

The State of the Profession

By: Kristen Ludwig

Veteran marketers from a diverse slate of firms share their thoughts on the state of the accounting marketing profession. Mitch Reno, Director of Sales & Marketing for the Rehmann Group; Edmund Russ, Chief Marketing Officer for Grant Thornton; and, Carol Schraeger, Director of Marketing at Friedman, LLP have all seen their firms double in size over the past two years. In a question and answer format, these professionals share their own perspective on trends in the accounting industry and address issues including capturing market share, the changes Sarbanes-Oxley has brought to their firms, and defining sales and marketing roles, among others.

What Is Your Firm Doing To Capture Market Share?

Reno's firm is no stranger to mergers, which constitute about 50% of their growth. With 12 offices, they have tripled their size in Detroit. In the past four years, his firm has been developing a lead generation process which includes five telemarketers. The firm has also invested in a re-branding initiative, most of which is focused on internal marketing.

Grant Thornton also saw an opportunity to increase the value of their brand, but used external print, radio, online and cable advertising to get their message into the marketplace. Russ' firm invested in "thought leadership" by taking public positions on stock options, as well as boosting their sales force to 33 members.

Schraeger's firm has begun to drill down into vertical marketing and cross-selling (i.e. providing consulting services to construction clients). They are always on the lookout for merger opportunities, including a recent merger in which an Asian-American practice was brought in to tackle the changing local apparel market and address international concerns. To expand existing markets, they are using the resources of their other offices and structuring their staff in a way that encourages further growth.

How has Sarbanes-Oxley changed your growth strategy over the last 18-24 months?

Russ stated that his firm's strategies haven't changed all that much. The goal remains targeting the clients of the Big 4. He has seen a decrease in the last 6-12 months in the number of audit RFPs, as they are focusing more on acquiring tax clients. He also stressed that the focus has shifted from obtaining new business to cross-selling to existing clients.

Schraeger's firm did not see much of a change in their business until they merged with an SEC practice. Now they have large SEC audit engagements and are going after more public company work.

In the advent of SOX, the Rehmann Group focused on going after larger pieces of business. Reno explained that they have been training their professionals to handle those clients through relationship and sales training. They are also working to bundle, repackage and identify new services to offer as niche development continues.

With your firms going after and serving larger clients, how are you dealing with smaller clients that don't fit the profile?

Friedman, LLP has kept a small business practice to handle such clients. The top 60% of the firm's clients are being prioritized, while partners are asked to look at their practices and determine which clients can be transitioned to other offices and other firms.

Reno's firm is trying to recalibrate their business so that they have some smaller business units to deal effectively with those clients. Sometimes they ultimately transition them to another firm, but this is not commonplace.

Grant Thornton is actively transitioning those clients. Russ and his team actively develop such referral relationships with other accounting firms. He warned that the trend of clients cascading

downward won't last forever. With a point echoed by Reno, the Big 4 are now actively using price as a weapon to go after those clients again. It is going to get a lot more competitive out there.

What is your firm doing to define the sales and marketing functions?

Schraeger's firm outsources a telemarketing function, and there are four marketing people in-house.

The Rehmann Group has both functions reporting to Reno. The department is seen as a clock, where planning, communications and development efforts happen from 1-4. Inside sales and integration efforts take place from 4-8, then from 8-12, leads go to a business developer and teams are built to approach the prospect.

Russ sees marketing as internal (brand-building, generating leads, creating sales tools) and sales as external (generating leads, building networks, and shepherding the process). Partners close the deal, marketers write proposals, and sales professionals are involved in strategy. It's important for both functions to work together, and that requires constant communication.

How can accounting marketers position themselves to be compensated at a rate commensurate with their duties?

Schraeger stressed the importance of constantly demonstrating value. Partners are the marketers' clients, and they need to see what we do on a daily basis. Providing them with facts and figures on campaigns, keeping them updated on developments, tracking sales information and presenting at their meetings helps. She also suggested pulling compensation survey data, asking human resources for numbers around the industry, or using the AAM salary survey for reference during your annual review.

