



SELECTING A-LEVEL CLIENTS

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Much has been written and spoken regarding the wisdom in selecting quality clients to work with and also firing those clients who are habitual abusers of your firm's resources. This article will help with the process of identifying the characteristics of A-Level clients and how to design and implement a client screening process into all areas of your firm.

Over the past 10 years, I have spoken with hundreds of CPA firms regarding building a more profitable practice. One of the most frequent questions I am asked is "What is the one thing we can do that will have the greatest effect on our profitability and success?" My response is always the same, "Select better clients and give them exceptional service."

There are few things that will help you to be more successful in your business than choosing the right clients. Every one of us has worked with "A-Level" clients and can see the many positives from working with these types of clients. We have all worked with "C-Level" and "D-Level" clients and can see the negatives associated with serving clients of these types.

A Real Example

I remember the point and time in the history of our consulting team here at Anderson ZurMuehlen when we decided to choose better clients. It was the summer of 1994 and our consulting team was participating in a retreat. On a boat in the middle of the Missouri River, we discussed the differences in working with our various clients. It became obvious to us that our best clients shared common characteristics, while our challenging clients also shared common characteristics. As a group, we identified the following ten characteristics that all of our "A-Level" clients shared:

- The ability to attract and retain quality people
- An attitude of teamwork and commitment
- A strong upper management team
- High commitment to technology
- Belief in a thorough planning process for change
- Recognize and pay for quality services
- Reasonable expectations
- Willing to take advice (teachable)
- Investment vs. Expense approach to technology
- Good profitability and a strong position in industry

After creating the list of characteristics of companies we wanted as clients, we made the decision as a group to position ourselves to land this type of client. We also agreed as a group that we would turn down work from prospective clients who did not possess these

10 characteristics. We began to rethink how we were currently pursuing each consulting engagement and over a short period of time, developed a five-phase methodology to increase the quality and success of each consulting engagement.

Saying “no” to prospective clients proved to be a difficult thing to do. At the time, I was responsible for virtually all sales and marketing activities for our consulting group. I found that one of the most difficult things to do for me was to say “no” to someone who was ready to write a check for the software and wanted to retain our services.

In order to affect the necessary change within our group, we implemented a client screening process that became mandatory for all IT staff to follow. We designed a two page client screening form and included the necessary questions that would disclose whether a client had the characteristics we had identified while on the boat. It became mandatory that software could not be ordered nor could a new client be retained until the entire form had been completed and approved by a shareholder in the firm. This process kept us from taking on a new client simply because the opportunity was there to do so.

We also explored ways to identify much sooner with new prospects whether they possessed the desired characteristics of an A-Level client. We found it was much easier to part ways with a prospect when we had not invested significant time pursuing them as a prospective client. It seemed the more time we invested in pursuing them, the harder it became to send them down the road in pursuit of another solution.

Several significant things came from making the decision as a group to only choose better clients. First and foremost, our profits rose substantially. We experienced a ten fold increase in profits over the next three years largely due to the decision to only engage quality clients. Our process in implementing solutions for clients improved tremendously because we were much more focused on giving quality service to quality clients. We came to learn that the only clients for whom you can provide A-Level service for any length of time are A-Level clients. We also found that our quality of life substantially improved as these new clients were so much more capable of helping us have successful consulting engagements.

Perhaps most surprising to me personally was that it became so easy to say no to a “C or D-Level” prospect. My line of reasoning became:

- 1) The technology consulting market is booming and there are opportunities everywhere,
- 2) We need to manage our risk by taking on good engagements,
- 3) Capacity is and will remain a challenge, and
- 4) Saying “no” to the wrong opportunity leaves us in a position to say “yes” when the right opportunity comes along.

Conclusion

One way to substantially reduce the risk and challenges associated with our profession is to avoid problem clients. Regardless of the size of your firm, there should be some form of client screening process to ensure that only those clients who will enhance your reputation and profitability are accepted. You need to also keep in mind that the characteristics of A-Level clients may differ from department to department within your firm. For example, an A-Level audit client may be a D-Level consulting client. Each business unit within your firm should be responsible for creating their own client screening process.