INTRODUCTION

Client retention is the number one concern for CPA firms today. Keeping the right clients satisfied and finding new ways to serve them better must be at the center of a firm’s strategy and everyday execution to remain successful and profitable — especially in challenging economic times.

A key component of retention is client satisfaction, and there’s no better way to know how well firms are satisfying clients’ expectations than to ask the clients themselves. As a strategic partner to tax, accounting and audit professionals, CCH undertook an independent survey of accounting firm clients to help firms gain insight into what’s important to clients today. The findings are included in this white paper, which discusses the needs and expectations of accounting firm clients nationwide and what firms can do to achieve greater success.

The results of the CCH Accounting Firm Client Survey are promising. Business and individual clients of firms of all sizes value their accountant as a strategic advisor, with the majority satisfied with the services they receive and willing to refer their accountant to another client. And, most clients have stayed with their accounting firm for several years — another very positive sign.

The survey also found, however, that firms may be missing opportunities to serve their current client base and that they can strengthen client connections and become more proactive in addressing client satisfaction in order to increase retention, profitability and growth.

Times have changed. While the need for accounting services surged in the past decade and firms’ biggest concerns related to keeping up with that growth, the economic decline of the past three years, as well as other factors, have introduced new pressures on the profession in terms of competition, demand for services, client expectations, value and pricing.
Today, firms are faced with clients who:

- Have more options than ever with whom they do business;
- Are placing new emphasis on pricing and value;
- Have changing needs and whose service expectations are being driven more and more by their other consumer-based experiences;
- Are increasingly being prospected by other firms; and
- Define loyalty more and more by what you’ve done for them lately.

In fact, despite general satisfaction with their accounting firm, 36 percent of business clients and 19 percent of individual clients report they are likely to switch CPA firms in the next year, according to the CCH Survey.

Firms clearly cannot afford that loss. So, what can firms do to improve service, satisfaction, retention and profitability?

**Summary Findings**

The CCH Accounting Firm Client Survey provides direct insight into the client’s world: their wants and needs; what drives their decision-making; and what firms need to do, and avoid doing, to win and keep their business.

As noted, results of the survey show both promise and challenge. There are significant opportunities for CPA firms to expand the services and value they offer to clients, and there is growing risk in not doing so. Key findings of the CCH Survey include:

- Clients almost universally recognize their CPA firm as a strategic advisor, and firms have a significant opportunity to better leverage this relationship by providing existing clients with extended services.
- Significant gaps exist between the volume of tax, accounting, auditing and management advisory services clients need and the amount of service in each of these areas they seek from their CPA firm, meaning clients are turning elsewhere for support or doing it themselves.
- Gaps also exist between clients’ expectations for performance on key criteria and their firm’s actual performance in delivering on these attributes.
- Clients’ needs for additional support and specialized services are growing.
- Clients increasingly expect access to the services they want, when and where they want them.
Retention risks are real. Not only are clients considering switching firms, many also report they are being prospected by other CPA firms. The top reason clients would consider leaving their firm is if the firm did not regularly check with them on their changing needs. Firms’ overall expertise is a top driver in firm selection for business clients. For individuals, referrals most often drive selection. Business clients are leveraging technology and they expect their firms to do the same, whether it’s working in the cloud or digitizing more of their environment.

The remainder of this white paper provides direct and independent insight into what clients think and want. Firms can put this information into action to strengthen client connections today, as well as leverage and customize suggested survey questions (see page 23) to survey their own clients and thereby improve their understanding of client needs and create better client connections.

WHAT CLIENTS WANT

Firms Seen As Valued Advisor

It’s clear that clients view their CPA firm as a valued advisor: The majority of both business and individual clients surveyed agreed with the statement that their firm is a strategic advisor compared to simply a service provider who takes direction. (See Figures 1 and 1a.)

