



# **CPA Firm Client Satisfaction Report**

1 Washington Park, Suite 1300, Newark, NJ 07102-3130  
Telephone: (973) 718-4700 • Fax: (973) 622-0595 • [www.ioma.com/CPA](http://www.ioma.com/CPA)

Author

**Mark Miller**

Contributors

**Joanne Sammer**

**Dona DeZube**

Editor

**Susan F. Sandler**

Research Manager

**Bikram Gautam**

**Joe Bremner:** President

**Meg Hargreaves:** V.P., Publisher

**Janice Prescott:** Senior Managing Editor

**Monique Nijhout:** Desktop Design

**Mary Ann Nyamweya:** Copyeditor

**Laraine Kelly:** Director of Marketing

© 2009 Institute of Management and Administration, a division of BNA Subsidiaries, LLC. All rights reserved. Notice: No part of this publication may be reproduced, stored in a retrieval system or transmitted by any means, electronic or mechanical, without prior written permission of the Institute of Management and Administration, Newark, NJ USA.

ISBN: 978-1-58673-367-4

# CPA Firm Client Satisfaction Report

---

<b>INTRODUCTION</b> .....	<b>7</b>
Report Demographics .....	8
Exhibit 1. Respondents by Business Type .....	8
Exhibit 2. Respondents by Revenue Size .....	9
Exhibit 3. Respondents by Region .....	10
Exhibit 4. Regional Breakdown .....	10
Exhibit 5. Respondents by Structure .....	11
<b>EXECUTIVE SUMMARY</b> .....	<b>13</b>
Client Issues.....	13
Client Retention.....	14
Partner Relationships .....	14
Clients and Fees.....	15
Communicating With Clients .....	15
Referrals and Feedback .....	16
<b>I. CLIENT ISSUES</b> .....	<b>17</b>
Client Issues, by Business Type .....	20
Table 1. Challenges Facing the Organizations, by Business Type .....	21
Client Issues, by Revenue Size .....	23
Table 2. Challenges Facing the Organizations, by Revenue Size.....	24
Client Issues, by Region .....	25
Table 3. Challenges Facing the Organizations, by Region .....	26
Services or Assistance Businesses Want .....	27
<b>II. CLIENT RETENTION</b> .....	<b>31</b>
Current CPA Firms Employed, by Business Type .....	31
Table 1. CPA Firms That Organizations Work With Regularly, by Business Type .....	32
Current CPA Firms Employed, by Revenue Size .....	34
Table 2. CPA Firms That Organizations Work With Regularly, by Revenue Size .....	34
Current CPA Firms Employed, by Region .....	35
Table 3. CPA Firms That Organizations Work With Regularly, by Region.....	36
Years With Current CPA Firm .....	37
Table 4. Years With Current CPA Firm, by Business Type.....	37
Table 5. Years With Current CPA Firm, by Revenue Size .....	37
Table 6. Years With Current CPA Firm, by Region.....	38
Why Clients Stay and Why Clients Leave .....	38
Why Clients Stay .....	38
Why Clients Leave .....	40

