

What if the biggest thing holding back your tax or accounting practice is the way you've always gotten new clients?

In this episode of the Tax Rep Network Podcast, Eric Green sits down with James Donovan, founder of Accounting Leads Now, to challenge one of the profession's most deeply ingrained assumptions: that referrals are the best way to grow.

James explains how tax and accounting professionals can create a predictable pipeline of high-intent prospects by getting in front of people at the exact moment they are searching for help. They break down Google Local Services Ads, why they can outperform traditional pay-per-click advertising, what a qualified lead can actually cost, and why being visible in your local market matters more than ever.

But generating the lead is only half the battle. Eric and James also dig into "speed to lead," why the firm that answers the phone first often wins the client, how to calculate the lifetime value of a new client, and why marketing should be viewed as an investment rather than overhead.

They also discuss a mistake many firms make as they move into advisory and higher-value services: trying to sell prospects services they don't understand. Sometimes the smartest path to a high-value advisory client starts with solving the simple problem they are already searching for.

If you want to stop hoping the phone rings and start building a system that makes it ring, this episode is for you.

In this episode:

• Why relying solely on referrals can limit growth

• How Google Local Services Ads work

• Why high-intent inbound leads are so valuable

• The importance of “speed to lead”

• What a new client is really worth over their lifetime

• Why marketing is an investment, not overhead

• How to dominate your local market

• Why bookkeeping and tax work can be the front door to advisory

• How to market what clients actually want—not industry jargon

James Donovan is the founder of Accounting Leads Now, a marketing firm focused exclusively on helping accounting, bookkeeping, and tax firms generate new business. You can contact James at https://accountingleadsnow.com/

Watch the episode here

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Referrals Are A Trap: How To Build A Predictable Client Pipeline

Thanks for being here again on the show. I am joined by James Donovan. James has accounting leads now. I met James actually at GROWCON that is hosted by Universal. James is actually going to be speaking with us at the TaxRep Summit in November in Orlando, but he is an expert at driving leads in

for accountants. Just in our talk before we went live, I was fascinated by this because so few people understand this, and they feel like it is hard to get leads.

Now I know how I got leads, and it was years of running around, doing talks, renting rooms, buying drinks. It's old school. You do not need to do all that anymore. You can just show up when they go searching. James, thanks for doing this. By the way, I did grab your bio just for everyone who is not familiar with James. By the way, I did read the book, *Booked Solid*. James is the founder of Accounting Leads Now, a marketing firm that works exclusively with accounting, bookkeeping, and tax firms.

After watching great firms stall because growth depended on referrals, James built the system that put firms in front of prospects at the exact moment they were searching for help. His clients get phones that ring every day with high-intent leads, not just during tax season. James also hosts the Accounting Leads Now podcast. I forgot about the podcast. Thanks for taking the time to do this. I appreciate it because I know you have been running around too.

I am excited, Eric. I have been looking forward to this one.

Listen, most tax professionals, and I am going to throw lawyers in there too, manage to grow over time with effort from referrals. As I said, listen, you always want referrals, but that may not necessarily be the best, more efficient. Frankly, it is a struggle, especially these days with everyone distracted. If I got an email, "Mr. Green, I would like to take you for coffee." I am not going for coffee. I barely have time to go get coffee here in the office. The days of taking people to lunch and networking are gone by the wayside. From your perspective, what you are doing is very effective. Can you describe why maybe this old school building of referral network, although yes, you will get clients from it, it is a slog to climb the mountain that way.



Relying On Referrals Kills Business Control

Referrals are a trap and a curse for multiple reasons. One, I think when you start getting comfortable relying on referrals, it gives you a false sense of I am really good at sales because the only people you speak to are people who come highly referred. You also have zero control over your business. Pretty much everyone who goes into business is going into business because they want more control over their life, their income, their schedule. Many accounting firms, the primary way they grow their business is through referrals, where they have zero control.

