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SELLING TO YOUR EXISTING CLIENTS

One of the biggest problems most CPA firms have in selling is that they wait for their clients to approach them about additional service needs, rather than seek out client needs proactively. This is unfortunate because there are so many more ways you can help your clients than ever before. The reasons this approach to being more profitable does not work are:

- Your clients do not walk around thinking about their CPAs. So, when a problem arises, you are not foremost in their mind as the one to solve it, and they look elsewhere.
- Often your clients do not know what other services you could provide because you have not told them or they forgot, so they buy services somewhere else—from a competitor or outside consultant.
- Your clients do not take the time to sit down and evaluate how they can be more profitable or effective.

So, you miss the proverbial boat when it comes to selling additional, nonattest, highly profitable, value-billed, or commission services to your existing clients.

Unlike 90 percent of their peers, the top business producers in the accounting profession generate approximately 25 percent to 40 percent of their new, incremental business from the sales of additional services to their existing clients.

The proper perspective

The biggest producers in our profession know that there is "gold in their files." Instead of investing the majority of their marketing monies and efforts into doing business with strangers who are least likely to buy, they actively sell additional nonattest services to their existing clients.

That means they keep their eyes open and constantly explore new ways of helping their clients be more successful, happier, and protected.

Malcolm Hayes, a CPA in Plant City, Florida, has the right perspective. His 25 years' experience as a CPA have proven that his most successful clients are those who use his services the most, not only as an accountant, but as their trusted business adviser. "I do many different things for some of my clients, far beyond the normal expectations clients have of the typical CPA. What I do for my clients is very valuable. And those who use my years of experience in busi-
ness have made and saved a ton of money by engaging me as their financial and business adviser, to help them with many areas of their lives and business.”

The 90 percent sale

The major difference between selling services to new clients and selling to existing satisfied clients is that selling to satisfied clients is much easier. This process of having your clients buy additional services is very much akin to your dentist suggesting a dental implant to replace a problem tooth.

For that reason, this type of transaction can be called the “90 Percent Sale.” Existing, satisfied clients have already made the decision to do business with you—and that is the hardest hurdle to overcome in any sale. You already have a trusting relationship with your clients, who are also prospective buyers of services.

In addition, you have access to information about your existing clients that a salesperson would kill for! Information includes whether they can afford to purchase additional services, who the decision-makers are, how they usually make decisions.

It’s quite easy to find out what their problems, needs, and desires are simply by being prepared and sitting down to discuss their business. All these reasons explain why existing clients are already 90 percent sold on buying something else from you and your firm. You still have to talk to them, however—it doesn’t just happen by itself. You must be proactive and go to them.

The more, the better

Smart CPAs know that the more services their clients use from them, the more secure the relationship is. For example, when a client purchases from an outsider (a possible intruder in your client relationship) a service that should have been purchased from you, two things happen. You lose profitable business you should have sold, and you lose the relationship become “infected” with a third party that may be intent on using their new contact with your client to replace you as CPA.

A side benefit to handling more of the services your client may need: If you and your clients are addressing their problems that otherwise would not have been fixed, your clients will be more successful—and less likely to complain about the fees for your compliance work.

How to do it

Here is a step-by-step approach that my CPA firm clients have been using for the last 20 years to sell additional work:

Create a missing services checklist. Build a menu of services your firm offers or could render. Use this as a diagnostic tool to determine what services your client is and is not buying. Then you’ll be able to see at a glance the potential for additional services. Don’t have time to do it? Form a committee of staff and let them participate in the marketing process.

Target a client to market to. Select a client with whom you have a good working relationship—someone who likes you. List the services that client now buys from the firm and the products they should be buying on the missing services checklist. Enroll seniors and any managers who work on the client in helping discover what services the firm could be providing a specific client. They are “in the line of fire” and may have some great ideas about where the client’s weaknesses lie (e.g., internal control, cash flow, inventory control, strategic plans, and financial services). By engaging staff in this kind of exercise, you are teaching them the importance of selling additional services to clients and will begin the process of having them look for opportunities for you.

