



# How Offering Payroll Services Can Strengthen Small Business Client Relationships (and Your Profitability)

Small accounting practices are already in a prime position to offer payroll — even if they don't know it yet. Payroll processing is one of the most valued services accountants can provide to their clients, who trust their CPAs to help them in matters of compliance and cash flow. Many CPAs overlook the opportunity to add payroll to the services they offer, believing that offering payroll is too resource-intensive, or not profitable enough. It's time to better understand how easily you could enhance your role as Trusted Adviser to your small business clients.

## Executive Summary

As Trusted Advisers to their clients, accountants have a rare business opportunity — if they choose to take a proactive approach to offering new services. Chief among these are payroll processing and 401(k) administration.

New research reveals that clients want Trusted Advisers to run payroll for them. Indeed, accountants say 1 in 4 business clients believe receiving payroll services from a Trusted Adviser is the most important consideration when looking at payroll, putting accounting firms in an enviable position to offer such services.

The good news is that providing payroll services is remarkably simple. New, easy-to-use technology that requires no investment is part of the story. The willingness of today's business person to use online financial services and banking tools is another — we've become so used to using apps to manage our affairs that logging into a service or using a mobile app is no longer a barrier for customers — in fact, it's now an expectation.

Most importantly, there is a need in the marketplace. Accounting firms say more than 4 in 10 clients need payroll services, and almost half require help with cash flow management.

In addition to improving client relationships and the reputation of their firm, accountants who offer payroll services open an opportunity to increase revenues. Firms can introduce a payroll offering without making a substantial capital investment or needing to hire more personnel when they work with a payroll services partner.

## Introduction

For as long as accountants have been around, they have acted as Trusted Advisers to individuals and businesses. It's hard to envision an accountant who doesn't fulfill this role; no one would work with an accountant who couldn't be trusted to keep sensitive financial information private.

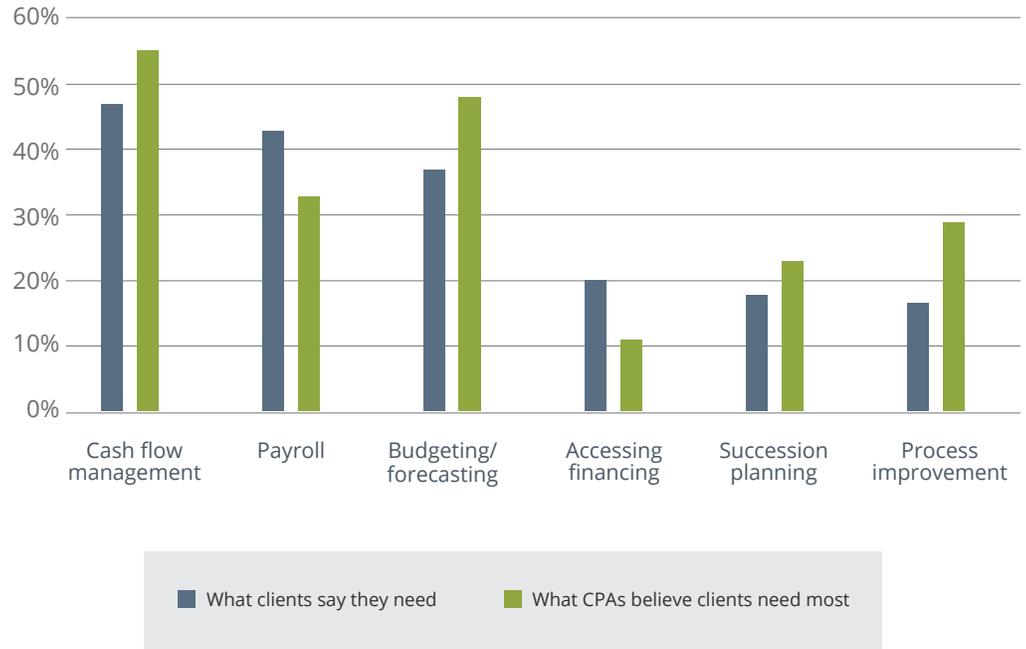
That expectation hasn't changed, but the needs of all clients — and particularly small business clients — are evolving quickly. It's not enough to provide only tax preparation and bookkeeping anymore. To maintain Trusted Adviser status, firms must be prepared to anticipate their clients' needs and do more for them — and payroll processing is a popular add-on. To better understand what opportunities this changing business landscape offers accountants, SurePayroll commissioned a survey from SourceMedia Research of 364 small public accounting firms serving small business clients.

