that person where they respect you without fearing you, but at the same time they cannot walk all over you.

a. Developing awareness through positive affirmations

One of the best ways to develop this level of awareness is to realize that the average human has between 50,000 to 70,000 automatic thoughts every single day. While we constantly aim to be more mindful and aware, the way the human brain is programmed, it will constantly slip back into those 50,000 to 70,000 automatic thoughts.

There is no way to fully control your automatic thoughts. However, if you practice, you will be able to shift them in a direction that is more beneficial to you. The key is to begin moving your thoughts in a positive direction. While it is important to maintain an accurate view of the situation, you should keep in mind that the vast majority of these 70,000 daily thoughts do not require that you take them seriously.
Another consideration is that you have the ability to view your thoughts through a variety of lenses. For example, you can view them from either a positive perspective or a negative one. Very often, it is much more beneficial for you to take a positive stance on these thoughts. This will enable you to change your entire mode of being and there is nowhere that this is more important than in sales.

You may have all sorts of beliefs about yourself as a salesperson and your ability to sell. You may have even told yourself all sorts of negative things such as “I am not a salesperson, I’m an accountant,” or even worse, “Sales is sleazy.” All these thoughts and any other thoughts along this vein need to be reassessed and changed if you are going to go on the journey to build a successful business and commit to excelling at sales.

The truth is, if you do not want to be responsible for sales, you should not have made the decision to own your own company. As a business owner you are responsible for every component of the business. You may be required at any point to step into a lagging business component and repair it. This does not mean that you cannot eventually hire teams which will do the job better than you; however, it does mean that in the beginning of your journey, you must go through and evaluate your thoughts and reprogram any self-limiting and negative ones with positive ones.

The following is a sample of affirmations you may use to help you reprogram your automatic thoughts around sales.

“If I don’t learn to sell a lot of people, they’ll just continue to overpay in taxes for no good reason.”

“When I talk to a prospect, I know I’m worth it. I expect a full payment up front at the end of each call.”

“There is such an abundance of money in the world. Everyone that works with me makes money on the deal. They’re losing money without me.”

“I am incredible at sales and I’m worth every penny of what I receive and more.”
“I can generate wealth on command, with a few keystrokes and calls. I can make hundreds of thousands of dollars.”

“I have a mindset of wealth and abundance. I can achieve anything that I want to and I feel so powerful and unstoppable.”

“Abundance is my natural state. I see abundance everywhere I look and I know that life will always be this way for me. I feel at ease and proud.”

“I am a people and money magnet. Good people and huge fortune are attracted towards me every single day. I feel powerful and smart.”

“Money flows to me easily, frequently and abundantly. I feel gifted and unstoppable.”

“My income is constantly increasing and I deserve it. I feel gifted and powerful.”

“I love to close the deal. When a deal is closed, one way or another, I rejoice knowing that my time has been well spent, and I feel confident and excited about moving onto a new opportunity without any wasted time.”

The affirmations above are a small sample of how to shift your thinking in a positive direction. Read them out loud each and every day. You should continue to add to your list as you discover new self-limiting beliefs that keep you from achieving your goals.

2. Problem and Solution: Why People Buy From You

One thing you really need to clearly understand is why people buy from you. It has nothing to do with your outward appearance, background, the number of certifications or diplomas on your wall, or the number of letters after your name. If you correctly run the strategy session, fundamentally what they buy from you is the perceived value you bring to the table. A beautiful aspect of tax planning is that there is a clear and high value proposition which enables you to grow outside of relationship selling.

Relationship selling is one of the largest problems in the accounting industry. People believe that they must have a relationship with a person in order to close the deal. Any given person can only maintain a limited
number of connected relationships. However, if you are able to close prospects based strictly off perceived value and persuasion you can have other salespeople stand in for you during the sales process. As long as you are able to prove the value of what you are selling to that prospect, they will commit to working with you for a high fee. You will become a person who sells based on problem and solution and the underlying value of your services, not selling based on relationships.

As you continue along the path to becoming an amazing salesperson, you will learn to nail down key problems the prospect is facing and provide the correct solutions. You’ll ultimately connect those clearly in the mind of the prospect in a way that makes them believe you, and motivates them to commit to working with you.

**a. Nailing the estimate on the first call**

When you have a call with a potential client for tax planning, it is important to remember that at their core, people are not buying spreadsheets or templates, they are buying money. They want to pay less tax legally, keep more money, and grow it for their future. The better you are at communicating that working with you is not a $7,000 expense, but rather an investment that makes them significantly more money, the more likely they are to move forward.

“The easiest way to make money is to sell money!”
b. Estimated Tax Savings

Download The Tax Savings Estimator Excel Template

While you’re going through the questions, you want to be constantly noting down the savings per strategy.

We’ll use these individual strategies to build your total value proposition for your pitch.

This estimate is also what we’ll use to calculate your price for the plan.

Generally, we charge 30% of estimated savings for the tax plan.

The estimated savings calculator can be downloaded at:

AccountingTax.com/Estimator

Therefore, when you are going through the process of the sales script shared with you in the upcoming pages, you will have to ask all the questions you can surrounding deductions, legal entity structure, retirement, insurance, tax loopholes, and so forth.

As you are asking these questions, you need to put the answers together in the Tax Savings Estimator (referenced above) so that you can provide an accurate estimate of how much money the prospect will save by working with you thereby communicating the underlying value you are providing.
c. Estimated Retirement Savings

Calculate Their Estimated Retirement Savings If They Invest Their Tax Planning Savings

You’ll need to know their current age, and when they plan on retiring (alternatively, just use 65).

Input how much you may be able to save on an annual basis with your tax planning engagement.

We also generally use 12% as the return for their investments since that is the 30 year return on the S&P 500.

The retirement savings calculator can be downloaded at AccountingTax.com/Retirement

The second estimate that you need to nail on the first call is the estimated retirement savings should they decide to invest their tax savings. The Calculator is shown above along with instructions on where to download it. In essence, the tool takes into consideration the age of the prospect, when they plan to retire, and how much they plan to save between now and the age they retire.

Once you estimate how much the prospect can save by working with you, an additional way to drive the point home is explaining to them that by investing these savings, they will have many hundreds of thousands, if not millions, of dollars they will be able to save in their nest egg. This translates into a huge investment to take care of their family and themselves in their old age.
Therefore, while your initial value proposition is that of paying less tax legally, your additional value proposition is helping their estimated net worth increase by investing those savings.

3. Handling Fears and Emotions

“If you aren’t pitching price, it’s just networking.”

Even though tax plans are a technical tax and accounting subject, the reality is that while you are on the phone with a prospect who potentially is not able to analyze your technical tax skills, emotions and psychological resistance will arise. You will need to learn to use language, symbols, numbers, estimates, tone, the cadence of your voice, and more, in order to be able to persuade them to move forward with you.

You will have a variety of fears, emotions, and anxieties come up during this process. You will be afraid to pitch price. You will be afraid to ask them directly if they are ready to work with you. You will be afraid to ask them for a deposit. You will be afraid to keep pushing through their objections so that you can close the deal on the call even though they want to take three days to think about it.

The key is not to eliminate these emotions, but (similarly to dealing with automatic thoughts discussed earlier) to be aware of them and learn to manage them. Allow the emotions to come into your mind and flow through your body, and make the commitment that even though you are listening to those emotions, no matter what, you will stick to the script. Rather than reacting to your emotions when you are at the end of the strategy session, commit to handling every objection the prospect throws at you.

a. Objection handling and not leaving the call

“The call begins once the price comes out.”
While you may initially have anxiety about pitching price, you need to understand that the call does not truly begin until you give them the price of working with you. A general rule to follow is that 40-50% of the call should happen before you pitch the prospect, and 50% to 60% of the call should happen after the price comes out.

“If you think that when price comes out they’re just supposed to say yes and move on, you’ve got another thing coming.”

You will never be able to succeed at sales unless you learn to handle objections with potential clients. This is exactly why the commitment you made to excel at sales at the beginning of this section is so crucial to your success.

Prospects will rarely tell you what their precise objection is. Therefore, it is critical that you listen, truly listen, to what they are saying when they tell you they need to talk with their spouse or business partner, or the price is too high, or any of the other reasons they give as to why they cannot move forward. These are all covered individually and in depth in the Sales Script provided with these materials, but the key point is for you to not let the call end once you pitch the price and they give an objection. The key is that you plan on speaking to the prospect for another twenty or even fifty minutes and walking through all of their objections, dealing directly and specifically with their questions and problems.

Handling objections comes with practice. The materials in this book cover a variety of methods you can use to dig into objections and find the hidden meaning behind what a prospect is really saying, but ultimately you need to accept that you will not be good at them when you first begin. Despite all of the objections presented in the materials, you will still hear some that you never expected and you will have to find ways to overcome them on your own and with the help of the community. However, as long as you remember to go slow, use great tone and cadence, and make note of great objection handlers as you discover them, you will succeed.
b. Learning to love sales

“If you don’t make a sale, you aren’t helping anyone.”

For many people, sales is a dirty word full of negative connotations with plenty of negative emotional experiences and reactions attached. You might even be one of those people. However, consider this - sales might be dirty, but how do you feel about revenue? More likely than not, in order to succeed, your company needs revenue. Therefore, whether you want to continue using the word “sales,” or whether you need to change to using a word such as “revenue,” you need to understand that sales and revenue are a beautiful and absolutely essential part of your company.

Without sales, you cannot help anyone. The only time you are helping a prospect is if they become a client. A prospect cannot become a client unless you sell them. Once a client commits to investing in a tax plan and working with you, in that moment you are saving them more money in the current year and over the rest of their life than they could ever pay you.

“Every single time you get on the phone with a potential client, you should imagine yourself writing down their payment information.”

Fundamentally, you are interrupting the negative cycle that this person is on and helping them to achieve a better state with more wealth. Therefore, if you are able to reframe this confrontation of the person’s negative state as a chance to help them end the cycle of pain and anxiety and see it as a beautiful experience, you will come to realize that sales is a way for you to help people more than almost anything else that you do.