Firms do, however, have an opportunity to improve in this area by working to ensure that clients are completely confident in their accountant as an advisor. A close look at the results reveal that while 94 percent of businesses and 81 percent of individuals agree that their CPA firm is a strategic advisor – only 19 percent and 27 percent, respectively, completely agree with that assessment. One reason for this may be that firms are not serving a comprehensive range of client needs. The CCH Survey found that firms can do more for their clients and that they have the opportunity to leverage this valued-advisor relationship to expand the services they provide to clients.

Services Clients Seek…and Areas of Opportunity for Firms to Extend Services

The CCH Survey asked business and individual clients to identify the types of services they need and where they used an accountant to meet those needs. Across both segments, the survey found that accounting firms have opportunities to meet a broader range of needs in their current client base, thereby strengthening client relationships.

Businesses most often rely on their CPA firm for audit and accounting (93 percent) and tax services (89 percent), with three in four (75 percent) also relying on their CPA for management advisory/consulting services.

WHAT CLIENTS WANT

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Firms do, however, have an opportunity to improve in this area by working to ensure that clients are completely confident in their accountant as an advisor. A close look at the results reveal that while 94 percent of businesses and 81 percent of individuals agree that their CPA firm is a strategic advisor – only 19 percent and 27 percent, respectively, completely agree with that assessment. One reason for this may be that firms are not serving a comprehensive range of client needs. The CCH Survey found that firms can do more for their clients and that they have the opportunity to leverage this valued-advisor relationship to expand the services they provide to clients.
The audit and accounting services that business clients most often report using are audits of internal controls (50 percent), agreed upon procedures (44 percent) and audits of private companies (36 percent). The most used tax services are tax consulting (49 percent), tax preparation (49 percent) and IRS/state tax authority representation (48 percent). However, as these numbers show, only one-half or fewer businesses report obtaining even these most commonly used services from their primary CPA firm.

Businesses surveyed are far less likely to use CPA firms for management advisory/consulting services. The most commonly reported of these services that businesses use are those for employee benefits (29 percent), business valuation (27 percent) and cash flow forecasting (27 percent).

Based on these findings, accounting firms have the opportunity to work more closely with their business clients to understand their full range of needs, who is performing those services today and where those services could be provided by the firm. For example, some businesses may be performing certain accounting or tax functions internally that could more effectively be provided by their accounting firm. It’s important that firms gain deep insight and demonstrate how they can be an integral part of their client’s workflow. Businesses that are looking to partner with their CPA firms to perform new and extended services will want assurance that their firm can effectively integrate with their internal organization and processes.

Among individuals, virtually all clients (99 percent) rely on their CPA firm for tax services. While they may turn to their CPA for tax preparation, however, that often is the extent of the relationship. Only 48 percent of individual clients say they have a tax planning strategy in place. The good news is that for those who do, nearly all are working with their CPA for guidance on the strategy.

However, as related to other areas where CPAs could provide advisory services, clients are generally
underutilizing their CPA firms. (See Figure 2.)

Most notably, 61 percent of individual clients say they have a budget in place and 59 percent have retirement savings plans, but few are working with their accountant to address these areas.

Similarly, 44 percent of individuals say they have a comprehensive financial plan and 44 percent have a plan to preserve wealth, but only about one-half of those individuals report they are working with their accountant on these plans.

Additionally, few individual clients have an estate plan or a plan to achieve specific financial goals, such as buying a home or saving for a child’s/grandchild’s education, and, among those who do, few look to their CPA for guidance on these plans.

One emerging area CPA firms may want to keep on their radar is eldercare financial planning. While a small number of clients report having these plans in place today, the majority of them turn to their accountant for guidance on these plans. As it’s likely that this demand will increase with the aging population, firms have an opportunity to expand their services in this area.

While high-income clients are more likely than middle-income individuals to indicate their accountant is providing guidance with planning services, there is still a significant untapped opportunity across both markets for CPAs to educate their clients on the need for financial planning and help them put a plan in place.

