Growth Strategies

Summer 2014 • Volume 4 • Issue 2
The Journal of Accounting Marketing and Sales

the four P's of marketing:

Why Value Pricing?

Success Tips for the New Proposal Writer

Price and the RFP: Differentiate, Don't Devalue

The Price vs. Value Conundrum for Clients and Prospects

Accounting Marketing 2020: The Five Year Forecast

Association for Accounting Marketing
growing people and practices

From the Editors

The issue of pricing — the most difficult of the Four P's of marketing — can be a sensitive issue within accounting firms.

In conversations during the recent AAM Summit, we heard that most accounting marketing professionals do not participate in the pricing of engagements. Marketing professionals have the opportunity, if not the obligation, to begin to change that mindset and open up pricing discussions to marketing leaders.

The approach we've taken in this issue is both tactical and strategic. For most firms, marketing intersects with pricing during the proposal process, which is why we included Larry Feld's article on *Price and the RFP* and Jeff Botti's article on *Success Tips for the New Proposal Writer*. Their insights provide helpful guidelines for any marketing professional who burns the midnight oil to present their firm in the best light in a highly scrutinized forum.

The issue also includes a synopsis of a recent AAM High session on *Value Pricing*, and a thoughtful piece by Art Kuesel on the *Price vs. Value Conundrum*. You might want to anonymously leave copies of these articles on the desk of your office managing partner — just to start the conversation from a safe distance.

The final article captures some of the collective wisdom of the CMO Cabal — a group of CMOs from the top 20 non–Big Four accounting firms. This group met during the AAM Summit in May to share their predictions on how accounting marketing will change by 2020, and the impact of those changes on marketing professionals.

Two final personal notes: Congratulations to Lesley Hatfield, our co-editor, who gave birth to her son Davis on March 21 and is now back at her desk at Warren Averett. Working in professional services marketing is a piece of cake compared to parenthood. And special thanks to Larry Feld and Laura Sparks, who were particularly helpful in making this issue a reality.

The next issue of *Growth Strategies* focuses on the topic of Planning. If there are specific angles that you would like to see us cover related to marketing planning, or if you would like to submit an article, please contact bpenczak@uhy-us.com.

Sincerely,

Lesley

Lesley Langford Hatfield,
Co-Executive Editor

Bill

Bill Penczak,
Co-Executive Editor

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Trends & Insights

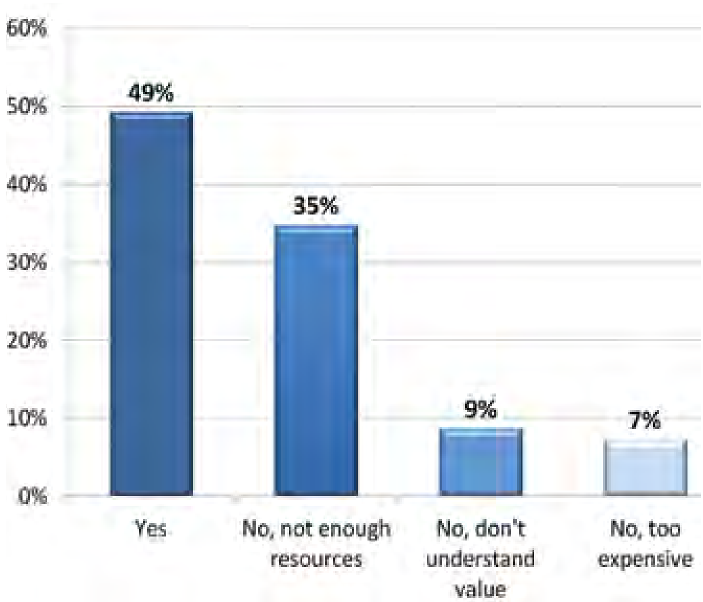
Only Half of AAM Member Firms Using Video in Their Marketing

In an interactive poll conducted during one of the AAM Summit sessions in May, half the responding firms indicated they were not using video, despite the growing proliferation of rich media and data that suggests videos increase website stickiness and email open and click-through rates.

The primary reason for not using video is lack of resources — people and budget — to create videos. Another 9 percent of respondents didn't see the value of video, and an additional 7 percent indicated budget constraints specifically.

- ✔ According to a study by Millennial Media, online ads using video generated click through rates (CTR) that were 1.7X those without video for the finance segment.
- ✔ Experian Research reports that, when marketers use the word "video" in email subject lines, open rates increase 7 to 13 percent.
- ✔ When marketers employ video in emails, CTR increase 200-300 percent, according to Forrester Research.

Use of Video in Marketing Efforts



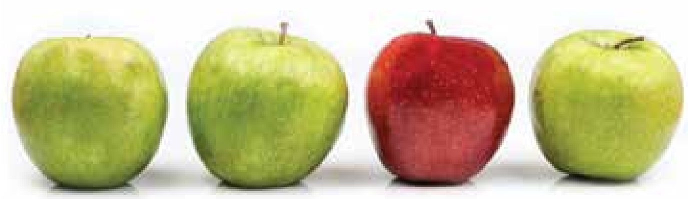
Source: *AAM member survey during conference*

Despite those successes, accounting marketing professionals are challenged primarily by not having the right resources (35 percent); not understanding the value of video (9 percent); and expense (7 percent).

Benchmark Accounting Marketing Budgets

The Hinge Research Institute collaborated with the Association for Accounting Marketing (AAM) to conduct a benchmarking study on accounting firms' marketing spending and organic firm growth.

The study includes 30 firms and the results are segmented by firm size, areas of operation, and high-growth vs. low-growth firms. The executive summary provides an overview of major findings in the report, including how these accounting firms budget for marketing and how this budget is allocated across various traditional and online tools. High-growth and low-growth firms spent their marketing budgets in strikingly different ways.

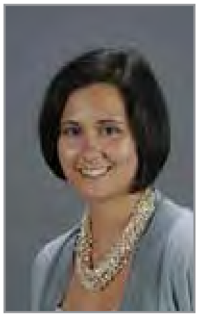


The study tackled marketing budget composition, the budgeting process, and recommendations from marketers about changing marketing spending priorities. For companies looking to stay competitive and learn from their industry peers, we believe these findings are extremely telling.

Visit http://www.accountingmarketing.org to download an executive summary and purchase the complete study ($300 for members / $600 for nonmembers).

Why Value Pricing?

