

Get Your BV Niche Out There

By Barbara Walters Price

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A blog offering "how to" marketing tips for professional service firms and the professionals in them from Barbara Walters Price

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Business valuation (BV) is a fast-growing niche with a unique marketing challenge. Valuators such as CPA/ABVs assist in mostly one-time engagements—expert witness and litigation services, estate and gift tax compliance, business purchases and sales, goodwill impairment analyses or intellectual property valuations. That makes marketing them different from marketing traditional tax and compliance work. To build this unique niche here's what you can do to make the phone ring—again and again—with real prospects.

IDENTIFY YOUR INDUSTRY STRENGTHS

Almost every practice develops an industry specialization over time. You can use yours to increase your BV marketing effectiveness. The first step is to determine your firm's industry specialty (such as construction, restaurants or retail). List current and past clients and the industries in which they operate and note the client-base concentrations that distinguish your firm from the competition. That's where you can demonstrate expertise to referral sources. Write a simple statement about how your firm's service is special—then use it as the basis of your campaign. Marketing should address the audience where you have depth of knowledge.

"Prospects want to know you understand their business," says Donna Erbs, marketing director of Anders, Minkler and Diehl LLP in St. Louis.

Presenting your firm as an industry specialist doesn't close the door to other types of BV engagements, either. On the contrary, industry specialization expands your efforts to those outside the specialty, some of whom will see the firm as a valuation resource first.

PINPOINT YOUR MARKET

Because the ultimate user of a valuation typically relies on a professional's advice about whom to engage, referral sources are a BV practice's lifeblood. Thus the individual who will recommend your firm, rather than any particular client, is the important party to reach. A "referral source becomes your annuity," says Ed Morris, CPA, of CDH Valuation Services LLC in Itasca, Ill., and your goal is to locate the right ones for your firm's technical strengths.

To build a BV practice, your firm needs to market to appropriate sources such as

- For calculation of business damages: litigation attorneys, corporate attorneys and insurance companies.
- For divorce: divorce attorneys and mediators.
- For employee stock ownership plans: business owners, CPAs and trust officers.
- For estate and gift tax compliance: trust and estate attorneys, tax attorneys, trust officers, insurance advisers and investment advisers.
- For goodwill impairment analysis: CPAs and CFOs.

Growth Area

A survey of 70 top 100 firms showed 89% planned to increase business valuation services.

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- For intellectual property valuation: CPAs, CFOs and corporate attorneys.
- For purchase or sale of a business: business owners.

TARGET YOUR SOURCES

Targeted marketing helps you woo BV referral sources efficiently. Identify your best, second-best and third-tier prospects and rate them A, B and C. A-tier sources likely are few in number, but they will be the best source of interesting, profitable engagements. You seek top-of-mind awareness with those who can refer business to you, so make your contact with the A group highly individualized and frequent. Find reasons to meet with them face to face. Referral sources in the B tier, which have the potential to become A's with relatively little effort, call for an individual approach, too. Focus on moving them to the A-list.

Face-to-face contact is the most powerful tool at your disposal, says CPA/ABV Harold Martin, partner-in-charge of BV and litigation services for Keiter, Stephens, Hurst, Gary and Shreaves PC in Glen Allen, Va. "Referral sources and prospects have to trust you, and that's only going to happen face to face," agrees Morris.

Having breakfast or lunch with a referral source, taking in a ballgame together or just dropping by an A or B source's office to say hello are simple, powerful networking activities. You also can hand-deliver a service proposal or even a final invoice, attend trade association meetings, ask a referral source to be a co-speaker or a coauthor with you, and conduct quarterly "how's business?" meetings where you discuss their business challenges and opportunities.

Referral sources in the C tier are the most plentiful. Although they certainly are valued, too, the most effective marketing to this group is by informing them of what your firm is doing in the BV area in newsletters, monthly calls and on your Web site.

CROSS-SELL WITHIN YOUR FIRM

Independence rules prohibit CPA firms from performing BV services for attest clients, but you can provide BV services to nonattest clients within your firm. Such cross-selling is akin to picking low-hanging fruit. It helps to make sure all partners understand the nature and benefits of your firm's valuation services. "Monthly marketing meetings are a great communications tool," says Barbara Oswalt, CPA/ABV, a partner with Hoyman, Dobson and Co. PA in Melbourne, Fla., who uses monthly team meetings to update partners on the activities and services of other areas of the firm. Martin swears by monthly marketing meetings and in-house seminars, too. "We constantly reinforce things our peers should be looking for," he says.

