

The Big Brands are Coming...for *Your* Clients

Solidify Your Relationships with the Right Solutions and the Right Client Experience.

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There is a seismic shift on the near horizon for independently owned accounting firms.

I've been in the business for 30 years now, and during that time, there has been a sense of security among practitioners about our place in the market. Ours has traditionally been a local business, done face-to-face with our clients, built on personal relationships. Aside from the stresses firm principals encountered trying to personally tend to the needs of clients, it was a comfortable—or at least stable—zone to be in.

However, like many sectors of the business world, we are now facing disruptors. National brands are beginning to encroach into the space once occupied squarely by local accounting firms serving small business.

With the erosion of significant tax revenue, H&R Block has introduced Block Advisors. Couched in their press release as “a dedicated tax expert to help (clients) plan the tax aspect of their lives all year long,” it's clear that the new Block brand is an entree into the small business bookkeeping and accounting arena. Vancouver-based Bench has taken accounting services to a wholesale, online model, as has inDinero and other brands. In my 30 years of practice, I can honestly say that I've never seen indicators like I'm seeing today; nor have I felt such a palpable sense of the competitive shock wave headed our way.

Avoiding a Race to the Bottom

What we're witnessing is, essentially, a commoditization of our profession. Bookkeepers and accountants are no longer the grey-at-the-temples, buttoned-down folks just down the street or across town from clients. They are young, mobile-enabled, energetic and innovative. They are busy aggregating large volumes of small business accounting work in the cloud—no geographic boundaries—with bundled services and mass production pricing strategies designed to remove any sense of anxiety or barrier to small business.

This disruption has serious, far-reaching implications, and it demands action from firm owners who want to stay relevant to high-quality clients in the future. As much as we'd like to keep doing things the way we've always done them and keep getting paid in the manner in which we've grown accustomed, the inconvenient truth is that these disruptors are going to force us to either change or wither; to become something new, or to become irrelevant.

So how do we respond? What do we become?

When faced with pricing pressures, the temptation is to respond in-kind; either pricing in parity or engaging in price wars. For our firms, this would be disastrous. We'd take ourselves on a full-

throttle run toward a fiscal cliff. Trying to compete on price alone would devalue our businesses and scuttle the equity we've worked so long and hard to build. For us, there has to be a more refined, strategic response.

A Firm Reimagined

I've just spent the first half of the summer working on a strategic plan to reposition our firm to meet the challenges I've described above. Everything was on the table I started by asking the fundamental questions, Who, What, Where, How:

Who is my ideal client? Can I identify those people that will make purchase decisions on factors other than just pricing?

What am I offering them that a national brand can't—not in terms of discounted price, but in terms of service and the client experience?

Where will I serve my ideal clients? Do I want to limit my geographic scope?

How will I serve them? What business model do I have in place, and what technology is serving as the engine behind it?

After considering these basic questions, I began applying the knowledge to several key aspects of our firm's marketing process. I'm referring to marketing here not merely as sales messaging, but by its textbook definition as a *process*—the way we go about satisfying wants and needs by providing products and services. Let's briefly unpack its core components:

Products: This is the beginning—designing your products to satisfy the wants and needs of clients. If you miss the mark here, you're doomed before you even start. The fact that there are big box companies now looking to compete in our space should be cause for all of us to carefully examine what products we're offering and whether they're really what clients need and desire.

Pricing: Not only do our products need to be designed accurately, they need to be priced appropriately. Pricing strategies need to assure profitability for the firm while creating an attractive value proposition for clients. Competing based on price alone isn't a sustainable strategy and will only result in a "race to the bottom."

Distinctive Competencies (i.e. Niche Market Segments): In an era where our profession is being commoditized, niche marketing is one way to define your brand's uniqueness in a crowded marketplace. It is simply focusing on developing an expertise serving a particular category of client, be it dental practices, construction contractors, auto dealerships, or any other. When you develop niche expertise, you're able to offer something unique that differentiates your firm. If you're fully digital and cloud-enabled, you can leverage technology to dissolve geographic boundaries and open the door to serving niche industry clients on a national level. My firm, physically located 55 miles south of Indianapolis, for example, counts an optometry practice in Alaska as one of our best clients!

Branding and Communication: This is the component most of us think of when we talk about marketing. It's the use of strategically planned communication to attract the right clients by offering the right solutions. It's telling the story of your firm in an emotionally compelling style

and helping clients understand the unique way that you can make their lives easier. As part of my strategic plan, I took my firm through a process of rebranding to reflect our refined position in the new, emerging marketplace environment. Having been known for years as Root & Associates, we have now become RootAdvisors, emphasizing an enhanced level of service and client experience that is key to attracting clients who are willing to pay for more than just commodity-level relationships.

Client Experience: Speaking of client experience, I've saved this aspect for last, because I believe it holds the key to differentiating our firms from the emerging big box providers. According to a report published by Salesforce.com, the leader in Customer Relationship Management Software, customer experience is becoming the single most important differentiator of successful businesses—both large and small. According to a study by Gartner, the world's leading information technology research and advisory company, 89% of companies now expect to compete mostly on the basis of customer experience, versus only 36% just 4 years ago.

Driving Client Experience with Our Technology Ecosystem

The right solutions, delivered in way that creates an exceptional experience, all with a simple purpose in mind—to make life easier for your clients. When we achieve this, we create relationships that are valued by clients, and it creates a place of security for our firms, where we can't be rivaled by big box brands.

At RootAdvisors, this experience is tied directly to our technology ecosystem, the combination of applications that facilitate collaborative accounting with our clients in a way that's frictionless and that enhances the client experience.

Different clients are configured with variations of the ecosystem. Retailers, for example, will have a sales tax solution. Businesses with a mobile sales force will need a solution for expense verification and reimbursements. But virtually every type of business benefits greatly from a dashboard solution that allows the client to view KPIs and vital signs at a glance. This kind of elegant simplification and streamlining of critical business data is one of the most powerful ways that RootAdvisors truly makes life easier for the client.

Our firm provides the dashboard solution offered by Fathom. Fathom allows us to put the power of big business analytics into the hands of our small business clients, which means we can give them a client experience that feels like a million bucks.

Fathom provides a striking, visually stimulating exposition of KPIs, along with profitability and cash flow analysis, and enlightening trend, growth and goalsetting evaluation. It offers peer comparison through a benchmarking module and offers the ability to instantly explore what-if scenarios that illuminate the financial consequences of strategic decision making.

Fathom makes small business clients feel powerful. It is one of the focal points of the experience we give to our clients at RootAdvisors.

And, as I've explained in great detail, client experience is the key differentiator behind decision making in today's business climate. The big brands are coming into your space. Are you offering clients the tools and experience that will keep them loyal to your firm?