There is a lot of irony involved in growing a business strictly through referrals. The last piece, which I think a lot of firms get into trouble with, is that when referrals come in, they often feel like they need to

give that person a discount, or they can stretch their scope because the person who sent them over is their best friend or whatever it is. They feel they owe something to this person.

Oftentimes they end up undercharging and doing way more work than they would have if someone new just came into their network who they did not know previously, but actually needs what they provide. Referrals, yes, they are great, but there are other ways to grow a business. I was just putting together a presentation for women who count coming up in a couple of weeks. We will be making the analogy of walking or flying.

You are going to get to the same spot. Assuming you are not trying to walk to Europe, you can obviously get there a lot faster. If you take a flight, it is a different vehicle. That is what paid ads are, or you are to stick with relying on referrals. It is going to take you a lot longer to ultimately get to, say, your business growth goals, if you just stick with referrals. Still some polishing up to do on that analogy, I think.

It is interesting to me, and you are right. You know how often we get someone referred and we may not even really want the case, but you do feel pressure to do something because of the referral. Versus someone who just finds my blog or something or listens to the podcast and now contacts me. I feel a little bit less urgency.

Who knows, indebted to that referral that came in.

Why Local Services Ads Outperform Standard PPC

I have so many questions. I am curious. I will focus on the IRS problems, although frankly, this works for bookkeeping, accounting, tax advisory, you name it. When someone with an IRS problem actually searches, describe how this would work for me. I am looking for more clients. How am I going to show up for them? If you do not mind me saying, how does this work? From a high level. The best thing someone can do who is listening right now is to open up their phone, open up the computer, and search for tax near me or tax help near me.

My guess, because this is not that popular yet for accounting professionals. There is a ton of opportunity. There is not much competition. If you do not see anyone for what I am describing, searching "Plumber near me," can almost guarantee you will see a home service ad for this. This is an ad that shows up at the very top of Google. It looks like a digital business card, and it is going to have a phone icon that says "Get phone number."



When you click on that, a QR code pops up, and a phone number is displayed. That is a local service ad. Underneath that would be your pay-per-click, which everyone is more familiar with. Those are the links you click on. It costs you money the second you click on it, but then you have no information on the person. As the advertiser, that costs a ton of money, and you have no data to show for it, except I got all these clicks for a couple bucks.

That does not drive any revenue. The local service ad is the highest placement on Google. It is the best real estate, and you only pay when someone actually calls you. Now you are speaking to people who have searched for what you do. They have a pain, and they have taken further action to phone in. There

is a ton of intent behind that lead. Those are the types of phone calls business owners should be dreaming of answering because it is someone who is saying, “I need your help, take my money.”

That is why, by the way, I think you have a lot of those. You will remember the old TV ads late at night, late at night, because people are stressed out. It is always darkest before dawn. That is when they are more likely to go pick up the phone and call because they just want this to end. They want the issue fixed, or they need a knife that can cut through their shoes or whatever at that moment. That is when they are going to take action. The best part is, which I was very interested in, you only pay if they call versus if they click, go over to your site, look around, but then never do anything. In fact, you could be your competitor just every night clicking just to drive up your budget.

That happens unfortunately. The other piece to that, Eric, is that the ad can sit there all week long, getting visibility at the top, brand recognition. Someone can then go to your website, and if you have set up your site properly, hopefully you are capturing the lead organically through the site, but now you did not pay for it because they never actually called you through the ad itself. Now, instead of the days of paying for clicks or names and phone numbers, you can pay for a conversation with someone who actually needs what it is you offer.

You are getting a much higher quality lead. You said something at GROWCON, and I meant to talk to you about it. I agree with it, especially in my world. You call it speed to lead. That is the time. My understanding is that it is the time from when that potential client calls in to when you can get back to them. Again, thinking about wanting this solved. Now I see your ad, I see Eric Green's ad, and I am like, “Great. I found somebody. They call.” If nobody responds, whatnot, they are probably just going to move on and try to find the next person because they still want that issue. They are not going to call, wait a day, and go search again. They are going to keep going until they get to somebody. Is that what you find in generating leads?

