Growth Strategies

Winter 2015-16 • Volume 5 • Issue 4

The Journal of Accounting Marketing and Sales

Happily Ever After: Strategies for a Successful Merger

The Marketer's Role in Shaping Women's Initiatives

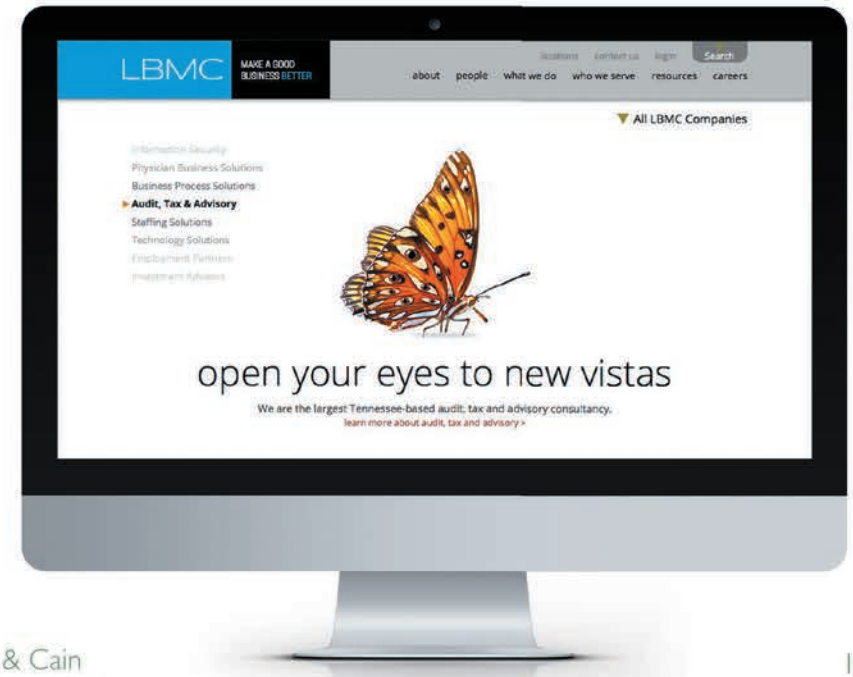
Is Your Firm Ready for Strategic Growth?

Introducing AAM's Code of Ethics

2015-2016 Compensation Trends for Accounting Marketers

Association for Accounting Marketing
growing people and practices

A NEW BRAND HELPS MAKE a *good business* better



Lattimore Black Morgan & Cain is Tennessee's largest accounting firm, having grown to more than 400 professionals in the past 30 years. As the firm was transitioning to a second generation of leaders, they realized their own success had spawned market confusion. The firm was known both as Lattimore Black and LBMC. Over 10 LLCs created even greater dissonance with their own names. All would profit from their association with Lattimore Black but the association was weak at best; at worst, non-existent. We urged the firm to settle on "LBMC" for the parent company name and build its services under a family of brands following the integrated model familiar in, for example, SONY products.

Individual websites were sustained but were relaunched with the look and feel of the LBMC parent site. All were navigable from that single site. We touched everything—digital properties, business materials, brochure system, advertisements, eAlerts, PowerPoint presentations, etc. Now that's how to "make a good business better." There's wit and charm in the brand—in its voice and imagery. Long-winded brochures were scrapped in favor of four-panel brochures for all the companies. Services were described in simple sell-sheets. Everything was rewritten. A total makeover top to bottom.

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DRIVE GROWTH WITH FRESH BRANDS

From the Editor

A new year brings the start of new perspectives. Maybe 2015 wasn't all we had hoped it would be. Maybe it went above and beyond our expectations. Either way, we can start 2016 with a clean slate. A fresh view on life. Or can we? For the Winter 2015-16 issue of *Growth Strategies*, our team wanted to change the focus. After all, even the most thriving firm cannot survive without its people.

Let's face it, managing partners are focused on numbers. How much revenue is coming into the firm? How much is going out? Letting them know the positive feedback we got from that "Women in Business" wine tasting means nothing unless we can show how the event resulted in business for the firm.

We already covered the ROI of events in the fall issue. (See "Improving Event and Sponsorship Results.") That was just an example to demonstrate that the focus tends to be on dollars instead of people.

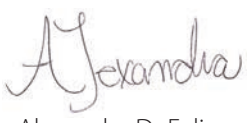
One of the most important times to focus on people is during a firm merger. Too often, marketers are left in the dark about this topic until the 11th hour. This can hurt the firm, its clients and its employees.

"Happily Ever After: Strategies for a Successful Merger" outlines important marketing-related aspects of the deal to consider premerger, during the first six months of integration and thereafter. If more managing partners understood the impactful role marketers could play in this situation, they would likely involve them earlier in the process.

We'll address a potentially touchy subject: women's initiatives. And what about men's initiatives? We know the disparity between male and female equity partners in the accounting profession. So when firms want to change that, what can they do about it? And whose responsibility is it to launch these initiatives? The MP? HR? "The Marketer's Role in Shaping Women's Initiatives" delves into one firm's journey down this path and how the marketing department drove it to success.

Related to this, I had the opportunity to review a book entitled *Women Empowerment at Work: Create Your Own Success* by Lisa Tierney, who coaches female accountants. In my view, this book was written for female accounting marketing professionals to give them the confidence — and words — they need to talk to their male bosses.

We hope you enjoy this issue and are able to use this information for the people in your own firm.



Alexandra DeFelice,
Executive Editor

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Growth Strategies is designed by Thomson Reuters Checkpoint® Marketing for Firms.

Trends & Insights

Eileen P. Monesson, *PRCounts, llc*

Dissecting the Numbers: Stats from IPA's Benchmarking Report

INSIDE Public Accounting (IPA) released its 2015 National Benchmarking Report, which is considered one of the most complete, independent, up-to-date sets of economic and management statistics available about the accounting profession, according to The Platt Group/IPA. More than 500 firms participate annually in the study. This year 150 firms with revenue above $20 million are included, 148 from $10 million to $20 million, 125 from $5 million to $10 million and 104 with revenue of less than $5 million.

