When Clients Leave, Learn

By Janet A. Meade

During periods of economic turbulence, it's easy for things to go wrong, particularly client relationships. Suddenly, clients are more demanding, less appreciative and slower to pay. Some become difficult or angry. Others become distant and unresponsive. Some complain about fees, while others make unworkable demands. And some, for whatever reason, leave.

When a client leaves, one of two things generally happens. Either the firm rationalizes the loss by saying that the client wasn't that important anyway, or it assigns individual blame to those allegedly reasonable. Neither response, however, helps avoid similar client losses in the future. Small clients, when properly serviced, often grow into big ones. Blame, moreover, merely leaves your team demoralized and resentful. More valuable than either of these responses is for the firm to evaluate the loss and then take steps to avoid similar losses in the future.

Learning from the loss

The loss of a client presents the firm with the opportunity to constructively revisit its client policies. Many firms have stated missions of providing their clients with high quality service. Fewer, however, consider the impact of a client loss on that service. A

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Cross-Selling: An Art You Need to Practice

By Anca S. Munteanu

In today's business environment, it is more important than ever for CPAs to position themselves as value-added service providers rather than as a commodity. Why? Because what ultimately differentiates a successful accountant is the level of advice he or she is able to offer clients. And clients are willing to pay more for valuable advice they can use to make their business more competitive. In a world where every accounting firm and its professionals claim to provide "a personal touch" and "24/7/365 attention," those qualifiers are fast becoming obsolete. Nowadays, it takes a lot more to win new clients and to retain existing ones.

Positioning yourself as your clients' primary business advisor is one way to differentiate yourself. It will make you the go-to source of advice on their operations, the true state of their "health" and where they stand in relation to others in their industry. That is a good place to be in good economies, and in bad.

How do you achieve primary-business-advisor status? The answer lies in doing the things you know instinctively you should do, but generally don't take the time for:

- Take a close interest in your clients' business and their success. Learn all there is to know about it.
- Immerse yourself in learning about the clients' industry and what factors affect it positively and negatively.
- Understand the issues that concern them the most, and why. Earn a seat at their management table by being available to answer their questions.
- Introduce them to other advisors that can help (*i.e.*, bankers, lawyers, insurance), so they will always view you as a "go-to" resource.

Making a real effort to take the steps outlined here can translate into more business for your firm. Regular communication with your clients, coupled with familiarity with their industries, allows you to uncover opportunities for cross-selling.

As defined by the Oxford English Dictionary (2009 online edition), cross-selling is defined as "the action or practice of selling among or between established clients, markets, traders, *etc.*" In essence, it is selling additional or add-on services to an individual or organization that is already an existing client and generating more work by focusing on what your clients need. Cross-selling is the positive, proactive, ongoing process of anticipating your clients' needs so that you can maximize the services you and other partners in your firm provide and, consequently, enhance client retention.

Although many people think the only time to cross-sell is during tax season because that is when there are the most one-on-one meetings with clients, you can cross-sell at any time. The best time to begin the process is on the day a client signs the engagement letter. Your first meeting with the client can serve as a consultation. You can use the meeting as an opportunity to talk about their needs and introduce them to other key players in your firm. Making the client feel important enough to meet other people at the firm shows that you are thinking about them from the start, projects pride in your firm and your colleagues, jump-starts your relationship and lets them know, early on, that they are valued.

Who is it best to cross-sell to?

While it is always important to attract new clients, and you can cross-sell to new clients, too, existing clients offer a greater opportunity for revenue generation. Cross-selling capitalizes on the old 80/20 rule—80 percent of your work comes from 20 percent of your clients—and makes it doubly important to educate your clients about all the services you offer and how they can benefit from them. Suppose, for example, a client initially bought just tax services. By helping them with their estate plan, you are providing the extra value that helps position yourself as their primary advisor.

Once you understand the benefit of initiating cross-selling activities and face-to-face time with your clients, you can begin emphasizing the scope of the services your firm provides and creating opportunities for your clients to engage you to perform additional services.

In today's economy, some of the most sought-after additional services clients can benefit from are consulting services, such as profitability enhancement, operations-efficiency assessment, cash-flow studies, mergers and acquisitions and succession planning, just to name a few. Clients benefit from experienced guidance from a trained business advisor who is able to look at their business from a big-picture perspective, but with attention to every detail that affects its growth, survival and profitability.

