



# National Life Group CPA Symposium

*“Strategies & Best Practices”*

Wednesday, June 22, 2022

8:30-10:50am

Wynn and Encore, Las Vegas, NV

Practice Management and Growth | Mergers & Acquisitions | Talent Representation



For the last twenty-one years, Allan has been named by *Accounting Today* as one of the Top 100 Most Influential in the accounting profession. For the past six years, he was recognized as one of the 10 Most Influential in the Profession and in 2020 he was ranked as the 5<sup>th</sup> Most Influential in the Profession.

For the past nineteen years, Allan was voted as one of the Most Recommended Consultants by *INSIDE Public Accounting*.

For the past seven years, Allan has been named by *CPA Practice Advisor* as one of the Top 25 Thought Leaders in the profession. In 2016, *CPA Practice Advisor* also inducted Allan into the Accounting Hall of Fame.

Allan was one of the first to be inducted into the Accounting Marketing Hall of Fame by the Association for Accounting Marketing.

A nationally recognized speaker, he has appeared on CNN, WGN and FOX TV and has been quoted in the *Wall Street Journal*, *New York Times*, *Washington Post*, *Chicago Tribune*, *Los Angeles Times*, *USA Today* and *New York Post*.

Previously, Allan was the CEO of PDI Global, which was the largest provider of marketing products and services for CPA firms. Allan sold PDI Global to H&R Block in 1998, buying it back in 2008, and then selling it to Thomson Reuters in 2011.

Prior to that, Allan was a partner in the Chicago-based CPA firm of FERS, where he served as leader of the investment banking and law firm services groups, as well as the Executive Committee.

Wayne Berson, CEO of BDO, was quoted as saying the following about Allan: "I liken him to a sports super-agent, such as Scott Boras, whom players seek out. If we want to do a deal, in most cases the firm is working with Allan already."

Marc Rosenberg, a leading consultant and author to the CPA industry, was also quoted as saying, "If there were an election of the most highly visible, sought-after consultant to CPA firms, Koltin would be the hands-down winner.

# Are CPAs and Financial Advisors “Wired” the Same Way?



|                           | <b>What We Like</b> | <b>What We Dislike</b>                        | <b>Questions We Have</b> |
|---------------------------|---------------------|---|--------------------------|
| <b>CPA's</b>              | <hr/>               | <hr style="border-top: 1px dashed #000080;"/> | <hr/>                    |
| <b>Financial Advisors</b> | <hr/>               | <hr style="border-top: 1px dashed #000080;"/> | <hr/>                    |

# Reflecting on the Biggest Changes and Opportunities that have Taken Place Over the Past 15 Months

**It all started with COVID and a lingering recession, but when the dust settled it was all about remote workforce and a new way of doing business.**

- What happened in five to ten weeks in March/April 2020 would have taken five to ten years if not for COVID.
- Although size of market matters, as things return to normal, early precincts indicate:
  - 10% of the workforce wants to only work remotely
  - 70% of the workforce wants a hybrid approach going forward
  - 20% of the workforce never left the office and, if they did, will be back in full throttle shortly (some in that group refer to the Roaring 20's!)
- What happens when people are together in an office?
  - Culture and relationships develop
  - Innovation takes place
  - Collaboration is more apt to happen
  - Mentoring and coaching are more productive
  - Training and onboarding of newer staff is more productive

# Reflecting on the Biggest Changes and Opportunities that have Taken Place Over the Past 15 Months

- What will we do with existing space and what about future plans for space?
  - Sublet unused space?
  - Reduce future space commitments by 30%
  - Repurpose space – begs the question, “Why will people want to come to the office?”

## Human Capital and Talent

- Recruiting has given larger-market firms a major competitive advantage
  - For example, California and New York firms are attacking talent in the Midwest and smaller markets and offering big city wages.
  - Boardrooms are debating whether remote workers should be paid the same as “in office” workers.
  - In the end, talent will determine where they work and how they want to work. Major factors in determining their decision will be things like culture, technology, training and career development/advancement. We will need to offer more flexibility than ever before.

# Reflecting on the Biggest Changes and Opportunities that have Taken Place Over the Past 15 Months

## Practice Growth

- Great debates about how to apply historical marketing resources, as well as much discussion about what will return to normal and what has forever changed.
- The quicker we can memorialize “one size doesn’t fit all”, the quicker we can execute on our growth strategy.
  - Some clients want in-person and local market relationships
  - Some clients don’t care about in-person and local market relationships, but rather, prioritize our skills, specialization, pricing and the ability to impact their business

# Reflecting on the Biggest Changes and Opportunities that have Taken Place Over the Past 15 Months

## Technology – the Great Enabler

- Some firms didn't miss a beat when they went remote – it was literally like flipping a switch.
- Other firms (although a minority) suffered greatly and paid the price for years of “doing it on the cheap” when it came to technology.
- Remote workforce has given larger firms a major competitive advantage, due to their ability to move work around, provided:
  - They operate as one firm – same technology, software, processes, etc.
  - The economics of “horse trading” are a win-win for all sides involved.
  - Firms that can hire remotely will no longer list lack of talent as their #1 obstacle to growth
  - Firms that have invested in off-shoring (and in-shoring) have taken much of the mundane compliance work away from their workforce and found a way to get it done more efficiently and at a lower cost structure. The byproduct of this has been to free up the workforce to spend more time consulting and advising their clients and truly operate as “impact players” with their clients.

# Digital Age Is Transforming Organizations



Development of highly skilled digitally proficient middle layer key to firms

*Slide courtesy of AICPA*

# AI as an Influencer/Disrupter in Assurance

“To exemplify this effect on us, a robotic process has been developed that uses artificial intelligence (AI) to take the accounts receivable section of an audit and perform the work with two human interventions – setting materiality and clearing exceptions.

This certainly will be more efficient, but look at the hours that evaporate out of jobs. (By the way, we sell hours.) The market place will unquestionably re-price our work downward over time, and we will not financially gain from this efficiency. Now, let us assume that all audit programs were robotically performed. How many hours evaporate? This is a concern that we discussed. How do we reinvent our people, and what should be our employment selections or skill sets going forward?”

# Industry Disruption – This Year's Hottest Question



The GOGO years are over – to continue to sit at the table you will need to (multiple choice, pick one answer):

- a) Increase partner capital requirements (write a check!)
- b) Retain more of the profits (reduce partner compensation)
- c) Go to the bank, borrow more cash
- d) Reduce retirement benefits/deferred compensation
- e) Reduce equity partner retirement age
- f) Some of the above
- g) All of the above!

