

1 **What is Your Firm's Lifetime Value to its Clients?**

Presented by

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2 Why CPAs Lose Customers

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4 Why People Select CPAs

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6 **What People Really Buy**

1) Good Feelings

2) Solutions to problems; or

Expectations, according to Ted Levitt

7 Seven Purchase Risks

❶ Performance Risk—Will not perform function purchased for

❷ Financial Risk—Monetary loss if product fails (services higher risk than products)

❸ Time and Loss Risk—Customer's time due to failure (AOG)

❹ Opportunity Risk—Risk of choosing one product over another (IBM)

8 Seven Purchase Risks

❺ Psychological/Social Risk—Purchase will not fit customer's self-concept.

Restaurants, cars, movies, hairstylists, cosmetic surgery, etc.

❻ Physical Risk—Chance the purchase will cause physical harm (medical care, Michelin tire ads)

9 Client Relationship:

Accountant's Point of View

10 Client Relationship:

Client's Point of View

11 **The Spirit of Service**

“An attitude based on certain values and beliefs about people, life and work, that

leads a person to willingly serve others and take pride in his or her work.”

–Karl Albrecht, *The Only Thing That Matters*

12 ☐ TQS, Karl Albrecht

“A state of affairs in which an organization delivers superior value to its stakeholders: its customers, its owners, and its employees.”

13 ☐ Why Are We In Business?

“You’re really not in business to make a profit, but you’re in business to render a service that is so good people are willing to pay a profit in recognition of what you’re doing for them.”

–Stanley Marcus, chairman emeritus of Neiman-Marcus

14 ☐ Value creation and capture

15 ☐ Who Is Our Competition?

We compete against *any* organization that has the capability of increasing our customer’s expectations

16 ☐ The Value Proposition

17 ☐ The Value Curve

18 ☐

19 ☐ How do you differentiate one share of stock?

20 ☐ What is Beyond TQS?

21 ☐ What is Beyond TQS?

- If you charge for *stuff*, *commodity* business
- If you charge for *tangible things*, *goods* business
- If you charge for *activities you execute*, *service* business
- If you charge for the *time customers spend with you*, *experience* business
- If you charge for the *demonstrated outcome the customer achieves*, *transformation* business

22 ☐ Loyalization

- Is loyalty dead?
- AICPA says: It cost eleven times more to acquire a customer as to keep an old one

- 5% change in customer retention can swing profits 25%-100% (Bain & Company, Inc.)

23 Rewarding Customers— Loyalization

- Already have trust & confidence
- Access to information
- Lower marketing costs
- Marginal work more profitable
- Customer acceptable of staff
- Customer values your services more

24 Telling Fact

Top CPA firms generate 25-40% of new business from sales to existing customers

We believe you can achieve 50-80%

25 Why Existing Customers Are More Profitable

- Acquisition Cost
- Base Profit
- Per-Customer Revenue Growth
- Operating Costs
- Referrals
- Price Premium

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27 What's Your Canary in the Coal Mine?

28 A Gedanken

29 A Gedanken

Continental's KPIs:

- ❖ On Time Performance
- ❖ Lost Luggage
- ❖ Customer Complaints

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Net Promoter Score (NPS)

Typical company loses half customers < 3 years

The Ultimate Question: How likely is it that you would recommend this company to a friend or colleague?

Dell had highest NPS

www.netpromoter.com

32 

3 Types of Customers, 1-10 Scale

Promoters (P) = loyal enthusiasts (9-10)

Passives = satisfied but unenthusiastic, easily wooed by competition (7-8)

Detractors (D) = unhappy customers trapped in a bad relationship (0-6)

$P - D = NPS$

33 

Constructing A Theory

- Observation (How do you know?)
- Categorization (Rank what's important—Occam's Razor)
- Prediction or Explanation
- Confirmation (If not, revise, start over)

34  KPIs

Most importantly: KPIs define success the same way the customer defines success

35  Company-Wide KPIs—Customer

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