

# Wooing Potential Clients

Shedding light on how buyers choose an accounting firm.

By Lee W. Frederiksen

One of the keys to effective business development is understanding your clients. How do prospective clients find accountants? How do buyers make decisions when they hire accounting firms? Why do buyers choose certain firms over other firms? When it comes to answering these important business development questions, it turns out that most accounting firms are in the dark.

To find the answers, our firm—which provides branding and marketing for professional services—went to the source and asked buyers how they find, hire, and retain accounting and financial services firms. In our 2013 study, *How Buyer's Buy: Accounting and Financial Services*, we interviewed 118 purchasers of accounting and financial services (Buyers) and 163 of the firms they selected (Sellers). Here are some of our most important findings.

## Importance of being found

The first question we asked our Buyers was, “How would you find an alternative accounting or financial services provider?”

The question did not apply to a third of the group, who either selected their providers through a strict procurement process or already had a pool of preferred alternatives. For almost two-thirds of the respondents, however, their decision-making follows a pattern. To find a new accounting or financial services firm, 87

percent of this group relies on their network. Turning to their friends and colleagues, they ask, “Who does this kind of work? How well known is the firm? How good is their reputation?” This overwhelming reliance on a network of friends and colleagues demonstrates the critical need for a firm to maintain both a strong reputation and high visibility, the very same two factors that we use in our formula for determining brand: Reputation x Visibility.

The research also revealed that 10 percent of the group would search online for a new accounting provider—10 percent is a significant number, and in an earlier study we had found that online search is already more effective for lead generation than traditional channels (*e.g.*, trade shows and industry publications). Online lead generation is here to stay, and firms ignore this fact at their own peril.

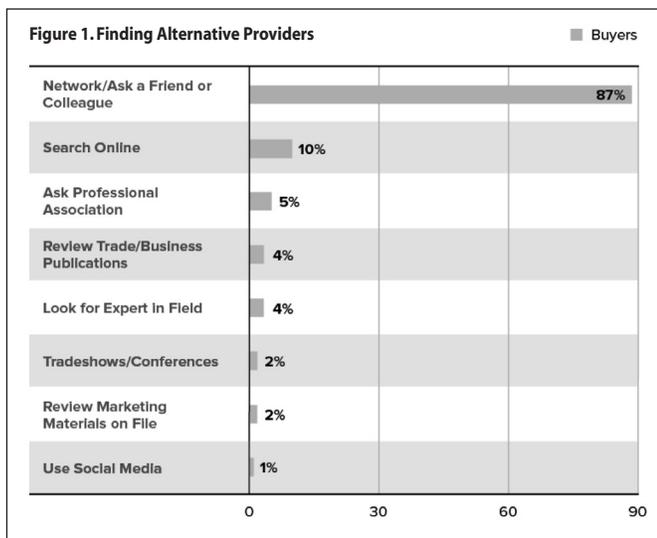
## When buyers choose accounting firms, expertise trumps cost

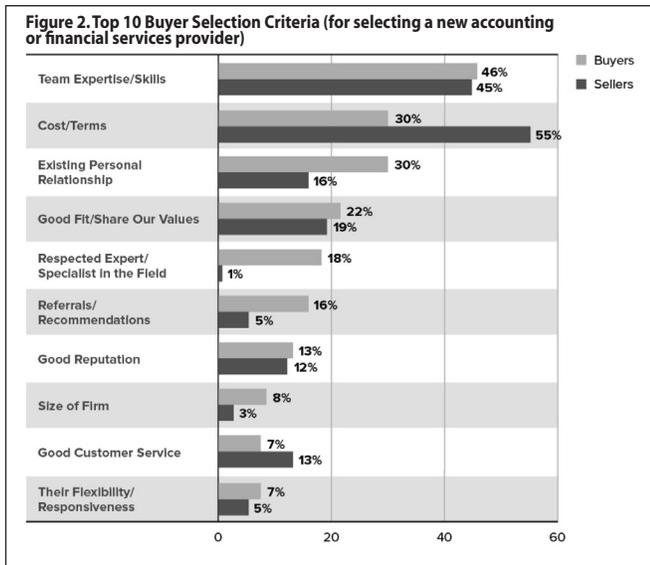
According to our research, cost is not as important as knowledge and expertise when it comes to choosing an accounting firm. In fact, expertise/specialization and existing relationships are approximately four times more likely to be the deciding factor than cost or a better value proposition.

However, Sellers consistently overestimate the importance of cost and customer service as primary selection criteria, and they often fail to recognize the value of being a respected expert or specialist. The take-away here is that smart accounting firms concentrate their marketing messages around their expertise and services—and less on their cost or value.