Sarah Johnson Dobek, ***Inovautus Consulting*** interviews
Michelle Golden, ***Kennedy and Coe;*** Deborah Knupp, ***Akina;*** and Dixie Larson, ***Kennedy and Coe***



Sarah Johnson Dobek

2013–2014 AAM board member Sarah Johnson Dobek, founder of Inovautus Consulting, recently had an opportunity to talk with several forward-thinking professionals who are actively involved in implementing value pricing strategies. Deborah Knupp, founding partner of Akina, a marketing consulting firm dedicated to the CPA marketplace, was joined by two partners at Top 100 CPA firm Kennedy and Coe: Dixie Larson, the firm's Director of Sales, and Michelle Golden, the firm's Growth Leader. (She led strategic consultancy Golden Practices at the time of this interview.) Michelle is also a Senior Fellow at VeraSage Institute, the think tank founded by value-pricing guru Ron Baker. All three are well respected for their thought leadership within the accounting industry.

Growth Strategies: *What is value pricing?*

Michelle: "Big misconceptions exist about what value pricing means. Many firms claim they are value pricing when in fact they are simply fixed pricing. A fixed price is any price given to a buyer in advance for a certain scope of work. A fixed price may or may not be based on inputs such as time. A value price is never based on inputs, but rather on outcomes. A fixed price can be established unilaterally (by the seller). A value-based price is impossible to set unilaterally.

"Because value is always subjective — in the eye of the beneficiary — 'value' is *only* arrived at through conversations with the buyer. It's a price the buyer agrees is well worth paying for the agreed results, and the seller agrees is worth receiving to do that work. The buyer's perception of value involves both tangible (monetary or other defined objectives) and intangible (gut feeling of worth) benefits."

Deborah: "Value pricing levels the playing field for the buyer and seller, often resulting in a premium rate for the seller that the buyer is delighted to pay. Value pricing also provides a mechanism to segment pricing based upon the level of sophistication required, the sensibility required and the relationship sincerity required."

Dixie: "Value pricing in its truest form should have no calculations of the time it takes to do the work. It assumes that the expert's intellectual capital has a value associated with it that has nothing to do with hours, and that in many cases is worth more than actual hours worked. Fixed fees generally take estimated hours times rate."

GS: *What results have you seen as a result of changing from time and billing to value pricing?*

Michelle: "Pricing based on value is far wiser than pricing based on efforts. Effort-based pricing misaligns the buyer and seller; result-based pricing aligns everyone to the same outcomes.

"Clients love certainty in their pricing, but are skeptical when sellers lack confidence when discussing the change. Many new value-based sellers are initially uneasy, which makes the buyer nervous. Those sellers are doing it wrong! Sellers have to learn and practice discussing value in the buyer's context before approaching long-time clients. These discussions are an entirely new skill set for most."

Deborah: "Value pricing brings more transparency in communication between service provider and clients. It increases confidence with deliverables, results, and outcomes. This results in a 'price-equals-value' balance between the client and the service provider. Value pricing gives the seller the ability to charge premium rates for truly premium work, and it shifts the focus from productivity to profitability."

Dixie: "In many cases, margins have improved. In some cases scope creep occurs. You have to be careful with amendments and make sure you don't deliver services outside of the agreement. Included in our agreements are quarterly meetings which, in many cases, lead to further conversations that in turn create other projects for us to deliver. Unlimited access and a service guarantee are also popular with our clients."

GS: *How have clients reacted to the change?*

Deborah: "Change is unsettling — even if it is positive change. We also found that, in the absence of information, people make stuff up. Deficient client service leads to inherent mistrust among service providers and clients. These realities notwithstanding, clients have shown a level of appreciation to 'open kimono' on pricing strategies.

Recommended Reading

Ronald Baker's books on value pricing:
- *Professional's Guide to Value Pricing* (2004)
- *Pricing on Purpose: Creating and Capturing Value* (2006)
- *Implementing Value Pricing: A Radical Business Model for Professional Firms* (2010)

David Maister's book, *Strategy and the Fat Smoker*

"Service providers are receiving a 'halo effect' for engaging in the conversation. Pilot testing, small bites, controlled samples, phase-based value pricing, etc., are all mechanisms to evolutionary change."

Dixie: "Most clients react favorably and see the benefits; some dislike it. The dislike has to do with reluctance to change in the way it's always been or in the misbelief they are being presented something that benefits the firm, not them — this is a presentation-style problem."

GS: *Are there other ways to move toward this model without making a complete switch?*

Michelle: "I recommend moving toward these approaches gradually. Firms that go cold-turkey struggle the most. First steps are to 1) detach time (i.e., efforts or inputs) from your thinking on what should be your prices or measures of profitability; 2) begin offering options to explore comparative value for price with buyers; and 3) get really good at defining and communicating scope of work, both internally and externally. Until you get good at all three, departing from time-based pricing is unlikely.

"These three steps, especially 'options,' teach sellers how to have value conversations. Few CPAs have already honed this skill because of relying on billing by the hour and their tendency to discount."

Dixie: "In our firm, we are over 60% converted to value pricing with our clients. Our goal is to have 100% of clients priced in advance. It takes time to convert existing clients over to the new pricing method. It's equally difficult to change the paradigm of the accountants, and the culture of a firm. It's a gradual process."

GS: *What conditions should be in place and who needs to buy in before you can consider a change like this?*

Deborah: "Firms must have authentic relationships with their clients — rooted in trust. They must be able to create a clear articulation of a 'problem' to be solved. Both the professional and the client must have clarity of what a good fit 'solution' to the problem looks like, and there must be a level of urgency present to activate and implement change. The firm must have clear access to the decision makers and decision-making process, and be able to align expectations for how the changes will be implemented. Finally, the two parties must arrive at a clear price-equals-value budget to implement the change."

Dixie: "Support needs to happen from the top down. The challenge is partners who have always billed by the hour and rely on the beloved timesheet to measure many things. Change truly exists when belief in value pricing is projected down the ladder by the partners. It becomes much easier. To have a conflict of 'some that like it'/'some that don't' creates confusion and it is impossible to be successful with that mentality. 100% of the partners need to fully support it."

Michelle: "It takes a visionary leader with respect of colleagues and ultimate say-so to make this work. Establish a pricing council and develop strong scoping skills. It's a challenge because today's firms don't carefully define scope in advance of committing to a price — why bother when they've simply billed their overages later? It also requires strong project management skills, which is equally uncommon in firms. Lastly, ongoing education about pricing process and techniques is important."

