



Growing Your Practice with Financial Services

Solutions for Your Clients Answers for Your Practice

Why Offer Financial Services?

A convergence of industry and market forces creates new opportunities for your profession.

Across the United States, accounting firms of all sizes are expanding their “traditional services” by becoming financial advisors and wealth managers. This expansion is largely being driven by structural changes in the CPA profession resulting in emerging opportunities.

The 2011 AICPA “**Horizons 2025 Report**”, reaffirmed the profession’s core value “Making sense of a changing and complex world,” and called upon the CPA profession to:

Promote the CPA as the trusted advisor who, in addition to providing core CPA services, develops solutions to complex problems by integrating knowledge, expertise and resources from multiple disciplines.

Strengthen the profession by taking on new specializations and adapting to the needs of clients, employers and businesses.

Given these changes and opportunities, have YOU considered offering financial services?

At **Professional Advisors Alliance (PAA)**, we believe the best answer may be simpler than you think.

Understanding Your Choices

Our first goal at PAA is to help you understand the range of choices available to you while preserving the core competencies and key values that have made you successful.

We help you understand your choices so you can make profitable decisions for your firm’s future.

Consider the potential of growing the value of your practice with financial services.

Solutions for Your Clients

Consider these important reasons to expand your firm's service capabilities.

Increase your value to clients and strengthen client relationships

Industry surveys show that CPAs are the trusted advisors, from whom clients want to receive financial advice and analysis. Offering financial services can address a wider spectrum of clients' needs and provide solutions to important issues.

Meet demand for objective advice

Today clients are more aware of financial sales tactics and potential conflicts of interest. They want and need the professional integrity and objectivity that you can provide.

Offer one-stop services

For today's busy, on-the-go clients, the convenience of having all their financial needs addressed through one source can save them time and money.

Deliver comprehensive planning advice

Consolidating clients' financial lives can increase your understanding of their total financial picture and allow you to better control income and the impact of taxes.

Today's clients have more complex needs and circumstances. Help manage and develop solutions that are in your client's best interest.

Answers for Your Practice

Better client retention

The AICPA estimates it costs 11 times more to bring in a new client than to keep an existing one. The more service ties you have with a client dramatically increases the rate of retention.

Increase your firm's revenues

Financial services traditionally offer higher realization rates and provide a predictable reoccurring revenue base which can help offset receivables.

Competitively position your firm

Offering clients more comprehensive services enables you to attract prospective clients looking to switch firms in search of a more comprehensive solution provider. Additionally, our client referral proposition can bring in new accounting clients.

Generate higher client lifetime value

Offering your top tier clients financial services can increase the profitability from those clients creating higher total revenue from those clients.

Increase the value of your practice

The value of the financial services unit can grow into a significant asset over time providing a higher cash component for partners looking to exit.

Facilitate exit strategies

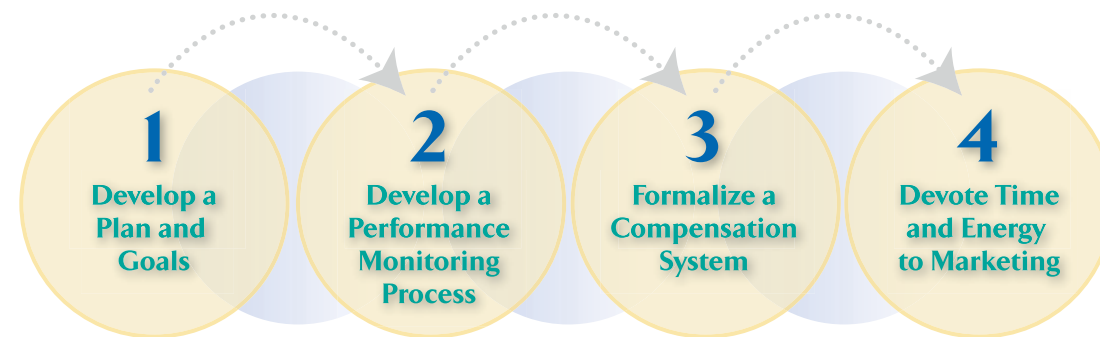
New revenue from the financial service unit can be used to either fund a buyout by a junior partner or purchase smaller firms to expand your client base. The increased firm value can help command a better price for partners selling to an external party.

Providing additional value to clients increases client retention, and creates organic growth opportunities and additional revenue streams.

Making the Right Decisions

By adopting the key practices that successful firms consistently mention as important, you have the benefit of avoiding the “learning curve” that many other CPA firms have experienced while expanding into financial services.

PAA has studied these factors extensively and can help you understand them better. The Moss Adam study highlights four key factors to use when evaluating expansion opportunities.



