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Online Marketing and Technology Consulting

The Internet allows information to be distributed worldwide at basically zero cost.

—Bill Gates¹

The Internet as a marketing tool is now mainstream as large companies utilize its capabilities to grow their businesses. As far back as 2000, Dell Computer sold \$45 million of its products and services *each day* online.

Many CPA firms have tried Internet marketing strategies. Electronic commerce will continue to grow in importance, and savvy CPAs will learn to use online tools to build and promote their businesses. This chapter will help you develop a sensible framework for online marketing and will lead you to deeper resources for further thought and action.

A good electronic-commerce selling strategy has the same strengths as any other good marketing strategy. You must first focus on serving your clients in better, more meaningful ways. Your Web site allows you to provide everything from staff bios to white papers as references for prospects and resources for clients. Communicating with clients via e-mail is a powerful tool. Transmitting files, general ledgers, check runs, and analyses online is a smart and efficient way to work with clients in the new electronic-media world. If you meet with a prospect and cannot discuss your ability to do this, you will be at a major disadvantage.

Client Services Online

There are an endless number of ways to serve your clients more thoroughly using the Internet. For example, a search on google.com on “reminder system” will provide free and other software that will remind you of important dates. You could set up a similar system for your clients, where you would remind them of important tax deposit and filing deadlines. This system

could be the basis for a personalized e-mail newsletter. Such a reminder system would be a way to have additional interactions with your clients. Via such a system, you could also keep your clients updated on relevant products and services that you want to cross-sell.

Jim Belew, whom we met in Day 3, has been using the Internet for some time, along with the rest of his firm. He says, “We work internationally through many of our Horwath affiliates. The Internet has helped us serve our clients by putting them directly in touch with someone in Europe, Asia, or Australia who may be able to help. Most of those areas are in significantly different time zones. We can communicate during our working hours and they can respond during theirs. Also, being able to check tax and financial information available through our worldwide organization has been powerful to many of our clients.”

David Morgan, whom we met in Day 1, uses his Web site to work with clients. He says, “I’m real excited about our Web strategy. For one thing, we’ve pulled all the affiliates together on the front page to make it easy to get to all of our different businesses. One of our differentiators is our broad range of services. We are going to an electronic newsletter. Sending out what we call our ‘e-alerts’ is a little teaser to come to our Web site. The main information will be on the Web site. There are also links to other information that our clients will find interesting, so we’re moving rapidly to the Internet to disperse information to our clients.”

You can also have client financial statements, tax returns, and other data online so the CPA and client can view the documents together, real time and online.



The consensus is strong that relationship marketing will thrive on the Net thanks to its speed, low cost, and convenience.

—Direct magazine

Your primary goal in any online strategy is to make it easy for your clients to work with you. In their book *Customers.Com*, Patricia Seybold and Ronni Marshak recommend that you invest “at least 50% of your IT [information technology] dollars in making it easy for customers to do business with you.” Seybold and Marshak cite five customer fundamentals:

1. Don’t waste our time.
2. Remember who we are.
3. Make it easy for us to order and obtain service.

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4. Make sure your service delights us.
5. Customize your products and services for me.

How do you obtain full value from your online strategy? The only way I know is to meet with your most important clients and representatives from your other clients and quiz them on ways you could design your Web and Internet strategy to make it easier for them to do business with you.

Bill Fingland is guiding his firm to use the Internet more: "Let me give you an example. Not having e-mail would show a lack of technological capability which would be a disadvantage in the marketing process. But most everybody now has e-mail. Now look at our small business service clients—they want us to have the capability of downloading checks over the Internet so they don't have to send us their checks and have us re-enter them. Then go one further step—which we do, by the way. We are interacting with our clients over the Internet relative to 401(k) and other employee benefit plans we administer. The clients' employees can log onto the Web site and get their account balances, after going through certain security measures."

Industries and businesses that must operate in the marketplace of free choice know that they must change, they must adapt, they must accommodate to changes in public attitudes—or they will surely die.

—William D. Ruckelshaus²

David Morgan says that his firm has been able to assist on major litigation or other analysis matters by working with firms on the other side of the globe. He says, "We can scan documents or FedEx them. Very good accountants in India can analyze the information during our nighttime. Then we can present the product to our client the next morning. This is awesome client service."

Great businesses have been built during the last few decades by using technology to serve clients better. H&R Block used technology to capture nearly a billion dollars of tax return business on which CPAs were losing money. ADP, Paychex, and others have some of the most rapidly growing businesses processing routine payroll transactions. You can be sure that some of the major players are readying a strategy to reach the heart of your business—the owner-managed business, with sales of \$1 million to \$100 million.

