



# Making the Numbers Work: Unlocking the New Business Potential of CPA Alliances

In a market where one out of two CPAs will opt to offer financial services to remain competitive, you as a producer have the opportunity to capture this business, filling your pipeline with an additional stream of stream of sales and referrals. Our industry has long recognized the value of CPA alliances, but unlocking this potential has been so challenging that many producers have abandoned this course entirely.

In this white paper, we breakdown the realities of CPA alliances, looking at the relationship from both sides so that producers can better understand their CPA counterparts and build a profitable CPA alliance strategy.

In a survey done by the American Institute of CPAs it shows that the accounting industry is poised for widespread change, with dramatic growth in the number of CPA firms providing financial services. Surveys show that existing clients are interested in obtaining financial services from their CPAs.

Over 75% of the CPAs who provide or expect to provide financial services do so in order to better serve their clients. CPAs see the addition of financial services as a “win-win” situation for both themselves and their clients. Today, an estimated 17% of CPAs have integrated financial services into their practice to keep pace with the business world, that figure is expected to grow to nearly 49% in three years.

The CPA numbers are in your favor. Make them work for you.

## **History with a Twist**

Over the past 15 years, larger CPA firms have incorporated insurance products and other consultative services into their practices. As a trusted advisor, a CPA giving advice about topics such as business succession planning, estate planning, and the like has elevated the need for CPAs to gain additional knowledge about insurance options. Larger firms have already established the insurance service in-house. Typically this occurs through some type of investment advisory group.

In contrast, many smaller CPA firms don't have internal insurance offerings; thus the opportunity exists for insurance agents to partner with this target audience.

Previously, CPAs referred out all client insurance requirements to insurance agents in hopes that they would receive referrals. However, insurance agents have a difficult time recommending an accountant to a client simply because those client conversations do not lend themselves to talking about those kinds of financial needs. As a result, the return for CPAs was minimal, and CPAs began to understand that they needed a more formal partnership in place for a relationship between a CPA and a producer to be valuable.

This mindset, however, is essential for both ends of the relationship. The CPA needs to see a structured plan and eventual return for a partnership, and a producer needs to enter the relationship ready to structure the relationship in a way that not only makes both parties feel comfortable trusting each other but also leads to clearly defined, measurable returns.

### **Why CPA's are Good Partners**

Best practices of the most successful CPAs include the following: targeting high-net-worth clients; leveraging existing clientele; offering a wide range of financial services and products; and utilizing outside consultants and resources.

*“The CPA needs to see a structured plan and eventual return for a partnership.”*

Many CPAs have realized that it's not only possible to expand services beyond tax, audit, and accounting, but it is very lucrative and encouraged by the American Institute of CPAs.

Most CPAs, however, do not have the time or resources to provide the financial services that their clients are requesting. By partnering with agents, CPAs can leverage their time and expertise and offer additional services that will generate additional income at no extra cost.

Producers can offer a mutually beneficial relationship that positions the CPA as the primary advisor. CPA firms can easily understand that when they rely on outside providers for financial services they have much lower costs and therefore substantially higher profit margins. This is a perfect open door for an agent to walk through. Enter the producer.

### **CPA Alliances: The Producer's Perspective**

The nature of a CPA's business means that a CPA alliance, while potentially rewarding, will function much differently from your other prospecting strategies. Leveraging a CPA relationship will require a shift in your thinking and a strategy that aligns with the realities of your business and the realities of the CPA's business.

Here are some points to consider as you work to incorporate CPA alliances into your sales pipeline:

- Engaging a CPA will require a sales process, but this sales process will be much different from the one you use with customers.
- Approach each alliance with the understanding that the relationship should be a mutually beneficial professional relationship, one where each party helps the other.

- Because of the relationship element inherent in CPA alliances, building up trust is crucial and can also take time, so be patient.
- Strive to forge multiple CPA alliances simultaneously to optimize your chances for success.