This shift in thinking can make it significantly easier for you to consistently do sales and feel comfortable accepting hundreds of thousands, or even millions of dollars and avoid being the stereotypical stick-in-the-mud accountant, attorney, or financial advisor that is not capable of accepting large sums of money upfront and over the phone.
“Your bank account from the beginning of the call to the end of the call should increase by thousands of dollars in the span of 45 minutes simply because you are amazing at sales.”

If you can begin to reframe your mind to be a person who can command that kind of wealth from a simple telephone conversation, you will completely change your business, you will completely change your life, and you will help thousands, if not tens of thousands of people, in the process.

c. Marry the sales script

This sales script was created specifically for tax planning services as part of this program.

We go through the intro, taking control, setting the plan, how to perform a proper diagnosis to arrive at the estimated savings amount for current and future years, how to define the gap of where they are and want to be, how to present the offering, how to pitch the price, and how to handle objections.

We also cover the check in call if you need to follow up and how to upsell existing clients.

You should use this script as a starting point and rewrite it for your specific services, styles, and niche specific questions.

Download editable version of the script:

AccountingTax.com/tax-script
After committing to being an amazing salesperson, when you are first beginning your journey, the sales script will be your only refuge. You will not know what to do or say in a given moment, and the fastest way to learn will be for you to follow the script religiously (after you make edits that tailor it to your specific niche and industry). You will use this script for hundreds of calls. Should you leave the script and find you are no longer closing calls, you will have to return to it.

You should also think of this script from the perspective of planning to build a sales team. The materials include a copy of the sales script in format that is easy to edit. The more that you can customize the script, the more effective it will be for your specific niche and service offering, and the faster you will be able to build an effective sales team should you choose to do so.

When customizing your script, you may consider the following:

- What is preventing you from closing the deal?
- What objections keep coming up in your niche?
- How did you effectively handle those objections?
- What do you have trouble estimating on the call?
- What determines if you try to close the deal or ask for a deposit?

In addition to the script, you must also be aware of every stage of the call, every sentence, every cadence, when to use silence, and how to effectively use tone. Once you master these for yourself, you need to able to teach all of the above to your sales team if you want to build a company bigger than yourself and have your team closing tax plans on your behalf.

d. Reviewing recorded calls

Disclaimer: Check your local state laws to determine if you are required to disclose the call recording.

“There is no better thing to do than listening to yourself on the phone with a potential client.”
The absolute best way to improve at sales is to listen to yourself on the phone with a prospect. Especially at the beginning, it is incredibly painful. You will hear your mistakes, where you need to improve, and how to make the process better. It is critical for you to hear how you sound, what you are saying, and what mistakes you are making in order to improve. If you are not willing to review your own sales calls, it will be like a person trying to lose weight without stepping on the scale.

“Not reviewing calls is like getting in a car, hitting the gas, and never even stopping to check if you’re going in the right direction.”

Additionally, you should make a note of the best calls so that you can review them with your sales team and provide them with training on how to close deals. Keep in mind: the best calls are not always calls where you closed the prospect. Calls that you were not able to close are equally as valuable. If you are able to bring on a new hire and present them with a selection of calls and point out why you did not close and what should have been said or done instead, this is immensely valuable.

Another valuable component of reviewing your sales performance is to continually review your statistics. You should track the following: of all your strategy sessions, how many did you close? A strategy session is defined as a prospect you spoke with, and pitched price to. A strategy session is not a no-show, it is not a call that ended in five minutes because the prospect had a negative attitude or had to reschedule.

You should be tracking these metrics on a daily, weekly, and monthly basis. That being said, if you have three strategy sessions in one day and do not close any prospects, do not become discouraged. Look at every twenty to thirty appointments and calculate your close rate for that block. As the owner, you should be closing anywhere between 20% to 35% of clients. You should be collecting deposits 30% to 50% of the time. To put this another way, half the time you are on the phone with a prospect, you should be taking some form of payment. Once you achieve these metrics, you are ready to begin building out your sales team and teaching others how to close clients on your behalf.
B. Building a Sales Team

Overview
At the time of the writing of this book, with all the research hours that have gone into the material presented here, no one has been able to successfully grow a tax planning business without being able to sell a potential client over the phone. Therefore, when you begin to think about growing a larger company outside of yourself, the business owner and entrepreneur, accept that there is no way to scale without a sales team.

While there are many components and problems involved in building a sales team, many of which will be addressed in the coming sections, it is also important to realize that these are all problems which have been solved by tens of thousands of companies in the past. Therefore, the precedent has been set for you that all the problems related to scaling your sales team are solvable.

a. When should you start building your sales team?

Until you are able to consistently generate $50,000 to $100,000 per month in sales, you should not begin thinking about a sales team. Truth be told, if you have less than $50,000 per month in sales, you do not have enough volume to pay for a sales representative. Instead, your time and attention should be focused on creating enough revenue and volume, and perfecting sales process and your own skills as a salesperson. Before you hire your first sales team member, you need a proven system for lead generation, appointments, and converting prospects into paying clients.

Once you are able to consistently achieve healthy metrics for all of the above, you can bring on additional salespeople. However, typically the marker of a healthy sales and lead generation process is consistently generating $50,000 to $100,000 of sales each month. In fact, in a tax planning business you can generate as much as $150,000 up to even $200,000 per month in sales without a sales team (which is simply not possible in other accounting service companies). However, even though you are able to hit this mark by yourself, there is no reason to do so. Once you reach the point of consistently generating sales, it is worth your time to consider building out a team.
b. Providing training and support

The biggest mistake that most companies make is not providing any training or support to their sales team, yet expecting them to succeed. They do not have a script. They do not have effective marketing. They do not have accurate pricing. They often times do not even have a good value proposition. The company has not created a high end value service and the owner is not even able to sell the service or product themselves, so instead they make the decision to hire a sales representative. Inevitably, this does not work.

In order to succeed, you must provide your sales hires with adequate training and support. You must give them a script that works, for a product or service that has a proven value proposition with correct pricing. This is why it is so critical that you take the time to reach the appropriate metrics yourself first, before adding members to your team.

c. Building a great environment

Salespeople are able to thrive only as much as the environment they are placed in. Consider a fish in a fishbowl. If you provide the fish with food, clean water, adequate filtration, live plants, and water that is the appropriate temperature and pH, the fish can live a long and healthy life. However, if you put the same fish in a bowl with dirty water, no food and without adequate filtration, the fish will soon die. The same can be said for your sales team.
One of the biggest mistakes you can make in your company is to hire salespeople without ever building out a an incredible environment for them first. You should understand that your job is to create an environment which includes the following:

- Training and support
- Great culture
- Appropriate software
- Coaching and mentoring
- Great people
- Metrics
- Billing
- Well-designed commission structure
- Well communicated expectations

Once you build a great environment that contains all of the above, you can begin to stock it with lots of fish and watch them thrive and multiply.

### 1. Key Components of a Thriving Sales Environment

When you begin the journey of entrepreneurship yourself, you often forget all of the things you are able to do as a business owner. You lose sight of the fact that you have a relationship with yourself, that you are a great person, and that you have many skills including self-discipline and the ability to set expectations for yourself.

On the other hand, salespeople are some of the wildest and craziest individuals in business. This is great because all of that energy and crazy attitude is quite helpful when dealing with something as stressful as generating revenue. However, it also means that they are often incapable of creating great processes and struggle with self-management and self-restraint.

Knowing that the environment you build has to help these types of people thrive, you have to think about all the different components depicted in the following graphic:
An effective way to think of the sales environment is to think of it as an organism. An organism needs brand new food and energy to survive, and it also needs a way to cleanse the waste from its system. As with a sales team, you need to constantly feed it with new energy, you need a way to manage the team itself, and finally, you need a way to cleanse the waste from the system. We’ll break out each of these steps in more detail below.

### Feeding the Team

Feeding the team is another way of saying adding talent to the team and new people into the system. As mentioned earlier, the sales team is only as good as the environment it is in. Similarly, the sales team is only as good as the people you bring into it.

The top salespeople can be very demanding. They know they provide tremendous value to the company and they know they earn their keep. They understand that they have excellent skills and are fantastic at what they do, and for that reason, they have leverage over you (particularly if they produce $100,000 or more per month in sales).

For that reason, as you are going on the journey to build your sales team, you must always be interviewing because if you find somebody who is excellent, they will make you money every day. On the other hand, if you do not have good people on your team, you will lose money. Do not look at your top sales representatives as costing you money!
Getting Interviews

Getting interviews is a critical part of the process. You cannot simply hire someone you know is a salesperson. You need to interview at least ten, and as many as dozens of people before you decide on what type of person you like. You have to consider their background, experience, etc.

You should utilize a variety of techniques: Indeed, Ziprecruiter, Craigslist, direct outreach, LinkedIn, etc. All of these different methods can be used to help get people to commit to you and your company.

Doing Interviews

When doing interviews, you should ask very direct questions. You want to understand their experience:

- What type of products have they sold in the past?
- Have they sold high dollar value products and services, or were they all low value?
- Have they ever sold over the phone or have they only done in person sales?
- Have they sold expensive items in the past, or only inexpensive?
- Have they used silence before?
- What is the most money they have ever made in sales?
- What are they making currently?
- How much of their salary is currently commission vs. base?

Additionally, during the interview, you should ask them if they would ever buy your product. You should go through and actually try to close them on a tax plan. Even if they don’t need it, or you have to drop the price down to $1,000, you want to see how they respond and what kind of objections they give you. The most aware individuals will figure out what you are doing and will be impressed you are trying to close them during an interview. The rest will think it is very strange and will give all sorts of excuses, complaints, and objections. Those are the ones who will experience the same things when they are on the call with a potential client.
Therefore, when you perform the interviews, you need to come at it from a unique angle and a very direct and pointed way so that you can throw them off and see how they respond.

### New Hire Training

This is one of the most important parts of the entire process. You have to mold the minds of your new sales team about all of the following:

- The opportunity they have
- How much they can make
- What they are offering
- What they are selling
- Who they are selling to
- What the value of the offer is

As you are molding their minds around the above, you will additionally have to train them on the following:

- How to do a consultation with a potential client
- How to walk through and ask the prospect specific questions
- How to arrive at an estimated savings number on the first call
- How to close a high paying client without you there

In order to do this, you will effectively have to teach them how to do taxes and tax planning. They will need to learn how to walk through a potential client situation and calculate how much they can save the potential client in taxes.

