

# How to retain your accounting firm's clients

A Capium whitepaper for accountants.

CAPIUM



# Content


| | |
|---|---|
| Foreword | 3 |
| The importance of client retention for accounting firms | 5 |
| Accounting client retention challenges | 6 |
| How to retain accounting clients | 7 |
| Conclusion | 13 |



# Foreword

You've put the hard work in, attracted new clients, and brought them on board. Now your team is set up and ready to take them through the cycle of monthly and annual work.

This might sound like the end of the story, but it's really the beginning of your relationship with those clients. And it's absolutely essential, at this stage, that you don't lose sight of the principles that won you those clients in the first place.

Client retention is an important focus for every accounting practice, and it's crucial for maintaining a steady income and growing your firm. Losing a client comes at a high cost, while keeping them opens up more opportunities for you to sell and expand your services.

Over time, the accounting industry has seen a few shifts in client loyalty. Where once you might expect to work with a client throughout their lifetime, and for families to stick with the same practice over generations, this is gradually beginning to change.

Location isn't as important as it once was, for one thing, with online visibility and remote working practices giving clients a wide range of options for choosing their accountant. New technologies also give people the option to do more by themselves – or at least, to feel like they can.

When your clients have thousands of options for accounting firms at their fingertips, and can switch over to a new firm in a few clicks, you can't afford to be complacent. You need to make sure you're providing a smooth, effective service, meeting the standards you've set for yourself, and keeping your clients happy.

Building trust is at the heart of this. After all, your clients are placing their sensitive financial information in your hands, and you're able to help them with some of the most important things in their life: their business, their livelihood, and the wealth they want to pass on to their family.

Everything you do needs to build on your clients' trust in what you do, so they feel comfortable and secure about working with you.

In this eBook, we'll look at several strategies to help you retain your clients year after year, maintain a sustainable income and boost your firm's profitability over time.



**Tushir Patel**
co-founder of Capium

## About us

Capium is the pioneer of cloud-connected accounting software for owners of small and medium-sized accountancy practices. Our software suite marries automated accounts production and powerful practice management tools specifically designed to help accountants in practice run a smarter, more efficient, and ultimately more profitable business.



# The importance of client retention for accounting firms

When you're focused on growing a profitable accounting firm, it can sometimes feel like everything is about winning clients. But keeping those clients happy, and preventing them from leaving you and going to a competitor, is just as important – if not more so.

In fact, **one study** by Bain & Company suggests that increasing customer retention rates by just 5% increases profits by 25% to 95%.

That's partly because acquiring new clients is much more expensive than keeping the ones you've already got. The level of resource you need to put into sales and marketing, from filtering out the clients you don't want to onboarding the ones you do, is extensive.

It's also much easier to sell to existing clients, whose trust you've earned, than it is to sell to someone new to your firm. Keeping your existing clients also gives you the stability of regular revenue, and the ability to build on it over time.

# Accounting client retention challenges

Generally speaking, accounting clients tend to be fairly loyal – although there's evidence to suggest this differs across generations.

Recent **research by PracticeWeb** found that while 34% of people across all age groups had never changed their accountant, this increased to 52% for those aged over 54, compared to only 10% of those aged 18-24.

One of the top reasons given by those who had left their accountant in the past was "high fees". This might be a case of cost-cutting in response to economic pressures, but it also tells you something about the way those clients see their accountant's service – that it's not valuable enough to them to justify the fee.

Poor customer service and poor communication were the most popular reasons after this, followed by accounting errors. It's easy to understand why these issues would factor into the decision, but interesting that problems with the 'softer' skills of customer service and communication were more common reasons to leave than actual errors.

It's clear that clients don't want to stick around if they don't feel valued, and if they don't have a positive relationship with their accountant.

As accounting technology becomes more sophisticated and more widely available, there might also be a sense among some clients that they might as well be doing the work themselves, using an app to handle their accounts.