### Figure 2: Plans Individuals Have in Place and Where They Use CPA Guidance

<table>
<thead>
<tr>
<th>Plan Description</th>
<th>Have in Place</th>
<th>Use CPA Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget plan</td>
<td>61%</td>
<td>15%</td>
</tr>
<tr>
<td>Retirement saving plan</td>
<td>59%</td>
<td>25%</td>
</tr>
<tr>
<td>Tax planning strategy</td>
<td>48%</td>
<td>43%</td>
</tr>
<tr>
<td>Plan to preserve wealth</td>
<td>44%</td>
<td>24%</td>
</tr>
<tr>
<td>Comprehensive financial plan</td>
<td>44%</td>
<td>23%</td>
</tr>
<tr>
<td>Plan for specific financial goal</td>
<td>38%</td>
<td>14%</td>
</tr>
<tr>
<td>Estate plan</td>
<td>34%</td>
<td>17%</td>
</tr>
<tr>
<td>Eldercare financial plan</td>
<td>8%</td>
<td>5%</td>
</tr>
</tbody>
</table>

**Key Finding Summary**

Informing current clients of the full range of services the firm offers and providing more of those services to them is a winning proposition, which will improve both profitability and retention for firms, as well as benefit clients. These clients are already doing business with the firm, and trust their accountant as an advisor. This trust creates an opportunity for firms to evaluate client wants and needs, map them against the firm’s capabilities, and expand the services the firm provides. The additional significant benefit for the firm is that the more services a client receives, the more likely they are to stay, increasing client retention rates.

In some cases, closing the gap between client needs and firm capabilities may require investment in staff, technology or process and workflow improvements, but the investment will be well worth the return firms can expect to see. By failing to focus on more comprehensive client services, firms could be risking client satisfaction — leaving clients fair game for competitors who will do more for them.
Minimizing Taxes are Clients’ Greatest Concern

What’s keeping clients up at night? Taxes. More specifically, how to minimize taxes and comply with tax regulations are their top concerns. (See Figures 4 and 4a.)

The five tax and financial issues of most concern for clients over the coming year are:

TOP 5 FINANCIAL & TAX ISSUES FOR CLIENTS*

<table>
<thead>
<tr>
<th>BUSINESS</th>
<th>INDIVIDUAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Minimizing taxes</td>
<td>1. Minimizing taxes</td>
</tr>
<tr>
<td>2. Complying with federal, state and local tax regulations</td>
<td>2. Preserving accumulated wealth</td>
</tr>
<tr>
<td>3. Doing a better job of business management</td>
<td>3. Saving for retirement</td>
</tr>
<tr>
<td>4. Payroll compliance and management</td>
<td>4. Avoiding an audit</td>
</tr>
<tr>
<td>5. Avoiding an audit</td>
<td>5. Creating or managing a budget</td>
</tr>
</tbody>
</table>

* Top five attributes based on percent of respondents rating attribute an 8, 9 or 10 on a 10-point scale.
As both business and individual clients report they will need additional support from their CPA firms in the coming year, these top client concern areas provide a good indication of where additional CPA guidance may be most valued. In each of these areas, there are tools that firms can introduce to help clients improve planning, gain greater control and reduce complexity.

Figures 4 and 4a: Top Concerns for Clients

Figure 4: Business Concerns

<table>
<thead>
<tr>
<th>Concern</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimizing taxes</td>
<td>73%</td>
</tr>
<tr>
<td>Federal, state and local tax compliance issues</td>
<td>68%</td>
</tr>
<tr>
<td>Better business management</td>
<td>64%</td>
</tr>
<tr>
<td>Payroll compliance</td>
<td>62%</td>
</tr>
<tr>
<td>Avoiding an audit</td>
<td>56%</td>
</tr>
<tr>
<td>International tax issues</td>
<td>45%</td>
</tr>
<tr>
<td>Succession business planning</td>
<td>42%</td>
</tr>
<tr>
<td>Bankruptcy issues</td>
<td>31%</td>
</tr>
</tbody>
</table>

