Growth Strategies

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The Journal of Accounting Marketing and Sales

Gaining a Seat at the Table

Accounting Firm Benchmarking: Metrics That Matter

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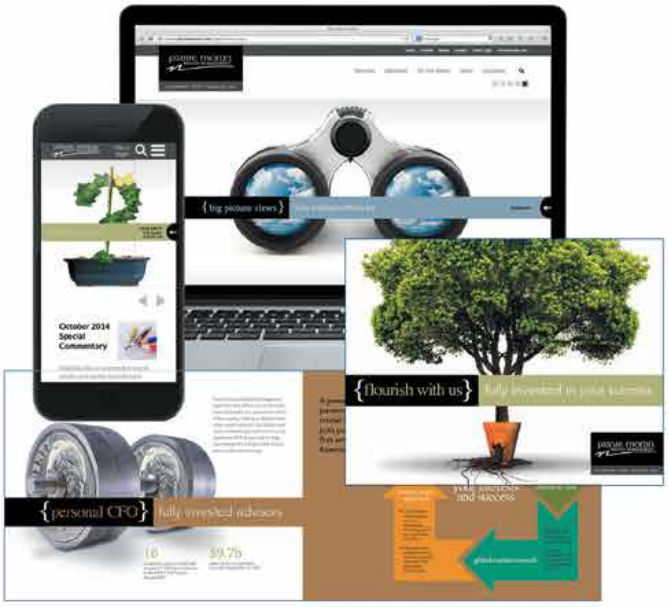

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From the Editor

Are you ready for the new world of accounting marketing? Tides are changing in accounting firms large and small. Partners are starting to realize that marketing professionals can — and should — have a seat at the executive table. Anecdotally, over the past 18 months or so, more firms have indicated they've hired marketing people in key strategic positions and those individuals have said they felt empowered to effect change within their firms because they have buy-in from the top brass. Some have gone so far as earning roles as nonequity partners, showing their commitment to the firm. But, there's still a long way to go.

Marketers often struggle to convince firm leadership that they are not just about press releases, parties and company swag, and that their efforts can yield profit and aren't just a cost center. Part of the problem is that partners don't expose their staff to the goals and financials of the firm. It's one of the reasons firms are struggling to hold onto top CPA talent. And if they aren't telling their client-facing employees the full story of the firm's state of affairs, imagine how much they aren't sharing with marketers and other nonaccountants.

This issue of *Growth Strategies* aims to educate both marketers and their partners/colleagues about what marketers need to know and what skills they need to possess to elevate their status and truly have a seat at the executive table. If marketers can understand what partners care about, they can craft their plans and messaging to make a difference and drive growth.

In "Gaining a Seat at the Table," Wendy Nemitz offers insights on how to get partners' ears by learning their individual frustrations and concerns and articulating how to alleviate them.

Michael Platt's "benchmarking" article outlines KPIs partners are measuring and explains what they mean to the firm and why they are important.

Whether your firm has a business developer or not, it can never hurt to gain some insights into how people in that role think and what's important to them. "Think Like a Business Developer," by Wade Clark, gives a glimpse into their mindset and explains how marketers can gain influence by seeing things from a business developer's perspective.

Meanwhile, "Marketing Strategy: The Art of Tactics" helps answer the question of what marketing's role actually is, or could be.

Take the time to internalize some of these ideas, share them with your teams and discuss them with your partners. It's an exciting new world to explore.

Alexandra DeFelice,
Executive Editor

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Eileen Monesson, *PRCounts, llc*

What Drives Happiness in a CPA Firm?

Happy employees lead to happy clients. In support of this statement, and the importance of happiness in driving staff engagement, productivity and retention, the thought leaders at the CPA Consultants' Alliance (CPACA) conducted a groundbreaking study. More than 700 partners, staff and administrative professionals participated in the national survey, which explored the five factors that contribute to happiness in the workplace:

1. Enjoyment
2. Engagement
3. Meaning
4. Accomplishments
5. Relationships

The results of the survey are both telling and insightful, clearly identifying gaps between firm partners and staff or admin in engagement, perception of value and productivity.

Generally, the study found that firm partners are happier than the staff and admin. Forty-six percent of the partners completely agreed that they feel happy at their firm, and 45% believe that the firm cares about their happiness. In contrast, less than a third of the staff (31%) said they feel happy and that they believe the firm cares about their happiness.

To measure engagement, a key indicator used in the study is agreement with the statement, "When I wake up each morning, I'm excited about going to work." Only 22% of the partners surveyed, 9% of the staff and 13% of the admins completely agreed with this statement.

Feeling valued at work is a contributor to engagement. Although 55% of the partners feel valued, only 31% of the staff completely agreed that they are valued. The staff's response is in alignment with Gallup's engagement study, which found that 70% of America's workforce are not engaged in their jobs.

Lack of engagement leads to low productivity. Forty percent of the partners and 23% of the staff feel that they are working to their fullest potential. Unclear expectations could be a factor in this response. Forty-eight percent of the partners completely agree that they are clear about what they need to do, while only 23% of the staff and admins said they were clear about what they do. Less than 40% of the survey participants think that firm leaders communicate effectively, with 37% of the partners and only 18% of the staff agreeing.

Feeling a strong connection to the success of the firm is another contributor to engagement. The survey found that, although 60% of the partners feel connected, only 28% of the staff does. It is interesting to note that 60% of the partners completely agreed with the statement, "Doing my best allows me to succeed," while 40% of the staff affirm this statement as being true for them.

Knowing that you have a great future at the firm also contributes to happiness and engagement. Nearly 53% of the partners completely agreed that they do have a great future, while only 28% of the staff and 31% of the administrative personnel concur.

The top three contributors to the participants' happiness were identified as: flexible work schedule (65%), challenging work (52%), and increased compensation (37%).

