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HR advisory services
for business clients:
Four current
trends
and how to
respond
to them



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CPAs are accustomed to fielding a wide range of questions from their business clients — questions that go well beyond traditional accounting issues. Because when clients encounter a new challenge, they turn to the advisers they trust — and their CPAs are often the people they trust most.

Today, a large number of CPAs report that clients are asking for help with HR issues. *How should we classify our workers? How do their salaries match up with those offered by our competitors? How could changes to payroll affect our business and tax strategies? If we expand benefits, how could that affect different types of employees?* Questions such as these — and many more — open the door to another important opportunity for CPAs to serve as

strategic advisers for business clients, helping address the issues keeping clients up at night. These are the critical moments that allow firms to expand the foundation of trust with clients that are central to sustaining long-term relationships.

Our recent survey of more than 300 decision makers at CPA firms across the country (a large majority of whom have been in the profession for 20 years or more) shows that if you're fielding more HR-related questions, you're not alone. Recognizing and understanding the following four trends taken from survey data can be an important step in determining how your firm can best respond to these growing client needs.



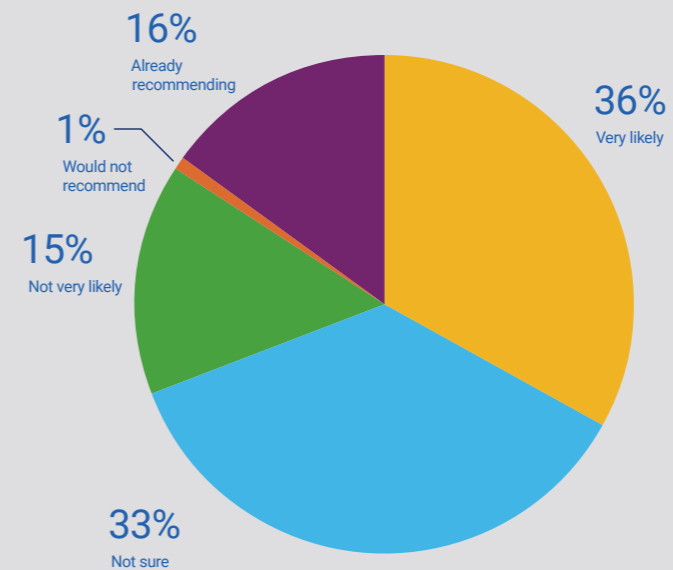
1. Client demand for HR advisory is growing

As with other growth areas in the profession in recent years, the emergence of HR advisory as a new offering from CPA firms is driven by client demand. Our survey indicated that 64% of those offering or planning to offer HR advisory services are doing so in response to increased demand for these services from clients. Whether your firm chooses to take the step of creating a formal service offering, to simply connect clients with other dedicated HR resources or pursue some other strategy, it is important to recognize that client demand is widespread and unlikely to weaken in the future, especially as the business environment grows increasingly complex, along with workforce and HR issues.

Please rank these HR challenges that impact your clients from most important (1) to least important (6).



How likely are you to recommend outsourced HR or employee benefits services for your clients