Set an appointment. Okay—pick up the phone and call up the client. Say you want to take them to lunch (most everybody likes a free lunch). Sit down with them over lunch and ask them about the specific areas you have thought about and posted to your missing services checklist. Are they pleased with their internal controls? Do they suspect theft? Why? How about their cash flow? You get the idea. Let the client do 80 percent of the talking. Limit your conversation to one or two specific services; don’t overwhelm them.

By being specific about what you want to address with the client, you can create the environment for them to think in a direct manner, instead of merely asking, “How’s business?” or “Is there anything we can be doing for you?” If the client does perceive a problem, or thinks something...
could be improved, jump on the opportunity immediately, before they forget all about your conversation. Close the project opportunity by explaining to the client how you can help tighten up their internal controls, inventory control— or solve the problem whatever it is—and what it would cost. Set the appointment to start the work now.

**The right time**

Now is the perfect time of the year to go through this process because you are between busy seasons. Create these checklists for 15 to 20 clients, and then set appointments over the next couple of months. You can generate a lot of nonattest work to keep you busier in the slower times of the year by going through this process. ✓

—By Allan S. Boress, CPA, CFE, a speaker and trainer on the subject of personal marketing, systematic selling, and client retention (954-345-4666 or aboress@aol.com). He is the author of I Hate Selling tapes, which are available on his Web site (www.ihateselling.com).

DIVORCE PRACTICE—THE CLIENT RELATIONSHIP

*This is the second article in a series on divorce practice engagement issues.*

Probably simultaneously the best part and the worst part of divorce practice is dealing with the clients. You really have no choice—there are few cases without clients. True, there are some very good clients, and many situations where you can accomplish much with satisfaction and pride. On the other hand, however, you are getting involved with people at some of the worst and most tension-filled times of their lives. During a divorce, even the mildest person can be a difficult client. Someone who is not necessarily all that nice to begin with (and depending on who you listen to, in divorce actions, there appears to be no shortage of people who are simply not nice) makes that situation a tad distasteful—even intolerable. Establishing a client acceptance procedure is one way to help minimize the potential problems.

**Screening potential clients**

Based on over 20 years’ experience, and after handling hundreds of divorce cases, I can share with you this: There are two ways to accept clients:

1. You can take anyone who comes in the door.
2. You can pick and choose.

Please take your time to carefully digest that brief bit of wisdom. Let’s deal with the selection process. In reality, many times you simply will not know just how good or how bad a person is going to be until you have had that person as a client for some period of time. Nevertheless, certain tell-tale signs warn you not to accept a potential client:

- You are the third accountant to be engaged. What was wrong with the other two, and what makes you think you are any different?
- This prospective client is on his or her third attorney—see above.
- The prospective client has come to you not through an attorney, but rather through your Web site, an article you wrote, an ad in the newspaper, or the yellow pages. This is not an automatic rejection, but experience tells me to be extra careful when the source is not an attorney.
- Previous clients from the referring attorney have been difficult. This type of insight comes from experience. Referrals from some attorneys are golden—from others, pyrite.
- During your first interview, the potential client comes across as the victim of every attorney, accountant, and government secret agent. For such a person, there never can be justice.
- The potential client arrives wearing blood-splattered clothing. I have found this one to be a good barometer for client avoidance.
- The potential client demonstrates maniacal fervor. I don’t know about you, but I find zealots to be very difficult people.
- The potential client was recently released from a maximum-security facility.

**Check for conflict**

In the client-selection process, it is very important that a firm establish certain procedures for checking for conflict. How detailed and elaborate such procedures are of course vary depending on the firm. A sole practitioner does a conflict check every time he or she considers a potential client. A small firm, especially with only one main player in the divorce field, can probably easily accomplish conflict checks by circulating a simple memo or making a few internal telephone calls. On the other hand, a larger firm, especially one with several people involved in the divorce field, needs to have a much more formal procedure—and it has to be in writing. As soon as you are contacted to consider handling a case, you need to get the vital information (e.g., the potential client’s address, business, business partners, or the attorneys involved). It is advisable, unless you are absolutely sure you have no conflict, that you consider halting the discussion with the referral source at the very outset until you have had a chance to check out the potential for conflicts. With the information just described, you would circulate a memo (a preestablished

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form is easiest to handle) to all your partners (and perhaps even to other staff), soliciting a positive or a negative response. Depending on the state of your internal communication system, you might do this by e-mail. No matter how your firm handles a conflict check, going through the process is obviously important.