This study clearly reveals that CPA firms have to invest in programs to increase happiness and engagement. More details on the research findings are available at www.cpaconsultantsalliance.com; click on the "Download our latest whitepaper!"

Gaining a Seat at the Table

A fresh look at marketing and business development plans to jump-start firm growth

Wendy Nemitz, *Ingenuity Marketing Group, LLC*

When discussing marketing plans with midmarket firms, the two responses we hear most often are: "We don't have one," and "We have one, but it doesn't seem to make any difference."

Instead of rehashing what did not work last year, here are proven ways to build a marketing and business development plan that can make a profitable difference for your firm.

Target Specific Firm Goals, Partner Frustrations and Market Opportunities

Invest time to engage key leaders of the firm first to learn about their successes this past year in service areas or niche growth and what frustrates them about current growth. Dig into the opportunities they have lost (proposals, tradeshows, niches) and which competitors they see as a threat. Usually this due diligence works best as individual conversations in person or by phone.

Talk with your managing partner and key leaders about the firm's vision and growth goals. If their answers vary or lack clear direction, this is the first place to start with your new marketing and business development plan. Clarify where they want to go as a firm.

Tie Strategies to a Strong Business Case

You work with CPAs. They love numbers and processes. Instead of saying you need a new website because the one you have is five years old, show the partners screenshots of competitor websites. Break down Google analytics to show the levels of traffic on your site and key phrases visitors are searching. Use marketing statistics regarding the power of online leads. Build a case for the website that makes business sense.

If your niche marketing team is losing proposals and you think some improved visibility is required, include the win/loss ratio of proposals in a niche and how often the competitors advertise or sponsor vs. how often your firm does. Whenever you can base your "asks" on facts, you are much more likely to get a budget for them.

Also, quantify the cost of doing nothing. If a service team lost six RFPs, find out the dollar value of that loss. Tie your marketing spend to real problems and researched opportunities.

> "Whenever you can base your 'asks' on facts, you are much more likely to get a budget for them."

Analyze the Competition

Your partners depend on you to educate them about what the competition is doing that could benefit (or harm) your firm. They appreciate that kind of proactivity. Your prospects have other choices, so they are looking at your firm and the competition. Compare your firm's website, sales materials, community activities and niche presence with that of other firms. Report what you see to support your marketing strategy.

Prioritize Objectives by Partner Pain

In your conversations with partners, if their biggest complaints are about losing RFPs, you should recommend sales training or building credibility as experts in a niche market. If bankers and attorneys are no longer providing the referrals they used to, the firm may need to focus on lead generation via more rigorous networking. If the team networks but does not follow up, then lead-nurturing strategies should be discussed. If you have many clients who buy only one or two services, a cross-service initiative can build firm revenues. Diagnose the firm's biggest pains and turn them into your primary marketing and business development objectives.

Push for a Presentation

Present your marketing plan to the partner group or executive committee, complete with research, business strategies, and

budgets as well as who is accountable to complete the tasks. Two of the most important aspects of this presentation: Go through the presentation with a powerful champion partner in advance and build in specific questions and time for partner interaction/reaction. When they agree as a group that they have to do something, then you win — as will the firm.

If you are even thinking of handing your marketing plan over to the partner team to debate without you present, don't! The virtually guaranteed result is approval of some aspects of your plan with reduced budgets and no champions. Without you to provide context for decision making, they may cut critical initiatives.

For the presentation, prepare both a marketing plan document for distribution and a PowerPoint or other presentation. The document should contain:

1. A one-page executive summary for a quick read, focused on big picture problems and a short list of projects with a total budget figure.
2. The business and growth goals of the firm so they know you are building out their stated vision and tying marketing investments to business results. If this is not formalized, calculate an aggregate growth target and suggest it "based on partner feedback." You might want to suggest two targets: a "stretch goal" and a more reasonable goal. Let the partners debate the two goals at your presentation.
3. Some vocabulary terms and information to educate partners and make sure they are on the same page. I have heard partners refer to keychains and trinkets as "PR." Mention SEO and some will say, "What?" Just as we don't know all the tax forms, they don't always know marketing jargon.
4. An analysis of the market, including economic trends, opportunities in industries and changes the firm may encounter. A quick Google search of your market area may uncover the trends and ideas that will increase your credibility. Company openings, business in-migration, employment trends and local dynamics are all things partners want to know, and you as the marketing professional should provide.
5. An analysis of other firms your partners face in competitive situations. Ask them about firms with which they compete frequently in RFPs and which they view as competitors. If the data exists, compare your firm's "win" rate against key competitors.
6. A definition of your target audiences. Who are the key decision makers and ideal clients? Build out "personas" to fully embody your best prospective client. Doing so can help you target your marketing strategies and dollars.
7. The strategies you will use to target these decision makers. For example, "Continue to develop our precision metal manufacturing practice by adding five new clients at $20,000 per client or more and cross-serve 12 of our 25 current clients with cost segregation studies, business valuations, succession planning and other consulting services."
8. A detailed calendar of the tactics you will use, timing, and who will be responsible for deployment. Using the precision metal owners example above, the cross-service portion of the master calendar might include a series of mailings, having every partner in charge go through cross-service training to identify needs and then meeting with all targeted clients, their attorneys and their bankers for lunch to discuss their business "off the clock."
9. A careful budget. Spend more time on this than you want to because numbers are very important to your partners. Include a contingency into the master budget to accommodate overruns or opportunistic investments. No marketing director ever gained a seat at the table without owning the budget.
10. At least one more project than you absolutely need to tackle. It makes partners feel good to be able to trim something back. So when you request $250,000 and they approve $225,000, you already know what to cut. While this sounds nefarious, it addresses the reality of accounting firm investments.
11. A process for measurement of ROI or ROO (Return on Objectives). It appears to be really hard to measure a sponsorship or an ad campaign, but you might report that 3,200 business decision makers saw your sponsorship sign at the charity event. Share your website analytics. Show them that 52 people "like" your Facebook page. Share the traffic count of the highway near the billboard you leased. These numbers will also help you justify cutting certain partner "pet" sponsorships and projects from your plan and budget.