Cross-Selling 101

The Challenges. Some of the challenges accountants may face when attempting to position themselves as primary advisors include:

- *Nurturing relationships.* Invest the time needed to nurture relationships and get comfortable enough to start cross-selling to your clients. There are two caveats here. The first is that you need to recognize that most, if not all, of this time will be non-billable time that is attributed to practice development. The second is that you can't expect immediate gratification; this is a business-development activity that yields long-term results.
- *Building trust.* Build trust with your clients, so they will make you part of their team and view your attempts to talk to them about additional services as looking out for their best interests and not as "selling."
- *Dealing with possessive partners.* Don't be afraid to share your clients with your partners. It is okay if a value-added service is provided by another partner in the firm. Partnerships should be team-focused environments, and servicing clients should be viewed as a team effort. Build strong relationships and trust with your partners to better service your clients together.

Long-term benefits of cross-selling. Once you overcome the challenges, the benefits begin to appear:

- *Client retention.* Your clients will start becoming dependent on your advice and expertise. People long for professional relationships that they can count on, that give them the comfort of knowing that at least one person looks out for them and stands with them, shoulder to shoulder, in facing their business problems. Educating your client about your firm reduces the chance that a client will reach out to another firm for a service that you or your firm can, and should, provide in the first place.
- *Better realization.* It is no secret that clients are willing to pay better fees for value-added services. The intangible in their willingness to absorb these fees is the strength of the relationship you build with them.
- *Referral opportunities.* Clients are happy to talk about you and how knowledgeable you are, which can result in

new business opportunities. Their testimonials will put you in a position to meet their other advisors, which will provide you with new referral relationships.

Cross-selling techniques. Some cross-selling techniques that can help you position yourself as a primary advisor are:

- Pitch value-added services. Clients who don't know what their other needs are will look to you to suggest them; clients who are aware of their needs won't tell you if they think you're only looking for additional fees. Asking a few open-ended questions is one way around this. How do you know if your business is profitable? Are you positioned for success and growth? Are your operations efficient? Do you have an exit strategy that lets you sleep at night?
- Educate your clients about the other services available in the firm. With questions regarding your other services as the lead-in, it's easy to tell a client that you do that kind of work. Also, make sure your clients are flagged to receive all firm-targeted communications, such as newsletters and e-alerts that may help inform them as well. (But be sure that you are compliant with Code Sec. 7216 before sending anything.) Develop a business checklist. If you represent a lot of corporate clients, you should have a list of standard questions designed to help you uncover other needs that you or others in the firm could address. These questions should be designed to open the door for the client to talk about the things that bother him or her. This is the time for you to be really attuned to what the client is saying and read between the lines to ask leading questions. There are all kinds of things you can find out that can lead to more business.
- Get out of your office and network with your clients. Establishing a primary-advisor relationship means communicating with your clients frequently, and not only on engagement-related matters. You can learn more about a business's needs through a first-hand look at their operations than you could ever glean from phone conversations or meetings in your office. An on-site visit will also allow you the opportunity to also meet the other key people and employees directly involved in your clients' business, and through those introductions, you build new relationships that help in client retention or even lead to new business.
- Toot your own horn. A big part of encouraging cross-selling in your firm is to let all of your colleagues know what your skills are and how you can also help their clients. Set up breakfast or lunch meeting to build camaraderie with your partners to educate them on your specialties or create a "calling card" that highlights your services and specialties. Share your client success stories so others can also learn from you. Especially if you are new to the firm, you have the challenge of educating others, so that they do not refer out something that you are perfectly able to handle.
- One of the best ways to cross-sell is to give a new client a tour of the place. As you make the rounds, you will have a chance to talk about the firm's other services, say nice things about the other partners in your firm and make some introductions. This has the added benefit of making your client feel welcome and familiar with the surroundings, rather than knowing only that the path from the elevator to the receptionist to the conference room.

Cross-selling is not brain surgery. It is an activity that needs to turn into a frame of mind that allows you to look beyond solving your clients' immediate issues, being attentive to all of their needs and communicating sensible and well-conceived suggestions that will help keep them out of trouble.

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