

Seasonality Success

Helping Firms Enhance Peak Season Possibilities



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- **Client Strategies:** It's tax season. Do you know what additional services your clients may need? Many CPAs are uncomfortable selling themselves, but one CPA overcame his own reluctance by considering the ultimate benefit to the client. He has also developed a highly effective strategy for getting referrals
- **People:** When one small practitioner considered staffing at her small firm this year, she had to determine whether she wanted or needed to hire people who were required to register with the Internal Revenue Service. In the end, she realized that the IRS rules could prompt new processing changes that might end up being more efficient than her current approaches.
- **Systems and Processes:** Fee pressure has been a persistent complaint among CPAs since the economic downturn began. CPA Steven Bankler has been able to avoid some of the problems that many in the profession have been experiencing by using a simple strategy as part of his client acceptance process and beyond: making sure clients are informed about the value of his services.
- **Cool Tools:** Industry experts recommend that scanners be cleaned regularly, but many firms fall down on this critical maintenance. Technology expert Roman Kepczyk offers tips on how to keep scanners humming through busy season.

A Tool of Success from PCPS

Seasonality Success, Winning Strategies for Profitable Firms, is a regular PCPS newsletter dedicated to helping CPA firms enhance their peak season possibilities. In each issue, we focus on great ideas in four key practice management areas:

■ Positioning ■ Client Strategies ■ People ■ Systems and Processes

Every article offers practical, hands-on solutions that can make your practice more effective and efficient based on the experiences of other successful practitioners and the advice of top consultants.

Positioning

Using a Web Site to Keep Clients Interested

Readers of the [Potts Report](#) have recently learned CPA David Potts' suggestions for spurring small business growth, advice on dealing with an IRS audit and updates on the Small Business Jobs Act. The articles, which are carried on Potts' site as well as on The City Wire, an online news outlet in Fort Smith, Arkansas, represent the CPA's effort to keep his name in front of the public, drive more traffic to his Web site and enhance his reputation with current and prospective clients.

"I can't call 20 clients and alert them to new tax laws," notes the sole owner of a four-person firm. His article and a blog that he writes for his [site](#) are a way to "make existing clients feel we are taking care of them, even if we don't pick up the phone and call them."

Scouting Social Media Options

There's a lot of interest in the possibilities that social media can offer to CPA firms, but not many firms have yet jumped on the bandwagon. The [2010 PCPS/TSCPA National MAP Survey](#) found that a scant 4% of all firms have blogs (see chart), and that very few practices with less than \$5 million in revenues have made this effort. However, 20% of those with over \$10 million in revenues are blogging, so this strategy

may expand if the largest firms prove that it's a cost-effective tool. While social media strategies aren't only for the largest firms, there are some challenges for small practitioners, although Potts has found ways to address them.

While Potts is counting on blogging as a worthwhile way to reinforce his reputation, it can be a time-consuming assignment for a sole owner, taking up roughly four hours per week in research and writing for each 1,000-word article. He is in the process of launching an email edition of the blog to expand its reach and has recruited the help of a social media expert to help. Going forward, he plans to explore the possibility of using more links to valuable information—either official materials on the IRS site and elsewhere or available news stories of interest to clients—rather than writing lengthy articles himself.

"We don't have to reinvent the wheel," he says, explaining that up to 80% of future communications will consist of links, with details on why they're important to clients.

Resources for PCPS Members

PCPS members seeking more information about social media strategies and how to put them to work in their own practices can turn to the [PCPS Social Media Toolkit](#),

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which includes an action plan to establish a social media presence, a review of social media basics and resources to help determine which options might best fit your firm.

Want to learn more about other CPA firm's blogs? Consultant Michelle Golden, who contributed materials