Of course, accountants know that this isn't a substitute for a professional service and advice – but to a client who's only receiving a basic, light-touch service and limited communication from their accountant, cheaper DIY options might look appealing.

All of this makes it essential to demonstrate the value of working with an accountant: the expertise, professional experience, and personal level of support you can offer.



# How to retain accounting clients

## Set expectations – and live up to them

A strong client relationship starts with effective onboarding. From the start of your working relationship, it's important to set the right expectations about the service your client will receive, without overpromising.

That includes scoping the specifics of the service you're providing and how your fees will work, but also the level of communication your client can expect, how you'll go about communicating, and what you'll need from them.

Once you've set those expectations, it's crucial that you can live up to them. Otherwise, your client will be left feeling they've just fallen for an elaborate sales pitch.

Prioritise any deadlines you've explicitly agreed with your client, and make sure you conform to any service level agreements you've set out around the timing of communications and delivery of work. It sounds obvious, but keeping your promises and responding promptly to your clients can go a long way to instilling trust and confidence in your service.

To put this into practice, it helps to have a good internal system for managing your workflow.

An effective practice management system should help you to manage your team's work and deadlines, as well as automating communications and giving you an overview of client details.

This, used in connection with accounting software, should streamline your entire service – from accounts production or tax returns to updating your clients on key changes.

## Build and maintain relationships

While not every accounting firm works the same way, your clients could get their accounts done by any one of your competitors. That's why it's important they enjoy the experience of working with your firm, compared to another.

Your personal relationship with clients is a big part of this. This might look different from one client to the next– while some people appreciate a high level of input and guidance from their accountant, others just want to know all their paperwork is being filed on time.

There's nothing wrong with either of these approaches, but it's important to understand at the onboarding stage what your client's preferences are, and how involved you really need to be.

For some clients, establishing regular check-in points, and taking the time to get to know them is useful. You might already be doing this without thinking about it, talking with your clients not only about the technicalities of their business or their personal tax affairs, but about their life goals, challenges, frustrations and more.

Showing a genuine interest and working with your clients to achieve their aspirations and tackle their problems will help you to establish long-lasting relationships. In many cases, it'll also be more rewarding for you and your team, as you work in partnership with your clients and help them to achieve their goals.

Other clients might not necessarily want to have long chats or several meetings, but it's still important that you inform those people about the work that's being done for them, what it means and what you might need from them in the future.

Again, prompt and useful communications can also make a big difference to how valued and looked after your clients feel.

Depending on the size of your firm, you might have a team of people dedicated to client management, or your accounting staff might be in direct communication with a portfolio of clients. In either case, it's a good idea to think about the quality of customer service you offer, any guidelines you provide, and any training that might be needed.

## Personalise your communications

Well-targeted content and communications can help to keep your clients engaged and strengthen the relationship you've established.

By sharing information that's useful to your clients, you're reminding them you're there. If they've got a question in mind or need to check in with you, your communications might be the prompt they need.

You're also demonstrating your expertise and establishing yourself as a credible source of information. There are a number of ways to do this, and it's worth thinking about your strategy – whether you're sending content via email, publishing it to your website, or posting on social media.

Software automation has a bit of a reputation for making services feel more hands-off and less personal, but it doesn't have to be this way. In fact, we believe if you use digital tools the right way, they should allow you to **make your communications more personal**, giving your clients valuable information they can use on their own terms.

## Strengthen your brand

As well as your direct relationships and communications with clients, the way your firm presents itself as a whole will have an impact on how people feel about working with you. That's why it's worth reflecting on your brand.

The truth is, **firms with a strong brand are more interesting to work with**. Establishing your core values and how you present those to the world will help you to draw in new clients, but it will also provide a sense of consistency and credibility among your existing clients.

Most people like to feel their values match up to the people they work with, especially if that professional relationship is going to last a long time. Establishing your brand and understanding how it matches the values of your target clients should give you the foundation for long-term client retention.