MAKE A PLAN AND A BUDGET

Marketing plans don't require detailed manuals, so keep yours simple. Before you add a strategy or action to the plan, ask yourself, "Will this ultimately make the phone ring?" Pare your program down to crystal-clear, actionable goals, such as "I will have lunch with two

Begin With the Basics

A CPA designation alone is not enough to make you a credible provider of BV services. You need technical training and specific valuation credentials. The AICPA offers the ABV (Accredited in Business Valuation) designation. For requirements go to www.aicpa.org/BVFLS and see "Resources" for more information.

current or potential referral sources every week.” Make different marketing plans for your A- B- and C-lists.

You have to invest in the marketing effort, and that means budgeting for it. There are two possible approaches here. You can forecast expected future revenues and then set your marketing and business development budget to support activities that will help you attain your goals. Or set your marketing objectives and then determine the cost to reach them, giving priority to the activities that produce the highest return on investment.

In either case, spend at least 2% of your firm’s gross revenue on marketing activities and plan to increase that to 3% to 5% (or more) over time.

TOOLS OF THE TRADE

Besides the all important face-to-face networking, there are other tools you can use to attract BV clients. Not every tool mentioned below is right for every firm or professional. Choose those that will work best for you.

Newsletters. It is vital to communicate regularly with all segments of your referral base. Whether delivered in print or by e-mail, newsletters disseminate information about your firm and the profession and help establish credibility. You can have a business valuation newsletter separate from your firm’s general corporate newsletter or incorporate BV content into it. Firms that market to an industry niche typically have industry-specific newsletters with BV content.

If creating customized content for a newsletter is not possible for your firm, you can purchase “canned” BV newsletters that are personalized with your firm’s logo and contact information. Practice Development Institute offers eight valuation and/or litigation support newsletters in both print and electronic formats (www.pdiglobal.com). Valuation Information Inc. offers three print newsletters (www.valuationinformation.com). You also can send e-mail notices to your referral base of gift and estate attorneys when a new tax court case of interest is announced or even e-mail them articles and columns from the *JofA* or other publications.

Web sites. Your firm’s Web site is more than an electronic billboard. It’s an important and often overlooked business-generation tool. Bob Grossman, CPA/ABV, a partner at Grossman, Yanak and Ford LLP in Pittsburgh, says many BV opportunities come directly from his firm’s Web site.

A Web site’s strength is its unique ability to use technology to involve readers in different ways. Content and navigation are the keys to an effective Web site. Posting valuable, easily accessed data is an excellent way to interest readers. Keep the copy brief and informative and have a visual format that’s easy to understand. Present information in short paragraphs that lead into bulleted copy.

Provide a user-friendly subscription mechanism and post your firm’s newsletters, partner speaking-engagement schedules (with related handouts) and articles written by staff. Make sure all information posted to the Web site is current. Successful client case studies are another powerful and underused tool.

A Web site with text and graphics, promotional offers, data and devices to elicit reader response is a form of direct marketing (see “Be a Standout on the Web,” *JofA*, Apr.01, page 43). You can use yours to showcase your firm’s specialized services. Anders, Minkler and

Diehl LLP (www.amdval.com) and CDH Valuation Services LLC (www.cdhvaluations.com) use a separate site with a distinct Web address specific to their BV practice.

“Your Web site is often the first point of contact between your firm and a potential referral source or client. It’s very helpful in the selling process,” Martin says. His firm’s Web site lists what a client should look for in a business appraiser and describes each BV credential.

Speaking engagements and articles. Never forget that clients and referral sources seek a firm with a reputation for expertise, which is built in large part through speaking engagements and published articles. “Writing and speaking activities let us demonstrate our knowledge and expertise in a particular area and educate the audience in the services we provide,” says Tracy Crevar Warren, marketing director of Dixon-Hughes PLLC, in High Point, N.C., and often-published former president of the Association of Accounting Marketers. “In the process, we develop some trust factors that must be present for someone to want to work with us.”

