

2010 Indiana CPA Society Case Study Competition

Client Retention for CPA Firms

You are Andrew Cline, CPA, and the newest partner at the CPA firm, Harris, Woods, and Fisher, LLC (HWF). HWF has one office in Indianapolis, Indiana, with approximately 40 employees, including six partners. HWF is a full service CPA firm, specializing in attestation and assurance (A&A) services, tax compliance, general business consulting, IT services, as well as basic accounting services. HWF's clients are mainly small to medium-sized, privately owned businesses that encompass industries such as: manufacturing, distribution, construction, commercial real estate, professional services, and non-profit (tax-exempt). The majority of HWF's clients are located in Indianapolis or the surrounding suburbs.

In the current economic climate, companies from all industries are looking for opportunities to realize cost savings. Much of HWF's client base has been negatively impacted by the slow economy over the past few years. Subsequently, HWF has also been pressured by its clients to lower fees, or at the very least, keep them frozen. Many of HWF's clients are also soliciting bids in an effort to determine if they can secure equivalent accounting services at a more competitive price. HWF believes most of their clients are satisfied with its work. However, many HWF employees note that the firm doesn't have an effective way of capturing client feedback.

REQUIREMENTS

You have been selected by HWF's executive committee to develop a business plan that will focus on client retention in areas such as customer satisfaction, controlling fee sensitivity, marketing strategies, and generating new business for HWF.

Using the information provided in this case, industry publications, news articles, and other relevant information, develop the business plan mentioned above. You have been instructed by HWF's executive committee to make sure you address the following issues:

CLIENT RETENTION

- What methods/strategies can we use when handling fee pressure from existing clients? Should fees for our current clients be reduced just because their revenue has decreased?
- What are ways we can continue to add value to our client relationships along with better measuring if our client's are satisfied with the services being provided?
- Is all client retention good? Is there any truth to letting a few clients go every year to make room for our good/great clients along with bringing in better clients?

FIRM MARKETING STRATEGIES

- Many competitors have lowered their fees just to bring in work. What are the pros and cons of discounting our fees when we propose for new work? Does this hurt our reputation?
- Can we better illustrate to our clients the value HWF brings to them?
- How can we utilize the different forums of social media to assist with overall marketing of HWF?

NEW BUSINESS GENERATION

- Should we invest some of our resources to enter more "niche" areas (for example: company sustainability, IFRS, financial planning/investment advisory) that are currently outside of our firm's scope?
- How can we incorporate our younger staff in the business development process?
- Will HWF need to make any adjustments to our product/service options to target the Generation X (28-43 year olds) and the Millennial (under 28 years old) client segments? Why or why not?
- What considerations should we make in generating new business in light of changing demographics of business owners (more Latino, Asian, and African-American business owners)?

CASE FORMAT AND GUIDELINES

The written case has a 50-page maximum restriction (excluding supporting exhibits). There is no minimum page restriction. Be sure to address the items above along with any other ideas/suggestions you may have. Each case should also contain a two to four page executive summary, highlighting the key aspects of the business plan.