Building your brand will also allow for continuity in the future.

A common challenge faced by accounting firms is maintaining client relationships after a senior partner leaves. That partner might have built up strong relationships in their years working at the practice, with clients who place a lot of trust in them. When the time comes for them to retire or move on to work elsewhere, there's a risk those clients could feel they've lost the personal connection they valued about the firm.

But by instilling common values across your firm, you can reassure those clients they'll still receive the same quality of service, even if they're not dealing with the same person.

## Grow your service with your clients

Even if your clients are happy with your service when they start, their needs might change over time. You need to be able to monitor those needs, and find opportunities to build on your service as your clients grow.

This is easier said than done when you're managing a large number of clients, but it's another thing software can help with.

Using a customer relationship management (CRM) platform, for instance, should allow you to capture client data, including the services you're providing for each client and conversations they've had with your team. Meanwhile, if you're using software to automatically keep digital records, you'll naturally build up a bank of financial and business information on your clients by working with them over time.

Managed the right way, this data can be turned into valuable insights which you can use to direct the kind of service you provide, and new services you offer to your clients.

It could also be used to advise your clients. For instance, you might have several years of financial information about a client's business. From this, you could draw up forecasts and predictions based on different directions they might take their business. You could more easily establish what their options are when it comes to funding, or see how things might change if they take on a new member of staff.

Being able to offer more sophisticated advisory services, beyond more routine work, also means you can meet your clients' needs as they grow.

You might also need to consider launching new services if you're seeing demand in new areas, or in response to wider shifts in the business landscape. People's financial priorities are changing all the time – if you can adapt to meet them, your clients will be thankful.

The more you can develop your services for clients, the more value you can give them, while also increasing your own firm's order value and profitability.

## Encourage client feedback

It's hard to know how you're doing if you don't hear from the people receiving the service themselves. So, rather than making decisions based solely on intuition or assumptions, make sure you seek feedback from your clients about how they feel about working with you.

Establishing a feedback system will help you to continuously improve your firm, highlighting any particular areas for improvement. It also means if any of your clients are currently dissatisfied or thinking of leaving, you'll be able to address the issue head-on. At the very least, your clients will feel they're being listened to, and you may even be able to turn the situation around.

You could gather feedback through a survey of your clients, a quick request for a rating (ie 'How likely are you to recommend us on a scale of 1-10?'), or by speaking with a handful of them individually. If you have staff who are in contact with clients more regularly, such as an account management team, you could ask them to ask the questions and feed back to you.

For clients who've already made up their mind to leave, asking them to complete an exit survey or feedback form should help you to understand why they've made their decision, so you can avoid the same problems in the future.

Don't forget to look at the positive feedback you receive, too. This can draw attention to the best things about your firm, so you can focus on maintaining those qualities. It can also give you a useful marketing tool, as positive reviews and testimonials are a great way to convince prospective clients to choose your firm.



# Conclusion

To give yourself the best chance of retaining your clients, it's important to:

- Set out clear **expectations** from the start, and stick to them
- Build genuine, personal **relationships** with your clients
- Engage your clients with useful and personalised **communications**
- Establish a strong **brand** that reflects your internal values and connects with your clients
- **Develop** your service to consistently meet your clients' needs in a changing economic landscape
- Seek **feedback** from your clients, and act on it

Across all of these strategies, there's one thing to remember: the key is to keep improving. Change is constant and there will always be elements of your service you could improve, or ways you can adapt to better suit the needs of your clients.

If you want to retain your clients, you need to keep your focus on their satisfaction, as well as the systems, technology and ways of working you use as a firm.

Keep your clients in the loop about the changes you make, and always take their feedback on board. If you're honest and transparent with clients, and you communicate regularly with them, they're much more likely to feel valued and understood – and to stick with you for many years to come.

**Call us on 0203 322 5578**
**or find out more at capium.com**