**“Accounting firms are already in a prime position to offer payroll processing, even if they don’t know it yet.”**

**Missing an Opportunity...**

According to our survey, 43% of accounting firms say their clients need help with payroll services. But here’s the disconnect: When it comes to offering new services to clients, almost 6 in 10 firms polled say they wait until clients broach the subject. In other words, despite the clear need and desire for payroll services, accountants do not take the initiative to discuss it.

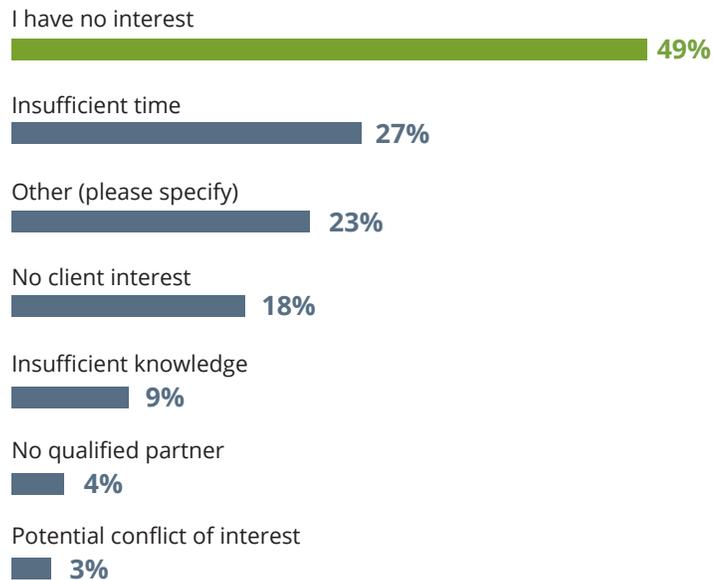
Figure 1: Client Needs vs. CPAs assumption of client needs



Source: SurePayroll Small Business Payroll and Business Services, SourceMedia Research/*Accounting Today*, November 2017

Another startling finding from the survey is that few firms wish to provide payroll processing services. Close to 9 in 10 respondents say they are “not very likely” or “not at all likely” to enter this part of the marketplace (see Fig. 2). For those companies considering adding payroll to their offerings, the lack of interest from competitors should be heartening. But firms that don’t offer such services, or that aren’t planning to do so, may quickly fall behind their competitors.

Figure 2: Lack of Interest Keeps Firms From Offering Payroll Services



Q: Why are you not offering payroll services to your small business clients? Select all that apply.  
n=138; Base=Respondents not offering payroll services

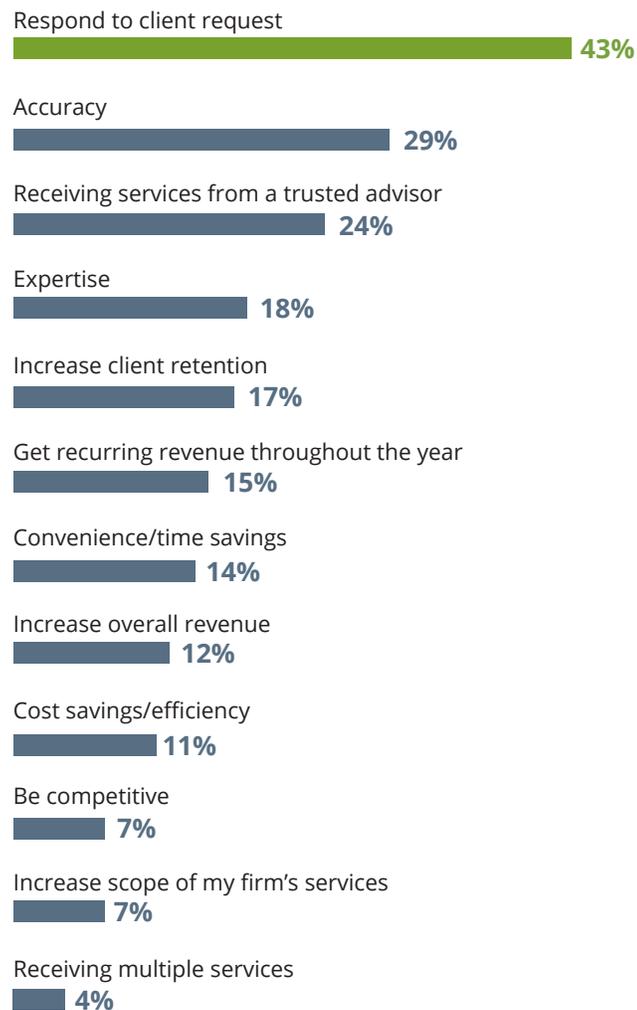
Source: SurePayroll Small Business Payroll and Business Services,  
SourceMedia Research/*Accounting Today*, November 2017

Choosing not to ask clients whether they are interested in support with payroll and other services — the choice most accounting firms make — is problematic, because it means they may be missing out on business opportunities. For instance, clients may never ask — or may not know what to ask — about payroll services. Worse, they may go to someone else. Either way, the accountant stands to lose.

