



SmartPath

Niche Down:

**How to Pick the
Perfect Specialty For
Your Accounting Firm**

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Introduction

Competition between accounting firms has never been more fierce. As more and more firms go paperless, you're no longer competing with the firm down the street for your neighbors' business — you're competing with *every firm in the country* for a nationwide client base.

Even for a large firm, it's a steep hill to climb.

Wouldn't it be nice if you could target a much *smaller* pool? A “blue ocean” of ideal clients eager to do business with you? This is the power of **picking a niche** ... the *right* niche.

A niche could be an industry (healthcare, funeral homes, charities, etc.) or a specific service (tax planning, auditing, CFO services). Either way, a niche allows you to:



Provide better services



Charge higher rates



Reduce marketing costs



Create a rock-solid brand around your business



Easily attract and retain a premium clientele

In this guide, we will explore *why* niche accounting is so powerful, how to pick the *right* niche, and how to *implement* that niche.



The Power of Picking a Niche

At first, selecting a niche might seem limiting. Why rule out whole large swaths of your potential client base in favor of a small, specialized client base?

Advantages of Niche Expertise

Choosing a niche for your accounting firm carries many distinct advantages, including:

✓ **Better Client Service.**

When you become a master of your niche, you can offer clients a better caliber of service, identifying leverage and pressure points they may not have even known existed.

✓ **Operational Efficiency.**

A general client base is like snowfall — no two snowflakes are alike. Taking on a new client can feel like starting from scratch: labor-intensive and customized. Niche clients tend to be similar, which means you can [standardize processes for onboarding](#) and project management. The results? Greater efficiency, reduced costs, and faster turnaround time.

✓ **Lower Marketing Costs.**

It's expensive to target the entire world as a potential client. The more specific you get about your audience, the lower your marketing costs — in terms of both cost-per-lead *and* client acquisition cost.

✓ **Easy Business Development.**

If you can say to a real estate agency, “We are a firm that *only* helps real estate agencies,” the prospect will inherently trust you more because you are a solution *for them*, not just for everybody. Niche closes tend to be easy closes.

✓ **Ability to Charge Premium Rates.**

Because of the higher quality of service, as well as the perceived value of being the perfect solution for your niche client, you can charge higher rates and clients within your niche will happily pay them. They aren’t looking for the lowest price, but rather the best business decision.

✓ **Stronger Brand Reputation and Referrals.**

As you become known as the firm that only helps charities or only does crypto capital gains taxes, your firm will start to become “famous” within your niche, the go-to choice for your specialization. People within industries tend to know each other. When a contact asks for a referral to an accounting firm, they will say, “I know a firm that helps companies just like ours!”

✓ **Improved Hiring and Retention.**

Your reputation within a niche will make your firm an obvious choice for specialized talent within that niche. They will gravitate towards your firm, where they can make a difference and grow their career, resulting in lower turnover and strong institutional memory.





Potential Downsides of Niche Expertise

Of course, no business strategy is perfect. Choosing a niche has its potential downsides, including:

✗ **Picking The Wrong Niche.**

Some niches might already be competitive. Others might have too few prospective clients, or the average client fee might be too low. Extensive research is needed to determine whether a niche is worth pursuing.

✗ **Investment in Expertise.**

In order to render the better quality of service that niche clients expect, you may have to invest in education and upskilling within the niche. If you select a niche where you already have an established or growing specialization, this may not be a problem.

✗ **Existing Non-Niche Client Base.**

As you double down on your niche, it may become awkward for your existing non-niche clients. You may find yourself maintaining lower-margin relationships out of loyalty, creating a drag on your bottom line. You may have to find a graceful exit strategy for non-niche clients.

✗ **Finding Specialized Talent.**

Talent within your niche may be rare. Be prepared for premium compensation. You may be able to manage this by upskilling generalist talent and/or seeing business process outsourcing (BPO) solutions within your niche.

