



By: ABACUS Staff

## This CPA is betting his practice on the Internet. What's he up to?

If you look around, you'll find many CPA and accounting firms have used all kinds of strategies and tactics to build their practices. Most accounting firms have accomplished this by engaging in aggressive sales and marketing efforts or by finding their own unique niche.

Look at the September issue of *The Practical Accountant*, where the 2006 Innovation Awards are announced. Here the featured firms have certainly done some unique things—from one firm launching “The Isdamer Derby Run for the Clients” to another developing a practice serving ethanol operations.

While strategies like this are indeed innovative, only a few firms will benefit from these approaches. The naked reality of the accounting profession today is that for most firms, the bulk of their work remains in core tax and accounting services—services that the public and clients often perceive as widely available, commoditized, and price-driven.

That's why ABACUS asked, “Can an accounting firm take its practice to the next level while sticking to its core tax and accounting services?” If we could identify such a firm, it could provide the formula that thousands of firms are seeking—how to derive more value from tax and accounting services while making their practices more profitable.

Our search led us to Tom Carrigan, a practicing CPA in Tampa, Florida. Carrigan started his career as an

accountant 25 years ago and has held positions as an accounting manager, controller, and CFO. During this time, he also received a master's degree in taxation and acquired his CPA accreditation. When he moved to Tampa, the job market wasn't particularly strong, so he decided to start his own public practice nine years ago. Carrigan purchased an existing practice and built it client-by-client, mainly by word of mouth, eventually bringing in another CPA as a partner. Today the firm services over 600 individual tax clients and 137 business clients.

ABACUS sat down with Carrigan to see whether his “Unique Approach,” as he calls it, could be the formula accounting firms nationwide are looking for.

“I was struggling with the same problems that most small CPA and accounting firms face—the tail was wagging the dog,” recalls Carrigan. “In every other profession—law, medicine, you name it—you're paid for the time you spend servicing the client. But accountants end up spending an awful lot of time for which they are not paid.”

“I've always wanted to help my clients grow and spend most of my time providing valuable consulting services to them, but I couldn't do that. Other professionals work the way they want, but accountants have to work around the way clients work. To save fees, clients do many things on their own with tools they have no clue about, and then tell accountants after the fact. Often that's a disaster.”

Carrigan decided to do something about it. He had an idea about what he wanted to do, but didn't know an easy way to do it. ABACUS asked him when he found the solution.

“Actually, it happened about a year ago when I first saw *Accounting Relief AC* and *Payroll Relief AC* from AccountantsWorld. Almost immediately I recognized that these services could let me do what I had

been looking for. Now I have been able to create an entirely new business model for my practice, which I promote as my ‘Unique Approach.’ The beauty of this business model is that I can explain it to any of my clients or prospects in five minutes or less and they immediately see its benefits.”

Carrigan's approach is indeed remarkably simple. He tells clients that with his unique approach, they don't need to buy any software. They only need a PC with a high-speed Internet connection. He will provide them with whatever software they need for doing their payroll and accounting work. He then sets up the clients on *Payroll Relief AC* and *Accounting Relief AC* and gives them the training they need. Each client receives two hours of Carrigan's time each month that they can use for anything they want. Under this arrangement, Carrigan charges a flat fee of \$250 per month, or \$3,000 per year for his services.

### What's the right balance?

Most accountants spend a lot more than two hours per month on a full-service client, so ABACUS wondered if Carrigan's clients find two hours enough.

“In my experience, once I've set up my clients on the system and trained them, they don't need more time than that. In fact, I have to nudge some clients to use their two hours. Most clients use my time for more valuable services and consulting. But there are also some clients that want me to use those two hours for doing their write-up work, and I'm happy to do it.”

Carrigan continued: “This approach encourages my clients to undertake as much of the mundane work as they can. The solutions I give my clients have simplified their tasks and clients can now do more work by themselves. Most of my clients on the unique approach do their own payrolls, because they just enter the hours and *Payroll Relief AC* processes the entire payroll. I hardly spend any time on payroll. The system takes care of all the compliance for me.”

