



# Reimagining tax advisory services .

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Insights to ensure firms' sustainable growth

# How leading tax firms are leveraging advisory services, technology, and strategic relationships to drive revenue and client success

## Executive summary

The landscape for tax advisory services has rapidly been evolving, with technology, regulatory complexity, and client expectations simultaneously creating significant growth opportunities — and competitive challenges — for tax firms of every size.

Tax firms' shift from compliance-only work to advisory represents far more than a service expansion. Advisory services have become an essential engine of growth and sustainability for today's tax firms. To achieve success and in some cases survival, firms must move beyond transactional tax services and toward relationship-driven and insight-led engagements that address complex client needs year-round.

Indeed, we're already seeing that those firms that are high performing are leading this charge through deliberate strategy, targeted service development, deeper client relationships, and proactive capacity management that's enabled by technology.



Source: Thomson Reuters 2025

In September, the Thomson Reuters Institute surveyed 150 tax firm decision-makers who lead their firm's advisory services practices to gain insights into their operational realities and strategic priorities. They were asked about their approaches to building, scaling, and delivering advisory services, with specific attention given to technology adoption, client engagement approaches, and marketing strategies. The survey revealed a pronounced distinction between average and high-performing firms, and some of the most telling factors include:

- **Advisory revenue outpaces compliance revenue** — A large majority of survey respondents (85%) say their firms saw an increase in advisory services revenue last year, averaging 13% growth. And 88% of these respondents note that advisory revenue grew faster than compliance revenue at their firm.
- **Shift in revenue mix** — Advisory services now make up 31% of firm revenue on average and are purchased by 35% of clients, representing a decisive shift that reflects new business models and client demands.
- **Strategic expansion** — A large portion of respondents (87%) say their firm plans to expand advisory services within the next year. Top objectives for the expansion are increasing advisory revenue share (with 64% saying this), attracting more profitable clients (39%), and developing more strategic client relationships (37%).
- **Talent attraction and retention** — Interestingly, 13% of respondents cite developing intellectually stimulating work as a top firm priority, highlighting the importance of establishing challenging work to promote staff satisfaction and retention.

# The advisory expansion imperative

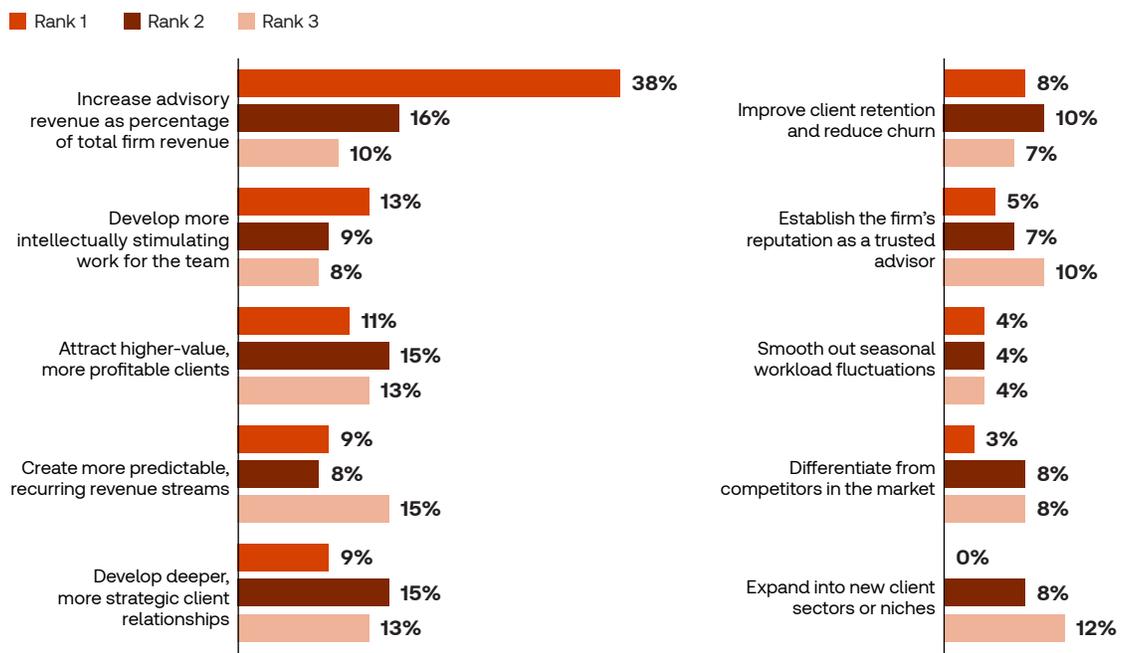
More than 90% of respondents indicate their firms have offered advisory services for more than five years. This isn't surprising since the most sweeping changes to modern legislative tax law took place in 2017 with the enactment of the *Tax Cuts and Jobs Act*. Those changes, along with other factors that have influenced tax clients, have led businesses and individuals alike to increasingly seek consultative, strategic guidance — not merely annual compliance or transactional help.