<b>III. PARTNER RELATIONSHIPS .....</b>	<b>41</b>
Clients Rate Partner Relationships—Rating the Client’s Relationship With “Key” or Lead Partner .....	42
Table 1. Rating of Firms’ Relationship With the “Key” Partner .....	42
Table 2. Rating of Firms’ Relationship With the “Key” Partner .....	43
Table 3. Rating of Firms’ Relationship With the “Key” Partner .....	44
Table 4. Rating of Firms’ Relationship With the “Key” Partner .....	45
Client Retention Without a Key Partner.....	46
Client Retention, by Business Type.....	46
Table 5. Clients That Would Stay With the CPA Firm if the Lead Partner Retired or Became Unavailable, by Business Type .....	46
Client Retention, by Revenue .....	47
Table 6. Clients That Would Stay With the CPA Firm if the Lead Partner Retired or Became Unavailable, by Revenue Size .....	47
Client Retention, by Region.....	48
Table 7. Clients That Would Stay With the CPA Firm if the Lead Partner Retired or Became Unavailable, by Region .....	48
<b>IV. CLIENTS AND FEES .....</b>	<b>49</b>
CPA Firm Fees .....	49
Assessment of the Fees That Companies Are Paying for CPA Firm Services, by Business Type.....	49
Table 1. Assessment of the Fees That Companies Are Paying for CPA Firm Services, by Business Type .....	50
Assessment of the Fees That Companies Are Paying for CPA Firm Services, by Revenue Size .....	51
Table 2. Assessment of the Fees That Companies Are Paying for CPA Firm Services, by Revenue Size .....	52
Assessment of the Fees That Companies Are Paying for CPA Firm Services, by Region.....	53
Table 3. Assessment of the Fees That Companies Are Paying for CPA Firm Services, by Region.....	53
<b>V. COMMUNICATING WITH CLIENTS.....</b>	<b>55</b>
How Companies Receive Information From CPA Firms.....	55
How Companies Receive Information From CPA Firms, by Business Type .....	56
Table 1. How Companies Receive Information From CPA Firms, by Business Type ..	56
How Companies Receive Information From CPA Firms, by Revenue Size .....	58
Table 2. How Companies Receive Information From CPA Firms, by Revenue Size...	58
How Companies Receive Information From CPA Firms, by Region .....	60
Table 3. How Companies Receive Information From CPA Firms, by Region .....	60
Frequency of General Communication With CPA Firms.....	61
Table 4. Frequency of General Communication With CPA Firm, by Business Type ..	61
Frequency of General Communication With CPA Firms, by Business Type.....	62
Frequency of General Communication With CPA Firms, by Revenue Size .....	63
Table 5. Frequency of General Communication With CPA Firm, by Revenue Size ...	63
Frequency of General Communication With CPA Firms, by Region.....	65
Table 6. Frequency of General Communication With CPA Firm, by Region.....	65
Quantity and Quality of Client-CPA Firm Communication.....	66

<b>VI. REFERRALS AND FEEDBACK.....</b>	<b>69</b>
CPA Firm Referral Requests .....	70
Client Referrals Requested by CPA Firms, by Business Type .....	70
Table 1. CPA Firm Referral Requests, by Business Type .....	70
Client Referrals Requested by CPA Firms, by Revenue Size .....	71
Table 2. CPA Firm Referral Requests, by Revenue Size .....	71
Client Referrals Requested by CPA Firms, by Region.....	72
Table 3. CPA Firm Referral Requests, by Region .....	72
Client Referrals.....	73
Client Satisfaction Surveys .....	74
CPA Firm Clients Who Are Surveyed, by Business Type.....	74
Table 4. CPA Firm Conducts Client Satisfaction Surveys, by Business Type.....	74
CPA Firm Clients Who Are Surveyed, by Revenue Size .....	76
Table 5. CPA Firm Conducts Client Satisfaction Surveys, by Revenue Size .....	76
CPA Firm Clients Who Are Surveyed, by Region.....	77
Table 6. CPA Firm Conducts Client Satisfaction Surveys, by Region.....	77
Other Ways CPA Firms Request Feedback.....	77
Feedback Follow-Up.....	78
Summing Up.....	79
<b>CASE STUDIES .....</b>	<b>81</b>
Introduction .....	81
CASE STUDY #1 .....	82
Many 'Touches' Build a Firm's Relationships in the Financial Services Niche	
Horne LLP—Memphis, Tenn.	
CASE STUDY #2 .....	85
Exceptional Service for All Leads to Value-Adding Engagements	
Brown Schultz Sheridan & Fritz—Camp Hill, Pa	
CASE STUDY #3 .....	88
Building a Small-Firm Reputation in a Large-Firm Setting	
Wipfli LLP—Rhineland, Wis.	
CASE STUDY #4 .....	91
Communications Are Central to Relationship-Building and to Problem Solving	
McGladrey & Pullen LLP—Minneapolis, Minn.	
CASE STUDY #5 .....	94
Small-Town Values Win in a Local Industry-Focused Practice	
Smith Leonard PLLC—High Point, N.C.	
CASE STUDY #6 .....	97
Talk About Fees to Cement Relationships and Boost Value Perceptions	
Grant Thornton LLP—Chicago, Ill.	
<b>ABOUT THE AUTHOR AND CONTRIBUTORS .....</b>	<b>101</b>
<b>ABOUT IOMA .....</b>	<b>103</b>
<b>ALSO BY IOMA.....</b>	<b>104</b>



## Introduction

---

*Be everywhere, do everything, and never fail to astonish the customer.*

~**Macy's motto**

*Do what you do so well that they will want to see it again and bring their friends.*

~**Walt Disney**

*Your most unhappy customers are your greatest source of learning.*

~**Bill Gates**

In business, nothing is more important than satisfying your current clients. They pay your rent, your staff, and your salary, and they are the most likely source of new business. Client satisfaction is the golden egg of success, especially during today's uncertain economic times. Client satisfaction measures the extent to which a client's expectations for a good or service are met. Its end results are happy clients who enjoy transacting with us, clients who pay their invoices on time, clients who refer business to our firms and who invest in solutions that our firms recommend. A no-less-important side benefit is employees who enjoy taking care of their clients. This increases staff retention, creating a bond between our teams and our client base.

