

THEME: ACCOUNTANT/CLIENT RELATIONS

By John W. Day, MBA

ACCOUNTING TERM: Value Added Approach

CPA and accounting firms that recognize the importance of client relations usually take a proactive stance. Many of these firms have incorporated a policy known as the "value added" approach. This means the client receives more from their relationship with the firm than was expected. Employees throughout the company are encouraged to find opportunities to "add" a little bit more to the service they provide no matter how seemingly insignificant.

FEATURE ARTICLE: Building Client Trust & Loyalty Through Education.

A new paradigm in accountant/client relations occurred when the accounting software program QuickBooks hit the markets and became popular. Before this happened, accountants had what seemed like a secret, mysterious language that enabled only them to prepare financial statements.

The more enlightened accountants saw the handwriting on the wall. Instead of resisting the inexorable fact that many of their clients were going to prepare (or at least try to prepare) their own financial statements, these accountants encouraged their clients and even offered to help in any way they could. New revenue streams were created via computer software consulting and/or setting up QuickBooks training classes.

There were some diehards who didn't understand the advent of rapid technological change and didn't adapt quickly enough. They are mostly gone now. After all, from the client's point of view, why should they pay out good money for something that could be done in-house? What the diehards didn't realize is that clients, who had previously depended on them, began to be educated about the mysteries of accounting. This resulted in clients developing a new appreciation of the accountant and the accounting process.

Before, the client had no idea how much was involved in the accounting process and often assumed that there wasn't much to it. When they started using the inexpensive software, they found it was a fairly simple matter of inputting the data from the check register into the computer. It wasn't too hard to figure out how to enter the sales and deposits either. What the clients did begin to discover was that the computer software was not capable of handling all of the transactions that occurred in the business without some basic accounting knowledge.

For instance, how is depreciation expense determined? A decision has to be made regarding the method and useful life to be used in the calculation. Is

depreciation expense recorded as a debit or a credit? What happens when an inputting mistake is made? How do you figure out what general journal entries are needed to make the corrections? When an asset is sold, traded, or discarded, what knowledge is required to record the transaction into the proper general ledger accounts? And, how about those complicated payroll entries? Well, who ya gonna call? Your accountant!!

Accounting firms who were quick to recognize this new level of sophistication in clients, graciously offered to teach basic accounting concepts. They realized that by enhancing communication (speaking the same language), the bond of relationship could grow even stronger. More trust translated into more loyalty. As the clients' businesses grew bigger and became more complex, their accounting needs also grew. Clients learned that it is one thing to enter a few checks and deposits into a simple accounting system, but quite another to manage the affairs of a business that is dealing with large inventories, accounts payable, accounts receivable, payroll with pensions and bonuses, fixed asset management needs, stock sales, and budgets, etc.

Some years ago, I worked as the Manager of Business Services for a CPA firm in Santa Barbara, California. When I merged my sole proprietorship into the firm, most of my clients were small businesses. My job was to invite emerging businesses into the firm and assist them in any way possible to become more successful. We looked at it as a breeding farm, if you will. It wasn't exactly a loss leader, nor was it big earner. We knew that nothing destroys loyalty more quickly than when clients think you don't care about them. So it was an investment in our future to breed client loyalty through trust and education. Obviously, some clients never grew much bigger, but a handful did and that paid off in spades later on.

I had this in mind when I wrote my 20-hour online course, Real Life Accounting for Non-Accountants nine years ago. At the time, I felt I was narrowing the basic concepts down to the bare essentials to help clients learn the basics of accounting with a minimal amount of pain. Seven years later, I realized that I could narrow the concepts down even further, which is what I've done with my 4-hour short course workbook, The HEART of Accounting. What I discovered is that certain individuals don't need to speak accounting language fluently. For example, when you visit a foreign country you don't need to master the language. All you need to do is learn enough to ask directions, order a meal, and converse a bit.

Simply knowing what the general ledger and a chart of accounts is, how debits and credits work, and how a financial statement is organized and prepared, is enough for some small business folks who are working with a computerized accounting software program. I've found if the desire to learn more about accounting exists after taking my 4-hour course, students have developed the confidence and foundation to make that effort much easier.

