

Beefing Up Your Profit Centers: Hardcore Mentoring Fundamentals

By Ira Rosenbloom

Mention “profit center” and “accounting firm” in the same breath and the natural tendency is to think of a department, niche or specialty group. But the fact is that each member of your organization is a separate profit center, and his or her contribution goes far beyond charge hours. By focusing on the individual members of your organization, you can use a narrow agenda to achieve some expedient results in your firm’s profitability. The agenda is both simple and successful: it includes regular mentoring and coaching on the daily fundamentals of firm operations.

Structure of a mentoring program

Designate some of your best performing owners in this area as leaders/captains. The firm administrator or controller may also take on this role. Give this leader group responsibility for mentoring a team of up to six or eight professionals who will be performing these functions. Ideally, each team should include professionals who are not yet responsible for billing clients. These individuals are the ones who can be most objective and point out any areas where your firm’s process can be improved.

Ideally, each team should include partners who are not responsible for billing the list

of clients they are reviewing. These partners are more likely to be objective about the particular accounts and point out any areas where your firm’s processes can be improved.

Sample mentoring program for billing and collections

The financial blood stream of a CPA firm is its billings and collections. Long cycles in these areas not only make it more difficult to operate the practice, they also create morale problems. It is to the firm’s best advantage to help staff develop healthy habits for billing and collections at an early stage in their professional career. Every member of your professional staff (starting at the semi-senior level) needs to be adept at the billing and collection process. Developing the right skill set takes time and having an effective process for developing them is vital. Consider a team regimen, such as the following, to mentor for success.

Focus: Billing. Each team must play by the same rules so, for example, if the policy is to bill weekly, then all teams and team members must do so or get a waiver from the group’s captain. Dedicating a fixed time to bill and conducting collective billing sessions can bring very positive results and will foster important team skills, coordinating efforts, mutual support and sharing risk and reward.

One of the key fundamentals your captains should focus on is effective billing rates. Every team member needs to know the effective billing rate that is being utilized and have a frame of reference as to the relevance to the type of work performed. Captains must also coach their teams to appreciate the impact effective rates have on profitability and competitive advantage.

Each player needs to understand that their audience in this program is the client, and they need to evaluate the presentation from the eyes of a client. This does not mean that the bill should be reduced. Rather, it means players need to present bills in such a way that the client easily discerns the value.

Focus: Collections. Collecting money in both good times and bad can be challenging. It is critical that each player on the team treats collecting as a priority. An effective approach to stress the importance is to have group collection meetings, where the leader reviews the aged accounts receivable publicly with their team, and each person is held accountable for their efforts. It is good practice to have separate sessions for the owners and the employees, but the owners should attend the employee meetings.

Mock collection conversations, including good cop/bad cop routines, and conferences with collection experts like at-

torneys should be common coaching exercises. In the ideal setting, team members would be learning best practices from clients, other accountants and professionals and sharing them with the team.

The members of the team must be comfortable conferring with their peers and superiors so that collection strategies can be comfortably developed. The owners, whether captains or not, bring valuable experience, which they should share. And, while they may be acting as teachers in this program, they still need to be open to learning to improve their own methods through listening to others in the program.

Measuring Results. In this team model, the managing partner or the executive committee is the final authority—the ultimate mentor. The model only succeeds when the leader is clear about the captains' and teams' responsibilities and communicates regularly with the entire organization about the firm's goals and expectations. The leader needs to make sure that the captains have the right resources to be successful.

To accomplish this, there needs to be a process where constant mentoring is taking place, and the bar is continually rising for both the teams' expected economic performances and the captains' coaching standards. Meeting with the captains individually and as a team is imperative.

Each team member, including the captain, needs to have an action plan that includes measureable targets that have to be met. Each person's ac-

tion plan, including the captain, should leverage his or her strengths. To ensure accountability, performance results need to be reported. When the team model is working at its best, there is no avoidance and there is no back-stabbing. This team model rallies and unites; it makes people comfortable being mentored and inspires the right people to do the mentoring.

Recognition. The captain needs to encourage brainstorming and outreach amongst the group on billing and collection challenges. The growth that takes place from these interactions can be highly rewarding for team members. Tangible rewards and motivators for good performance can also bring fun and excitement to the program. Consider treating high-performing teams to fine dining, top-flight entertainment or sporting events. The best results come when the process is so productive that economic dividends are distributed.