IPA ranks its survey participants. IPA 100/200 firms are America's largest accounting firms, whereas the Best of the Best firms achieve exceptional results in any economic climate. Sixty firms are included on the Best of the Best list for their superior financial and operational performance on more than 70 IPA criteria.

The 25th Annual Survey and Analysis of Firms presents many interesting findings that accounting marketing and business development professionals should be aware of in order to benchmark the results of their firm against similar size firms nationwide. The key findings are:

- ✔ Top-line growth in net revenue for all but the smallest firms increased 4.5 to 7.9 percent. Much of this growth comes from nontraditional services, especially in the areas of business advisory services, litigation support and wealth management.
- ✔ By region, organic revenue growth was: West 5.8 percent, Great Lakes 4.9 percent, Great Plains 7.9 percent, Northeast 3.6 percent and Southeast 4.6 percent.
- ✔ Mergers and acquisitions added 2 percent to top-line growth on average for participating firms. One in five firms reported at least one acquisition in the last year. That number increases to 48 percent among firms with more than $50 million in revenue.
- ✔ Bottom-line growth in net income was up — from 4 to 10 percent on average across all revenue brands.
- ✔ The service mix is changing in firms with more than $50 million in revenue. The percentage of revenue from accounting and auditing is decreasing, and the percentage of total revenue from consulting is increasing rapidly.
- ✔ Real estate, manufacturing/distribution and nonprofit were the most frequently cited as one of the top three niches of participating firms, with more than 25 percent claiming these as among their largest niche areas.
- ✔ Formal training programs for emerging leaders are offered by 80 percent of the IPA Best of the Best firms and 50 percent of all firms.
- ✔ More than half of the Best of the Best firms have formal training programs for partners, compared to only 29 percent of all firms.
- ✔ Formal training for the professional staff is offered by more than 90 percent of the IPA 100 firms, 70 percent of the IPA 200 firms, 60 percent of firms with $5 million to $15 million in revenue and 40 percent of firms with less than $5 million.
- ✔ Mentoring programs for all professional staff members are in place at 88 percent of the Best of the Best firms, compared to 50 percent of all firms.
- ✔ Nearly all of the IPA 100 firms have a formal marketing plan: 70 percent of the IPA 200 firms, close to 60 percent of firms with $5 million to $15 million in revenue and 40 percent of firms with less than $5 million in revenue.
- ✔ Ninety percent of the IPA 100 firms have a formal strategic plan: 80 percent of the IPA 200 firms, 75 percent of firms from $5 million to $15 million and nearly 60 percent of firms with less than $5 million.
- ✔ More than 75 percent of all firms have written core values and more than 60 percent a formal vision statement.
- ✔ Eighty percent of the participating firms belong to an international accounting association, with 98 percent of the Best of the Best firms reporting membership.

As stated in the National Benchmarking Report, accounting firms are being challenged by the many overreaching trends affecting partnerships, business models, demographics, client service, technology innovations and other internal and

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Happily Ever After: Strategies for a Successful Merger

Elonide Semmes, *Right Hat*

Mergers are at an all-time high since the recession. This is not surprising, given tempting merger benefits like access to larger platforms and resources, larger market share, spreading costs of technology, and even the promise of an exit strategy. But the potential roadblocks are equally worrying. When firms focus only on the bottom line and forget the cultural fit or have incompatible financial structures, negotiations often collapse. Navigating the ins and outs of a merger can be a daunting task.

Mergers fail for many reasons, but what it often comes down to is a battle of egos, lack of planning and lack of an appetite to dig into the details.

My Way or the Highway

The first and often biggest hurdle is the name of the newly merged firm. Talks can quickly degrade into emotionally charged shouting matches and lines in the sand over perceived brand equity. We've found the best way to overcome this is to focus on external research. It is imperative to take emotion out of the equation and focus on facts. Purchase syndicated research of actual brand equity and favorability, interview potential buyers and referral sources, scrutinize the digital footprint of each firm and do a careful competitive analysis.

> "If cultures are incompatible, the merger will likely fail."

Questions to ask include:

- ✔ How much brand equity does each name have outside its client base?
- ✔ Do any studies support claims of high brand equity?
- ✔ Does either name carry any negative perceptions?
- ✔ What are the street names vs. the legal names of each firm?
- ✔ What name combination is easy to say?
- ✔ What website URL is available?

In one instance, we polled a group of CEOs on their preference for two competing names. The name we settled on based on their feedback was completely new — both of the initial names were thrown out — and yet everyone agreed and unanimously accepted it. Another time, when the research did not clearly point in one direction or another, we literally flipped a coin.

Culture Clash

Another common stumbling block is culture clash. The fact is that, if cultures are incompatible, the merger will likely fail. The problems often emerge when partners are just getting to know each other. It is important to understand how each firm approaches business and what each firm values. A firm that worships at the altar of make-the-most-money-at-all-costs seldom makes a good match with a firm that is focused on employees. Conducting internal interviews to uncover fears and give everyone a voice can be helpful. Consultants

can peel back the onion and try to understand what is really authentic about each firm. Once each culture is understood, it is much easier to make a decision about fit.

Have the Talk

Internal communication is often overlooked. This is especially important, because rumors can fester among employees and leak to clients. It is important to be giving the same message across the board, and to provide reassurance as quickly as possible. For example, send offer letters the same day as the merger is announced so employees know they have a job. Launch internal microsites to answer employee questions such as "What are my medical benefits?" or "Will I report to the same boss?" Countdown emails that mix culture and logistics are essential. And always make sure to recognize the sadness that comes with giving up one identity, but simultaneously stress the promise of the new platform.

Communication Is Key

Involve marketing early. Clear communication is crucial to instill confidence and promise a seamless transition. The worst situation is when the deal has already been signed and the press release is issued before marketing is brought to the table. Playing catch-up is not the way to go. It is also important to avoid brand confusion as much as possible. To do this, it is important to conduct a brand audit and understand how each firm presents itself to the market.

