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It's All About Communication

If I went back to college again, I'd concentrate on two areas: learning to write and to speak before an audience. Nothing is more important than the ability to communicate.

—Gerald D. Ford¹

Have you ever found your unopened reports in your client's files and heard your client ask, "Well, how did we do?" Speaking at the famous Missouri MAP (Management of an Accounting Practice) Conference, CPA Bill Reeb likened poor-communicating accountants to radiologists who send their patients the MRI film of their tests with a note that says, "Look these over; if you have any questions, call me." His remarks drew a knowing chuckle around the room, because all too many accountants send clients financial statements, tax returns, or other reports with a similar type of note.

Compare the differences in your reaction to a radiologist who simply hands you the film and says, "Look these over and if you have questions, give me a call" to one who spends 30 minutes talking with you and interpreting the film. To which doctor are you willing to pay a higher fee, and to whom will you listen when another test is suggested? Which doctor would you drop the soonest, and which doctor will you recommend to your friends?

Communication Is Your Most Profitable Activity

Calculate what would happen to your profits if you added 20 percent to your revenue next year. Would you add any more overhead? Would you add more staff members? When established accountants answer these questions, they usually conclude that extra revenues produce a very high incremental margin of profit.

Recently I referred a friend to an accountant for tax assistance. My friend was just starting a new business and needed someone to help with structuring

PORTRAIT OF A SALES LEADER

MARK KALAND, member in charge of the Milwaukee, Wisconsin, office of Clifton Gunderson, LLC, is a different kind of communicator. Kaland believes that he must communicate in the language of the client. And since each client communicates somewhat differently, Kaland must be more versatile in the manner in which he communicates.

Kaland joined Clifton Gunderson (CG) in Macomb, Illinois, right out of the University of Wisconsin. He says that during his early years with the firm, he was fortunate to work for two of the Clifton Gunderson future chairmen, Curt Mingle and Carl George.

Curt Mingle had a habit of taking young people to client and prospect meetings. Kaland was impressed with Mingle's ability to listen for client needs and then articulate a CG solution. Over the years Kaland began to take some personal responsibility for meeting with prospects and clients to help solve their needs.

"It was so helpful, watching Curt Mingle perform. We got the jobs. He always amazed me at how articulate and smooth he was, especially under fire. You really couldn't rattle him. It was a good experience for me to learn from him," says Kaland.

Kaland does not like the word "selling" because he feels it connotes pushing a product on people. Kaland is a major business developer for CG because he approaches his clients and prospects as a servant. He says, "If a prospect has a tiny glimmer of dissatisfaction with their present CPA, we can almost always get a new client.

"Carl George taught me to be very client focused. If I can convey my intense interest in helping, the prospect will be convinced to hire us. Carl George had a profound effect on me. He really helped me to mature. Carl would help me set goals and action plans to attain those goals," said Kaland. George helped him set goals for getting involved in the community. Getting involved helped Kaland build confidence, and, as a result, he began to establish his own relationships. "Meeting with people who you don't know, improving communication skills, and George taking me out on proposals was how I learned to market myself," says Kaland of his early training. Going to client meetings and getting involved in the proposal process early helped him learn what clients wanted.

his business and saving taxes. For the first three months of his business, my friend actually lost money. And although he was optimistic, the second quarter didn't look all that promising.

I was horrified to learn that the accountant delivered tax forms that required my friend to pay \$4,000 a quarter to the IRS based on a hoped-for \$50,000 income in his first year in business. There were no verbal communications about alternative estimated deposit options. My friend had one meeting with the accountant, dropped off his prior year information, and picked up his completed tax forms.

Marketing is communication. All communication is marketing. Without communication, the accountant's value is decreased. My friend will never recommend this accountant to others.

Your MBA in Marketing

When I ask people in my training classes "What is marketing?" they usually respond with one of the elements of marketing: advertising, selling, or printed materials (i.e., brochures). Yes, these are all parts of a larger process of communication.

Prospects make decisions to engage your services on an emotional, subconscious level. They may go through a fact-finding proposal process, but ultimately prospects will say, "*I felt* ABC firm was my best choice" or "*I felt* like we had the best chemistry." Effective marketing should be designed to tap into prospects' minds and influence their thought processes.