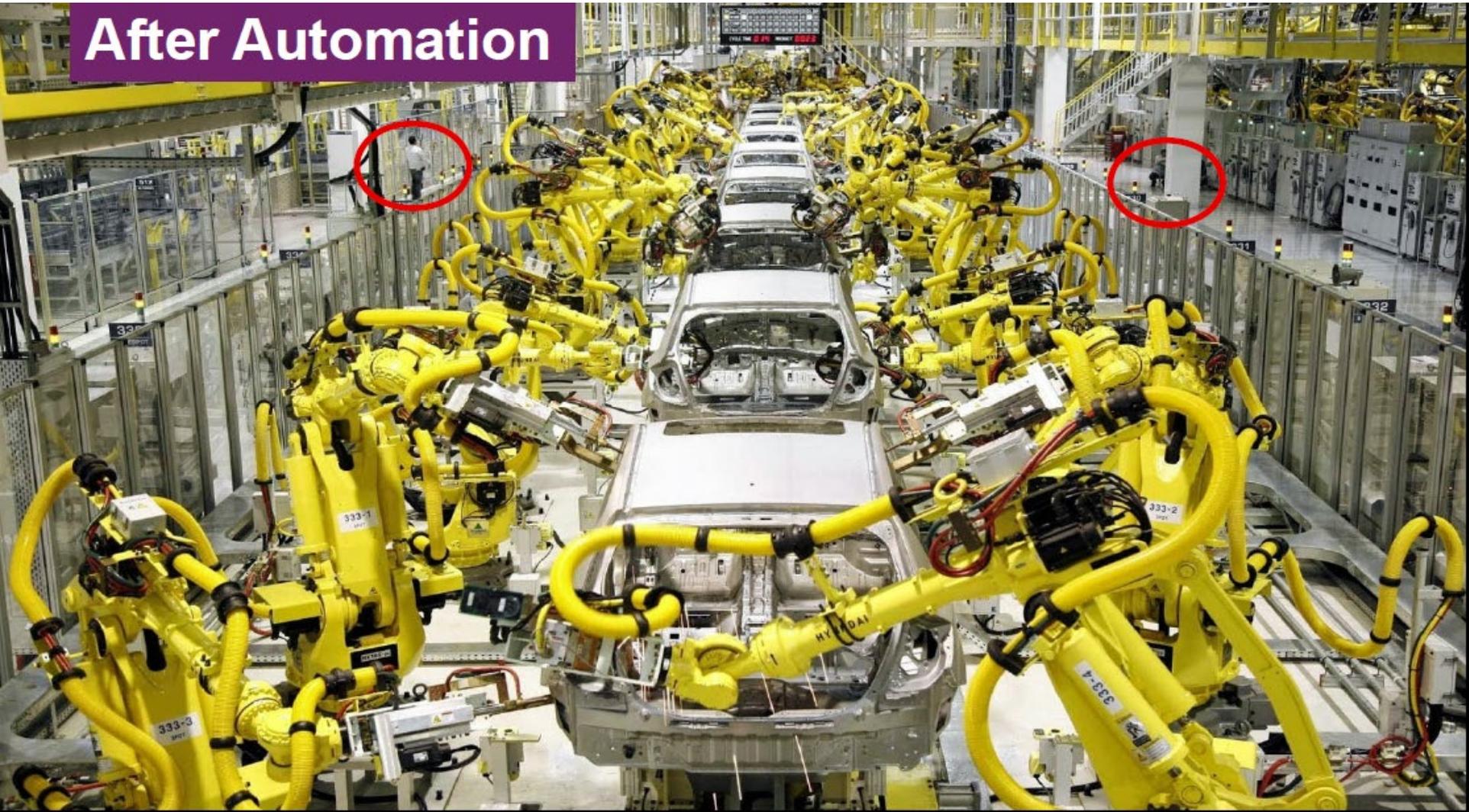


# Before Automation



Source: AICPA

# After Automation



# Before Automation

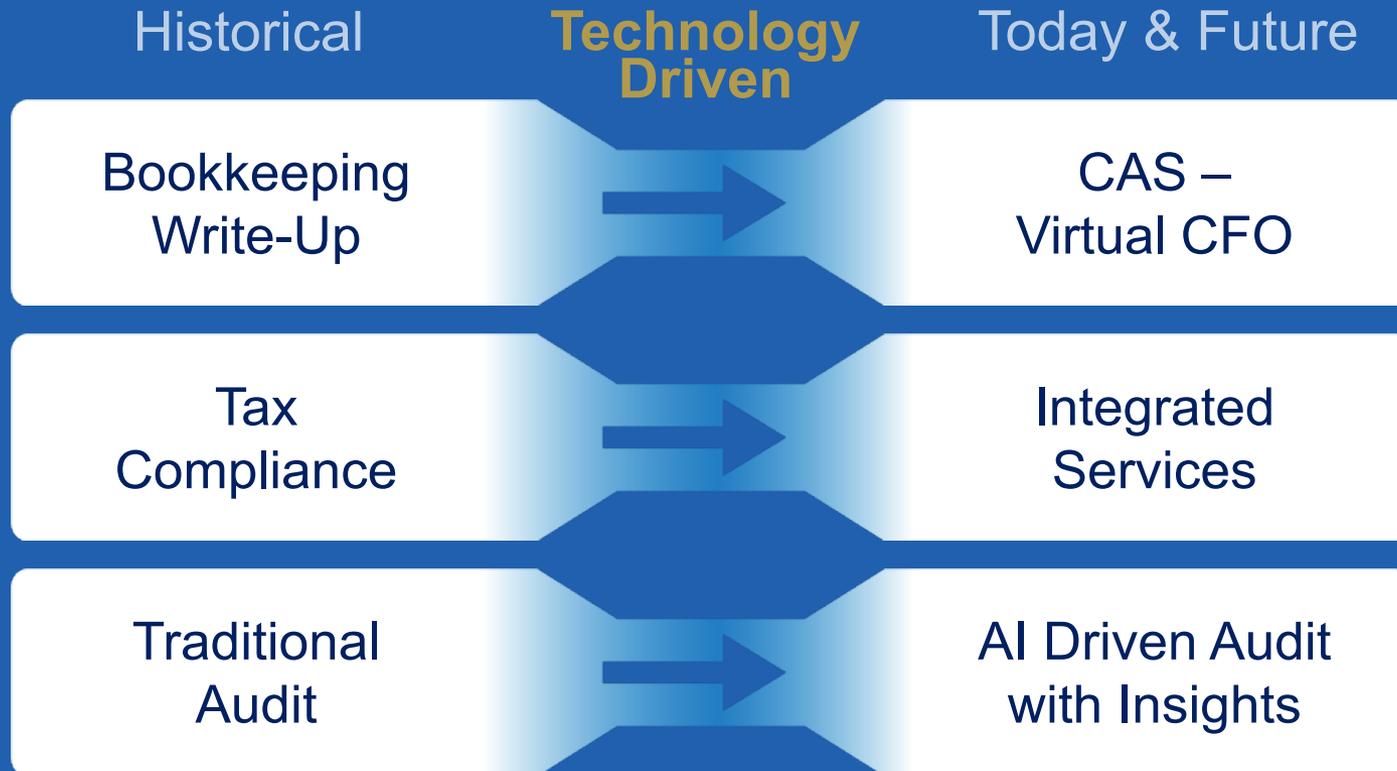


# After Automation



Source: AICPA

# Increasing Firm Value Opportunity



**CPA Profession Total Market: \$110 billion**

\*IBIS 2018 report

