

Building a Referral Relationship with CPAs

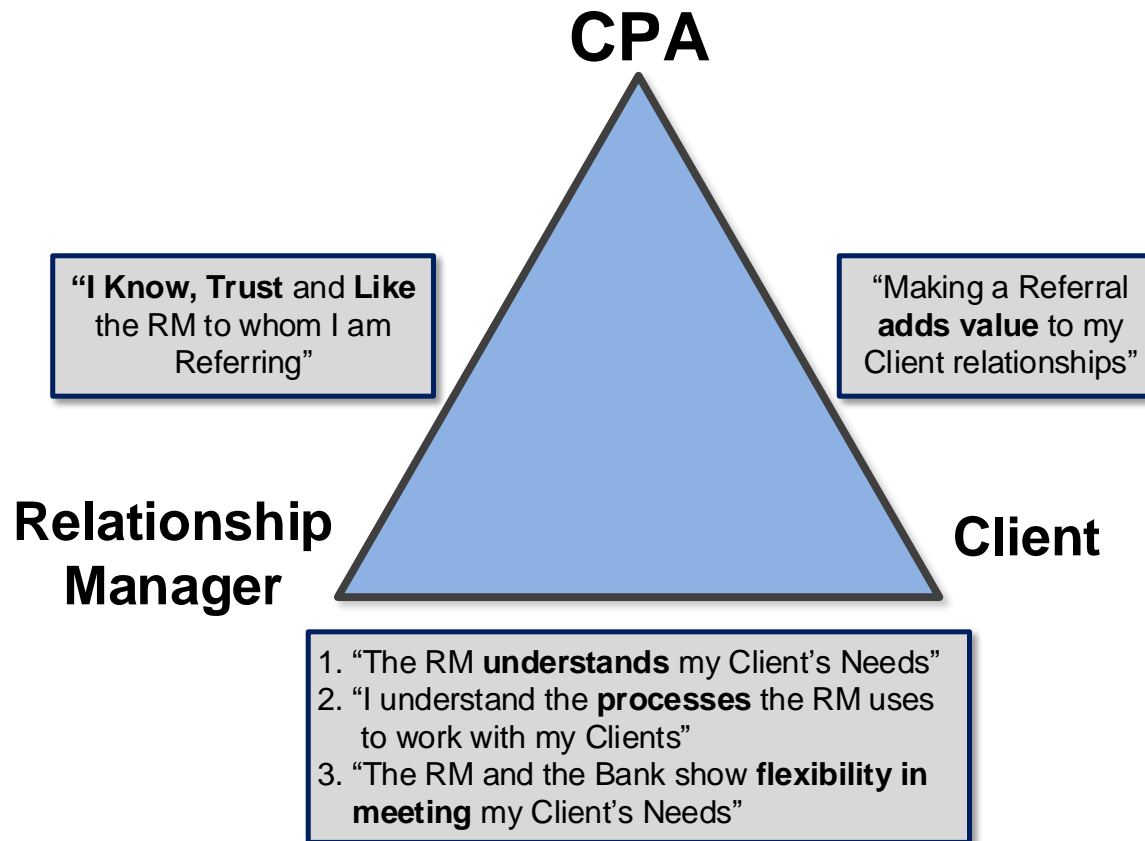
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Understanding the Accountant's "Mentality"

- Not a **risk taker** by nature and training
- Traditionally has fought against **change**
- Good at numbers **but not necessarily business**
- Client base is **security**
- **Won't risk clients** with other professionals
- Trusted relationships **are key**

Triangulated Relationships are Complicated. . .

They are Carefully Built and Carefully Maintained



Working with your Current CPA Relationships

Questions to consider:

1. How many CPA referrals have you received **in the last 12 months**?
2. How many of those referrals **closed**? What was the **percentage closed** from each CPA?
3. Based on the percentages, where are you on the **short list** of each CPA?
4. What is your **strategy for staying** on the short list?
5. What is your **strategy for moving up** the short list?

Current Centers of Influence

RM:	Location:
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List Your Current COIs. Only list the COIs who have sent you 2 "significant" referrals in the last 12 months
 Specialty = Accountant, Lawyer, Business Insurance Broker, Commercial Real Estate Broker, etc.
 RF = the number of referrals from this COI in the last twelve months
 BK = the number of **"significant" closed referrals** from this COI in the last twelve months
 Efficacy = Percent of **referrals from this COI that closed in the last 12 months**

COI Name	Business or Firm Name	Specialty	RF	BK	Efficacy
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					

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Page 1

Working with Prospective CPA Relationships

Questions to consider:

1. How many names are on your list Prospective CPA list now? You need at least 12.
2. What are the **best sources** for additional names?
3. Do you want **referrals for specific industry sectors**?
4. Do you want referrals that **match a “target profile”**. . . for example, no start-ups, no trade contractors?

