



20 Tips to Turbocharge Your Payroll Practice

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Traditionally, payroll has been considered a low-margin service. But the reality is that many accountants are making more money per hour of their time with payroll services than their peers are making from tax, accounting, or audit.

What's their secret?

These accountants started with the most basic accounting.

Gross Profit = Revenue – Cost of offering the service

In many cases, successful payroll firms are processing hundreds of payrolls using only 2-4 paraprofessionals or clerical staff. That means they have reduced the costliest component of payroll processing – the labor cost – to a bare minimum. That's how they realize 50% - 70% gross margins from payroll services.

The best part is they make all that money spending just a few hours a week supervising their staff and managing their payroll practice. These accountants realized that it's possible to offer payroll services using staff that is paid lower wages than the staff that does tax or accounting work. Motivated, well-organized clerical staff can be easily trained to perform virtually all payroll processing tasks.

But those accountants didn't stop there. They have taken many other steps to reduce the cost of processing payroll to a bare minimum, while simultaneously maximizing their payroll revenue.

In this ebook, we'll present a series of additional tips for elevating your payroll practice. Let's get started!

About AccountantsWorld

AccountantsWorld is a leading provider of cloud-based payroll and accounting software for accountants. Accountants who switched to our Payroll Relief® solution have improved their practices by 25% or more on average.

And unlike other solution providers, AccountantsWorld is 100% committed to making accountants more successful. We never sell our products or services directly to your clients.

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Mind you r mindset

One of the most important differences we've found between high-performing payroll processors and other accountants whose payroll practices are not as profitable is their mindset.

Most accountants believe that payroll is a low-profit margin service. Some accountants offer payroll services just because some of their clients asked for it. Some even use payroll services as a loss leader. Their thinking is, "if my clients are asking for payroll services, and if it helps at all with client retention, then I guess I might as well offer it."

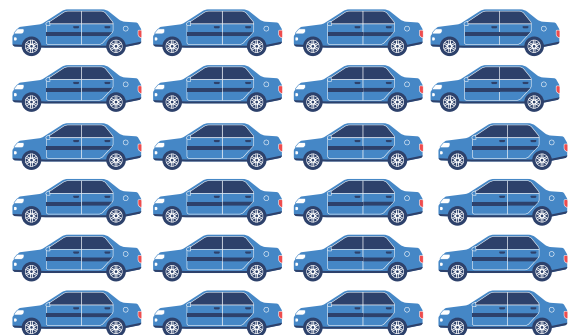
But accountants who are running highly profitable payroll practices started with the commitment to make it an important profit center. That commitment then motivated them to find all possible ways to make their payroll practice highly profitable.

Once you have that mindset, then by taking some simple steps, you too can generate more profit from payroll services while reducing your firm's workload. You'll be primed to find all possible ways to save time, minimize the effort it takes to process payrolls, and increase revenue through the right pricing and smart marketing. Try it and you'll be handsomely rewarded for your efforts.

Use industrial-strength professional payroll software

The most common reason why payroll is not very profitable for most accountants is that they use payroll software created primarily for small businesses. Many are still using desktop-based payroll systems. If you are using such software, then you are wasting a tremendous amount of time unnecessarily, and your overall cost of processing payroll goes up. That in turn eats into your bottom line. Running your payroll practice on such systems is also very stressful for your staff and prone to errors.

Here's an analogy to explain why. If you had to take a couple of kids to school, it makes perfect sense to use a car. But if you had to take 20 - 30 kids to school, you wouldn't use a car - it would be highly inefficient and too cumbersome. The best vehicle to use to take dozens of kids to school is a bus.



Payroll processing requires a multitude of highly time-sensitive activities. A payroll system created for small businesses might be able to keep track of those activities for a couple of employers, but not for 50, 100, 200 or more employers. It becomes too cumbersome a juggling act when you use these systems to manage your payroll practice.

The most important advantage of using truly professional payroll software is that it will automatically perform most payroll tasks, thus reducing staff cost to a bare minimum. That's the key to making payroll services highly profitable.