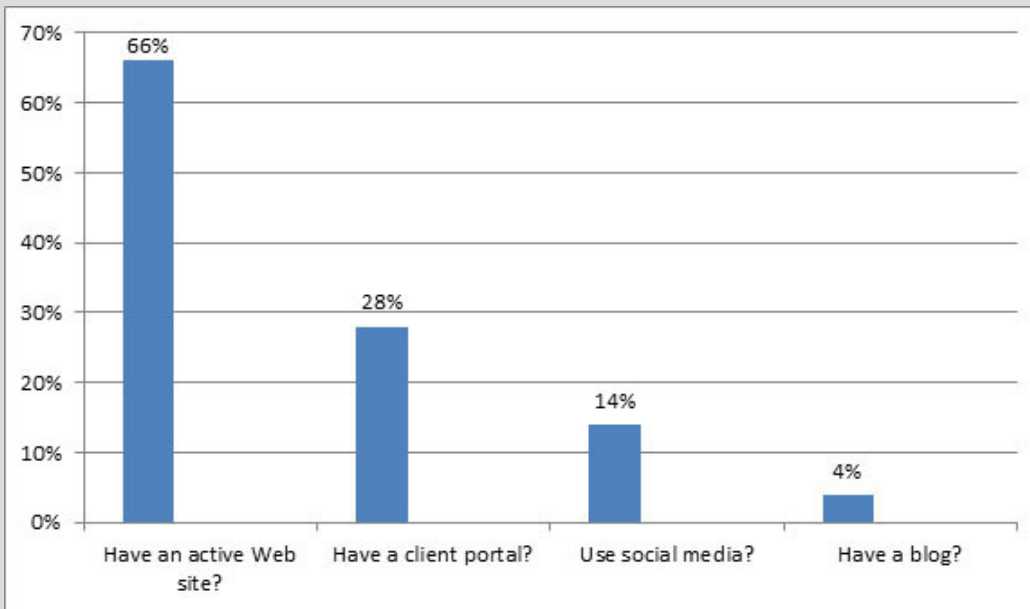
to the PCPS Social Media Toolkit, tracks their efforts at www.accountingbloglist.com.

Also, be sure to check out the [2011 Tax Resources](#) tweets in the CPA Marketing Toolkit.

Talking Tech ...

Technology was one of the many practice management issues covered by the [2010 PCPS/TSCPA National MAP Survey](#). Here's what practitioners said about their social media and other technology practices.

Does your firm ...



Client Services

Cross Selling and Feeling Good About It

It's tax season. Do you know what additional services your clients may need? Many CPAs are uncomfortable selling themselves, but CPA Eric Rigby overcame his own reluctance by considering the ultimate benefit to the client.

"I focused on the fact that a CPA is a valuable resource and I can help them," says the sole owner of the Rigby Financial Group in New Orleans. "I wasn't contacting them to sell them something they didn't really need. I wouldn't do that. But I am providing them with advice that's worth

more to them than what they're paying for it. I'm also asking them for referrals to other people I could help."

Rigby advises staying focused on your own perceived unique ability. In his case, he believes that consists of using his energy and enthusiasm to help clients create solutions that anticipate their future needs. To that end, he regularly meets with clients to ask them this question: What will have to happen over the next three years to make you feel like a successful person if we meet again in 2014?

"That's not the typical question that they expect to hear from their CPA," says Rigby, who specializes in closely held businesses, medical doctors, dispute resolution and

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litigation, pension plan audits and wealth management. "People like to talk about themselves. If you listen to what they are really saying, you can really make a difference for them."

He opens up further discussion by asking clients to consider the greatest dangers to their financial situation, the most promising opportunities and the strengths they want to reinforce and maximize. "What legacy do you want to leave?" is another question that prompts thoughtful discussion. Rigby takes notes on their answers,

then encourages them to prioritize their goals and begin to determine how to reach them. "We usually walk away with a new engagement," he says. "If the client is part of the process they buy into it because it was their idea."

Getting More Out of Referrals

Over the years, Rigby has taken various approaches to adding clients, including using marketing mailings and outsourcing the effort to telemarketers, but "by far the best strategy has been a face-to-face meeting with a client in which I ask if they know someone like

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Related PCPS Resource

The [PCPS Client Services Resource Center](#).

Your referrals are an important—and highly appreciated—part of our business success. Thank you for helping us expand our entrepreneurial community.

Your Name:

Business Phone:

E-mail:

Today's Date:

1

Name _____ Company Name _____
Address _____
City _____ State/Province _____
Zip/Postal Code _____ Business Phone _____
E-mail _____

Please rate this person: **A** [] **B** [] **C** []

2

Name _____ Company Name _____
Address _____
City _____ State/Province _____
Zip/Postal Code _____ Business Phone _____
E-mail _____

Please rate this person: **A** [] **B** [] **C** []

3

Name _____ Company Name _____
Address _____
City _____ State/Province _____
Zip/Postal Code _____ Business Phone _____
E-mail _____

Please rate this person: **A** [] **B** [] **C** []

RATING SCALE

A: I've talked to this person about Rigby Financial Group and they're very interested. Please contact them.

