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EXCLUSIVE IOMA SURVEY

Client Feedback: What They Want & How You Can Provide the Greatest Value Now

This is the time of year when many CPA firms survey their clients to obtain feedback about how clients perceive the services they have just received for busy season.

AOMAR has always encouraged the use of client feedback surveys, and we believe all CPA firms should seek both formal and informal feedback from clients. This is the best way to find out what your firm is doing right or wrong so you can do more of what your clients want.

However, we also believe it is helpful to consider information about client satisfaction from other sources when available. As experts in the CPA profession without a direct relationship to client companies, AOMAR sought some objective insights. We surveyed a pool of organizations about their experiences with their CPA firms. Some of the findings are shared below, others will be shared in upcoming issues of AOMAR, and we will be publishing a separate report containing the complete results later this year.

IOMA's *CPA Firm Client Satisfaction Survey* received input from 78 companies representing different businesses, industries, and revenue ranges, revealing what they like—and dislike—about their CPA firms. (Details about the responding organizations are in the accompanying sidebar.)

We also explored clients' relationships with lead CPA firm partners and how CPA firms are communicating with clients (as well as how clients

would prefer to communicate). Respondents shared information about the issues with which they feel an especially strong need for assistance. It is on these results that we focus in this first report on the survey findings.

Top issues facing clients. What's keeping your clients up at night? This was the first question we asked the companies surveyed. While the individual answers differ by the specific business, its industry, the size of the client, and the geographic area, some general trends were immediately clear:

- By far, the impact of the U.S. economy upon their businesses was the leading challenge named by clients: 87 percent of respondents cited this as a leading concern now (see Table 1).

Where Have All the Client Surveys Gone?

We asked respondents to the *CPA Firm Client Satisfaction Survey* to tell us whether their CPA firm (or firms) conduct client satisfaction surveys. We were surprised to learn that only 28.0 percent of respondents said "yes."

We then wondered whether CPA firms serving certain industries were more or less likely to be surveying those industries. While our sample is varied, these trends emerged: All the respondents in education organizations said their CPA firms conduct client satisfaction surveys, and 80 percent of the health care organizations did so too. Least likely industries to receive a survey from their CPA firms: government/non-profit (none of those organizations are surveyed on client satisfaction by their CPA firms), finance/banking/insurance (just 14.3 percent are surveyed), and professional services firms (16.7 percent).

● In a distant second place were financial management issues, cited by 38.5 percent. This is a logical complement to economic concerns; the two areas together may present many opportunities for CPA firms to provide additional assistance to help clients get through these rocky times.

● Third and fourth places were clearly linked: growth/expansion (33.3 percent) and staffing issues (32.1 percent). Given the state of the economy, these are prime issues that CPA firms certainly share—and areas where clients will welcome your assistance and expertise.

Other concerns as identified among all respondents are in Tables 1 and 2.

Industry differences. It's no surprise that all respondents in hard-hit industries such as real estate/construction and manufacturing/mining are concerned about the economy (see Table 1).

Of greater interest are other areas of emphasis: For instance, the leading concern among professional services firms (including law, design, and CPA firms) is financial management; just half of those companies consider the impact of the U.S. economy to be a top challenge. For health care organizations, the U.S. economy is less important (cited by just 20 percent); those organizations are far more concerned about growth/expansion and business development (both were cited as top challenges by 80 percent of the respondents in that industry).

Revenue differences. The size of the client does affect the issues that clients consider most important, even though challenges with the economy led the list across organizations of every revenue size (see Table 2).

Among the largest respondents—those with annual revenues of \$1 billion or more—the number two challenge after the economy is technology, named by 66.7 percent of the respondents.

The smallest organizations were far more concerned with financial management—it was the top issue after the economy for respondents with less than \$5 million in revenues, cited by half of those respondents. Companies with \$5 million to \$10 million in revenues showed a three-way-tie for second-place challenges: staffing issues, growth/expansion, and business development were each cited by 62.5 percent of the respondents in this group.

Foraging for feedback on these and other concerns. How can you tell which areas are of most concern to your clients? Where do clients need help that your firm can provide? Is your firm meeting the clients' needs of today as opposed to the needs from last year? Surveying your clients is the best way to find out the answers to these and other questions.