Evaluating Your Options

So what's in a niche? Niches tend to fall into one of two buckets:

Industry Niches

You might decide to become the go-to firm for a specific industry. Possible niches include:

- Real Estate
- Healthcare
- Non-Profit Organizations
- Technology and Startups
- Construction and Engineering
- Manufacturing
- Retail
- Hospitality and Restaurants
- Agriculture and Farming
- Financial Services
- Education
- Government and Public Sector
- Transportation and Logistics
- Energy and Utilities
- Entertainment and Media
- Sports
- Legal Services
- Insurance
- Maritime and Shipping
- Aviation
- Dental Practices
- Pharmaceuticals
- Automotive
- Consumer Goods
- Telecommunications
- Biotechnology
- Mining and Minerals
- Environmental Services
- Fashion and Apparel
- Craft Breweries and Distilleries
- E-commerce
- Art and Galleries
- Real Estate Investment Trusts (REITs)
- Venture Capital and Private Equity
- Franchises
- Cryptocurrency and Blockchain
- International Trade and Export
- Printing and Publishing
- Food and Beverage Production
- Pet Services Industry
- Senior Living and Care Facilities

As you can see, the possibilities are endless. You could probably brainstorm some more just by looking at your current client list.

Service Niches

Your firm could also specialize in a specific service vector. Examples include:

- IRS Tax Problem Resolution
- Outsourced CFO
- Wealth Management
- Estate and Trust Tax Planning
- International Tax
- Cloud Accounting
- Divorce Accounting
- Forensic Accounting
- Cryptocurrency tax
- Cost Segregation Services
- Nonprofit Accounting and Auditing
- Employee Benefit Plan Audits
- Business Valuation
- Mergers and Acquisitions Advisory
- Environmental Accounting
- Government Contracting Compliance
- Risk Management and Compliance
- Payroll Services
- R&D Tax Credits
- Construction Accounting
- Healthcare Compliance
- and Reimbursement
- Sports Management Accounting
- Entertainment Industry Accounting
- Startup Advisory Services
- Litigation Support
- Transfer Pricing
- Sales Tax Services
- Sector-specific Regulatory Compliance (e.g., SEC, FINRA)
- Intellectual Property and Royalty Audits

Hybrid Niches

You could also combine an industry niche with a service niche — for example, **payroll services only for maritime and shipping**. All we did there was mix-and-match from both lists!

Of course, it's possible to become too specialized. If your niche is too specific, there may not be enough demand in the market.

However, if you find a major problem you can solve within the industry, you may find yourself in the privileged position of being the *only firm* that specializes specifically in that solution. From a branding standpoint, you will have snagged the brass ring.

Factors to Consider

What should you consider when beginning to brainstorm your niche? Some of the key factors to consider include:

- **Your Existing Client Base and Expertise.**

Does your client base already lean in the direction of a niche? Do you have several clients within a specific industry or focus on a specific service offering? If you have several years' worth of problem-solving within a niche under your belt, you may already have significant specialized knowledge within that niche. You may also have valuable testimonials from clients within the niche.

- **Interests, Passions, and Strengths Within Your Team.**

What kind of client do you *love serving*? What industry or service vector are you *passionate* about? If nothing jumps to mind, interview your team. You may have a longstanding team member who has a passion or specialization you didn't even know about — a niche just waiting to be tapped into.

- **Profit Potential and Pricing Opportunities.**

Can clients within this niche afford a premium fee? Do they have the revenue to justify an above-average fee? Can the value you deliver for them as a specialist justify the extra expense? Don't go to the effort of rebranding around a niche if the niche can't sustain or justify a higher fee.

- **Competitiveness of the Niche Market.**

Another key benefit of niching down is to have less competition ... but that's not true of *all* niches. Some niches have already become flooded with specialists (or wannabe specialists). Why choose a niche where you will face just as fierce competition as a generalist?





How to Research and Analyze a Potential Niche

Once you have a list of potential niches that interest or inspire you, it's time to do some due diligence. Here's how to research and analyze a potential niche:

- **Look At Industry Data, Associations, Publications.**

If the niche is an industry, find out the market cap of the industry as a whole. Is it growing? Shrinking? Holding steady? Look at the average revenue, profit, and tax burden within that industry. Is it big enough to justify premium accounting services? Check the websites of industry organizations. Read their publications. Scan the blog for mentions of vexing accounting issues that the members face. If possible, attend association meetings in your area.

- **Interview Prospects in Potential Niche Areas.**

Whether your existing clients, people you meet at tradeshows, or people you connect with online via social media or cold outreach, try to interview prospects within the niche. How happy are they with their accounting services? What major problems have they faced? Have inadequate accounting services played a role in any of those problems? Do they feel underserved or misunderstood in any way?

- **Find Free Public Forums and Start Dialogue.**

Look for Facebook groups or Reddit forums within your niche. Join the Facebook groups if need be. Look for active groups and forums — they'll have lots of members, frequent posts, and replies. Then start dialogues. Ask leading questions: how satisfied are the members with their accounting services? What are the biggest challenges they face? If a query gets lots of responses, that may indicate a hot niche. Crickets? Maybe not so much.