Internet researchers are thinking about how to attract your clients to their firms and provide services you can provide. Can they involve your clients in frequent user clubs? Can they disconnect clients from you and reconnect

those clients into their communities? Who knows if the players on the scene will be the successful ones? But, count on it, there are online experts lusting after your clients.

Too often technology is perceived as the problem rather than the solution; as something to be avoided rather than embraced. This is about as logical as my daughter's observing, while our family was driving through an unfamiliar city: "Trying to read a map while driving causes all the traffic lights to turn green."

—Norman Augustine³

Recruiting Online

Some of the most important marketing a CPA firm does is recruiting. Obtaining the best resources to provide your clients with high-level, uninterrupted service is crucial to any firm staying in business today. Low-tech firms that are not using the Internet will be at an increasing disadvantage as more experienced people become techno-savvy.

College students have used the Internet for many years to search for employment and to research prospective employers. Have you had a serious candidate interview you in the last few years who hasn't seen your Web site? Have you seen theirs? Most candidates have personal Web sites, and you can learn a great deal about them by reviewing their Web sites before the visit. Most of all, you will impress the students that you took the time to check them out.

Bill Fingland believes in the power of the Internet for recruiting. He said, "I think the most important marketing that we do on the Internet is recruiting. And I think recruiting is marketing and selling. Using your farming analogy, the only difference between recruiting for people and recruiting for clients is growing beans or corn. They are both the same processes. For us to get the best clients, we must have the best people. The Internet is a critical ingredient of our recruiting process."

Developing Community with Your Referral Sources and End Users

Some of the best referral sources for CPA firms are end users of your products. End users might be investment bankers, surety agents, or commercial bankers. An online strategy for your referral sources will encourage them to refer you more. For example, online financial statements will allow you to richly communicate with clients and bankers when all three of you may be

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in different cities. Bankers who experience such an event will rave to other bankers and prospects about your capability.

Prospecting and Selling Online

Success in the online marketplace isn't a sure thing . . . [but] nothing we've seen so far comes close to its potential.

— *Guerrilla Marketing on the Internet*⁴

Just as people do not want junk mail, they seem to hate junk e-mail—“spam”—as well. Spam is uninvited e-mail. Many people have told me that they hate all that spam littering their e-mail systems. Yet it is tempting to e-mail prospects your solicitation or newsletter. After all, it doesn't cost you anything more to send 10,000 e-mails than it does to send 10. Anything that inexpensive is attractive to a good business marketer.

As discussed in the Day 8 chapter, in his book *Permission Marketing*, Seth Godin describes how to develop good online relationships. Just as in face-to-face relationship building, you must be willing to invest to get something in return. Godin recommends that you give something away free to prospects who meet your criteria and will provide you with some information about themselves. In your case, it could be a free subscription to your firm's newsletter. It could be a special report you have prepared. The concept of permission marketing basically is an ever-increasing give-and-get relationship with a prospect until the prospect “holds up his hand,” Godin says. Two advantages to any online marketing strategy are that it is both customizable and interactive. You can provide your clients with custom date reminders, custom newsletters, and custom services. Then the clients or prospects can interact with you in a much richer environment of collaboration and communication. You can communicate with clients 24 hours a day, in a way that is convenient for both of you.

Building a beautiful Web site and then not marketing it properly is like building an incredibly elaborate billboard and putting it in your basement.

—John Audette⁵

Technology Consulting

CPA firms throughout the world are facing opportunities in technology consulting. Some of the opportunities are overwhelming, a bit like trying to take a sip of water from a fire hydrant. The market for high-tech services

offered by CPAs is unlimited. But the challenge is in making a profit for both you and your clients.

Only a few firms are creating significant profits from technology services. Some firms are creating high revenue, but still earning low or negative margins. Many firms have yet to try their hands at helping clients with technology. Other firms are losing big bucks in high-tech endeavors. Some badly burned CPAs say, “Never again.” No matter what type of firm you represent, this section will help you align your services package for maximum impact for your clients and profitability for you.

CPA firms are naturals for technology consulting. CPAs are the most-trusted business advisors. CPAs understand the financial transaction side of business and how business owners make decisions. “Techies” understand the hardware and software but may struggle with business applications.

With high tech such an overwhelming market and with the unique positioning of CPAs, why do so many firms make low or no profits from technology consulting? Having consulted with dozens of CPA firms experiencing these challenges, I have learned some dos and don’ts. They can help you be more successful.