Tweet: Relying purely on referrals gives you zero control over your firm's growth. Stop waiting for the phone to ring and take charge of your pipeline.

Winning The High-Intent Client With Speed To Lead

Especially when someone knows they have a need that they want solved, they can only call all the people who are visible. That is the other piece. You need to be visible first to even get the phone call. Everyone is really great at what they do. At the end of the day, it does not matter if you are not visible. People cannot call if they do not know you exist. You have to be visible first, then you have to answer your phone.

A very real example of this, I had a tree taken down on my property earlier in the spring. I went on Google, tree removal companies near me, and I just called the top of the list, and I went down. I know, like, I have a credit card in hand, ready to buy. I know that tree is coming down. It is who is going to do it. The first eight companies did not answer the phone. It was the ninth person, I think, around the ninth. I left a lot of voicemails.

The person who called me back first is the person who got the job because I want this done. I want it done now. It is the same when people are looking for tax help, for bookkeeping, for accounting. They want to speak to someone. If you do not answer the phone or you are late to call them back, that person

has moved on to someone else. It is not that the leads are bad. You are bad at following up with the leads.

It is funny. I have been playing with the same guys that helped us design our agentic AI brain, which we developed based on our database. It is unbelievable. They are also now getting into the AI employees. One of the things that did strike me that would be of real interest to me, is having, we will name her Beth for the real Beth, who is out at the front desk, who is on 24/7, speaks 28 different languages, and, with a script, can say, "James, you have a tax issue. I am sorry to hear that. I am sure we can help you."

Tweet: Speed to lead is everything. When someone has an urgent tax problem, the first firm that answers the phone or calls back wins the client.

Is it federal, state, or both? Which states? Roughly how much do you know if the returns you give them a script? No, James, I have the information. Obviously it is 11:00 at night. There is no one here at the moment. It is just me. Somebody will be touching you first thing in the morning to set up a call. They said it can go one step further. They can log into my Calendly and book a call.

That is what I was going to say. Just take it a step further, book it in there. Now that person knows I am taken care of. I know I am speaking with Eric tomorrow at 10:010 AM Eastern. I do not need to look anymore.

You will close more deals because you are right. Those people who call and I have had these people call, and I am at a different point in my career. If you call me at 11:00 on Friday night, I may intentionally not get back to you until Monday, knowing I may lose them, but we are drowning in work. I have had this happen where my assistant Savannah will call back, or Maggie will call back on Monday morning, and they found somebody else.

Best of luck to you. For the folks who are in building mode, no, you need that answered. I agree with you. It is important to get back to people, and I think we are going to see more mainstreaming of AI employees. My buddy, one of the AI guys, was like, "It speaks Mandarin." I am like, I have not really had anyone call me who only speaks Mandarin with a tax problem, but I guess if I ever did, that is interesting to know.

It will be covered, your piece.

It is the time back to, and so again, with generating leads, the critical thing is, for folks tuning in, if you go and you check out, I highly recommend you do that. You go to Accounting Leads Now, check James out. You can talk to him. It is great for generating leads. You want to make sure you are set up for success. That means being able to capitalize on this stuff when it comes in. Again, it is the same way if no one can find you, if you are not visible, no one knows you are there.

Marketing Is An Investment Rather Than Overhead

What is the use of generating leads if you have no means of capturing them and following up, and you are closing? It is just something you want to think through if you are going to make the investment, which I highly recommend because it is a no-brainer. This is the thing that it is not. I am just going to

say this, James, this is one of my irritations. I am going to just say this to the audience. This is not an expense. This is not overhead. This is an investment that will come back to you multiple times over.



What is the lifetime value of a good accounting or tax client? Many of my members, when we surveyed them, said the average length their clients stay with them is about ten years. Ten years, even if it was a small schedule, see, and you are only getting $750 a year, you should be doing way more for them. Let us just say it is only $750. That is $7,500 bucks. That is one client. The other thing, if you

want to look at enterprise value to build, you just want to make sure that you think it through before you start spending and investing the money. I am going to do this.