**“By leveraging secure, convenient technology to give clients access to the support they need, accountants won’t need to serve as administrators”**

Even small accounting firms are already in a prime position to offer payroll processing, even if they don’t know it yet. Not only are they already involved in their clients’ businesses, but most businesses will seek such services from their Trusted Advisers. Indeed, 1 in 4 accountants who already do offer payroll services say their clients rank working with a Trusted Adviser as the most important consideration outsourcing this function — and 2 in 5 say clients rank accuracy as their top factor. This suggests having a payroll provider that offers a service with guaranteed accuracy can be advantageous.

Figure 3: Trusted Adviser status of key importance to potential payroll clients.



Q: Please rank the importance of each of the following to your firm in offering payroll processing services to your small business clients. Rank 1 to 6 (1 is top importance). n=241 (Base=Respondents offering or likely to offer payroll services)

Source: SurePayroll Small Business Payroll and Business Services, SourceMedia Research/Accounting Today, November 2017

### ...An Opportunity that's Within Reach

Given these advantages, why are some accountants reluctant even to explore this part of the marketplace? They may believe that risks or drawbacks present steeper obstacles than is actually the case, in part because they're thinking of outdated, paper-intensive payroll processing practices. Working with a sophisticated digital-oriented provider of payroll services offers advantages that make it convenient for even very small accounting practices to offer their clients advanced support. For example:

- No additional certifications are needed, and only minimal training. Offering payroll services through a partner does not require the accountant to take on (or maintain) yet another set of educational requirements.
- Capital investment should be nil. Leaders of small accounting firms naturally are concerned they'll need significant capital to get into the payroll business. They also worry that they will either need to allocate existing staff to this task or hire new people. Neither is true. With the right services partner, zero upfront investment should be required, nor should additional be needed; look for a provider who will set up a secure online portal (either their own or white-labeled for the accounting firm) that clients can use to upload their own payroll information, and who can handle electronic deposits, virtual paystubs and even handle mailing hard-copy checks if needed.
- Security risks can be managed easily. Given the frequent headlines about hacked personal information, accountants are understandably anxious about taking on the personal information of clients' employees as part of offering payroll services. However, providing clients with a way to upload that information themselves to a provider's state-of-the-art payroll intake portal can mitigate the risk — and is certainly more secure (and accurate and convenient) than paper-based or email-based processes.
- Software can be customized — and white-labeled — with built-in customer service. Using a third party doesn't necessarily detract from an accounting firm's own branding, but those firms that want to reinforce their connection with clients should look for a payroll service provider who can easily integrate their presence in its digital offering. The best providers will also have call centers and other customer service tools at the ready to support accountants' clients with technical questions.
- Additional services should be easy to add. Payroll services are just one of many related offerings that accountants can offer their small business clients with low investment of effort and capital, and that clients would value. The right provider will make it easy to connect 401(k) administration, worker compensation insurance and even healthcare insurance to a payroll-based experience — and to become a one-stop-shop for business clients.
- Services should be cost-efficient and profitable. Cost is always a consideration, of course. With the right partner, offering payroll services will enhance not only an accountant's standing as a Trusted Adviser but also the bottom line. And by leveraging secure, convenient technology to give clients access to the support they need, accountants won't need to serve as administrators, ensuring they can continue to focus their energies on the most important aspects of running their own firms.

## Conclusion

As in every other industry, technology-driven change has come to accounting. Those firms that take advantage of the opportunities to expand their offerings are more likely to prosper. The same evolutionary process that saw successful Main Street greengrocers evolve into regional supermarkets, the accountant can become a one-stop-shop for business clients, leveraging the role of Trusted Adviser, with the help of the right partner.

## Methodology

In November 2017, SourceMedia Research conducted an online survey among 364 small public accounting firms serving small business clients, drawn from the opt-in subscriber base of *Accounting Today*.

## About SurePayroll

SurePayroll is the trusted provider of easy online payroll services to small businesses nationwide. Founded in 2000, SurePayroll delivers peace of mind to tens of thousands of business owners by combining innovative, industry-leading technology and personalized support from an award-winning, U.S.-based customer care team. SurePayroll also provides private-label and co-branded services for accountants and banking partners as well as offering efficient online solutions for managing 401(k) plans, health insurance, workers' compensation, employee screening and more. SurePayroll is a wholly owned subsidiary of Paychex. For more information, please visit [www.SurePayroll.com](http://www.SurePayroll.com).

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