

Increase Your IQ (Intimacy Quotient) with Customers

By Dawn Wagenaar

Accounting and sales never used to be uttered in the same breath. However, we all know that service professions are increasingly required to set themselves apart from the competition by “selling” clients on their strengths.

To say that this is a different mindset for accountants is probably an understatement. Many CPAs admit that they don't like selling and that they don't want to push services on clients. Many also report that things have changed in the industry and the busy season no longer ends on April 15, so marketing or cross-selling may barely register on their schedules.

When you redefine the purpose and goals of sales and marketing internally, however, the notion of pushy and time-consuming exercises in futility gives way to a more customer-focused culture. In fact, the new goal for professional services is to increase customer intimacy.

Customer intimacy is achieved when you know your client so well that you can anticipate needs and recommend solutions the client might never have considered. You are looking out for the client's best interests as much as your own. Although many accounting firms emphasize getting to know a client's business or industry, customer intimacy requires looking beyond the services they were originally hired to accomplish.

The primary reason cited on client surveys for leaving an accounting firm is that they feel the CPAs “do not care.” This desire for personal connection is why clients will follow CPAs, attorneys and financial professionals to another firm. They have built trust and loyalty with the person, not the history or credentials of the firm.

Interestingly enough, this is the same reason that most employees leave companies, according to the Gallup Organization. They do not feel valued by their supervisors or the firm. They don't feel as though they are making a difference.

Customer intimacy can solve both of those issues by tying performance goals not to firm revenue, but to how well customers are served. This can be done in several ways.

Overcoming obstacles

There is a correlation between client loyalty and the number of services they use. According to one survey referenced by Kolb & Co. of Wisconsin, the magic number is five. The retention rate for clients using five or more services is 98%. Retention for clients who use just one or two services drops to 12% - 28%.

Even if another of your firm's services is a perfect fit for a client, there are several reasons that the lead accountant will not bring it up:

- Not enough knowledge about the service area
- No training on how or when to communicate additional service benefits

- Concern about recommending another team member
- Concern about the cost of additional services

Before you can expect your team to recommend expanded services, you have to overcome these objections internally. Find out which of these reasons may be holding your team back from developing customer intimacy.

Accountants, for obvious reasons, also get hung up on their billable hours. They don't want to spend time talking to a client unless it is project-specific and billable. With this firm expectation, who can blame them? If clients are charged for every phone call to the firm, they are also less likely to call with questions or concerns or service needs!

This is a fine balance with clients, of course. But consultant Ron Baker of the VeraSage Institute contends that measuring profitability by how much time you sell is a losing proposition. He says that many accounting firms use lagging indicators that reflect measurements after an engagement or activity, such as “labor as a percentage of gross revenue” or engagement “cycle time.”

If timesheets were no longer available, he asks his clients, what indicators would they use to measure their effectiveness and profits? Invariably, firms turn toward value as defined by client satisfaction, sales and repeat business.

The more contact you have with clients, often the more busi-

ness you will generate. Clients will feel valued. You create an environment in which team members take time to ask questions, get to know the client, and recommend more solutions.

Tying intimacy to performance

In order to change the perception that “cycle time” and billable hours are the only measurements of performance, team members must have some incentive to build customer intimacy.

Traditionally, firms have offered either a percentage commission for cross-selling services or something simple, like \$100 for a referral, that results in new business. Firms have also done contests tied to business development and cross-selling. The objections to paying for a \$3,000 trip for two to Las Vegas have paled in the face of \$60,000 in additional engagements.

Most incentive plans do not pay for expanded services to existing clients. This is a mistake because expanded services are the key to customer intimacy. Remember the five or more services statistic?

Get your entire team together and talk about your clients. Rank them. Which clients can you not afford to lose? Your team should know this. A facilitator may be beneficial to help you ask the right questions and do enough research about your clients and their industries to determine other services to introduce.

Mitch Reno of The Rehmann Group recommends putting a poster in the break room that reports new sales opportunities and cross-selling engage-

ments. One of the most successful CPA chief marketing and sales officers in the country, Reno creates a celebratory atmosphere around new business development so that everyone gets excited about bringing in new business.

Rewards should be immediate and visible to the rest of the team. You can't wait until the end of the year to dole out cross-selling bonuses. You might offer small rewards along the way to a larger reward or consistent incentives throughout the year.

Although many accounting firms emphasize getting to know a client's business or industry, customer intimacy requires looking beyond the services they were originally hired to accomplish.

Increasing customer intimacy should be part of the discussion at every performance review. Let team members know that you expect increased contact with clients and a focus on providing more service through conversations and research about client businesses and industries.

Supporting the service shift

Giving lip service to customer intimacy will not bring results. Systems should be set up to help your team succeed at these client/performance goals. Conduct internal training sessions on the

services in your company and how and when to bring them up with clients. One of the biggest barriers to customer intimacy is a lack of knowledge among staff about the firm's other services. Create “Service Spotlight” sheets for staff, which would include a summary of services, benefits to the client, team contacts, and five questions to ask clients to identify a need.

Emphasize internal sales as much as external sales so that team members feel comfortable referring experts in other departments to their clients. At your next partner meeting or firm retreat, highlight a service area and conduct a networking exercise in which partners or team members write on index cards the names of clients who they think might need that service. The person who hands the “expert” the most cards wins a prize. The expert must then contact the referring partner and learn some details before contacting the client.

Agendas for client meetings and client service checklists will also help your team focus on customer intimacy. Instead of asking, “How's business?” team members can think more strategically.

If your firm conducts audits, include the tax manager at audit planning meetings of key clients. Spend 10 minutes or so addressing current and future tax planning issues.

Encourage team members to regularly communicate law changes or trends that affect their clients. Use this as a way to introduce consulting or planning services.

Finally, develop ways of tracking team efforts and keeping

people accountable. This includes tracking calls, networking events, client and referral source meetings and other activities that support customer intimacy. Reno set up a tracking program on his firm's Customer Relationship Management (CRM) system and had every partner enter meeting dates and contacts to meet a goal of introducing at least 12 clients per year to another expert in the

firm. To ensure their success, Reno trained them on the system, helped them write client letters and brainstorm ideas. By tracking their activity, the firm was able to prove more than \$1.2 million in revenue from the effort. Talk about ROI!

The biggest failure in cross-selling is the lack of follow-up with clients. When you have a client who indicates an interest in expanded services, put a

note in your schedule to check in with them and send supporting materials. They are asking for increased intimacy with your firm. Don't let them down.

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Core Service Standards Support Client Intimacy

One first step to customer intimacy is to develop and train everyone in the firm on top-notch service standards. From reception to meeting etiquette and responsiveness, outline a list of best practices that makes clients feel valued. Some examples include:

- Returning calls within 24 hours
- Informing the receptionist of schedules and

go-to people for each client

- Maintaining dress code standards for the office and client meetings
- Passing on any client compliments to the entire team
- Surveying 10% of clients randomly once a year on these standards to ensure that everyone at the firm is maintaining a consistently positive impression

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