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WHITEPAPER

A Pathway for Growth in Advisory Services

A more strategic approach can help accounting firms grow their practices more successfully.

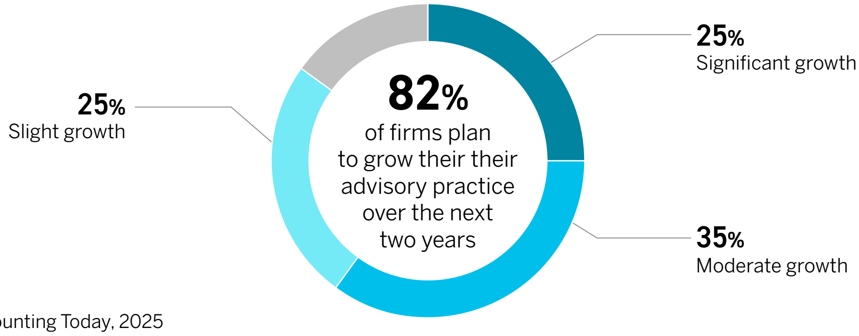
Accountants are well-positioned to help their clients navigate numerous aspects of their financial lives beyond taxes and bookkeeping. Advisory services have become a natural area of growth for many firms, provided they have the resources to serve their clients' needs in areas such as financial planning and wealth management. When firms incorporate these services successfully, they deepen client relationships and develop new, sustainable revenue streams. But finding the right services to offer and how to offer them can be a challenge.

In March of 2025, Arizent, parent company of Accounting Today, conducted a survey on behalf of Choreo among professionals at CPA and accounting firms to understand how the industry views advisory services. The survey results show that firms are highly interested in broadening their advisory service offerings, but often struggle with how to do so effectively and sustainably.

Advisory services are a key element of accounting firms' growth plans

Most accounting firms understand the value of offering consultation services, which offer higher profit margins, create deeper client relationships, and diversify revenue beyond traditional tax filing and bookkeeping work. Nearly seven in 10 (69%) accounting firms embrace the idea of offering advisory services, and nearly nine in 10 (85%) of those firms expect to grow their advisory practice during the next two years (see Figure 1).

Figure 1: Growing advisory services is a strategic priority



Source: Arizent/Accounting Today, 2025

Revenue enhancement is the most common business objective firms target as they seek to add services or expand their service offering to an outsourced partner, particularly to the degree that they can do so outside of peak tax season. Retaining clients and deepening client relationships are also prominent on firms' radar as they plan to increase advisory services.

Increasing advisory services offerings is often easier said than done

Firms confront challenges as they attempt to expand the advisory services they offer. Finding resources to do the work remains the biggest challenge for firms that aren't offering advisory services yet. Resource constraints include finding enough time in the day for increased client-consultation services and adding staff to meet increased capacity needs or provide the in-house expertise those services require. Many firms are also concerned about how to demonstrate the value of their expanded services to clients and how to price those services.

For many firms, deciding what services to offer and how to offer them is a key challenge. Client needs aren't uniform, which means firms need to offer multiple services if they want to fulfill those needs. On average, about half of clients receive more than one service from a given firm, and a third receive more than two services. In particular, small firms are likely to offer more services to clients than their larger counterparts. A quarter of sole proprietors say more than 90% of their clients receive more than one service from them, compared to just 10% of those firms with 10-49 employees and 2% of those firms with 50 or more workers.

The data also shows that there's little consistency across the advisory services actually used by clients. Only a minority of clients use services other than tax preparation — generally 20% or less for any specific service. Since resource constraints and related challenges limit what accounting firms can reasonably offer; those offerings may not be well attuned to client needs.

In many cases, accounting firms stress tax preparation because that's where team members have the most knowledge and experience. Accounting firms are more likely to base their offerings on the availability of in-house experitise (43%) than on client interest for a given service (32%). Given these constraints, it's easy to see why CPA firms remain predominantly focused on tax-related and bookkeeping services. Just 11% of respondents consider advisory and consulting services as their primary service offering.

The inability to commit fully to advisory service offerings limits the revenue uplift firms can achieve with these offerings. Currently, advisory services only account for 28% of firm revenue on average. To expand revenue and build client relationships through advisory services, accounting firms need to find new ways to tap into the value offered by consulting around topics such as wealth management, controlling business costs, and managing risk.