This is underscored in the Thomson Reuters *State of Tax Professionals Report*,<sup>1</sup> which showed that three-quarters (75%) of tax professionals said their clients strongly desire more tax and business advice in addition to tax preparation.

And firms are not slowing down, at least according to this latest survey, which shows that 87% of respondents say their firm is planning to expand its advisory services business further in the next 12 months. When asked about the top three strategic objectives for this expansion, an overwhelming majority of those citing advisory service expansion plans put their answers in terms of revenue: a desire to increase advisory revenue as a percentage of the firm's total revenue (with 64% of respondents saying this); attract more profitable clients (39%); and develop more strategic client relationships (37%).

FIGURE 1:

## What are your primary strategic objectives for advisory services expansion?



Source: Thomson Reuters 2025

<sup>1</sup> 2025 State of Tax Professionals Report (Thomson Reuters Institute; May 14, 2025); available at <https://www.thomsonreuters.com/en-us/posts/wp-content/uploads/sites/20/2025/05/2025-State-of-Tax-Professionals.pdf>

However, when considering how respondents ranked their number one priority — expansion of advisory services — the second-leading response revealed a deeper strategic consideration. The second highest ranked priority is developing more intellectually stimulating work for the team, and 13% ranked this first. This shows that firms are thoughtful about employee retention and are creating work that goes beyond compliance tasks and requires strategic, engaging problem-solving. This approach makes firms more attractive not only to current employees but also to new or mid-career tax professionals who may be seeking the next phase in their careers.

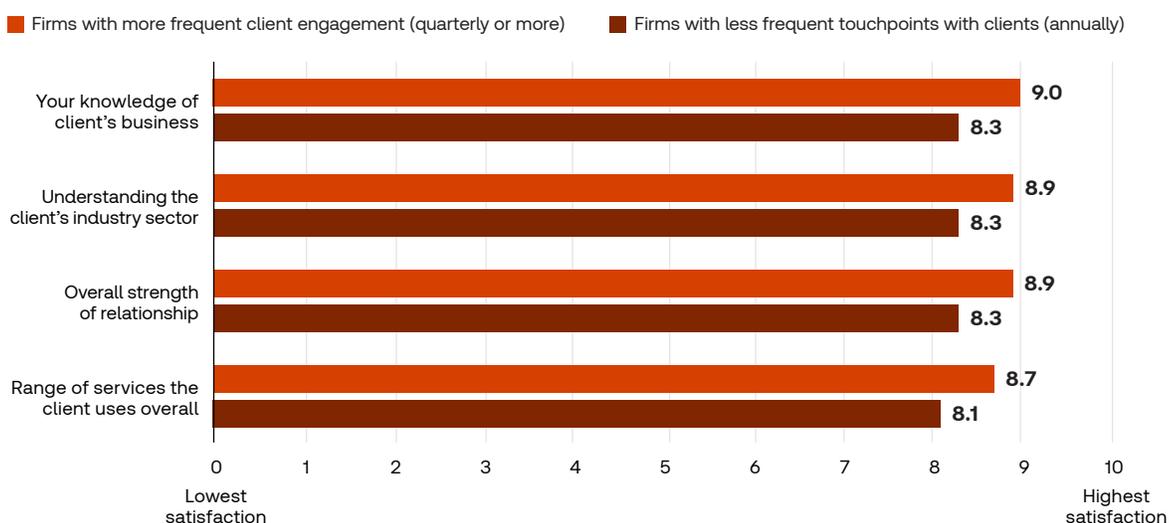
Firms also indicated other strategic objectives, including creating more predictable recurring revenue, improving client retention, and bolstering the firm’s reputation as a trusted advisor.

