practiceresources

Are they worth serving?

Selecting the right clients for the client service plan process

BY TOM SIDERS AND JEFF JOHNSON

If you believe your largest clients are your best targets for client service plans, it may be time to think again. A strategic look may show this is only partially true.

In a previous article in *Accounting Today*, (*CSPs ASAP, May 2011, page 40*), we described the benefits of client service plans; here, we'll show how to find the right clients to target for a CSP. First, let's do a quick review of what it takes to capitalize on CSP benefits. The firm must:

- Have a process in place to measure client satisfaction and estimate the firm's wallet share of each client;
- Target clients with the highest potential for additional services or who are most vulnerable to competitors;
- Select the right number of clients to avoid being overwhelmed;
- Supplement the current client service team with industry or functional specialists to have a fresh set of ears in the room;
- Make sure the process is a client-facing interaction, not an internal paper chase;
- Act on lessons learned from the process; and,
- Measure results in increased client satisfaction, client retention, and increased wallet share, and tie some portion of incentive compensation to these vital metrics.

It is not a coincidence that the list starts with measuring client satisfaction, targeting the right clients and selecting the right number. These are critical to success, and success is critical to partner buy-in and institutionalizing the CSP process.

NARROWING THE FIELD

Most firms assume that the best targets for client service plans are their largest clients. While we agree these clients deserve high touch and lots of love, we prefer to start the process by estimating each client's total spend on professional services, regardless of the amount the firm is actually capturing.

This information should be readily available for most clients. In those few situations when it is not available, we estimate it based on other clients of similar size and industry.

We then rank the clients by their total spend and focus on the top 20 to 30 percent. For most firms, there will be a natural break between those two data points. These are high-opportunity clients and good candidates for client service plans.

While it appears that we are ignoring a significant percentage of the firm's clients, we do not consider them unimportant. We ensure that they continue to receive great client service through client feedback or surveys, but they aren't CSP candidates. By focusing on clients who demonstrate a history of significant annual spending on services, we reduce the candidates to a manageable number.

TWO KEY ATTRIBUTES

Armed with our list of high-opportunity clients, we add two attributes — our percentage share of each client's annual spend and the client satisfaction score. Rather than get overly scientific, we group the clients on the basis of high and low: high or low wallet share; high or low client satisfaction. The resulting sort puts each of the high-opportunity clients in one of four categories.

- **Category 1: High wallet share, high satisfaction.** Competitors covet these clients and aggressively solicit them. The focus of the CSP with this group is client retention and appreciation. We often call it a value review. The team should meet face to face with the client, reinforce the value the firm brings to them, commit to continued excellent client service, and set expectations around client service quality, timeliness of response, delivery dates, and how the client wants to be served. There should be no question that these clients get top priority in staffing decisions and scheduling.
- **Category 2: Low wallet share, high satisfaction.** These are prime candidates for expanding the firm's relationship and generating additional revenue. They spend freely on professional services, are pleased with the firm's client service, but are not choosing the firm for the majority of their work. Based on our experience interviewing clients in this category, they have not been properly approached, are unaware of the breadth of services the firm offers, or know the firm is really good and therefore too busy to take on more assignments. Whichever the case, this group represents a huge opportunity. Applying the full client service plan process to this group can result in a sizeable ROI.
- **Category 3: High wallet share, low satisfaction:** These clients cannot be ignored. Those who are spending a sizeable percentage of their wallet with the firm, but are not happy with client service, should be an urgent and top priority. Management should meet with these clients quickly to save the relationship, and be prepared to make the necessary changes. That may mean changing the partner responsible for that client, adjusting the client service team, investing the time to re-engineer client service delivery, holding the team accountable for timely delivery or addressing any other issues that may be causing the client distress.
- **Category 4: Low wallet share, low satisfaction.** These clients typically share some characteristics. Realization and collected rate-per-hour are low. They challenge already discounted billings and don't pay their bills on time. They cause delays in engagement wrap-up, cause scheduling issues, and they are often tough on staff. Firm management should assess the time and effort required to convert these problem clients into better clients, or seriously consider the value to the firm of continuing the relationship. These are the clients you must choose to lose.

WORTH THE TROUBLE

Analyzing the client base gets the firm focused on the right clients for the CSP process and helps maximize ROI from the effort. It also narrows the population to a manageable number of high-opportunity clients. Experience tells us that regardless of the firm's intent to follow through with a full-scale CSP initiative, this analysis by itself provides a strategic look at the firm's clients and client satisfaction. AT

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M&A WATCH

CALIFORNIA

Burr Pilger Mayer to buy CBIZ's San Jose unit

Details: San Francisco-based Top 100 Firm Burr Pilger Mayer Inc. has reached an agreement in principle to acquire the San Jose accounting and tax operations of CBIZ Inc., subject to the successful completion of due diligence, legal documentation and corporate approvals by publicly traded CBIZ. Financial terms of the deal were not disclosed.

The acquisition will help BPM strengthen its presence in the South Bay area, where it already has offices in San Jose and Palo Alto. Headquartered in San Francisco, BPM provides services in the areas of assurance, corporate and international tax, individual tax, business consulting and wealth management.

Mike Spence will serve as the partner-in-charge of the BPM San Jose office. CBIZ's San Jose accounting and tax staff will move into BPM's San Jose office. CBIZ will maintain its San Jose office for other services.

CANADA

MNP merges in two firms

Details: Large Canadian accounting firm Meyers Norris Penny, which recently rebranded itself MNP, has acquired an accounting firm and, separately, an insolvency firm, both in Toronto. Financial terms were not disclosed for either deal.

The accounting firm, Retford Lane Bates, focuses on credit unions, as well as private companies and nonprofits, and brings two partners and a total of eight members to MNP. The Retford Lane Bates team will be moving into MNP's Markham, Ont., office.

The insolvency firm, Herpers Chagani Gowling, or 310 DEBT, as it is also known, provides services in debt re-organization, reduction and elimination, credit counseling and direct creditor negotiations. The firm has four regional offices in Ontario, in Hamilton, Kitchener, Mississauga and London, as well as 20 satellite offices. The merger will add 35 members to the MNP team, including four trustees in bankruptcy: Alex Herpers, Mahmood Chagani, David Gowling and Melanie Fuller.