Certainly, CPAs and other accounting firms are not interested in suggesting to their clients they undertake some rigorous accounting course that would eat into their already busy schedule. On the other hand, proposing that the client sit down with a cup of coffee for four hours on a Saturday morning to learn something of value is not a hard pitch to sell.

One of the more overt ways this can be accomplished is by offering free accounting classes on the basics on Saturday mornings. Other approaches I've heard of include giving a simplified accounting workbook to the client free or charge or at a reduced price. Of course, classes can be offered on any subject the client might benefit from. Regardless, it is a positive demonstration that the firm has a real concern and care for the client.

It seems more and more CPA and accounting firms are realizing that client education enhances communication which only serves to build trust and client loyalty. Obviously, the longer clients stay with a firm the broader that base becomes. As client businesses grow, mature, and change over the years, firms that take the time to nurture their base, diversify the services offered, and adapt to the changing times, are first in line to service the wide variety of accounting needs that invariably follow.

QUESTION: Does Your Accountant Care About You?

The simple truth is that in almost all businesses there are great clients/customers, good clients/customers and pain-in-the-butt (PITB) clients/customers. Service businesses such as accounting firms have "clients" as opposed to "customers". Some firms even categorize their clients as A, B or C. An "A" client or "great" client is one who brings in a lot of work, doesn't complain about the bill and pays on time. A "B" client or "good" client is one who provides steady, predictable work, doesn't complain and pays the bill within a reasonable period of time. A "C" client or PITB client generates little work, takes up a lot of time, complains about the bill and pays late, or refuses to pay part of the bill.

It is only natural that the firm's employees provide better service for the A and B clients. If you are a PITB client don't expect much. However, if you are an A or B type client then there are certain aspects of service you should expect. For instance:

1. Quality of service – This is a measure of professional competence. The work, by and large, should be mistake free. The product, whether it is a tax return, financial statement or report should be neatly printed, without errors in grammar and punctuation, prepared on professional letterhead, folders and etc.
2. Timely – The work should be completed within a reasonable time frame. If circumstances arise causing delay, then this should be immediately

communicated to you.

3. Communication – The scope of the work to be performed, estimated time for completion, expected fees, should be formally agreed upon in an engagement letter in order to insure that you fully understand what is and what is *not* going to happen. The engagement letter also holds the accountant accountable. Any changes must be communicated and agreed to by you before further work ensues.

4. Fees – Billing practices of the firm should be thoroughly explained to you. Is there a flat rate for certain products such as financial statement preparation that you can count on? Or, is billing based on hourly work? Is there a minimum fee for certain portions of an hour? Do you get billed for an hour if only a half hour of service occurred? Do you get billed when a secretary or receptionist handles any of the work? Can you ask a question without being billed if less than fifteen minutes was spent answering the question?

5. Friendliness – Does the accountant seem glad to hear from the client no matter what? Or, does the accountant seem distant and slightly irritated by the call? If you have a hard time understanding a concept, does the accountant show patience and a willingness to take more time to explain? Does the accountant help you feel you are important and valuable?

6. Education – Does the firm offer any classes or opportunities to teach clients about some aspect of their financial interest? Is the accountant willing to teach you if you show an interest?

7. Value Added – Is the firm proactive? Does the firm look for opportunities to provide better service for its clients? Is each employee of the firm encouraged and trained to add value to the service provided beyond your expectations?

The bottom line is: Do you, the client, feel part of a family or like an outsider, or perhaps even like a nuisance. If you are not happy, let them know. There is a good chance the partners will make sure you are taken care of.

TIP: Shop Around

What if you still feel like you are being treated in a way that makes you feel like you are imposing or being ignored? It may be time to move on. After all, there are many excellent accountants out there. Maybe you should look for a smaller firm where you are dealing with a partner? The fees might be more reasonable and you may get the attention you need, along with the quality or service you expect.

Find someone you can connect with. Conduct interviews. Ask some pointed technical questions about your business and see if you receive an answer that

makes sense to you. There is an old accounting joke that is not necessarily true. It goes like this: *Do you know what accountants use for birth control? No. It's their personalities.* Some accountants are real brainiacs and maybe your stuff is so technical it needs someone like that. Remember, accountants want your business so shop around. One of the best ways to find a good accountant is to ask your friends about their accountant.

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