There's another advantage of using a professional system. Since professional software is designed for processors like you, it isn't sold directly to your clients. Unlike providers of end-user software who sell directly to small businesses (including your clients) and compete with you, you don't have to worry about the providers of professional payroll systems ever competing with you.

Now that we've established the importance of using industrial-strength professional payroll software to drive up your margins, let's discuss what you should look for in such a professional system.

Automate, automate, automate

The most crucial factor in choosing professional payroll software is how many payroll tasks it performs automatically, on time, and with 100% accuracy of calculation without any manual intervention.

The latest cloud payroll software can automate most of the payroll tasks that in the past had to be performed manually. Your payroll system should perform all these tasks automatically:

- ✓ Direct deposit of paychecks
- ✓ Electronic payment of federal and state taxes and child support
- ✓ Electronic filing of quarterly and annual federal and state tax forms
- ✓ Complete year-end processing, including e-filing of W2s, W3s, and 1099s

If you have a substantial payroll practice, a highly automated professional payroll system can save you tens of thousands of dollars by reducing staff hours significantly.

“Scan and plan” with a management console

Your payroll software must have a management console for an overview of all clients’ payrolls and key information, such as the status of each client’s payroll, processing dates, upcoming forms due, and tax due dates. The console highlights items that require immediate attention in red. When the payroll processor logs into the system, they have a clear picture of what needs to be done that day and that week. They are on top of all client payrolls all the time. That’s utilizing the power of “scan and plan”.

Name	Code	Federal EIN	Direct Dep.	Payroll Approval	Next Pay Date	Process Date	Period Ending	Payroll Status	Next Tax Due Date	Past Due Forms	W2/W3 Past Due
JT Plumbing Services	JT-Wly	12-9876543			12/31/2018	12/31/2018	12/31/2018	Entry	12/05/2018	X	X
JT Unemployment Exempt	JT-EXEMPT	12-1235678			12/31/2018	12/31/2018	12/31/2018	Pending	12/03/2018	X	X
Laborola Trucking	DL-001	12-4567891			01/06/2019	01/06/2019	12/31/2018	Pending	01/04/2019	X	
Harvi Test Client 01	hvcient01	23-3456445			01/07/2019	01/07/2019	01/04/2019	Entry			
JT Family Services	JT-Qtrly	11-9862579			01/08/2019	01/08/2019	01/04/2019	Pending	12/17/2018	X	X
DR Trucking Corp	DRTrucking	10-1515121			01/11/2019	01/11/2019	01/06/2019	Calculated	11/07/2018	X	X
hvtstclr client	hvtstclr	23-2234752			01/14/2019	01/14/2019	12/24/2018	Pending			
JT DC, MA, Utah Annual Convention	JT-UTANN	23-2587412			01/15/2019	01/15/2019	01/15/2019	Pending	12/17/2018	X	X
SZ Match Payroll Corp	szmatch	25-5411212			01/15/2019	01/15/2019	12/31/2018	Pending	12/31/2018	X	
ES Consulting	Stock4	14-5623230			02/08/2019	02/08/2019	02/08/2019	Entry	12/31/2018	X	X
Patrick Test	1273	21-7983282			03/04/2019	03/04/2019	03/04/2019	Pending			

Payroll Snapshot in Payroll Relief®

Be vigilant about tax payments

While good professional payroll software automates tax payments, it is important to keep track of all pending taxes. Also, there might still be some taxes that needs to be paid manually. Below, we see how the Pending Tax Payments dashboard in Payroll Relief provides an overview of all client tax payments due, with critical information such as amount, agency, debit date, and method of payment. This protects you from defaulting on any pending tax payments.