GS: *How do you start the conversation with your partners?*

Deborah: "I would start with segmenting work for which a value pricing model would be easier to consider. Go where it is warm — approaching partners who are generally more receptive to change, innovation, creativity. Provide the context/vision for what you are hoping to gain by value pricing. Ensure you answer the 'what's in it for me' questions that partners will have for making change. Also, show your work by mapping out the process, checkpoints, metrics, etc., to determine if value pricing works."

Dixie: "For us, it started with education by Ron Baker (VeraSage Institute) who showed us the benefits of moving to Value Pricing. Plus, lots of internal training."

GS: *How do you move forward with implementation?*

Deborah: "Select clients where trust, care, and client experience are already in place and where there is more of a propensity for forgiving the bumps and stumbles. Invite these clients to help you co-create your models. Seek client feedback for value pricing models that are already working and won't require you to reinvent the wheel.

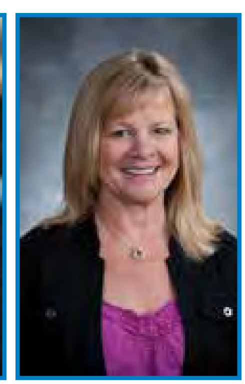
"Think nibbles before bites, pilot test concepts before moving to a whole-scale change and confirm success metrics."

Deborah and Michelle: "Effectiveness trumps efficiency."

Dixie: "We measure and report on all progress. We celebrate success. We have actually let clients go who would not move to our value pricing model."

Michelle Golden
Kennedy and Coe

Deborah Knupp
Akina



Dixie Larson
Kennedy and Coe

Congratulations!
Randy Mowat,
AAM Marketer of the Year!

Randy Mowat, partner at Calgary, Alberta-based MNP, was recognized by *INSIDE Public Accounting* as the AAM 2014 Marketer of the Year for his exemplary performance in the field of accounting marketing. Randy's performance-oriented, entrepreneurial, visionary skills helped take MNP to the next level. Congratulations Randy!

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Success Tips for the New Proposal Writer

Jeff Botti, *Plante Moran*

Whether you were drawn to being a proposal writer because of fantastic sales insights, or thrust into the position because you are a persuasive writer, the transition to becoming an essential member of the practice development team can be difficult. With a strong background in public relations and marketing communications, I had a strong writing foundation, but very little experience writing proposals.

To make the transition easier for you, here's a primer to launch you into this brave new world.

1. Learn the business from the ground up.

Whether you are new to accounting, in a new industry, or simply in a new role, it's common to learn on the fly. It's an ongoing process, but what worked for me was learning the business in a systematic way, in addition to the anecdotal lessons that can add color commentary:

- ✔ Take your firm's basic courses intended to educate support staff. Not only will you glean new information, but you'll also make new contacts with those with whom you might later collaborate.
- ✔ Talk to subject matter experts in your firm to better understand what they do; learning in a nonproposal (i.e., not time-constrained) environment allows you to bond better with these individuals, and enables you to gain their confidence as a reliable resource.

- ✔ Attend sales calls with others to gain a grasp of prospects' questions, hot buttons, and how your team crafts its responses.
- ✔ Read industry trade magazines for your firm's primary industry areas to keep abreast of trends, opportunities, or buzzwords.

2. Anoint yourself the voice of the client as your team crafts its message.

Most firms' proposals are a narcissistic laundry list of services, without relevance to the prospect's business issues. The most effective proposals frame the firm message in the context of WIIFM (What's In It For Me), which is foreign to many partners at many firms. Being part of the initial client meetings empowers the proposal writer by providing insight to craft the message based on the prospect's unrecognized or unmet needs rather than just their perceived or stated needs.

> "There's a trend toward a more Web-like copy approach — more infographics, rich media, bullet points."

If you can't be directly involved with the prospect, supply questions to your sales executives, partners, or subject matter experts to reveal critical information, like the underlying pain points, values, future plans, and reasons for going out to bid.

3. Both project planning and content planning are essential for success.

"There's never enough time to do it right, but there's always time to do it over." The biggest challenge in proposals is time management and maintaining the attention of practice professionals. While I've never deciphered a true panacea for this issue, it can be useful to establish a firm project plan with dates and responsibilities. Build in a "pad," knowing it's likely deadlines will be missed. Given travel schedules and client responsibilities, strong project management can help assure deliverables are met and deadlines achieved.

continued on page 12

Price and the RFP: Differentiate, Don't Devalue

Larry Feld, ***Hunter Group CPA LLC***

Request-For-Proposal (RFP) pricing strategies are nothing short of an art form. Inevitably, some firms seek the low-price position in order to win the bid. It is a bit confounding, especially since most professional services marketers understand why the low-cost strategy is a loser for firms that are driven by quality and value.

"Occasionally there are reasons to bid low to win a reference client. Especially when the prospect is in a position through some affiliation to provide us indirect access to other attractive clients," suggests Joe Kovacs, marketing director for Gelman, Rosenberg, Freedman in Bethesda, Md. (1 office, 11 partners, 95 total staff)

