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Niche Marketing: Strategies for Selling Your Firm's Specialty

Niches and specialty services are now an accepted part of CPA practice for many firms, even small ones. Marketing and selling those services requires firms to have a plan that works well with its overall marketing strategy.

Developing and implementing such a program also requires some customization, according to speakers on a panel addressing marketing and sales of specialties at the AICPA/Northstar Accounting Marketing Forum in New York City.

Getting started. Before the firm can market or sell, it needs to consider the niches that may suit it best. Market need should be the driver for any specialized services that your firm is going to sell as a niche, recommends Frank Edelblut, CEO of Control Solutions International (Nashua, NH; fedelblut@controlsolutions.com). His firm handles only internal audit work, its specialty service.

Timing is key in making the decision to identify and develop a niche. "Often, people are too late to market," Edelblut noted. "If you see other people doing it, you're probably too late. You need to look at the market to identify new opportunities and be early." It is very difficult to pull market share away from competitors if you are the last in, he said.

Your firm's individual strengths and competencies should also help guide you in identifying niches, said Thomas Hilton, co-director, valuation and litigation services group Anders Minkler & Diehl LLP (St. Louis; thilton@amdcpa.com). He launched his 100-person CPA firm's business valuation/litigation support niche single-handedly and has grown it into a strong revenue contributor.

"Ask what are you good at? What are the firm's core competencies? What do we do well?" Hilton advised. The answers will help your firm determine how you will

build market share, which is important no matter how popular a niche may seem to be among other CPA firms.

The answer for your firm may lie in a "sub-niche" that hasn't yet been explored by competitors. Hilton pointed out that, for example, valuations in ESOPs (employee stock ownership plans) and health care can give a competitive edge in the valuation niche.

Patience is another trait that CPA firms would do well to cultivate to give a niche a chance to grow, explained Theodore Sarenski, DBB Financial Services (Syracuse, NY; tjs@dbbllc.com). His firm also employs about 100 people. He launched the financial services niche, which now has six people working in it. "Be patient while the niche grows," he emphasized. He added that support from the managing partner is a requirement for the success of any niche.

Developing the marketing and service plan. Once your firm has identified a niche area to grow, get specific, said Edelblut. His firm has developed a sub-niche in Sarbanes-Oxley (SOX) work, a service the firm took pains to sell in great detail to meet clients' desire for a homogenous solution to SOX compliance. "Define very clearly what you will deliver: method and approach. Train to deliver consistently. And follow up: Be sure execution follows an appropriate standard," he stressed.

The firm must be ready to deliver the service, so beware of overselling at first, warned Hilton, observing that, "Sales exceeding production capability is a common problem." The partner who initiates the service must learn how to train others and delegate as the niche develops, a challenge for many CPAs.

As owners, you must "trust that your people can do it—and let them," advised Hilton. The firm should also understand that it may be better off staffing some niches with non-CPAs. Hilton said his firm is "hiring finance people, not so much CPAs. Valuing for royalty or intellectual property, for instance, is not an attest function, so it uses different skills."

Support from other departments and practice areas in the firm is necessary to ensure the best chances for cross-selling to existing clients, said Sarenski. "Be sure other partners understand the niche as much as possible. Keep them apprised of all communications with their clients and how well you are servicing

them."

Building the niche requires two components, according to Hilton: First, a qualified niche leader—Hilton emphasized *qualified*. "One of the biggest mistakes is to not have this," he said. An effective niche leader is an entrepreneur, a risk-taker; one who can figure out what the buyer is thinking and sell to that need; loves what he or she does; and has a high profile in the community, which brings a built-in network. Second, the leader must have a comprehensive and well-organized marketing plan that identifies the client for the niche service.

Sarenski added that the niche leader may be someone your firm brings in to run the niche—and who may not even be a CPA. "It takes a different person to run niches than the 'typical' person in the CPA world," he observed.

The leader also should be a person who can add intellectual capital to the niche, Edelblut said, defining it as passion, entrepreneur ability, and delivery. When it comes to acquiring a niche leader, "I want the guy who can do it better!"

The niche marketing plan. The marketing plan for niches should be vertically aligned with firm goals, Hilton said: "Play off your core competencies." A firm with expertise in tax areas can adapt this talent into valuation work.

The plan needs to balance marketing, or positioning the niche, and selling, or asking for the work. The focus in your efforts should be to design a plan that moves the firm higher on the value chain. "The higher you are on value chain, the less competition and price resistance you will have," Hilton explained. The firm may start out handling transactions and expand to consulting services, which build a relationship as an advisor. Finally, your services develop to the collaborator/strategic partner level, the top of the value chain.

Communicating your firm's message is an important part of the marketing and sales process, pointed out Edelblut. Marketing, he said, is "softening clients for the sell." Communicate what you are offering via trade shows, advertising, media, and roundtable events that bring customers together to talk.

To make sure that all cross-marketing opportunities are pursued, Sarenski uses a matrix of all possible services and clients within the firm, which he regularly monitors to make sure no opportunities slip by.

Use sales expertise. When it comes to the actual selling, the firm may wish to use dedicated sales personnel; Edelblut's firm does so. Keep the message delivered by the sales force consistent, he said.

Not all good marketers are also good sales people, noted Sarenski. "Several partners are great at marketing, but can't close the deal. Others do that." He recommends involving your closer in the marketing process so he or she is present to make the deal. "We haven't defined how to develop that person, but we have identified a few people with that capability."

To round out the selling and marketing experience, it is a good idea to bring along younger staff to observe, Hilton suggested. This practice affords a number of benefits: a one-on-one training and interaction opportunity with both partner and client for the staffer and the chance to become part of the niche team and known as such.

It is also wise for partners who work within a niche to be on the lookout constantly for opportunities to market. "For example, in a deposition or a trial, I am marketing myself to opposing counsel," said Hilton, through demonstrating that he has the skills to be a witness or resource on valuation issues. "What better place to market than to the person who's trying to cut me off at the knees?" His firm also markets to law firms that often need to hire CPA expertise for their cases.

Remember the basics. Whatever the niche your firm starts or continues to grow, it is important to remember the basic strengths that got your firm where it is today: excellent client service and the consequent relationship you have with clients.

"If you give something away, you'll get something in return," Sarenski assured his listeners. CPAs are positioned to gain respect and trust from their clients. Your firm's niches can and will be just an extension of those services with a unified approach to marketing, sales, and delivery.