Prospective Centers of Influence

RM:	Location:
-----	-----------

Specialty = the specialty of the COI (Accountant, Lawyer, Business Insurance, Commercial Real Estate Broker, etc.)
Location = where this COI is domiciled

COI Name	Business or Firm Name, Location	Specialty
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		

MZ BIERLY CONSULTING, INC. Page 3

Working with Prospective CPA Relationships

BUILDING A CPA PROSPECT LIST

Building a CPA Prospect List

1. Work with multiple sources to build an effective Prospect list
2. Build the list from both **existing** and **new sources** of CPAs. The following sources are a good starting point:
 - Build a list of CPAs **your clients** and **prospects** use*
 - The American Institute of CPAs (aicpa.org)
 - State CPA Society lists
 - Local Business Directories

* Best Source (look through new, recent and past statements)

The Best List:

The CPAs Your Clients and Prospects Use

Build a list of the CPAs your **customers** and **prospects use**

- 1. Review** “old” financial statements and tax returns*
- 2. Record** names from “new” financial statements and tax returns*
- 3. Ask all deposit only relationships** who their accountant is
- 4. Ask all prospects** who their accountant is

* Best Done as a Team

Next Best Lists: Using the State CPA Society "Lists" to Build Your List

The screenshot displays the ASCPA (Arizona Society of Certified Public Accountants) website. At the top, there is a navigation bar with links for News, About, Career Center, Marketplace, FAQs, and Contact Us, along with a search bar and a shopping cart icon showing 0 items. Below the navigation bar, there are several content blocks:

- AZ CPA Quick Quiz:** A promotional banner for a quick quiz that offers one hour of CPE credit for reading the AZ CPA magazine and completing a short quiz.
- NEWS FOR CPAs...:** A section with two news items:
 - Legislative Update – January 2016:** A monthly legislative update including information on Arizona's legislative session and the governor's state of the state address.
 - AZ CPA January 2016:** This month's issue features articles on the Young Professionals Community Service Project and the Six Capabilities of Transformational Leaders.
- LATEST BLOGS:** A section with two blog posts:
 - Alert: FIRPTA withholding rate goes up effective today, February 16th:** A post dated February 16 at 12:58 pm.
 - In it for the Outcome, Not the Income — except "Sweat Equity" — benefiting Save the Family:** A post dated November 2 at 11:36 am.
- VIEW UPCOMING:** A section for upcoming events, including the **MEMBER LOGIN** and **QUICK LINKS** (Course Search, Find a CPA, etc.).
- connect join the conversation here:** A social media integration block with a "STAY CONNECTED" button and social media icons.
- SWRISK INSURANCE BROKERS & CONSULTANTS:** A logo for a partner organization.

Overlaid on the right side of the screenshot is a detailed view of the **Find a CPA** search interface. This interface includes:

- Navigation:** Links for SPEAKERS BUREAU, ABOUT CPAs, and FINANCIAL LITERACY.
- Search Form:** A field to "Find a CPA within" a certain number of miles of a zip code.
- Filters:**
 - INDUSTRIES SERVED:** A dropdown menu with options like Agriculture, Airlines, Architecture, Attorney, Auto Dealerships, and Dental/Credit/Health.
 - SERVICES OFFERED:** A dropdown menu with options like 1031 tax free exchange, 401k, Arbitration, Asset Protection, and Attorney.
- Form Fields:** A field for "FIRM NAME:" and a checkbox for "OFFERS PERSONAL TAX RETURNS".
- Helpful Hints:** Instructions on how to use the search field, including using Ctrl key for multiple selections and "All" for all selections.
- Member Login:** Fields for "Email/Login Name" and "Password" with checkboxes for "REMEMBER MY LOGIN" and "KEEP ME LOGGED IN FOR 1 MONTH".
- Search Results:** A section titled "Charles W. McGrath, Jr., CPA" with contact information (11000 N Scottsdale Rd Ste 220, Scottsdale, AZ 85254-5269) and email (CHARLES.MCGRATH@MCGRATHCPA.NET). Below it, another entry for "ETL Accounting Service, LLC" with contact information (11811 N Tatum Blvd Ste 3031, Phoenix, AZ 85028-1621).