If your sales team is not able to go through and perform all of the above on a potential client, they will not be a great salesperson, and as was mentioned earlier, without great salespeople, you cannot have a great sales team, and without a great sales team, you will lose money daily.
Other considerations for sales training include teaching them:

- Software
- The history of the company
- Common objections
- Different service offerings
- Your niche and the different types of prospects you serve within that niche
- The commission structure
- Their compensation
- Warnings, probations, terminations and how they work
- Monthly meetings and how they are run
- How to do billing
- The dress code

While this may seem like an overwhelming amount of information, all of this is achievable with excellent internal training.

b. Managing the Sales Team

“Your want to spend more money on an excellent sales manager. The right person will pay you back in the millions.”

When you begin to hire salespeople, you want to hire at least two. At that point it is still a small group, but you need at least two so that there can be some competition between them. You will still take calls yourself, but you will be acting as the sales manager as well making sure they are trained effectively and giving them access to learn from you. After this point, when you have a team of three to four salespeople, you should bring a sales manager on board to manage the team.

You want this person to come in with a dispassionate view and you want them to have experience as a sales manager. Ultimately their role will be to help you build out the systems associated with getting the sales team off the ground, managing the team, maintaining clear expectations, and growing from there.
Sales management is one of the most valuable activities within the company. Hiring the correct person to maintain and manage the sales process will create incredible value for you as the owner. This person must be dependable, reliable, know how to get results and improve the process. They are a person who can do this every single day even if you are not there to step in and take care of the process yourself. Therefore, when you do build your team to the point where you need a sales manager, it is in your best interest to spend more money since it is an investment that will pay you millions of dollars over the long run.

**Closers**

A closer is a salesperson who is responsible for closing a potential client and getting them to the point of submitting a payment for a tax plan.

Closers are the people who do the full strategy session from the sales script. They walk the prospect through the potential current year savings, the potential value of those savings using the retirement calculator, handles all of their objections, and closes them into a paying client. Typically a closer will be doing anywhere from 50 to 100 dials per day.

Especially before you have built an excellent sales environment, the closers you hire must have traditional experience with sales and closing prospects.

**Setters**

A setter is a person who is responsible for calling prospects that have expressed interest in your services whether that be by submitting their information online, watching a webinar, or filling out a form on your website. Setters also reach out to prospects who had an appointment in the past and did not move forward. Their role is to reach out to these people and schedule an appointment for a closer to reach out to them for the sale. They may prep the prospect and require that they submit a tax return for review.

While closers are a must, setters are not. You may decide to hire a few setters, twice as many setters to closers, or the same amount of setters as closers.
While you will have to experiment in your own particular sales environment, a good rule is to hire one setter for every closer.

Typically setters can call 200 to 300 people per day and set five to seven appointments per day. If they are diligent and hardworking, they will pay for themselves. Unlike closers, they do not have to have traditional sales experience as they are only setting an appointment with a prospect and they are not trying to close the prospect on the call.

### Systems

Systems are a vital component of the sales environment. Some of the systems you will need are listed below:

- Getting people to show up on time
- Allocating leads
- Follow-up on prospects
- Termination and probation
- Ensuring and enforcing the dress code
- Improving training

While there are many other systems, these are just a few of the more important ones--especially in the beginning.

Ultimately, there are many different types of systems and the journey of building an amazing sales environment is one that will never end. You will always come up against problems -- some that you will easily solve, others that will challenge you, and still others that will grow and get worse as you grow. However, with the right systems in place, you will be able to more effectively deal with these problems over time.

The more effective you are at putting systems in place to deal with these problems, the more quickly you will overcome them, and the more successful you will be. You will learn to experiment with different systems at every stage of the process and you will find ways to make the systems work more effectively both individually and as a whole.
Management

Over time, you will need multiple managers in place. Typically, one sales manager can manage eight to ten people. Therefore if you want to build a much larger sales team, you are going to need multiple managers.

In addition to a sales manager managing the sales team, you may also need a sales operations manager or administrative support. The reason for this is because managers are responsible for a wide array of activities, for example:

- Daily Training & Coaching
- Daily Confrontation (e.g. late employees, closers varying from the script, incorrect objection handling, etc.)
- 2 hour game plans with management & support team
- Lead allocation
- List building for new prospects
- Daily games
- Goal setting
- Compensation and bonuses for extraordinary performance

The ability to handle all of these various components requires a manager who is absolutely driven and cares about the team. You must incentivize them to excel and their compensation must be structured in a way that is based on the success of every human in the room. There needs to be a base plus a commissionable component to their salary, which incentivizes them to help every person on the team.

Expectations

“You can’t have an effective sales team if everyone gets to work remotely, watch Netflix between calls, and take calls from their underwear and robe.”

You need to set rigorous expectations. There is no way for you to grow an effective sales team and a great sales environment if everyone is allowed to work from home in their bathrobe watching Netflix between calls.
Everyone must be required to come into the office on time, use timesheets and be monitored. While there are some people who thrive in a work-from-home environment, the simple truth is that most do not. Most often, working from an office makes you a better person. Being responsible to other people and showing up on time makes you more effective, more timely, and a harder worker.

This is especially true for salespeople. Keep in mind they are dealing with an incredibly tense and stressful activity. In order to deal with that stress and anxiety, they need to be in a tightly controlled environment with rules and structure, and with clear expectations for their performance.

**Metrics**

“*If they’re not on the phone talking to people, there’s no opportunity to close a deal.*”

With so many metrics in a sales environment, it is oftentimes difficult to tell which ones are important to focus on versus those that are superfluous. While every sales environment is going to be different, some of the more critical metrics are presented below:

**Talk Time:** How much time are you or any other sales representative in the company spending on the phone with prospects in any given day?

A great closer should be spending upwards of five hours per day on the phone with potential clients every single day. If they are not on the phone talking with prospects, there is no opportunity to close a deal.

Talk time is perhaps the number one indicator of revenue in the company.

**Dials:** How many people are being dialed every day and how many calls are occurring?

As mentioned earlier, closers should be dialing between 50 to 100 prospects per day and setters should be dialing between 200 to 300 people per day.
Unit Sales: A very large indicator of success is how many units they are able to sell. However, keep in mind that you will have to evaluate this metric in different ways. You also need to look at how many full-pays they are closing versus those with payment plans and deposits, and you’ll need to ensure they are estimating savings correctly so that they are getting the full value potential for the sale.

Close Rate: Of all the leads you present them with, what percentage are they able to close into a paying client? If they have 100 leads in a day, and close 20, their close rate is 20%.

New Cash: How much cash are they generating in any given week from brand new prospects?

Total Cash: Defined as new cash plus rebills which are payment plans that come in from accounts receivable. How much total cash are they generating in any given week?

Not one of these metrics is the only one that matters. They are all important and you must evaluate them as a whole. Together, they will give you an understanding of your sales environment and how well it is performing.

Software
Software includes everything from email scheduling software, calendar management software, client management systems, follow-up software, and call and text messaging software. There is also software available to help salespeople read the script, take notes during a call, and process payments, etc. There is truly an amazing amount of software available, and your sales team will need to learn the ones you choose to use in order to be successful. Obviously, your ability to train them on that software is a crucial part of the process.

All that being said, some of the best salespeople, particularly for services such as these, are people that are older and not necessarily 22 year olds fresh out of college. While all people can close, keep in mind that you are going to have a mix of ages, both older and younger, on your sales floor and they will all have to use the same software.

You want to ensure that you have great training that walks them
through step-by-step how to use the software and that there is somebody available to offer additional support as they have questions and to help them problem solve and troubleshoot any issues that arise.

**Scripts**

You absolutely must have scripts. While you will start with a sales script, over time you want to develop scripts for all of the following:

- Main Sales Consultation
- Follow up
- Text messages
- Emails
- Check in calls
- Getting in touch with people that disappeared from the sales process

These scripts are major company assets that can produce millions of dollars in sales. You should begin accumulating these scripts as you go through your own journey of becoming an excellent salesperson, even before you hire a team. By doing this, you will find that your team will be able to produce significantly better results.

**Support**

Your sales team will need support. They will require administrative support, billing support, Human Resources support, and coaching support, just to name a few.

A great sales environment requires a tremendous amount of support and your job is to build out the support team so that no matter what part of the sales environment requires assistance, somebody is there to provide support. That does not mean that you must have every component in place before hiring your first salesperson. However, you want to be aware of what processes require improvement, and that you are continually providing support to those processes.
Billing

Not every person who comes through your sales funnel and converts into a paying client will pay upfront and in full. In fact, even those who do want to pay in full are not necessarily going to be able to do so. They may require multiple forms of payment, their card may decline, or they may need a payment schedule. You may also have people who require a specialized payment plan, need an invoice sent over the phone, and a variety of other issues.

In these situations, you will need billing support. You should hire billing representatives who are able to assist in these circumstances, because if you have the salespeople handling the closing, the billing, and the payment processing, you will lose deals.

Daily Training

You need to have daily training in addition to whatever training you offer during the onboarding process. Every morning you should offer ten to fifteen minutes and as much as thirty minutes of training.

You should cover topics such as:

- What will happen during the day?
- What are the key things to think about on the calls?
- How do we close deals?
- What objections are routinely coming up?
- How do you handle those objections?
- What were the key problems from previous days?
- What are some success stories from the previous day?

Every day, you want to make sure you are providing additional training about your product, your offering, the marketing you are doing, and changes and updates they should be aware of, and you need to reinforce this daily.
Commission Structures

When it comes to designing a commission structure, you want to design one that is lucrative and allows your sales team to be well rewarded for what they produce for you. However, you do not want a commission structure that is so lucrative that your sales team does not have to work hard.

At the time of writing this book, a tiered commission structure based on units sold per week has been found to be the most effective:

**Tiered commissions based on units per week**
- First 5 units - 5% commission
- 5-9 units - 7% commission
- 10+ units - 10% commission

In essence, you want to design a structure where the salesperson is rewarded for closing more deals on a weekly basis, and the more deals they close per week, the higher their commission.