Figure 4a: Individual Concerns

<table>
<thead>
<tr>
<th>Concern</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimizing taxes</td>
<td>69%</td>
</tr>
<tr>
<td>Preserving accumulated wealth</td>
<td>63%</td>
</tr>
<tr>
<td>Saving for retirement</td>
<td>55%</td>
</tr>
<tr>
<td>Avoiding an audit</td>
<td>52%</td>
</tr>
<tr>
<td>Managing a budget</td>
<td>44%</td>
</tr>
<tr>
<td>Creating a financial plan</td>
<td>43%</td>
</tr>
<tr>
<td>Working toward financial goals</td>
<td>41%</td>
</tr>
<tr>
<td>Estate planning</td>
<td>39%</td>
</tr>
<tr>
<td>Managing eldercare finances</td>
<td>28%</td>
</tr>
<tr>
<td>Bankruptcy issues</td>
<td>17%</td>
</tr>
</tbody>
</table>

Figures 4 and 4a: Based on percent of respondents rating attribute an 8, 9 or 10 on a 10-point scale.

Tough Times: Economic Uncertainty Is Top Trend Expected to Impact Business Clients

Business clients of all sizes are concerned about the impact of external forces on their organizations over the coming year. Chief among these external forces is the economy. In fact, over the next year, 70 percent of businesses report that economic uncertainty will have a significant impact on their businesses.

Among other issues business clients report as significantly impacting their businesses are:
- Higher federal taxes — 64 percent;
- Increased accounting-related regulation — 64 percent;
- Higher state and local taxes — 63 percent; and
- Technology issues — 61 percent.

Additionally, 44 percent of business clients report that globalization and the move to IFRS will have a significant impact on their businesses in the coming year. (See Figure 5.) Large companies are more likely to report this as having a significant impact, with 57 percent of companies with revenues of $500 million or more doing so.

In tough times, firms need to be even more focused on understanding their clients and serving them the very best they can. As the economy struggles, companies also are struggling to maintain good financial health and performance margins. With some levers of growth stalled right now, minimizing taxes can become an even more critical component of financial management.

A complete service strategy needs to take into account a variety of factors, including the impact of external forces. For example, when the economy is struggling, clients can often feel the most anxious. This is a likely time for them to reassess their needs, and it’s important that firms keep in close contact to make sure they understand how client needs are shifting.

Figure 5: Top External Trends That Concern Business Clients

<table>
<thead>
<tr>
<th>Trend</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic uncertainty</td>
<td>70%</td>
</tr>
<tr>
<td>Increased accounting regulation</td>
<td>64%</td>
</tr>
<tr>
<td>Higher federal taxes</td>
<td>64%</td>
</tr>
<tr>
<td>Higher state/local taxes</td>
<td>63%</td>
</tr>
<tr>
<td>Technology</td>
<td>61%</td>
</tr>
<tr>
<td>Globalization</td>
<td>44%</td>
</tr>
</tbody>
</table>

Figure 5. Based on percent of respondents rating attribute an 8, 9 or 10 on a 10-point scale.
**Clients Are Focusing on Value**

At the same time that clients want more from their CPA, they also are becoming more price-sensitive. Clients report different experiences with CPA firm pricing over the last two years. Slightly more than one-half of businesses (52 percent) report that their CPA firms have raised prices, while 44 percent say their firm has held pricing steady.

Overall, 68 percent of business clients say they are becoming more sensitive to pricing and 60 percent are becoming more focused on the return they are getting from their CPA firm. Nearly as many, 56 percent, also are becoming more selective about the CPA firms with which they do business.

Individual clients are somewhat less cost-conscious, although it is still a concern. Thirty-nine percent report their firms have increased prices, and 42 percent report they are focusing more on the return they are getting from their CPA firm, while 42 percent are also becoming more selective about the CPA firm they use. (See Figures 6 and 6a.)

**Key Finding Summary**

Clients’ needs for specialized services are growing and the support they are seeking from CPA firms also is increasing. Yet, they are more closely focused on cost and more sensitive to pricing issues. As a result, a firm’s ability to improve its productivity and efficiency, as well as demonstrate value at every point of service, is critical.

