

March 2007 \$9.00

# Practical Accountant®

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## The Fine Art of Cross-Selling

by Howard W. Wolosky

Accounting firms are expanding into financial planning for three main reasons, according to Roger Ochs, president of H.D. Vest. One their clients are requesting financial services and they don't want to send them to someone else. Two, they want to be competitive. And the third is to diversify and increase their revenue, so as not to be dependent solely on tax and accounting revenue. To be successful, firms have to be adept at identifying, and capitalizing on, opportunities. The best place to begin is their client base.

### Obvious and Best Candidates

In PPC's *Personal Financial Planning*, there are a number of indicators identified that should suggest a tax client might be a good candidate for financial planning services. (1) Complaining about their tax liability, but haven't taken action to reduce it; (2) Haven't accumulated substantial assets, despite having a high annual income; (3) Concerned about paying for their children's college education; (4) Without adequate investment diversification; and (5) Receiving a retirement plan distribution.

Another method suggested in PPC's *Personal Financial Planning* is to use the client's 1040 to identify and develop opportunities. Two simple examples in a long list by PPC are, "If the client is married or getting married does each spouse carry sufficient life insurance?", and "If the client holds inflation-indexed bonds, is she or he aware of how those bonds are taxed, and, in some cases, how those bonds are more suitable for tax-deferred, retirement accounts?"

### Getting Them Interested

1st Global Financial Advisors advises that a personal note be sent along with the filled-in tax return. Candidates are identified by firm members filing out 1st Global Financial Advisors' SOC (Situation-Opportunity-Concern) forms.

When the tax return is mailed to prospective financial planning clients, a note summarizing

the discovered SOC is included. Here is sample language from 1st Global. "In preparing your tax return, we noticed that you are not currently contributing the maximum allowable amount to your IRA accounts. There may be additional tax and investment benefits through IRAs and retirement planning strategies. John would be happy to meet with you to discuss these in detail. Please call us to set up an appointment to review your IRAs and their place within your overall retirement planning strategy."

In addition to tax preparers looking at a client's tax return, David Anneken, president of the Wealth Investment Network in Edgewood, Ky., indicates that the firm's tax preparers use a "1040 Analyzer" supplied by 1st Global, their broker/dealer. It has a series of boxes to check, and, when completed, it is given to the firm's separate financial planning entity for analysis and recommendations.

Another method employed by the Wealth Investment Network is a brief questionnaire, enclosed with the tax organizer mailed out in early January. Clients are asked to identify areas of concern.

James Philbin, shareholder at Braver in Newton, Mass., reports, "By educating our accounting staff carefully and by consistently communicating our wealth management services to our clients, we are seeing continuing growth in financial planning and investment management work from our accounting client base."

The firm's accounting clients are invited to attend the wealth management team's twice-yearly complimentary client seminars on top-

ics such as retirement and estate planning. The firm also mails their bi-annual newsletter to potential accounting clients, and nearly all the general communications going out to their clients mention related service lines, including wealth management.

In the marketing material that Genworth Financial Investment Services distributes to its representatives, the advisors are encouraged to take a holistic approach. Instead of initially talking about a specific product, they are told to talk about the client's need and how addressing the correct "cornerstone" can help fulfill that need. The idea is for the advisor to then narrow down to the most appropriate product to meet the defined need. Genworth's three cornerstones are (1) lifestyle preservation, (2) accumulation and wealth management, and (3) guaranteed retirement income.

There is an interesting suggestion in PPC's *Personal Financial Planning* for generating financial planning engagements: give selected clients a financial software package such as Quicken, and teach them to use it. The idea is to increase clients' interest in their financial situation, and thereby their interest in financial planning.

**Donald Hoffman**, partner in charge of wealth management at Hertzbach & Company in Owings Mills, Md., believes that personal contact is always the preferred method to a follow-up, so he suggests whenever possible scheduling a face-to-face meeting to determine the client's real issues and concerns.

Philbin indicates that the follow-up in his firm's case depends on the specific situation.



"Often we provide our client with contact information for a specific member of our wealth management team, and leave it to them to follow up if they are interested. We do not push hard. Or, some clients request that the planner contacts them. Our planners have a reliable follow-up system in place so that referrals never get lost in the cracks."

### Not Just Educating Prospects

Anneken believes that cross-selling begins with awareness among the accounting firm personnel. "It would be impossible to cross sell if our people are unaware of the services that we offer. Our people are encouraged to look and listen for situations confronting our clients, and to bring them to our attention,"

On a regular basis, Braver's wealth management team makes a presentation to the firm's shareholders and its accounting and advisory group staff, explaining the service offerings and how they work with clients.

