



Boutique Marketing Firm Saves \$100Ks in Taxes and Finds Strategic Tax Advisor They've Searched For

Customer Profile

Since 2017 boutique marketing agency Episode Four has set itself apart by combining creative “hits” with insights from proprietary data. Today the company has a long list of Fortune 500 clients and revenues of \$12M to \$14M, yet its operations remain lean, including using outside tax accounting. The founders were unhappy with the lackluster tax advice they were receiving, but this changed dramatically when a client recommended Armanino. Less than a year after switching tax firms, Episode Four has reduced its tax liability by \$100Ks, its founders have gained insight into their individual tax scenarios, and the agency has gotten help with HR and business services.

Benefits

- Reduced agency’s tax liability by hundreds of thousands of dollars
- Brought stability and strategic insights to business partners’ individual tax scenarios
- Outsourced time-consuming HR and business services
- Gained a trusted advisor they can count on for proactive and comprehensive advice

Services



Tax (Individual and Business)



HR and Business Outsourcing

Challenge

When Teddy Lynn and Mark Himmelsbach founded boutique marketing agency Episode Four in 2017, they developed a unique strategy to set their nascent business apart from the multitude of existing small agencies. Realizing that to gain an advantage, Episode Four needed to deliver real data and measurable success, the co-founders came up with a modus operandi that combined a propensity for delivering creative “hits” (be they films, records, podcasts or experiences) with a proprietary data set based on a survey of what more than 30,000 Americans like to do with their extra time and money, and the genres they’re most interested in.

That strategy worked. Today, Episode Four has a long list of Fortune 500 clients and annual revenues of \$12 million to \$14 million — representing 25% to 30% year-over-year growth since the company’s inception. Through it all, Episode Four has kept its operations lean, relying on just over 20 regular employees (mostly focused on the creative side) but bringing in as many as 200 contractors a year on a project-by-project basis. In this way, the agency has been able to maintain the flexibility and low overhead that lets its founders choose exactly how they want to grow their business.

“We’re built to do the strategy and creative work, not to have a large administrative infrastructure,” explains Episode Four co-founder Lynn. “That’s why we only have two account people and why we don’t want to staff a large finance department. Doing so would immediately skew the nature of our company.”

Thus, from the start, Episode Four relied on outside help to handle its tax accounting needs. The company’s founders, however, were far from satisfied with the services they were getting.

“We looked long and hard for tax accounting when we started,” says Lynn. “But we couldn’t find anyone that understood our business — or even cared to understand our business. So we settled on a big, reputable New York-based firm, but we never felt like we were getting helpful strategic advice.”

“My partner calls one member of the Armanino team the Jason Bourne of the tax code because he knows it backwards and forwards, and can come up with answers instantly.”

Teddy Lynn,
Episode Four Co-Founder

“They would answer our questions if we called, and they would file our tax returns, but there was nothing proactive about the work they did for us,” explains Lynn. “For five years, we planned to change our tax accountants, but we were always too busy just doing what we were doing.”

All of this changed when one of Episode Four’s large banking clients heard their complaints and suggested they contact Armanino — one of the 20 largest independent accounting and consulting firms in the United States.

Solution

As soon as Lynn and Himmelsbach contacted the recommended Armanino tax advisor, they were able to establish a dialogue that convinced the partners that Episode Four had finally found the [tax accounting help](#) it needed.

“When we originally started looking for accountants, we were a startup ad agency working on a couple of things, and we had a hard time explaining our revenue and growth path,” says Lynn. “For an industry like accounting that values order and predictability, we offered neither. There’s a learning curve to figure out our business, and until we met with the folks from Armanino, no one was willing to take that on.”

Armanino’s response could not have been more different. Instead of being put off by the challenges of working with a company that operates unlike most small businesses (for example, flying its completely remote staff to a different location each month to meet in person), Episode Four’s Armanino advisor was intrigued by the challenge.

As Lynn and Himmelsbach began talking strategy with their Armanino team leader, the founders immediately became excited about the possibilities that a fresh perspective could bring to their business. “Our Armanino consultant started asking us good questions and throwing out interesting ideas, and it was reassuring because we had a constructive dialogue right off the bat,” says Lynn.

WHAT THEY'RE SAYING

“ We’ve gone from a place of no confidence in our tax situation to being able to operate with the utmost confidence because we know we’re being well-advised by Armanino.”

Teddy Lynn,
Episode Four Co-Founder

Soon the Armanino consultant raised the idea of providing additional help with human resources and business services (such as bookkeeping and expense management). The Episode Four founders were all in — happy to hand off tasks like managing expenses and invoicing. Today, Lynn and Himmelsbach are using Armanino’s services for their individual taxes as well.

During the less than a year that Episode 4 has been working with the accounting firm, the Armanino team has uncovered all kinds of savings for the company and its founders by suggesting steps like:

- Changing the way distributions to shareholders are managed (Lynn and Himmelsbach sold 10% of the company at startup)
- Better managing the pass-through entity tax
- Reclassifying the way owners take money out of the company (through preferred returns rather than guaranteed payments)

What’s more, by taking a holistic view of the Episode Four partners’ business and individual tax scenarios, Armanino raised all kinds of simple but important questions like, “You work in your homes; why aren’t you deducting a portion of defined spaces there,” or “Why aren’t you leasing your cars through the company if you’re using them for the business?”

“This may sound like basic stuff,” says Lynn. “But no one had ever thought to ask us these questions before.”

Results

Just six months into Episode Four’s relationship with Armanino, the agency had already saved hundreds of thousands of dollars in taxes, thanks to the accounting firm’s sage advice and guidance.

What Lynn may have been most impressed by, however, was the attitude of Armanino’s lead consultant when he asked for emergency help for his parents just days before the tax deadline after their own accountant simply failed to file for them.

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Recalls Lynn, “With three days to go before Tax Day, I called our lead Armanino tax advisor and said, ‘I know I’m calling at what must be a really hectic time for you, but could you help me with my parents’ taxes as well?’ Not only did she agree and proceed to unravel the problems and resolve my parents’ issues with the IRS, but she said something that really resonated with me. Rather than be annoyed by the last-minute request, she said, ‘Are you kidding? This is the best time of year for me. I do this because I love taxes.’ This is who you want your tax person to be.”

Next Steps

As Lynn and Himmelsbach continue to grow Episode Four, they look forward to relying on Armanino’s tax, business and HR acumen far into the future to help expand what’s possible for their firm.



“My partner calls one member of the Armanino team the Jason Bourne of the tax code because he knows it backwards and forward, and can come up with answers instantly,” says Lynn. “Being able to trust that we’re getting proactive, strategic tax advice from someone who’s taken the time to understand what has not been good for us in the past and what our business needs going forward has been invaluable. We’ve gone from a place of no confidence in our tax situation to being able to operate with the utmost confidence because we know we’re being well-advised by Armanino.”

Could You Benefit From More Proactive Tax Guidance?

Are you missing out on tax saving opportunities for your business or personal taxes? Contact our [individual tax](#) and [business tax](#) experts today to learn more about our proactive, holistic approach to tax strategy and compliance.

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