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## FIRM MANAGEMENT

# Are You Managing Your Clients? (Or Are They Managing You?)

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**Dustin Hostetler** • May. 22, 2017



A recent family vacation got me thinking about management. We took a trip to Florida and booked rooms at a Hilton resort, where I enjoy Diamond level status in their loyalty program. When I booked the rooms online last August, I requested adjoining rooms since we were traveling with three young children. After booking online, I called the hotel to confirm that they'd received our request for adjoining rooms and the staff confirmed it was in their system. A week before our trip, I called again and the hotel staff assured me that everything was in order. On the first day of

our vacation, we arrived too early to check in but again the front desk staff confirmed that we would have adjoining rooms.

You can imagine where this story is going. When we got to our rooms, they were indeed next to each other, but not adjoining. And the hotel was sold out for the weekend so we were limited in our options. Despite my best efforts at managing the hotel staff to ensure we got the rooms we requested, they still messed up in providing customer satisfaction. Let me say that a different way. I tried my very best to manage the company that was supposed to be providing me excellent service...and they still failed.

Do any of your clients feel the same way?

Too often, CPAs are not proactive about managing clients and/or expectations on the front end of engagements, then blame the clients when things get messed up later. Here are two common examples of management failures we have at CPA firms, and tips for turning those failures around before the client has to manage you.

**Management failure:** A firm sends a PBC list to a controller ahead of audit fieldwork, but nobody follows up to make sure she understands the list or verify that the information will be ready by the start of fieldwork. On Monday morning, the audit team shows up, and the client has very little prepared. The audit team spends the first day of fieldwork reviewing the PBC list with the controller and waiting on information. The controller is frustrated because she thought a trial balance was enough for the audit team to get started. Now her department has to put other pressing work on hold to work on the PBC list.

**A better approach:** When we work with clients who are experiencing failures like the one described above, we help them set up processes that include following up with the client two weeks before fieldwork begins to make sure they understand the PBC list and confirm the client will be ready by the start of fieldwork. Two weeks out, if a client is not responsive, sometimes suggesting rescheduling fieldwork is enough to compel a client to take the PBC list seriously. A simple phone call will ensure that your client knows what actions they need to take to keep the audit on schedule. And by utilizing a shared portal to request and receive the client's files, you'll always have real-time access to what the client has ready. The key to being proactive: make sure your team is ready to "hit the ground running" on Day 1 of fieldwork.

**Management failure:** The tax client drops off a package in early February containing nothing but a W-2 and a couple of receipts for charitable donations. The in-charge

knows that the client should have rental income and expenses, home mortgage interest, 1099s from brokerage accounts and several K-1s. Rather than contact the client right away, the in-charge hands it off to a preparer with a note that the rest of the information will follow. Knowing she doesn't have enough information to complete the return, the preparer pushes it aside to work on other returns. On the first week of April, the client calls the office wondering when his return will be done and is livid when he hears the list of missing items, wondering why nobody contacted him sooner.

**A better approach:** We recommend that an in-charge performs a “quick assessment” whenever a client turns in their tax package. This quick assessment will determine whether the preparer will have enough to get started on the return. If any information is missing, the client should receive a list of missing items as soon as possible. Whether the list is prepared in February or April, it will take the same amount of time. Why not frontload this time and deliver better client service?

In short, make it easy for your client to work with you. Whether it's a PBC list or a tax organizer, firms should use terminology that the client can understand and set expectations for deadlines. If you tell a tax client that you just need their rental income and expenses to complete the return, they may assume that they have until April 15th to provide that information and still file a return on time. If you need it by April 1st to have enough time to review and assemble the return, your client needs to know that. Manage your clients, manage expectations, and you'll have better-managed outcomes. Don't wait for the client to manage you – it's a lose/lose situation – and may have your client looking for another provider.

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