- **Assess Competition and Unique Selling Points.**

Find out if you have any big competitors in this niche. Do some Google searching, ask your contacts within the niche, or ask on your Facebook groups and forums. When you find competitors, explore their service offerings. What are they doing right? What's missing? What weaknesses could you exploit, turning it into a unique selling proposition for yourself?

- **Consider Growth Potential for The Specialty.**

Is the specialty destined to grow? You can look up the expected growth rates of industries online. Consider the example of crypto tax accounting — it's hot now, but is it here to stay?

- **Consider a Test Campaign.**

If you have some resources to commit, consider running a low-budget, limited-time test campaign using social media or search engine ads, targeting your niche. Offer a free giveaway piece of literature or offer a free consultation or appointment. The messaging will have to be dialed in over time, but if lots of people click on or engage with the campaign, you know there's interest in your niche offer.



Building Niche Expertise

Once you have settled on a niche, it's time to build expertise in your niche (or burnish any expertise you may already have). Here's how to get started:

Immerse Yourself in Your Niche

Start dedicating a large portion of your business life to the niche. Steps to consider include:

✓ **Join Industry Organizations and Networking Groups.**

Find local or online networking groups and get involved. Make yourself known as an accounting professional within the niche. Not only will you start to learn the accounting challenges of the niche, but you will meet many prospects that way.

PRO TIP: Mere membership in these organizations burnishes your credentials within the niche, even if you don't need any specialized expertise to join!

✓ **Get Certifications and Credentials.**

Another way to burnish your credentials is to start getting niche-specific certifications. Find out if any organizations offer accounting certifications within the niche. Check industry-specific organizations and guilds.

Also check accounting-specific certifying organizations like the American Institute of Certified Public Accountants (AICPA), National Association of State Boards of Accountancy (NASBA), Institute of Management Accountants (IMA), Association of Certified Fraud Examiners (ACFE), Information Systems Audit and Control Association (ISACA), American Academy of Financial Management (AAFPM), The Institute of Internal Auditors (IIA), Association of International Certified Professional Accountants (AICPA & CIMA), American Payroll Association (APA) or Society of Financial Service Professionals (FSP)

✓ **Read Publications and Follow Thought Leaders.**

Start reading up on the niche. Find the influencers and thought leaders. Follow them on social media and subscribe to their newsletters. Join their forums and communities. Be on the lookout for specific accounting problems for which you can be the solution.

✓ **Attend Conferences and Events.**

At conferences or events within the niche, you will meet more prospects, take in industry news, and have more opportunities to ask niche specialists what accounting challenges they face.



Develop Specialized Services

Now that you know what people in your niche need, you can start developing niche-specific accounting services to meet those needs. These specialized service offerings will be your key to charging premium prices for the value you deliver.

- Your service offerings should **call out the specific pain points** and needs of your niche and position your firm as unique. Try to assess the dollar value of benefit your average client will realize from the solution to this problem. This will help justify your fee.
- On the back end, you can start developing **templated processes and checklists** tailored to your niche-specific services. Think about a system that a complete newbie to your niche could pick up and start executing on Day One to get results.
- Consider packaging your service as an **“offer stack”** — a bundle of services unique to you, with features, bonuses, and extras that make your offer stand out. An example might be a series of video “mini-courses” to help clients avoid common accounting mishaps within their niche. Assign each service included in the bundle a high dollar value, and price the whole package below the dollar value. This way you can make a premium price seem like a deal, considering all the expensive extras they’re getting.
- Finally, brainstorm some complementary products to upsell or cross sell — for example, audit protection, legacy planning, financial planning, etc.

Build a Marketing Engine

Now that you have your niche-specific service offering, it's time to put it out to the marketplace with a marketing engine. A **marketing engine** is a sustainable system to constantly bring new leads and prospects from your niche into your sales and business-development pipeline. Components of this engine might include:

- **Niche-Focused Content Marketing Strategy.**

Start producing content relevant to your niche — blogs, eBooks, white papers, email newsletters, etc. Over time this can help your SEO strategy, as well as build up an authoritative presence and an inventory of content assets you can use to attract leads or burnish your credentials. Remember, most prospects look at 5-10 pieces of your content before they even speak to a salesperson!