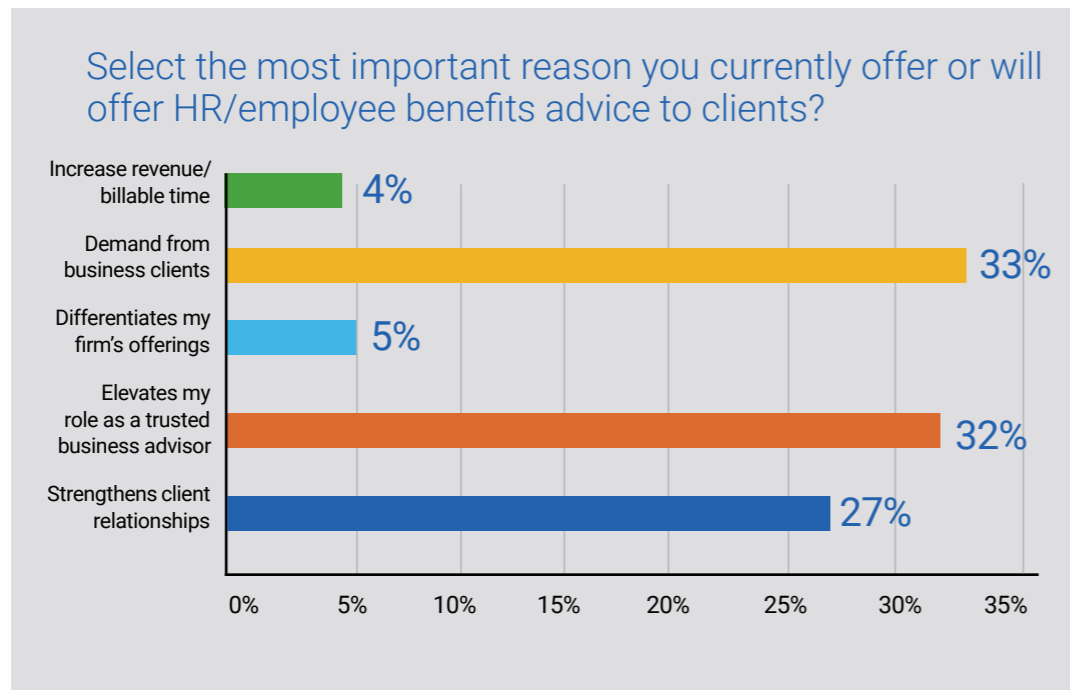


2. Regulatory compliance concerns are driving demand

Why the uptick in demand for HR services? Our survey results suggest while there are a number of issues driving demand, regulatory compliance tops the list. As the business world has shifted to respond to historic changes set in motion by the global pandemic, regulatory compliance will only become a greater source of confusion and stress for business clients, especially smaller and mid-sized companies without their own deep, dedicated HR organizations. The upshot for CPAs: regulatory compliance is weighing on clients in a way that it wasn't only a few years ago. And it's not going away anytime soon.

3. Those who offer HR advisory services are expanding their roles as trusted advisers

Those who offer (or plan to offer) HR advisory services see a number of critical benefits for doing so – beyond the simple fact of responding to client demand. Client demand is the top driver. Next on the list? Elevating their role as trusted business advisers, followed closely by strengthening client relationships. The decision to offer HR advisory services is directly linked to CPAs' sense of responsibility to their clients' success – a responsibility that increasingly transcends traditional service offerings.



4. CPAs need help with HR advisory

In many ways, accounting professionals are uniquely positioned to offer useful insights into their clients' HR concerns. For example, accountants often encounter benefits-related data during traditional tax preparation activities, giving them a clear window into an important part of the client's business. But that doesn't mean most CPAs are comfortable providing HR advisory services – many are instead likely to simply identify potential HR issues and refer clients to a specialist. According to our survey, even among those who do offer HR advisory services, 38% report that they are unable to answer HR questions from clients very often or somewhat often.

The rise of advanced new benefits and HR technologies are making it easier for firms to more confidently offer HR-related services and insights. Many others have developed relationships with HR specialists that they can refer clients to, knowing that these providers understand how they fit within the larger CPA client relationship. For these firms, it's less important to be the expert than to be able to connect their clients with those who are.





Connect the dots

CPAs are accustomed to facing a steady stream of unexpected, often unpredictable questions from their business clients — all of which may be useful in gaining a more holistic, comprehensive understanding of their challenges and the overall health of their businesses.

In the case of HR questions, many CPAs may simply lump them alongside other seemingly random, ad hoc needs for business expertise, but this survey suggests that HR issues should be treated as a singular category — one that is only becoming more important. Understanding HR questions in the context of broader trends at work in clients' businesses is a critical step in meeting their needs and serving as a true strategic adviser. For many, the next step is to build relationships with experts who can serve as a seamless extension of their firm, providing clients with the insight, support and services they need to address the rising tide of HR regulations. Firms that can connect the dots between clients, firm capabilities, technology enablers and experts are best prepared to support clients when they need help most. That's a winning formula for any firm.