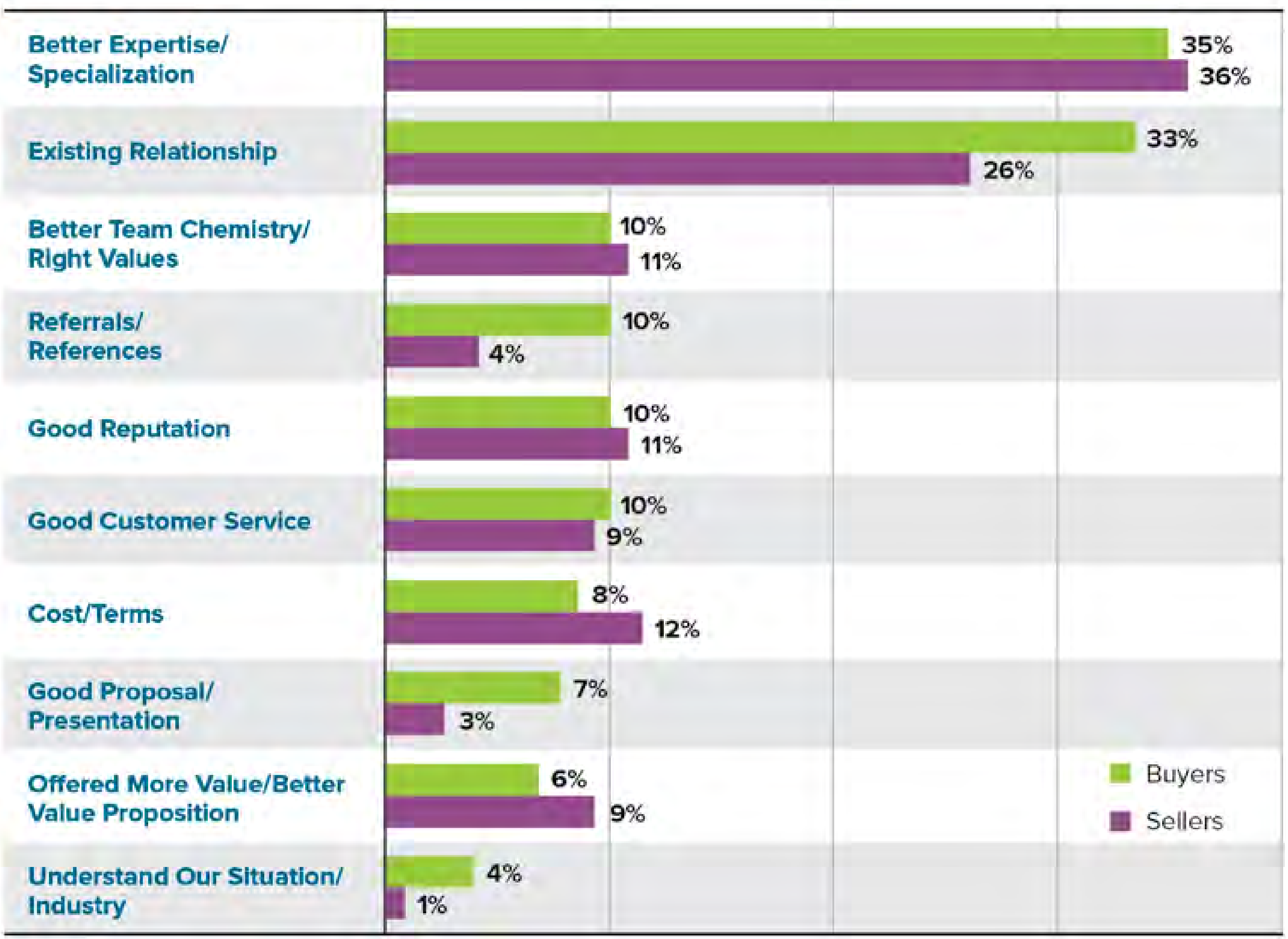
In spite of this exception, Kovacs says that CPA firms risk teaching clients a bad lesson in value by underbidding their work. A true believer in research-driven proposals, Kovacs believes that lack of understanding the client's needs is the culprit, not price.

"Low pricing alone is not bad. What's bad is when we fail to understand the value we bring to a client. We fail when we don't interview and research to see if there is a good match with the firm and the organization," Kovacs says.

Points of Difference

We know price matters, but how much? Does being the higher priced firm mean you will lose the bid? According

What Tips the Scale?



Source: *Professional Services: How Buyers Buy.* Copyright Hinge Marketing.

to Lee Frederiksen, PhD, the short answer is, probably not. Frederiksen, who is managing partner of Hinge Marketing, works closely with CPA firms on building research-based branding and marketing strategies.

"Price is rarely the true reason why firms lose a competitive bid," Frederiksen says. "In fact, our recent research reveals that a low price tipped the scale for only 8% of buyers of accounting and financial services."

"Articulating other points of value to the prospect — as we have learned first-hand — is the better way to win."

What matters more to prospects? Hinge Research Institute's 2013 study, *How Buyers Buy*, explored buyer and seller preferences. Their data suggest that expertise/specialization was the deciding factor in a significant percentage (35%) of cases; relationships were a close runner up, mattering most in 33% of cases. Other reasons, such as team chemistry, values and reputation, mattered most in only 10% of cases. A good presentation accounted for 7% of wins. (See chart, page 10.)

"Our research suggests that a great presentation is almost as important as having the lowest price in terms of value to the prospect," Frederiksen notes. Even when one competitor has a low price and great presentation, a competitor with expertise, a relationship or a specialization will still likely prevail, he says.

"Of course, you do have organizations that just don't have enough dollars, but presumably those are not the organizations you go looking for, unless they are useful to the firm for some other reason," Frederiksen concludes.

The CPA's challenge, as Kovacs sees it, is to go beyond the written RFP and focus on understanding what issues are really driving the prospect to act. Armed with that data, a firm can respond in unique and value-driven ways. Placing his faith in pre-proposal prospect research, Kovacs' philosophy is to discover unmet needs and develop a customized business development approach.

"Articulating other points of value to the prospect — as we have learned first-hand — is the better way to win," Kovacs suggests.

Katie Farrow, marketing manager at Teal, Becker & Chiaramonte (1 office, 9 partners, 85 total staff) in Albany, N.Y., agrees with Kovacs on leveraging the firm's value to balance a prospect's sensitivity on price.

"Prospective clients that know and appreciate our value don't argue about our fee," Farrow says. "In the end, our firm's reputation really does matter."

Differentiating Methods

It would appear that finding a balance between price and value in your positioning is a proven winning strategy. Rather than leading with a low price, there are several successful strategies to differentiate your firm from other competitors.

Consistency of Quality. Even commodities are utilizing differentiation strategies to segment clients and leverage needs to increase pricing. In the article "A Smarter Way to Sell Commodities," published by the *Harvard Business Review*, authors Robert Lurie and Ajay Kohli note: "Risk-based marketing strategy can be applied to any commodity, as long as the buyer stands to lose if there are variations in some element of it. A steak house chain, for instance, may pay a premium for consistently trimmed meat because eliminating variations in portion size reduces its risk of customer dissatisfaction."

Delivery. Most CPA deliverables are time-sensitive. If the state or federal government, bank or shareholders require audit or tax filings by a certain date to avoid penalties, there may be a financial incentive for the client to choose the firm with time guarantees built into their proposal. On the flip side, savings could be used as a differentiator if an RFP insists on a short time frame but in reality has the flexibility to accept delivery during summer months when the workload slows.

Niche Expertise. Everybody loves a niche, because having experience offers so many perks to the potential client. Deep niche players offer training, tools and research as value-added extras to their clients. If the firm's niche group can convince the prospect that they will be part of a special community and the firm's knowledge and industry standing delivers unique expertise, suddenly price is not as critical.

Some firms use professional educational seminars as a value-added part of their customer experience. Others offer research and executive gifts as perks. Some firms demonstrate depth of knowledge in the industry, or overview their client onboarding process, giving prospects a test drive of how life will be after they select their firm.