Questions to ask include:

- ✔ What is the journey that prospects and clients take when selecting and remaining with each firm?
- ✔ Which communications tools are used?
- ✔ Which communications tools are avoided?
- ✔ How can these tools for each firm be blended moving forward?
- ✔ How can social media be used to get the word out?

Leap of Faith

It is also important to realize that some financial investment needs to be made, especially in marketing efforts, before the deal is signed.

About the Author

Elonide Semmes founded Right Hat, LLC after spending more than 30 years helping professional service firms better articulate their intangible value. She can be reached at esemmes@righthat.com.

The Three Phases of a Merger

After covering these initial tactics, we often explain to our clients that we see mergers as having three distinct phases: 1) Before the merger happens, 2) First six months of integration and 3) Second six months of integration.

At the end of the first year, we always re-evaluate and determine what else must be done. Each of these phases presents unique challenges and goals, including transitioning the equity, shifting lingering perceptions about each legacy firm, migrating clients and integrating employees. And above all, the goal is to avoid brand confusion. Remember, buyers understand that mergers are a fact of life. They just expect and need clarity and for the things they value about the legacy firm to continue.

Goals of Phase 1: Before the merger happens

- ✔ Warm up clients and contacts about the announcement
- ✔ Provide assurance and familiarity by leading with the current firm's identity
- ✔ Reinforce messages sent in announcement emails and letters
- ✔ Integrate messaging across all channels (especially social media)

Goals of Phase 2: First six months of integration

- ✔ Transition audiences to the new, combined firm
- ✔ Provide simple, visual reminders of the new relationship between firms
- ✔ Introduce the new visual brand
- ✔ Reinforce the combination through ads, social media and email banners

Goals of Phase 3: Second six months of integration

- ✔ Monitor and address issues as necessary for complete transition
- ✔ Ensure that all audiences and digital properties have transitioned to the new firm

Each deal is different, so take the time to evaluate progress and any new challenges that may arise. Mergers don't happen overnight. Rather, it often takes several years and intense diligence to drive them through. But the potential benefits waiting on the other side can be well worth it. Merging allows firms to let go of the past, take the very best of both organizations, refocus and create a new shared vision.

The Marketer's Role in Shaping Women's Initiatives

Lesley Hatfield, *Warren Averett, LLC*

If accounting firms wish to serve women business owners and executives and grow their practice within this rapidly evolving segment, they must execute three critical "winning plays."

Homophily. A dominant play in growing your business with women is the importance of homophily within the business network. Women owners and executives want to partner with organizations that reflect their beliefs. Firms do this by hiring women, promoting women and successfully serving the needs of women owners, executives and high-net-worth individuals.

Values. Women buy according to their values. To earn their business, firms must walk their talk. You can claim values such as integrity, diversity and inclusion — but if your list of partners does not include female representation, women executives will doubt your claim to these values.

Reputation. What do others say about your firm? Women put stock in their network of business and personal relationships. Word of mouth and recognition from credible sources are even more influential to this segment within the larger business population.

This is according to Anne Perschel, President and Founder of Germane Consulting, who presented a session at the 2015 AAM Summit program entitled "Winning the Women's Market." Perschel shared some compelling metrics about the growth of women executives and women-owned wealth in the United States:

Often, the marketing professional can put a polish on a firm's fledgling or undeveloped service areas to help them shine brighter. However, Perschel's presentation demonstrated that attracting this segment of clientele is not an area where "fake it until you make it" is a viable strategy.

Stats at a Glance

- ✔ Fifty percent to sixty percent of wealth in the U.S. is owned by women.
- ✔ Forty-five percent of American millionaires are women.
- ✔ Women represent more than 40 percent of all Americans with investable assets above $600,000.
- ✔ From 2003 through 2013 women composed 48 percent to 56 percent of all accounting graduates.

One of the most widely recognized programs for women's initiatives in our industry is the Accounting MOVE Project, developed by research partner Wilson-Taylor Associates, Inc. It investigates the factors proven to be essential to women's career success. Rehmann, one of the largest CPA, business-consulting and financial advising firms in the Midwest, was included among the Accounting MOVE Project's 10 Best CPA Firms for Women. We interviewed Holly F. Shier, Director of Marketing, about her marketing department's role and contributions to Rehmann's women's initiative.

Growth Strategies: *Tell us about Rehmann's women's initiative.*

Holly Shier: Rehmann's leadership comprises 120 principals, 30 of which are women. Our Women's Initiative Network (WIN) has been in place since 2007. It is primarily driven by our firm leadership and the Human Resources department, but our Marketing department has been involved since the initiative's inception.

GS: *How do you integrate your firm's women's initiative with your marketing strategy and your business development strategy?*

HS: Indirectly. WIN was developed with the intent of strengthening our existing firmwide culture of inclusion and diversity and to support our recruiting efforts. Its impact on our marketing and business development success lies in our professionals and their individual commitment to being involved and serving women in business.

***GS:** Is your marketing department involved in the firm's internal business development training or coaching? Have you tailored your training or activities to meet the needs of your female professionals?*

HS: The marketing department contributes to the development of educational workshops for our professionals, ranging from new staff to emerging leaders. While some of the programs began as special training for our women, they have expanded over time to include all high-potential staff — but we do continue to offer coaching and training on topics that are oriented more to women in business.

***GS:** Beyond presenting the women executives on your website and collaterals, how do you externally demonstrate your firm's commitment to serving women owners/executives and high net worth individuals?*

HS: Externally we focus our efforts on sponsorships and partnerships with business women's organizations. For example, we coordinate participation and sponsorship of groups such as INFORUM, Women's Business Summit and the Michigan Institute of CPAs Women's Initiatives. We encourage our professionals to not only participate, but also serve in leadership roles within these organizations.

***GS:** From the marketing perspective, what has been your greatest challenge in contributing to your firm's women's initiative?*

HS: This is one of many initiatives for our firm. Competition for time and budget resources can make it challenging to gain firmwide support for certain market-specific activities.

