

AI DECISION ALPHA / AI ADOPTION / DECISION BRIEF

How Bellhaven Should Adopt AI to Improve Productivity and Profitability

RECOMMENDATION

Approve preparation for a limited bookkeeping pilot and historical tax tests, subject to approved information handling, available staff and a defined budget. Compare AI with better document collection, scheduling and a seasonal reviewer. Wider deployment and the \$250,000 annual profit target are not yet justified.

Bellhaven is a 64-person accounting firm with \$9.6 million in annual revenue and \$1.3 million in operating profit after partner salaries. The decision is where to introduce artificial intelligence (AI), how to test its effect and when further spending is justified.

ANNUAL PROFIT OBJECTIVE	FIRST-YEAR CASH CEILING	FIRST DECISION
Add \$250,000 within 24 months, attributable to AI after all AI costs.	\$120,000 of additional cash spending.	Within 45 days: stop, repair or continue a limited test.

Begin With Work That Could Change Actual Spending

PROPOSED ACTION	WHY IT DESERVES ATTENTION	CONDITION BEFORE COMMITMENT
Test bookkeeping sorting and matching.	Saved hours could serve new clients and remove a planned staffing cost.	Confirm signed demand, the staffing plan without AI and savings after review and corrections.
Establish approved staff access to AI.	Four survey respondents reported client information in personal AI tools.	Investigate those reports; approve services, information use, access and training.
Test tax extraction and review assistance on historical files.	Less data entry could reduce contractor spending, but added senior review can erase the gain.	Measure the complete process; obtain the missing review-assistance price.
Price a seasonal reviewer and improve document collection.	Of 60 sampled delayed files, 34 awaited review and 19 awaited client documents.	Confirm customer demand and usable capacity; one week does not establish the annual cause of delay.

WHAT COULD CHANGE THE RECOMMENDATION

Only eight of 20 planned bookkeeping clients have signed. If AI cannot remove a real staffing commitment, or if a reviewer produces a better return with less disruption, defer paid AI expansion and prioritize the better-supported change.

Basis: Bellhaven operating figures are supplied case assumptions. Pilot values are illustrative, not observed results. This brief condenses the Blueprint, the Worked Example, and the Confidence Audit. All amounts are US dollars.

FINANCIAL FINDINGS / STAFFING AND REVIEW

When Time Saved by AI Could Increase Profit

Bookkeeping Must Save Enough Time to Avoid a Needed Position

Twenty additional clients require 2,640 hours annually. At 200 clients, sorting and matching take 15,600 hours. Each planned position supplies 1,400 client hours and costs \$98,000 annually. Savings must be usable by the right teams in the months when work arrives.

NET SORTING-TIME SAVING	STAFFING CONSEQUENCE AT 20 NEW CLIENTS
Below 7.95%	No avoided position is supported by the supplied staffing model.
7.95% to below 16.92%	At most one position can be avoided, if both positions would otherwise be needed.
16.92% or more	Both positions may be avoided, subject to quality, demand and actual staff availability.

THE ILLUSTRATIVE PILOT DOES NOT JUSTIFY EXPANSION

After comparison-team improvement and extra review are deducted, the supplied test values save 0.4 hours per client-month, about 6.15% of sorting time. That releases 960 annual hours at 200 clients, leaving 1,680 hours of new work and still requiring two positions. These are illustrative values, not live performance.

Only eight new clients are signed. At 188 clients, about 7.20% net sorting improvement could cover their 1,056 annual hours, but only a genuinely necessary position can count as avoided spending.

Tax Extraction Can Transfer Work to Scarce Senior Accountants

At the vendor's unverified 50% entry-time reduction, 1,430 hours are saved, while verification adds 650 senior-accountant hours. The financial result depends on whose work disappears. Contribution means revenue after the additional costs of delivering that work.

TAX SAVINGS ASSUMPTION	FIRST-YEAR GAIN	RECURRING ANNUAL GAIN
All saved entry hours remove contractor work.	\$80,500	\$84,500
Savings follow the existing contractor / salaried work proportions.	\$39,900	\$43,900

These gains deduct the stated tax-tool fees and assume no valuable senior work is displaced. If all 650 verification hours displace work contributing \$175 per hour, subtract \$113,750: the first-year results become losses of \$33,250 and \$73,850. Spare senior time avoids that lost contribution, but the verification workload still needs staffing.

A Seasonal Reviewer Provides a Concrete Alternative

The case models \$187,000 of additional tax revenue. After 45% delivery costs and \$49,400 for 520 reviewer hours, the potential contribution is **\$53,450**. About \$89,818 of additional revenue covers the reviewer at that margin. Confirm customers, preparation capacity and sufficient review hours. This gain belongs to the staffing change unless a comparison establishes an additional AI effect.