- **Leverage Existing Client Relationships.**

If you have clients in the niche, see if [they can refer you to other clients](#) in the niche. Referrals are some of the most productive sources of new business because people trust the experiences of trusted colleagues to do their thinking for them.

- **Get Featured in Niche-Focused Publications.**

Reach out to publications and ask to publish a guest post, guest article, or guest blog. Contrary to what you might believe, industry publications are thirsty for content, and the work you did in the “immersion” section (certifications, organization memberships) will make you an attractive prospect. You can always hire a ghostwriter to write the content if you're not a writer!

- **Paid Advertising Targeting the Niche.**

This might include search engine ads, social media ads, website banner ads, and sponsored content — essentially paying to get your articles in a relevant publication. You can also try traditional advertising methods, like print ads in industry publications.

Managing The Transition

Change is never easy. As you make the switch from a generalist firm to a niche firm, you will inevitably run into bumps and growing pains. Some major roadblocks might include:

Phasing Out Clients Outside of the Niche

It never feels good to [phase out existing clients](#), especially if you invested heavily in acquiring and building relationships with them.

However, it may become impractical to devote resources to ongoing client relationships outside of your niche. They may be lower-paying, higher-maintenance, and don't contribute to the brand you're trying to build — to become “famous” in your niche.

As you focus on your niche, prepare yourself and your team for some difficult conversations — “client break-ups,” if you will. Remember, it's not personal — it's just business.

It might be worth building up a referral relationship with another accounting firm, one that you trust to treat your valued former clients with the same care you did.

Potential Challenges for the Transition Period

Business transitions always come with their share of speed bumps. Transitioning from a generalist firm to a specialist firm won't be without its complications. Stumbling blocks to be ready for include:

Managing capacity issues as you ramp up new work.

Early on in the transition, you might not have enough business to match your capacity, leaving some of your resources idle. Not fun. Then, as your marketing ramps up, you might not have enough capacity for the work coming in and have to adapt and scale on the fly. Focusing on automation and outsourcing can help you scale on short notice.

Combatting perceived opportunity costs.

“Opportunity cost” is the somewhat nebulous response that follows from choosing one opportunity over the other — for example, turning away business because it doesn't fit your niche. This can be remarkably hard on team morale. Be prepared to remind the team — and maybe even yourself — of *why* you chose this niche and what outcomes you're looking for.

Celebrating small wins to build momentum.

Early on in the transition, it may feel like rolling a large stone up a steep hill. To keep team morale up, make sure to establish a culture where you celebrate small wins. Treat each win as what it is — a small but important step towards a bigger goal that will pick up momentum, like a snowball down a hill, through patient sustained effort.



Tips on Pricing Your Services

The right solutions can help make the transition from generalist to niche specialist much more smooth, as well as make sure you're successful for years to come. Here are some ways firms use [SmartPath](#), a pricing intelligence and revenue optimization platform, to accurately present their value, pricing, and packages to clients.

Optimize Pricing and Profitability

Advanced client services calculators and dynamic fee schedules allow for quick, accurate pricing based on specific client needs. This ensures fair compensation for your expertise while maintaining competitiveness. Automated pricing triggers and bumps adjust fees based on client scenarios, safeguarding profitability across diverse engagements. Profitability management tools provide valuable insights into firm performance, helping identify areas for improvement and growth.

Enhance Client Communication and Satisfaction

Interactive client roadmaps and magic client pricing links make it easy to present service options and value propositions, enhancing client understanding and acceptance rates. Clear scope definition tools reduce misunderstandings and create opportunities for additional paid work. These improvements in communication lead to higher client satisfaction and stronger, long-lasting relationships.

Streamline Operations and Increasing Efficiency

Automated onboarding dashboards accelerate the intake process with shared checklists and progress tracking. Integration of e-signatures and payment collection streamlines operations, improving cash flow and reducing administrative workload. Smart package creators enable quick, accurate quote generation, further enhancing operational efficiency.

Expand Service Offerings and Firm Value

Access to strategic advisory worksheets and certifications enables firms to confidently expand into advisory services, increasing overall firm value and client satisfaction. This expansion not only diversifies revenue streams but also positions your firm as a more comprehensive business partner to clients.

Bonus: Elevate Professional Image and Brand

Custom branding options in client-facing software demonstrate a commitment to professionalism and attention to detail. This enhanced image can be a key differentiator in a competitive market, helping to attract and retain high-value clients.