***GS:** For marketing professionals who wish to lead or contribute to their own firm's women's initiatives, what advice would you give?*

HS: Encourage collaborative, balanced leadership within your firm's women's initiative — promote the inclusion of men and women from every generation across each department.

The Marketer's Self-Test for Promoting Women's Initiatives

- ❑ Does your website indicate the presence of women within the organization? Do your collaterals reflect a balanced mix of men and women?
- ❑ Are your firm's women leaders visible within your community? Do you help them find opportunities to participate in philanthropic and/or economic development activities?
- ❑ Do you have female representation in executive women's networking organizations and relevant trade networking organizations?
- ❑ Are the top women-led businesses in your market on the firm's target list?
- ❑ Has your firm interviewed your female clients to learn what's important to them in an accounting firm?

As Shier's feedback indicates, a marketer cannot manufacture an authentic women's initiative in a firm where there are few or no women in ownership. However, a marketer can successfully contribute to the clear communication and expansion of a firm's culture and values. The marketer can help heighten recognition of a firm's dedicated effort to better serve women in business.

For more information and resources on women's initiatives in public accounting:

- ✔ Germane Consulting — germaneconsulting.com/women-in-leadership
- ✔ Accounting MOVE Project — afwa.org/career-resources/accounting-move-project
- ✔ Rehmann Women's Initiative Network (WIN) — rehmann.com/careers/career-potential

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external factors. The two biggest challenges cited by all participating firms is growth and staff recruiting and retention.

Smaller firms are more challenged by staff development and succession issues, including having the talent readily available to assume a leadership position, as well as the need to identify and develop rainmakers.

Accounting marketers need to address how to differentiate their firm from the competition and the commoditization of services. Although most businesses need to engage an accounting firm for audit and tax services, many do not see the value. The challenge is to develop new services or extensions to the services already offered to make your firm truly unique.

All accounting firms located in North America are welcome to participate in the IPA Annual Survey and Analysis of Firms. Contact survey@plattgroupllc.com for your invitation to be included. Information on purchasing the 2015 National Benchmarking Report is available at www.InsidePublicAccounting.com.

The View From Up Here

Allan Koltin, *Koltin Consulting Group*

Measuring the Marketer's Performance

I receive quite a few phone calls from managing partners or partners in charge of practice growth who are asking me the No. 1 question (typically around the review time of the marketing director). That is, "How do you go about valuating the performance of the marketing director?" I always find it interesting that they are reaching out to me at the time of measuring performance, when we all know they should be thinking about how to measure performance at the beginning of the year and, hence, setting goals and measurement objectives that the marketing director will be measured against. Following is a list of things on which I think marketing directors should be measured, either directly or indirectly:

Lead generation. After all, if we aren't generating new leads, why do we and our department exist?

Proposals sent. I could make an argument that submitting a proposal is as much a function of how well the sales team did on the sales call, but I still think the number of proposals issued is a relative measure.

Proposals won. Once again, I could say that the sales group (the partners!) is as responsible for the wins as anyone, but a great marketing group can definitely impact the success rate of a firm's proposal win-loss ratio.

Number of speaking engagements/presentations. This is an easy one to measure and I find there is a direct correlation between partners' willingness to put presentations and webinars together and the number of speaking engagements we actually receive. There also is the issue of "What did our follow-up with attendees or listeners look like?"

> "If we aren't generating new leads, why do we and our department exist?"

Number of articles published/interviews/media placements. When partners are active and thinking of timely issues, whatever they may be (but typically tied to industry specialization), the likelihood of getting exposure increases exponentially.

Social media / Website hits / SEO/SEM / impact on brand. Clearly this has been the center stage of a lot of marketing activities over the past decade. If there has been any area in which marketing directors have grown dramatically, it's definitely been in the area of social media. Social media is easy to measure in terms of hits, but it is much more difficult to measure as it relates to the impact on the overall brand. I've advised marketing directors and managing partners alike that "it seems to me the more of it you do, the better it impacts the brand!"

Actual revenue growth. This is a tricky one, because revenues can decline for a plethora of reasons, including sales of client businesses, elimination of unprofitable accounts and a host of other areas. That being said, at the end of the day revenue growth is critical — and I think the biggest change over the past decade in C Suites has been that growth can come from not just organic growth, but also through mergers

and lateral hires, as well as the development of new products and services.

Impact on M&A, cross-selling strategies and client satisfaction. I've seen marketing directors brought into potential merger meetings and playing a critical part in terms of differentiating their firm from other firms that are all trying to acquire the same firm. I've also seen marketing directors take the lead on cross-selling strategies and hold everything from training sessions to product and service fairs, to increasing the awareness and knowledge of the multiple services within a firm. Most firms have the ability to measure additional services being sold to existing clients, but for some strange reason this still remains a second-class citizen in most CPA firms. It has also been encouraging to see marketing directors taking ownership of client satisfaction and not just measuring it, but also using it as a key differentiator in potential client proposals.

Growth and development of the sales culture and talent. Again, a critical one, but one that may not lend itself to the exact metrics in terms of measuring the impact they're having in this area. That being said, I'm seeing more marketing directors spending time coaching, mentoring and training younger talent in the firm and truly having a positive effect in terms of their business development skills.

Contributions to talent acquisition and firm recruitment. We've all read of the tremendous war for talent that is going on in our profession today and I have seen marketing directors spending up to a third of their time working with HR and recruiting to package continual messages to experienced hires and lateral talent, as well as use the same prospecting and networking strategies that they have used for years to attract new clients to the firm. At the end of the day, I think the "wow" moment for us is that it's all about growth. Whether it's attracting a new client or attracting a superstar from another firm, marketing needs to be involved. When it's done properly, it can have a significant effect on the firm's ability to attract talent to the firm.

About the Author

Allan D. Koltin, CPA, is the CEO of Koltin Consulting Group, a Chicago based consulting firm that specializes in working with CPA firms. The firm's primary areas of expertise include Strategic Planning, Growth, Partner Compensation, Firm Leadership and Governance, Succession Planning, Firm Profitability, Partner Retreats, and M&A.