Six Do’s for Successful Technology Consulting

1. Decide on your business strategy.

Do you tell your clients that you are in the relationship business, then come across like a used computer salesperson? Naturally, there will be a “disconnect” with you, your staff, and your clients when you use two or more business strategies. Most accounting firms are relationship oriented. When you are relationship oriented, you will not be able to lead the competition on price or product quality.

If customer intimacy (relationships) is your business strategy, then you must say to your client: “We may not have the lowest price and we may not have the latest doodad, but we will serve more of your needs in a more effective manner.” Service packages that fit this strategy might include technology assessments, tech plans, request-for-proposal design, disaster recovery planning, software compliance, accounting and cost system design, financial and stakeholder information systems designs, EDI (Electronic Data Interchange), security, and technology utilization studies. Pick areas you are already strong in. Don’t try to do everything.

And remember, since relationships are your business, don’t let your computer experts talk you into one-time engagements. Relationships are ongoing, not hit and run.

2. Develop a team approach and have people with consulting and business savvy lead and manage the effort.

Gary Boomer of Boomer Consulting says, “To run a successful computer consulting business, you need four mentalities: a business consultant, a salesperson, a teacher, and a strong computer expert.” Perhaps a couple of these mind-sets can be resident in one person, but usually one person cannot be all of the things you need to have a fully functioning consulting business.

Be wary of computer people who cannot communicate with you in layman’s terms. They will not communicate with your clients any better!

Boomer goes on to recommend that you build a team of individuals with outstanding and unique abilities. Team members with the leadership and relationship skills should come from inside your firm, but other team members can be either on your payroll or on someone else’s.

The team member who fulfills the business consultant role is crucial to the interface with the client and the leadership of the consulting team. Usually, sending your business consultant to perform teaching or technical work is not effective. Rarely do the consultants or the salespeople devote the time to deep technical proficiency.

The technical experts are the ones who will assure that applications perform as promised. But technical experts rarely have the business acumen or personal communication skills to help clients strategize or the patience to teach clients how to use systems and software. Without good teachers, clients’ utilization of new systems will be difficult at best, or will fail. Teachers have the step-by-step knowledge and patience to help clients learn systems and software at each client’s own pace.

When starting a technology consulting practice, many CPA firms try to use the in-house network administrator to lead the consulting practice for clients. This is a big mistake. Begin the consulting practice with a business consultant with technology knowledge. This leader should develop alliances with specific technology experts both inside and outside your firm. As the technology practice grows, you can be selective as to whom and what applications you bring into your firm.

3. Hire people with integrity.

Someone once said, “To err is human, to really foul things up, you need a computer person.” *Trust* is at the heart of your client relationships. Many computer people are prone to overpromise and underdeliver. Most of us have heard or experienced horror stories of great client relationships being ripped apart when a firm tries to “help” with a client’s computer installation.

By the same token, the CPA must understand and be willing to accept the fact that computer hardware and software are always “under construction.” Systems and software will not be error free. Therefore, you must manage expectations and be prepared for the normal debugging process.

The computer industry has its share of technical geniuses who lack basic integrity. Many of them think nothing of cost overruns, delays, and inoperative systems. Some will even “infect” clients’ systems with secret codes that will prevent other technicians from working on the computers. We have all heard the stories of entire computer departments leaving in the middle of the night to open their own shops in competition with the CPA firm that helped them start. Also, the industry has its share of hobbyists who sometimes try to appear as businesspeople. So, be very careful when selecting the people who work in your computer-consulting department: Look for basic integrity.

4. Develop standardized processes and systems.

To become an expert in anything, one must focus. Installing MAS 90 today, Medical Manager tomorrow, and Peachtree the next day is a sure road to poor performance. The firms that select a high-demand service to apply throughout the client base are the ones that most often succeed. This is why deciding on your business strategy is the first step.

Performing independent computer assessments and helping with technology planning, for instance, are compatible and similar services to auditing, accounting, and tax planning. These services can be standardized, render great client value, let you profit, and help you avoid many of the pitfalls of hardware and software installation and service.

5. Become a model in the use of technology and invest in training.

Training, not CPE, is crucial. The acronym PEBKAC stands for Problem Exists between Keyboard and Chair. If your firm is full of PEBKACs, you cannot model the use of good technology.

Ron Eagle, former managing director of the MCS department of Olive, a large Indianapolis accounting firm, says, “A firm that promotes the effective use of technology must itself use the technology.” If your partners and staff members are lagging in the use of technology, you will not have credibility with your clients. You will be better off developing a strategic alliance with another firm that can model the use of the systems you recommend than trying to implement systems you do not use.