It requires lots of legwork to talk with leaders, analyze problems, research past productivity and market trends and then package them into a 30- or 60-minute presentation — as many as 40 hours for a small firm. But when you stand confidently before your leaders, helping them understand and navigate the future of the firm, basing your ideas and conclusions on research and careful analysis, your seat at the table is secured.

About the Author

Wendy Nemitz is founding principal of Ingenuity Marketing Group, LLC in St. Paul, Minnesota. She has consulted with and trained accounting firm marketers and professionals since the early '90s. The Ingenuity team provides accounting firms across the country with growth, branding, media and integrated marketing strategies.

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Accounting Firm Benchmarking: Metrics That Matter

Mike Platt, *The Platt Group*

The accounting profession is caught in an epic tug-of-war between recording the past and influencing the future. By definition, accountants focus on the past, making sense of the objective, undisputed results of a client's business. But clients value proactive, forward-thinking, predictive ideas to help them navigate and shape the future.

Similarly, the discipline of accounting firm benchmarking is caught in this same past-future focus, with firms seeking tools and metrics that are leading indicators, not just the traditional "how-we-measure-the-past" lagging indicators of performance.

Marketers are in a key position to help their firms bridge the gap between measuring the past and predicting the future. How? The first step is to understand what partners measure and why. This knowledge of traditional metrics will help marketers speak the language of firm economics and better connect with partners on the issues that are of most concern to them.

Guiding partners to look at leading indicators can help them see problems and opportunities earlier and act on them in a way that can influence the firm's direction for the future. But first, marketers need to know and understand what measurements are of interest to partners.

Traditional Metrics That Are Meaningful to Partners

Not all metrics are created equal. Marketers may be focused on the number of Twitter followers, email open rates or website hits. Partners are focused on profitability, revenue per hour and staff utilization. You can deliver your highest value when you can connect marketing activities with the results partners are monitoring.

Below are eight metrics, along with averages for different revenue bands, based on results of the 2014 *INSIDE Public Accounting* (IPA) Survey and Analysis of Firms. More refined benchmarks are included in the 2014 IPA National Benchmarking Report, which provides 80 pages of tables of metrics based on firm size. No business strives to be average, so use these numbers as benchmarks — if your firm is below the group average, you've got some catching up to do.

How Do You Compare?

Metric	$5M – $10M Firm Avg.	$20M – $30M Firm Avg.	$50M – $75M Firm Avg.
Professional Staff Leverage	6.9	7.7	11.2
Professional Staff Utilization	1,384	1,401	1,401
Net Revenue per Charge Hour	$151.11	$156.99	$175.28
Firmwide Profit Margin	30.9%	29.3%	28.1%
Net Revenue per FTE	$170,149	$175,115	$193,604
Net Income per Charge Hour	$48.04	$48.26	$49.48
Realization Percentage	85.1%	83.2%	79.9%
A/R and WIP Days of Production	79	82	72

Source: *2014 IPA Survey and Analysis of Firms*

Sample Dashboard

For the Period Ending: Dec. 31, 20XX

Metric	Top 10% of Clients by Revenue	A Clients	B Clients	C Clients	D Clients
Metric 1	Target___Actual___	Target___Actual___	Target___Actual___	Target___Actual___	Target___Actual___
Metric 2	Target___Actual___	Target___Actual___	Target___Actual___	Target___Actual___	Target___Actual___
Metric 3	Target___Actual___	Target___Actual___	Target___Actual___	Target___Actual___	Target___Actual___

The top metrics, in no particular order, include:

Professional Staff Leverage: The leverage structure is an important component of profitability, and is a reflection of the ability to deliver high-quality services such as tax and audit at a lower cost.

Professional Staff Utilization: The average number of hours each professional staff person is billing annually.

Net Revenue per Charge Hour: Average revenue for every charge hour — also a key component of profitability.

Firmwide Profit Margin: Percentage of every dollar earned available for owner compensation.

Net Revenue per FTE: The contribution each current FTE is making toward firmwide revenue.

Net Income per Charge Hour: Total dollars available for partner compensation for every billable hour.

Realization Percentage: How close the firm is to achieving the "retail" prices of all services provided.

A/R and WIP Days of Production: How many days of production are "locked up" and unavailable as current cash.

A firm (and the partner group that runs it) is driven by profitability, and one of the key metrics that signifies profitability is *Net Income Per Equity Partner*, which reflects the total amount available at the end of the year to distribute to equity partners. (Partner salaries are simply an "advance" on these expected earnings and are not in addition to net income distribution.) Average net income per equity partner is total net income of the firm divided by total number of equity partners, and can also be obtained by multiplying the top four factors above, as expressed in the following formula:

Professional Staff Leverage x Professional Staff Utilization x Net Revenue Per Charge Hour x Profit Margin

Using the averages for firms of $5 million to $10 million as an example, average net income per partner can be derived as follows:

6.9 X 1,384 x $151.11 x 30.9% = $445,900

Why should a marketer care about net income per partner? Because the work you are doing will ultimately influence the components of the formula above, which has a direct effect on a partner's income.

Firms have different philosophies regarding the kind of information shared outside the partner group. If your firm has not or will not share this information with you, it is up to you to convince them why it is important for you to understand the numbers. Put together a compelling business case. When you relate your activities to the influence they can have on the key components of partner income, you will have the ear of the partner group.

> "Firms can stratify (clients) from best to worst and determine where their energy should be focused to maximize results."