You don't necessarily have to conduct a formal survey (though it can be very helpful). Respondents told us about other ways their CPA firms are seeking

Table 1. Challenges Facing Organizations, by Industry

	Overall	Mfg./ Mining	Whsl/ Retail/ Dist.	Fin./ Banking/ Ins.	Profes- sional Services	Edu- cation	Util./ Com./ Trans.	Health Care	Real Estate/ Cons.	Govt./ Non- profit	Other
U.S. economy's impact	87.2%	100.0%	92.3%	85.7%	50.0%	100.0%	100.0%	20.0%	100.0%	100.0%	87.5%
Global/international issues	25.6	55.0	23.1	28.6	16.7	33.3	0.0	20.0	0.0	0.0	12.5
Merger/acquisition	11.5	10.0	0.0	14.3	33.3	0.0	0.0	40.0	25.0	11.1	0.0
Supply issues	14.1	40.0	7.7	0.0	0.0	0.0	0.0	20.0	25.0	0.0	0.0
Regulatory issues	29.5	25.0	7.7	57.1	16.7	66.7	33.3	60.0	0.0	22.2	50.0
Financial management	38.5	20.0	30.8	42.9	83.3	66.7	66.7	40.0	50.0	22.2	50.0
Credit/loan availability	28.2	45.0	15.4	42.9	16.7	66.7	33.3	0.0	75.0	0.0	12.5
Staffing issues	32.1	25.0	23.1	14.3	66.7	66.7	33.3	60.0	75.0	33.3	0.0
Leadership succession issues	23.1	25.0	30.8	0.0	33.3	33.3	33.3	20.0	0.0	33.3	12.5
Technology issues	29.5	45.0	30.8	14.3	16.7	33.3	33.3	60.0	25.0	11.1	12.5
Growth/expansion	33.3	35.0	15.4	28.6	50.0	33.3	33.3	80.0	25.0	22.2	37.5
Business development	29.5	15.0	30.8	14.3	50.0	0.0	66.7	80.0	75.0	11.1	25.0
Collection issues	24.4	25.0	38.5	14.3	33.3	33.3	0.0	60.0	50.0	0.0	0.0
Other	2.6	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.1	0.0

(Source: IOMA's CPA Firm Client Satisfaction Survey)

meaningful feedback from them, and they commented on the effectiveness of those methods.

A number of respondents said that regular feedback is solicited, most often verbally. Others were unsure since they thought their CPA firm might be communicating with the owner rather than the controller, chief financial officer, or other internal accounting/finance executive. Frequency of feedback varied, ranging from after each engagement to on an annual basis to, unfortunately, never.

"The lead partner always checks to see if staff he sends out to do audits or answer questions were polite and knowledgeable," said the controller of a manufacturer with \$18 million in revenue. The

partner "follows up to see if we need answers to any questions that they could not answer."

A similar report was made by the vice president, controller, and chief accounting officer for a real estate/construction firm with \$2.7 billion in revenue: "Generally, after every meeting or the audit, they will ask if there are any service concerns we wish to communicate."

Another satisfied client's view: "I have been pleased with them so far. I feel that if I did have any concerns, they would address them," wrote the director of accounting, government/nonprofit, handling \$4.3 million in funds.

Survey demographics

We received 78 responses to the CPA Firm Client Satisfaction Survey, which was conducted last fall. Some of the results are highlighted below:

Figure 1. Respondents by Industry

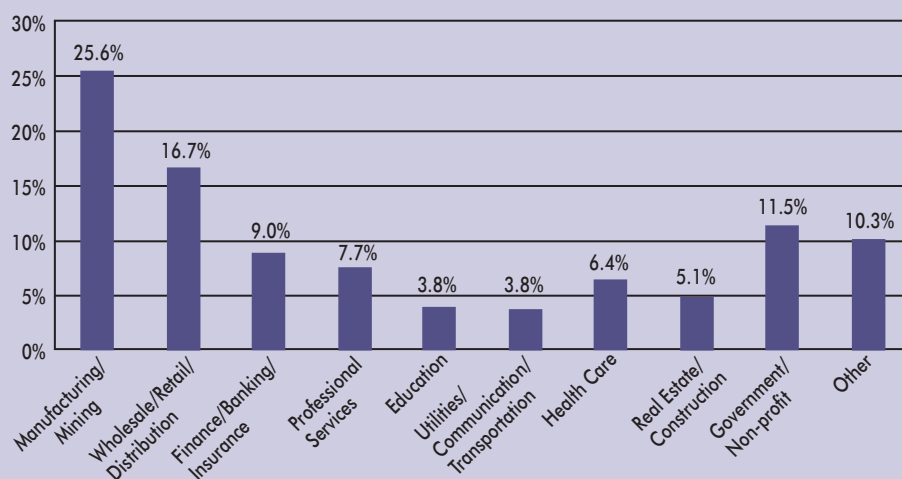


Figure 2. Respondents, by Structure

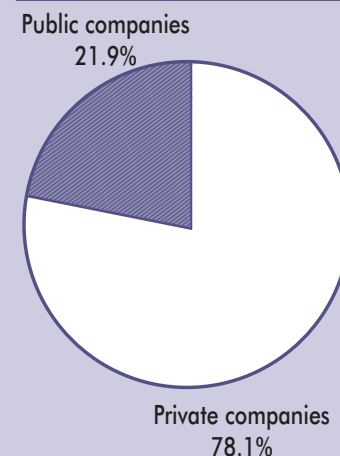


Figure 3. Respondents, by Region

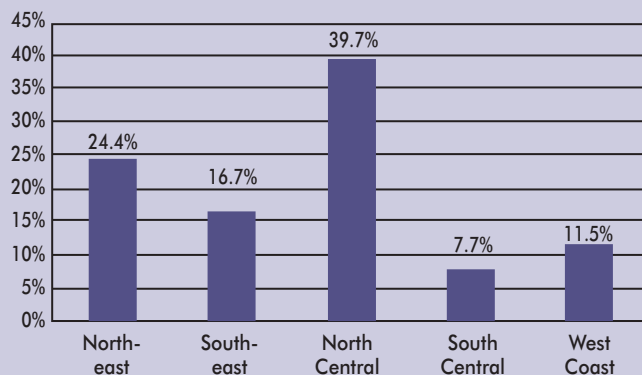
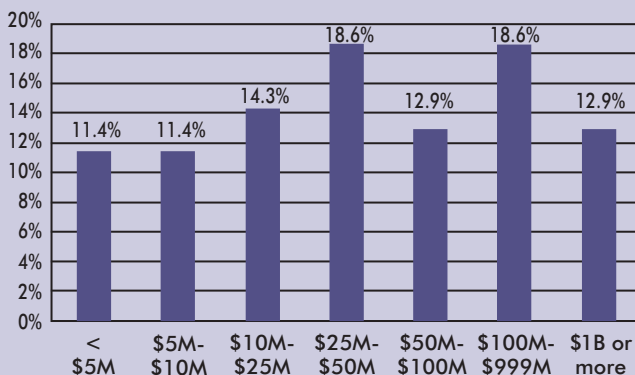


Figure 4. Respondents, by Revenue



(Source: IOMA's CPA Firm Client Satisfaction Survey)

Response to client feedback. Clients expect you to respond when they take the time to tell you how you are doing and where they need more help. We asked clients about what happens after they provide feedback to their CPA firms.

To this question, we received a mixed bag of responses: Some companies indicated they get no response to their feedback from their CPA firms (although a few noted that if they have only positive things to say, further follow-up is not necessary).

Some respondents made it clear that they are puzzled by the no-response approach of their CPA firms: The CFO of a professional services firm wrote, "No feedback. Don't ask, don't tell."

What about when the negative feedback is fee-related? The finance manager for a manufacturer with \$160 million in revenues wrote: "We did not seem to get too much response to our concerns. Our main focus is the annual audit and tax work. We have felt that the expense is excessive for the size of our company and that some of the audit

work performed is unnecessary and redundant. We saw some cost savings the second year, but the audit still dragged on forever and consumed much of our staff resources."

Another manufacturer respondent, this time the vice president/finance, said he was still waiting for feedback from the CPA firm: "Some changes have occurred; still trying to get better access to work papers to achieve greater cost savings for annual audit."

Some had positive things to say about the feedback process: "I usually give good feedback, so most of the time they are happy and appreciative," wrote the controller for a wholesale/retail/distribution company with \$75 million in revenue.

Others indicated that their CPA firms are responsive, and "changes are made to accommodate our requests when possible," wrote the vice president/controller for a manufacturer with \$120 million in revenues. □

Table 2. Challenges Facing Organizations, by Client Revenue

	Overall	Less than \$5M	\$5M to \$10M	\$10M to \$25M	\$25M to \$50M	\$50M to \$100M	\$100M to \$999M	\$1B or more
U.S. economy's impact	87.2%	100.0%	75.0%	90.0%	100.0%	77.8%	84.6%	100.0%
Global/international issues	25.6	25.0	0.0	40.0	15.4	11.1	46.2	44.4
Merger/acquisition	11.5	25.0	12.5	10.0	0.0	11.1	23.1	0.0
Supply issues	14.1	0.0	12.5	30.0	7.7	11.1	23.1	11.1
Regulatory issues	29.5	25.0	25.0	40.0	30.8	33.3	15.4	55.6
Financial management	38.5	50.0	50.0	40.0	53.8	22.2	15.4	44.4
Credit/loan availability	28.2	12.5	0.0	10.0	38.5	11.1	53.8	44.4
Staffing issues	32.1	25.0	62.5	10.0	30.8	33.3	30.8	44.4
Leadership succession issues	23.1	12.5	25.0	30.0	15.4	11.1	15.4	44.4
Technology issues	29.5	25.0	37.5	20.0	30.8	22.2	15.4	66.7
Growth/expansion	33.3	12.5	62.5	10.0	53.8	22.2	30.8	11.1
Business development	29.5	25.0	62.5	30.0	30.8	22.2	23.1	22.2
Collection issues	24.4	12.5	50.0	10.0	23.1	22.2	30.8	11.1
Other	2.6	0.0	0.0	10.0	0.0	0.0	0.0	11.1

(Source: IOMA's CPA Firm Client Satisfaction Survey)

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