### Client engagement frequency bears fruit

Engaging more regularly with clients is shown to provide tangible benefits for tax firms trying to increase their advisory service prowess. In fact, half of respondents say their teams were meeting clients quarterly, and they saw real results compared to those firms that only saw their clients one or two times a year.

FIGURE 2:

### Tax professionals rated firm satisfaction highest with more frequent engagement



Source: Thomson Reuters 2025

Those firms that made quarterly touchpoints with clients are clearly using the time wisely to expand the relationship commercially. Indeed, 80% of those respondents indicate that the client had originally been purchasing compliance services from the firm; and 83% of respondents report having proactively offered advisory services to the client. This compares to just 52% and 58%, respectively, of respondents from firms that were only meeting with clients once or twice a year.

Clearly, higher frequency of meetings ultimately translates into financial success — 89% of respondents from firms that met more frequently with clients say that their advisory revenue growth is now surpassing their compliance growth, compared to 65% of those respondents from firm that meet with clients less often who say that.

## Service portfolio and client mix insights

It is no surprise that the breadth and depth of types of advisory services offered also are drivers in firm growth. In fact, 100% of respondents say their tax firms offer tax planning as a part of their advisory services, followed by business start-up at 95% and income source planning at 91%.

Further, respondents indicate that their firms were looking at emerging and niche services to grow their advisory portfolios as well. More than 40% of surveyed professionals say their firms are looking at adding niche services such as buy-build-lease analysis<sup>2</sup> and tax services for US expats.<sup>3</sup> And current US immigration policies may also create further demand for tax and advisory services for new US residents.

## Common challenges to address

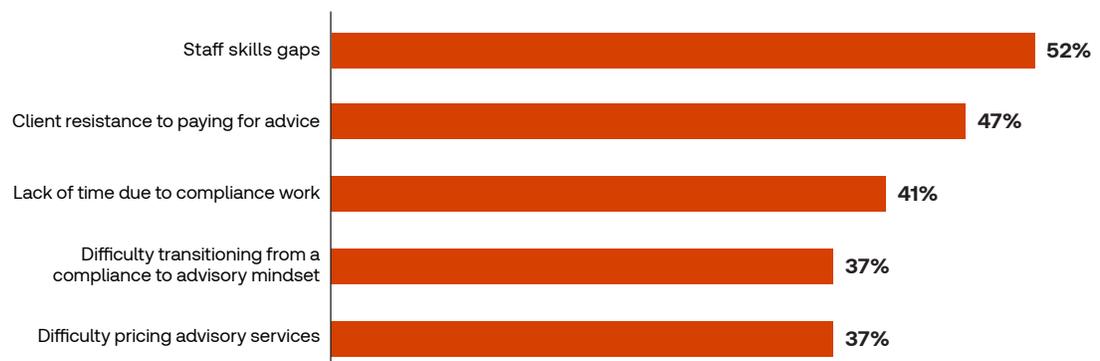
Without a doubt, it's important to acknowledge the obstacles that tax firms face when expanding their advisory services. In fact, understanding these challenges will help frame why the market leaders are so effective.

Among firms that are growing their advisory services business, more than 50% of respondents say they've noticed a skills gap among their teams, which they cite as the number one challenge. This is followed closely (47%) by clients' resistance to paying for advice.

The remaining of the top five challenges are a direct result of the first two, indicating there is a reinforcement loop occurring.