Finding ways to speak their language will assist you in making your case. Because they respond best to figures, Reno provides his partners with a quarterly report where he converts everything possible into numbers and ratios to demonstrate ROI. He also suggested that with all partners wanting your time and energy, you should put time into understanding their needs better.

Russ stressed measuring and communicating your successes. Come to an agreement with your management team on departmental goals and report your progress. If you can make a link between what you do and increased revenue for the firm, you will be in a better position to negotiate.

What hiring trends are you seeing?

Reno noted that because of the troubled economy in Michigan, he has access to higher caliber employees. Compensation is about shifting CPA's paradigm about value and billable hours. Market yourself and your department to the firm.

Thanks to the growth of Grant Thornton, Russ has seen the marketing function growing very fast at his firm, and 50% of the employees have been at the firm less than two years. He uses AAM's Job Bank and Monster.com to find qualified personnel, and candidates with accounting firm experience are ahead of the game.

Schraeger still struggles with the misconception that her department's employees are not professionals because they "don't bill." She is bucking to go to the next level in her firm by demonstrating value and trying to get the firm to think along parallel lines.

How can marketers communicate the value of branding efforts when, at some firms, most advertising efforts are seen as money-wasters?

Russ took advertising out of the marketing plan five years ago when his partners raised concerns. He measured awareness levels among the readership of the publications he wanted to advertise in before and after a test run to demonstrate their reach. The magazine he was advertising with

paid for the market research as part of his agreement with them. Giving partners results like this will help achieve buy-in.

What are some solid strategies for cross-selling to existing clients?

Reno has focused his team's efforts on improving relationships with clients and learning how to cross-service, not sell to them. He suggests putting a metric in place to measure the number of services you give current clients for tracking purposes.

In trying to transition D-level clients, what is your process?

Russ takes a look at the revenue received from clients as well as feedback from the staff about how difficult that client may be to work with. For Grant Thornton, the dissatisfaction of the staff is as much of a risk factor as revenues. At Schraeger's firm, partners look at the bottom 20 percent of clients and make decisions. She noted that a tremendous amount of resistance has come from partners in the small business practice. Reno's firm evaluates the timing of the work in question. Their new business pipeline is a critical issue, and looking at it helps them see what could be happening in the future and what adjustments must be made now to prepare.

How do you handle the client acceptance process to weed out leads and prospects who do not fit the firm's profile?

Schraeger noted that once her firm started doing SEC work, this became a serious process. They have an outside firm which does due diligence beforehand. The names of all prospects are also shared with the partner group and the banking community to get feedback. Russ has a staff that works solely on client acceptance.

How can you rid the marketing budget of the rotary club-type expenses all firms put in there?

Reno sees his budget in terms of controllable and uncontrollable costs. Sponsorships and rotary club memberships belong to the latter category. Because you can't completely excise them, it's a good idea to tie them into time and billing. If no sales or leads result from such a commitment, no future dollars should be expended on it.

What are three major skills for a salesperson to possess?

Russ stressed likeability and a track record of success in the industry. Reno added that they should have an existing network in your firm's sweet spot. Understanding how this person will fit into the firm and work well with the partnership is another concern.

With such a large percentage of accounting firms having 1-2 person marketing departments, what advice can you share for making the most of limited resources?

Schraeger cited the overwhelming expectations placed on marketers in this position, working long hours for little salary. Marketers must learn how to speak their minds respectfully and methodically, delegate tasks whenever possible, and list options of what can and cannot be done for partners. Russ suggested hiring interns to help plug the gap between what is expected of you and what you can realistically accomplish. Getting this help to take care of lower level tasks will free up your time. Reno stressed acting like a partner of the firm. Know your strengths and focus your efforts on those, build consensus in the firm, and outsource whatever projects you can.

This article is a summary of comments made by Mitch Reno, Director of Sales & Marketing for the Rehmann Group, a Top 50 firm in Saginaw, Mich.; Edmund Russ, Chief Marketing Officer for Grant Thornton, a "G7" firm in Chicago, Ill.; and, Carol Schraeger, Director of Marketing at Friedman, LLP, a Top 100 firm in New York City during the "State of the Profession" panel presentation at the 2006 AAM Summit: Mile High Marketing.

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