FINANCIAL FINDINGS / ANNUAL PROFIT AND FIRST-YEAR CASH

The Proposed Program Does Not Yet Establish the Profit Target

The Annual Scenarios Depend on Favorable Operating Conditions

MATURE ANNUAL SCENARIO	MODELED GAIN
10% bookkeeping improvement, one avoided position and 64 staff AI licenses.	\$11,120
20% bookkeeping improvement, two avoided positions and 64 licenses.	\$109,120
The preceding scenario plus proportional tax savings.	\$153,020
The 20% bookkeeping scenario plus contractor-first tax savings.	\$193,620
The preceding scenario with approved office access at no extra staff license fee.	\$220,500

These scenarios assume 200 bookkeeping clients, unchanged fees, acceptable quality, usable saved hours and no displaced senior contribution. They deduct specified recurring tool charges, exclude one-time costs and leave continuing support, integration, monitoring and any review-assistance cost unpriced. They are not fully costed forecasts.

THE REMAINING PROFIT GAP IS AT LEAST \$29,500 IN THE FAVORABLE MODEL

The \$220,500 scenario falls \$29,500 short of the \$250,000 goal before unpriced costs. A 1% bookkeeping fee reduction at 200 clients would remove a further \$34,440 annually. In a combined adverse scenario, with eight additional bookkeeping clients, one genuinely avoided position, 64 staff licenses, contractor-first tax savings, all 650 verification hours displacing \$175 of hourly contribution, and a 1% bookkeeping fee reduction, the annual result is a loss of about \$46,904 before unpriced costs. That scenario shows how the risks combine; it is not the expected result.

First-Year Affordability Requires a Dated Spending Plan

FIRST-YEAR ARRANGEMENT	CASH TOTAL	POSITION AGAINST \$120,000
Base program with 64 staff licenses.	\$95,080	\$24,920 remains.
Base with 64 licenses and full live tax-processing fees.	\$110,680	\$9,320 remains.
Base with approved included office access and a seasonal reviewer.	\$117,600	\$2,400 remains.
The preceding package plus full live tax-processing fees.	\$133,200	\$13,200 over.

The base includes phased bookkeeping charges, setup and training, legal review and historical tax testing. Included office access removes only the separate staff-license charge; the bookkeeping tool remains paid. The \$117,600 package does not fund full live tax processing.

New Client Charges Could Exceed the Remaining Budget

The supplied cash schedule uses 180 clients in later months. Each additional client-month costs \$25. Twenty new clients using the tool for all seven later months add \$3,500, taking the reviewer package to **\$121,100**. Confirm arrival dates, actual quotations, internal staff time and any preparation-month charges before authorizing a package.

A reviewer may improve total business profit, but adding the reviewer’s modeled contribution to AI gains does not establish \$250,000 attributable to AI. Confirm that the combined program does not count the same demand or staff hours twice.

IMPLEMENTATION / DECISION RULES

What Bellhaven Should Complete Before Expanding AI Use

PERIOD	WORK REQUIRED FOR THE NEXT DECISION
Days 1 to 10	Finance and operations confirm signed demand, staffing without AI, baseline workloads and a dated budget. Name operational, security, training and finance owners; confirm their available hours.
Days 11 to 20	Approve services and client-data terms, configure restricted access, train staff and test historical files. Demonstrate quality, error handling and recovery through the existing process.
Days 21 to 35	Begin the authorized bookkeeping comparison only after readiness requirements pass. Continue historical tax and review tests; obtain a seasonal-reviewer proposal.
Days 36 to 45	Management decides whether to stop, repair or continue the limited test. Record the next spending commitment and unresolved conditions. The first review cannot establish annual profit.

Keep the Comparison Useful and Staff Responsibilities Explicit

Measure acceptable completed work, total effort by role, errors, spending and use of saved hours. Record use of the approved staff AI service in both the teams using the bookkeeping tool and the teams working without it, to identify what the bookkeeping tool adds. Preserve a defensible comparison beyond the first stage; measuring every team after adoption cannot establish what would happen without the tool.

Train staff on permitted tasks and verification; assess competence and assign saved hours to client work. Preserve no layoffs for 12 months, six weekly partner project hours and credentialed review. Counsel-approved terms are required before using client data, including historical records. No new live tax workflow may begin from January 15 through April 15.

Use These Conditions to Stop, Repair or Expand

CONDITION	REQUIRED RESPONSE
A critical confidentiality failure or unauthorized action occurs.	Suspend the affected use, investigate and use the approved fallback.
Quality worsens or added review effort is unexplained.	Repair and retest before expansion. Speed alone does not justify proceeding.
Savings do not change actual spending.	Stop paid expansion or establish another measured benefit that covers its full cost.
Quality, demand, usable capacity and the full budget support expansion.	Authorize only the next defined stage. Initial use prepares proposed ledger changes; automatic posting needs separate approval. Autonomous tax filing is excluded.

Reconsider the Decision When Conditions Change

Review results monthly and the operating approach quarterly. Retest after model, integration, permission or material terms changes. Reconsider when demand, costs or review capacity change. Confirm staffing records and quotations; use an observed controlled trial to establish whether workflow gains change spending.

DECISION SUMMARY

Proceed with preparation and limited approved tests. Bookkeeping offers a measurable route to avoiding added staffing costs, while tax savings depend heavily on senior review. The annual profit target and wider deployment remain unestablished. Expand only when observed quality, usable capacity, actual spending changes and a complete budget support the next commitment.