Spend the time to consider which venues best reach the audience you prefer. If your firm has industry specializations, look to industry groups, publications, associations and conferences. Neil Beaton, CPA/ABV, Grant Thornton partner in charge of valuation services in Seattle, for example, spoke on the topic of valuation and succession planning at a conference of the National Association of Electrical Distributors (NAED). “After the speech I got three valuation engagements on the spot, and NAED asked me to speak again on the topic,” he says. Although walking away from a speech with an engagement is rare, it isn’t unusual for a prospect to contact a firm weeks, months or even years later. Beaton says a client held on to his card and contacted him four years after one talk.

Also offer to speak at business valuation conferences and seminars and present articles for publication in BV journals. Training your peers is a powerful credibility builder.

Teaching BV courses. For many professionals, teaching business valuation courses through a professional association or at local colleges or universities is an important part of the marketing mix. Teaching forces you to stay current on all aspects of the discipline, builds professional credibility and is personally rewarding.

Advertising. Advertising is primarily a brand-building activity. Targeted, ongoing advertising demonstrates devotion to an industry and puts your name in front of those who can use your services. While it’s unusual to receive a prospect call based on a specific ad, it does happen. But effective advertising is based on frequency. Anders, Minkler and Diehl spreads its advertising dollars over several publications and supplements the ads with articles written by business valuation professionals and press releases. “Whether an ad appears one month or not, it seems as though we are always present in that publication,” Erbs says. Target the industry or professional publications your referral sources read, such as legal journals, and be prepared to commit to an advertising strategy for a lengthy period of time before you can expect to see results.

Professional and community networking. Serving on BV committees of your professional associations or state society helps build credibility, gives you a chance to network with other BV professionals and can lead to cross-selling opportunities. Community involvement in your hometown is another networking tool, as well as a way to give back. Conduct BV seminars for your referral sources and offer CLE and CPE credit (the NASBA Web site, www.nasba.org, has a list of frequently asked questions related to CPE). Sponsor receptions with referral sources in an informal setting. A low-budget way to put your name in front of clients and referral sources you know is to send articles about topics that interest them along with a brief note.

Hiring a marketing director. A marketing professional brings a set of skills to the process if your firm is large enough. The larger your practice grows, the less time you will have to devote to marketing your firm. If you do decide to get help, look for someone with experience in professional services, an education in marketing and business development, and an ability to think strategically. A good marketing director will make your firm look like a cohesive organization rather than a collection of individuals and will build brand equity.

WHAT ARE YOU WAITING FOR?

The lure of varied, more interesting and higher-fee engagements brings many practitioners to business valuation. Begin today to set the foundation: Analyze your firm's client base to determine its industry specialty; locate the best referral sources for its technical strengths; and write a simple position statement about what makes your firm's service unique. Use it as the framework for your promotional efforts—your publicity mailings, Web site and advertising—to get your targeted group to think of you first when it needs a business valuation. Ongoing technical training is a prerequisite for technical excellence and helps build a solid reputation, but constant marketing is a prerequisite for practice growth. Marketing makes the phone ring.

EXECUTIVE SUMMARY

CPAs WHO SEEK TO DEVELOP A BV NICHE should first determine the areas in which the firm can demonstrate expertise to referral sources. Prospects want to know that a firm understands their business. CPAs need technical training and specific valuation credentials to become credible providers of BV services.

CLIENTS SEEKING A VALUATION typically rely on professional advice about whom to engage. That makes the individual who will recommend the firm the important party to reach, rather than any particular client. CPA/ABVs should organize referral sources into A-, B-, and C-lists. Face-to-face contact with A-list sources is the most powerful marketing tool.

INDEPENDENCE RULES PROHIBIT CPAs from performing BV services for attest clients, but nonattest clients provide opportunities. CPAs should make sure all partners understand and help market the firm's BV practice.

A WEB SITE IS OFTEN THE FIRST CONTACT with potential referral sources and clients. All information on the Web site should be current. A user-friendly subscription mechanism and format help.

TRAINING PEERS BUILDS CREDIBILITY. CPA/ABVs should try to speak at valuation conferences and seminars and write articles for publication. Teaching through a professional association or at local colleges helps practitioners stay current.

CPA/ABVs BENEFIT FROM SERVING on BV association or state society committees. Networking with other BV professionals can lead to cross-selling opportunities. Other networking ideas are conducting BV seminars for referral sources (offering CLE and CPE credit) and sponsoring informal receptions with referral sources.

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