B: I've mentioned Rigby Financial Group to this person and I think he or she would benefit from your services.

C: I haven't talked to this person, but he/she seems like someone who be interested in learning more about your firm.

TO SUBMIT:

715 Girod Street
Suite 200
New Orleans, LA 70130
or
Fax: 504.586.9888

What are the three biggest benefits you have received from Rigby Financial Group that we can mention when we contact your referral(s)?

- 1.
- 2.
- 3.

Continued from page 3

themselves who I can help.” To make the most of these contacts, Rigby gives clients a referral form (see exhibit on [page 3](#)) that asks clients for contact information and details on how much the referral already knows about Rigby Financial Group. It also asks clients to mention three ways that RFG has benefited the client that might be of interest to the prospect.

Rigby has been most successful in gaining referrals in two situations. First, he uses the form when the firm has done something positive for a client that has solved a problem or saved them money. He also finds it can be effective

with new clients. “They are often very excited because we bring more to the table than just traditional services,” he says, so it’s easy to broach the subject of referrals.

The Smart Strategy

In an uncertain economy, Rigby recommends new approaches. “Bidding on an audit in a recession is not the best way to get highly valued new clients,” he notes. He has found that expanding the range of services he offers to existing clients and taking a formal approach to generating referrals are the optimum strategies.

People

The New PTIN Rules: A Fresh Incentive to Delegate?

As firms gear up for busy season, many practitioners are wondering how the Internal Revenue Service’s new tax preparer registration rules should affect their staffing plans. As of January 1, 2011, all paid tax preparers who prepare a federal tax return were required to [register](#) with the Internal Revenue Service and receive a Preparer Tax Identification Number (PTIN), paying an annual \$64.25 user fee. (Information on the [IRS site](#) describes who would be deemed a “preparer” in various situations.) In addition, the IRS has said it plans to institute a competency exam for some registered preparers in mid-2011 and ongoing continuing education requirements. (CPAs and non-signing preparers supervised by CPAs would be exempt from any IRS testing and CPE requirements.)

When former sole owner Jina Etienne examined staffing at her small firm this year, she had to determine whether she wanted or needed to hire people who required a PTIN. Etienne had one full-time professional staff member, plus an intern and an administrative person who worked part time. She was seeking to fill a slot for a part time person. The new registration rules forced her to consider changes both to her hiring and her internal procedures. In the end, she realized that the rules could have prompted new processing changes that may have ended up being more efficient than the approaches she had in place at the time. Note: Since this article, Etienne sold her practice in early 2011.

Redefining Roles

Etienne used the information on the IRS site to determine which tasks could be assigned to registered or unregistered staff. “Otherwise, I would have to make an investment in getting everyone registered,” which

involved not only the user fee but also potential costs to comply with testing and education requirements if they are enacted. As a result, Etienne decided to redefine some staff roles, reviewing the process to determine which tasks would require a registered preparer. In particular, she considered how much administrative work should be delegated to interns or administrative staff, leaving more time for the accountants to handle higher-level functions. This type of analysis could help firms improve efficiency since many practitioners admit that failure to delegate is a common problem. The new registration rules provide an added incentive to address the issue.

According to the IRS, someone who performs data entry is not a preparer. In Etienne’s firm, all materials are scanned at the beginning of the process. In reviewing assignments under the new PTIN rules, she realized that an intern handling scanning could also identify documents that may be missing, based on what was included with last year’s return, and contact the client to inquire about what’s still needed.

That would be as a departure from past practice. “Normally a staff accountant might make that identification, then come to me to see if I know why the document was missing,” Etienne says. “We might spend 20% of our time looking or waiting for missing documents. If we push that work down to an intern, we free up that much time.”

An Opportunity for Improvement

While the new regulations may provoke anxiety, Etienne’s situation demonstrates that they may also offer a chance to enhance a firm’s assignments and work flow. Instead of a simple new compliance wrinkle, the rules may provide the opportunity to revisit decisions about whether all firm members are working at their highest and best levels.

Related PCPS Resource

The [PCPS Human Capital Center](#).

Systems and Processes

Telling Clients Why You're Worth It

Fee pressure has been a persistent complaint among CPAs since the economic downturn began. CPA Steven Bankler has been able to avoid some of the problems that many in the profession have been experiencing by using a simple strategy as part of his client acceptance process and beyond: making sure clients are informed about the value of his services.

