

More on Partner Roles and Responsibilities

As promised, this column is a continuation of my last column on partner roles and responsibilities. Because of the focus of my discussion below, I need to add two more definitions to the mix; “active” and “passive” marketing.

I define “active marketing” as “in-person marketing,” which usually is either face to face or over the phone contact. It typically includes any conversations that a CPA or CPA firm professional has with a client, referral source or prospect.

On the other hand, “passive marketing” is marketing conducted indirectly through mediums like postcards, newsletters, newspapers, agencies (like telemarketing), etc. I term this type of marketing “passive” because it can be done through the CPA firm’s marketing machine (its administrative support) and is built around a one-to-many relationship (i.e., one letter sent to many clients).

The most fundamental role of a partner, and in some firms the managers, is centered on client relationship management. Here is more definition around this critical function:

- For “A” and “B” clients, a partner or manager should be assigned as each client’s “relationship manager.”
- Quarterly update meetings should be scheduled for all “A” clients and at least semi-annual meetings with all “B” clients. At some point, these meetings will become billable, but in the beginning, the investigation necessary to fulfill to role of relationship manager can be done through a lunch outing.
- Each relationship manager, through regularly scheduled meetings, should be able to rattle off their clients’ top 5 priorities for the coming 18 months. Client relationship managers should know what is keeping their clients awake at night (i.e., the concerns and opportunities they are trying to address at this time)? By the way, an important part of this process is to uncover issues regardless of whether or not the firm is able to resolve them. Think of the relationship manager as the general contractor. For issues that the firm can address, the contractor brings in his/her own people to complete. For issues the firm cannot address, subcontractors (or friendly outside professionals) are referred to provide the necessary assistance.
- Referral sources should be rated as well as clients. “A” and “B” referral sources should have a relationship manager assigned to each with the expectation of regularly scheduled contact.

The above scheduled contact and reconnaissance is accomplished through “active” marketing. The firm is in danger of losing “A” and/or “B” clients when a partner or manager in charge of these relationships cannot at least articulate each client’s priorities. Although the firm will not likely incur these losses overnight, you can bet that critical client needs that go unserved for too long will attract attention from competition. And with each passing day, with CPA firms continuing to broaden their scope of services, that competitor is likely to be another CPA firm.

Also noteworthy is that it always surprises me how many firms expect professionals to refer business to them, but who do not reciprocate. Providing a referral for a needed service helps the client (they get access to needed skills), helps the firm (referrals out create more referrals in) and underscores why the CPA is the clients most trusted advisor (because the client can easily access the relationship manager's professional network).

For "C" clients, "passive" marketing is the best way to keep that group enlightened about the firm's service offerings and active as a quality referral source.

If a client is classified as a "D," then the client relationship manager of that client needs to develop a strategy to convert them a "C" or better. That strategy could be as simple as:

- We will bill them at 95 percent of the standard rates this year and see whether they want to remain a client.
- We will transition this client to one of our senior staff to manage and bill because the client's needs are better suited to the senior's experience level and billing rate.

Alternatively, the strategy could be as drastic as the following:

The partner needs to inform this client that the account must be paid current and kept that way or the client needs to find another accountant.

I don't believe in firing clients. I believe in making client relationship manager and the client accountable to sustaining a profitable relationship. If the client wants the relationship to be one sided (in other words, profitable only to him/her), then adjust the policies and billings to where they should be and let them make their own decision. Don't be surprised how many of your "D" clients have become that way because you created an operating environment that steered them in that direction.

As you can see, my message for this column is that partners, and in some firms, managers, need to take their client relationship management responsibility seriously. In most firms, this role is purely an economic assignment. I believe the relationship manager role is the foundation of the firm's success and should be formalized with CPAs being held accountable. For example, consider the tax partner ... the walking tax library for the firm. When this person is the relationship manager for a client, he/she CAN NOT decide to ONLY talk about tax related issues. If that tax partner is the partner in charge of a client relationship, then he/she is obligated to understand that client's top priorities, both strategically and tactically, across all services all the time. He/she is also obligated to report that information to the firm in some systematic way. And he/she is responsible for finding ways to help the client when possible through extending firm services, referring work to other professionals, staying involved as the client's advocate, etc.

When you are a client relationship manager, regardless of your technical specialty, you take on the role of being that client's general contractor for professional services. If you are unwilling to fulfill this role, then you shouldn't be a client relationship manager, you should be a technical partner.

In my next column, I will elaborate more on the role of a technical partner as well as what rainmaking skills I look for in any partner (my comments to both of these issues will likely surprise many of you).