Client Code	Employer name	Fed/State	Type	Form	Amount	Debit Date (EFT)	Due Date	Method
005-Rebecc	Rebecca's Bundles of Fun Inc.	Federal	Unemployment	940	210.02		1/31/2020	EFT
011Reb	Rebecca Cafe	Federal	Withholding	8109	6,659.72		11/15/2019	Manual
51-002	Stephanie's Professional Service	New York	Unemployment	NYS-45	1,487.54		10/31/2019	Manual
AA001	AA Corp USA	Illinois	Withholding	IL-501	96.69		11/15/2019	Direct Deposit
AllState5	Mullings King All State Monthly	California	Unemployment	DE-88	1.44		10/31/2019	Direct Deposit
AWPAYROLL	AW Payroll Services	New York	Unemployment	NYS-45	5,612.95		1/31/2020	EFT
AWSample	Widget Manufacturing Corp.	Federal	Unemployment	940	13.74		1/31/2020	Manual
Crissons	Crissons Inc.	Federal	Unemployment	940	210.00		1/31/2020	EFT
CUS	Cusumano Trucking	Federal	Unemployment	8109	168.00		10/31/2019	EFT
DLST	Don's States Galore	California	Unemployment	DE-88	187.22		10/31/2019	Manual

Clearly define internal roles for all payroll processes

Another key area for a successful payroll practice is efficient management through appropriate processes and procedures. While industrial-strength payroll software can streamline most tasks, it doesn't eliminate the need for having well-defined processes and procedures for running your payroll practice efficiently to ensure that nothing falls through the cracks. Step one is answering the simple question: who is doing what and when? Document and communicate every expectation around roles and responsibilities.



Always have a backup plan

Larger firms often already have the staff to handle any payroll scenario. Smaller firms and sole practitioners should consider training their other staff as a backup should the core payroll staff have any emergencies. If that's not possible, identify external contingencies, such as contractors, who can step in when needed.

Set up formal procedures to handle payroll exceptions

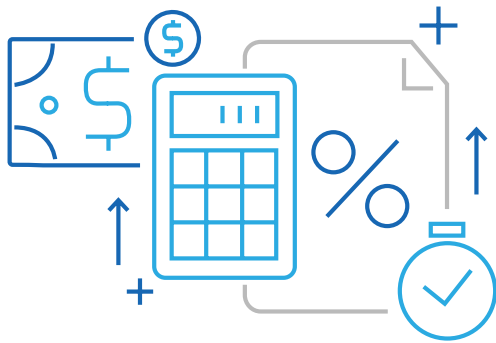
No matter how professional your clients are, you'll occasionally run across situations that require special attention, such as a client with NSF's (non-sufficient funds), or a form to be e-filed that has been rejected because of an error. These issues are highly time-sensitive, and you need processes to handle them with utmost urgency.

Give special attention to year-end processing

Year-end processing is a critical aspect of payroll services. Sound payroll software should perform most year-end compliance tasks automatically. But you still have to be vigilant. Year-end processing requires you to collect a lot of information from all your clients, such as the SUTA rate, correct employee information, and benefits. Many software providers, including Payroll Relief, offer a comprehensive year-end planning guide to help you with all year-end tasks.

Make it easy for clients to perform some tasks

When you use powerful professional payroll software, most of the tasks discussed so far are performed in an automated fashion. The two major tasks remaining are entering payroll data and printing paychecks for clients not enrolled in direct deposit. Some professional software makes it easy for your clients to perform these tasks themselves. A link is sent to the clients that gives them access to a simple screen for entering payroll data. The data entry screen is customized for each client, and it displays each employee's default hours. The client needs to enter data only for the fields that are exceptions, such as sick pay and vacation days. The data entered by the client goes right into the payroll software.



Most clients would be happy to provide data this way. This eliminates data entry in your office and saves your firm a lot of time.

You can even eliminate the need for printing checks in your office and save some time by using a system that lets you securely send a PDF file of paychecks to your clients using encrypted e-mail or by saving them in a secure client portal for clients to print from their office. Many clients would like this option because it saves them the cost of mailing paychecks.

Select the right clients

For some accountants, their payroll service has become more hassle than profit, simply because they serve the wrong clients. These are clients that are consistently unorganized or frequently have cash flow problems. The only criteria these clients have is to get the lowest cost.

It is critical that you select the right clients for your payroll services. Make sure that the clients you take for payroll processing are fiscally responsible and don't run into constant cash flow problems. Being an accountant, you have a major advantage that you know your current clients well, so it is easy to identify and avoid the clients that are not the right candidates for your payroll services.

Before you take a new client, vet them very well, and use full due diligence. Clear communication is essential when you sit with a new client. Your service contract should clearly define what services your firm will be providing. For pricing your services properly, you need to know the full details of their business.