Working with Prospective CPA Relationships

BUILDING THE CPA RELATIONSHIP

Build a Relationship Development Strategy: **What You Need to Know Before You Meet with Them**

Use the **AICPA**, the **State Society Website**, the **Firm's Website** and **LinkedIn** for data about the **Firm**

1. Number of professionals in the Firm
2. Location(s)
3. How long in business
4. Niches/specialties of the Firm (and Partners, if available)
5. The "Senior" Partners
6. Profile in the community

And, use your **internal sources** for this information:

- Do **other Bankers or Lines of Business** in your Bank have a relationship with the Firm or a Partner in the Firm?

Building a Relationship Development Strategy:

What You Need to Know Before You Meet with a Partner

Use the **AICPA website**, the **State Society Website**, the **Firm's Website** and **LinkedIn** for information about the **Partner**:

1. Professional Background
2. Awards
3. Niches or Specialties of the Partner
4. Age, Personal Background and Interests
5. Profile in community

Do your “**homework**” within your Bank:

- Do you and the Partner any have **mutual clients**?
- Does the **Partner have** a **relationship** with or **contacts** within your Bank (Private Banking, Trust, Branch Banking, etc.)?

Building a Relationship Development Strategy:

Building the Momentum. . . Getting the First One-on-One Meeting

No Cold Calling. . . Use these alternatives. . .

1. Get **your clients** or **prospects** to introduce you
2. Hold **annual client reviews** with your clients and their CPAs
3. Invite **CPAs to bank events** for clients and prospects
4. Offer **CEU seminars** for CPAs and invite your **CPA Prospects**
5. Involve **CPAs as guest speakers** for client events
6. Attend **Association for Accounting Administration** meetings
(cpaadmin.org)

Of course, you'll **ask the CPA for a one-on-one meeting at these events!!**

Building a Relationship Development Strategy

Strategizing the One-on-One Meetings with a Partner*

1. Be sure your **Meeting Objectives** are clear.
 - a. Are you trying to bank the firm, bank the Partner or start a referral relationship with the Partner? [Start a referral relationship]
 - b. What's your "advance" for this call? [Get a next meeting]

2. What's the "**value proposition**" you'll demonstrate?
 - a. "I want to refer you business." [No]
 - b. "I want to show you our products. . . Do your clients need them?" [No]
 - c. "I'd like to find out more about your client relationships, the needs they typically have and show you how we have helped similar clients." [Yes]

3. Stay Focused. . . **5 Meetings in 6 Months!**

*The correct answer is [in Blue]

Executing the Relationship Development Strategy: **Making the Initial Partner Meeting Successful**

1. Be prepared. **Do your homework** on the firm and the Partner.
2. Ask a lot of questions about the **Firm. Focus on. . .**
 - a. Where they are
 - b. Where they want to go
 - c. Their business model
 - d. Issues they're facing as a firm
3. Be prepared to talk about your **internal processes**
 - a. Credit approval
 - b. Risk management
 - c. Client Relationship Management
4. Look for **areas of similarity**
 - a. Type of clients they serve (and you serve)
 - b. The needs that their clients present to them (do you have clients presenting similar needs?)

Executing the Relationship Development Strategy:
Making the Initial Partner Meeting Successful

5. Discuss your **target profile**
6. Share any “stories” about **similar types of clients** you have worked with
7. Stay away from **product pitches**
8. Think about (and finally ask) what **you can do for his “business”**
9. Begin developing a **personal** as well as a **professional relationship.**
10. **Success** is scheduling a next appointment within 30 days

Executing the Relationship Development Strategy: **Be Prepared to Show Them your Target Profile**

<i>High Appeal Industries</i>	<i>Limited Appeal Industries</i>
• Manufacturers	• Real Estate Investment
• Wholesalers	• Low-End Retail
• Distributors	• Restaurants
• Architect, Engineering and Business Service Firms	• Mini-Warehouses/Carwashes
• Law Practices	• Landscaping
• Accounting Firms	• Service or Gas Stations
• Insurance Brokers or Firms	• Used Car Dealerships
• Large General Contractors	• Real Estate Investment
• Medical, Dental and Health Practices	• Low-End Retail
• Ag-Related Businesses	• Restaurants

Executing the Relationship Development Strategy: **Be Prepared to Show Them your Target Profile**

Business Characteristics

- In business over 5 years
- Sales revenue between \$2,500,000 and \$35,000,000
- Employing more than 10 people
- Location within footprint
- Privately held with experienced management team
- Borrowing needs greater than \$1,000,000 and less than \$15,000,000
- Profitable (Net Profit After Tax) for the last year
- Leverage (Debt-to-Worth) less than 3 to 1
- Deposit balances average more than \$100,000
- Using or needing 5 or more business banking/consumer banking product categories

