

Community News

HAPPY NEW YEAR!

Tax Season Begins,

The ringing in of the new year marks the beginning of the 2024 tax filing season. As those of you that file informational returns know, this is year two of the new e-filing mandate for 1099s and W-2s. As you navigate this filing change, 2025 also marks continued changes on the security landscape.

The change this year after the FTC/IRS Safeguards rule was put into place in 2023 is the new acknowledgement statement found on your PTIN renewal. This simple little add now provides authorities indisputable proof you know about the new Written Information Security Plan (WISP) requirement for you and your firm.

UNCLAIMED STIMULUS PAYMENTS ARRIVING NOW

The IRS recently announced it is proactively sending out \$2.4 billion in payments to taxpayers they believe should receive stimulus payments from the last Covid initiative, but failed to claim the payment.

So should clients call asking about this magical payment from the IRS, let them know it is an unusual act where the IRS is proactively correcting the error in THEIR favor. The deposit can be kept and they do not need to claim it in their income.

Source: IR 2024-314

**Real Expertise,
Real Connections,
Real Easy!**

What I have found in talking to firms like yours, is a number of troubling trends about this new security requirement. The first is that it is a one-time initiative. "I created my WISP so I am good...forever." WISP best practice is to prove that you review and update your WISP at least once a year. Second, you won't need "to prove" you approved your WISP and separately "prove" that all staff (including contractors) acknowledge review and training of the published WISP every year. Remember you need to show you comply and have done this contemporaneously. And finally, we are seeing insurance companies becoming more aware of the WISP requirement and demanding review of your compliance prior to paying out any claims.



Just what you need; another set of punitive rules all aimed to catch you should you trip. Thankfully suppliers are taking notice and trying to build tools to help make compliance more manageable. Check out [WISPbuilder.com](https://www.wispbuilder.com) for a cost-effective tool our team put together to help you manage this process. If nothing else, the site is a great one-stop place to see the related compliance documentation.

Best wishes for a smooth filing season. Remember to take advantage of the numerous client communication tools available to you to save you time, so you can focus on doing great work!

Kind Regards,

Steve Enzler
President



Unlocking the 80/20 Rule: Ideas to Build Client Lifetime Value

Marketing has traditionally focused on maximizing sales volume to drive revenue growth. However, in a service business like accounting and tax preparation, a key element of marketing is retention that leads to high lifetime value of key clients. So, with many practices being full, now is the ideal time to pursue sustainable, profitable growth by implementing more targeted strategies for client acquisition and retention.

The Pareto Principle, also known as the 80/20 rule, can be applied to your practice. It suggests that 80% of your revenue comes from 20% of your clients. If true for your practice, it may be time to shift your focus from clients who do not add significant value and concentrate on retaining and finding the clients who drive your profitability. Here are some ideas to help you do that.

Understanding Your Current Clients

Effectively communicating with your clients can reveal their true potential. Instead of focusing your limited resources on every client, consider identifying and prioritizing the 20% of your clients who generate 80% of your revenue. By doing this, you can strategically nurture profitable behaviors, encourage repeat business, and prevent client churn, leading to better, sustainable results for your firm.

Know Your Retention Rate

The most straightforward way to measure customer retention is by looking at your retention over time. This metric indicates the percentage of clients who remain loyal to your firm each year or tax season.

To calculate this, you'll need to:

1. Decide on the timeframe you want to measure— typically a tax filing season or a calendar year.
2. Identify the number of clients at the start of the period, the new clients acquired during that period, and the number of clients at the end of the period.

With this information, you can use the following formula:

Customer Retention Rate = [(Customers at the end of the period – New customers acquired during the period) ÷ Customers at the start of the period] × 100

Once you know this, then compare it to the last couple of years to review the trends.

Client Communication Calendar

January 2025

Send organizers & set up appointments with your clients.

February 2025

Remind your clients to submit their tax documents.

Early March 2025

Schedule your final client reminders.

Calculating customer retention

$$\text{Customer Retention} = \left(\text{Number of customers at the end} - \text{Number of new customers acquired} \right) \div \text{Number of customers at the start} \times 100$$



Unlocking the 80/20 Rule: Continued

Attract the Right Clients

Analyzing data from your most valuable existing clients can help you create an “ideal client” profile to direct your new client acquisition efforts.

To get started, follow these three steps:

1. **Identify Your High-Value Clients:** Use data to pinpoint your most profitable clients. What shared interests, demographics, or behaviors do they have? These insights will serve as the foundation for your ideal client profiles.
2. **Create a VIP List:** Transform these insights into a Client Match list. This curated list of your most valued clients will guide your future efforts and help nurture your existing clients.
3. **Prioritize Communication and Campaigns:** Steer your marketing efforts to focus on your most valuable clients.

Cultivate Your Loyal Clients

Once you have established a foundation for attracting high-value clients, fostering long-term growth within this base becomes essential. Remember, this isn't about indiscriminate cross-selling and upselling. Promoting the wrong services to certain clients can harm profitability and your retention!

The path to sustainable growth lies in understanding the nuances of profitable client expansion. Sustainable growth requires a strategic approach that encourages valuable client behaviors while avoiding those that could negatively impact your bottom line. For example, perhaps your largest client is in commercial real estate. You will invariably become an expert in the unique problems this client has. Why not target other clients like this one to leverage that expertise?

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SPOTLIGHT ON SERVICE: Kiosk & Lobby Bumper Videos

Enhance Your Clients Experience with Our New Bumper Videos!

We're excited to share some valuable information about our kiosk service that can enhance your client experience.

If Animals had their own tax code. This display product joins our other themes to provide a buffer between your Tax Videos when they are played in a loop, most commonly in your firm's lobby.

Background

Our popular TaxVid video service can be set up to automatically play in your lobby or on any monitor. You can select the videos to display and then our Kiosk Service will play them in a timed loop. To help create a breather between each video you can select a "bumper theme" to clearly show when one TaxVid ends and the next one begins. This is a fantastic way to engage your clients while they wait, help reduce time spent on common tax topics and perhaps even create a smile or two.

The bumper themes

These short clips run between each tax video to serve as a perfect transition between your standard videos, giving each one some breathing room and keeping your clients engaged.



You now have five options to choose from:

- Tax Quotes
- Tax Quiz
- Tax Terms
- Who Said It?
- NEW! If Animals had a tax code.

Whether it is rabbit's tax code with plenty of child tax credits or bees receiving a unique joint filing designation, the new theme is sure to create a smile.

How to use

To get started, simply log in to your Practice Panda account.

- Click on Videos and select TaxVid Videos
- Then select Kiosk player
- Follow the set up instructions

Thank you for allowing us to help you stay engaged with your clients all while saving you some time.
Best wishes as you head into the 2024 filing season!

How Can We Help?

We would love to hear your ideas. Looking for a topic? A service highlight? We are open to suggestions. We want to make Practice Panda your resource to build a better practice, well positioned and well connected to current and new clients!

If you have any technical support or billing concerns please reach out to us at support@practicepanda.com

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