# Planning & tax advisory services

Market demand is soaring

Client needs are changing

Tax reform presents opportunity

New online resource center & planning certificates

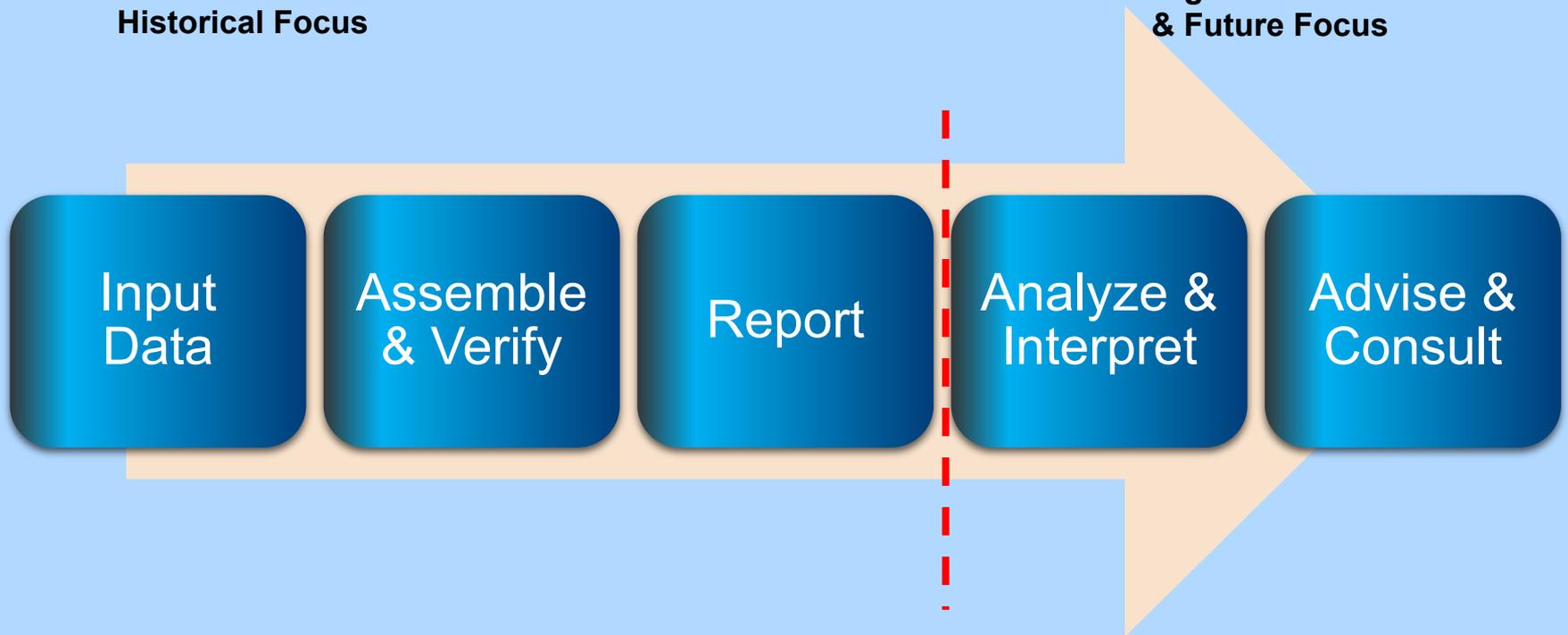


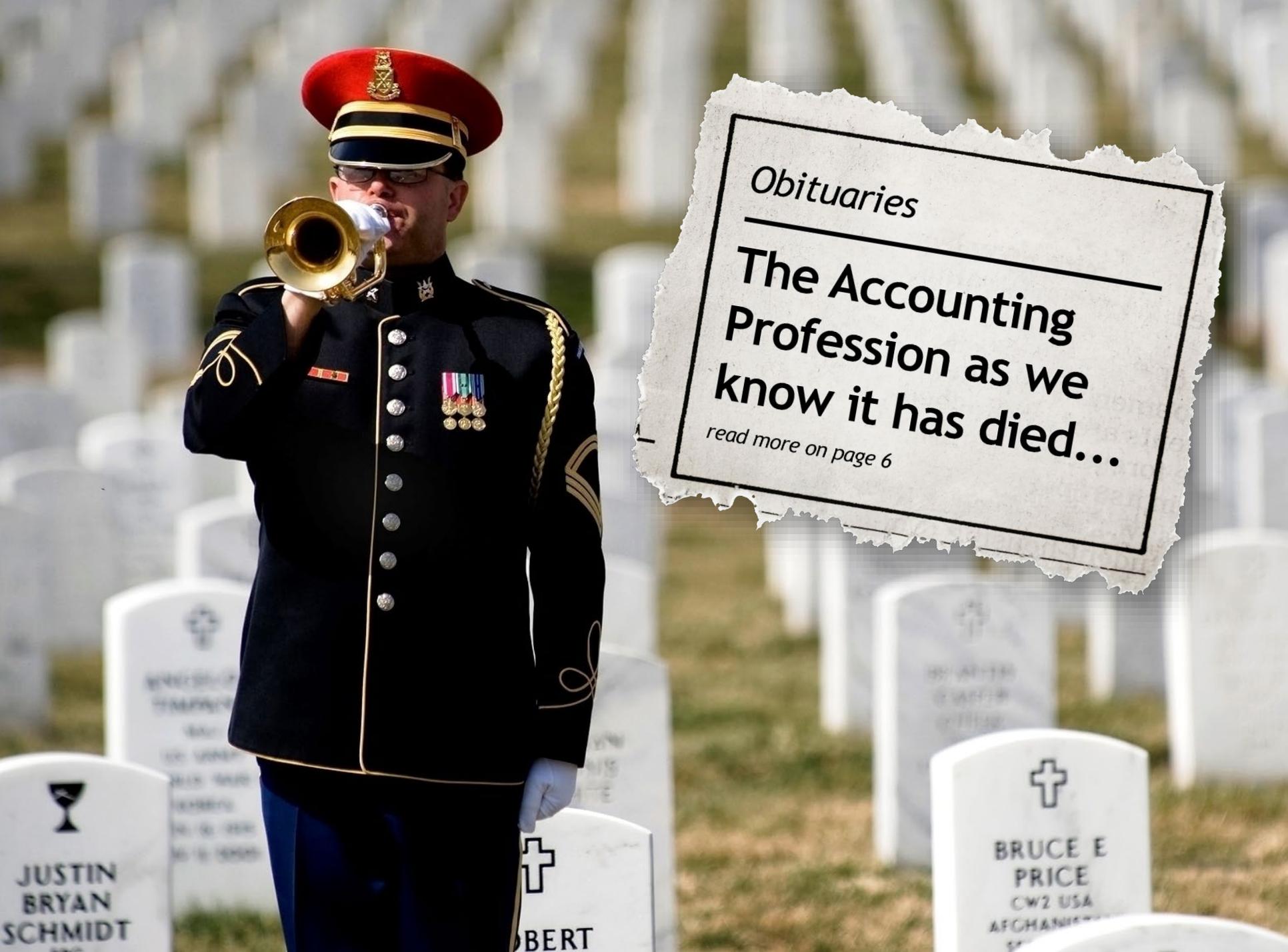
[aicpa.org/growadvisoryservices](https://aicpa.org/growadvisoryservices)