Consistency of Price. Some firms use multiple-year fixed or flat pricing commitments as a way to differentiate. If the client is concerned about keeping a lid on costs, the firm that demonstrates cost containment may have the advantage. Often, this opens the door to placing strict caveats in place in the event a change of scope or timing issue alters what has been proposed. For example, clients pay extra if they are not ready when the auditors are scheduled, or if records require extra work to be audit worthy.

Game Changers. Firms that take the time to uncover unmet needs beyond the RFP have the opportunity to create proposals that are dramatic game changers. The game changer might be access to a custom report, training for the prospect's financial staff, or high level consulting. Or, it might be as simple as taking unique steps that save the organization time or money that no one else has mentioned. Game-changing proposals might also be driven by price, if they introduce a value-pricing model to the conversation.

Uncover the Pain

Differentiating with price is not a guarantee of winning a competitive proposal competition. In fact, research suggests that firms are better off spending quality time in a pre-proposal conference demonstrating their expertise in the prospect's area of specialty. Uncovering pain in the organization — and understanding how you can best address these pain-related issues through pre-proposal research — gives your firm a powerful edge. Articulating these points of difference in proposals and delivering the right price, not necessarily the lowest, creates the winning strategy.

Of course, when all else fails, having friends on the organization's board also helps.

About the Author

Larry Feld is Director of Marketing for Hunter Group CPA LLC. He has over 30 years of experience in the marketing of services, including 16 years at his current firm. He can be reached at 201-693-9823 or lxf@thehuntergroup.com.

Success Tips for the New Proposal Writer from page 9

Arriving at consensus with the pursuit team on key points that will differentiate your firm can ease the proposal process. Ideally, the foundational message of your firm's branding can set the tone and content for your proposals. I've found it helpful to chart out themes, messages, and proof points. I use different table formats that help me keep the proposal flow logical. This will save you a lot of time in the drafting process and ensure that the team is on board — before the first draft.

4. Tailor the message to the audience.

It's a pleasant notion that new proposals can be "cut and pasted" from previous ones. Proposal writers can be resourceful by using 40 percent to 50 percent of existing content. But the best marketing messages, proposals included, are relevant to the specific reader. While this approach requires more work, it also can demonstrate an understanding of the client, its industry, and its business needs.

Some firms have gone to the extent of creating proposal portals — intranet sites with the proposal elements plus rich media, secondary information, searchable content, etc. These sites can even use the firm and client name as part of the URL — the ultimate in customization.

Some, including me, often have been tempted to include this line in a proposal:

> I spent hours, most of them late at night, creating this proposal and will give you $100 if you email me right now and tell me you read this.

There are many cases where I'm sure I'd never have to pay up. In those cases, I know that the proposal is too long, thick with text, and/or light on graphics. Thus, it will be scanned, at best, and probably will not be read. That's why there's a trend toward a more web-like copy approach — more infographics, rich media, bullet points. The process of hiring a new firm is an interruption to the prospect's normal course of business. Tailor your message not only in its content, but also in its presentation.

5. Proof, proof, proof.

This might sound basic, but it's vital. Spellcheck is a great tool, but it's not foolproof. You should proof your work, but also develop a network of reliable colleagues who can proof for you (especially headlines, which proofreaders often overlook).

Part of proofing is version control. Using SharePoint sites to maintain one version of a draft can be helpful. At the very least, date each draft version in the document itself and change the name of the document to reflect that change. Realize that, as you make revisions, you are likely to make additional mistakes in your edits. We've all heard horror stories of the "final" version of a proposal, a dozen copies arriving from the printer just minutes before the presentation, being the "not-quite-yet-final" version. You'll rarely catch every possible error, but you can come close by following those proofreading guidelines.

Good luck in your new role, and know that, in addition to resources such as AAM, other groups such as APMP (www.apmp.org) can be invaluable resources through webcasts, journal articles, networking, conferences, and more. Together, these resources can help you and your organization win in the bidding process.

About the Author

Jeff Botti, APR, is a proposal writer with Plante Moran, an accounting and business advisory firm. Trained as a journalist, he has more than 30 years of experience in journalism, marketing communications, and public relations. He is Accredited in Public Relations. He can be reached at jeff.botti@plantemoran.com.

The Price vs. Value Conundrum for Clients and Prospects

Art Kuesel, ***Kuesel Consulting***

Do you patronize the cheapest dentist? Do you drive the cheapest car? Would you buy the cheapest house? While there might be a subset of people who would reply with a blanket "yes" for every purchase and service relationship, the answer is usually "no."

Consumers typically place value on certain aspects of each of their purchases, some of which are weighted more heavily than others (the color of the car vs. the brand). Some purchases are intrinsically more important than others (buying a home vs. a car). This personal value logic applies to every purchase decision whether it is consciously or unconsciously. Consumers are generally willing to pay more than the minimum for certain features as long as they perceive a value (benefit) to those features.

With that notion in place, does your firm and its partners know the price/value equation for your current clients? Do you know what your current clients value in their relationship with your firm? Are you delivering on these attributes, and pricing your services at a premium?

For most firms, the answer is, unfortunately, no. Determining unique value drivers is not particularly easy; however, it is a skill that can be cultivated with the right approach.

Value drivers in professional services relationships are often driven by wants, fears and perceived needs. Every client has a fear, want and need that can be incorporated into a firm's service delivery:

- ✔ A CFO might fear change on their engagement team because it will result in more work for the finance staff; the ensuing challenge for the firm is to minimize change.
- ✔ The president of a manufacturing company might want a CPA who can meet at 6 a.m. because that's when it's most convenient for her, before the morning shift begins. What will you do to make this happen?
- ✔ The board of directors at your not-for-profit client may feel the need to explore risk reduction strategies; how is the firm prepared to deliver this?

The Process of Peeling Back the Layers

This process begins with an in-depth conversation with your top clients about what they value most in their relationship with you. Find out what they want, fear and need — and how your firm may not be addressing those underlying issues. Understand their short and long term goals, and determine how to help them achieve those goals. That's the recipe for a long term, highly satisfied, highly profitable client. When you can deliver on value, you are delivering your client exactly what they need, and price becomes less relevant.

> "Does your firm and its partners know the price/value equation for your current clients?"