New Metrics to Consider

There are a number of other metrics that traditional benchmarking surveys do not currently measure and benchmark but need to in order to help propel the profession into a future-focus on leading indicators. They are client-focused, not firm-focused, and can be more subjective than the traditional metrics described above.

Just as IPA looks at hundreds of firms to determine trends and opportunities, individual firms can also look at hundreds of clients to stratify them from "best" to "worst" and determine where their energy should be focused to maximize results for the firm. While this creates a challenge to compare "apples to apples" between firms, each firm can create a uniform approach to these metrics internally that will help them get a better grasp on future opportunities and challenges.

Every firm should rank their clients A, B, C or D using whatever definition is appropriate and accepted in your firm. (There are many ways to stratify your client base and definitions are varied.)

Once sorted in this way, each firm should create a dashboard with headings that look like the Sample Dashboard on page 9.

Each client category has a target defined and an actual number achieved for each metric, which can provide your firm with a quick and easy way to focus its energy toward achieving maximum value.

With that as a reporting framework, here are some metrics that can provide the kinds of leading indicators every accounting firm can use to maximize value to clients and therefore to the firm:

- ✔ Lifetime value of a client
- ✔ Average annual revenue per client in each client category
- ✔ Percentage of total firm revenue derived from each client category
- ✔ Cost of client acquisition
- ✔ Client retention rate
- ✔ RFP "win" percentage
- ✔ Percentage of annual firmwide revenue in the pipeline
- ✔ Profit margin per client
- ✔ Number of firm services utilized per client
- ✔ Percentage of on-time completed projects
- ✔ Opportunity index — total revenue received per client divided by total revenue you could be getting per client if they were to engage you for additional services relevant to them
- ✔ Number of face-to-face meetings per year
- ✔ Number of referrals per client
- ✔ Conversion rate from charge hours to retainer/fixed fee — if fixed fee is a desired preference
- ✔ Ratio of "big issues" clients consulted the firm on vs. those identified after-the-fact (such as learning about it in the tax organizer)

Outside the dashboard, which focuses on target and actual metrics based on stratification of your client base, firms should track a number of other metrics to provide a clearer idea of how the firm is performing.

- ✔ Utilization by service
- ✔ Realization by service
- ✔ Profitability by service
- ✔ Marketing expense as a percentage of revenue

- ✔ Business development expense as a percentage of revenue
- ✔ Percentage of total staff turnover made up of people the firm had hoped to retain
- ✔ Pareto analysis of business client revenues

In the end, the metrics that matter are those that help drive your firm toward the goals it sets. Firm philosophy, culture, practice mix and purpose all contribute to determining which metrics are right for your firm.

Action Steps

1. Be sure you are familiar with the traditional metrics outlined above, and know the numbers for your firm (if possible).
2. If you have not yet ranked your client base A through D, decide how to do so now.
3. Meet with your partner group to determine which client-perspective metrics may be critical to achieving your firm's mission.
4. Establish targets for each of the client classifications for each of the metrics.
5. Determine your firm's actual numbers for each of the metrics.
6. Starting with the Top 10% and the A clients, establish a strategy for improvement.

For more information or to participate in the survey, visit www.insidepublicaccounting.com, email editor@plattgroupllc.com or call (317) 733-1920.

About the Author

Mike Platt, managing principal of The Platt Group, has been working with firms since 1985. As a past executive of two accounting firm associations and co-founder of AccountingWEB.com, Mike has helped large local and regional firms across North America grow and thrive. Mike continues to bring fresh ideas, approaches and information to firms across the globe. Contact him at mplatt@plattgroupllc.com.

Think Like a Business Developer

Wade Clark, *New Vision Advisors*

One of the challenges of working toward the growth of a CPA firm is working in an untraditional marketing environment. In professional services firms, definitional lines of responsibility are simply more blurred compared to our peers in the business-to-consumer world. This challenge impacts everyone, including partners who are required not just to maintain technical proficiency, but to serve clients, develop staff, and develop business.

Blurring of roles impacts marketers as well — they often have to cover more ground than their counterparts in the B2C world where roles are more focused and specialized. Professional services marketers are being pulled more and more into the direct facilitation, performance and even management of business development functions (such as sales pursuits and pipeline management), and many struggle with those responsibilities.

Marketing and business development are obviously closely related. Both exist to facilitate growth. However, the way they contribute to that growth differs. (See sidebar "The objectives of marketing and business development" on page 12.) But, beyond the functions and objectives of marketing and business development there is a key element that is too often ignored — the different frames of reference (perspectives) which marketers and business developers bring to their work.

Differences in perspective directly impact how marketers and business developers approach ideas, opportunities, initiatives and even personal interactions. When both perspectives are in place and contributing, the balance of perspectives helps firms improve their growth results. When either perspective is missing, so is a contributor to success.

Both marketers and business developers can benefit by understanding and incorporating benefits of the other viewpoint. Below are four perspective differences between marketers and business developers as well as a few steps marketers can take to better "think (and act) like a business developer."

DIFFERING PERSPECTIVES

Field of View (Big Picture vs. Narrow View)

The first difference is derived from the meaning of the word "marketing." Marketing is a discipline of identifying, understanding and acting toward the corporate traits and needs of a "market" — a group of potential clients. Business development is aimed at securing a specific sale with a specific individual client.

Marketers have a broad big-picture perspective — always striving to resonate with the market at large — and always alert to emerging issues and trends. Business developers, on the other hand, focus their attention on the unique needs of specific clients. For a business developer, trends and issues only come into play if they directly resonate with the unique situation or needs of a specific pursuit.

Urgency (Long-Term vs. Now)

It takes time to build an impactful brand. It takes time to build credibility and trust. It takes time to build your market position. And, it takes time to build the processes and systems that support growth. This is why marketers approach their work with a long-term perspective — always conscious of the need for results, but always careful to reasonably position the time it will take to get there.