"The team shares success stories to increase our staff's comfort levels with their services. And many of our shareholders are in fact clients of our wealth management firm themselves (which makes for the best referrals of all!). We try to ensure that our staff personally knows the key wealth management employees. And yes, there are different levels of compensation available depending on the type of engagement that results from their efforts," says Philbin.

**Hertzbach & Company** conducts internal firm seminars educating the staff on what Hoffman describes as the "high-quality planning services that we provide, and the attendees at the seminars become aware of the sub-standard services clients are receiving from others." It also provides senior management with checklists to identify opportunities.

James Garry, partner with Cohen Friedman Dorman Leen & Co. in Clark, N.J., reports that his firm holds meetings regularly with financial planners and others in the financial arena so his firm is constantly being educated about new products, strategies, cases, and other factors.

"We then look at our client lists and see which of them would be good candidates. We discuss our progress at each partner meeting," he explains. Garry is informed of all the leads that are identified and he tracks their progress.

### Accountability and Sharing

"Honkamp Krueger believes people do what they are paid to do, and what they are held accountable to do. Cross-selling financial planning services is one of many partner objectives that we measure and reward. Our managing partner has created a firm-wide expectation that we actively address client needs. Rewards include compensation as well as recognition of those who have cross-selling successes. Peer recognition of success or failure is a big motivator. This is why we share at each monthly internal marketing meeting details of successes in this area, and then we identify other clients in similar situations who could be approached with similar solutions. We track these opportunities and their progress at our internal marketing meetings. Partner-to-partner sharing of how we successfully and unsuccessfully approached a client is an important element," says Gregory Burbach, general services partner at the firm's headquarters in Dubuque, Iowa.

In a formalized process, Honkamp Krueger creates profiles of those most likely to benefit from financial planning, shares these among partners, and then reviews the firm's client base to uncover opportunities with actual clients that meet the profiles. Additionally senior partners mentor junior partners in this

process so they learn to be proactive in meeting client financial planning needs, and to encourage a culture of cross-selling. Another method used is the "work order" program during tax season. During the tax interview process, financial planning needs are identified and recorded on the firm's work order reports, and there is a follow up after April 15.

Cross-selling is a part of Honkamp Krueger's regular meeting agendas, as well as part of its compensation package. "Everyone is expected to participate, and their activity level is measured, monitored, and shared, and factors into their annual performance evaluation. This is all intended to promote action, and it does. We regularly bring together partners and our financial planners to exchange ideas, including tax impact of recommendations, product knowledge, and ways to present ideas to clients, right down to the words to use in the cross-selling process," explains Burbach.

### The Engagements

The most common type of engagement that Braver generates from cross-selling is when a client wants a broad review of their investments, insurance coverage, estate planning, retirement planning, and other areas. Second are investment analysis or investment management services, and the third is for family office services such as bill paying. Clients can come in for a complimentary meeting to get to know Braver's wealth management team, and a written proposal for services is also prepared specifying the scope of engagement and the process.

The firm does comprehensive financial planning, but more and more clients request specific areas of planning. Business succession and estate planning comprise a large number of the engagements. Planning for children's education, budgeting, and cash flow analysis are also important financial planning engagements for the firm.

### The Real Bottom Line

Cross-selling is only one aspect of providing financial planning, and Hoffman offers a very important caveat. "When you are dealing with financial planning services, this is a matter to be taken very seriously. People need to have intense training and experience, as clients are putting their accumulated wealth in your hands to manage for the remainder of their lives, so be certain you truly have embraced a total wealth management philosophy if you plan to embark in financial planning services. This is not a business for a part-time person."

Burbach has a similar philosophy. "Client need and suitability is always the number-one issue for us at Honkamp Krueger. We never compromise on that. There is too much at stake in every relationship to take any other approach."

## Teaching Clients to Ask the Right Questions

The Enterprise Network Worldwide has published a 200-plus page book, "*Minding Your Family Owned and Managed Business*." According to Kristin Gentry, associate director at Enterprise, the publication is targeted to owners of family and owner-managed businesses.

The most interesting aspect of the book, which the Enterprise Network Worldwide firm members (such as Cohen Friedman Dorman Leen & Co and the Wealth Investment Network) can give to their business clients are "Questions to Ask Yourself," and "Questions to Ask your CPA," listed at the end of each chapter. Gentry, recommends that when member firms give the book to a business client to place a bookmark where clients should read.

She reports that the book is also used by the firms as an internal training and tracking guide as to the services that their firm and the Network firms offer.

There are two other interesting aspects of the book. One is that Gentry views the book as "a killer brochure-the marketing tool that will set them apart with their clients, prospects, and referral sources right on the first visit. A brochure that never gets thrown away." The second is each firm has the ability to customize the book so it can be published on-demand to include the firm's name, local testimonials, and a customized foreword.