By leveraging SmartPath, accounting firms can not only solve everyday challenges but also carve out unique niches in the market. The right tools empower firms to operate more efficiently, serve clients more effectively, and position themselves for sustainable growth in an ever-evolving industry.

As the accounting profession consolidates more and more, niche specialization will be a crucial factor to help firms survive and thrive. Choosing the right niche can help a firm:



Reduce their competition.



Serve clients better.

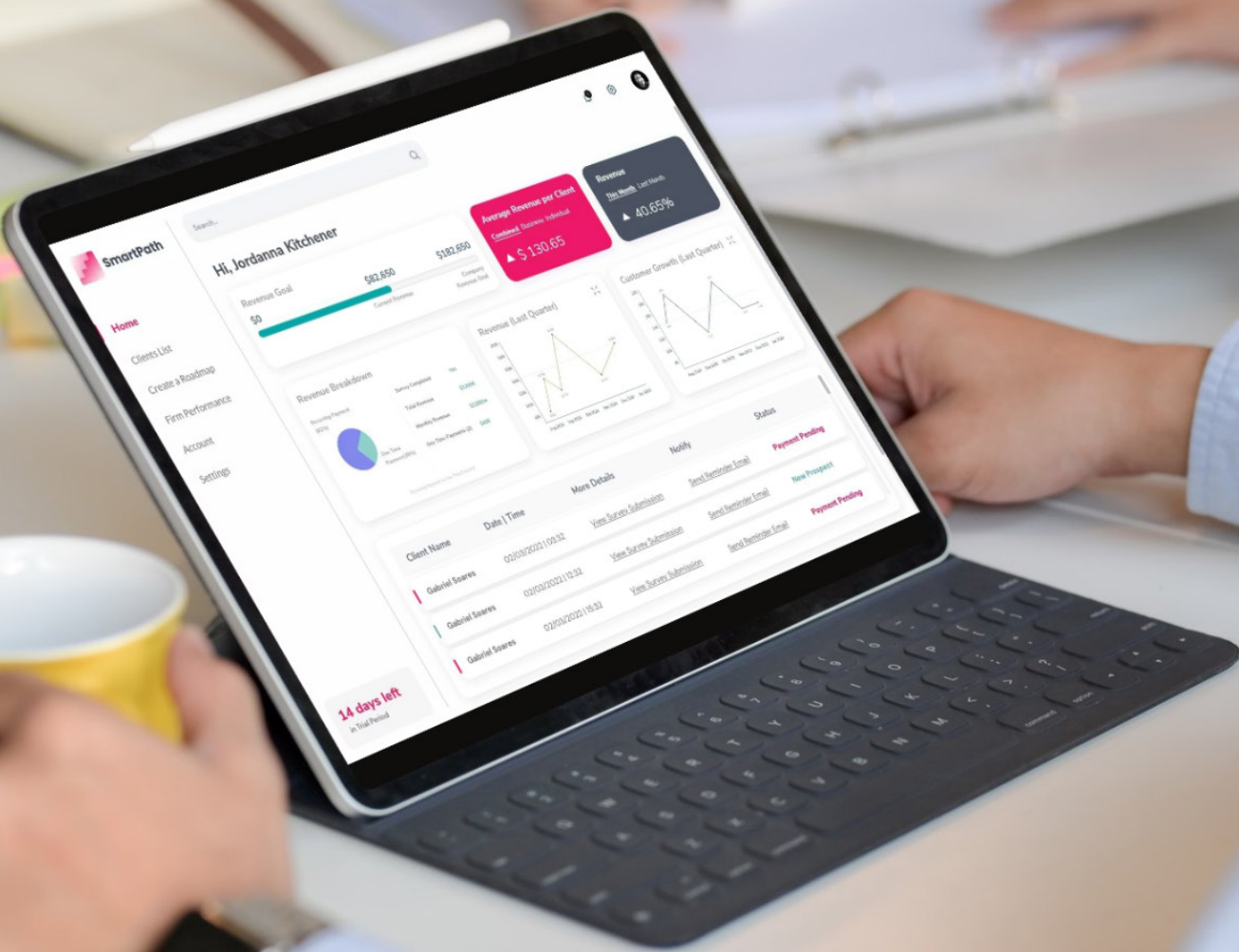


Command higher prices.



Become “famous” in their specialty.

But it has to be done right. Look for a niche where you already have history, passion, or expertise on your side, and test the market so you know that there is an enthusiastic, growing, high-paying market with a problem you can solve.



SmartPath

Learn More:
www.smartpath.co