Business developers, on the other hand, feel time is a luxury. Business developers come from an environment where they regularly hear, "Yes, but what did you sell today?" This is a stress point and driver for business developers. Their performance assessment, their compensation, and even their job rely on producing results "now." As a result, most business developers have a very short-term perspective. They look at where they can drive results immediately. They consider it a matter of success and survival.

We're All in This Together (Team vs. Individual Performance)

Marketers love to be creative and express that creativity through work that differentiates their firm's products/services. Marketers also recognize that achieving results requires the skills, input, participation, and follow-through of many people — a team.

Business developers also recognize the importance and value of teams. However, they're usually evaluated on their individual production — their sales. This instills a sense of

Weighing investments

When weighing a significant marketing investment, (campaign, sponsorship, event) use a simple calculation. Divide the cost of the investment by the commission rate the firm is willing to pay a business developer. The result is a revenue production goal for that investment.

Cost of marketing investment	$5,000
Firm commission rate (to business developers)	divided by 0.10 (10%)
Result	$50,000

If the firm is willing to pay $5,000 commission on a sale of $50,000, then we should seek a return of $50,000 on an investment of $5,000. Will it help produce $50,000?

individuality and a drive to act independently. At times, this can become a challenge for marketers, especially when looking to gain participation and manage consistency of message and deliverables. At the same time, marketers must understand that this drive is an important ingredient, which helps business developers push through the challenges inherent in sales (meeting new people, frequent rejection, addressing objections, negotiation, etc.).

The objectives of marketing and business development

Marketing	Business development
Increase positive brand awareness	Generate leads (outbound)
Provide positive brand experiences	Develop long-term leads (contacts)
Increase brand leverage	Advance active pursuits
Generate leads (inbound)	Increase revenue (close sales)

Production (Input vs. Output)

Achieving growth requires a solid strategy. It also requires aligning a skilled team to implement that strategy with support through efficient and effective processes, systems and tools. Many activities and tactics are used to achieve a specific growth strategy and marketing is often actively involved. Results tend to be measured incrementally as progress is made step-by-step, one objective at a time. This leads marketing team members to focus on the input (activities and deliverables) that contribute to supporting the overall growth process.

In contrast, a business developer's success is measured in terms of revenue results, not progress. Much like the differing perspectives regarding urgency, this leads business developers to focus on specific measurable (expected or potential) output for any given activity, rather than looking at that activity's big-picture contribution to the overall growth strategy. Simply put, business developers have a more transactional mindset focused on output, rather than a progress mindset focused on input.

LEVERAGING DIFFERENCES

A marketer who understands their natural viewpoint, and who can expand upon that viewpoint, has an opportunity to also expand upon their own success as well as the success of their firm. The following ideas are simple suggestions to leverage a business development mindset in order to broaden and increase your impact as a marketer.

Always Connect Your Content With a Call to Action

Growth takes time, but results can happen daily. When branding and promoting your firm, be sure you always know what you want your prospects to do with the content you are providing. Don't make them put two and two together. Make the connection between the content (the issue), the opportunity (service), and the action (next step) clear. Make the path to response simple every time you send a newsletter, create a new webpage, post a blog, submit a Twitter post, etc. Example calls to action could include:

- ✔ Obtaining an email address (a key asset).
- ✔ Obtaining input on a survey or business issue.
- ✔ Obtaining a registration for an upcoming event.
- ✔ Obtaining a free assessment for the firm's response.
- ✔ Obtaining permission to contact the prospect directly.

Set Short-Term Production Goals

Every sale has unique factors, but some things remain constant. To close a sale, an engagement letter must be signed. Proposals often precede engagement letters, and those are often preceded by one or more discussions between the buyer and the seller. Before these meetings, an introduction must take place.

When planning revenue production against firm revenue goals, you must work backward to determine the input necessary to produce the output desired. A marketer fosters results when they help facilitate the achievement of short-term production goals. These short-term goals (such as producing a consistent and sufficient flow of leads) should be directly supported by the marketing activities planned. If an examination of the planned activities (and their potential contribution to leads produced) shows them to be insufficient, then either the activities or the next steps surrounding those activities must be revisited and revised.

Maintaining a focus on short-term goals not only helps the firm achieve the success it desires; it also serves as a bridge between marketing and business development.

Be an Individual Contributor to the Sales Team

Business developers develop relationships with their prospects to gain a better understanding of their current and future business challenges. Their role is to help buyers evaluate and navigate their options to address those challenges, helping their prospects arrive at the best solution for their company.

Sometimes during the sales process, a business developer may also face obstacles and challenges. When a marketer approaches their role by thinking as a business developer, they can gain an understanding of the challenges the business developer faces and help them arrive at the destination they desire. Sometimes the assistance they need is objectivity (which can become skewed due to prospect relationships or the size of an opportunity). A marketer can add great value by asking challenging questions and by helping sales team members to overcome roadblocks.

continued on page 14

Marketing Strategy: The Art of Tactics

Bruce Ditman, *Marcum LLP* and Bill Penczak, *UHY Advisors Texas*

The challenges of the marketer in a professional services firm can be overwhelming — fraught with obstacles to individual and firm success many marketing professionals might find daunting and even impossible. But they're really not. In the following article we'll describe a series of priorities, actions, and tactics that will ease your pain and make success yours to obtain.

The heart of this direction is derived from one central principle — an answer to a question many of you have heard before in a partner meeting or around the lunchroom table: What is the purpose of marketing? The typical response is, "to raise brand awareness" or "to differentiate the firm from its competition" or, perhaps, "to educate the consumer."

Good for you, as they are all true. But none are the right answer.