Leads are going to come in. How am I going to make sure the emails are responded to within five minutes? That phone call if we miss the call is going to be returned within five minutes. It used to be, well, am I going to get a 24-hour answering service? That gets expensive. Although I think you only pay a minimal plus if there are actually calls that are going away. Now, with the automations and the AI stuff that is out there. While we are on this hot topic of mine, which is accountants who think, for some reason, that everything is overhead, it is not overhead. It is an investment. Understand that you are trying to build a business.

Not worrying about it. It is like, "Listen, I am going to tell you the truth, tax rep. I do not know, $3.99 a month. That is a lot of money. The average case is about $8,300. If I said, "Give me $400. I am going to give you $8,000 back." Would you do it? Try to find as many increments of $400 as you possibly can. One of the things I did make a note of is the math on what a new client is worth because I am sure you run into this too.

When you walk people through this, "This sounds great." It is like, look, you are going to want to do some Google ad spend $500, $1,000, $1,500, whatever it is and then your work, $3,000, $4,000, whatever it is. People balk, "I do not know. It is expensive." How do you deal with that? I used to be a little calmer about it. It irritates me more, like, really? You are an accountant, and you cannot undo whatever. From your perspective, the value.

The Real Math Behind Client Lifetime Value

Sometimes when you are in it, like the accountant who is sitting across from us, it is hard to see the forest through the trees. We try to just break it down with the numbers they are giving us. You are talking about the average, the average client you are helping your clients get. Even to call it $750 or $500 a month for a bookkeeping client, which I think 500 a month is way too low, but just for the sake of easy numbers, not a good math guy, $500, the average bookkeeping client stays with you for three years. That is $18,000 of lifetime value for that client. One person. You could run ads and work with us for close to nine months, get one client, and you would break even.

A digital marketing guy told me, "Eric, $1500 is a floor." By the way, we spend more than that. At first, I became like my own worst nightmare. At some point, I was like, I have got to invest in this. I have got to make sure I see if it works. At some point, after doing this for a little while, we were like, "How much can we spend?" That is a much different question. Knowing that every dime we spend, we get money in. Now it is a matter of how much we can spend.

If I go to five thousand, if I go to ten thousand, and even he was like, "Okay, we can ramp up." The market is huge. If you are doing tax work, even if you are doing accounting or bookkeeping work, every small business needs you. There are 155 million taxpayers in the US, 11 million non-filers. There is more than enough work. IRS representation, 15 million that the IRS is already beating up that owe money, and there are probably another 10 million hiding.

There is a ton of work. It is, the way to put it, I think this cannot work. The question is, how quickly do you want to ramp up? That comes down to spending, but I have got to tell you something. The Google

ad spends 1500 to say 2500 a month. It is not a lot of money. Again, one client pays more than the other, but it is a huge jump in terms of what you can do. The ad space, to me, is fascinating.

How much you can do for so little, versus I am thinking of the old school. If you wanted to be on the radio, $5,000 a week, minimal. You wanted an ad at Yankee Stadium. I know a guy that did it 20 or 25 years ago, $10,000 a game. He only told me, "If they had let him run it more, he would have spent $50,000 because he did tax resolution." Every single Yankees game, they would have staff people in the office because the phone would start to ring from the park, from Yankee Stadium.

Tweet: Don't let ad costs scare you. When the average client stays for years, closing just one prospect easily pays for your entire ad campaign.

That is crazy.

That was a big dollar spend. You can reach way more people targeted, like you said, who want your service instead of blasting to a stadium of $50,000 or how many people were in the old stadium. The value proposition. Do you have any stats, like what people normally see?

I would say the conservative cost for a qualified call. I will explain the difference between qualified and just a call. What we see for a qualified phone call is roughly $110. Every market is a little bit different across the US. Again, you are even just going back to the bookkeeping analogy. $500 service, $100 for the opportunity to sell them. You can speak to five people and break even the first month. That would be closing at twenty percent.