Is Your Firm Ready for Strategic Growth?

10 Things to Consider when Bringing a Business Development Executive (Salesperson!) into Your Firm

Mitch Reno, *Rehmann*

Growth-minded managing partners are asking the question, "Should I hire professional sales people to help grow my firm?"

It's certainly an important question to consider in building or maintaining a solid competitive position in your marketplace. More firms than ever are employing professionals to help generate leads, drive pursuits, expand client relationships and increase win rates. Below are 10 of the key considerations of determining whether your firm is ready to add a professional sales person to the marketing mix and how to make it a successful investment if you choose to make the hire.

1. Make Sure Your Culture Is ready

Firms with a true entrepreneurial spirit within their partnerships have the edge in incorporating professional sales staff into their firms. Only consider hiring a business development executive (BDE) when you know a portion of your partnership is *convinced* it will benefit the firm. As firm leaders, partners must all be on the same page to make this investment pay off. A select group of partners will need to embrace collaborating with a sales professional to integrate them successfully into the firm's business development model and culture.

2. Make the Right Hire

Hire someone your partners will enjoy working with and empower to have a significant role in the sales process. The BDE you select must have strong "servant leadership" skills to manage relationships with partners — these skills are as important as their external sales skills. Oftentimes, sales people who have limited understanding of working with a partnership (with a variety of owners) report that the most challenging part of their role is navigating internal relationships and misconceptions of their role and purpose. Professionalizing the business development and sales process within a firm requires patience and tenacity from both the BDE and the partners.

3. Consider the Hunter and Farmer Paradigms When Hiring

Firms often will hire someone with a history of generating leads and handing them over to the partners to close the sale. These business developers are true "hunters." Hire a true "hunter" if you believe your culture is not prepared to leverage sales people in the entire sales process and collaborate with them. These people can be telemarketers or business development executives in the field. "Farmers" are sales representatives who are most often dedicated to cultivating existing relationships and generating additional business from them. While farmers can play a key role, it may prove challenging to demonstrate ROI to your partnership on this investment, as most partners view their role as the cultivators of additional business. The optimal business development executive for a professional services firm will enjoy searching for new opportunities, managing the entire sales process for the pursuit team, and supporting the expansion of the new relationships for your firm.

4. Measure Activities in the First Year — Not Just Sales Revenue

Set clear metrics and goals for outbound calls, meetings and new proposal opportunities. Measure the activities which demonstrate "hunting skills." Focus on outbound phone calls, letters, face-to-face introductory calls, presentations, follow-up calls, networking events and referral development activities. Successful professional sales representatives have to

be adept at using social media to build relationships, create referral connections and drive interest in your firm. Monthly reports should document achievements in these areas and be approved by the managing partner or a key executive management team member charged with the responsibility of driving an ROI from the staffing investment.

> "The goal is to prepare the BDE for identifying, qualifying and closing business that will benefit the firm's strategic growth."

5. Pair Your BD With Two or Three Partners Who Are Eager to Make It Work

Partners who are eager to grow their practice and share an entrepreneurial spirit should partner with the BDE on key campaigns and targeted prospect lists. Send the BDE to events with these partners and make sure the partners understand how to leverage the sales skill set appropriately. Selling is a team sport. Create collaboration across the entire sales process to increase win rates and support the build-out of a more effective sales process in your firm.

6. Focus on a Few Niches or Segments to Gain Traction

While there are definite examples within the top 50 firms in the industry where sales people can be leveraged to sell specific products and services, the majority of sales people hired focus on driving revenue across a broader number of service lines and advisory services. However, an effort must be made to maintain as much focus on the target market as possible to refine what they are taking to market for your firm. Don't send the BDE out to sell everything the firm has to offer or one single service. In most cases, clients don't buy that way. Identify key niches and service lines where the need or demand for the advisory services can be easily packaged by marketing and then communicated by the BDE. The goal is to prepare the BDE for identifying, qualifying and closing business that will benefit the firm's strategic growth.

7. Plan to Break Even in Year One

Be careful not to expect too much in year one from your new sales hire. The sales cycle for many services provided by CPAs is 12 to 18 months. Yes, there will be sales in the first year (especially if you are focused on key advisory and consulting services that have shorter sales cycles), but your goal should be to have initial revenues cover your sales person's total compensation cost of your first year. Don't expect a $5-to-$1 return on your investments during the first year. The focus should be to manage expectations of partners early in the process to ensure the investment in sales staffing is given the time to produce results. Hiring a sales person is not a short-term tactic.

8. Get Support on Learning How to Manage a Sales Person in Your Firm

Now, imagine you've hired the right BDE. What's next? If you don't have someone on the team who is currently able to manage them, you will likely struggle in managing their activities and performance. BDEs and sales people oftentimes don't fit into a firm's traditional performance management models. It may be smart to get an outside perspective on how to set up the job description, reporting model and management/reporting system that can make sense for your firm and the BDE. There are cost-effective consultants in the market to support you in this area.

9. Make a Three-Year Commitment

You will know if you hired the right BDE in the first 90 days based on the types of activities they are involved in and how they relate to partners. However, the professional sales model needs a full three years to demonstrate its true revenue potential because of service line sales cycles and new associate learning curves.

10. Be Brave and Get Out of Your Comfort Zone

The world of professional services is changing. Clients want more. Partners and staff are pressed for time and resources. Never before has there been a better time to consider how a sales person can support your firm's growth strategy. Today's the right day to begin considering how a sales person can fit into your firm.