The right answer, the response that stands above all others and the answer that can be the key to your boardroom access, should first be "to increase revenue." Results and the successful execution of marketing tactics, in the end, are what your partners crave. Everything else is just strategy.

A Marketing Plan Is Not a Business Plan

The first step to positioning the marketer as a business partner begins at the beginning: with the business plan. Prognosis without diagnosis is a recipe for disaster or even overdose, so before any strategy is proffered it is in your best interest as a business professional to do a deep-dive into the business plan you wish to augment. This begins with an analysis of assets and liabilities, identifying shortcomings and discovering those strengths upon which you can build. Your internal clients will appreciate that your approach is customized and that you are bringing the same fact-based and thoughtful approach to the firm's business as they bring to their clients' businesses. The marketing professional avoids being an armchair quarterback by engaging early and, in a way, attesting to the soundness of the determined strategy. The catchphrase is: "Get in early." You'll all be in it together.

A more nuanced contributor to your success relies on buy-in. "Buy-in" means earning the faith and support of your partner group and, like many things, is difficult to earn and easy to lose. Seek buy-in from your direct reports and your base by engaging with them as they would you, as business people with a common goal. That's not to say that you must agree at all times on all things — only that you must always agree on the commonality of your success (i.e., increased revenue). Buy-in is your credit earned and it will be yours to spend in those moments when you stand alone and ask of a crowded partner meeting, "Trust me."

Since you were there at the beginning (business plan) and you have the ear of management (buy-in) your rightful place at the partner meeting is not delivering copies (although you may need to do this) but in having a seat at that table voicing concerns and offering solutions. Aside from the benefits of first-hand communication, you will best be able to see your plans when they are presented in person. Additionally, down the road, you'll reasonably be able to address any individual successes or shortcomings with the professionals themselves, as you were a first-person witness to their commitment to execute. This isn't about placing blame or protecting yourself. This is about having the authority to address problems while they can still be fixed while stewarding your internal brand as a successful business partner. If you want a seat at the table, the same rule for everything else applies here, too: If you don't ask, you're likely not to get. Ask for access; they can only say "No," but more likely will respect you for asking.

Falling Prey to the Allure of Efficiencies

If you are an overhead line item (you are) and if you work in an analytical environment (you do) then you are familiar with the allure of "efficiencies." Efficiencies in business generally mean more profit and are inherently good things. However, they are not the only things, as attractive as they might be. To aim for efficiency as a primary goal is to say "let's see how little we can lose" as opposed to aiming for efficacy — which is to say "let's see how big we can win without wasting." Efficient efficacy is your goal and not the other way around. So, what does that mean for the marketer in a professional services firm? It means results — measurable, quantifiable results. Leads — the chrysalis form of new business — are excellent proof of efficacy. Even the collection of new contacts can be a viable deliverable. These will be the proof in your dreamy marketing pudding and their successes will be the currency on which you build your career. Your partners will believe in your strategy and knowledge when they can build that faith on a foundation of concrete delivery. So, when setting out on

a campaign, check this first and ask, "What will be the product of our labors?" Service, while very important, is what you use to deliver product — it is not product in and of itself.

And, while we're on the topic of concrete proof of the value of marketing, let's discuss branding.

Branding Misunderstood

Branding — oh, branding. We love you so much and understand you so little. Branding is important, it's great, it makes people love brands and buy that brand even when they don't need it. It's powerful, sexy, exciting.

And you should forget about it. OK, maybe not forget entirely about it but, when it comes to your daily interactions and tactics, you should place it way, way down on your to-do list. If you are successfully executing concrete and measurable marketing tactics and having success, brand success will follow. Conversely, if you set your focus in the clouds and devote your best energy to branding, nothing will get done on the ground where transactions and revenue occur. And marketers are terrestrially measured. If you focus on lead generation until the phones ring off their hooks and email inboxes burst with potential new business, rest assured no one will complain of a branding problem. It's only when the well runs dry or the phones fall silent do the cries of "No one knows who we are!" arise and then, my friend, it may be too late.

We'd love to say that this article is an examination of strategy vs. tactics, but that's really a flawed opposition. Strategy isn't the enemy of tactics; strategy is the art of tactics. Tactics are the execution of that art. We assume you all have strategic minds; you must to be where you are. Success, we'd assert, lies in how you will apply that knowledge in tactics. And not much else really matters.

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Weigh All Activities on the Scale of Revenue

All roads should lead to revenue, both in marketing and business development. This is not to say nothing else has value; clearly many activities we perform can have other benefits, such as enhancing the work environment. But, the purpose of marketing and business development is growth. Therefore, in your efforts to think like a business developer, always ask yourself the following questions when planning activities, or allocating your time.

- ✔ How will this activity contribute directly to the growth of the firm?
- ✔ How many leads can I expect to drive from this (campaign, event, mailer)?
- ✔ How much revenue can I drive if I invest this money and time?
- ✔ How will I ensure follow-through?

The ideas shared above are only samples, and you could add many more to this list. The key point to recognize is the value of both perspectives. If business developers can think more like marketers, and marketers can think more like business developers, both will benefit, and their firms will benefit as well.

About the Author

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Is Marketing Automation a Good Investment for CPA Firms?

Alan Vitberg, *VitbergLLC*

Lately, there's been a lot of interest and discussion about marketing automation for CPA and other professional services firms.

Firms that are investigating whether to implement marketing automation systems need to ask themselves whether they are really up to the task. Installing a marketing automation capability and platform for your firm should be the very last piece of digital marketing infrastructure you install, not the first! Sure, marketing automation is cool and hip and is a hot topic today, but so was CRM a number of years ago and look at the state of CRM deployment in CPA firms today.