6. Focus on progress, not perfection.

Computer experts agree that the perfect system has yet to be invented. If you wait for all the bugs to be worked out before you attempt to make progress,

you will fall farther behind. Gary Boomer has coined the phrase, “Let’s focus on progress, not perfection.” CPAs need to heed this savvy rule.

Four Don’ts of Technology Consulting

1. Don’t select a business strategy for technology consulting that is incongruent with your firm.

You must operate to help your clients succeed first. If you profit as a result of clients’ successes, then you have the right formula for long-term success.

If your primary motive is profit, you can easily be attracted to a business strategy that will pull and tug at the very fabric of your firm. Oftentimes incongruent business strategies will lead to firm breakups, lost and unhappy clients, broken trust, and bad publicity. This can happen in the largest and the smallest situations.

Some firms have developed a business strategy for technology that will attract different clients from those the CPA firm can serve. Unless your firm markets to upgrade the client list to include the new technology customers, the one-shot engagements will be high cost and low (or no) profits.

The best implementation strategy will develop deep communication and trust among your accounting and tax partners and senior management and the technology consultants. Separating the consultants from your accounting firm (to do their “own thing”) may not be in the best interests of your clients’ success. When you violate the principle of “clients’ success creates profits for us,” you are entering a high-risk and low-payoff arena.

2. Don’t bill by the hour.

Focus on the value your client is receiving from your services, and you will be able to deliver higher value for the client and more profit for your firm. CPA firms that bill technology services by the hour must produce hours to be profitable. Those that focus on value-billing will produce value for the client and for themselves. Ron Baker, CPA and consultant, says, “When CPAs focus on effort rather than value, both the client and the CPA lose. Technology consulting offers CPAs a tremendous opportunity to add value. Why ignore the opportunity by focusing on effort?”

3. Don’t forget to manage the consulting process.

Technology consulting requires a different management style from that used by traditional CPA firms. Charge hours per year are usually less because of the enormous training and selling time required. Good technology consultants command premium salaries. When you combine training expenses, lower charge hours, and higher salaries, you face the need for premium billing

rates and management's attention to downtime and cost overruns. Due to the fact that many computer experts are hobbyists, management must continually help refocus team members' efforts on the business. Without careful management, losses can mount in a technology consulting practice very quickly.

Know Your Customer's Techno-Rating

Dell Computer classifies customers so that they know better how to deal with them:

- **Techno-Wizard:** *Most interested in being on the leading edge of all new technology.*
- **Techno-to-Go:** *Just wants the computer to come out of the box and work without any hassles; they worry about not having enough hand-holding from technical support.*
- **Techno-Boomer:** *Wants to be and look intelligent; they do a lot of research before purchasing, sometimes putting off the purchase because they worry about making the right decision.*
- **Techno-Teamer:** *Is going to be plugged into the office network, so the biggest concerns involve network failure.*
- **Techno-Critical:** *Uses the computer as the lifeblood of the business. Biggest fear is system failure.*
- **Techno-Phobe:** *Rejects technology altogether. It would be hard to sell techno-phobes a computer.*

4. Don't become the low-margin sales force for a high-margin manufacturer.

Some of the VAR (value-added reseller) contracts offered to CPAs are downright laughable. Manufacturers can make up to 90 percent marginal profit on a new software sale. Some of them will leave it up to you to explain to your client why it costs \$5,000 to properly install and customize the \$600 software package. This is a tough sale. In addition, many manufacturers charge premium prices for training and for firms to become certified to sell their products. You will be better off refusing to represent manufacturers and software developers who use your client-trust bond to gain access to your clients. Seek out developers who will treat you fairly.

Hardware manufacturers give the best prices to volume buyers. If you are a boutique, superstores' retail prices will be lower than your wholesale price.

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CPA firms that clear 8 to 12 percent gross margin find it very difficult to have profits show on the bottom line.

Summary

To stay competitive, you need to use technology in your marketing and practice. Although technology has a cost, it also gives you new services to sell.

Technology options are flooding the world. Many of your clients are bewildered by all the choices, opportunities, and dynamics offered by their computer systems. Many clients have a hodgepodge of software and hardware and are using only a fraction of the power at their fingertips. These forces are creating an environment for the most trusted business advisor, the CPA, to bring credibility and reason to an industry that is exploding. Inefficient utilization, business applications, new accounting systems, and good planning and execution are all fabulous opportunities for the CPA to participate in the ever-expanding technology revolution.