Take Control

Left to their own schedules, prospects may meander through the marketplace of accounting providers until they hit a problem. Then they will rush to find comfort with someone who can solve that problem. The most successful marketing program will lead prospects to your door—and to your door only. Accomplishing this requires you to be communicating with your prospects before they encounter problems.

Sometimes your communications create demand for services for which customers have not yet perceived a need. The Chrysler minivan, the Sony Walkman, and the Macintosh computer were all created before customers demanded them.

The process described on the following pages depicts a framework for the marketing process to help you see how marketing works.

The Buying and Marketing Process

The best way to develop a complete marketing program is to understand the manner in which people make significant purchases. We aren't talking about a small \$1 purchase, but a significant commitment.

Suspects Become Aware of You

The first event potential customers experience is *awareness*. People must be aware of you to consider a purchase. But with only awareness, they do not have enough information to purchase. Awareness often comes long before a need develops. Marketing research has shown a strong correlation between brand awareness, or top-of-the-mind awareness, and eventual purchase.

In marketing lingo, “suspects” is the name potential clients before you know whether they have need of your services. Suspects become prospects when they are qualified. You create awareness in potential clients most efficiently by advertising and public relations. Advertising can be paid, as in the television ads of Arthur Andersen and Ernst & Young. Public relations can be word-of-mouth testimonials, speaking appearances, print coverage, or myriad other alternatives.

An accountant told me, “Well, I ran an ad and didn’t get one client, so I quit marketing.” Awareness building through advertising is important in creating receptivity and helpful in reinforcing a buying decision. But you can’t rely on advertising to close sales.

Mark Kaland says, “Marketing is everything the firm does to put its members in front of potential clients. I also look at it as ways that we become more familiar with our clients’ needs. You have to communicate with them as to where we can help or where we can get them help. I guess it includes everything from projecting an image in the community to getting your people in tune with putting themselves in organizations in positions where they will come in contact with new prospects. This includes speaking engagements and everything else that you can do in an organized way to consistently be visible. We do a lot of analysis of our existing clients as to who their key advisors are and what their needs are. We caucus as a team. This is all part of the process in being able to serve the client in the best possible way. Whatever puts me in front of a prospect or a client with a new product or service that is going to solve a problem for them, I view that as part of the marketing effort.”

Familiarity Develops

The second general event in buying is developing familiarity. Think about your last vehicle purchase. You were aware of a brand that created your initial interest. When you began investigating options, simple awareness made you more receptive to a test drive. But the test drive or the tryout enabled you to become familiar with the product.

Accountants develop familiarity in prospects through networking, seminars, and one-on-one meetings with potential buyers. Sometimes prospects

do not aggressively seek familiarity until they begin to perceive a need. But marketing research shows a strong correlation between the familiarity level and final buying decision. Familiarity is really a deeper level of awareness.

When I perform postproposal follow-up for my accounting clients, I find a strong correlation between the amount of time prospects invest with the bidder and winning the bid. In over 70 percent of the winning proposals that I have tracked over the last five years, a decision maker in the buying entity knew one of the accountants for well over two years. Most of the losing proposals were from accountants who were not as well known to the client.

Greg Anton, who was introduced in the Day 11 chapter, says, “I compare my marketing activity to that of a funnel. For example, when I teach a class, I regard all the participants as flowing into the wide opening of the top of the funnel. Some of those participants will flow out of the bottom, and those are the ones with whom I can have a mutually beneficial relationship. It’s like a dating process. It involves a series of questions, answers, meetings, greetings, and socializing opportunities that naturally occur as the participant-prospect moves through the funnel to eventually become a client.”

From a prospect’s point of view, developing familiarity begins in earnest after a need arises. From a seller’s perspective, waiting until a need arises to begin developing familiarity is risky.

Need Develops: Suspect Becomes “Live” Prospect

The third event that occurs in a typical buying cycle is that when a need arises, the potential customer begins to sort through available options, seeking a solution to a specific problem. From a seller’s perspective, differentiation is the appropriate marketing response. Sellers must demonstrate how their services are different from the competition and how their services more precisely fit the prospect’s perceived or real needs.

Sellers can improve their odds of success by creating differentiation in the potential client’s mind long before a need arises. For example, assume that a CEO develops a need for an improved technology system for her business. If she is familiar with your capabilities to help, she will call you first. Your firm may be the only one considered.