You are speaking to people who already know they need it. Twenty percent is a very conservative close rate. That is a qualified call. Every single call that comes in, Google also does not bill you for it. It can work one of two ways. You can get a handful of calls Google does not bill that can be good calls, so they are essentially free, awesome. On the flip side, you might get a call. It is a flop that you get charged for. That is just the cost of running ads. Tough break. You are putting yourself out there. Not every lead is great.

We run Facebook ads. I can tell you, I guarantee you, not every single ad that comes in or lead that comes in is good, but it is the cost of putting yourself on the platform. $1,500 a month in ad spend, you are looking at about 12 to 15 really qualified phone calls that are going to get charged. You are probably going to get closer to 30 inbound phone calls a month with a $1,500 per month budget. I do not know how many firms that can afford $1,500 in ad spend are getting 30 solid referrals every month.

Again, it is not just random people. People who already saw the ad, they have them. Twenty percent seems really low. We close probably 90% of the calls that we get. Again, they already know they need the help.

They know they need it. They are coming to you pre-sold. You are almost an order taker at that point, which is great. It is very different from outbound, in which you would have a much lower number. If you are closing 90% on outbound, you have got to increase your prices. For inbound, yes, they already know they need it. It is, I mean, you are shooting fish in a barrel.

I know you are going to be covering this ad summit. Do you mind giving us a bit of a preview as to what you are going to cover?

Dominating Your Local Market Before Going Nationwide

We will be going over what local service ads are, why they work so well, and how you can set your firm up for that so that you are really the go-to firm in your local market. This all runs off of about a 2 to 3-hour driving radius of where your Google Business Profile is pinned on the map. There are going to be a lot of firms, because we already hear it all the time, who are like, I work with clients nationwide. There are so many clients in your own backyard that you are turning away because you are not the go-to firm there. If people search on Google right now for tax help near me, and they do not see you, they cannot do business with you. Our goal is just to make each firm dominate their local market. They are the firm that shows up.

I have got to tell you, that is the advice I got. I've spoken with him before on the show. When I first opened my practice, I got introduced to a very good friend of mine who had been a state trooper and became a realtor. Within a few years, he continued to be the number one realtor in Connecticut. By the way, he is not in Greenwich or one of these high-end restaurants. He is in South Windsor, which is north of Hartford.

It is like if I am ever found in South Windsor, I am either visiting him or someone dumped my body there. There is no reason to ever go there otherwise. He told me he was blogging at the time and all that. He said, "You want to own your piece of internet turf. Nobody in the Hartford area and now Connecticut will ever go look at real estate and not see me."

There were techniques for him to do that. I use those for building my practice. This is even more targeted. They're opting in and seeing the ad. I agree with you. I have cases from all over the country. I am really not interested in California cases, or I tend to like to send those to my members. I want to dominate Connecticut. We are a Connecticut firm. I want everybody in Connecticut to see us. Let us put it this way.

If you have a tax problem, you should not ever do a search and not see me. You might see other people. You might go somewhere else. Fine. Your problem, not mine. Anyway, I will be darned if you are not going to at least see me. That is what I think is great about this. You guys manage this for them. It is not like this, "Here are some instructions. Go home, figure it out, have fun." You guys are going to run this campaign for them.

All they have got to do is answer their phone, which I like to say is now turned into a ringing cash register. If you can answer your phone, you will close deals.

It is something I highly recommend to anyone out there who is interested in building a practice, whether it is your tax compliance practice, accounting, bookkeeping, advisory, or representation. Quite frankly, you get started with one. If I ran a full-service accounting firm, I would be doing all of it. I would be on the hunt for bookkeeping. I would be on the hunt for more compliance work, and I would be doing, obviously, representation. If you do advisory on that one, do CFO services, that's all right, because remember you are only getting and paying for people that literally go and search for what you offer and then call you. You could not ask for a better lead machine.