**A few other key points to note:**
- Do not pay commissions until a payment plan is completed
- Establish a low base plus commission structure until the salesperson is trained, then transition them to a commission only structure
- You must check your local laws to see what the requirements are for compensating salespeople
- Hire salespeople as W-2 earners; 1099 sales representatives rarely perform
- Give your salespeople the ability to make $100,000 to $250,000 per year

Overall, if you want to ensure that you are recruiting the top sales talent, you need to ensure you are giving them the ability to be very well compensated for their efforts.
C. Cleansing The Team

As with every organism, there is going to be waste that must be cleansed from the system. In the case of the sales environment, this will come from problematic team members.

Sometimes the problems will relate strictly to behavioral issues; other times there will be performance issues. However, regardless of the reason, you will have team members that must be cleansed from the environment in order for it to remain functioning at a high level.

Once other team members see that people are being terminated either because of performance or behavior, they will become more diligent and more excited about getting results for themselves.

Monthly Performance Reviews

Monthly performance reviews are absolutely necessary. Your team members have to know where they stand. People need to understand that they are being watched and they must be given time to reassess their performance and brainstorm ways to get better results next month.

You should consider their results from unit sales, close rate, and talk time perspectives and help them to set goals for the next month. If they are on a probationary status, you must make sure they clearly know what is expected of them in order for them to come off probation and what the consequences are if they do not (in the form of termination).

You will find that making sure that someone is meeting with them and walking them through what is going on and where they stand on a regular basis has a huge impact.
Sales: One To Many

**Warning and Probations Stages**

Whether for performance or behavioral issues, you need to have warning and probation stages in place.

There must be written documentation included in their human resource file that shows they may be terminated for specific reasons that were clearly communicated to them at multiple points during their employment.

Additionally, you want to make sure that you are giving your salespeople the best chance of turning things around for themselves and getting results.

**Terminations**

You will always have terminations. The sales environment is not like other business environments. Some people will quit, others will start strong and fizzle out, yet others will start slow and become great. However, for those who become problematic, and for those who are never able to perform in the first place, there need to be terminations.

*Leads cannot be allocated to salespeople who are not performing!* You should not think of the sales environment as you think of other divisions of your company. Sales needs to consistently have proactive terminations based on performance. You need to have written documentation, and the team and the company both need to be aware of the terminations.
Summary
Even though you have a tax planning company from a service perspective, in reality your organization is a sales organization. Because the service delivery process is quite simple in tax planning, you will spend a much more extensive amount of time on revenue generation as the business owner and entrepreneur.

Once you make the commitment to become an excellent salesperson and want to go past $100,000 per month in sales, you will find yourself on the journey to building an amazing sales environment and sales team.

Even though you will always have problems that will never fully be solved, using the above guidelines you will be able to navigate the process much more easily and become excited about problems.

Remember: With tax planning, there is immense value. The value is high, the fees are high, and best of all, the margins are high. Once you can become excited about this, you can focus on growing revenue and building and scaling and dealing with all of the complexity that comes along with the journey.
THE SERVICE DELIVERY PROCESS
The Service Delivery Process

a. Shortest Path To Getting The Work Done

Typical accountants are accustomed to billing by the hour. Therefore, by learning to be efficient, they are effectively losing money. When you think about delivering the tax plan that you sold on an earlier strategy session, because you charged a fixed fee, you need to deliver that tax plan as efficiently as possible.

From the moment you secure payment from the client, you want the fastest and most efficient method for completing the plan and delivering the final deliverable to the client. As mentioned in previous sections, you do not have to find all the tax savings that will ever be available to the client, you simply need to get them to a better state than they were before they began working with you. Therefore, if you charge them $4,800 for a tax plan and you save them $22,000 then you do not need to take another sixty days to research an additional $40,000 of tax savings. While you may choose to go through that process, you should absolutely charge an additional fee for the amount of time you spend.

“We want to think about how we can complete that process as quickly as possible and with as few resources as possible to to maximize profitability, efficiency and expand the capacity of the firm so we can onboard as many clients as possible in a weekly, monthly, and annual basis.”

The remainder of this section will focus on mapping out every single step involved in onboarding a client from the day you win the engagement, up until the time you deliver the final tax plan, and how to do so with the least amount of economic resources possible.
As you can see in the graphic above, the main goal is to achieve your objective with the least amount of economic resources. Examples of economic resources are:

- Time of the owner
- Time of any team members
- Time of any third parties and subcontractors
- Money that is invested for software
- Money invested in other research
- Any other resources of time and/or money

It is important to note that the journey of delivering tax plans in an increasingly efficient manner will never end. As you scale your business, the need for new processes and systems will arise at each level of scale. Therefore, never expect to feel done in this process, but rather always look for new opportunities to shorten the path from paying client to final tax plan.

b. **Understand how you and your team approach problem solving.**

Most people are unaware of the way that their brain and the brains of their team members interact with problem solving. There is a powerful tool that anyone reading this book should use - The Team Dimensions Test, which talks about the different types of brains that exist out there and how they interact with problem solving.

You can take the test here: AccountingTax.com/Team-Dimensions

Once you begin to build out your team, you should also require that all your team members complete the test as well as the Myers-Briggs Personality Test as part of the onboarding process.

You can take the test here: AccountingTax.com/ Myers-Briggs
“In the beginning you hire yourself and you’re responsible for doing everything.”

At its core, delivering a tax plan to a client is solving a problem. The client is overpaying in taxes, you are helping the reduce it, and many things need to occur along that path to help your client achieve their desired result such as:

- Onboarding the client
- Brainstorming tax savings strategies
- Researching which strategies are viable
- Whittling down which plans you will eventually recommend
- Finalizing the plan
- Delivering the plan to the client

Each of the above tasks are an essential part of the process, and each of the above tasks would be better suited to a different team member. As you start to build out your team, you want to think about having team members at every stage of this problem solving process:

**Creator:** Generates original concepts, goes beyond the obvious, and sees the big picture. Hands off tasks to an Advancer.

**Advancer:** Recognizes new opportunities, develops ways to promote ideas, and moves toward implementation. Hands off tasks to a Refiner.

**Refiner:** Challenges and analyzes ideas to detect potential problems and may hand plans back to an Advancer or Creator before handing off tasks to an Executor.

**Executor:** Lays the groundwork for implementation, manages the details, and moves the process to completion.

**Flexer:** Can do each part above to varying degrees

It is important to note that none of these personalities is better than any other, they are each essential in solving a problem.
In the beginning when it is just you, understand that when you struggle with finalizing the plans, or when you have difficulty brainstorming ways to save your prospect money, it is simply a reflection of how your brain interacts with problem solving and not a reflection of your ability as an entrepreneur to build a successful tax planning business.

You should use this tool as a means to become aware of your weaknesses and understand them better. In the short run you will have to grit your teeth and push past them, however once you win increasingly more clients you will be able to hire people and outsource your weaknesses and create an increasingly more efficient process.

c. **Write out your Service Delivery Process from beginning to end**

Once you understand that you need to complete the service delivery process with as few economic inputs as possible, and you understand how your brain interacts with the problem and how to solve it, you need to go through and create a process document. A process document is essentially a list of all the tasks and activities that are associated with any given process from beginning to end.

“You’re not going to find any one management software that’s going to do everything.”

It is critical to begin by writing out your service delivery process rather than thinking that there is a software out there that will manage your company for you. You most likely will never find one management software to do everything, however you will absolutely have a core suite of software tools to help you deliver the value for your clients.

The key is knowing the process from beginning to end, creating a process document, and then determining where to fit in software and which software to use.

**When creating a process document, here are some rules to follow:**

- Create the process document as if you were training a brand new staff, from scratch, and all you had to do was send them this document to complete the tasks.
• Build out a process document using Google Docs so you can link and collaborate with the document (i.e. use loom video URLs, include suggestions and comments, etc)

• Start by creating a “Table Of Contents” and build out the process document utilizing the follow of the TOC.

• Get notified every time your staff makes a change to the process document so you can keep up to date on how the process is improving.

• Make sure to create the Table Of Contents and basic outline of the process document first, before handing it off to your staff to fill in the details.

• Remember, before you master any process, you must iron out the kinks. Therefore, stay involved in the process when building it out, make sure it is working, and then you can hand it off to someone else on your team. However if you hand off a task before you have got it to work, your staff will stumble and not be able to fix the issues with the care and attention that you will provide.

Once you understand these rules, you can go through the process of mapping out your process document for your own firm. Here is an example of a high level tax planning process document in two formats:

• Table of Contents: High level outline.
• Full Process Document: Detailed step-by-step process to complete the tax plan.
The Service Delivery Process

This is an example of the first outline you would do of the service delivery process to start thinking about each stage and what needs to occur.

1. Initial Strategy Session
   • Full payment
   • Obtain Deposit (optional)

2. Follow-Up Call (Option)
   • Obtain Payment On Call

3. Onboarding
   • Engagement Letter
   • Welcome Email
   • Reviewing Signature
   • Requests For Documents
   • Review Of Client Documents

4. Initial Kickoff Call
   • Scheduled 1-2 Weeks After Initial SS Call
   • Requirements From Client Before The Call

5. Service Delivery
   • Analysis
   • Determination and use of 3rd parties and contractors
   • Determination of Tax Planning Strategies
   • Prepare Deliverable & Review Process

6. Completion Meeting
   • Go through tax plan
   • Discuss next steps

7. Tax Planning - Implementation Process
   • Clean Up Process
   • Tax Structure Setup
   • Upsell
Your Table Of Contents: Tax Planning - Process Document

Write out your Table Of Contents below:
# Example Tax Planning - Process Document

This is an example of the second more detailed outline of the tax planning process.