**Subtle potential conflicts**

There are some subtle areas of potential conflict that are not necessarily considered as such by every practitioner. This includes tax clients, corporate/business clients, certain attorneys, clients of certain attorneys, and others.

The following are some of these subtle potential conflicts that need to be considered.

**The potential divorce client is a client of the firm.**

If your firm is anything like mine, you perform a mix of services, including not only taking in litigation and divorce work but also handling regular corporate/business and tax clients. Inevitably, some of these clients are going to be involved in divorce. As a result, especially when your expertise in this area is recognized, they—or possibly even their attorneys—will approach you to handle the accounting or financial aspects of their divorce. The general rule in such a case is, you decline. Helping the parties can be done gingerly, but even then at the risk of alienating one or both of them. However, when it comes to more serious involvement, such as investigating and valuing a business, you should not get involved, especially if it is a regular client of your office.

For example, typically you have done joint returns; this means that both spouses have been your clients, so how can you represent one against the other? It is my understanding that clearly this would be forbidden by ethical constraints for attorneys—but not so for accountants. Even so, the perception of a conflict may present an issue. I am not suggesting carte blanche that you decline any such assignments—only that you recognize the potential is there for challenges to your independence.

If it is a business client, just how clean are those records—and how can you possibly prepare a report or testify to perquisite add backs (let alone cash) for which you have already issued financial statements and/or tax returns? Just doing the normal reasonable compensation adjustment issue might give the opposition the reason to challenge, from a tax standpoint, whether you were "allowing" your client to take an unreasonable compensation in contravention of the tax laws—and even though this client is only one of a hundred, and from CPA standards you are clearly independent, trust me, in a divorce action, you will not be viewed as independent.

**One of the attorneys is your client.** Because attorneys file tax returns, like the rest of us, most of them rely on CPAs to prepare them. You very well may be one of those CPAs. What happens when you are the one who prepares the tax returns for an attorney who is representing a spouse going through a divorce and the attorney wants you as his or her expert? Or, what happens when you are asked by the other attorney to be the expert in effect "against" your attorney client?

Most of our peers believe this is in no way an obvious issue. If you are working with the attorney who is your client, you certainly will not have a problem per se with the spouse going through a divorce; you may have a perceived problem with your independence because you are working with an attorney who is your client. In all likelihood, unless that attorney is a very substantial client for your office, the potential for conflict, perceived or real, will be rather minimal. It might be a little more difficult if in effect you are working "against" your attorney client by representing the spouse who is represented by the opposing attorney. The good attorneys have no problem with this—they understand you are going to do a professional job, and in fact, they may welcome you in that position if they value you. On the other hand, there will be some attorneys who will perceive such a situation as rendering you biased, believing you have a natural inclination to favor, or at least avoid antagonizing, your attorney client.

**The attorney is a major referrer.** This one is even more subtle, but potentially more dangerous than the preceding situation. What if the attorney with whom you are working represents a very significant portion of your divorce work? I have been involved in situations where my CPA opponent relied on a particular attorney for a very substantial (30 percent to 50 percent) portion of his or her divorce work. When that accountant is working with that firm, just how independent could that accountant possibly be? Although in my experience, this issue tends not to be pressed all that often, it is truly a potentially major area for conflict and lack of independence.

**The potential divorce client is an attorney with whom you have done business.** Let us assume that an attorney who has referred you business in the past is now getting divorced and asks you to value his or her law practice. Does it make a difference if you are valuing that law practice on behalf of the attorney, or on behalf of his or her spouse? It would seem to me that if the valuation is on the attorney's behalf, it would be possible, though likely a bit remote, to seriously question your independence. Yes, you have received business through this attorney, and thus have a relationship. On the other hand, unless the volume of business you have received is so substantial that it would indeed bring your independence into question, you probably would be all right on this one. However, if you are being asked to value the practice on behalf of the spouse, while clearly you would not have a conflict in the sense of being independent, you might have an conflict about why you would do a valuation for the other spouse against someone who has referred you business.