Don't be afraid to think outside the box on these service strategies. UPS has a team of pharmacists on staff at its Louisville world hub because a large healthcare client wanted the competitive advantage of the latest cutoff time for next-day delivery. Now customers can call in a prescription later into the evening for delivery by 10:30 the next morning. The only way that UPS was able to find out this client wanted the latest cutoff time for next-day delivery of prescriptions was to engage in a dialogue with them. And, with some creative problem solving, they helped deliver on it — literally and figuratively.

Will you be able to solve every want, fear and need your clients encounter? While that may not be possible, your referral network might be able to assist. Referring such opportunities strengthens both your client relationship and that with the referral. To your client, that referral is as valuable as providing the solution yourself — because you solved their problem and fulfilled their need — without a monetary interest.

The Price/Value Equation for Prospective Clients

According to research conducted by *CFO Magazine,* the top decision-making criterion for committees hiring service providers such as accounting firms is "paying attention to my company's specific needs." While that appears obvious, there are service providers who ignore that, and it shows. We fall into this trap too frequently. For example, we have an opportunity with a prospect, meet with them in a cursory attempt to get to know them, return to the office to dust off the last proposal, insert new names and send it to the prospect. We did nothing to customize that proposal filled with the same boilerplate information we have been using for years. FAIL! *(See "Price and the RFP: Differentiate, Don't Devalue" on page 10.)*

The more successful approach would have been to ask very insightful questions that helped us understand the wants, fears and perceived needs of the prospect; to translate these into service approaches that define a valuable experience for the prospect; and then to customize our sales approach to lead with these items in our subsequent meetings and presentations.

This demonstrates that we listened, that we can solve problems, and that our value transcends technical skills.

For example, let's say we're meeting the president of a large local construction company who needs audit and tax services because his previous CPA retired to Bora Bora. We can and should assume he wants a fair price for these services, from a firm with construction industry experience. But because we've asked some great questions to probe for wants, fears, goals and perceived needs, we learn that the president plans to retire in the next five years yet has done no succession planning. We also learn that his company just won a large contract in a neighboring state. And, through good dialog and listening, we discover he's concerned that his job-costing software may not be fully capturing overhead, leading to some contracts being underpriced.

The "normal" route would be to change the name from the last construction proposal and insert a page with "other services." The more successful approach would be to develop a package of services highlighting how the firm can deliver on the prospect's underlying needs, and use these to carry the conversation going forward:

- ✔ Fees would include a "succession planning assessment," a detailed discussion with business consultants with a summary report with recommendations.
- ✔ The scope would also include a "limited scope SALT (State and Local Tax) study," including a discussion and review of contracts, jurisdictions and the implications of his multistate operations.
- ✔ Included in his fees will be a half-day of assessment and training for his accounting team to ensure job costing software is indeed capturing overhead accurately — and, if not, making the changes in process and entry to correct the mistake.
- ✔ And even if the conversation did not include this topic, the firm could propose estate planning for the president in preparation for his imminent retirement. This proactive proposing is not an "up-sell"; it is delivering on a need that the prospect would value, even if he made no specific mention of it.

The Competitive Advantage of Value-Based Proposals

Assume your competition has similar construction industry experience with a similar cost structure. Then reality strikes: The low bidder came in at $30,000; our bid was $35,000; and the high bid was $37,500. The two other firms presented nothing special or unique, merely a "quality and service" approach for the client's audit and tax needs. But our customized "extras" that deliver on the construction owner's values and underlying needs clearly position our firm for success — even at a premium price.

The definition of value is "what you pay for what you get." When firms invest the time to understand the underlying need, "what you pay" becomes less relevant. I don't go to the cheapest dentist, because I place greater value on a comfortable and modern environment near my office. I don't buy the cheapest car, because I value the styling and performance of German automobiles. And, I didn't hire the cheapest accountant, because the one I did hire created an "emerging business package" for consulting firms just for me — which is what I valued most.

And when you understand what your clients and prospects value most, your client value and resulting success will increase.

About the Author

Art Kuesel is President of Kuesel Consulting, which helps accounting firms address their growth challenges through marketing, sales, and practice growth. Kuesel provides marketing training, sales coaching, planning development and implementation, and sales & marketing recruiting. You can reach Art at 312-208-8774 or art@kueselconsulting.com.

Accounting Marketing 2020: The Five Year Forecast

Marketing Professionals Today Are Concurrent Agents and Victims of Change

Consider that the first iPhone was introduced only seven years ago this summer — and the radical shifts smart phones have created could not be anticipated, even by the most prescient marketing professional. With the impact of technological, societal, and economic change occurring at an increasingly rapid pace, how should accounting marketing professionals gird themselves personally and professionally for the new world order?

Growth Strategies spoke with the CMOs of six top 20 accounting firms* during the recent AAM Summit for their collective wisdom on the trends most likely to impact marketing by the year 2020 — less than six years away from now. The genesis of some of these trends is already evident in their firms, and it is likely that these trends will be promulgated to other firms in the near future.

The following is a summary of their insights and predictions for the changes ahead, and how forward-thinking firms and their marketing professionals can be more prepared.

1. Technology will be increasingly vital to effective marketing. According to a study by Gartner Research, by 2017 the average CMO will spend more on IT than the CIO in many companies. These investments will be for improved CRM systems; social monitoring and listening platforms to manage online presence; marketing automation tools; email marketing tools; mobile platforms; and other innovative tools not yet released or even conceived. The highest performing accounting firm marketing departments, the CMOs agree, will be adopters of such technologies, and smaller firms will follow suit as costs reduce with the increase in demand.

Implication: Accounting marketers will need to understand technology platforms and how to use them to drive growth, as they cultivate their own skills in using data for improved decision making. In addition, they must align their budgets and their working relationships with their IT departments in the next few years to be able to manage these new needs, which will impact their ability to manage some of the other trends mentioned below.

2. Greater interdependence among accounting firm administrative groups. The CIO, CHRO, CFO and CMO/marketing functions will align more closely on strategic and tactical issues in the next six years, due in part to trends #1 and #3. This will manifest because of the increasing complexity of business, and the demand by firm management to bring a more strategic and sustainable approach to infrastructure investments.

Firms will witness a more virtuous circle: The CIO will collaborate with the CMO on new marketing technology needs. The CMO will work with HR on internal and external communications designed to attract and retain the best and the brightest. The CFO will require and support ROI programs for all administrative departments. Firm infrastructures will become less siloed as these professionals work to address a rapidly shifting market space.