Executing the Relationship Development Strategy

Suggestions for the “Next” Meetings

1. Focus on **articulating your relationship-building process** (remember you’re demonstrating it on these calls!)
2. Bring your **expertise to life** (use case studies)
3. Continue to discuss **your internal processes**
4. Continue to use your **target profile** to help the CPA understand what you do best
5. **Teach the CPA** how to refer you business, assume that he doesn’t know how
6. Communicate, communicate, communicate

Executing the Relationship Development Strategy **Now, the First 5 Meetings. . . The First Meeting**

Primary Focus: Understanding the Business Processes and the Partner

1. Get an understanding of the firm
 - a. Past, how the firm got started, where they are today
 - b. Future, the firm's five-year “opportunities and initiatives”
 - c. How they operate, how the firm is organized, their specialties or niches
 - d. Characteristics of the firm’s client base
 - e. Relationship strategies, how they add value to client relationships
 - f. Summarize your understanding of the firm and the clients

2. Get to know the Partner
 - a. Personal and professional interests and values
 - b. Any Client niches he/she supports
 - c. Client Relationship Development Processes

3. Position your experience working with “similar” Clients
 - a. Your background
 - b. Your Relationship Development Processes
 - c. How you work with your Banks internal processes
 - d. Your work with businesses similar to the Partner’s client

4. **Next Meeting. . .** Bring your “processes” to life **with case studies**

Executing the Relationship Development Strategy **The First 5 Meetings. . . The Second Meeting**

Primary Focus: Continue to Identify and Develop Needs

1. To demonstrate **your understanding** of what you've learned so far, review
 - a. The specialties of the firm
 - b. The specialties of the COI
2. Dig deeper into the processes the Partner and the Firm use to **“add value” in their Client relationships**
3. Discuss an example of how you have **worked with your clients** (a client similar to his/her clients) **using your Case Study**
4. State that you'd like the opportunity to **support** him/her and his **“similar” clients** (Wait for a "yes")
5. Ask for a "lunch" to discuss **expectations** when you work with his/her Clients

Executing the Relationship Development Strategy **The First 5 Meetings. . . The Third Meeting**

Primary Focus: Understand Expectations and Stay Top-of-Mind

Get more understanding on . . .

1. When and how they've referred business in the past
2. What **process elements** they consider most important when they refer an opportunity to an RM (thoroughly understand those expectations!)
3. What they like and don't like with “**referral experiences**” in the past
4. Ask again to help one of his clients!

Executing the Relationship Development Strategy

The First 5 Meetings. . . The Fourth and Fifth Meetings

Meeting Four: Work on the Personal Relationship

1. Build your understanding of the Partner's personal **interests and values**
2. Look for a way to spend time with him/her in the leisure-time activities or events that **they enjoy**

Meeting Five: Stay Top-of-Mind, Broaden the Relationship

1. Introduce your Sales Manager or a Specialist (Trust, Private Banking, TM)
2. Ask again to be considered for **next referral**

You Ask and . . .

THE PRACTICE MANAGEMENT CONSULTANT ANSWERS

AQUILA GLOBAL ADVISORS, LLC

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- ✓ August is the CEO of AQUILA Global Advisors, LLC which specializes in succession planning, mergers and acquisitions, compensation plans and transformational strategic planning
- ✓ Selected as one of the “Top 100 Most Influential People” in the Accounting Profession by **Accounting Today** in 2004, 2007, 2009 – 2012
- ✓ AAM Hall of Fame member, founding AAM Board Member
- ✓ First marketing director to become a partner in Top 100 Firm (1985)
- ✓ Former partner in top 100 firm – Friedman, Eisenstein, Raemer & Schwartz (FERS)
- ✓ Former executive with American Express Tax & Business Services, Inc

Frequently Asked Questions

1. Do you need to bank the Partner or the Firm get referrals from them? [No]
2. What percentage of Partners are actively referring business to bankers? [Less than 20%]
3. Which types of firms and whom within those firms should a banker target for referrals? [\$3 million to \$20 million in firm revenue]
4. How do Partners view the referral process? How important is reciprocity? [Important but don't begin relationship with it]

Frequently Asked Questions

5. What would be a banker's top objectives in a First Meeting with a Partner?
[Get to know the Partner; understand the business objectives of the firm and the Partner; understand their client base; explain your internal processes; look for common interests]
7. How long will it take before a Partner is comfortable giving a referral? [Several meetings]
8. From a Partner perspective, how valuable are the CEU courses offered by banks? [Huge!]

Building a Referral Relationship with CPAs

Additional Information?

Email us. . .

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