## 1. Initial Strategy Session

1. **Length:** 1 hour  
2. **Purpose/Goal:** To convert prospect into paying client (via deposit)  
3. Schedule kickoff call  
4. **Script To Use**  
5. **Examples Of When To Obtain Deposit**

## 2. Follow Up Strategy Session (Optional)

1. **Length:** 30 minutes  
2. **Purpose/Goal:** To convert prospect into paying client (via sale)

## 3. Client Onboarding

1. **Engagement Letter**  
   a. Email to the client  
2. **Welcome Email**  
   a. Requirements From Client  
      - Questionnaire  
      - Tax Return  
      - Business  
      - Personal  
      - QuickBooks/Accounting File  
      - Reasonable Compensation interview questions (if applicable)  
3. **Deadline Process when documents are not received**  
   a. Include Reminder emails  
   b. Include Reminder calls  
4. **Review Client Documents before Kickoff call**  
   a. Is an advisor needed?  
      • Create a summary to send the advisor  
   b. CPA performs the following  
      • Tax Analysis  
      • Reasonable Compensation document  
      • Remaining client documents are reviewed  
   c. Questions are gathered before initial kickoff  
      • Confirm kickoff call (schedule once reminder)

## 4. Initial Kickoff Call

1. **Length:** 30 minutes  
2. **Purpose:** Clarify any questions after reviewing client documents  
3. **Goal:** Clarify diagnosis  
4. **Schedule Completion Meeting**  
   a. 3-4 weeks after kickoff call
The Service Delivery Process

Example Tax Planning - Process Document

5. Service Delivery

1 Tax Analysis
   a Create Scenario/Case Study
   b Purpose: To include the key strategies that we want to implement

2 Reasonable Compensation
   a Package & finalize

3 Determination and use of 3rd parties and contractors
   a Coordinate with any attorneys, financial advisors, or specialist to complete the work.

4 Determine strategies
   a All the strategies with the supporting documentation

5 Final PDF
   a Template reviewed/finalized

6 Review
   a Preparing for the completion meeting

6. Completion Meeting

1 Length: 30 minutes
   a Can be done in person
   b Or via loom video

2 Purpose: Present the strategies
   a PDF
      - Tax Plan
         1. Recap of previous return
         2. Missed Opportunities
         3. New strategy
      - Recap on the Goals

3 Discuss next steps
   a Scheduling link
   b Finalization Email

If you want to Upsell into other services:
During the Tax Planning Finalization Meeting
   • Pitch the services to upsell
   • Answer questions and objections
   • Pitch the next steps

If you don't want to Upsell:

• Finalization email that includes scheduling link
Your Tax Planning - Process Document

Write out your Process Document below:
Your Tax Planning - Process Document

Write out your Process Document below:
Write out your Process Document below:
d. **Determine software to use for different steps**

Once you have your tax planning process outlined in detail from beginning to end, you want to consider where to bring in software and which software to bring in for that particular stage. For some stages, the software will actually do the work, at other stages it will be used to facilitate communication, document management, or even specific task management.

Below you will find a list of different types of software you may find useful in building out a tax planning business:

| Tax Software: Drake / ProConnect / ProSeries / Tax Act / CCH / Lacerte / BNA Tax Planner / Tax Planner Pro |
| Password Management: 1Password / LastPass |
| Internal Communication: Slack / Hipchat / Skype / Join.me / Loom |
| Email & Calendar: Google Apps for business / Outlook / Schedule Once / Calendly |
| Client Requests & Documents: Hubdoc / Sharefile / SecureFilePro / box.com |
| Onboarding and engagement letters: Practice Ignition / Docusign / RightSignature / PandaDoc/ Hellosign |
| Project Management & Workflow: Teamwork.com / Jetpack Workflow / Karbon / Canopy / etc |
| Client Safety: Antivirus, malwarebytes, secure file backup like backblaze |
| Sales Tax: Avalara / Taxify / TaxJar |
| Zapier: Tool that connects all other software through a centralized integration system |
This list is by no means comprehensive. In fact, by the time you read this book, there will most likely be a new suite of software that is better designed to assist you with any given part of your service delivery process. When it comes to software, you should keep in mind that software is constantly changing. Therefore, it is not particularly important that you use any of the software recommended above, but rather that you are constantly looking for different tools that may help you solve a particular problem more efficiently.

You should not download or sign up for ALL of these different types of software. Many of these do the same thing, and so you can sign up for the one in each category that you believe will give your clients the most value.

e. Applying software to different stages of the process map

As you begin going through your process map to decide which stages to apply which software to, consider the following:

There will never be one software to run the entire businesses

As mentioned above, you will never find one software to manage your whole company. Instead, you will develop a core suite of software that you find helps you deliver maximum value to your clients with minimal economic resources.

1. Eliminate

“Can we eliminate it? Not replace, not outsource, just drop completely. You’ll be surprised how much you can eliminate.”

When you are looking through your process document and considering each and every process, you want to go through line-by-line and ask if it is possible to eliminate this particular task?

This is always the starting point. Once you begin thinking this way about your process document, you will be surprised by how much you can simply eliminate. A part of you may think it is absolutely critical that it gets done, but it is not. Drop it and move on.

If you truly cannot eliminate it, you want to consider automating it.
2. Automate

“Automating does not necessarily mean you or your team members will not spend any time on it, however using the correct software may reduce your time by as much as 80%.”

If you cannot eliminate the process because it is an essential part of getting the work done, you want to consider if there is a way to fully automate or substantially reduce the amount of time humans at the company have to devote to this task.

If you have not yet been to zapier.com, go there, click “App Directory” and be amazed. There are literally hundreds of small business applications and Zapier connects them all.

It is truly amazing how much can be automated - SMS, Emails, Reminders, Calendar Invites, Onboarding - literally everything.

If even Zapier cannot help you automate the task, you should look into delegating it.

3. Delegate

“Absolutely every single task you think you need to do personally, can be delegated.”

Delegation is an incredibly powerful skill especially if you are going to grow a big company and build out a team. You will have people helping you with marketing and sales, and you will have to figure out how to take the processes from the process map and delegate them to someone else.

If you cannot eliminate or automate the processes in the map, then you will have to find a way to delegate the process once you hire administrative assistants, subcontractors, and full-time employees.

“The last step. Note how I said “last step”. The worst thing you can do - besides doing it yourself - is getting another person to do it.”
As you go through and think about eliminating processes, automating processes and delegating processes, know that while not everything can be automated away, everything can be taken off your plate.

In this way you will continually take yourself to a higher and higher level of building the business and not remaining stuck in the details of service delivery. Your goal should be to continually step outside of the company and focus on building it as an organism that can operate independently of you.

**Timeline**

Below is a graphic that shows the round timeline of how long it should take to deliver a tax plan from the initial strategy session to delivering the final tax plan:

- **Day 1**: Initial Strategy Session
  - Within 48 hours: Follow up call if needed
- **Day 5-7**: Kick Off Call
- **Week 3-5**: Final Tax Plan Deliverable
- **As needed**: Follow Up Call
- **As needed**: Implementation

The timeline above shows the 4-6 week period it should take to complete a tax plan. Depending on the complexity, responsiveness of client, and your use of third parties the timeline for any individual plan you deliver may take shorter or longer.

“The only reason it takes 48 hours is because you’ve spent years and years and thousands of dollars figuring it out and working with hundreds of people in the niche. “

It is important to note that especially when you are working in a niche, you may be able to complete the tax plan in significantly less time. However,
even though you are able to deliver the tax plan in 48 hours does not mean you should, especially if you have charged a large fee such as $5,000 or more. You want to deliver the process over the course of a month and make the process seem long because the reality is, this is actually quite a complex objective.

“You don’t want to give the impression or the appearance that this is something that is easy and can be done by anybody in the matter of a day.”

Summary

“The process you make for 2 clients per week isn’t the same as 2 clients per day or 10 clients per day.”

In summary, it is important to realize that the journey of making your service delivery process more efficient never ends. You will always be trying to deliver tax plans quicker, faster, and with less economic inputs.

Below this section are attached a number of different templates that will help you with this process. Being a part of this community and seeing how other members choose to handle different parts of the service delivery process will also help you immensely. This is perhaps one of the best parts of a having a tax planning business - it is already extremely profitable - and any gains you can make in terms of delivering the service more efficiently only add to your already high margins.

Supplemental Templates

You can read each of the templates below. Not only are these templates included as part of this book, but they are also available as digital copies which you can download, customize, and reuse at your convenience.

These templates are not meant to be copy and pasted directly. You have to read through them. You have to add your own information. You have to make them your own. Add your own logos and templates, add your own personality and add your own process, but use these as your starting point.

You can read through the templates next.
For digital versions of these templates, please visit these links:

<table>
<thead>
<tr>
<th>Template</th>
<th>Link</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engagement Letter</td>
<td>AccountingTax.com/plan-et</td>
</tr>
<tr>
<td>Welcome Email With Request For Documentation</td>
<td>AccountingTax.com/plan-doc-request</td>
</tr>
<tr>
<td>Kick Off Call Script &amp; Client Questionnaire</td>
<td>AccountingTax.com/plan-questionaire</td>
</tr>
<tr>
<td>Finalization Email</td>
<td>AccountingTax.com/plan-finalization</td>
</tr>
<tr>
<td>Tax Plan Video Script Example</td>
<td>AccountingTax.com/plan-video</td>
</tr>
</tbody>
</table>

**Tax Planning Engagement Letter**

**Company Name**

Agreement to provide tax planning services to [client name]. This engagement letter is issued between [client name] (“Client”, “you”, “your”) and [your company] (“The Firm”, “we”, “our”, “us”), effective [month, day, year] (the “Agreement”) in order to better understand each party’s obligations.

**Scope Of Work**

Your engagement of [your company] will be governed by the terms of this Letter and the enclosed Engagement Terms.

This letter is to confirm our understanding of the services to be rendered. We hope to better meet your expectations of service by clearly identifying the particular services to be provided and their frequency.

Please be assured that all information that you provide will be kept strictly confidential. During the tax planning engagement I may, on occasion, be required to consult with other third-party professionals at which time I would obtain your written permission to disclose your personal information.
Below are the services we expect to provide:

• Reviewing and prioritizing your goals and objectives.
• Identifying tax planning strategies to optimize financial position.
• Presenting a written tax plan that will be reviewed in detail with you. It will contain recommendations designed to meet your stated goals and objectives, supported by relevant financial summaries.
• Employee stock option planning
• Estate planning
• Inheritance advice and guidance
• Succession planning
• Elder care assurance
• Retirement planning
• Pension planning
• IRA distribution analysis
• IRS tax audit protection service
• Buying a business assistance
• Starting a business
• Buying a franchise
• Real estate investment
• Maximizing tax savings from real estate investments
• Maximizing tax savings from passive income
• Developing an action plan to implement the agreed upon recommendations.
• Referral to other professionals, as required, to assist with implementation of the action plan.