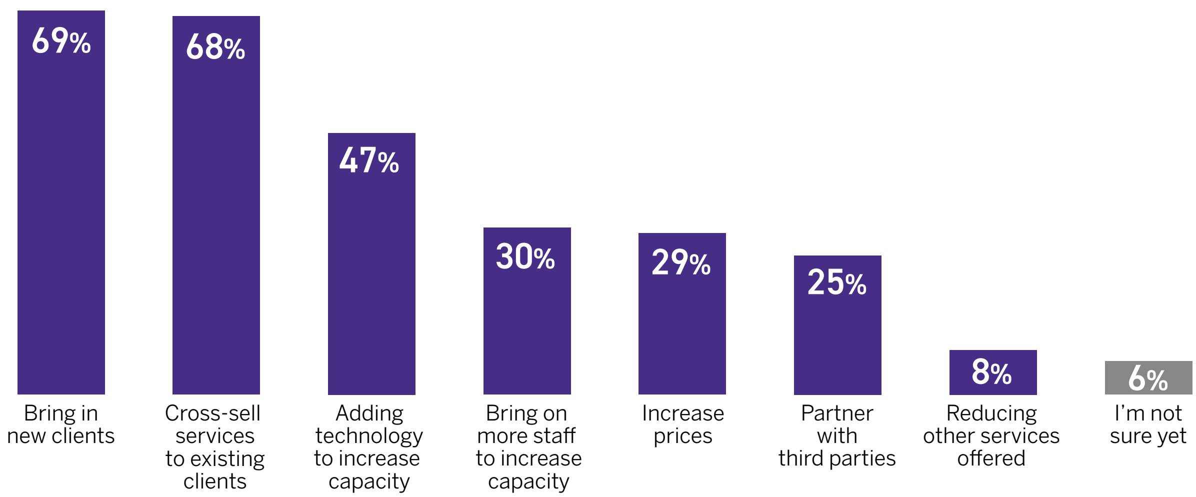
> **“I believe the industry is reaching a point where expanding advisory service offerings generates growth. Bringing a more creative and systematic approach to prioritizing offerings and resources to meet their clients' needs is a strategic priority that firms can take to help with their growth strategy.”**
>
> — David Winslow, CFP®, Managing Director, Choreo

Partnering for a more strategic approach to advisory services

There's a disconnect between how firms expect to grow accounting services and how they currently connect with clients. Without a more comprehensive plan for identifying what clients need and obtaining the resources required to provide those resources, accounting firms could find it challenging to grow.

The top two ways that firms plan to increase their service offerings involve bringing in new clients (69%) and cross-selling to existing clients (68%) (see Figure 2). However, most firms (70%) say they rely primarily on clients asking about a service before they engage with them around the topic. Proactive initiatives such as incentivized cross-selling are rarer, especially among smaller firms. Four in 10 firms (41%) with at least two employees don't offer incentives for cross-selling services. Only two in 10 sole proprietors prioritize cross-selling at all.

Figure 2: Majority planning to grow through new clients and cross-selling



Source: Arizent/Accounting Today, 2025

Even in the absence of structured cross-selling efforts, many firms still connect clients with outside service providers. Accountants frequently offer referrals for financial planning (32%), HR services (31%), and valuation (30%) services. These referral arrangements are more common at mid-sized firms, as larger ones are more likely to have the resources to staff departments dedicated to providing services such as wealth management.

Deepening client engagement around these referred services can provide powerful insight into client needs. Areas such as financial planning, which start with a holistic view of a client's finances, can be especially fruitful as a guide to other services from which clients could benefit. Many accountants already talk with business-owner clients about services such as tax preparation and bookkeeping. These relationships could easily become opportunities for conversations about adjacent services like transition planning, estate preparation, and wealth management. Even if accountants don't necessarily offer these services themselves, paid referral agreements could offer a way to turn these conversations into responsive client service that have the potential to yield steady revenue.

To take advantage of this natural growth trajectory, accounting firms need more structure and communication around referral services than they often receive. Roughly half (49%) only receive updates from the referred colleague, firm, or vendor after they meet with the client, 1/3 have meetings with the colleague, firm, or vendor including the client, around 1/4 (28%) have meetings with the referred colleague, firm, or vendor without the client, and 21% of accountants receive no follow-up information from referrals. In fact, only 10% of all accountants say they have a formal tracking system for referral relationships. Even fewer (8%) receive automated status updates about how the referred-out work is progressing.

This lack of follow-up is a lost opportunity to ensure clients receive the help they need. Continued referrals to a professional who can't provide the level of service necessary could damage existing client relationships. At the same time, those partner relationships can offer additional insights into a client's needs, including the potential to match clients with services their accountant can provide in-house.

Accountants may benefit from an experienced partner who can help plan and execute an expansion of advisory services, while supporting strong client relationships. Firms should look for a vendor partner with the expertise and the capacity to identify and meet clients' specific service needs effectively.

The right partner can also provide staff education and client communication resources to help connect clients with the right services, in the right way. Flexible partnership agreements make it possible to leverage in-house expertise where it exists and augment that expertise as needed in ways that focus on benefiting the client, while deepening relationships and offering opportunities for revenue generation.

> **“In many cases, firms have limited capacity or in-house expertise to offer the services that clients want – especially at smaller firms. Partnering with a wealth management firm that has the systems in place to connect clients with referrals offers an enhanced approach to serve clients in a marketplace where the competition is actively increasing.”**
>
> — David Winslow, CFP®, Managing Director, Choreo

Methodology

This research was conducted online during March of 2025 among 291 accountants. To qualify, respondents had to work at a CPA, accounting firm, tax, or non-accounting firm. This was a blind data collection effort. Choreo was not identified as a sponsor of the research.

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For more information on this topic please visit https://choreoadvisors.com/cpa-alliance/

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