Differentiation occurs when you become a specialist in a service category or an industry. Prospects typically ask questions like these in the early portion of interviews: “How many other businesses like mine have you worked on?” or “How many other problems like mine have you solved?”

Before prospects decide to commit, they must develop positive perceptions about the winning seller. David Maister, in his landmark book *Managing the*

Professional Services Firm, says, “Excellent capabilities are essential to get you into the final set to be considered, but it is other things that get you hired.”

Usually, after all the technical screening is complete, the intangible qualities are considered. Do the prospects’ executives like you? How do they judge your commitment to their problems? How do they perceive your willingness to stand behind your services when you err? When they err? What about your other professional relationships? What about any other benefits from a relationship with you?

Awareness building, familiarity development, and differentiation can all occur, but if the buying influencers develop negative perceptions about you, they will not engage you. A CEO recently told me, “We just didn’t like the partner even though he was probably the most technically qualified of the four we interviewed. We needed someone we could relate to and work with.”

You make the sale when the prospect understands that it will cost more to do nothing about the problem than to do something about it.

—Ben Feldman²

Conversion from Prospect to Client

Many books have been written on closing the sale. Many speakers extol artful phrases designed to close the sale. Most commission plans pay on closing the sale. Although it is the one climactic event, emphasis on closing the sale is overdone. I have found that the sellers who emphasize the elements leading up to closing the sale succeed more often.

Think of the Olympic athlete who focuses all of his attention on winning the event, with very little time spent on preparation. Without cross-training, endurance training, strength training, and nutritional training, most world-class athletes would not win. When an athlete mixes God-given talent with solid training and strong desire, he is prepared to win.

Converting a prospect into a client is an exciting event. It should be celebrated and rewarded. But the high success rates will go to those of you who lay a foundation through advertising, networking, specializing, and generally creating an environment whereby you will be the obvious and sometimes the only choice.

Building Client Loyalty

Very few businesses have clients with as strong a recurring need as do accountants. People outside our profession call it “evergreen revenue.” Most other

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businesses must sell their clients on every purchase. Largely because of this phenomenon, many accountants are lulled to sleep when it comes to marketing to clients.

Those accountants who continue to market to their clients as if those clients were their best prospects tend to experience the most profitable growth. In today's economic environment, customers and clients are more demanding than ever. Pressure to improve the quality of service is being applied from many directions. In today's marketplace, it is crucial for you to aggressively build client loyalty.

Client loyalty means a great deal more than satisfaction. Loyalty is clients who come back because you are the best choice. Loyalty is clients who tell others about you because you provide them great service. Clients who are merely satisfied can, and often do, find a better alternative.

After the sale is closed, you must continue to market to your clients by listening, talking, and writing. You must find ways to reinforce their decisions to hire you.

A lot of accountants pay lip service by marketing to clients, but few follow through. For some reason, many accountants don't feel the immediate need, so they fail to communicate with their clients well.



Business is built on the loyal customer, one who comes back and brings a friend.

—W. Edwards Deming³

In the Adams and Davis study mentioned in the Day 14 chapter, clients who had left their accountants cited “The accountant was not proactive in delivering services” as the top reason. Accountants have a wonderful opportunity, similar to that of the phone company, to create new services and deliver them across a client base. What are you doing to deliver new services to your clients every year?

Clients who are grappling with today's complex business environment are demanding new and more services. Financial technology is exploding and is confusing for most businesspeople. The winning accounting firms are up-to-date on providing solutions in this high-tech world.

The highest order of marketing is the successful promotion of word-of-mouth advertising. When you create a steady referral marketing program, you are creating a whirlwind of clients. Clients who refer you are loyal and are likely to be using several of your services. Prospects who arrive at your door referred by a delighted client are ready to engage your services.

So there you have it, almost 30 years of marketing study and practice boiled down into one small chapter. Everything you will learn about marketing throughout this book and others will fit neatly into the structure described in this chapter.

Summary

Your best marketing step is to improve communication with your clients and prospects. The marketing and buying process includes initial awareness of you, increasing familiarity, need development, conversion from prospect to client, and building client loyalty. This process, done right, will generate the repeat business and referrals that will enable you to build a strong and successful business.