Using Low-Barrier Compliance To Attract Advisory Clients

If I can just add in on that, Eric, without going too far down a rabbit hole, there is a lot of buzz and conversation around everyone who is doing CAS and advisory and fractional CFO. That is all great in the industry. The average business owner does not know what that is. They do not know what they are paying for. When firms come to us, they are almost like, "I am too good for bookkeeping. I do advisory work." Awesome. You should upsell everyone who is already your current clients into that. How do you think you are going to find those clients? You bring them in at the lower ticket level, and then you upsell them because no one wakes up and goes, "I should buy advisory services." They do not know what it is.

Tweet: Clients don't wake up searching for high-end advisory services. Solve their immediate, simple problem first, then upsell them into advisory.

On that note, I could put down the tax controversy. That is not what people search for. Unless they are, like, if it is a CEO of a company that says, "We need a controversial guy," that might be one thing. Also, those people are not coming here. They are going to other big mega firms. What is someone going to search? I owe the IRS a tax problem. My stuff leans toward, do you have a tax problem? As this, if you do not like it, I am above bookkeeping. You are not, but whatever. What you are going to put down is how are your books? Are you saving taxes?

Are you taking advantage of all of the codes? Are you ready if you get an audit notice? Come see us. Let us get your books in shape so that it is something you do not have to deal with. You focus on your business. You focus on growing. Let us deal with the nonsense. You want to target people where they are. I have to go to where the audience is, not expect they are going to climb the mountain to where Eric is. I do white-collar criminal tax controversy and advanced resolution. No one knows what that is. I owe money to the government. Can you help me?

In other words, you could spew off all kinds of French terms. "I am hungry, can I get a sandwich?" That is what it is. You are absolutely right. In terms of rolling stuff out, advisory, I would not call it advisory. Are you saving all the taxes that you can? What has your accountant brought to you to save you money recently? What kind of planning ideas? Let us come in for a free consultation. Let us see what we can do. If we can save, not save you money. That kind of thing. People are thinking about saving money, not advisory.

It is just like simplifying the language, like you are speaking to a fifth grader, so that it is very easy for someone to know what it is. No one wakes up to buy marketing. No one wakes up to buy accounting. It is what the thing is. It is keeping you up at night, the problem that you are looking to solve.

James, thank you for taking the time. I am excited about the presentation in Orlando. How can people get a hold of you for folks tuning in to those who wake up and be like, "I have got to grow, and I like the sound of this." How best to get in touch with you?

First, thanks for having me, Eric. I am really looking forward to seeing you again in Orlando. Easiest way to get in touch with us, visit our website and go to our calendar link, AccountingLeadsNow.com. They can schedule a call there. I will be on the call. They can message me on LinkedIn, James Donovan. I would welcome any conversation. If we can help you out, awesome. We will show you what we can do. If not, happy to point you in the direction of someone else who can or give you some tips you can run with to better your business.

No, thank you. AccountingLeadsNow.com. James, again, thanks for taking the time. We are going to be together in a month. A month, and like two days down in Orlando. If you are not going to the summit, you should be. Go check it out on TaxRepNetwork.com on the events page. It is two and a half days of solutions. You should be thinking about all the hot topics going on now with the IRS, ERC, penalty abatement, you name it. It is going to be a fun two, and it always is. It is going to be a fun two and a half days. Thanks, James, for doing this and taking the time. Thank you all for tuning in again this week, and see you next week on the show. James and I will hopefully see all of you in Orlando.

Awesome. Thanks, Eric.

Important Links

- James Donovan
- James Donovan on LinkedIn
- GROWCON
- *Booked Solid*
- Accounting Leads Now on Apple Podcasts
- Tax Rep Network

About James Donovan



James Donovan is the founder of Accounting Leads Now, a marketing firm that works exclusively with accounting, bookkeeping and tax firms. After watching great firms stall because their growth depended on referrals, James built a system that puts firms in front of prospects at the exact moment they're searching for help. His clients get phones that ring every day with high-intent leads, not just during tax season. James also hosts The Accounting Leads Now Podcast.