In truth, each of these points could warrant a white paper in themselves, but beginning to think about them now can help you to prepare for your own approach to CPA alliances. For many producers, learning the necessary sales approach and finding a way to balance the legwork necessary to generate returns with the other demands for your time can be a considerable challenge.

For us, this is another facet of making the CPA numbers work. You need a proven process for making CPA alliance a boon to your business rather than a drain.

### **Selecting an Appointment Setting Service**

Producers should consider partnering with an appointment-setting service that can successfully identify prospective small to mid-size accounting firms who are open to growth opportunities. As the producer, you predetermine the region of focus as well as other parameters to ensure a better fit between you and the CPA.

Using an appointment service will streamline your efforts to reach the key CPA decision maker, reducing the challenges of time management while also giving you access to valuable sales and strategy insights.

With an appointment setting firm working on your behalf, you can meet with multiple CPAs without taking time away from your prospecting and servicing duties, creating a bustling pipeline of new and potentially lucrative activity.

*“Do not underestimate the time it will take to establish a partnership with a CPA.”*

When you connect with an appointment setting firm, ask how they will represent you and how they determine lead qualification. Some appointment services maintain a Quality Department to assure that appointments are qualified. The department might review every appointment-setting phone call to make sure that nothing misleading was conveyed during the conversation. It might double-check data provided by prospects and gathers additional information if appointments haven't been adequately qualified. Finally, the Quality Department may even cancel an appointment if research shows that the prospect doesn't match the agent's parameters.

On average, you should expect to rank 80% of your appointments as qualified or highly qualified prospects if the appointment setting firm is reputable. It's vital that you meet with a person who can make decisions for the CPA firm, typically a partner, so working with the appointment setting firm that can make this happen is critical.

### **Relationship Dating**

Even with an appointment setting firm finding CPA prospects on your behalf, do not underestimate the time it will take to establish a partnership with a CPA. It takes a relatively long period of time to develop the trust. This partnership needs some courting time, and it is not a one-meeting close. The payoff is that a partnership with a CPA can be highly productive in the long-term if you are willing to nurture the relationship.

As each insurance group has a different process, there are many ways an agent and CPA can work together, i.e. a joint venture or referral agreement. Any number of partnership agreements can result. The whole idea is to develop a working agreement that is mutually rewarding to both parties. Most CPA clients are part of a referral network. It is a natural referral chain that smart insurance agents like to build. In fact, a recent survey of high-producing agents indicated that 90% of their business is a result of referrals.

If an agent can present knowledgeably to a CPA who has a question, that agent has a greater chance to be on the "list" of who the CPA calls for help. It only takes one case to show off what an agent can do.

### **CPA Appointments**

What makes this approach unique? Many insurance companies have developed formal programs where they encourage agents to work with other professionals. The challenge continues to be how to identify those professionals and how to get those prospects in your date book for a face-to-face meeting.

There are key advantages for agents to explore with this type of CPA alliance building, and the more-experienced agent will benefit the most. Unquestionably, a CPA doesn't want to have an inexperienced person in front of his or her clients. They need agents who have the ability to offer smart solutions directly.

If you are an agent who is seeking new ideas for building your book of business, take a serious look at CPA partnerships.

## About the Author



Harvey was awarded the Pittsburgh Small Company Top Executive of the Year Award in 2012.

Previously, Harvey was a partner for 24 years at Alpern, Rosenthal & Company, a large Pittsburgh-based CPA and consulting firm, and he was the founder and CEO of RedSiren, Inc, an international provider of IT

security management solutions. Now he is the CEO of the PT Services Group, which is a four-time winner of the Pittsburgh Top Workplaces award.

## About The PT Services Group



The PT Services Group is committed to helping you open the doors to new prospects and new business. While the methodology and expertise behind our appointment setting, business intelligence, and data collection programs are powerful tools, the secret to their effectiveness is the people using them. We are owned, operated, and staffed by professionals with expert knowledge of the financial services and insurance industries. Visit our website at [www.ThePTServicesGroup.com](http://www.ThePTServicesGroup.com) to learn more.