

# How CPAs Are Upping Their Services for Small Business Clients

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If there's one word that encapsulates the small business world, it's dynamism. The pandemic functioned as a reboot for many small businesses, forcing them to reshape their services and structure in order to stay afloat. Others experienced a different, albeit better problem: a struggle to build the foundations to support booming growth.

Accountants are responding to better serve the needs of small business clients in several ways, including offering advisory services and building a technology foundation for client finances. In doing so, they're scaling their CPA firm while helping their clients thrive. As an added bonus, they're enjoying an improved reputation and a renewed sense of purpose.

It's important for CPAs to work with small and medium-sized businesses (SMBs) in a way that brings value for both sides. In this post, we'll explore some of the trends around small businesses in 2021, and look at how accountants are responding.

## **Small Business Trends that Matter to CPAs**

The pandemic sent many small businesses into a stall, which left them wondering about their solvency and forcing them to rethink their operating models.

- Service businesses in many states suffered from shutdowns and switched to a remote model of service delivery in response.
- Restaurants and bars began a delivery-only model, which required creative thinking around finances and negotiations with regulatory boards to allow temporary exceptions.
- Landlords and small real estate firms had to cope with an immediate drop in monthly revenue.

Some small businesses were not able to survive such a direct hit. 22% of small businesses that existed in February 2020 disappeared by the end of April 2020.

But many have proven to be resilient. The innovative ways they're responding to face challenges around the pandemic and the demands of modern clients is a key part of their resiliency. This resourcefulness is paying off: around [60% of small businesses](#) anticipate revenue growth over the next 12 months (as of March 2021).

This renewing optimism is balanced by challenges, particularly around regulations, insurance, and staffing. A July 2021 National Federation of Independent Business (NFIB) [report](#) found that 42% of small businesses are struggling to fill openings, while a [Goldman Sachs survey](#) found that only 26% of small businesses are very confident they can fulfill payroll without an additional government stimulus package.

One final factor is reshaping small businesses: remote work. While some service businesses are in-person by nature, others are looking for ways to introduce remote work options as a way to attract and retain employees.

## **Firms Are Responding by Improving CPA Services**

Small businesses have survived and thrived during the pandemic with a combination of resourcefulness and outside help. One form of help was government programs such as the Paycheck Protection Program (PPP). Another unexpected form of help was the accounting profession. Accountants rose to the challenge by improving CPA services to help with clients' needs. They did this in a few ways:

### **1. Redefining the role of a CPA and becoming a trusted advisor**

The hardest-hit small businesses needed instant life-saving help when COVID hit. According to the [Journal of Accountancy](#), accountants responded by giving advice on how to reimagine their operations. This included predictive financial guidance analyzing different options and scenarios around compensation, guidance around applying for PPP loans and arming clients with financial data they could take to government regulators to boost their case for temporarily loosening restrictions around alcohol delivery and street food.

All told, this shift boosted accountants' reputation to the point that [business relief](#) is

becoming an established category of accounting advisory services.

## **2. Providing value-added service beyond number-crunching**

Accountants also offered outsourced services clients could scale up or down as needed, including bookkeeping and accounting, operations-related consulting to help clients uncover creative ways to deliver services, and financial analysis.

These new services sometimes came in the form of expanding financial services firms offer: the percentage of firms offering [bill payment services](#) jumped from 58% in 2016 to 79% in 2020, while the percentage of firms offering accounts payable and accounts receivable services showed double-digit growth over the same period.

## **3. Building a technology foundation for small business clients**

Some of these new services leveraged accountants' expertise, while others depended on new cloud technology that makes value-added services practical for firms of all sizes. CPA firms have adopted technology to the point they're redefining themselves as tech-powered accounting firms. The IRS itself is signaling its approval, such as by permanently allowing e-signatures on [dozens of forms](#).

A key part of this new technology is cloud computing, which allows CPAs to collaborate with clients in an entirely virtual environment. Cloud tools allow CPAs who aren't technologists to provide sophisticated planning solutions for clients, with functionalities for budgeting, forecasting, and dashboards that display KPIs in a visual way that clients can easily ingest.

## **The Next Step: Cloud Hosting**

As we've seen, modern CPA firms are shifting their services from basic bookkeeping functions to add comprehensive value for small business clients. Cloud computing is a key part of this since it allows you to take your accounting software version to a cloud model. This means you can provide a technology foundation for clients without having to worry about the IT headaches around it.

Swizznet's cloud hosting gives you the ability to cloud-host accounting software and leave the IT headaches to us so you can focus on becoming a trusted advisor to your clients. We don't only focus on cloud hosting. Our Obsessive Support® offers comprehensive IT-as-a-Service support to you and small business clients around security. We added CrowdStrike, which helped us prevent a [ransomware attack](#) against a state-based construction company.

These managed IT services include tech support for day-to-day issues, like that forgotten password, or those annoying times when a printer is not working. Swizznet is a one-stop-shop for CPAs and small businesses to access hosting and IT services in a single envelope without having to build your own technology team.

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