# Firm Value Chain

Lower Value &  
Historical Focus

Higher Value  
& Future Focus





*Obituaries*

**The Accounting  
Profession as we  
know it has died...**

*read more on page 6*

JUSTIN  
BRYAN  
SCHMIDT

ROBERT

BRUCE E  
PRICE  
CW2 USA  
AFGHANISTAN

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# Best Practices of High Performing Firms

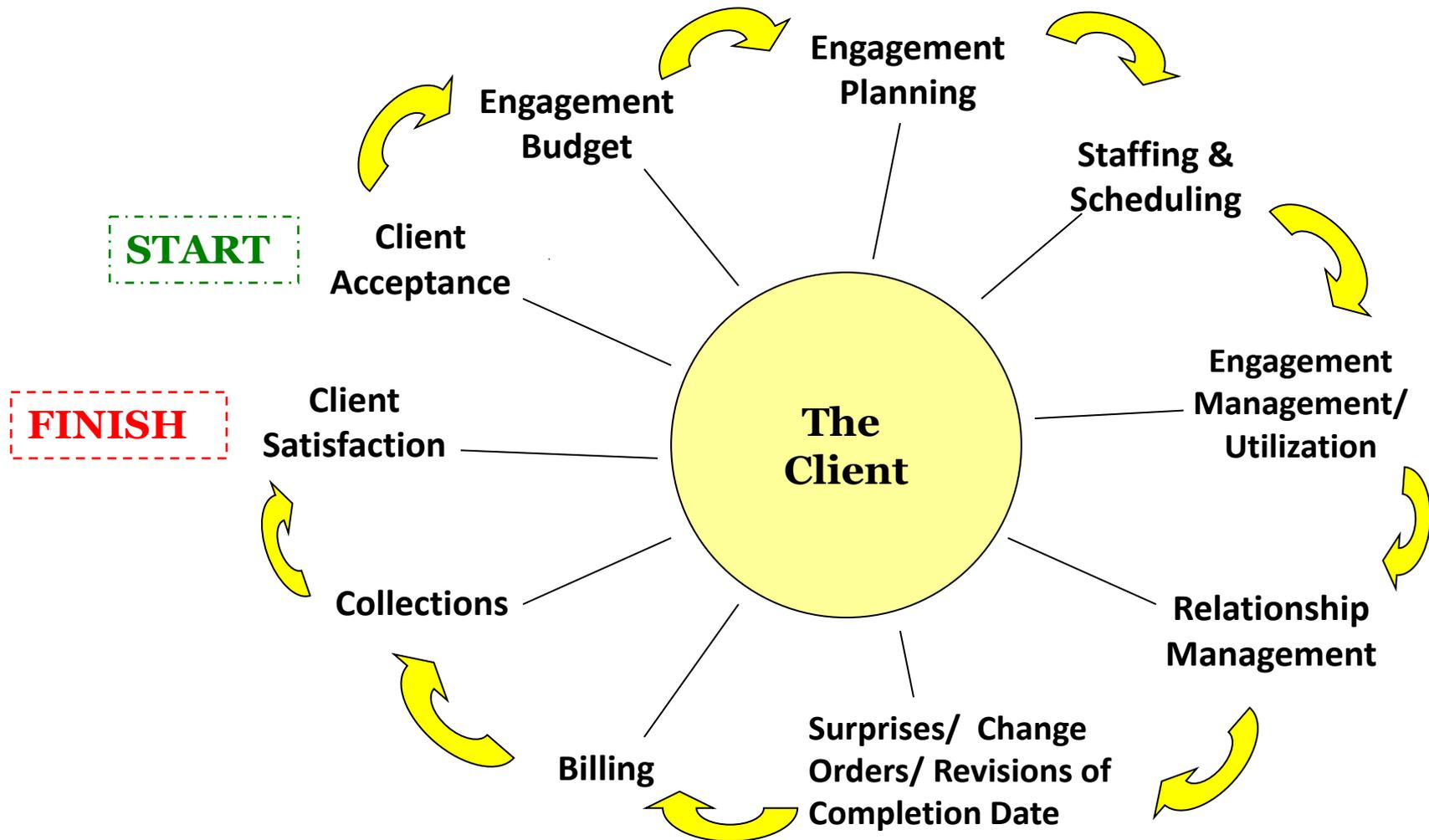
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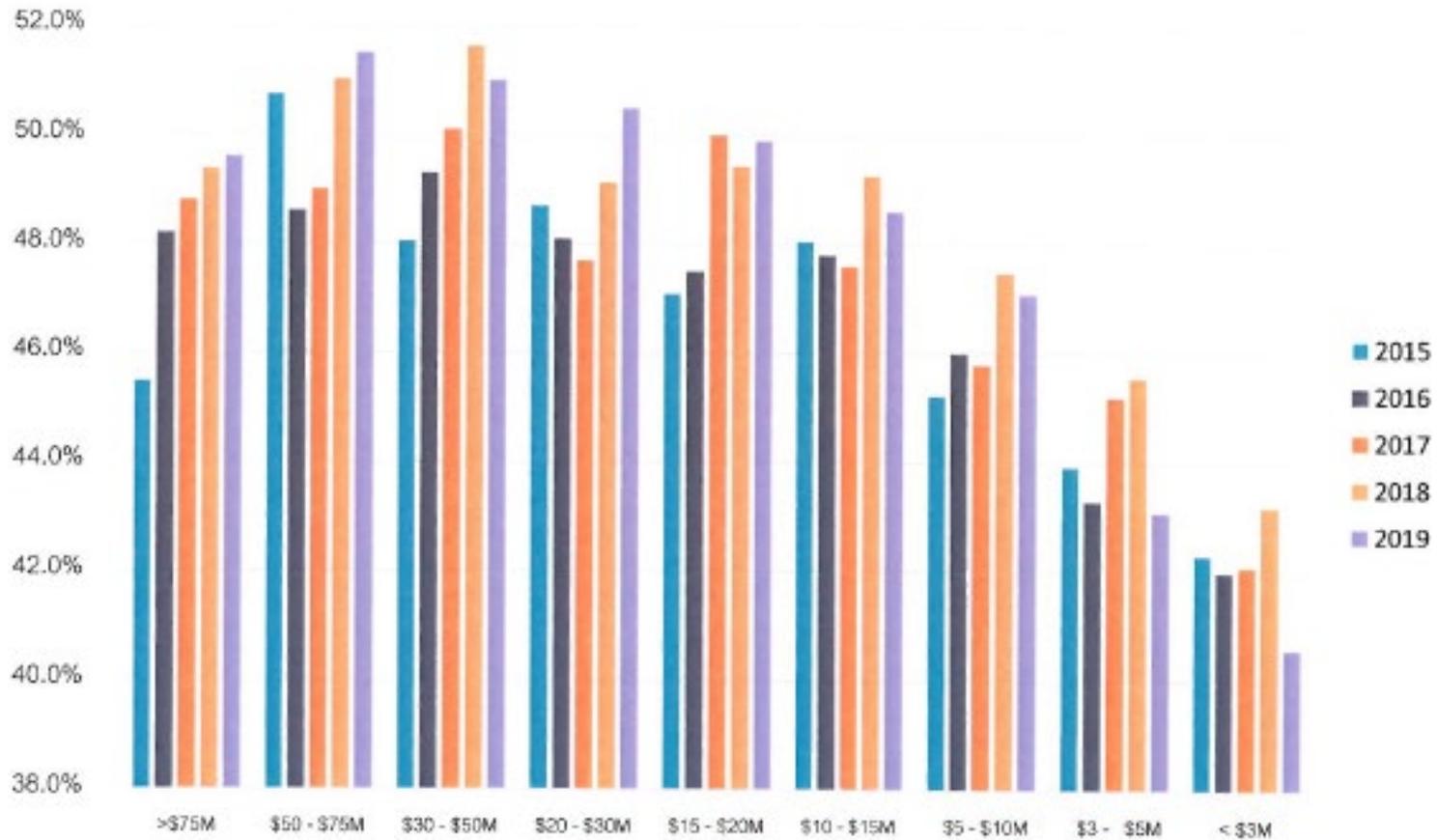
# Top 10 Profit Levers of Best in Class Firms

