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Five Keys to Better Client Retention

Attracting and retaining clients has taken on new importance for CPAs whose firms have taken a hit in the last few years. "In this recession, CPAs have had some whoop-ass put on them mostly because the number of clients is dissolving," says Rick Telberg, president and chief executive of East Hampton, N.Y.-based Bay Street Group LLC, advisers in marketing, management and strategy for the tax, accounting, and finance industries.

The biggest way to land new clients is through referrals, Telberg says, and these days it's happening online. "What we've found is that the firms that are doing something—anything—are making progress," he says.

Social media sites like LinkedIn, Facebook and even Twitter are helping CPAs get in touch and stay in touch with clients. "There are a minority of firms that are really good at this, and a few will outperform," Telberg says. In every firm, there is usually someone who is knowledgeable about social media and uses it already to keep in touch with friends and business associates, " he says. "The rest can learn."

And while CPAs blame the recession for client defections, Telberg says that not everyone shares that view. A recent Bay Street Group survey showed that when clients change CPA firms, 63 percent of accountants think it's related to high prices. At the same time, the survey says that 66 percent of clients says it has to do with poor service.

The survey also showed that 25 percent of clients leave a CPA firm because they need new or different services, Telberg says. "When we go back to check, we find that 75 percent of the firms

do offer those services," he says.

The lack of communication between accountants and their clients means that a major disconnect exists. And that disconnect can have a major impact on business. "All of a sudden, the only thing that matters is clients," he says. CPAs "know what they should be doing, but they've gotten lazy. They need to step up to the plate," Telberg says.

Pick up the phone. So how do you win back clients? Simple—call them, says Dan Morris, CPA and a partner in the CPA firm of Morris + D'Angelo in San Jose, Calif. "Take your top 20 customers and once a day make a phone call to one of them," Morris says.

During those conversations, ask how business is going, which projects are in the works and what's coming down the pike. "They'll tell you what issues keep them up at night. If you can solve those, you'll be their hero, and heroism leads to loyalty," he says.

Use technology. Sending sensitive financial information and tax documents over unsecured e-mail can give any client insomnia. Some CPA firms are helping their clients feel a little more at ease with secure portal technology, says John Higgins, CPA.CITP and strategic advisor at CPA Crossings, LCC, a firm that provides technology strategies for accounting, tax, legal and financial services professionals.

With portal technology, clients can log onto the CPA firm Web site and download tax and financial documents anytime they like through the secure portal. "Portals are a very fast growing area

among CPA firms, and security is the main reason," Higgins says.

Choose a niche. With more than 25 years of experience, Sharon Kreider, founder of Kreider CPA in Sunnyvale, Calif., focuses her practice on tax issues and strategies for small businesses. "I built my practice speaking to realtors on what is the latest hot tax issue for their clients. This year I tell them about foreclosures, last year about the buyer's credit and before that on house sales," she says.

Focusing on one industry can help define your practice and make you the "go-to" CPA among professionals in that field because of your special knowledge and expertise. "My advice is to develop a niche like real estate or stock options or investment tax planning, and then sell yourself to the professionals who deliver the product," she says. "They'll sell for you."

Take the team approach. DiCicco, Gulman & Company in Woburn, Mass., uses an organized team approach to respond to clients more quickly. Although the firm had been using the team concept for a while, it was formalized in the beginning of 2010 when the office was reorganized. "We believe that clients are better served when there is a team in place that adds value, communicates regularly and responds to questions in a timely manner," says Cheryl M. Burke, the firm's chief operating officer.

"Each team includes members of our operations group because they are able to answer clients' questions if another member of the team

is unavailable," Burke says. "When clients know that there is a team there for them, they appreciate it, and our relationship is strengthened," she says.

Explore pricing options. CPA firms are taking a hard look at their pricing schemes as a way to pull in new clients. "If you want to attract customers, stop hourly billing," Morris says. "In hourly billing methodology, the customer pays for all the inefficiencies," he says. "That's never a better way to do things."

Morris says that his firm has not had a time sheet in 10 years, and he hasn't regretted it. Although setting accurate rates for services can be challenging, clients appreciate knowing up front how much they need to pay so that they can budget accordingly, he says.

"Are you going to make pricing mistakes? Absolutely!" Morris says. But the benefits the firm reaps in customer satisfaction far outweigh any miscalculations in cost, he says.

Retention is all about customer satisfaction, Telberg says. But for some CPAs, client relations don't come easy. "There's nothing on the CPA exam that teaches you how to interact with clients," he says. "It's not always about the business—sometimes it's about the business owner," says Telberg, adding that it starts with knowing the right questions to ask.

If you don't put the time and effort into improving the service you offer clients, someone else will. "It takes a certain skill to understand what clients really want, but accountants are terrific learners," he says. "They are perpetual students." □