About the Author

Mitch Reno is Principal and Director of Client Experience at Rehmann. For 15 years, he served as the firm's chief marketing and sales officer. His business development teams have received more than two dozen national awards for marketing and business development programs. Reno was named the 2006 Marketer of the Year *by the Association for Accounting Marketing. In addition to his primary role at Rehmann, Mitch consults with accounting firms seeking to grow revenue, improve sales cultures and create optimal client experiences. Contact him at mitch.reno@rehmann.com for a free one-hour consultation on the practice growth topic of your choice.*

Introducing AAM's Code of Ethics

The Value of Professional Conduct for the Association and Its Membership

Joe Kovacs, *Gelman, Rosenberg & Freedman*

Last year, the Association for Accounting Marketing (AAM) convened a task force to develop the organization's first code of ethics. The task force reviewed the codes of other communications organizations and customized and adopted the values thought most pertinent to AAM.

In doing so, AAM joins the ranks of such prestigious groups as the Public Relations Society of America (PRSA) and the Society of Professional Journalists (SPJ) in recognizing the professional value of comprehensive, well-developed codes of ethics to guide and inform individual member decision making.

The extent to which an organization's members adhere to its code of ethics has implications for more than just that individual member. It impacts the well-being of the organization itself. Indeed, the strength of a code of ethics can increase the likelihood of an organization's success. It can damage or threaten an organization. It also can inform individual and organizational performance and productivity.

But before getting into the ramifications of a code of ethics, let's start with the basics.

What Is a Code of Ethics?

A code of ethics is intended to direct the reputable and professional conduct of an organization's members in their communications and behaviors with peers, direct reports, clients, supervisors and other stakeholders who are invested in the well-being of the organization. A code of ethics acts as a guiding principle to inform standards for professionalism and conduct despite the various backgrounds and perspectives of its individual members.

Codes of Ethics / Professional Conduct

The code of ethics for the Association for Accounting Marketing can be found online at www.accountingmarketing.org/aboutaam/code-of-ethics.

For a list of links to the codes of conduct for ten industry or communications organizations visit: www.accountingmarketing.org/aboutaam/ethics-links

Preamble to AAM's Code of Ethics

Members of the Association for Accounting Marketing ("AAM") are committed to responsibly promoting their firms and the accounting profession through programs that inform and explain accounting issues for the general public and targeted audiences. Guided by the values of advocacy, integrity, professionalism and excellence, AAM members ensure that all communications efforts of their firms or agencies serve to advance the profession of accounting. Additionally, AAM members are committed to establishing the value of marketing within the accounting profession, and of continually strengthening the role of accounting marketing through internal education and advocacy.

Perceptions of an organization are the direct result of perceptions of individual member conduct. Perceptions build reputations; a strong reputation is an essential component of a powerful brand. As Deborah Silverman, board member of the PRSA and former chair of PRSA's board of ethics, says, "Reputations are built on strong relationships based on trust. Communicators can help to establish trust for a brand through a code of ethics, which provides a standard for ethical behavior and building a sense of trust."

Terrence Canela, former chair of the ethics committee of the American Society of Association Executives, adds that strong ethical conduct can help "distinguish members" among peers and colleagues.

AAM developed its code of ethics to adhere to four values identified by the task force (and approved by the board): advocacy, integrity, professionalism and excellence. These values can inform situations whereby ethical decisions must be made. Although readers can undoubtedly envision situations where the application of a strong code is invaluable, a few examples may be helpful.

An accounting marketer who is especially friendly with one partner should avoid the temptation to create visibility for that partner at the expense of visibility for others. Any breach would work contrary to the values of advocacy and professionalism and the end result may include accusations of unprofessionalism, a damaged reputation and lower morale for those who work with the marketer.

Another example might involve a mailing list rented for "one-time" use. Any marketer who decides, instead, to take

advantage of routine access to an attractive list of prospects works contrary to the value of integrity. A list vendor may never discover the transgression but the marketer's colleagues may grow disrespectful and cautious.

A code of ethics must remain a living document to accommodate new circumstances. Andrew Seaman, ethics committee chair for the SPJ, pointed out how 2013's revision to its code was motivated by the fact that the previous code predated the existence of Google or the existence of websites of major media outlets such as the *New York Times* or the *Wall Street Journal*. The new code also refers to "ethical journalism," not "ethical journalists," because publishing and reporting tools now exist for everyone — not just professional journalists, but bloggers and social media mavens.

Some organizations maintain an active member group to monitor and respond to new ethical considerations. PRSA's Board of Ethics and Professional Standards publishes advisories in an ongoing effort to stay current. A list of advisories, including such topics as pay-for-play journalism, anonymous Internet postings and disclosure of payment for expert commentators, can be found at http://bit.ly/1qu3CY0.

Silverman further explains the importance of the advisories: "These ethical standards advisories are corollaries to our Code, responses to specific situations that many professionals might encounter. The newest advisory from our Board of Ethics and Professional Standards (BEPS), ESA-19, pertains to sponsored content and 'native advertising,' a paid placement that mimics the user experience of sharing information via print, broadcast or online media. BEPS has recommended a number of best practices for the use of sponsored content and native advertising, including full disclosure of sponsorships, making sponsored content clearly discernible from editorial content, and making sponsored content in social media transparent within the requirements of the platform."

Importance of Ethics to an Organization

Some of the above-mentioned examples explore the negative implications of inappropriate behavior. A serious breach of ethics may even have legal implications, such as in the case of theft. Hopefully, no code of ethics is needed to deter would-be thieves. But, as a recent article, "Employees Follow Ethics of Management," published by CPAmerica International, points out, identical workplace scenarios can be perceived through different ethical lenses. In other words, it may be better just to articulate what is and is not acceptable behavior.

A niche association such as AAM is unlikely to ever get caught up in a media crisis at the scale of such organizations as Enron, Volkswagen, Goldman Sachs or the IRS. But the public scope of scandal is not the only — or even the most important — driver of its impact on an organization's well-being.

Institutions caught up in scandal suffer immense damage to their reputations. Some even disintegrate. The ability of

a group to function relies on the loyalty of its members and professional partners, including vendors and other industry groups, which in large measure develops from ongoing perceptions of honesty, ethical probity and competence among the organization's leadership.