Implication: CMOs and marketing professionals will lever their ability to think strategically, and in some cases could

If accounting marketers are to increase their ability to measure a true marketing ROI, both tactical (inside the square) and strategic (perimeter of the diagram) will be necessary in the next five years. The real question is whether marketing professionals are willing or able to morph into the new world order.

**The views expressed by the CMOs are their personal opinions based on more than 150 years of collective experience, and not necessarily the views of their firms.*

lead the strategic charge for firms, as most seasoned marketing professionals have experience and/or knowledge of strategy. You may want to add Blue Ocean Strategy to your summer reading program.

3. Internal communications programs will increase in value in a more competitive workspace increasingly dominated by Millennials. The average Millennial (born between 1977 and 1997) will change jobs every 4.4 years, according to the Bureau of Labor Statistics. That means engagements and retention will be vital, and internal programs and communications programs to retain employees will grow in importance as we hurtle towards 2020.

One CMO shared that there appears to be a strong correlation between improved communications and higher engagement scores among Millennials, according to their firm's internal metrics. As the economy continues to improve, there will be greater competition for talent; retaining the best producers and technical experts will challenge most firms, and the marketing professionals can work with HR and leadership to create programs and communications to address key issues for leaving a position.

Implication: Tone from the top communications and systemic programs that promote two-way communications among management and staff, and partners to their staffs, will be key to the success of firms and their marketing professionals, given the tumult in the labor market and rise of the Millennial work force. This could take the form of more collaborative work spaces, expanded use of mobile, telecommuting, etc.

4. Content will become emperor, not just king. Today's B2B consumers are hungry for information, yet exhibit shorter attention spans. For the professional services marketer, that means creating more frequent content that is fresh and relevant to market demands. One CMO pointed out that companies are, or soon will be, hiring more editors than magazines are hiring. At the same time, the consumption of content will be increasingly self-directed. The use of social media will mature; more firms will use video content and take a more proactive approach with their websites.

Implication: Marketing departments will either group to keep up with content demand, or will need to outsource the creation and/or monitoring of "push" information. Professional services marketing professionals will be further challenged by highly levered partners with less time to create or promulgate thought leadership, articles, interviews, etc. Even larger firms could default to third party content creators in order to maintain their relevance.

5. ROI will be more measurable and expected. The slog toward measuring the sales impact of marketing activities will improve as technology and accountability in accounting firms is expanded. No longer will the rationale for certain programs be based on anecdote; as marketing budgets grow and skills increase, management will demand more diligence in marketing spend and measurement.

Say What?

A Primer on Acronyms

B2B: Business-to-Business
BDM: Business Development Manager
CFO: Chief Financial Officer
CHRO: Chief Human Resources Officer
CIO: Chief Information Officer
CMO: Chief Marketing Officer
OMP: Office Managing Partner
ROI: Return on Investment
SEO: Search Engine Optimization

Lead generation and its ensuing follow-up — whether through email marketing, SEO, events, or other marketing activities — will be more scrutinized, enabled by more sophisticated marketing technology. And just as most partners are measured by origination and billing under management, accounting firm marketers will begin to be held to an ROI accountability, not merely rewarded or acknowledged for execution of an annual plan and the ensuing tactics.

Implication: Marketers and their marketing programs will be under greater scrutiny; professional marketers must hone their analytical chops in order to have the business conversations that are likely to occur in the next six years. Marketers who can regularly tick and tie results to expenditures will be more valued in their firms; those who can't will likely remain in marketing Purgatory as firms continue to merge to become more efficient.

6. Marketing and sales functions will become more closely aligned. As firms examine marketing ROI, they will invariably examine the link — or lack thereof — between marketing and sales functions. Lead generation and follow-up will become paramount; the notion of "branding" for its own sake will come under increased scrutiny as the impact of brand on the sales process will become more understood through additional real time data.

Greater consideration will be given to client retention, and marketing is likely to play a more important strategic role in this process. More firms are likely to take a less departmental approach and more of an industry or segment approach to their marketing and sales functions. And as these roles morph in a shifting market environment, the marketing and sales functions (whether by sales professionals or those in the practice) will become more aligned, strategic and cooperative, and these functions are likely to be viewed as continuations of the same pipeline process.

One CMO pointed out that a study presented at the 2013 AAM Summit demonstrated that firms with more centralized marketing and sales functions had higher organic growth rates than firms with disparate marketing and sales operations. The CMO group agreed this alignment will continue and strengthen by decade's end.

Implication: Marketing professionals should adopt more of a pipeline view of their marketing strategies and tactics, contemplating not only the creation of new contacts and brand relevance among current prospects, but also the creation of influence throughout the proposal and win stages of the sales pipeline. Marketers will also be challenged to develop the requisite strategies and ensuing skills to create customers for life.

7. The BDM role will expand as skills become more specialized and billable time demand increases. More firms will examine the true cost of practice development time of their partners, partner close rates, and client penetration data. It is likely that an outcome will be an increase in the number and importance of Business Development Managers, who can network, coach pursuit teams on large engagements, and do so at a lower real cost per revenue dollar than partners. This dynamic will also have a positive impact on firm realization, as partners will be able to bill more of their time as their practice development hours become more efficient with the help of professional salespeople.

Implication: Since most firms' marketing departments are more developed than their professional sales teams, the responsibility of pipeline discipline, sales metrics, and partner productive and actual costs will likely fall to senior marketing professionals for now, in collaboration with the OMP and Comp Committees, CFO and CHRO. The prescient accounting marketing professional would do well to initiate these conversations now — ahead of the wave that's likely to crash our way in the near future.

8. Firms will address partner marketing accountability. The firm of the near future will shore up links between partner compensation and partner core skill sets in new client development, technical skills, or people development. And for the rock star performers, it will be all three areas of expertise. As new and better systems and technology enable management's desire to measure the true value of each hour and the resulting ROI, a greater level of scrutiny and accountability will become the norm throughout professional services firms.

In a straw poll during one of the AAM Summit sessions this May, the majority of the nearly 200 accounting marketing professionals indicated the leading issue for their success was partner accountability. If marketing programs and professionals are to be successful by the year 2020, the entire value chain must be aligned and is only as strong as its weakest link — even when those links are partners.

Implication: The marketing professional must tread lightly on the topic of partner accountability, lest they place themselves in an untenable situation. The CMO group recommends that marketing professionals endeavor to control the things they can — pipeline structure, marketing accountability, metrics of the pursuit process — and continue a "drip" campaign with senior management. The tide will likely turn, but that sea change will come from the top, not through marketing.