**The potential divorce client is your neighbor.** There is probably no real conflict here; assuming that the neigh-
bor relationship is one of simply being neighbors. However, think real hard about this one—you are probably in a no-win situation when representing a neighbor. If you are working on behalf of the neighbor who is going to remain in the house, you now have a client in an emotional situation next door to you, who probably feels it is his or her right to drop in at any time to discuss the case. Then, what if the case does not go the way you would like, and what if your valuation isn’t the “winning” one? Of course, you could be doing the valuation on behalf of the spouse who is no longer in that house. This might even be a worse situation—now you may have an enemy of sorts living next door to you. Do you really want to have to clean up your spilled garbage pail every collection day?

The potential divorce client is one of your partners. This one is a real piece of cake. One of your partners is getting divorced, and to save on expert fees, you are implored to do the valuation of your practice on behalf of your divorcing partner. After all, do you do valuations all the time, you really know accounting practices, so who better (and who cheaper) to do the valuation? I think this one ranks up there in the world of big conflicts, with a flashing neon sign warning you to stay away. However, let me slightly modify this nearly absolute prohibition. You may be faced with a situation where one of your partners is getting divorced, and you have a good working relationship with the expert engaged by your partner’s spouse. As long as your valuation is not going to become a report, and as long as you are not going to get involved in court, you may be able to do your partner (and thus of course yourself and your firm) a service by facilitating the valuation process for the other expert, negotiating with him or her and attempting to arrive at a mutually agreeable compromise on value.

The potential divorce client is a family member or close friend. You don’t need anyone to tell you that representing your own partner, a close friend, a relative, or a present or former lover generally rank high in real conflict and lack of independence.

Attorney acceptance

One of the aspects of divorce work that clearly differentiates it from more traditional accounting work is that in the latter, there is an ongoing relationship, somewhat in the form of an annuity. Litigation and divorce work are all one-shot deals (except for those considerate clients who repeatedly get themselves into lawsuits or believe that if getting divorced once made sense, doing it two or three times makes even more sense). However, in this type of work, in one sense you do have a recurring client—the attorney is sort of a proxy for the client. If a good corporate client for your firm brings in $10,000 per year in fees, then maybe it is not unreasonable to look at an attorney who brings you one or two divorce cases per year, and does that on a recurring basis year after year, as in a sense your litigation client.

It is advisable to give some attention to the concept of attorney acceptance. Some attorneys are absolute pleasures to work with, some are kind of neutral, and others are downright unpleasant—sort of what you normally experience with a range of business clients. In many ways, this is no different. You have to pick and choose attorneys you are willing to work with and decide how much aggravation you are willing to accept. The first two types are relatively easy. You are going to accept work from them; there is no logical business reason not to.

However, there are some attorneys who have a reputation of being simply impossible to deal with. Generally, you will be avoiding them, and you need to make a conscious effort to do that. Some of these types of attorneys are difficult, but they represent significant and interesting cases. For the experienced practitioner who understands the risks, and knows enough to cover himself or herself, it might be a re-

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BRANDING IN AN “EXPERIENCE GOOD” ENVIRONMENT

Any professional service can be described as an “experience good”—a client must experience your service to appreciate and value it. (How many times have you thought to yourself: If this prospect could see how good I am, I would land this account today?) You might argue that most anything that is sold, whether it is a car rolling off the production line (a product) or a business valuation (a service), can be described as an experience good. And you would be right.

However, clients determine the value of a physical good differently than they do that of a professional service. Once you drive that Porsche or Chevy, you develop expectations for future experiences with those products and you assess a value—after only one test drive. But a professional service is always an experience good—prospects can only guess at your effectiveness on each and every job. This need to prove your value continuously is true even with established clients. For instance, your level of performance may differ according to the types of services you offer. You are likely to deal with different players and conditions with every assignment. New competitors and technologies may complicate the scenario. Certainly, your clients’ needs, circumstances, and outlook are ever-changing. (No wonder you are exhausted.)