If you have even one unhappy client, watch out. On average, one unhappy client will voice dissatisfaction to ten potential clients who, in turn, tell at least five other people. Thus, about 60 others eventually learn of the complaint. Eighty percent of all unhappy clients will never do business with the firm again. Only 4 percent of all dissatisfied clients bother to let the firm know about their displeasure. (Source: [www.grapevinesurveys.com/Client\\_Satisfaction.aspx](http://www.grapevinesurveys.com/Client_Satisfaction.aspx)).

Many different indicators can be used to measure client satisfaction. Some of the more common ones include: accessibility, reliability, competence, timeliness, responsiveness, fairness, courtesy, usefulness and value. In addition to these specific dimensions, overall ratings of product and service quality serve as useful summary indicators.

We asked about a number of such client satisfaction indicators in our *CPA Firm Client Satisfaction Survey*, which we sent out to a multitude of businesses. The 78 responses we received are revealing and informative, and form the basis of this report. The questionnaire and its responses focus on the following areas: challenges clients are facing now, whether respondents

## CPA Firm Client Satisfaction Report

use one CPA firm for all their needs or use multiple firms, longevity of the business relationships, reasons for changing CPA firms, rating the quality of the relationships, additional services clients would welcome, frequency of communication, assessment of fees and referrals, and the nature of any follow-up by the CPA firms.

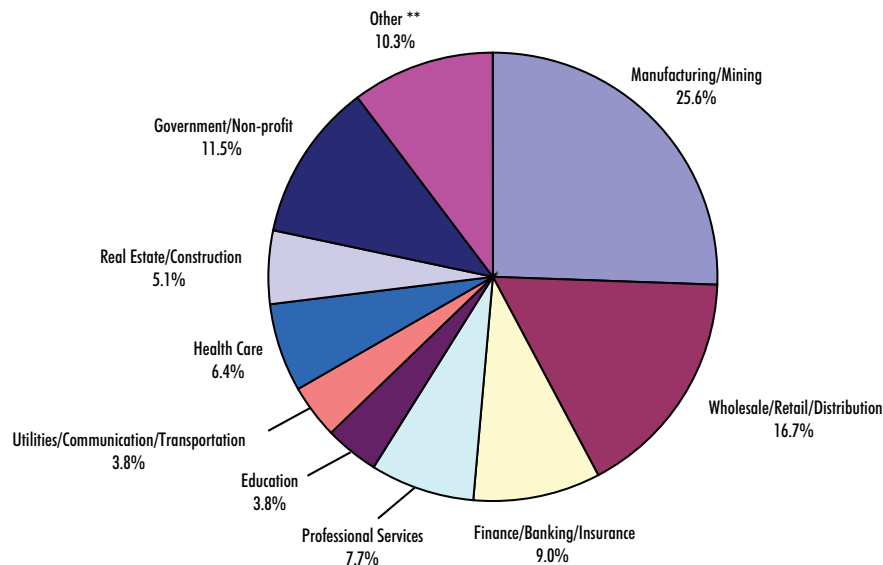
Clients assume accounting competence from their CPA firms, but the number one differentiator between CPA firms that offer the same kind of work product is the value the clients perceive from the service their accountants provide. To maximize the value you provide to your clients, use the information and insights in this report to create or enhance a client service plan to address specific issues raised by your clients, and then implement the plan to ensure problem issues don't occur or recur and that your firm continues to provide or enhance what clients value.

### Report Demographics

#### Respondents by Business Type

Of those businesses responding to our survey, over 50 percent are from the following three occupational categories: Manufacturing/Mining; Wholesale/Retail/Distribution; and Government/Non-profit (see Exhibit 1). Finance/Banking/Insurance made up 9.0 percent of the respondents, and professional services firms (law, accounting, engineering, etc.) accounted for 7.7 percent. Another 12.7 percent of the responses are from businesses in the fields of Education; Utilities/Communication/Transportation; Health Care; and Real Estate/Construction.