Today, firms must ensure their partners and staff are focused on expanding and adding value to client services and not wasting valuable time on low-value activities. One important way firms can help their teams be more productive is by leveraging integrated information and technology solutions to streamline workflows and automate processes. In fact, 100-percent of high-performing firms report that it is critical to have technology and information resources that enable a firm to provide high value-added services.

**Firm Selection Criteria: The Courting Period**

**Finding a CPA Firm**

Referrals are the leading way both businesses and individuals hear about potential CPA firms to hire, according to the CCH Survey. In fact, 67 percent of business clients and 76 percent of individual clients cite referrals as the way they found their CPA firm. Not surprisingly, business clients most often rely on referrals from other professionals, while individuals rely on referrals from friends.

However, business clients also listen to their friends, and individuals seek referrals from other professionals with whom they work. As a result, every point of contact by a firm with clients, as well as with professional associates, can create opportunities for new business.

Most clients appear willing to provide referrals. Seventy-two percent of business clients and 78 percent of individual clients have recommended their CPA firm to someone else and 85 percent of business clients and 84 percent of individual clients say they are likely to do so in the future. (See Figures 7 and 7a.)
As a profession, CPA firms can be proud that so many clients have and are willing to recommend their practices. Firms should leverage this good will and use the endorsements to both strengthen relationships with existing clients as well as build relationships with new clients. They also should carefully monitor changes in their own referral rates and watch for any decline in ratings so that corrective action can be taken as soon as possible.

**Choosing a CPA Firm**

When it comes to the actual selection of their current firm, referrals still matter most among individuals, but take a back seat to other factors for businesses.

The most cited selection criteria by businesses are firm expertise, firm reputation, partner expertise, firm’s use of technology and value. (See Figure 8.)

**PRIMARY DRIVERS IN CPA FIRM SELECTION**

<table>
<thead>
<tr>
<th>BUSINESS</th>
<th>INDIVIDUAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall firm expertise</td>
<td>Referral</td>
</tr>
<tr>
<td>Firm reputation</td>
<td>Overall firm expertise</td>
</tr>
<tr>
<td>Partner expertise</td>
<td>Firm reputation</td>
</tr>
<tr>
<td>Firm uses leading technology</td>
<td>Offered best value</td>
</tr>
<tr>
<td>Offered best value</td>
<td>Partner expertise</td>
</tr>
</tbody>
</table>
**Business and Individual Clients Seek Common Firm Attributes**

Among business and individual clients, core expectations center on basic competencies. And while business and individual rankings vary slightly from a numeric perspective, they report similar priorities. (See Figure 9.)

Specifically, the top attributes clients use to choose a CPA firm include:

**TOP ATTRIBUTES FOR CHOOSING A CPA FIRM***

<table>
<thead>
<tr>
<th>BUSINESS</th>
<th>INDIVIDUAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>■ Firm partners and staff are easy to reach and responsive</td>
<td>■ Information firm provides me is accurate and authoritative</td>
</tr>
<tr>
<td>■ Information firm provides me is accurate and authoritative</td>
<td>■ Firm partners and staff are easy to reach and responsive</td>
</tr>
<tr>
<td>■ Firm is active in the profession and keeps up with changing regulations</td>
<td>■ I have trust in the firm and its ability to deliver the services I need</td>
</tr>
<tr>
<td>■ I have trust in the firm and its ability to deliver the services I need</td>
<td>■ Firm provides services/guidance to help lower my taxes</td>
</tr>
<tr>
<td>■ Firm keeps me up to date on regulations that directly affect me</td>
<td>■ Firm ensures accuracy of my client information</td>
</tr>
<tr>
<td>■ Firm demonstrates efficiency</td>
<td>■ Firm demonstrates efficiency</td>
</tr>
</tbody>
</table>

* Top five attributes based on percent of respondents rating attribute an 8, 9 or 10 on a 10-point scale.
Clients’ Advice on Winning and Keeping Their Business

The best way to keep your clients is to keep your clients satisfied. According to respondents nationwide, it’s a matter of delivering knowledgeable service for a good value in a timely way.