Prospects are justifiably reluctant to engage you until they have personally experienced working with you, due to experience-good dynamics. Even your existing clients need to be assured of a positive experience before saying yes to a new service. What is the best way to make the experience-good phenomenon work in your favor? One answer is to provide an environment for prospects to experience, in one way or another, your professional services. Don’t give away your entire service, but offer a portion of that service experience so a prospect will become motivated to purchase. Fortunately, there is a vehicle that is ideal for helping prospects experience what you have to offer before they commit to buying your firm’s brand. Your brand is a promise—a symbol of the type of experience that clients can look forward to receiving each time they do business with you.

It is in your favor to look long and hard at what your brand of service is all about. A brand can serve as a driving force for defining and expressing, as an organization, your value to the marketplace. Some people will tell you that a brand is basically a logo that appears on a company’s Web site or stationery. Developing and promoting a brand is actually an opportunity to define the type of

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sonable and prudent risk to work with such attorneys. Take, for instance, an attorney who has a reputation for being abrasive, and unreasonably demanding—not unethical, rather simply very difficult. That attorney may attract certain high-income, complex cases that are worth accepting.

On the other hand, avoid an attorney who perhaps has taken apart your report in the past and submitted pieces. It is likely that in every “community” (which might mean a big part of a state), there are a few attorneys you’re better off not associating with.

**Mediating corporate client situations**

I share with you an experience not long ago where both husband and wife were truly and deeply involved in their business and were getting divorced. That divorce action had the potential to destroy the business (a good corporate client of mine) and wreak financial havoc on them. They accepted my offer to serve as a financial mediator. With knowledge and consent of their attorneys, and keeping their attorneys fully in the loop, I met with them several times over several months to help resolve substantially all of the financial issues, including how much each was going to get paid out of the business, resolving the handling of certain expenses, and the eventual division of the business operation.

On one hand, it was a very successful service and succeeded in effecting a mostly peaceful and minimally painful split of the business, along with substantially preserving the marital estate. On the other hand, perhaps in part because of the strain of trying to keep an even hand between the two of them, I succeeded in losing the business. Of course, that might have happened naturally anyway, just as a matter of one or both of them severing all ties to the “old world” after the divorce; or perhaps by what very well might have been the financial destruction of the business operation if I hadn’t stepped in.

**One final word**

You can do only so much in selecting your clients. That’s the reality of almost any type of services situation, but even more so in a divorce situation. So, keep in mind that at some point, you will pick the wrong client, but you will have some really interesting war story to tell your peers (as well as your grandchildren). ☑

—By Kalman A. Barson, CPA, ABV, CFE, CVA, shareholder in charge of the Litigation Services Group at Rosenberg, Rick Baker Berman & Company in Bridgewater, New Jersey (rrbb@net-lynx.com). Barson was the editor of Income Reconstruction: A Guide to Discovering Unreported Income, published by the AICPA (product number 056500). For information call (888)-777-7077 or visit www.aicpa.org.
The New SEC Ruling Could Affect Your Firm!

Keep your eyes on your fax machine! The Securities and Exchange Commission (SEC) is proposing a regulation to govern the CPA profession by redefining auditor independence. As we enter this new marketplace of greater service offerings, we need to be aware of the SEC’s role in the profession, and its overall impact on our individual practices. This proposed regulation could affect each one of us and all our businesses. We will be broadcast faxing a letter to all PCPS member firms with details on how to respond and why it is important. If you do not receive a fax and would like a copy of the letter, please call (800) CPA-FIRM. Please give this letter your attention, as it could have profound effects on your firm and the future of your business.

Strategic Review

On August 6, a select group of firms met in Denver for the first Strategic Review training course. Strategic Review is a new PCPS service offering designed to analyze and improve the strategic planning and focus of CPA firms. More than 20 PCPS member firms were trained in the basics of administering a successful Strategic Review. The class, led by Bill Reeb, from Winters, Winters & Reeb, in Austin, Texas, met with outstanding success. After undergoing the instructional course, reviewer firms are able to take the lessons they learned to peer firms through Strategic Review.