FIGURE 3:

### Top five biggest challenges firms face in growing their advisory services business



Source: Thomson Reuters 2025

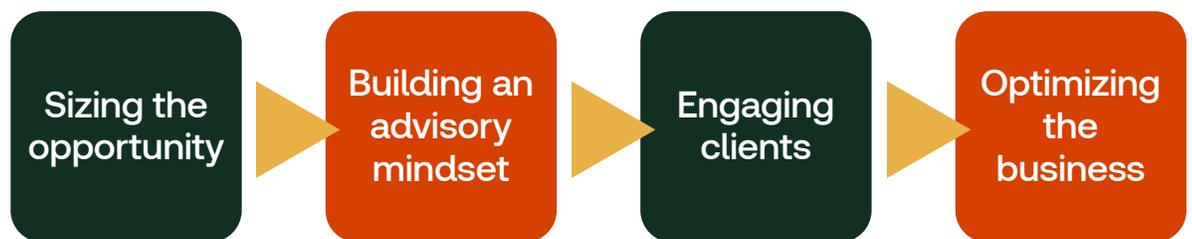
To break this reinforcement loop, firm leaders need to look at where the firm wants to go and create a map on how to get there. The guidance that follows is specifically designed to address these challenges by implementing the proven practices of leading firms.

<sup>2</sup> See *Unveiling the Net Advantage to Leasing: Understanding the Lease vs. Buy Analysis*; Visual Lease (Sept. 5, 2023); available at: <https://visuallease.com/unveiling-the-net-advantage-to-leasing-understanding-the-lease-vs-buy-analysis>.

<sup>3</sup> According to the *Association of American Residents Overseas*, as of 2024 there are more than 8 million US citizens living outside the country, creating significant opportunities for advisory services for US expats.

# Strategic Guidance: Key stages of advisory business growth

The following recommendations address four key stages of advisory business development and execution — from sizing your opportunities through optimizing operations. Each stage builds on insights from our research and directly addresses the common challenges identified above.



## STAGE 1: Sizing the opportunity

### Assessing your firm's advisory potential

For tax firm leaders who are considering offering or beginning to offer advisory services, understanding the current state of the industry is essential. You should start by researching what similarly situated firms are doing — review competitor websites to identify service offerings, service packages, and positioning strategies.

It also is helpful to set targets that are realistic and ambitious. Using averages from this survey data is a good place to start when setting targets or health-checking your existing advisory business. For example, here are some typical industry health-check targets:

- Advisory services represent at least 30% of total firm revenue
- More than one-third (35%) of firm-wide clients purchase advisory services
- Compliance-only clients represent your smallest revenue segment

Next, assess your current or potential advisory service portfolio and client mix. Identify quick-win opportunities — such as services that can be developed rapidly — and evaluate their revenue potential. Consider planned expansions; for instance, are there emerging areas like business transitions, cross-border issues, or niche tax planning that suit your existing client base?

Client segmentation analysis is also key. Review each client relationship to find growth opportunities, then decide if reaching 35% advisory revenue requires expanding beyond your current client base. Finally, identify what's needed — new clients in different markets, industries, or geographic regions?

## Building a strategic advisory service portfolio

Tax firms can distinguish themselves both through breadth of services and depth of capabilities. They can move from offering general advisory services to specializations to meet existing clients' needs. Firms also may consider expanding their services into industry specific areas, such as manufacturing, technology, or pharmaceuticals.

## Emerging & niche services

Leading firms constantly evaluate emerging services that can be sold to existing customers and used to attract new ones. As our data showed, over 40% of respondents say their firms are adding services like buy-build-lease analysis and US expat/new resident services, which are areas with significant and growing demand.