## Do clients appreciate and understand your service offerings?

Once hired, are accounting firms doing a good job addressing their clients' key challenges? Do your service offerings match your clients' needs? You may be surprised to learn that the answer is “no.” Only 18 percent of Buyers (those who answered the question, “How important is your accounting firm to addressing your key challenges?” with a 9 or





10) rated Sellers' services as very important, while a whopping 40 percent (those who selected a value in the 1–6 range) saw Sellers' services as not being very relevant at all! In addition, Sellers tend to see their services as more important than their Buyers do. However, this sobering news comes with a silver lining. For accounting firms, 42 percent of Buyers are still in the persuadable range (Buyers who chose a 7–8), so many Sellers still have a chance to convince the client of their worth or expose clients to a greater variety of service offerings.

What's more, the data revealed that 73 percent of Buyers thought themselves likely to be using the same provider in two to three years and that 76 percent of Buyers were very likely to recommend their current accounting and financial providers to friends and colleagues. So what gives? Why would Buyers remain loyal to providers, even recommending their providers to friends, if those providers were not addressing their needs? We began to see that it was a problem of awareness.

### Raising awareness

The natural next question was, "Are Buyers aware of Sellers' services?" Not surprisingly, our study found that two-thirds of Buyers believe they are not aware of all the services provided by Sellers. And that's the best-case scenario—Sellers are even less optimistic, claiming that 84 percent of Buyers are unaware of the services they provide.

### Separating winners from losers

The data began to reveal a huge perception gap and also a huge opportunity: most Sellers are not communicating their value to their Buyers.

Another research study, conducted in cooperation with RAIN Group, helped us drill down to the very root of the problem. We looked at over 700 business-to-business sales to discover the difference between winning firms and those that did not get hired. A total of 42 different factors were examined to establish what the successful Sellers did that the runners-up didn't do. What we learned is that winners sell very differently than runners-up. In fact, the number-one factor for winning firms was rated dead last (42nd) for firms that did not get the deal. This factor was: "Educated me with new ideas or perspectives." The winners were doing it; the losers were not.

This information led to our big *Aha!* moment. There were two problems going on here: a problem of relevancy and a problem of education.

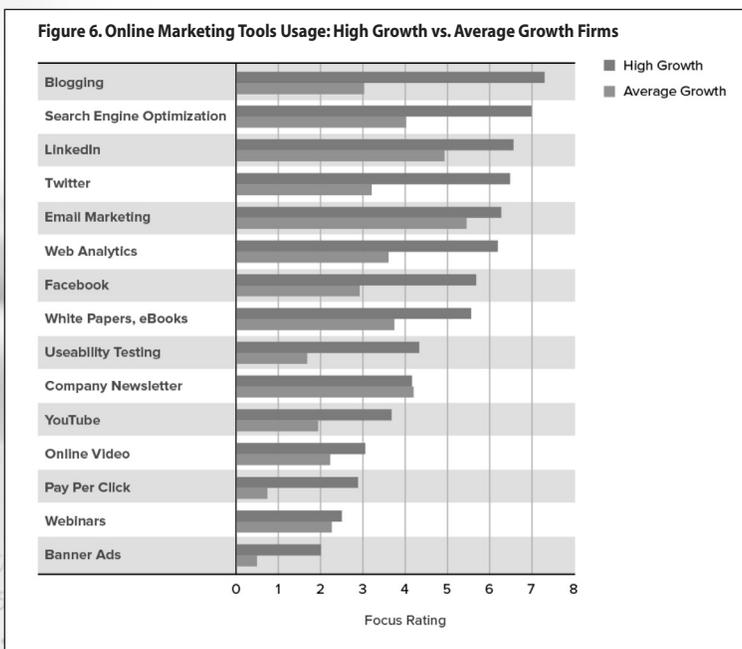
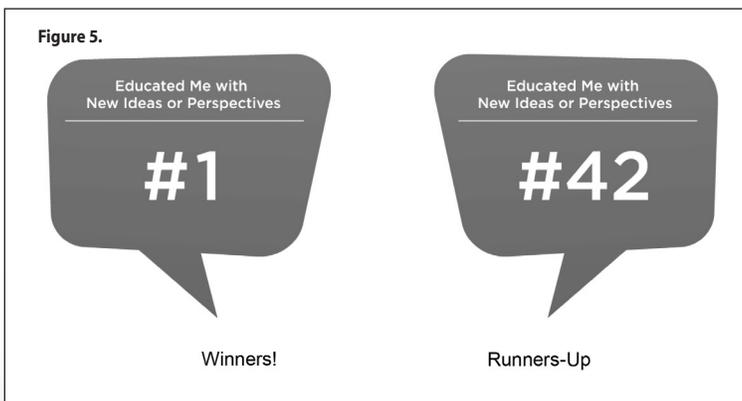
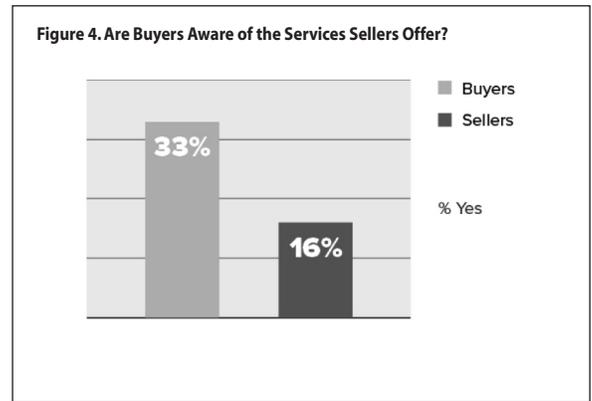
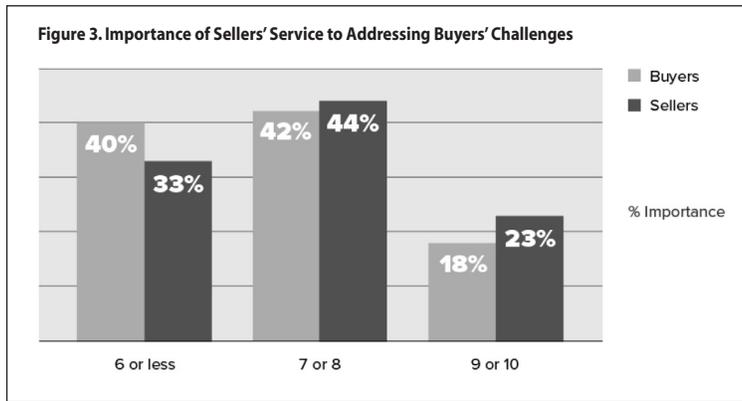
### Relevancy problem