We will prepare your tax plan noted above from information furnished to us by you or by your designated person. If you believe there is any additional information available which might be applicable to any of the areas listed or discussed, please advise us so that we may consider such data. We will not audit or independently verify any data submitted. However, we may ask you to clarify certain information or furnish us with additional data.

What We'll Do
On a periodic basis, we may review accounting transactions for you as our client. This includes checks, deposits, and other transactions affecting the checking account. It also includes estimates, invoices, credit memos, and all customer transactions. It includes vendor transactions: bills, item receipts, checks, credit card charges and purchase orders. We
will review the bank reconciliation for the checking account. We will also enter adjusting journal entries as necessary, including depreciation.

**What We Won’t Do**
We will make no attempt to adjust the records to reflect Generally Accepted Accounting Principles or to reflect proper tax record keeping. We will not audit or verify the data you submit. We may provide reports that contain portions of financial information; these reports are for internal management use only. We will not provide any financial statements and will not perform any compilation, review or audit of any of the financial information. We do not, at any time, provide legal services, of any type. We have not been requested to discover errors, misrepresentations, fraud, illegal acts or theft. Therefore, we have not included any procedures designed or intended to discover such acts, and you agree we have no responsibility to do so.

**What We Need From You**
To perform our services, we will need to obtain information on a timely and periodic basis from your company. The accounting file and any other items that we obtain from you will be used without any further verification or investigation on your part.

**Services Outside the Scope of this Letter**
You may request that we perform additional services at a future date not included in this engagement letter. If this occurs, we will communicate regarding the scope and estimated cost of these additional services. Engagements for additional services will make necessary we issue a separate engagement letter to reflect the obligations of both parties.

**Responsibilities**
**Error, fraud or theft**
Our engagement does not include any procedures designed to discover errors, fraud or theft. Therefore, our engagement cannot be relied upon to disclose such matters.

**Government inquiries**
This engagement does not include responding to inquiries by any governmental agency or tax authority. If your tax return is selected for examination or audit, you may request that we assist you in responding to such inquiry. If you ask us to represent you, we will confirm this in a separate engagement letter and delineate how additional charges for this service will be calculated.
Responding to Subpoenas
All information you provide to us in connection with this engagement will be maintained by us on a strictly confidential basis. If we receive a summons or subpoena which our legal counsel determines requires us to produce documents from this engagement or testify about this engagement and we are not prohibited from doing so by law or regulation, we agree to inform you of such summons or subpoena as soon as practical.

You may, within the time frame permitted for our firm to respond to any request, initiate such legal action as you deem appropriate at your own expense to attempt to limit discovery. If you take no action within the time permitted for us to respond, or if your action does not result in a judicial order protecting us from supplying requested information, we may construe your inaction or failure as consent to comply with the request. If we are not a party to the proceeding in which the information is sought, you agree to reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel incurred in responding to such requests.

Responding to Outside Inquiries
We may receive requests for information in our possession arising out of this engagement. The requests may come from governmental agencies, courts, or other tribunals. If permitted, we may notify you of any request for information prior to responding. In certain proceedings, an accountant-client privilege may exist. You agree that we are not under any obligation to assert any privilege to protect the release of information. You may, prior to our response to any request, initiate legal action to prevent or limit our response. Unless you promptly initiate such action after we notify you at your last known address, as reflected in our files, we will release the information requested.

Privacy Policy
In accordance with the Federal Trade Commission rule, Privacy of Consumer Financial Information, we are required to inform you of our policy regarding privacy of client information.

Types of Nonpublic Personal Information We Collect
We collect nonpublic personal information about you that is provided to us by you or obtained by us from third parties with your authorization.
Parties to Whom We Disclose Information
For current and former clients, we do not disclose any nonpublic personal information obtained in the course of our practice except as required or permitted by law. Permitted disclosures include, for instance, providing information to our employees, and in limited situations, to unrelated third parties who need to know that information to assist us in providing services to you. In all such situations, we stress the confidential nature of information being shared.

Protecting the Confidentiality and Security of Current and Former Clients’ Information
We retain records relating to professional services that we provide so that we are better able to assist you with your professional needs and, in some cases, to comply with professional guidelines. To guard your nonpublic personal information, we maintain physical, electronic and procedural safeguards that comply with our professional standards.

Electronic Data Communication and Storage
In the interest of facilitating our services to your company, we may send data over the Internet, store electronic data via computer software applications hosted remotely on the Internet, or allow access of data through third-party vendors’ secured portals or clouds. Electronic data that is confidential to your company may be transmitted or stored using these methods. We may use third-party service providers to store or transmit this data, such as providers of tax return preparation software. In using these data communication and storage methods, our firm employs measures designed to maintain data security. We use reasonable efforts to keep such communications and data access secure in accordance with our obligations under applicable laws and professional standards, and we require all of our third-party vendors to do the same.

Electronic Data Communication and Storage
You recognize and accept that we have no control over the unauthorized interception or breach of any communications or data once it has been sent or has been subject to unauthorized access, notwithstanding all reasonable security measures employed by us or our third-party vendors, and consent to our use of these electronic devices and applications during this engagement.

Outsourcing
The firm may from time to time, and depending on the circumstances,
use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information.

Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others.

In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, the firm will remain responsible for the work provided by any such third-party service providers.

**Termination**

We reserve the right to withdraw from this engagement without rendering services for any reason, if you fail to comply with the terms of this engagement letter, if you disagree with our recommendations regarding financial reporting presentation, or if we determine professional standards required our withdrawal for any other reason.

At the completion of our engagement, the original source documents will be returned to you. Workpapers and other documents created by us are our property. Such original workpapers will remain in our control, and copies are not to be distributed without our prior written consent.

If any portion of this agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of the terms set forth in this engagement letter.

**Governing Law**

This Agreement shall be governed in all respects by the laws of the United States of America and by the laws of the State of [insert your state], as such laws are applied to agreements entered into and to be performed entirely within [insert your state] between [insert your state] residents.
Each of the parties irrevocably consents to the exclusive personal jurisdiction of the federal and state courts located in Florida, as applicable, for any matter arising out of or relating to this Agreement, except that in actions seeking to enforce any order or any judgment of such federal or state courts located in Florida, such personal jurisdiction shall be nonexclusive.

Fee Schedule
The following outlines the fees associated with our services. Note that fees may be reviewed periodically if the scope or volume of work changes.

<table>
<thead>
<tr>
<th>Services</th>
<th>Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Planning</td>
<td>4,800</td>
</tr>
</tbody>
</table>

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates shown below.

[client name] [service provider name]
Signature: Signature:
Date: Date:
Welcome Email With Request For Documentation

Subject: Kick Off & Next Steps - [Name’s Tax Plan]

Body:

Hi [NAME],

Good afternoon!

Look forward to working with you on getting this tax plan together. Based on our conversation today, I know we can make some great changes in getting you a more efficient tax structure.

I have sent over a calendar invite for our kick off call. Would you also be able to give me access to the information I’ve requested (see attached) 48 hours before our meeting?

Look forward to working with you.

Talk soon,

-Name

(note: you can also choose to attach an invoice and engagement letter to this email. You can also require clients sign the engagement letter while on the first call)

PRIVILEGED AND CONFIDENTIAL:
This communication and any accompanying documents are confidential and privileged. If you are not the addressee or authorized to receive this communication for the addressee, you are advised that any disclosure, copying, distribution, or the taking of any action in reliance upon this communication is strictly prohibited. If you have received this communication in error, please advise the sender immediately by reply e-mail and delete this message. Thank you for your cooperation.
DISCLAIMER:
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Attachment:

Client Request List
Use this list as applicable (not everything will be relevant) to request documents from new tax planning clients. Ideally send the list of documents & information needed via email as soon as the strategy session is completed.

- 3 most recent years of individual tax returns with states
- 3 most recent years of business tax returns with states
- Depreciation schedules, if not included in business tax returns
- Access to online accounting file for business(es) or prior year and current year-to-date financial statements
- Business entity creation documents filed with the state - Articles of Incorporation, Partnership Agreement, etc.
- Operating or Management Agreements
- Acquisition or Buy/Sell Documents
- Loan documents
- Property settlement sheets for purchases or sales
- Retirement plan documents
- Most recent personal financial statements
- If primary or spouse has W-2 income, request most recent pay stub
- Cap table or schedule of business ownership
- Form 2553 for new s-corporations
  [add others as applicable]

If using a secure file transfer portal also set that up immediately so client receives the link in email at the same time as they receive the request for information.
Hi [name], how's your week going?

Great!

I wanted to walk through everything today, make sure I have everything I need. If you have any questions for me, feel free to ask.