**Exhibit 1. Respondents by Business Type\***



\*Responses do not add up to 100 percent due to rounding.

\*\* Other: entertainment software, publishing, gaming, hospitality/entertainment, temporary/permanent staffing services, trade association, entertainment, Timberland ownership and management

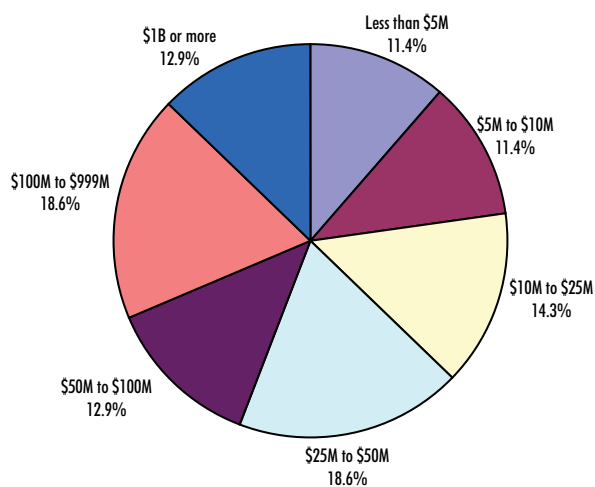
(Source: CPA Firm Client Satisfaction Survey)

A range of other business types make up the balance of organizations among respondents (see the footnote to Exhibit 1). These other organizations totaled 10.3 percent of the respondents.

*Respondents by Revenue Size*

We were fortunate to garner responses to our survey from organizations with a wide range of revenue sizes. Tied for first place at 18.6 percent each were companies with the revenue sizes of \$25 million to \$50 million, and \$100 million to \$999 million. The remaining respondents ranged from those with less than \$5 million in revenue to those earning \$1 billion or more (see Exhibit 2).

**Exhibit 2. Respondents by Revenue Size\***



\*Responses do not add up to 100 percent due to rounding.

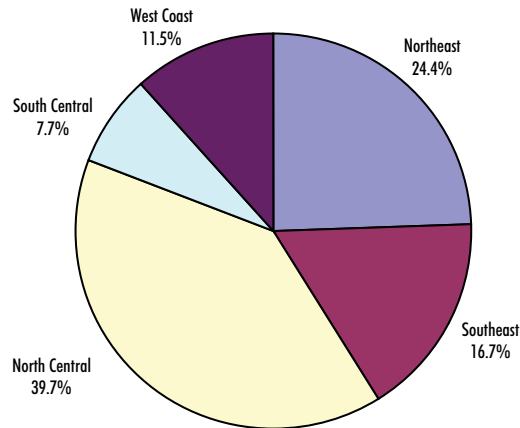
(Source: CPA Firm Client Satisfaction Survey)

## CPA Firm Client Satisfaction Report

### Respondents by Region

By far, the largest share of respondents to our survey—over one-third—come from the North Central part of the U.S. (see Exhibit 3). This is followed by one-quarter of the respondents being from the Northeast, and one out of seven from the Southeast. The balance consists of respondents from the West Coast and South Central areas of America.

**Exhibit 3. Respondents by Region**



(Source: CPA Firm Client Satisfaction Survey)

### Regional Breakdown

To clarify identification of the five regions represented in our survey, we have indicated the states contained in each (see Exhibit 4).

**Exhibit 4. Regional Breakdown**

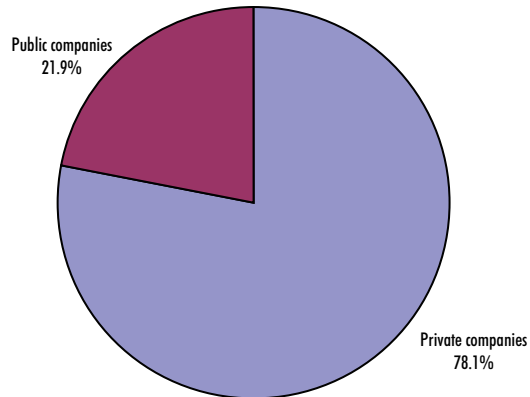
Northeast	Southeast	North Central	South Central	West Coast
CT	AL	IL	AR	AK
DE	DC	IN	AZ	CA
MA	FL	IO	CO	HI
MD	GA	MI	KS	ID
ME	KY	MN	MO	NV
NH	LA	MT	NM	OR
NJ	MS	ND	OK	WA
NY	NC	NE	TX	
PA	SC	OH	UT	
RI	TN	SD		
VT	VA	WI		
	WV	WY		

(Source: CPA Firm Client Satisfaction Survey)

*Respondents by Public/Private Status*

Publicly traded companies constituted less than a quarter of the respondents to the survey: just 21.9 percent (see Exhibit 5). The balance (78.1 percent) are privately held organizations.