## Recommended next action steps

- Conduct internal analysis to identify which sectors comprise your top client base and regularly evaluate your service portfolio and track industry trends to anticipate rising demand
- Assess potential for deeper relationships with top clients that can lead to specialized service offerings that can provide high-impact recommendations and command premium pricing
- Create tailored marketing materials and service playbooks for each sector, positioning your firm as an expert in those areas
- Ensure your firm has the technical expertise, whether through strategic hires, staff certifications, or partnerships with businesses that have specialty knowledge in the area

## STAGE 2: Building an advisory mindset

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### Moving from reactive to proactive and systemizing client development

As our data revealed, market-leading firms achieved advisory revenue growth by actively pitching services to existing clients rather than waiting for client requests. This represents a fundamental shift from the ad hoc approach some firms still employ. To achieve consistent revenue growth, firms must cultivate a proactive culture through specific actions, including:

- **Holding regular client portfolio reviews** — Systematically assess existing compliance clients for advisory upselling potential
- **Establishing frequent client touchpoints** — Schedule client check-ins at minimum twice yearly, ideally quarterly (remember the direct correlation between contact frequency and revenue growth shown in the data)
- **Offering training around consulting services** — Retrain staff in needs analysis and solution presentation to shift from order-taking to advisory selling
- **Enabling technology adoption** — Automate routine tasks to free staff capacity and deploy client management platforms to track and manage engagement cycles
- **Shifting the culture** — Ensure clients and staff understand that your firm is an advisor who provides advisory services and happens to do transactional work

## Establish client segmentation and develop ideal client persona

After understanding who your current clients are, an important next step is to segment your client base to better refine targeting around which services are a match for which clients. This segmentation also will allow you to choose the right marketing messages, and structure an effective relationship management approach for clients and potential clients.

Next, create and develop an ideal client persona. This ideal persona can be used to help you identify new prospective clients and determine how best to market your specific services to them based on their needs.

### Recommended next action steps

- Identify your firm's most profitable and engaged advisory clients, and analyze their most common and distinctive characteristics
- Use this information to determine a profile for the ideal client to help target your marketing efforts to find new prospects
- Map advisory opportunities toward specific clients
- Customize service packages based on client size and the complexity of service that each client needs

## STAGE 3: Engaging clients

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### Regular engagement with clients can drive increased value and build loyalty

As our data clearly demonstrates, those tax firms holding at least four client meetings per year saw more significant revenue growth and gained higher satisfaction scores across engagement metrics compared to firms that met with clients one or two times annually. With client engagement being an important component of revenue growth, tax firm leaders should consider these best practices:

- **Move beyond annual check-ins** — Establish quarterly strategic reviews with clients that focus on their goals and pain points, as well as recent or upcoming regulatory or life changes.
- **Implement structured advisory agendas** — Use pre-meeting surveys to maximize meeting value and track progress across engagements.
- **Recognize the risk of reactive engagement** — Even when a client relationship is good, meeting only on an as-needed basis can lead to misalignment and missed opportunities.

### Consistently deliver value, not just service

The most effective tax advisors consistently communicate tax savings, risk mitigation, strategic benefits, and time value to their clients.

### Recommended next action steps

- Develop playbooks for common advisory requests, allowing such requests to be quickly customized for each engagement
- Showcase success stories and case studies (while protecting client identity) to illustrate real client wins and enhance perceived value
- Quantify and communicate outcomes at every client engagement meeting
- Position your firm as a strategic partner, not simply a tax service provider

## Elevate the client experience

It is also critical that tax firms look for ways to elevate the experience that the client has with the firm, ensuring better client satisfaction. Some best practices that could help you elevate the client experience include:

- Invest in dedicated client development resources
- Host webinars, workshops, or roundtables on advisory topics with industry partners to showcasing your firm's depth of knowledge and position it as a leader
- Gather frequent client feedback by asking about current service offerings clients are getting and how they are being served
- Deepen the connection with your clients through consistent, value-focused communication

## STAGE 4: Optimizing the business

### Leveraging technology for tax advisory growth

This survey and broader industry research<sup>4</sup> that the Thomson Reuters Institute has done underscores the role that technology and automation play as the most reliable force multipliers for tax advisory practice expansion.

In fact, tax firms should leverage their demonstrable tech-driven operational excellence in ways that will make its advantages clear to clients and thus easier to expand firms' advisory service capabilities.