1. Too many unproductive partners and/or staff
2. Partners not on the same page
3. Not enough emphasis on profitable growth
4. Too eager to accept any and all clients
5. The wrong mix of client service staff
6. Not enough or too much emphasis on profitability
7. Not enough leadership and too much autonomy
8. Behind the times in technology
9. Not enough young superstars/weak depth chart
10. Little to any available capital to reinvest in the firm

# “Best in Class” Firms Have a Passion for Engagement Profitability

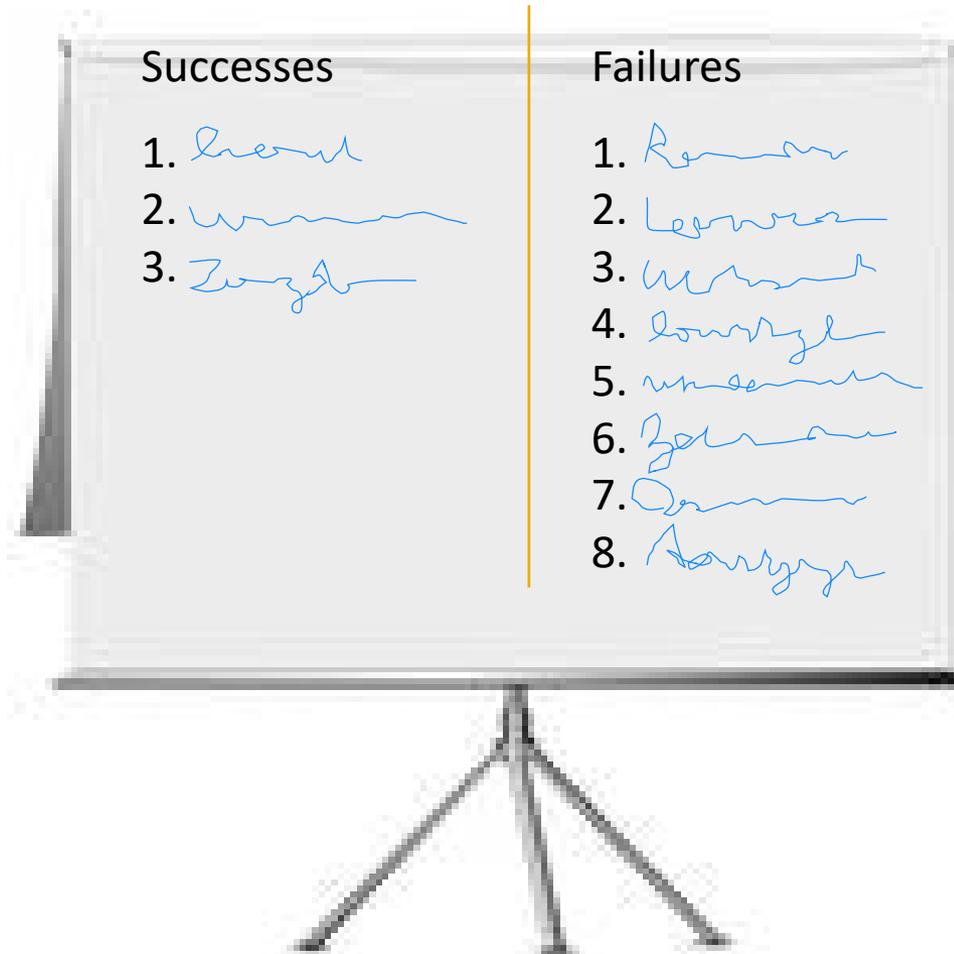


# Personnel Costs as a Percentage of Net Revenue



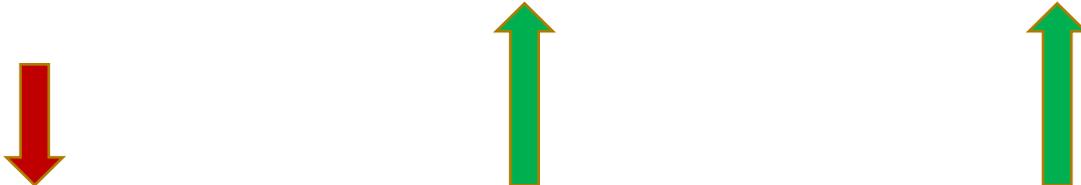
Data Source: The 2019 IPA National Benchmarking Report

# Did You Ever Wonder What the Most Successful CPA Firms Have in Common?!



# How Strategic Are You?

## *Types of Services that CPA Firms Provide*



| Type I  | Type II  | Type III   |
|---|--|--|
| A service that your client doesn't want, but needs (audit or tax return). | A service that your clients wants and needs (profit improvement, outsource CFO, strategic planning). | A Type II service that is provided in conjunction with a Third Party through an alliance or partnership (cost segregation, wealth management). |

# What I Would Want From My CPA Firm If Only I Had a Magic Wand...

## Top Ten Services\*

- CEO Coaching
- Wealth Management/ PFP
- Profit Improvement/  
Cost Containment
- Risk Management and  
Internal Audit
- HR/Compensation  
Consulting
- Strategic Planning
- Technology, Cyberspace and  
Data Analytics Consulting
- Tax, Estate, Succession  
Planning
- Corporate Finance/Transaction  
Services (M&A, Financing, etc.)
- “Tax Anything!” – International  