When prospective clients tell San Antonio CPA Steven Bankler what they've paid for tax planning elsewhere, "I tell them I'm going to charge them two-and-a-half times as much, but then I explain how the tax savings we find will more than pay for that difference."

Beginning the conversation by saying that your fees are among the highest in town may sound risky, "but I add that if we can help put money in your pocket, then we're actually the cheapest in town," says the sole owner of a four-person firm.

His approach is based in part on a resistance to being pigeon-holed as a commodity. "We're not here to fill out a form and charge \$1,200. Our job is to find savings," he says. As a result, his firm's minimum fee is in the \$4,000 to \$5,000 range. "Our services are unique," he notes, "which means we shouldn't just let clients see us as a cost center."

To prove that point, with each year's return, Bankler provides clients with detailed information on what was previously discussed and agreed-to tax savings strategies the firm has employed. These proactive strategies are developed and tax savings are compared to the client's prior tax return strategies to assess the tax savings achieved by the client.

Cutting Down on Collection Problems

In addition to fee pressure, the recession has also created collection problems for many practices. Given his firm's size, Bankler prefers not to carry receivables and instead expects electronic payment or electronic

funds transfer. In the firm's engagement letter, he explains that the firm bills around the 22nd of each month and charges clients' credit cards on the first.

"We started that practice about five years ago with new clients and haven't had much resistance," he says, with about 60% now paying electronically. The firm encourages clients to use credit cards so they can earn miles and assures them that they retain the right to dispute any charges.

Bankler believes that it is CPAs, rather than clients, who are most concerned about fees. "Clients may leave because they believe someone else is better qualified or has better client service, but usually not for fees."

Since his fees are generally higher than prevailing rates, Bankler is able to use those fees to pay higher-than-market salaries, which he believes prevents turnover, another benefit that he explains to potential clients. "Clients definitely do complain if they work with someone new every year or have a hard time getting in touch with a firm member," he says.

Accentuating the Value

Not all prospects accept Bankler's approach. "We don't get everyone who walks in the door," he says, estimating that about 60% to 70% of those who inquire eventually come on board. "We have a frank discussion up front about what we charge and what we offer in return. They may be paying \$2,000 for a return. I tell them we'll charge them \$5,000, but then I show them how we can save them \$8,000 to \$9,000 in taxes. They realize it will cost them nothing to save some money."

His success is based on stressing the value he brings to the table. "If the company is profitable, we should be able to find enough in tax savings to cover our costs," he notes. "I tell the clients, 'If you do your job and make money, we'll do ours.' As soon as you explain that, the cost becomes irrelevant."

Related PCPS Resource

The [PCPS Client Services Resource Center](#).

Cool Tools

Tax Season Tune-Up: Scanner Maintenance

by Roman H. Kepczyk, CPA.CITP

Before electronic filing, portals and onscreen reviews, firms relied completely on hard copies of tax returns created on multiple printers to get through the busy season. Most firms made sure to keep up the maintenance on these printers since they were critical during the heavy production months. With the transition to digital copies of documents, the emphasis has shifted to using scanners to capture these images, but the corresponding maintenance is often being overlooked. Industry experts recommend that scanners be cleaned “weekly” or more frequently, but we find the majority of firms clean them annually, if at all. With that in mind, we recommend firms begin a formal program to make sure that production scanners are properly cleaned so that image capture is optimized. This also means that your team members should be trained on the proper cleaning method to maximize the life of the unit.

First, never use compressed air products to clean off the screen as they can actually push paper dust

into the working components requiring maintenance sooner. Second, don’t use household cleaning products on the glass or rollers as they can actually cause damaged or leave paper dust (which is an issue with common paper towels or wipes). Use solutions and wipes specifically designed for cleaning lenses, which can be bought at most of the office warehouses. Third, to extend component life, train your staff on which products are used for which components. If you are not sure, ask your scanner technician to train your staff. Finally, be sure to schedule maintenance on your calendar at times that will minimize the impact on production (such as Saturday afternoons).

Regularly cleaning your scanners will ensure that your firm gets better images for today’s scanning programs and that scanners are available when you really need them.

*Roman H. Kepczyk, CPA.CITP, is President of InfoTech Partners North America, Inc. and works exclusively with accounting firms to optimize their tax, audit and administrative production processes. His book, **Quantum of Paperless: Partner’s Guide to Accounting Firm Optimization** (Amazon.com), details 32 key areas to improve firm productivity with technology.*

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