When those perceptions suffer through ethical misconduct or a breach of trust, the reputation suffers, membership may falter and so too may the revenue of the organization. Seaman points out how, with that in mind, SPJ members largely self-regulate by contributing questions regarding ethics to an SPJ ethics hotline. (Members may also Tweet about ethics using the #spjethics hashtag.)

A code of ethics aligns the anticipated behavior of members with the overall health of an organization. Individuals operate with the greatest level of satisfaction in an environment where transparency, fairness, respect and all the general tenets of what most people consider ethical behavior thrive.

Productivity also improves when people care. In such an environment, relationships are developed and nurtured, knowledge is shared and creativity and collaborative problem-solving benefit all. This teamwork results in stronger professionals, stronger communities and stronger organizations.

Of course, a strong ethical system means more than simply avoiding bad behavior. Doing "the right thing" in the face of unpleasant circumstances can reap genuine organizational benefits.

One classic case study known to most public relations professionals, the 1982 Tylenol crisis, has done just that. When Tylenol bottles tainted with cyanide were discovered, the owner (Johnson & Johnson) immediately yanked millions of bottles from retail shelves with an estimated loss of approximately $100 million. While Johnson & Johnson's market share suffered significantly in the short term, it rebounded with greater might in the future months due to the perceived responsibility of its quick action.

The reputations and finances of organizations that are slow to react or that deliberately shun responsibility in the face of a crisis can suffer for years.

Ethical Responsibilities of Individual Members

While this article has so far identified the value of a code of ethics to help guide member conduct and establish a link between strong ethics and an organization's well-being, it has not yet discussed how the expected ethical conduct should be communicated and the importance of ongoing ethics education.

A codified statement of ethics, such as the one developed by AAM, should be published in a highly visible location, such as an organization's website, and routinely publicized for consideration by membership. One of the first requirements for new members of PRSA is to receive and sign a copy of the society's code of ethics.

"By signing the code, our new and renewing members affirm that they uphold our code of ethics, which is regarded by our PRSA members as one of the top membership values of PRSA in membership studies year after year," Silverman said. "Education, whether through public relations courses where ethics units are widely taught or through continuing education workshops at PRSA meetings and conferences, is another way to reinforce the values and provisions embodied in our code. I have given many ethics workshops and I've been pleased by the size of the audience and the interest in various ethics topics, especially when I present a real-life ethics scenario for the audience to discuss."

The benefit of making AAM's code of ethics visible on a consistent basis is that it helps both newer members and veterans derive benefits applicable to their unique situations. Younger marketers transitioning from university to the workforce are introduced to the values and principles of professional behavior, which can help them develop as responsible members of AAM and as employees at their accounting firms.

Seasoned AAM veterans benefit when faced with unusual situations with ethical implications. Using AAM's values and supporting code of conduct, members have a framework to assist in decision making to reach the most appropriate action. Of course, as stated above, individuals may have different ethical interpretations of the same situation. PRSA's BEPS was created so the organization as a whole could monitor and respond to various ethical scenarios for *all its members*.

Organizations must play an active role in maintaining the high ethical standards of members. Reported breaches of ethical conduct by individual members can result in either punitive or educational action.

Punitive responses are challenging to implement by communications groups because they ultimately carry little professional weight and may only serve to isolate accused members. An accountant who loses his CPA status, an attorney disbarred for an ethical lapse or a physician guilty of malpractice will suffer significant professional repercussions. But the right to engage in communications, which is the core responsibility of marketing and public relations professionals, is not granted by a similar designation-assigning professional society. It is a fundamental right protected by the First Amendment.

"An aspirational code," says Canela, "offers a different 'flavor' and can be more influential — depending on an organization's goals for having such a code — than an enforceable code."

In the case of ethical breaches, groups such as PRSA have come to rely on the ongoing education of allegedly guilty members.

An Ethical Organization

Finally, professional ethical decisions do not occur in a vacuum — meaning, that while individual employees at any organization may intend to adhere to strong ethics, they may be asked to engage in questionable behavior by peers or superiors who don't recognize these same ethics or who actively disregard considerations of fairness and honesty. That dichotomy creates a challenging environment for the marketer.

Most situations will not require such drastic action as seeking protection from a whistleblower policy to report misconduct amid fears of retaliation. But implications for employees remain. Productivity, performance and even mental health may suffer from the poor morale that results from exposure to an unethical environment. Fortunately, the accounting marketing world, particularly AAM, provides its members outstanding networking opportunities nationwide and internationally. No one should ever have to work in a poor environment. It's always right to do the right thing.

About the Author

Joe Kovacs, APR has been director of marketing at Gelman, Rosenberg & Freedman CPAs since 2010 and has 10 years of experience in accounting marketing. He has served in a variety of marketing and public relations roles in the private and public sectors, and began his career in nonprofit communications. Email Joe at jkovacs@grfcpa.com.

Book Review

Alexandra DeFelice, *Moore Stephens North America Inc.*

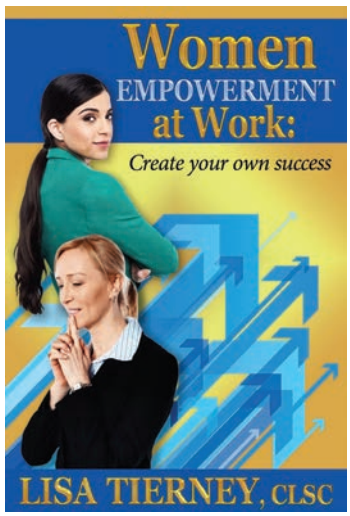
Women Empowerment at Work: Create Your Own Success, by Lisa Tierney

We all need guidance from time to time, no matter how far along in our careers we are or how successful we've become.

Younger professionals may need some basic soft skill training — what to wear, how to conduct themselves in business meetings. As we get older, the guidance we need, and often fail to obtain, centers on better understanding others and ourselves. This kind of insight can benefit not only our careers but also the companies, coworkers and clients we serve.

Often overlooked are the fundamental differences in how men and women react in certain situations and how these workplace dynamics can ultimately impact whether individuals thrive or struggle to survive in their current and future positions.