Before plunging ahead, ask your partners if they're aware of the objectives, tools, processes, resource commitment, and value of marketing automation. It's likely that you would get agreement as to the merits and benefits of marketing automation. But when your partners take a look at what's behind the curtain, they might find that doing it right involves a lot more than they realized.

Marketing automation is a new game plan for most accounting firms, with roots that could reach into every single digital marketing asset firm's use, from e-newsletters to social media. It's built upon a premise that not all prospects who engage with your firm are sales ready. Consequently, one of the key jobs of contemporary CPA firm marketing programs should be to develop and nurture that relationship until such time that the prospect is ready to become a client.

Not all prospects are sales ready, and the ones that come into your firm from a referral represent only a tiny fraction of similar prospects that are looking for information or a solution. If your firm is realizing sales objectives through referrals, word of mouth, and branding, then marketing automation may not be a priority consideration.

On the other hand, for firms looking for more visibility, more leads in their pipeline, and a better way to integrate their marketing and business development functions, marketing automation may be the right play.

Contextual Marketing: The Driver Behind Marketing Automation

Contextual marketing is the art of delivering the right message to the right prospect at the right time. Marketing automation is the science that makes this happen.

Marketing automation starts at the Top of the Sales Funnel (TOFU), where leads are generated by offering prospects "gated" nonadvertorial content, such as a whitepaper on tax incentives. This is typically done on a website page or via offsite tactics such as email, using call-to-action buttons and landing pages to capture lead information.

At the Middle of the Funnel (MOFU), content becomes more advertorial, such as webinars or brochures, as the objective is to move a lead into becoming more sales ready. This process can be automated using technology that sets up, delivers and measures results of a drip email process that is configured one time and runs hands-free thereafter.

Bottom of the Funnel (BOFU) offers are designed to identify prospects that are sales ready. These may include steps to help buyers make decisions, such as free assessments, consultations or trials. Again, marketing automation is used to schedule and deliver BOFU offers via email at an appropriate time.

Can a TOFU/MOFU/BOFU workflow be organized and implemented manually? Of course it can, but why bother when there are so many software companies with terrific — and reasonably priced — marketing automation platforms. However, successful marketing automation is less about the tool and more about having a contextual marketing strategy populated with all different types of content designed to move someone through the sales funnel, from lead to prospect to client.

An Overview of Marketing Automation

Marketing automation is:

- ✔ A combination of strategy, processes and technology that straddles both marketing and business development functions.
- ✔ Built on designing strategies, tactics and activities that build relationships over time instead of solely focusing on immediately closing a sale.
- ✔ A way to start building a relationship with content that is 90% informational and 10% advertorial and, over time, ends with content that is 10% informational and 90% advertorial.
- ✔ Based on principles of contextual marketing that use a combination of technology and different types of content to deliver the right message to the right target at the right time. To see a graphic, go to www.marketingcharts.com and search for "42865"; this will take you to the link.

- ✔ Used to deliver content to prospects through a series of scheduled drip emails that include gated and nongated content. Setting this content up takes time and creativity, but once launched, can be hands free.
- ✔ Dependent upon software that has a broad range of functions, including lead generation, prospect segmentation, lead nurturing and scoring, relationship marketing, and marketing ROI and measurement.

Recent data from a Regalix survey not only shows the types of features that are available in various software packages, but also illustrates how these features are ranked in terms of importance.

The number of players in the marketing automation software space is staggering, and is only going to grow. While marketing automation platforms from these vendors share a common set of features, like automated email capabilities for drip campaigns, they all offer different features that make the selection process very challenging.

Top 10 Marketing Automation Vendors

According to a July 2014 report by Capterra ranking 20 vendors, the top 10 marketing automation software companies by number of customers were:

Infusionsoft	Teradata
HubSpot	Marketo
Vocus	Integrate
Eloqua	SimplyCast
IBM ExperienceOne	Act-On

You May Not Be Ready for Marketing Automation

It's easy to get dazzled and blinded, or to get your partners excited about what marketing automation software can do.

Making it work in order to pay off the investment? Not so easy.

The chances that it will fail loom large, according to NetResult, a marketing automation software company. They say that the vast majority of their turnover comes from customers that do not have the right plan in place to maximize their investment.

Before buying marketing automation technology, it may make more sense to ensure that other parts of your digital marketing program are working to their fullest potential, particularly your online lead generation efforts.

If you don't have the strategy, tactics and tools for attracting more website traffic and leads month over month, you shouldn't be thinking about marketing automation just yet.

If your website visitor-to-lead conversion rate is low, you might want to focus on better offers, landing pages and calls to action, and put marketing automation on the back burner for the time being.

If you're not doing content marketing, then don't even dare to consider marketing automation, because marketing automation is an absolute content devouring monster.

If you don't have a robust email platform or even the experience of developing, publishing and promoting a regular newsletter, then marketing automation might just be something for next year's marketing plan and budget.

A Few Tips to Get You Started on the Path to Marketing Automation

Despite all the precautions, marketing automation can be a dramatic game changer for the way you acquire, nurture and close your prospects. There are a lot of marketing automation success stories in the B2B space.

There are myriad reports citing the benefits of marketing automation. For example, the Lenskold and Pedowitz Group's *2013 Lead-Generation Marketing Effectiveness Study* states that 78% of successful marketers cite marketing automation systems as most responsible for improving revenue contribution. Forrester Research's *The Forrester Wave™: Lead-To-Revenue Management Platform Vendors, Q1 2014* found that B2B marketers who implement marketing automation increase their sales-pipeline contribution by 10%.

Hopefully, you're getting a sense that an appropriate way to proceed is "crawl-walk-run," and that trying to walk and run before learning how to crawl is a recipe for failure.

