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## Market for Quality, Not Quantity

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How can your firm increase profitability, market actively for new clients, and continue to provide quality services to both new and existing clients? We believe that a strategy of setting profitability guidelines and target marketing to high-quality prospective clients is the answer.

As a first step, evaluate each client to assess the appropriateness of the fees and engagement efficiency. Each should meet pre-determined minimum profitability thresholds. If any client doesn't produce the desired profitability, the fees should be increased. In no instance should fees remain below the minimum profit threshold.

Some clients may decide that the new fees are excessive and subsequently decide to engage a lower-cost firm. This potentially accomplishes three positive results: (1) allows for replacement of the lost engagements with more profitable work from new and existing quality clients; (2) increases profitability from remaining clients; and (3) allows partners more time to market quality clients and referral sources.

You shouldn't abruptly "fire" lower-profit clients. Tell them that you can no longer service them under the current fee arrangement and recommend another firm that can better meet their needs.

The most successful CPA firms are selective about which new clients they accept and thereby might decline a significant amount of new business. Similarly, you should define your target clients based on your firm's talents, resources, and specialties. You can then develop a strategy to market services to these prospects.

Too many CPAs waste their marketing efforts by chasing inappropriate clients. You will benefit more by pursuing relationships that will significantly enhance your firm's profitability and value. Accepting new clients simply because they agree to pay the quoted fees will turn into a long-term liability if it becomes an obstacle to properly servicing your best existing clients or if it interferes with offering them higher-value services.

Evaluate each marketing and public relations activity before you implement it to gauge the likelihood it will:

1. Engage new clients who will generate high realization rates and quality referrals,
2. Cultivate and nurture productive referral sources,
3. Enhance the firm's image and partners' reputations and
4. Cross-sell services to existing quality clients.

Engaging quality clients and building a profitable firm requires a planned, strategic approach implemented over a period of time. Marketing is a "contact sport" that requires consistency to develop relationships and maintain momentum. It can take years of regular contact to engage a quality client, so don't pull back on your efforts because your firm is at "maximum capacity" or in a "busy season." Adopt a long-term, continuous marketing plan that focuses on quality clients and terminating relationships with "D" clients and you'll have a sufficient capacity to handle staffing and seasonal demands.

Marketing for quality, not quantity may be one of the most important business decisions you will make to add value to your practice and ensure the firm's long-term success. **PA**



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