### Recommended next action steps

- **Automate workflows wherever possible** — Automated workflows not only remove manual work but also make data gathering, delivery, and reporting more efficient, especially when integrated with client management systems
- **Invest in advisory-specific technologies** — Deploy tools that provide tax planning, analytics, and scenario modeling
- **Continuously improve your tech stack** — Support greater transparency, client communication, and efficiency

### How AI and automation transform tax advisory delivery

Automating and using AI can help streamline processes and can also be used strategically to assist and create tools and solutions, such as:

- AI-powered chatbots that can handle routine inquiries (document requests, deadline reminders, status updates), thus allowing advisors to focus on high-value strategic work
- Automated scenario modeling tools that can enable real-time tax planning conversations during client meetings
- Predictive analytics that are able to identify which clients face upcoming tax events — such as asset sales, business transitions, or regulatory changes — and then can trigger proactive outreach

<sup>4</sup> See *2025 State of Tax Professionals Report* (May 14, 2025); Thomson Reuters Institute; available at <https://www.thomsonreuters.com/en-us/posts/tax-and-accounting/2025-state-of-tax-professionals-report>.

# Addressing common challenges on the road to advisory services expansion

There are several common challenges that almost every tax firm will face as it seeks to expand its advisory service offerings. Fortunately, each of these challenges also have solutions — and when those are taken in workable action steps, firms can move past these challenges and toward further success.

## Pricing and positioning for profitable growth

Not surprisingly, the pricing of tax advisory services was listed as a significant challenge to expanding services in this survey. However, this isn't unique to advisory services and is most likely a carried-over theme from the industry at large, in which tax firm leaders have expressed a lack of confidence in all pricing including compliance work. Indeed, the Thomson Reuters Institute's *Tax Firm Pricing Report 2025*<sup>5</sup> encouraged firms to move beyond hourly billing and commoditize their pricing via value-based models that better reflect client outcomes.

There are ways to reposition your firm's pricing, including:

- **Develop outcome-focused pricing** — Firm prices should be based on projected tax savings, risk mitigation value, or strategic impact rather than time spent. Your tax professionals should be able to articulate, for example, how the firm's succession planning engagement typically saves clients 15% to 25% in transfer taxes, and how your fee represents 10% of estimated savings
- **Offer tiered advisory packages** — Create bronze/silver/gold service tiers with clearly defined deliverables, meeting frequencies, and access levels
- **Create premium positioning** — Develop specialized expertise in high-value niches — such as international tax, M&A, or family office services — that command 20% to 40% fee premiums
- **Test and optimize** — Test new pricing models and collect results for iterative optimization
- **Encourage confidence in pricing conversations** — Coach tax advisors to address pricing objections by leading with case studies, quantified results, and long-term strategic value rather than defending hourly rates
- **Benchmark regularly** — Compare service mix and fee schedules against industry leaders for more accurate market alignment

## Address capacity and skill challenges

Another significant challenge to developing advisory services is engaging in decisive action to address the two primary obstacles identified by survey respondents: staff skill gaps and limited capacity.

First, identify skills gaps in your current teams — as the survey shows, many tax professionals are already keenly aware of these shortcomings in their colleagues. The goal should be to develop high-performance advisory teams that blend advanced technical tax knowledge with consultative selling, business acumen, and sector expertise. To get there, here are a few action steps you can take:

- Prioritize continuous staff development and mentoring
- Invest in training that focuses on consultative selling and needs analysis
- Develop sector-specific expertise through certifications or strategic hires

<sup>5</sup> *Tax Firm Pricing Report 2025* (Aug. 12, 2025); Thomson Reuters Institute; available at <https://www.thomsonreuters.com/en-us/posts/tax-and-accounting/tax-firm-pricing-report-2025>.

The second significant challenge in this area is lack of capacity, and any firm that is moving away from a compliance-centric workload should be doing the following:

- Automate work wherever possible in order to free up staff for advisory-focused work
- Outsource some or all the firm's compliance work

Both approaches free up staff for new and engaging work that is more focused on advisory services.

