



Professional Services

Non-Traditional Revenue Growth Strategies For Audit, Tax and Advisory Firms

April, 2025

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Introduction

As Audit, Tax and Advisory firms increase their profile with investors, and many of the top players get funding, the entire industry is under pressure to better meet clients' changing needs, serve clients more effectively and efficiently, and grow overall firm revenues. After the initial push to grow revenues through acquisitions, and expand geographic or capability footprint, firms are now looking for non-traditional ways to achieve growth. Some non-traditional ways to achieve accelerated revenue growth are:

1. **Leverage Artificial intelligence (AI) to create new firm revenue streams** - Many accounting firms have been leveraging AI to augment human capabilities by providing insights, recommendations, or assistance that can improve decision making, enhance productivity or performance, and meet customer needs or solve customer problems in novel ways.

One such service is *business analytics* that firms such as Eisner Amper, Cherry Bekaert, Wipfli, and others, have established to provide small to mid-sized entities (SMEs) analytics and business insights, along with user-friendly visualizations to

run their businesses more effectively. This managed service has created a new recurring revenue stream for many accounting firms. Additional services can also be created to better meet client clients.

2. **Utilize AI to transform customers' *traditional businesses into data businesses*** - An accounting firm worked with a *utilities' services business* providing transmission and distribution services to the utility industry. The accounting firm recognized that their client was gathering



significant amounts of data that would be valuable to the client's customers on the status of the substations and cables. The accounting firm developed a drone program, using AI, to gather information, convert it into actionable insights, which were useful for the utility companies, to track areas that would require the services of the provider. As a result, the accounting firm was able to support their client to provide much more valuable deliverables to their utility clients and significantly differentiate themselves in the market.

3. **Form non-traditional alliances to provide better meet the needs of end-customers** – Firms such as Marcum Technology have formed strategic alliances with various technology vendors that would be of relevant for their client. Marcum reviews the technology stack of their clients for a small fee and identifies opportunities to improve their tech support. Marcum then brings in the vendors who can help the client improve their technology back-end and take a cut from the revenues generated by the technology vendors, creating a recurring revenue source for them, with little effort needed from them after the introduction is made.
4. **Acquire or form alliances with adjacent service providers** – As the traditional path of acquiring smaller accounting firm's gets harder due to the increase in EBITDA multiples for acquisitions, and the increased cost of financing, some firms are looking to acquire or form alliances with adjacent service providers. Firms such as KPMG, and Aprio have applied for law licenses in Arizona, a state that allows non-lawyers to own law firms to offer legal services and have partnered with some of the smaller law firms to offer legal advice. Other adjacent areas that accounting firms are looking into for alliances include investment management, wealth management, investment banking, etc., with

a view to better meet their clients' needs and increase revenues through cross-referrals.



From "Idea" to "Income Stream"

Each accounting firm is unique. There is no single approach to achieving growth leveraging non-traditional methods. Working with an experienced partner who uses a consistent framework has the potential to accelerate speed to value and address risk along the way. We recommend a four-step process to execute on this approach that includes:

1. **Appointing a Senior Executive to drive non-traditional growth** – Have the senior executive report directly to the C-suite and be responsible for non-traditional growth. Provide the executive with funding, resources and the authority to execute on driving growth.
2. **Performing an "Outside-in" Analysis** - Examine the business environment the firm's clients are operating in to identify the shifts in their needs, competitive landscape, regulatory environment, innovative technologies, etc. Ascertain the opportunities provided by these market shifts, determine the existing gaps in data and knowledge

needs to run the business more efficiently and determine how the firm can fulfil those needs. The key is to relentlessly focus on understanding consumer needs, identifying “unmet” needs and then determining optimal ways to meet them.

3. **Conducting an "Inside-out" Assessment** - Share the information gathered from the market analysis with the C-suite. Combine those insights with the internal maturity level and available technology footprint. Identify potential product offerings, services or alliances, that could be developed given the existing resources and target client base, ensuring that all legal, risk and regulatory issues are taken into consideration.
4. **Experiment, Fail Fast and Develop Solutions and Alliances** - Allow the Senior Executive and his team to experiment on various ideas, fail fast, and then develop solutions that work. Bring in a SWAT team of experts, as needed, with business strategy, artificial intelligence, and data science experience, to work with the leader to create solutions or partner with the firm.

Bottom Line

Today’s firms can’t just rely on traditional paths to growth. With the right mindset, some bold moves, and a healthy dose of innovation, Audit, Tax, and Advisory firms can unlock entirely new revenue streams—without having to acquire yet another firm. Sometimes, the road less traveled really *does* lead to more clients, more services, and more cash flow.

About the Author:

Nita Sanger, CEO of Idea Innovate Consulting, brings over 25 years of experience as a CxO, Operating Partner and Advisor. She is renowned as a growth strategy and revenue optimization expert; she excels in turning around underperforming businesses and driving accelerated growth for firms Nita has a stellar track record of enhancing companies and business lines and maximizing shareholder value. Nita is recognized for her ability to generate revenues, achieve P&L growth, and consistently deliver above-plan performance. She is a strategic thinker known for her out-of-the box solutions. Her extensive experience spans leading business strategy and digital transformation at a mid-sized, Audit, Tax, and Advisory firm, heading global innovation for the Legal & Regulatory division of a legal information services provider, and directing global strategy and innovation at a Big Four firm. As a Partner at a boutique consulting firm, she specialized in strategic consulting for the financial services industry. Nita has also held C-suite roles at multiple PE-funded start-ups, driving revenue growth over 100% in 12-18 months. She can be reached at nsanger@ideainnovate.com.



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