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**Can Carrigan's business model be the formula accounting firms nationwide have been looking for?**

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Just how does this work? "One thing I like most about AccountantsWorld solutions is that I can give my clients access only to the functions they need and can perform. It's like creating any number of 'virtual' versions for my clients while I use just one core version for performing my own work. Most of my clients under this approach are small businesses in a service industry. I give them access to a simple screen for entering cash receipts, cash disbursements, and printing checks. They love the ease with which they can perform these functions. If a client has needs for A/R, P/R, and invoicing, I give him access to the bookkeeping module."

### Change poses challenges

It's well known that some accountants resist change and find it difficult to convince their clients to change. Developing his unique approach constituted a major shift in the way Carrigan's firm conducted its practice. ABACUS wanted to know what major challenges he faced and how difficult it was to convince his clients.

According to Carrigan, the major hurdle he faced was his partner's insistence on sticking with the status quo. Despite his best efforts, he could not convince her. That left these partners with no choice but to go their separate ways.

"I've got three professionals on staff whom I've trained on the AccountantsWorld services, and explained the business model behind my unique approach. They are now on the same page as me and love working on AccountantsWorld applications. Currently I have 22 clients on my unique approach. My goal is to increase that number to 100. My staff is excited about the idea of generating \$300,000 per year from those 100 clients by spending a collective total of just 200 hours per month on them."

"As far as convincing clients is concerned, it's been easy. They rely on my advice, perhaps because of my relationship with them. I can explain the business model to them in less than five minutes and they see its advantages immediately. Once I sit with them and show them how easily they can print checks and do their payrolls, they're sold on the concept. They like being able to work from anywhere—from their home, their office, or even when they are away on business or vacation. Many clients love the ability to see their financial situations in real time."

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"I realize this approach is not for every client," Carrigan added. "Clients with complicated inventory or point-of-sale requirements are not suited to this approach. I present this only to clients in some kind of service sector, for whom this approach makes most sense."

### Innovation beats the status quo

ABACUS then asked Carrigan the two \$64,000 questions: "How has your practice changed as a result of this unique approach?" and "How have your clients benefited from it?"

"I have become more proactive with my clients. I can see what is happening with each client on a real-time basis and that has enabled me to talk with clients at a different level.

"Once I started using this unique approach, I saw how useful my small business clients found it. Together we could accomplish a lot during the two hours our firm devotes to them. Small business clients currently doing shoebox stuff but willing to move to the next level have particularly welcomed my unique approach."

Carrigan's clients agree.

According to Vickie Lentz, Vice President of Respiratory Therapy Services, Inc. in Pennsylvania, "I can finally do my payroll and accounting on one system and Tom and his staff can help me immediately. No more software updates, file transfers, and waiting for journal entries I don't understand. I can concentrate on things that are profitable."

Scott Feazell, President of Real Estate Financing Solutions, Inc. in Tampa, adds: "Tom's total package fixed-price approach is very appealing to me. I use my time to get answers to questions that can help me improve my business. Having up-to-date financial statements lets me do effective year-end tax and pension contribution planning for the first time."

According to Carrigan, "It's a solid method for growing my practice. My current firm can easily handle 100 clients using this approach; and if I get to 150

clients, I can hire qualified accountants and CPAs who have left the workforce for various reasons, like stay-at-home parents who are raising their kids. They can easily work from home during the hours most convenient to them. That's a win-win, since they can make decent money while I generate additional profits for my firm."

This different way of doing things has brought other benefits to Carrigan's practice. "My unique approach has brought focus and direction to the daily workflow of our office. The staff understands that our business model is a natural extension of this approach. They understand that the Accountants World platform is systematic, efficient, and profitable. In the past, we had a typically busy practice, trying to do everything for everyone. Now we have a highly focused practice based on a business plan that everyone understands."

Carrigan firmly believes the tail is no longer wagging the dog. "This unique approach has made my practice not only more profitable, but more satisfying and enjoyable. We've been able to make our services more valuable to our clients."

### It's good for now and for the future

Carrigan has not only bet his practice on the Internet, he has bet his future plans too. "I'm using this approach for my succession planning. When I'm 65, I don't want to work in the office as I do now. I enjoy consulting with clients and playing golf and that's what my business model will let me do when I'm 65."

ABACUS asked Carrigan to share some final words for his peers.

"Come into the modern age. Embrace the Internet. If you truly desire to revamp your practice, you won't get another opportunity like this for a long, long time."