Let's get started:

1. Make sure you have received all documents your requested in your initial email
2. Make sure you ask all questions on the client questionnaire (and in the original strategy sessions script)

### Tax Planning Client Questionnaire

#### General Information

<table>
<thead>
<tr>
<th>Client:</th>
<th>Name</th>
<th>Date of birth</th>
<th>Student? Y/N</th>
<th>Do they live with you? Y/N</th>
</tr>
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<table>
<thead>
<tr>
<th>Spouse/Partner:</th>
<th>Name</th>
<th>Date of birth</th>
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<table>
<thead>
<tr>
<th>Children:</th>
<th>Name</th>
<th>Date of birth</th>
<th>Student? Y/N</th>
<th>Do they live with you? Y/N</th>
</tr>
</thead>
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</tbody>
</table>
### General Information

#### Other dependents:

<table>
<thead>
<tr>
<th>Name</th>
<th>Relationship</th>
<th>Date of birth</th>
<th>% of Support provided</th>
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<td>1</td>
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</tbody>
</table>

### Real Estate

Do you own or rent your primary residence?  Own / Rent  (circle one)

#### Do you own a vacation property or 2nd home for personal use?

<table>
<thead>
<tr>
<th>Address</th>
<th>Type of Property</th>
<th>Mortgage?</th>
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<tbody>
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</tbody>
</table>

#### Have you purchased or acquired interest in any rental real estate since 12/31/20XX (date of last tax return)?

<table>
<thead>
<tr>
<th>Address</th>
<th>Type of property</th>
<th>Purchase Price</th>
<th>% Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
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</table>

#### Have you purchased or acquired interest in any rental real estate since 12/31/20XX (date of last tax return)?

<table>
<thead>
<tr>
<th>Address</th>
<th>Type of property</th>
<th>Purchase Price</th>
<th>% Ownership</th>
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</table>
### General Information

**Do you intend to purchase or acquire interest in any rental real estate in the next 1-24 months?**

<table>
<thead>
<tr>
<th>Address</th>
<th>Type of property</th>
<th>Purchase Price</th>
<th>% Ownership</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

**Have you sold any rental real estate since 12/31/20XX (date of last tax return)?**

<table>
<thead>
<tr>
<th>Address</th>
<th>Type of property</th>
<th>Sale Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
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</tbody>
</table>

### Business

**Have you started, purchased or acquired interest in any business since 12/31/20XX (date of last tax return)?**

<table>
<thead>
<tr>
<th>Legal Business Name</th>
<th>Type of Business</th>
<th>Purchase Price</th>
<th>Price</th>
<th>%Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
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</tbody>
</table>

**Do you intend to start, purchase or acquire interest in any business in the next 1-24 months?**

<table>
<thead>
<tr>
<th>Legal Business Name</th>
<th>Type of Business</th>
<th>% Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
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</tbody>
</table>
## The Service Delivery Process

### Do you intend to sell any currently owned business in the next 5 years?

<table>
<thead>
<tr>
<th>Legal Business Name</th>
<th>% Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
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</tr>
</tbody>
</table>

### Potential Deductions

Please complete the approximate annual amount you spend personally (not through business) in each category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage or rent</td>
<td>$__________</td>
</tr>
<tr>
<td>Homeowners insurance</td>
<td>$__________</td>
</tr>
<tr>
<td>Property taxes</td>
<td>$__________</td>
</tr>
<tr>
<td>HOA Fees</td>
<td>$__________</td>
</tr>
<tr>
<td>Cleaning (DIY &amp; Service)</td>
<td>$__________</td>
</tr>
<tr>
<td>Lawn &amp; Landscaping (DIY or Service)</td>
<td>$__________</td>
</tr>
<tr>
<td>Pest control</td>
<td>$__________</td>
</tr>
<tr>
<td>Security</td>
<td>$__________</td>
</tr>
<tr>
<td>Repairs &amp; Maintenance</td>
<td>$__________</td>
</tr>
<tr>
<td>Renovations</td>
<td>$__________</td>
</tr>
<tr>
<td>Snow Removal</td>
<td>$__________</td>
</tr>
<tr>
<td>Supplies</td>
<td>$__________</td>
</tr>
<tr>
<td>Utilities:</td>
<td></td>
</tr>
<tr>
<td>Internet</td>
<td>$__________</td>
</tr>
<tr>
<td>Telephone</td>
<td>$__________</td>
</tr>
<tr>
<td>Water &amp; Sewer</td>
<td>$__________</td>
</tr>
<tr>
<td>Gas &amp; Oil</td>
<td>$__________</td>
</tr>
<tr>
<td>Electric</td>
<td>$__________</td>
</tr>
<tr>
<td>Other Utilities</td>
<td>$__________</td>
</tr>
<tr>
<td>Financial &amp; Professional</td>
<td></td>
</tr>
<tr>
<td>Bank fees</td>
<td>$__________</td>
</tr>
<tr>
<td>Investment advisory</td>
<td>$__________</td>
</tr>
<tr>
<td>Legal</td>
<td>$__________</td>
</tr>
<tr>
<td>Tax &amp; Accounting</td>
<td>$__________</td>
</tr>
</tbody>
</table>
### Health & Medical
- Medical Copays $________
- Health Insurance Premiums $________
- Life Insurance Premiums $________
- Disability Insurance Premiums $________
- Long Term Care Premiums $________
- Prescription medications $________
- Over the counter medications $________
- Orthodontics $________
- Eye exams & glasses / contacts $________
- Other out of pocket costs $________
- Gym memberships $________
- Personal trainers $________
- Massage $________
- Therapy $________

### Home Office
- Furniture $________
- Artwork $________
- Supplies $________
- Computer $________
- Software $________
- Tech & Gadgets $________
- Other $________

### Personal
- Self & Partner
- Dependents
  - Clothing $________
  - Food $________
  - Hair, Nails, etc. $________
  - Entertainment(games, netflix, etc) $________
  - Entertainment (sporting events, concerts) $________
  - Travel & Vacations $________
  - Education & Tuition $________
  - Day Care & Camps $________
  - Other $________
**Vehicles**

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan / Lease Payment</td>
<td>$__________</td>
</tr>
<tr>
<td>Insurance</td>
<td>$__________</td>
</tr>
<tr>
<td>Repairs &amp; Maintenance</td>
<td>$__________</td>
</tr>
<tr>
<td>Inspections &amp; Registration</td>
<td>$__________</td>
</tr>
<tr>
<td>Other</td>
<td>$__________</td>
</tr>
</tbody>
</table>

Vehicle 1: Percent of time vehicle used for business _____%
Vehicle 2: Percent of time vehicle used for business _____%
Vehicle 3: Percent of time vehicle used for business _____%

**Retirement & Estate Planning**

Please list all current retirement accounts:

<table>
<thead>
<tr>
<th>Type of Account</th>
<th>Custodian</th>
<th>Value</th>
<th>Current Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ex IRA/SEP/401k/DD</td>
<td>TD Ameritrade</td>
<td>$1,000,000</td>
<td>$50,000.</td>
</tr>
<tr>
<td>1</td>
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<td>10</td>
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</tbody>
</table>

At what age would you like to retire? __________

Do you currently have life insurance? Yes / No

Do you have a will? Yes / No

Have you created any trusts? Yes / No

Have you done any other estate planning? Yes / No
3. Make a determination about whether there is a need for 3rd parties and if so, coordinate appropriately (attorneys, financial advisors, niche specialists, etc)

**Note:** At this point you should have all the information, or have a clear list of what you still need from the client to complete their tax plan.

If you still have outstanding items, send them an email immediately and remind them each week of what you’re missing to complete the tax plan in full.

You should have identified any 3rd parties that may be needed in the original strategy session. You can also consider having these individuals on the call to assist in questioning if needed.

Great, we’ll I’m going to get working on this.

We should have everything done in the next 3-4 weeks.

Any other questions while we have a few minutes on the call?

(answer any pending questions)

That works, I’ll send you the completed plan soon.
**Finalization Email**

**Subject:** Finalized Tax Plan & Next Steps

**Body:**

Hi [NAME],

Good afternoon!

Attached please find our memorandum that discusses our recommendations for your income tax planning objectives.

Please read to document in full. I have also included a video explanation that you can refer to at your convenience which walks through the document.

Once you have completed the review, if you would like to discuss further, you can set up a time by emailing my assistant at support@companynname.com (or attach booking link)

Best regards,

-Name

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detailed written analysis. Such an engagement may be the subject of a separate engagement letter that would define the scope and limits of the desired consultation services.

**Attachments:**
- Finalized Tax Plan
- Strategic Summary
- Detailed Strategy Explanations
- Retirement Implications
- Additional Strategies
- Next Steps
- Supporting Documentation
- Video Explanation (if applicable)
The Service Delivery Process

Tax Plan Presentation Script Example

When you present the final plan to the client, you want to walk through:
  • How you conducted your research
  • The strategies you recommend
  • Savings per strategy
  • Explanation of each strategy and its impact
  • Retirement implications
  • Other strategies that may apply in the future
  • Next steps

Here's an example of how a tax planning presentation should go.

This example would take 18 minutes to present.

“Hi [NAME]. I wanted to record this really quick video for you just to walk through your tax plan. This email I'm sending you is going to have your tax plan attached and this video to walk you through it and go through the key points. After you watch this, we can get together, we can have a follow-up call, answer any questions, discuss anything else you'd like and go through any other details of the tax plan.

Okay so we're gonna walk through the strategies that I've outlined here for you. The first thing I noticed going through your tax returns is that the chiropractor business is making money.

You guys are netting a little over 60,000, so that is creating income tax, which is normal and right, but it's also creating self employment tax on the entire balance.

So the first strategy, and I outlined for you that I think will help you quite a bit is to get each of your practices off and file on an S corporation. That way, we can eliminate the self employment tax. There will be some reasonable compensation that you'll have to pay, so there'll be some
payroll tax on that reasonable compensation, but you’ll no longer have that self employment tax on the full amount.

That alone, just making that change will have an impact of $7,385.

Next is retirement plan. If you contribute $11,000 to an individual retirement plan that’s just kind of basic, to an IRA, you can create a tax deduction, fund your retirement, and it would have an impact of an additional savings of $1,442. Now, I’m not suggesting you come up with cash from your current earnings.

We can fund that through the savings of the tax plan by just investing the money that you’ll save. I’ll show you a better example in a few minutes. You’d be able to make those contributions to the IRA accounts and save an additional $1,442.

Then next item, the next strategy that I think could really benefit you is hiring the kids. Both your kids are old enough to help do some work. It would have to be real work. You’d have to document that work they do, whether that’s shredding paper, helping clean up around the office, etc ...

If we’re able to pay the kids, that is a deduction to the business. If it’s $12,000 or less per year, then you can deduct that. If they’re 17 or younger, you don’t have to pay payroll tax on those earnings to the children. They wouldn’t have to pay tax at all on that. So it’s just a deduction for the business. It’s just that money to the kids.

Then you use that money that you pay the kids, to pay for kids that you’re already paying for them.

So, it’s not just giving the kids money. You know, it’s going to pay for their clothes, to help pay for groceries, any school costs, books, those kind of things. So, you’re going to pay for things now with after tax money. It’s a deduction to the business. That’s a huge benefit too. You can see, that $4,402 savings by having the kids helping the business. Deducting what you pay to them, you’d have to go to a separate account, not business account, but a separate checking account for the kids. And then use that money to pay for regular household expenses that benefit the kids. So that is the third strategy.
The next strategy is the Augusta loophole. It’s called a loophole but it’s kind of a misnomer. It’s not really a loophole. It is a strategy. I like to refer to it more as the Augusta strategy. It came about during the Augusta golf tournament, where it’s a strategy that comes out of the tax code, where you’re allowed to rent your house for 14 or less days a year, and not have to pay tax on that income.