Tax, SALT, Sales/Use Tax,  
Property Tax, Cost Segregation  
Studies, Credits/ Incentives

*\*Industry/functional specialization was rated #1 in all service areas.*

# Type III Services\*



*Our Mentality Needs to Change From That Which We can do “In House” to That Which Our “Client” Desperately Needs Help With.*

- R&D studies
- Mergers & acquisitions
- Executive recruiting
- Profit improvement
- Property tax savings
- Royalty compliance
- Sales tax savings
- Rent escalation
- Cost segregation studies
- Software
- Insurance
- Money management

*\*Interestingly, none of the above requires a single billable hour!*

*It's okay to make money unrelated to time!*

# On the Topic of Value Billing...



*“Our fees for these services are generally based on the amount of time required to complete the engagement at our standard billing rates, plus out-of-pocket expenses. However, we will also consider the complexity and the value of the work performed, the experience level of the staff required to bring the appropriate level of expertise to the project, and the circumstances under which the work is performed and, as a result, actual charges may be greater or lesser than our standard rates. In no event will we charge a fee that we do not consider reasonable under the circumstances.”*

*~ Wipfli LLP, February 2019*

Comment from Jim Bourke, Visionary Leader at Withum –

*“The key to remaining relevant...embrace advisory services! Just take a look at all of the things that your clients are buying from other providers and ask yourself why you are not offering them!”*



Allan Koltin

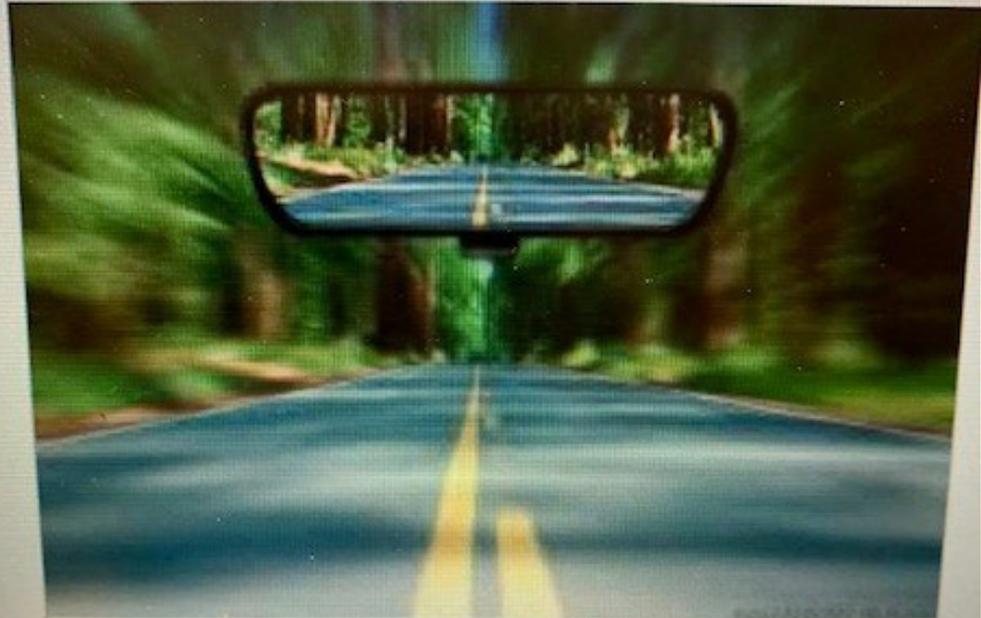
CEO at Koltin Consulting Group, Inc.