And as we discussed, you can increase your profit margins by delegating certain tasks, such as data entry and check printing, to your clients. Present this as a benefit to your potential clients and then ask them if they would like to have capabilities that would make it easy for them to get payroll data to you, and save time and shipping costs.

Perform operations in batches

Some professional payroll systems let you perform the same operation for a number of clients simultaneously in batch. Using this capability can save you a significant amount of time.

Suppose you have 50 clients. If you were to print W2s for each client individually, it could take you hours. Using the batch mode, you can print hundreds of W2s for all 50 clients with just a few mouse clicks in minutes.

You can also save a significant amount of time by printing paychecks in batches for the clients who don't want to print paychecks in their offices.



Take advantage of mobile apps

Some cloud-based payroll software feature a complementary mobile app that serves the needs of your firm, your clients, and their employees. These mobile apps can be very beneficial. You and your clients can get alerts for something that requires immediate attention, regardless of where anyone is. Your clients can do their payrolls from a mobile device and find out the funds required for a payroll. You can check the status of all your clients' payrolls from anywhere.

Provide employee portals

Today, employees want to have easy access to their payroll-related information. So, set up employee portals so your clients' employees can view their paychecks and W2s online and upload documents such as W4s, I-9s, and direct deposit authorization forms. The employee portal should also allow employees to make changes to their demographic information. Your clients will appreciate this service as it saves them the hassle of distributing pay stubs or providing copies of W2s.

Think about integration with key systems

Close integration between your payroll system and other systems can save you time and reduce data entry errors. Relevant payroll information needs to flow to the accounting system you use for your clients. There is also a significant amount of shared data between your payroll software and the accounting and HR systems your clients use.

Focus on the total cost of ownership, not the cost of software alone

Always remember that labor cost is the bulk of the total cost of processing payrolls. The software cost is typically much lower than the labor cost for doing payrolls.

Therefore, first focus on finding payroll software that lets your firm process payrolls most efficiently with minimal labor cost. Nothing else will have a greater impact on your practice than choosing a payroll system that minimizes labor effort and cost.

Your best bet is to find reasonably-priced software that significantly reduces your labor cost.

That's why, while the upfront price of desktop payroll software is very low, they are actually the costliest option for processing payroll. They require so much manual labor that the cost of processing payrolls become excessive. Payroll practices that use desktop payroll software tend to be the least profitable. If you still use desktop payroll software, it's high time that you move to a cloud payroll system.

Expect to pay more upfront when you move to the cloud - but know that it will be worth your while. One of our Payroll Relief users was spending less than a thousand dollars on a desktop payroll system. When he moved to our Payroll Relief system, he paid over \$12,000 in the first year, but he was delighted because he could save the expense of a full-time staff!

Emphasize smart referrals

Your existing payroll clients can be instrumental in helping you attract new clients in two ways. The obvious way is to get client referrals, and perhaps you are already doing it. But we want to encourage you to give client referrals a little more thought to make it more enticing for your clients by considering the Lifetime Value of your payroll customers.

Suppose your gross on average is \$1,000 from your payroll clients and assume they stay with you for five years. Their lifetime value is then \$5,000. Considering that big picture, you can sweeten the pot a bit to make it more enticing for your clients to give you referrals. Offering \$500 for a client referral may sound a little steep. But when you consider the lifetime value of the customer in the above scenario, offering \$500 for a payroll client would seem like a sound investment that generates an excellent ROI.





Unleash the power of reviews

Another meaningful way you can use your happiest clients is to ask them to give your payroll service a review and rating on Google. Be extremely meticulous about getting these reviews. Ask your clients how happy they are with your services. If they say they are very happy, then ask them how they would rate your service on a scale of 1-5, with 5 being Excellent. If they rate your service less than 5, ask them what you can do to earn a rating of 5. Acting on the deficiencies they point out will help you improve your service.

For the clients who rate your service as a 5, ask them to give your payroll service a review on Google. Show them how to do that. (Also bear in mind the specific words in the review must be their words. Don't feed them any of your words – Google will penalize you.)