Sample mentoring program for budgeting and planning and engagement

In budgeting and planning an engagement—whether it is for an existing client or a new one—several layers of review may be required before a viable budget is established. The teams need to be taught that it is critical for all members of the engagement team to accept and adhere to the budget. They also need to be trained in the delicate skill of informing clients exactly what the fee covers and that extra work means additional fees.

Owners and managers must be very hands-on in the budget process and continually update team members about how these business decisions are made. Team members also need to be aware of the efficiencies needed to "make budget." As they advance, team members can be coached to understand how and why working for a reduced fee can sometimes be beneficial.

As for the team, they must be responsible for keeping leaders informed if the job is going to run over budget and be able to explain why. The sooner and more comfortably this information is communicated to upper-level management, the earlier the client can be advised of changes and the more easily the financial terms of the project can be adjusted. Everyone is cost conscious, especially these days, and having a frank conversation with the client as soon as possible can go a long way toward enhancing the client relationship.

Another aspect of the mentoring/coaching process in this area concerns communication and presentation skills. Case studies may be a good format for mentoring, but they can't replace real-time involvement and training.

Sample mentoring program for marketing and client retention

We know that the financial health of a practice is not only determined by a committed and energized staff, budgets and billing and collections; there also has to be a growing and engaged client base. Accounting firms typically get

high marks for their technical knowledge, but there are significant voids when it comes to marketing and client retention. Here too, a mentoring program can offer the right kind of results.

Some firms have a marketing and business-development department, while others hire consultants in these areas. However your firm handles marketing, it is essential that your entire professional staff embraces a marketing culture.

Marketing clusters/teams are one way of dealing with this. As with the mentoring modules discussed previously, each cluster is made up of a small group of professionals who support each other and take on particular marketing and sales tasks. Smaller firms may have only one team, but the concepts are the same. Individuals should be assigned to the tasks they have the most affinity for: some may be natural salespeople, while others may be better at researching prospects, public speaking or writing a firm newsletter. Each cluster should have consistent criteria and measurable goals for prospecting, business development and visibility in the marketplace.

There should be regular team meetings that follow a uniform agenda to be sure everyone receives the critical coaching and messaging needed for success. Each team captain should report up to the chief marketing and sales authority, whether that is the managing partner, chief marketing officer or marketing committee. But that is not the end of the process: The firm's top marketing

leader(s) need to be mentored and coached so they can adapt and apply industry-wide best practices to fit the firm's budget and strategic goals.

The level of training depends on the team member's experience, but some areas that should be considered are presentation skills (oral and written), networking skills and sales training. In addition, sometimes a little competition goes a long way: employee-incentive programs, which award points for each marketing activity the person completes, can be a very successful method for creating a marketing culture across the firm.

Cross-selling. Clients expect quality and efficient service from their professionals. They also expect their professionals to think beyond the immediate task. After all, the real reason that clients have loyalty to their accountants and, in many cases, engage them in the first place is because they believe the firm will be able to protect or improve its business. Mentoring in this area should include planning meetings at which participants brainstorm about cross-selling and other opportunities. The team leaders should develop a checklist of ideas that can be discussed with the client. Because selling is a difficult concept for many accountants, role playing can be a good approach to making the staff more comfortable with communicating these ideas with the client.

Sample mentoring program for difficult discussions

There are times when, despite your best efforts, things

will go wrong and a client becomes unhappy. At times, you and your team will know there is a problem before the client mentions their unhappiness. In many instances, the only notice is the client's departure. While there is no guarantee that the client won't be lost despite your best efforts, your firm should have a consistent approach to the problem-resolution process so that all client service teams should resolve client problems in the same manner.

The mentoring/coaching process should include internal clinics on effective communication and solution development. For example, there should be a clear process for what is handled in writing, in person or over the phone, and who should handle the communication at each stage.

Conclusion

Improving the fundamental business skills of each member of your organization is essential to strong profitability. Having people mentor within the framework of a team is a winning approach to enhancing your firm's profitability. The more internal mentors you have, the stronger your organization, and at times, turning to outsiders to develop mentors and coach others is crucial. Firm leaders are quite comfortable advising their clients of the importance of investing in their own business. Invest in your individual profit centers—if it is sound advice for your clients, then it is good advice for you as well.

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