The six CMOs agreed that this is by no means "the" list, and that, given the dynamic nature of the accounting industry and marketing disciplines, some of these predictions will at least be tempered in the next five years. The group did agree to be interviewed five years hence (assuming, one said, they were still gainfully employed in the industry), to find the crack in their 2014 crystal ball. On one aspect of this discussion, there was little doubt: The world of professional services marketing continues to evolve, and so, too, should professional services marketing professionals.

You can put that into your iPhone and Skype it.

About the CMOs

The CMO Cabal consists of these Top 20 non–Big Four firm CMOs:

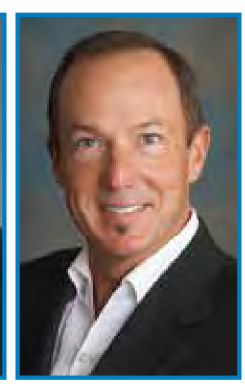
Jeff Antaya
Plante Moran

Tammy Barboni
Baker Tilly

Bruce Ditman
Marcum, LLP

Scott Moore
Dixon Hughes Goodman LLP

Bill Penczak
UHY Advisors-Texas



Mark Waxman
CBIZ

Please direct any comments or questions to Bill Penczak, bpenczak@uhy-us.com. We'd like to hear your thoughts about our thoughts, and see what other predictions the readers of Growth Strategies *might have about Marketing 2020.*

Parting Thoughts

Jayla Boire, *Association for Accounting Marketing*

Being the Partner You Want to See

If there were ever a testimony to the power of collaboration, and the wisdom of "reaching across the aisle," politicians might consider a closer look at marketing and firm management within the accounting industry.

What's driving the shift in cross-functional collaboration in accounting firms?

- ✔ With the acceleration of M&A, firms are managing new people, operational procedures, and a long list of communications challenges that firm leaders may or may not have anticipated.
- ✔ Business development is among the fastest growing areas of personnel development, requiring new focus by marketers and firm management and greater synergy between the marketing and sales functions.
- ✔ Marketing professionals are increasingly participating in growth discussions. They are navigating the functional silos of firm operations to unite the efforts of marketing, sales, recruitment, retention, leadership development and budgeting to generate measurable bottom line results.

Why the narrow focus on parting thoughts about being the partner you want to see? It's not just that we're witnessing productive conversations among AAM members and committees about the collaboration that's occurring (even though we do). And it's not that we need to take pride in the volume of intellectual property sharing among AAM members with their firm leadership (even though we do).

It's that being the partner you want to see — modeling the collaborative, inclusive leadership we're cultivating at AAM — produces *results and impact*. As marketers, we know it means the venerated "seat at the table" of executive planning, operational influence, and career growth is ours for the taking. And rightly so. We share, or should share, this measurable impact motivation with our firm-wide professionals. It's a common goal for accounting marketing professionals interested in breaking down barriers.

Evidence abounds. Randy Mowat, AAM Marketer of the Year, collaborated with his executive team to launch a succession services program that yielded millions of dollars in revenue. Jamie Thomas, Director of Marketing and Communications at The LBA Group, packed the room when she co-presented with Bill Pirolli of DiSanto Priest & Co., on business development: "Getting and Keeping the Clients You Want" at the AICPA's June Practitioners Symposium and Tech+ Conference. And I'm sorry if you missed the *Take AAM & Engage* annual conference for an in-depth and actionable synopsis of the state of the profession with Sarah Johnson Dobek, President, Inovatus Consulting, and Mark Koziel, Vice President, AICPA. Their presentation gave marketers, practice leaders, affiliates and accounting professionals a great deal of market and business intelligence on where we're going in the industry, and generated lots of ideas about what to do with the information right now.

"Being the partner you want to see produces *results and impact.*"

In the coming months you'll hear more about why partnership and collaboration matter to marketers from a handful of industry experts in AAM e-news, webinars, podcasts and campfire-style chats.

Are you being the partner you want to see? Tell me your story! jayla@accountingmarketing.org.

About the Author

Jayla Boire, CEO of AAM is has extensive experience in agency, corporate and consultative marketing. Jayla provides strategic direction and leadership for organizations and associations seeking definition and implementation of strategic plans and processes, and is the first CEO at AAM.

Marketing Budget Benchmark Survey

How much do CPA firms spend on marketing? What do they spend it on? Our newly released survey gives you all the details you need to benchmark your spending against the industry — in a true apples-to-apples comparison.

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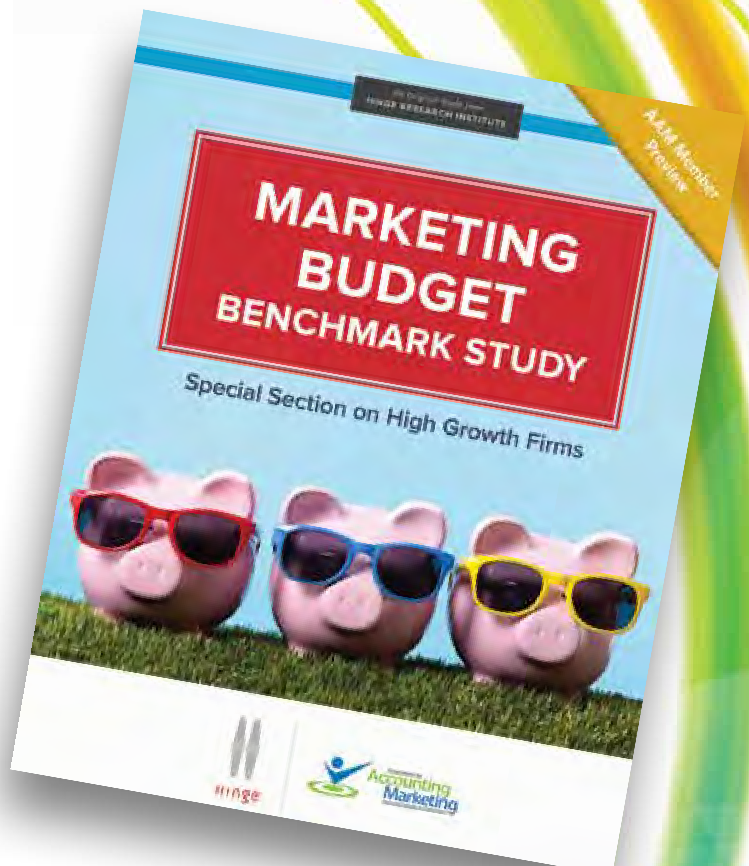

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