### **Invest in marketing and client education**

No one wants to feel like they are paying too much for a product or service unless they see and feel there is value to the offerings — and the same is true for clients. Firms will need to educate clients on the value of advisory services through investment in initiatives, including:

- Year-round marketing that includes targeted campaign execution
- Create dedicated client development resources
- Webinars, workshops, or roundtables that clearly demonstrate thought leadership
- Frequent client feedback to deepen connections between clients and the firm

## YOUR ROADMAP:

# 12-month advisory expansion plan

Use this practical framework to implement the strategic guidance above:

### Immediate actions (0–3 Months)

- Audit client base for advisory upselling opportunities and identify 25 to 50 high-potential such opportunities
- Complete client segmentation analysis for all clients and then identify and profile top client personas
- Develop or enhance delivery resources, playbooks, and frameworks for advisory engagement

**Target outcome:** 3 to 5 new advisory engagements initiated

### Near-Term Actions (3–6 Months)

- Launch proactive outreach campaigns to segment clients using CRM automation
- Map annual and quarterly client cycle touchpoints for systematic engagement and launch quarterly review program with top 20% of clients
- Create and deploy sector-specific marketing materials
- Achieve 80% client contact rate through automated outreach campaigns-

**Target outcome:** Advisory revenue increases 8% to 12% quarter-over-quarter

### Medium-Term Actions (6–12 Months)

- Roll out new service offerings based on identified high-value client needs, such as international, transition, and niche planning
- Launch sector-specialized advisory teams for high-growth areas
- Develop recurring engagement models to drive lifetime client value
- Measure, analyze, and optimize profitability by service line using enhanced KPIs
- Achieve 35% client penetration rate for advisory services

**Target outcome:** Advisory services represent 30% or more of total firm revenue

## Strategic guidance for sustained advisory growth

Beyond the 12-month roadmap, firms should look to sustain and expand their tax advisory growth for the long term by embracing the following concepts:

- **Embrace intentional strategy** — Treat advisory as a dedicated growth engine, not an add-on to compliance. Set clear targets, invest in leadership development, and regularly communicate progress across teams.
- **Invest in people and skills** — High-performance advisory teams blend advanced technical tax knowledge with consultative selling, business acumen, and sector expertise. Prioritize continuous staff development and mentoring.
- **Focus on relationship building** — View advisory engagement as an ongoing partnership, not a transactional interaction. Systematically increase the number and quality of high-impact client conversations.
- **Leverage smart technology** — Make technology your ally in deepening relationships and expanding advisory capacity. Use analytics to uncover opportunities and AI to maximize efficiency.
- **Champion value-based pricing** — Confidently differentiate your services and pricing models to better demonstrate value and tailor packages to client outcomes. And always communicate the why behind your pricing structure.
- **Monitor, measure, and optimize** — Institutionalize KPIs focused on advisory penetration, revenue share, client satisfaction, and team productivity. Use quarterly reviews to adjust approaches and invest in high-yield areas.

## Looking forward

The data is clear: Tax firms that intentionally invest in advisory services are outperforming their peers by significant margins. Market-leading firms have shown the path forward through proactive client engagement, diversified service portfolios, technology leverage, and value-based pricing.

Moving into a more dedicated advisory-focused practice — or simply growing your current practice — will require shifts, some large and some small, depending on where your firm has been. Like all living things, businesses don't have to remain the same; there are opportunities to work differently and to grow. It starts with a mindset, honest evaluation, and then a well-thought-out plan to create or recreate a business that reflects in which direction the firm should go for maximum growth. Indeed, the question isn't whether to expand advisory services, rather it's how quickly and strategically you can execute.

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**The combination of robust advisory portfolio management, proactive client development, technology leverage, and outcome-oriented pricing is transforming many practices into resilient, high-growth organizations that are much better equipped for the future.**

Firms that actively pursue the strategic guidance outlined in this report are already rewriting what's possible in tax advisory services. The combination of robust advisory portfolio management, proactive client development, technology leverage, and outcome-oriented pricing is transforming many practices into resilient, high-growth organizations that are much better equipped for the future.

Firm leaders who invest with intention, drive cultural and process transformation, and relentlessly focus on client value will maximize revenue, secure deeper relationships, and ensure that their firm stands out in a dynamic marketplace.

The roadmap is clear — and it will be execution and a commitment to strategy that will separate market leaders from followers.

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