If you're ready to take those first steps, here's a checklist that you might find useful:

- ✔ Map your lead flow process — from first touch to closing the sale — to get a perspective of where, when, why and how marketing automation can be used.
- ✔ Develop a set of rules for making sure that the marketing department, professional staff and business developers are on the same page when it comes to the goals, objectives and outputs of your marketing automation system.
- ✔ Create a large amount of content to fuel the marketing automation process, and make a plan to acquire the resources to develop that content.
- ✔ Don't underestimate the resources you'll need — software and people — to make your marketing automation platform and program work.
- ✔ Understand the art and science of contextual marketing in order to deliver targeted, relevant content at the right time in your prospect's buying cycle.
- ✔ Tie your marketing automation platform into your CRM — if you have one.
- ✔ Improve the quality of your marketing database by cleaning up and updating your data.
- ✔ Refine and develop your marketing automation efforts using metrics — especially those that deliver insights on conversions to leads and sales.

Like many other activities in this new world of inbound/digital marketing, when it comes to marketing automation, it's what is behind the curtain that drives successful efforts for getting more visibility, leads and new business.

Understand the Scope of the Marketing Automation Journey You're Taking

The promise of marketing automation is fantastic, but the promise may overshadow the realities of the ongoing commitment and resources required to do it properly. In the spirit of looking before leaping, here are a few links to some educational material that can help you understand the scope of the journey you're embarking upon:

- ✔ HubSpot, What is Marketing Automation?
  www.hubspot.com/marketing-automation-information
- ✔ Marketo, The Definitive Guide to Marketing Automation
  www.marketo.com/definitive-guides/marketing-automation
- ✔ G2Crowd, Compare Best Marketing Automation Software
  www.g2crowd.com/categories/marketing-automation
- ✔ Customer Experience Matrix, Marketing Automation's Unhappy Users: Trouble in Paradise?
  http://customerexperiencematrix.blogspot.com/2013/10
- ✔ Customer Experience Matrix, Marketing Automation User Satisfaction: Clearly, There's Room for Improvement (and maybe a little vodka)
  http://customerexperiencematrix.blogspot.com/2013/10

About the Author

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Book Review

Eileen Monesson, *PRCounts, llc*

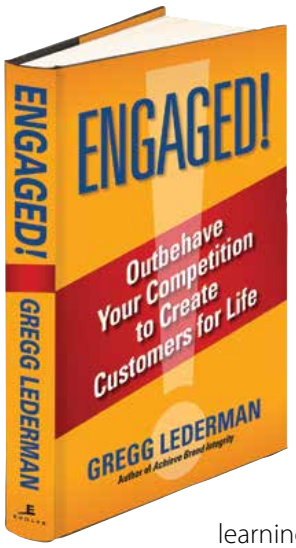
ENGAGED! Outbehave Your Competition to Create Customers for Life by Gregg Lederman

Companies with engaged employees outperform those without such engagement by up to 202%, according to a Gallup Inc. study entitled *State of the American Workplace: Employee Engagement Insights for U.S. Business Leaders*.

Yet, the majority of companies do not focus on employee engagement, which is evidenced by the fact that nearly 70% of the U.S. workforce is not engaged in their work.

The lack of engagement in the workforce comes with a high price tag. U.S. companies lose $450 billion to $550 billion annually. What's more, 84% of the top executives that participated in a study done by the Economist Intelligence Unit consider employee engagement as one of the three top challenges to their business. It makes sense — unmotivated employees are not typically client centric.

In his book *ENGAGED! Outbehave Your Competition to Create Customers for Life*, Gregg Lederman presents a common-sense approach to increase employee engagement. The author introduces eight principles that will create an environment where employees feel valued and know that their work contributes to the success of the firm. He also provides advice on how to develop a brand-based culture that motivates and recognizes employees who "live the brand."



By implementing the principles recommended in this book your firm will have:

- ✔ Every employee "on stage" delivering a consistent exceptional client experience.
- ✔ Happy and valued employees, which will result in engaged clients that love doing business with your firm.
- ✔ A culture that is visible and understood by your entire team and your stakeholders.
- ✔ The metrics to evaluate the results of your cultural brand initiative.
- ✔ An environment of appreciation that recognizes employees for their contribution to your firm's success.
- ✔ A leadership team that employees and clients trust.

Lederman gives readers the means to develop their brand, enhance their culture, recognize their employees and quantify the results. Indexes to measure the current level of employee and client engagement at your firm are provided as well. This includes an effective, yet simple, engagement questionnaire complete with suggestions on the survey methodology and sampling.

Determining the ROI of any initiative is important to assess the effectiveness of the program. Although it is often difficult to have meaningful metrics for a cultural change program like this, Lederman outlines how to measure the results. He presents insights on how to quantify the change in employee and client engagement, as well as other key indicators such as knowledge of your brand and how to deliver on-brand experiences.

Additionally, Lederman discusses how to tie everything into employee performance appraisals to ensure there is a sustainable change in your firm's culture.

"There is an engagement crisis in America that impacts the way that we work and what people get out of working," Lederman replied when asked why he wrote *ENGAGED!*: "Leaders and managers need to have the tools to increase engagement by learning how to inspire employees to be committed to the company and its purpose.

"Management at too many companies talk conceptually about their culture. Few actually develop a culture that values and appreciates its employees," Lederman continued. "*ENGAGED!* provides the tools to have a culture that truly represents the firm's brand while recognizing each employee's contribution while engaging them in the process."

ENGAGED! can be purchased for less than $10 at Amazon.com.

Mark Your Calender for the AAM Annual Summit, June 7–10, 2015:

We're going to Disney!

It's that time again! The AAM Summit Committee is ramping up to prepare for the 2015 Annual Summit in Orlando, Florida, on June 7–10, 2015. Held at Walt Disney World's Swan and Dolphin resort, this year's Summit will combine the impressive and influential audiences of AAM, the AICPA and AAA. This is a Summit you won't want to miss!