So the business can rent your home from you for 14 days or less during the year, and not have to pay tax on that. So what I did, I calculated this based on doing it four times a year, maybe having a quarterly board year for the S corp that we’re going to create.

If you have a quarterly board meeting, rent the house to the corporation for $1,500 four times a year. That would drive an additional savings of $1,496 for you by being able to do that. This is not actually calculated on $20,000. It’s calculated on a lot less than that. So that $20,000 is not accurate. Like I said, I just calculated it four times per year. That’d be a quarterly board meeting at $1500 each time. So, $6000 of tax-free income. It could certainly be more if you want to do that more. But I try to be conservative in these tax plans. You can actually use these strategies. You can implement them and still remain pretty conservative and not have any issues there.

The next one, the admin home office, it’s not going to benefit you right now, but I want to make sure to include this one. If you ever separate your home from your office, if the building that your home and your office are separate, this, I think, could be a big advantage to you, because if you have the administrative home office in your house, even though you have an office and a practice in another building, if you have the administrative home office at home, now you’re not longer commuting.

You’re driving from your administrating home office, to your practice. All that mileage is deductible. Those travel expenses are deductible and all the expenses of still having the home office are deductible in addition to your practice and your office in separate locations. I wanted to kind of throw that out there, make sure you’re aware of that, in case it ever comes up. In case you ever separate your home and your office.

“Those six strategies, five of which I think you can take advantage of now, generate $15,376 in savings.”
We’ve got the: S Corp, the retirement, hiring the kids, the Augusta, and some real estate related auto and travel.

I did not go into that, I didn’t have a separate page for that one. But it didn’t look like you had a lot of driving to locations for real estate entities and properties, evaluating properties, making sure we keep track of those expenses and getting those in here as well.

Quote: So total first year savings, $15,376. You’re looking at that over five years. These are all repeatable savings. There’s a repeatable over a five year period of $76,880.

So, what I was talking about earlier with the retirement, say assuming now at the age of 50, you don’t have anything saved for retirement. Let’s just assume that for a second. If you take the savings that we’ve generated here with the tax plan and invest that over the next 20 years, you said you wanted to have your real estate to that point by the time you’re age 70, that you can retire from the chiropractor practice, just have the real estate.

“Between the years of 50 and 70, that’s 20 years, if you invested just this tax savings, and no other money, just the money generated from this tax savings year after year, at the end of that 20 year period, you’d have an additional $759,729 for retirement. I find this helpful. It really puts in perspective the savings and what that can do over time if that’s reinvested.”

Alright. We talked some about the real estate entities and I included that here. One other strategy that I wanted to make sure we talked about, as you add properties, whether they’re residential, multi-family, or if you end up adding some commercial property as well, one of the things you want to make sure you consider on those properties is cost segregation.

It’s something I can help you with and it’ll really drive some tax savings for you by looking at the properties and seeing if you can do a cost segregation study and accelerate some of that depreciation.

What a cost segregation study is where an engineer takes a look at the property and says, “I’d buy this property for $100,000,” $20,000 of it’s land. The other $80,000 directly is building. Normally, if it’s a residential property, that $80,000 would be depreciated over 27 and a half years.
equally, straight line, equally, every year for 27 and a half years.

The cost segregation study comes and and says, “It’s not all really building, some of it equipment or furniture or fixtures.” They can break those pieces out and depreciate them over five years or seven years, giving you much more front-loaded benefit, saving money in those earlier years. That might be something that could be a good strategy to implement as you acquire additional properties. We would want to take a look at that.

I always want to do a cost/benefit. I don’t want to do anything that you gotta pay fees for and doesn’t benefit you, but we could always do a cost/benefit on the property and see if it makes sense to do a cost save on that property. Like I said, this is definitely something I can help you with.

Alright. Back to the entities. We’ve got the real estate entity map. We talked about breaking the current property out of the self-directed IRA and putting it into an LLC. That’s what you see here.

You’ve got a real estate LLC, it’s disregarded and going to show up on your schedule E of your individual tax return. It’s just a disregarded LLC with income passing through to your individual return. There’s no additional filings.

You don’t have to do any other tax returns. It just flows right into your individual tax return. So, with one property, that’s a very viable structure. There’s nothing wrong with that structure for one property.

And you still have the protection. I can’t give you legal advice, like I said. But you get the protection from the LLC without a lot of additional administration work for tax filings.

Once you go to multiple properties, multiple LLCs, there’s two strategies. I see some clients will put maybe ten residential properties in an LLC and then, once they hit then, they’ll create another LLC, put another ten properties into the other LLC. Some clients do it that way.

Some clients will do an LLC for each individual property. For residential, that can be kind of tough. Multi-family, it definitely makes sense.
“Again, I can’t give you legal advice, I can’t give you asset protection advice. I’m just giving you advice from a tax perspective.”

As you acquire more properties, you’ll have multiple LLCs, multiple properties. These can all be disregarded, which means it will just flow onto your individual tax return on your Schedule E. They won’t necessarily create additional tax returns.

If you do them as partnerships, you could have a spousal partnership with your spouse, or you could create a C corporation, which I don’t have mapped out here.

A C corporation could be your general partner, you, or you and/or your spouse could be the limited partners in the partnership. That would require an additional filing. There are some benefits to that. But just keeping it simple for right now, we’ll say the LLCs are disregarded. They’re just going to flow to your Schedule E for the time being.

Once you have a certain number of properties, and we can model those numbers and figure out what’s the cost/benefit. But once you have a certain number of properties and you have a certain amount of cashflow, that’s the key thing, the cashflow and profit.

You’re probably going to want to consider creating that Sub S corporation that we see on the left hand side.

That’s the real estate management company. It’s going to charge management fees to each of the rentals. That’s going to shift some revenue over to the S corporation. Then, you can pay for things, expenses, travel, mileage, evaluating properties, property management software maybe, software to evaluate properties, all these different things that you’re going to incur costs for.

In addition, being able to make other retirement contributions to the S corporation, or paying yourself payroll. There’s a number of benefits that we can get out of that S corporate, once you reach a certain point. And you charge management fees from the real estate entities bring them
over to that S corporation. Then the S corporation would have its own filing. But it would issue a K1. It would still pass through to your individual tax return.

That’s the main strategies. I had a few additional strategies. Remember the cost segregation was an additional strategy I wanted to make sure to point out to you. You’re probably familiar with 1031 exchanges. As you grow, as you want to improve your portfolio, 1031s might make sense. They might help you swap out of an underperforming property and go to a better performing property. So, a 1031 might makes sense in that case. Again, just something to keep in mind as you grow and expand your properties.

The next one is opportunity zones. Also, if you’re exiting a property that you have gains on, you can invest those gains into a qualified opportunity zone or qualified opportunity fund. Those, you can defer the capital gains on that gain if you hold it for ten years. Right now, for ten years, it could completely eliminate the capital gains. In the meantime, you’re investing in property in the opportunity zone, so it’s generating cash flow and generating benefit to you. So, huge benefit in recent regulation that was just passed. Again, not one that I think is terribly relevant to you right now, but another one I want to point out, as you grow your portfolio, as you grow your real estate business, these will be interesting strategies for you to take advantage of.

Self-directed retirement, I threw this one in here. I know you’re very well aware of this, but if we’re redirecting some of that money from the tax savings, back to retirement plans, then this may come into play again. It may make sense again to do that.

That is the additional strategies.

Next steps, to go with the S Corp strategy, there’s some forms that need to be filed with the IRS to elect to be taxed as an S corporation. We can take care of that. That’s the next step with the S corporation.

We’d want to determine rates. You hire your children, you’d want to determine the rates for hiring them, set up payroll for that process.

For the Augusta strategy, we can implement a lease and obtain some
comps to get that going. You could do that to take advantage of that strategy.

For the real estate, we’re talking about the expenses there, the mileage, auto expenses, and the travel, keeping track of those either in QuickBooks or Mile IQ is great for keeping track of mileage as well. That is the formal tax plan part.

In addition, I’ve included this entity structure analyzer so you can see how I came up with the numbers. You can see that I ran all the numbers and did a comparison of sole proprietorship, partnership, corporate, S corporate, and the LLC, to see where the numbers flow the best, where you get the most benefit. This spreadsheet is included here as well.

Under the recent regulatory changes, you may have heard about the Section 199A deduction, the qualified business income deduction, that’s included here as well. So you can see that we’ve calculated that and the benefit that will flow to your tax return for 2018. At the end here, we’ve got some pages here with more information on the strategies, explanations of like the S Corp strategy versus a C Corp strategy. I’ve got these in here for you to read through, if you’d like more information on any of the strategies that I’m recommending. These are very helpful for each of the strategies. They’re all tied to tax code. You can see the footnotes for the tax code, relevant case all, and so forth, to justify each of the strategies.

I hope that was helpful. Let me know when you’d like to do a follow-up. We can discuss any questions you have, any additional issues you’d like to go through, walk through, I’m happy to do that and set up a time to do that. Thanks.”
IN CLOSING
In Closing

While you have finished this book, your journey has only just begun.

The principles covered in this book are timeless and now that you have learned how the best people in the world are organizing their tax planning businesses, the burden falls on you to go out and build yours.

Refer to the other books, intimately learn the strategy session script, dive further into the tax savings strategies, and study the sample tax plan to help you close clients and deliver even more value.

If there is one major takeaway from this book it is this - do not simply be a technician. Marry your technical tax skills with an incredible entrepreneurial tenacity to build the biggest business you possibly can.

Yes, helping one client is great. But, helping thousands, even tens of thousands of people save hundreds of millions of dollars in taxes is even better.

If you are truly passionate about this mission, you owe it to yourself and in particular your clients to build the largest company you can.

Having the greatest impact will not come from simply knowing the tax code. You are going to have to build an incredible organization.

We are honored that you have decided to invest in yourself and have made it this far in the book.

Now get out there and CRUSH IT!

If you have any questions, please do not hesitate to reach out to support@accountingtax.com.

To your success!

Andrew Argue, CPA
CEO, AccountingTax.com