

Unlock the Power of Niche Marketing

By Michael J. Napolitano, CPA

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"I'm an expert on that." Such is the claim of every accountant I know. Historically, if an accounting firm has two or more clients in the same industry, it's called a niche, and we become experts by default.

When is a niche truly a niche, run by specialized professionals, rather than generalists with some industry experiences? The answer to this question is not based on the number of clients you have, but rather the degree of expertise you and your service team truly possess and the types of tailored solutions that you provide.

Let's start by defining niche marketing. Essentially, it is the process of finding and serving a narrowly defined and potentially profitable group of clients and designing customized services for them. The key, of course, is to find potential demand that is not being met by any supply.

Why does it work?

First and foremost, you must know your niche. If you don't have the knowledge you need, acquire it. Winging it is not acceptable, and generalists won't succeed. A business owner will know in less than ten minutes whether you have the ability and expertise they require. Despite the many commonalities that exist in business, every industry has its own language and its own unique challenges. Business owners are eager to work with professionals who truly understand their business and the pressures they face. They want an advisor who will act as a sounding board, dispense advice that is relevant and provide workable solutions to their problems. The issues they want to resolve usually go well beyond the numbers and may involve labor issues, operations, processes and profit leaks. An owner may even be faced with a management team that is afraid to take a stand on anything controversial. How many controllers do you know who can tell the owner, "You are the problem"? Yet, if you develop a solid relationship with the owner, one that is based on trust and communication, you, as the advisor, should be able to address any and all issues related to the success of the organization.

The ability to speak with a client about industry trends and help them benchmark themselves to illustrate how others in their industry have become more efficient, and to develop tools and processes that improve the organization, speaks volumes about your true expertise. It is in this role that you can dig deeper into the business and make the biggest impact. There is limited value to a financial statement if a business owner doesn't understand what the numbers mean; there is tremendous value when he or she understands how to use the numbers to properly plan for the future.

Personally, I align myself with a client's management team and work side-by-side with them to address critical business issues. This process allows me to take the engagement and business further ahead because I have built up a high level of credibility with the owner and earned the respect of the managers, who often

confide in me with grievances and ideas on how they think the company can operate more efficiently.

Train your staff

Having a dedicated service team in place is important. This doesn't mean that you have to pigeonhole your staff, but the same staff should always work on your industry-specific engagements. The professionals on your niche team must be strong communicators and broad analytical thinkers. The key is making an up-front investment in them, which may mean writing off time spent on education. For starters, don't discount the value of field training. Have your key people accompany you to client meetings so that they can absorb the situation, hear how you formulate your questions and observe your techniques. Back in the office, hold a debriefing session where you can compare your impressions and understandings. You get to share your knowledge and just may be surprised to find that your staff caught something that you missed!

Another important action item is to customize your CPE program to ensure your staff becomes and remains knowledgeable about the industry and the specific services that apply. Get involved: consider delivering a program that demonstrates how you analyze profit and loss statements and what you look for, as an example.

Taking the time to share your knowledge in this manner may seem tedious, but it is guaranteed to pay off in the long run. Remember, as a specialist, you and your team must build a much different relationship with the client than if you were "just an accountant." And, like a well-oiled machine, your team will eventually be able to run the daily engagement without constant oversight, allowing you to do what you do best --advise management on how to better run their business and remain visible in the marketplace.

Keep in mind that there are also plenty of things that staff members can do on their own, such as researching the industry, its hot buttons and key players, joining a trade association and reading trade publications. The best way for you and your team to become knowledgeable about an industry is to submerge yourself in that world.

Develop a Plan

Now that your team is in place, it is time to develop a plan that will keep your efforts focused. Remember, niche marketing goes beyond offering accounting and compliance services. Your primary role will be focused on providing specialized non-traditional services that will help the owner to operate more efficiently and profitably. The accounting and compliance services are provided much more cost effectively by your staff.

Like many accounting firms, for awhile, we had no formal marketing plan in place. As a result, efforts became scattered, and it was difficult to measure the impact of our activities. We decided to engage the help of a marketing firm. But not just any firm. Following our own advice, we hired a marketing firm with industry expertise. They guided us through a planning process, which helped us to focus our time, resources and dollars, and also provided implementation and follow-up support.

The planning process looked like this:

- 1 Evaluate your client base, existing areas of expertise and profitability ratios
- 1 Identify a target market based on geography, size (revenues or employees) and/or needs
- 1 Research and identify traditional and non-traditional services you can provide to this market
- 1 Identify and contact potential referral sources (whom you know and whom you need to know)
- 1 Join relevant trade organizations and stay visible (i.e., networking, speaking, writing, committee involvement)
- 1 Identify a wish list of companies you want as clients, and put together a plan to target them

Other components of a niche plan include a variety of traditional marketing methods, including advertising in the right places, direct mail that educates (not sells) and sponsoring the right events. Another method is to align yourself with other professionals that service the industry and "partner" with them in a way that will complement your service offering. Finally, asking existing clients for referrals is always important.

Some final thoughts on niche marketing

General accounting and financial statement preparation became a commodity years ago. For a business to grow, it is essential to pay attention to what the marketplace is demanding. Business owners want solid business advice. They don't want to look at numbers; they want to know what the numbers mean in terms of growth, profitability and stability. So sit down, assess your organization and your strengths, and take a hard look at the businesses around you. Unlock your potential and the power of niche marketing.

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