Partner Roles and Responsibilities

I thought I would step back this month and share with you my general definition of a partner's roles and responsibilities. While I am not suggesting that this is the only effective definition of a partner's roles and responsibilities, I am suggesting that it is, at the very least, a best practice definition. Since my columns all focus on how to better run a CPA practice, logically, starting at the top with the firm's partners is the right beginning. So without further adieu, generally, here is what I expect from the partners:

- Partners are responsible for client account management. This includes:
    - Maintaining client satisfaction with, and loyalty to, the firm,
    - Continuously updating their understanding of client's priorities,
    - Meeting with "A" clients at least 4 times a year, "B" at least 2 times a year
    - Identifying additional services that would be beneficial to those clients
    - Providing a high-level oversight of the work performed for those clients
    - Billing and collecting fees
- Pass down the regular contact and billing/collecting responsibilities of "C" clients and potentially some low level "B" clients to managers
- Maintain a constant connection with key referral sources
- Leverage the work being performed for the clients you manage. Partners do client management first, Managers do project management first, staff does detail work.
- Focus on developing people and building a right-side up pyramid
- Implement firm strategy
- Price projects above firm established minimum levels of realization, move "D" clients up or out, stop clogging the firm with bad work
- Actively promote and comply with firm-wide initiatives

Clearly, in order to live up to this role, partners have to spend time meeting with, listening and trying to understand what keeps their top clients awake at night (i.e., understand the concerns and opportunities they are trying to address at this time)? The importance here is not about selling services (which you will), its not about looking for services your firm offers (which will happen), but about uncovering issues regardless of whether or not you are able to resolve them. The great news is … "simply by understanding the needs of your clients, you can live up to our profession's mantra of being your clients most trusted advisor." You become the first point of contact when your client has a business problem. Most CPAs are already the first point of contact regarding a financial problem, but that is far different. By understanding what is keeping your clients awake at night, you put yourself and your firm in the place of most potential to 1) help them, 2) to refer other professionals to help them or 3) to just be supportive. All of this builds stronger client loyalty as well as higher satisfaction.

In order to fully understand the role outlined above, I need to take a minute and define what I mean when I mention A, B, C and D clients. The narrative below should shed additional light on the partner role identified above.

A An *A* client is often defined as one of 15 to 20 percent of the clients that make up 70 to 80 percent of the firm's revenues. If you sorted your clients by revenues for last year, you would quickly identify those clients that generated substantial fees for your firm. An *A* client is one that you are probably adequately serving, one that will continually have new projects for you to do, and one that generates sizable revenues for your firm.

B A *B* client is one that you are right now most likely underserving, but who has an opportunity to generate sizable revenues for your firm. For example, you might have a business client for whom you only do tax returns. However, based on what you know of the business (for example, they might be $5 million in size or have a 100 employees), you could easily provide them thousands of more dollars in needed services.

C A *C* client is a client that does not have much additional service opportunity other than what you already do, and the revenues generated are small. However, they are good clients, do not have complex situations, pay you on time, pay average or better fees, and are pleasant to work with. The best description of this group of clients is they are your typical individual tax-return-only clients. Don't confuse the *C* rating with school and assume they need to become *B* clients to make the grade. A firm can have all *C* clients and do very well.

D A *D* client could seemingly fall into *any* of the classifications above. However, these clients present at least one of a number of possible problems. They most likely are unprofitable to the firm as a result of poor rates, realization, and/or utilization. They also might be hard to work with because they are abrasive, late payers, never timely so they always create scheduling problems, always want special accommodations, require services that are too difficult to provide (e.g., the client who is the one governmental audit you perform, which is very inefficient work for you), or only pay your last bill as a incentive for you to start their next project. None of these issues alone automatically classifies someone as a *D* client. For example, you might have someone that always pays you late, but you charge premium fees for their work, which makes him/her an acceptable client. Or, someone may constantly negotiate fees, but nevertheless involves you in big projects that are profitable. Generally speaking, most firms know quickly who falls into their definition of the *D* category. At the end of the day, you do not want any *D* clients. This means that your objective is to either find a way to convert them into *C* clients or better, or introduce them to your fiercest competitor. In the latter instance, these clients can then waste your competitor's resources instead of yours.

In my next column, I will elaborate more on how the creation of these roles and responsibilities, and the partners being held accountable to them, begin to build a stronger, more profitable and highly viable firm model.