Keys to Success

- Choosing comprehensive services and a broad spectrum of products and services that provides diversification to your clients.
- Expanding the solutions to solve clients’ problems rather than focusing on selling a product.
- Developing a marketing plan for introducing financial services to your clients in logical sequence, using effective communication channels.
- Utilizing access to proven professional advisors with specific expertise so you don’t need to do it alone.
- Engaging all partners of your firm to make a total commitment.
- Communicating clear expectations of firm partner’s role, responsibility and revenue splits.
- Creating strategic alliances with flexible structural options.
- Giving thought to the legal structure and service delivery infrastructure of the financial services unit.

Offering A Comprehensive Consulting Process

PAA begins with a comprehensive consulting process that helps your firm evaluate their options for expansion. This process can help you answer such questions as the following:

- *What are the most important needs of your clients that this venture can address?*
- *Which new service(s) should we offer to our clients – and in what order?*
- *What resources should the firm plan to commit to this effort?*
- *What is the best way to structure the unit’s business model and identity?*
- *What is the best way to meet licensing, continuing education and training requirements?*
- *What is a realistic revenue model and profit goal?*
- *What core strengths should we look for in selecting an alliance partner?*
- *What are the key risks in expanding? How can they be managed or covered?*

There is no cost or obligation for your firm to participate in the PAA assessment process, which concludes with a written proposed plan of action.

After your firm has agreed on a business model and terms, PAA provides further assistance to help your unit get “up and running” quickly and smoothly.

Our ultimate goal is to help you implement:

- The **RIGHT** business model for your firm’s needs.
- An **EFFECTIVE** financial services delivery system that meets your standards for ethics, objectivity and integrity.
- A **PROFITABLE** business entity capable of generating consistent revenues and bottom-line results, in line with your expectations and planning.

Choosing the Right Model

PAA believes that CPA firms should make the choices that are in their best interest for responding to changes and expanding services. We work with you as consultants to help you understand, compare and choose among viable options. While there are many different business model variations, most fall into these three basic categories:

1. Refer – Your firm and an alliance partner provide cross-referrals to each other’s clients.

- This is the simplest and most casual method to establish, with few requirements.
- Without proper licenses, your firm may not share in commissions or fee-based revenues.
- Your firm’s ability to offer financial services and products may be restricted.

2. Build – Your firm (or its partners) becomes licensed in securities, insurance and/or registered as an Investment Advisor or Investment Advisors Representative. The firm then offers a range of financial products and services to its clients and receives the resulting compensation.

- You may wish to call upon the expertise of a relationship partner (such as an insurance or estate planning expert) to help close a complex case. But there is no obligation to share any cases, clients or revenues.
- This approach works best for larger CPA firms that can commit adequate staff and resources to their own financial services units.

3. Partner – Your firm and a financial services alliance partner form a written agreement to set up a new joint venture firm or unit. The agreement specifies how you will share costs, allocate manpower, and split revenues.

- The CPA firm refers clients to the on-site unit for specific financial services.
- The unit has its own profit-loss statement and usually its own marketing name (DBA) or brand.
- This approach has proven very successful among smaller CPA firms that need technical support and a proven service-delivery infrastructure, but don’t wish to build their own financial services units from scratch.

Partnership Advantages

The partnership model offers the opportunity to negotiate an attractive arrangement and ensure that you have a clear understanding of the terms of the relationship. And ideally, both participants should agree to adjust or revise the alliance at periodic intervals.

Partnership also provides you with:

- **Target** revenue and profitability goals that suit your needs.
- **Flexibility** in naming and positioning the unit, so that it aligns with your values.
- **Opportunities** to share the partner’s technical expertise and “learn as you grow.”
- **Control** over the ethical and service-delivery standards of the new unit.
- **Selectivity** in referring specific clients to the unit.
- **Monitoring** clients’ satisfaction with case results.

With the partnership model, you have the confidence of knowing you can rely on the knowledge, expertise and resources of your alliance partner.

The Time is Now...

Many clients already think of their CPA as their “Primary Advisor.” They want you to provide:

- Independent and objective advice
- A long-term trusted relationship
- Continual and responsive service
- Comprehensive advice on financial situations, and the ability and expertise to provide top-notch solutions
- A full range of services, and the knowledge to help them achieve their goals.

Professional Advisors Alliance can help your firm systematically expand to offer your clients financial services.

Your clients have been waiting...how long will they wait before going elsewhere?

Growing Your Practice with Financial Services



Professional Advisors Alliance

About Our Program

Professional Advisors Alliance (PAA) helps CPAs and other professionals evaluate the best way to increase their value to clients through financial services. Our focus is on growing the value of your practice through better client retention, organic growth and additional revenue streams.

PAA is supported by Penn Mutual Life Insurance Company. Since 1847, Penn Mutual has been driven by our noble purpose - to create world of possibilities, one individual, one family and one small business at a time.

Visit us at ProfessionalAdvisorsAlliance.com.