

PUBLIC ACCOUNTING REPORT

Integrated Services Evolve As Key To Sustaining Firms

By Joe Tarasco, Founder, Accountants Advisory Group
www.accountantsadvisory.com

(Editor's Note: This is the final installment of a three-part series. See the March and April issues of PAR for the previous installments.)

In March, this column noted that more than 90% of U.S. accounting firms have revenues under \$10 million, and many of them are struggling to grow their top and bottom lines organically. Slow organic growth in the accounting profession is due to an exceedingly competitive and price-sensitive marketplace, combined with lack of innovation in the types of services offered by public accounting firms.

An overwhelming number of U.S. accounting firms have been providing the same types of services for years, and subsequently, their growth has been a challenge for the last five years, even after making significant investments in marketing and public relations. Firms continue to encounter significant competition in traditional commodity-driven services, but relatively few are attacking the marketplace with new and innovative services, where there is less competition. As competition for traditional compliance services increases, they are quickly com-

moditizing, and fee sensitivity is intensifying as firms compete on price instead of value.

A change in marketing strategy is required to meet the needs and desires of the marketplace and to gain a competitive edge over larger firms with more resources. What better way to differentiate a firm in its marketplace than to be at the leading edge of a new and appealing service? Firms must maintain a contemporary marketing strategy to adapt to the changing marketplace by using an integrated services approach to achieve future organic growth.

Firms that provide integrated services focus on discerning clients' actual needs beyond compliance. They determine how to meet those needs and deliver commensurate service to the marketplace on an accelerated time frame. Delivering quality compliance-type services is no longer enough to be considered a firm that provides quality service. Clients and the marketplace are demanding much more. They want their accounting firm to be an "integrated solutions services provider."

One of the most significant challenges firms face amongst these

issues is finding the proper balance of managing the firm as a practice versus a business. The marketplace now clearly dictates that the scales are tipped in favor of the business strategy.

New York-based **Marcum LLP** is a perfect example of a firm moving into an untapped marketplace in an integrated service approach as the same-sex marriage tax compliance and advisory services market place expands. Currently, 25 states allow same-sex couples to file a joint state return, and the number is growing. *(See related item, p. 7; January 2014 and September 2012.)*

Likewise, trendsetters like **Dixon Hughes Goodman**, based in Charlotte, N.C., are solidifying their core services base by acquiring complementary consulting and advisory firms. For example, DHG recently acquired Crossfire Advisory to complement and expand its existing healthcare practice.

Deloitte is shaping its future as an integrated corporate solutions provider by acquiring a business strategy consulting firm, an investment bank, an SAP consulting firm, a construction consulting group and a social media agency all in one year. That's warp speed.

These are examples of firms that are moving rapidly into an integrated solutions approach to service offerings. They evaluated the marketplace and decided which capabilities can be provided in house, which ones are no longer required or profitable and are acquiring the necessary know-how to fill their strategic gaps. Firms must transform and restructure their organizations to have the capabilities to tailor their services to solve clients' problems. Relying on compliance services for organic growth simply isn't a strategy that will take a firm to its next level of success. Firms that don't adapt to the new reality will sink further into the commodity pit and be buried in volumes of low-profit work.

Many firms have developed a platform of contemporary services and have made significant investments in promoting them by upgrading websites, creating professionally written and designed newsletters, hiring professional marketing directors and consultants, designing innovative promotional collateral materials, and other activities; but often, they haven't seen these efforts generate anticipated return on their marketing investments. In such cases, the partners often question whether the investment was worth it. Quite often, the problem is not the failure of the marketing program or in-house marketing professionals, but rather a failure to delineate when marketing ends and where sales begins. Selling is a contact sport that takes numerous communications

and touches with prospects. Marketing supports selling. It doesn't close the sale. Most firms in succession crisis need partners who have the contacts to generate new business. They usually don't have the luxury of developing rainmakers within the time frame necessary to replace rainmaking founders. These firms are better served by hiring a professional in-house salesperson.



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Sales professionals can significantly increase the rate of new business opportunities for the firm by identifying and initiating contact with prospective clients and potential referral sources at a much faster pace than client service partners.

In addition, sales professionals can provide support to partners on new client leads and proposals. Hiring a professional salesperson will significantly reduce the amount of time client service partners spend on lead generation. It will also reduce the time gap for results

between marketing and sales.

Whereas marketing success depends on a firm's ability to implement a series of well-organized promotional efforts and tools, successful selling depends on the skills of individuals who have the time and experience to develop qualified prospects quickly and introduce them to client service partners, who can develop relationships with prospects and subsequently turn them into new clients.

In today's competitive business climate for quality clients and staff no firm can afford a status quo culture and expect succession to be successful. Instilling and sustaining a sense of urgency to take the necessary actions to accelerate a successful succession plan is the only choice for remaining an independent firm. ■

Joseph A. Tarasco is founder of Accountants Advisory Group (www.accountantsadvisory.com), a consulting firm that incorporates state-of-the-art practice management, marketing and human-capital strategies to assist CPA firms in achieving long-term success and profitability. Contact him at Joe@AccountantsAdvisory.com or (845) 265-9046. PAR welcomes guest columns from readers and experts. If you are interested in writing an original and exclusive guest column for PAR, please contact Editor Julie Lindy at Julie.Lindy@WoltersKluwer.com.