23h • Edited

2018 In M&A: Trends Converge To Create A Changed Landscape

Take a look at my view of 2018 M&A activity

<https://lnkd.in/exmNcAT>



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Jim Bourke CPA CITP CFF · 1st

17h ···

Managing Director Advisory Services at WithumSmith+Brown

The key to remaining relevant...embrace advisory services! Just take a look at all of the things that your clients are buying from other providers and ask yourself why ... see more

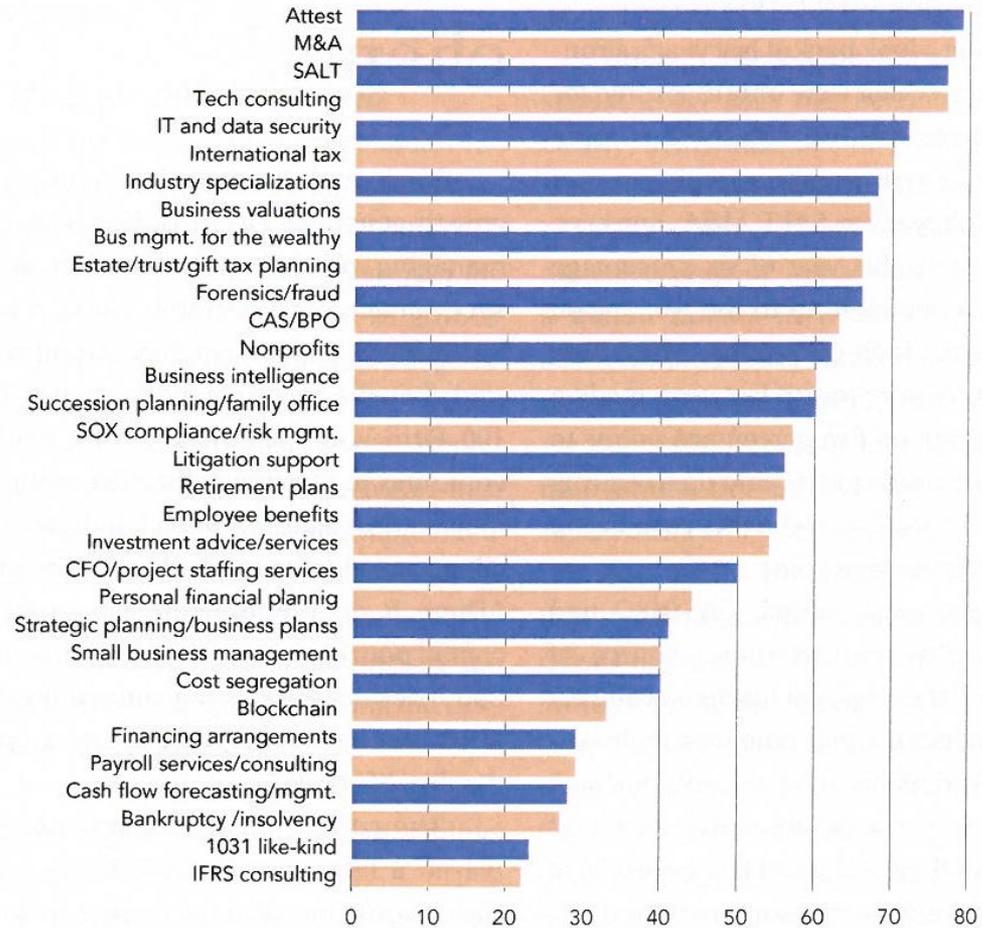
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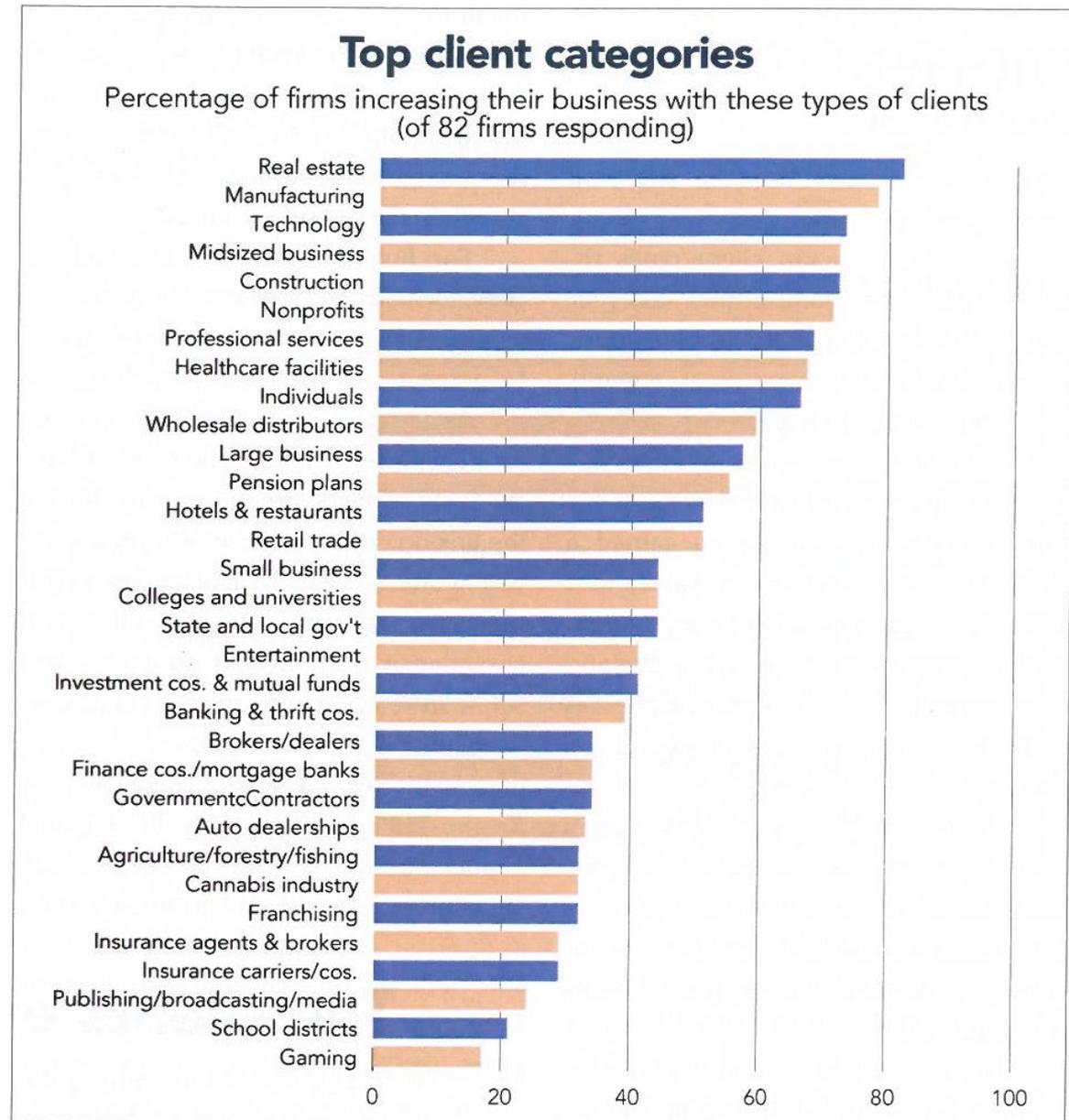
# Becoming “Famous” At Something