Attract free targeted traffic to your site

You might be wondering how much of an impact positive reviews can make. Let's take a look.

Go to Google search and type "payroll services in Tulsa OK" and look at the results. After the paid ads, you'll see the unpaid organic search results. Which is the first organic search result that appears? It's likely Cirrus Payroll, with 190 five-star reviews (at the time of writing this Guide).

If you were a business owner looking for a payroll service provider, who would you call first? Cirrus Payroll, obviously. (Full disclosure: Cirrus Payroll is one of Payroll Relief's users.)

See, Cirrus Payroll is not spending a single penny on advertising on Google, and yet they are perhaps getting more high-quality leads than those paying advertisers. Their practice is growing at a pace that would be the envy of most accountants.

To get high rankings on organic search, you need to:

- ✓ Have positive reviews on Google and other sites such as Yelp
- ✓ Devote at least a full page to your payroll practice on your website
- ✓ Use the right keywords on your site. In other words, what would your ideal payroll client be searching for? Make sure those terms are specifically written on your home page and other payroll pages.

Now until you start to appear high on the organic Google search with many 5-star ratings, you may benefit from using paid advertising on Google. Google Ads is a highly cost-effective way of marketing your practice. You can start by using Google's suggested bids for one month, and then adjust as needed. It may pay to get the help of a company that specializes in Search Engine Marketing (SEM) and Search Engine Optimization (SEO).

Finally, choose the right software partner

Choosing the right payroll software provider is as important as choosing the right payroll software. The primary business of most providers of payroll systems is to provide payroll services to small businesses like your clients. They provide payroll software to accountants as a secondary source of additional revenue. This can also result in a hurtful conflict-of-interest situation, as recently happened to thousands of accountants.

Hundreds of users of a major payroll solution recently moved to Payroll Relief. The provider of this payroll solution is the leading provider of payroll service to small businesses. It discontinued the payroll software it sold to accountants. If accountants stayed with this solution provider, the only option they had was to give all their payroll clients to this solution provider. It was a traumatic experience for many accountants.

It is judicious to choose a payroll software provider that offers professional systems only to accountants, and never sells anything directly to small businesses or competes with you.





Take the next step

As you can see, the steps to create a high profit margin payroll service are relatively straightforward. One unique thing about payroll services is that, like magic, the more profitable it gets, the less work your firm performs! If you do it right, you can create a substantial payroll practice that takes only a few hours of your time per week to supervise.

If you are genuinely ready to make your payroll practice more profitable, then you will be delighted to know that:

No matter what payroll solution you are currently using, you will generate more profit with Payroll Relief from AccountantsWorld, while reducing your firm's workload.

Give us just one hour of your time for a live consultation, and we'll show you how we make it possible. We'll spend part of the time understanding your practice, and then we'll demonstrate the Payroll Relief software. In the end, we'll work with you to determine how much value Payroll Relief can add to your practice.

To schedule your consultation, click the button below, visit AccountantsWorld.com/Payroll or call us at **866.956.9173**.

[Schedule a demo](#)



Thank you for reading our ebook

About AccountantsWorld

Many accountants don't realize that major corporations have used technology to penetrate deep into your core tax, accounting and payroll services.

At AccountantsWorld, we've used technology for a very different purpose.

For over 15 years, we've been committed to using cloud technology to create new opportunities for practicing accountants like you, and to help you reclaim lost ground so you can better serve your clients and raise your bottom line.

We created the first-ever cloud-based payroll solution, [Payroll Relief](#), to help accountants easily offer highly profitable payroll services to their clients.

Then we created [Accounting Power](#), the first cloud-based professional software designed to put you, the accountant, back in control of client accounting, and make it easier to offer comprehensive client accounting services.

We now offer a fully-integrated suite of highly acclaimed solutions for professional [accounting](#), [bookkeeping](#), [payroll](#), [document management](#), client portals and more.

Using our pioneering cloud solutions, you can tailor your services to best meet the individual needs of each of your clients, increase your firm's productivity, better serve your clients, and raise your bottom line.

And unlike other service providers, AccountantsWorld has made an unwavering commitment to accountants. We never compete with you, or sell our products or services directly to your clients.

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