**Exhibit 5. Respondents by Structure**



(Source: CPA Firm Client Satisfaction Survey)

## Executive Summary

---

We asked about a number of client satisfaction indicators in our *CPA Firm Client Satisfaction Survey*, which we sent out to businesses in a wide range of industries around the U.S. The 78 responses we received are revealing and informative, and form the basis of this report. The survey and its responses focus on the following areas: challenges, types of CPA firms, longevity of business relationships, reasons for changing CPA firms, rating the relationships, additional services one would welcome from a CPA firm, frequency of communication, assessment of fees, referrals, and the nature of the follow-up.

Highlights of the findings included in this report:

### Client Issues

Thirteen issues dominate the challenges faced by CPA firm clients heading into the second decade of the 21st century:

- U.S. economy's impact
- Financial management
- Growth/expansion
- Staffing issues
- Business development
- Regulatory issues
- Technology issues
- Credit/loan availability
- Global/international issues
- Collection issues
- Leadership succession issues
- Supply issues
- Merger/acquisition

### Client Retention

CPA firms' retention of profitable clients is the ultimate indicator of success, no matter what marketing programs are implemented or how much a firm spends on marketing. Effective client retention must be one of the cornerstones of a CPA firm's growth philosophy. Dedication to and focus on meeting and exceeding clients' expectations, coupled with excellent service, are essential.

In the client retention portion of our survey, we examine the working relationships between CPA firms and their clients, the number of years clients have been with their current CPA firms, why clients stay, and why clients leave.

Most respondents to the survey—69.2 percent—have a single CPA firm handle all their needs. The balance work with more than one firm on audit and accounting, tax, and/or consulting matters.

Many clients are long-time and loyal clients: Organizations that retain their CPA firms for the longest time are in the Utilities/Communication/Transportation fields, with a 24.3 year average and a 16.0 year median. Next are those in the Real Estate/Construction fields, with an 18.5 year average and a 22.5 year median. In contrast, those businesses that retain their CPA firms for the shortest amount of time are those in the worlds of Finance/Banking/Insurance, with a 5.7 year average and a 4.0 year median.

Clients are loyal for a range of reasons, but key among these are: quality of the work performed, trust, continuity, services in a specific niche, and above all, service.

### Partner Relationships

Operating a successful CPA firm, or business of any sort for that matter, is largely about building and maintaining relationships. These include the relationships a CPA firm develops with its clients, prospects and referral sources, as well as the relationships they develop with the firm. These relationships are often centered around the CPA firm partner who has the most interaction with the leading executive at the client.

Among firms that use a single CPA firm for all work, 41.9 percent strongly agreed that "I can reach the lead partner the same day if I need to." And more than a third—36.5 percent—strongly agreed that "I could take any business concerns to the lead partner and he/she would advise me well."

Getting the client well acquainted with others in the CPA firm is a lesser quality: just 22.2 percent strongly agreed that the lead partner "makes sure I get to know the other CPA firm partners and staff who do the work for my company."

Despite the strong ties to lead partners, there appears to be powerful loyalty to the firms themselves. Overall, 82.2 percent of all companies responding to our survey indicated that they would stay with their CPA firm(s) if the lead partner(s) retired or became unavailable.

## Clients and Fees

Fees is a subject that elicits strong responses among clients no matter what the economy. As a result, it was especially good to learn in these challenging times that CPA firm fees are just fine with many clients, although this percentage varied dramatically by industry served. For instance, respondents in Education and in Utilities/Communication/Transportation all report that their CPA firm fees are just about right for what they receive, the happiest of industries surveyed.

Among Finance/Banking/Insurance respondents, 57.1 percent indicate fees are just about right for what they receive; 14.3 percent feel fees are on the high side but worth it for the value delivered. More than a quarter (28.6 percent) feel fees are on the high side and they are considering a change in firms for this reason.