This group of trainee firms will administer the first wave of Strategic Reviews. When the reviews have been completed, PCPS will analyze the findings and publish case studies to give member firms a glimpse of what to expect from the process. The initial Strategic Review will also give PCPS the opportunity to improve the program based on feedback from firms that participate. This will ensure that Strategic Review, as a process, continues to improve and benefit members as much as possible.

Call (800) CPA-FIRM for more details on Strategic Review. Watch for news of the next training session.

Niagara Falls in Your Mailbox

Watch your mailbox! PCPS has just distributed its most recent "travel" postcard in a continuing series to highlight new member benefits and services. Don’t miss the PCPS chair, Harold Monk, at Niagara Falls. The postcard highlights some of the latest features of the PCPS Web site at www.aicpa.org/pcps. Don’t miss the Staffing Tip of the Month. Hear and see Rita Keller of Brady, Ware & Schoenfeld, Inc. in Dayton, Ohio discuss staff retention in streaming video. We have also recently posted the PCPS Internship Guide, which will help your firm learn how to hire the best interns and how to maximize their potential.

Practitioners’ Symposium

Save the date! The next Practitioners Symposium will be held June 10-13, 2001 in Orlando, FL.

e-MAP

The Management of an Accounting Practice Handbook, has gone electronic, and you have the opportunity to visit the site free for a limited time. PCPS members can access e-MAP by logging onto www.cpa.web.org or by logging onto the PCPS Web site, www.aicpa.org/pcps. e-MAP is the AICPA's new online practice management reference and toolkit for managing small to medium-size firms, including sole practitioners. It provides easy desktop access to extensive material needed to manage all aspects of a professional practice.

AICPA INFOBYTES REVOLUTIONIZES CPE DELIVERY METHODOLOGY

AICPA InfoBytes offers a wealth of just-in-time education to CPAs and financial professionals for a fixed annual fee. CPAs can review a segment, for example, before each new engagement to make sure their information on a given topic is current and complete. Users can opt simply to reference any segment for their own information, or complete it for CPE credit. As such, AICPA InfoBytes is unique in making information available not only as a CPE product but also as a research resource. The online library features easy-to-use, interactive, one- and two-hour NASBA-approved, CPE self-study segments. Subjects covered in the more than 1,100 hours of CPE available online include a broad selection of practice management segments, as well as segments in taxation, accounting and auditing, and consulting services.

Drawn from the Institute's full menu of CPE products, the depth and breadth of materials is unparalleled in the industry, and it is being made available to members for an annual fee of $95 and to nonmembers for $295.

The launch of this new, online service also acknowledges a fundamental new approach to the role of CPE in the CPA's professional life. Rather than a compliance exercise, required to maintain professional privileges, continuing education becomes a continuum of lifelong learning with practical implications for professional competency in an evolving marketplace.

clients you want to attract, your position in the marketplace, your approach to business and quality, and the culture and experiences associated with your firm. The messages expressed by a dynamic brand go beyond making the community more receptive to doing business with you. The values projected by your brand serve as a guideline for the behavior of every member of your staff.

Prospects deserve to get a taste of what you have to offer before signing the engagement letter. If you want the business, take proactive measures to encourage consumers to try your experience good. Promote your brand of doing business at every point of contact. Express the meaning of your brand in every way possible. Promote your brand on your Web site, in your brochure, and in your advertisements. But do not stop there. Ask everyone on your team, from your receptionist to your top manager, to actively promote the experience that your brand promises. Create a business environment (yes, this includes your physical space as well as your culture) that ensures a value-added, high-quality, and consistent experience for every customer, every time. In this way, you can harness the experience-good phenomenon for successful business development and top-notch client service.

—By Lyne Noella, Managing Director of LarsonAllen Marketing Group, a strategic, branding, and e-business team integrating communications in all media, Minneapolis, MN (612-376-4784 or lnoella@larson-allen.com).

LETTERS TO THE EDITOR

The Practicing CPA encourages its readers to write letters on practice management issues and on published articles. Please remember to include your name and your telephone and fax numbers. Send your letters by e-mail to pcpa@aicpa.org.