## Top niche services

Percentage of firms increasing their business with these service areas  
(of 82 firms responding)



# Becoming "Famous" At Something



# “When Selecting a Champion Internally to Head Up a Niche, it is Important that the Champion:”

- ✓ Have the available time to work the niche
- ✓ Be passionate about the niche
- ✓ Have the other partners’ support and buy in
- ✓ Is a risk taker/self starter
- ✓ Can “sell” within the niche
- ✓ Derive a significant portion of their compensation from success within the niche
- ✓ Have a marketing plan with accountability
- ✓ Take the right courses, training, certification, etc.
- ✓ Is the best person within the firm to head up the niche

# Talent - The **Three Levels** of Performance

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*Cross-selling is an exclusive privilege granted to all partners. If you can't show me your cross-selling matrix, with a plan to convert circles into x's, you're not in the game.*

***A recent survey of clients that receive services from their financial services provider shows . . .***

| <b>Number of Services Used</b> | <b>Probable Retention Rate</b> |
|--------------------------------|--------------------------------|
| 1 service                      | 14%                            |
| 2 services                     | 63%                            |
| 3 or more services             | 91%                            |

***Mandatory shift – from “renting” clients to actually “owning” them!***

Source: Boston Consulting Group

# Simple Math...The More The Better...

## Body snatchers and lone wolves not welcome

| # of Partners Per Relationship | % Likelihood of Staying |
|--------------------------------|-------------------------|
| 1                              | 28%                     |
| >1                             | 90%                     |

Based on survey of top 300 clients of major accounting firms  
*Source: Smart Collaboration by Heidi Gardner*

# Staff Turnover Trends & Retaining Your Superstars

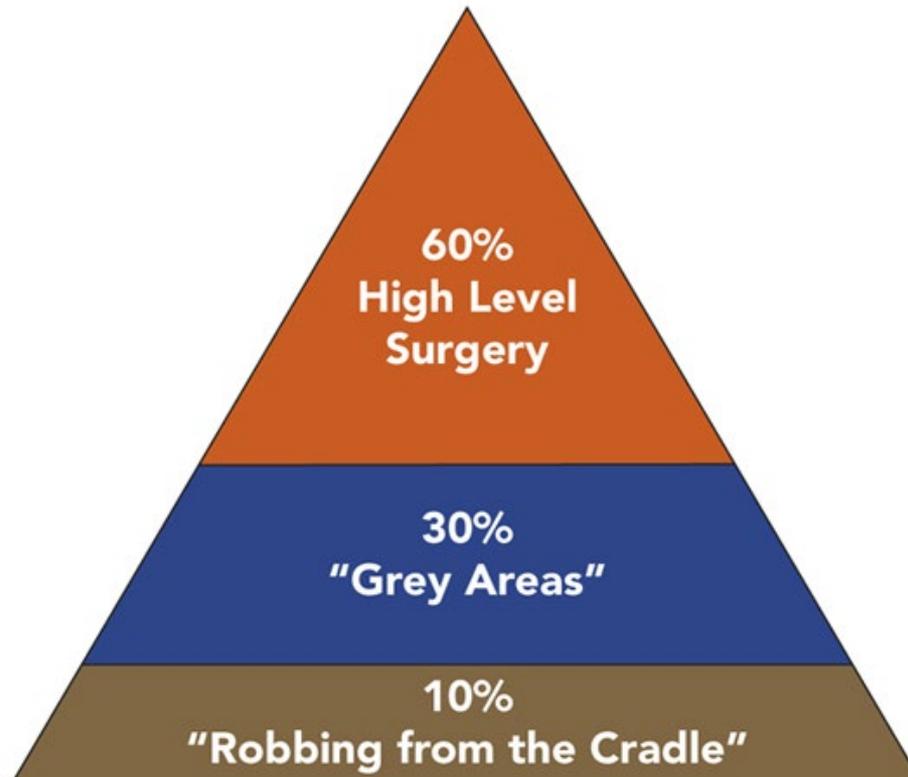


# Reflecting On What We Do Daily



*It's all about continually raising the bar and replacing ourselves.*

## Transfer of Time Spent



# 4 Facts I Wish Someone Had Told Me About Clients

**The  
Business  
Side**

**The  
Personal  
Side**

#1

**The Wine Bottle Concept**



# 4 Facts I Wish Someone Had Told Me About Clients

#2

**People don't care how much you  
know...**

**Until they know how much you  
care!**

# 4 Facts I Wish Someone Had Told Me About Clients

#3

**Clients don't like...**

**SURPRISES!**

# 4 Facts I Wish Someone Had Told Me About Clients

#4

## The Business Goals are important, but...

“If we were meeting here, three years from today, and you were looking back over those three years - back to today - what has to have happened over those three years, both personally and professionally, for you to feel happy with your progress?”

*Dan Sullivan*

# The Client's Imaginary Report Card

**The client can't really differentiate between an A- and B+ work product (nor do they care)**

- ❖ Reliability
  - “Can your clients really judge the quality of the work product?”
- ❖ Understanding the client's goals
  - This means professional and personal goals
- ❖ Tangibles
  - Why appearances and messy offices are important!
- ❖ Responsiveness
  - Who calls who? You, or the client?
- ❖ Empathy
  - Fortunately, we're not as bad as the doctors.

# Why Clients Change Firms



|                                     |     |
|-------------------------------------|-----|
| Didn't spend enough time            | 51% |
| Wasn't friendly                     | 42% |
| Didn't answer questions completely  | 40% |
| Wasn't knowledgeable and competent  | 37% |
| Didn't explain problems simply      | 30% |
| Wasn't up to date                   | 29% |
| Didn't treat you with respect       | 27% |
| Wasn't always available when needed | 27% |
| Fees weren't reasonable             | 25% |

# Things I Will Do To Be Worth More To My Clients Next Year

## Do you service *Customers, Clients or Cheerleaders*?

- **Suspect**
- **Prospect**
- **Customer or Purchaser**
- **Client**
- **Cheerleader**

- 1 List clients and referral sources that come to mind in each of the above levels.
- 2 What is your game plan to convert each group to the next level?
- 3 For each cheerleader that you identified above, how many referrals have you received from that person in the past year?



Thank You!

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