When we asked Buyers to identify their most important problems, and to indicate how relevant their accounting firms' services are to solving these key business issues, accounting firms often come up short. To remedy this, there are two alternatives. The first is to develop new services that are seen as highly relevant—this is best done when you specialize in a limited number of industries. A second alternative is to do a better job in your marketing and sales efforts to help clients see the connections between your existing services and their key challenges.

For firms to determine which service offerings are relevant, collaboration with the client is key. Someone at your firm should be meeting regularly with clients to determine their needs and establish whether existing services are adequate. Collaboration allows you to close new sales and deepen your existing client relationships.

### Education problem

We have seen that there is a disconnect between services offered by accounting firms and Buyers' feeling that those services do not address their key business challenges. However, some firms have figured out the answer. The firms that are winning the contracts are the ones that are also adding real value to their clients' businesses by educating them on issues that are relevant, interesting, and industry-specific. An important piece of this education is content marketing, which will be explained further momentarily. The take-away here is that education is not simply about broadcasting your services. Rather, education means finding out what your clients need, what would help their businesses succeed, what their



marketing tool because it increases both factors. The very act of educating someone increases your visibility—as they read or watch or listen to what you have to say, your firm becomes more visible, and the individual is more likely to share that information with others. And the information conveyed during the education session—whether it is a webinar, a brochure, or a telephone conversation—increases your value proposition and reputation. Educating the potential client is the most effective way to build your brand.

**Education and online marketing**

In an earlier study, we discovered that firms that generate 40 percent or more of their leads online grow four times faster than other firms. These high-growth firms were found to have a compound growth rate of at least 20 percent a year. If you are still not convinced that education should be a priority, check out how these high-growth firms are using online marketing to grow their business. Figure 6 shows how these firms employ a range of online marketing channels to build their brands and generate leads, including a focus on content marketing tools (e.g., blog posts, eBooks, and webinars). Why is content marketing so popular with high-growth accounting firms? The reason is that content marketing is perfectly suited for educating both existing and prospective clients via the Internet—it's cheap, it works around the clock, and it has a global reach. With accounting firms generating only 11.4 percent of their leads online, the door to

challenges are, and what they are interested in—and adding value by educating them around those subjects.

this marketing opportunity is wide open—just waiting for your firm to walk through it. †

**Best marketing is education**

A firm's brand is defined in terms of a simple formula: Reputation x Visibility. Education is the number one

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