Women Empowerment at Work: Create Your Own Success by business coach Lisa Tierney serves as an important reminder of how women can not only hold their own, but stand out and be recognized by their colleagues, peers and supervisors — especially in the male-dominated world of accounting.



So often, women in the marketing role at accounting firms complain about how difficult it is to get buy-in from partners at their firms, no matter what the project. They struggle with how to demonstrate the return on investment, or even how to ask for the necessary investment.

The problems may not be with the project but, rather, with the delivery.

The book provides detailed examples of some of the mistakes Tierney has witnessed her female coaching clients make over the years and how she encouraged them to rethink their actions and even their mindsets in order to empower their success.

This is not a feminist position paper on girl power, but rather an exercise in doing and saying the right things to be viewed as a leader. Some of the most compelling stories throughout the book come from high-powered women who share lessons they learned during their rise to the top.

Much of the book's advice could easily apply to both men and women, such as asking your subordinates what would make them happier and conducting meetings effectively. But Tierney makes the case that the brains of men and women are wired differently, and therefore act differently in meetings and interviews. She cites situations in which males have negatively critiqued their female colleagues for behavior that they would not critique in a man. For example, Tierney says women tend to talk more than men during meetings, which puts off some of their male bosses.

She offers suggestions on how women can alter their behavior when approaching a group of men in order to positively affect the results.

"The empowered woman understands … that if there are women involved, they will appreciate her information-gathering skills, so she will be sure to ask well-thought-out questions. If there are men involved in the discussion, she will be careful to ask a few meaningful questions, but not too many," Tierney writes. "More important is her acute awareness around active listening and asking appropriate, leading questions on what is being said in the present. She understands that a demonstration of confidence is important to the men in the room. She may choose to make a simple statement and … seal it with a firm handshake."

Engaging in this type of behavior could make a world of difference to women who work for men, particularly a group of older male partners in a conservative profession who may be accustomed to working a particular way for decades.

Reading *Women Empowerment* may just arm female executives with the tools — and words — they need to convince male partners to change. At the very least, it should help them gain a bit more confidence when taking a seat at the table.

The book is available on Amazon.

BEYOND THE PAYCHECK

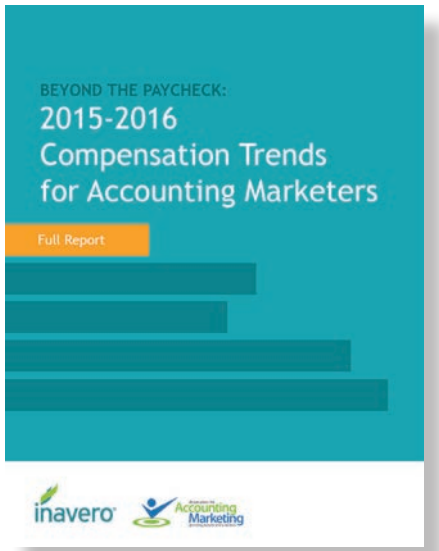
2015-2016 Compensation Trends for Accounting Marketers

Eileen Monesson, *PRCounts, llc*

The majority of accounting marketing and business development professionals do not believe that they are paid fairly compared to their peers in other industries, according to a new survey entitled *Beyond the Paycheck: 2015-2016 Compensation Trends for Accounting Marketers*, conducted by AAM in association with Inavero, Inc., a provider of client satisfaction surveys.

"While three out of four marketers working for accounting firms would strongly recommend their firm as a great place to work, compensation is a little disappointing for many," according to Eric Gregg, CEO of Inavero. "Fewer than 30 percent of the respondents believe strongly they are paid fairly compared to their peers in other industries." The median salary by position at accounting firms in the 25th to 75th percentile nationwide is:

- Marketing Partner (includes CPAs): $165,000 ($105,000 to $325,000)
- Chief Marketing Officer: $133,000 ($119,000 to $186,000)
- Marketing Director: $100,000 ($77,000 to $120,000)
- Marketing Manager: $80,000 ($64,000 to $91,000)
- Marketing Coordinator: $46,000 ($43,000 to $55,000)
- Business Development Manager: $64,000 ($54,000 to $77,000)



"Ninety percent of accounting firm marketers are expecting a raise in 2016," Gregg said. "Yet the median expected gain in base salary will be a pretty modest 4 percent, slightly lower than the 4.9 percent HR departments report giving marketers at their firm in 2015."

The study found that 64 percent of the participants work more than 40 hours per week. Marketing and business development professionals who are routinely asked to participate in client, prospect and networking events were most likely to report workweeks in excess of 50 hours. Eight out of 10 respondents who report that level of workload also claim being somewhat or very overwhelmed in their job, indicating a threat of burnout for many who consistently work long hours.

Even so, overall satisfaction with other elements of their job and the firm in general outweighs the frustration many respondents feel regarding their compensation. Only 10 percent of survey participants reported an active interest in pursuing a new job in the coming year.

"This study removes the emotional aspect of salary negotiations," Gregg said. "It provides firms with a comprehensive set of salary benchmarks to base compensation decisions for marketing and business development professionals."

Respondents from 122 accounting firms provided salary and job responsibility data on 270 marketing and business development professionals. On average, participating firms had 299 full-time employees and 5.1 offices. The median size of responding firms was 86 employees with two offices.

Each firm's HR department provided compensation data, which was then combined with information collected from the marketing and business development participants to ensure an accurate, unbiased reporting of the findings.

AAM members can purchase the full report on the research findings from AAM for $150 and nonmembers for $300 by visiting www.accountingmarketing.org/publications and clicking on "Surveys." It includes detailed data on the general responsibilities of marketing and business development departments, as well as individual data by level on compensation, commission structures, incentives, perks and job responsibilities.

About the Author

Eileen Monesson, CPC is a principal with PRCounts, the brand engagement company. The firm helps accountants engage stakeholders in their brand with compelling content, creative design, and thought leadership. A certified professional coach and accounting marketer, Eileen can be contacted at 848.459.3130 or emonesson@PRCounts.com.

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