In Manufacturing/Mining companies, only half believe the fees are just about right for what they receive. Thirty percent say fees are on the high side but worth it for the value received, while 15 percent say fees are on the high side and this is a reason they are considering changing firms. Similar results came from Wholesale/Retail/Distribution companies: half think fees are just about right for what is received, 33.3 percent think fees are on the high side but worth it, and 8.3 percent believe fees are on the high side and a reason they are considering a switch. Another 8.3 percent say high fees are driving them to switch firms.

The group least happy about fees: Professional Services firms, where just 33.3 percent feel fees are just about right for what they receive. Half of these clients say fees are on the high side but worth it for what they are getting; 16.7 percent report fees are on the high side and they are considering a change in firms for this reason.

## Communicating With Clients

Financial advice is everywhere, and your clients can turn to a variety of sources for facts and opinions. To succeed, you need to offer something other resources don't—superior communication. If you listen to your clients, understand what they need, and communicate clearly with them, you will earn their trust and loyalty. This solid relationship can help your clients—and your business—get through the inevitable ups and downs of economic cycles.

Our survey responses indicate that 58.9 percent of all respondents receive newsletters from their CPA firms. E-mail updates are received by 49.3 percent, and 46.6 percent receive regular calls and meetings with their firms. Another 38.4 percent are offered seminars, 28.8 percent communicate via their firm's Web page, and just 5.5 percent are kept informed via a client intranet site. This leaves 6.8 percent of businesses who get their client communication through "other" means.

How often are CPA firms in touch? Among all respondents, 3.1 percent have daily communication with their CPA firms, while 12.5 percent are in touch weekly. Monthly communications were reported by another 28.1 percent, while 35.9 percent receive quarterly communications. And for a self-sufficient 7.8 percent, it's semiannually. Another 7.8 percent receive communication

## CPA Firm Client Satisfaction Report

on an as-needed basis. And the final 4.7 percent selected the “other” category for frequency of general communication with their CPA firm(s).

### Referrals and Feedback

Taking a quick overview of CPA firm referral requests, 22.4 percent of all businesses responding to our survey informed us that their CPA firm(s) have asked for referrals. Many more businesses, however (77.6 percent) have not been asked.

Which clients are being asked for referrals? We learned that it is the most traditional referral sources that reported the highest rate of requests: 42.9 percent of organizations in the Finance/Banking/Insurance arena have been asked for referrals by their CPA firm(s). Businesses in the Real Estate/Construction arena responding to our survey questions informed us that 75 percent of them were asked for referrals by their CPA firm(s).

About three-quarters of company respondents across all industries, regions, and revenue sizes indicated that they would definitely provide a referral if asked to do so by their CPA firm(s).

Only a little more than a quarter of CPA firms (28 percent) send out client surveys, according to the survey respondents. Of the firms that do so, most clients said that their firms follow up on the surveys and other feedback.

# IOMA Research Reports

## Quick Order Form

**YES!** Rush me \_\_\_\_\_ copy(ies) of the **CPA Firm Client Satisfaction Report** for just \$429 each plus \$14.95 shipping/handling and my state's sales tax. (Report #3674OF)

My check for \$ \_\_\_\_\_, made payable to IOMA, is enclosed.

Charge \$ \_\_\_\_\_ to my:  VISA  MasterCard  AmEx

Card Number \_\_\_\_\_

Expiration Date \_\_\_\_\_

Name on card \_\_\_\_\_

Signature \_\_\_\_\_

Bill me. (Book will ship on receipt of payment.)

### **Ship to:**

Name \_\_\_\_\_

Title \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_ Zip + 4 \_\_\_\_\_

Telephone \_\_\_\_\_ Fax \_\_\_\_\_

e-mail \_\_\_\_\_

Payment for orders from CA, MD, MT, NY, NJ and TN must include state and local sales tax. AK, GU, HI, PR and VI, add \$30 additional shipping. Canadian orders must pay VAT/GST taxes upon receipt of product. Orders outside US and Canada, add \$50US additional shipping.

Future editions will be sent as changes warrant, always on your 30-day approval. Please check if you do not want this upkeep service.

IOMA

1 Washington Park, Ste.1300

Newark, NJ 07102-3130

Telephone: 1-800-401-5937 ext.2

Fax: 973-622-0595

e-mail: [subserve@ioma.com](mailto:subserve@ioma.com)

[www.ioma.com](http://www.ioma.com)

By providing your mail, phone, fax and e-mail address, you agree to receive communications from IOMA via mail, phone, fax and e-mail.