WHAT CPA FIRMS NEED TO DO TO KEEP/WIN BUSINESS

<table>
<thead>
<tr>
<th>BUSINESS</th>
<th>INDIVIDUAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Demonstrate knowledge/experience</td>
<td>1. Provide reasonable cost for services</td>
</tr>
<tr>
<td>2. Provide reasonable cost for services</td>
<td>2. Understand my needs</td>
</tr>
<tr>
<td>3. Deliver efficient/quick service</td>
<td>3. Demonstrate responsiveness</td>
</tr>
</tbody>
</table>

For firms to understand what is important to their clients, and how the firm is performing against those expectations, it’s important for firms to keep in close contact with clients. Successful firms use a variety of ways to do this, including formalized surveys that allow a firm to regularly benchmark clients’ needs and firm performance.

Firms should also realize that clients have service expectations not only from the standpoint of the expertise a firm provides, but also the service channels through which this expertise is delivered. In fact, for businesses today, efficient and quick service is one of the three most important things their CPA firm can deliver; and for individuals, it’s responsiveness that counts.

As firms consider their service strategy, delivery channels should play an important part of that strategic plan. Firms should be asking not only what services clients want, but the most effective and desired ways to deliver those services. And they should ask this often because client service is being redefined every day by other professional service providers and clients’ individual experiences.

FIRM PERFORMANCE: SATISFACTION ONCE SELECTED

Most Firms Fail to Seek Formal Feedback

Based on the CCH Survey results, most CPA firms do not have a formal program for gathering feedback from either business or individual clients. Forty-eight percent of business clients and just 21 percent of individual clients report receiving a formal client satisfaction survey from their CPA firm in the past year. While both business and individual clients report that they receive requests for feedback more often on an informal basis through phone conversations or e-mail, this activity is also limited. *(See Figure 10.)*

Key Finding Summary

As the saying goes, we manage what we measure. So it’s surprising that given the importance of client satisfaction and retention today, firms are not measuring client needs and their own performance in a formal way.

By supplementing current feedback mechanisms with a formal client satisfaction survey, firms can gain important insights to help ensure client retention. A satisfaction survey is also an important way to demonstrate to your clients that you understand their needs and are proactive in responding to them. Remember, most clients won’t tell you they are dissatisfied unless you ask them. They’ll just stop doing business with you.
Client Satisfaction Varies

Satisfaction among business clients with their accounting firm shows room for improvement. While 79 percent report they are generally satisfied with their CPA firm, only 17 percent of that group indicate they are completely satisfied with their CPA firm.

Client satisfaction is stronger among individual clients, with 87 percent reporting they are generally satisfied with their current firm. Of that group, however, only 39 percent are completely satisfied.

When asked about the value they derived from their interactions with the firm’s professionals, both business and individual clients report the relationship they have with the firm partner(s) is most important. Specifically, 47 percent of business clients report they derive the greatest value from their relationship with a firm partner. Individual clients are significantly more likely to say their relationship with a firm’s partner is most valued. Specifically, 66 percent of individual clients most value their relationship with their firm’s partner, and among high-income clients, 73 percent report they most value their relationship with a firm’s partner.

Business clients, however, are more likely than individuals to value non-partner professional staff, with 42 percent reporting they derive the greatest value from working with their firm’s non-partner CPAs. Only 21 percent of individual clients report they realize the greatest value from their relationship with their firm’s non-partner CPAs. (See Figures 11 and 11a.)

Firm Performance v. Client Expectations Shows Gaps

Overall, the CCH Accounting Firm Client Survey suggests that firms are doing a good job in meeting client expectations. However, clients believe there is room for firms’ performance improvement across each of the attributes they consider most important. Examining both the attributes that clients believe to be most important in choosing a firm and how well they rate their current firm on these attributes:

- Firm provides services/guidance to help lower my taxes.
- Firm equips its staff with the right tools to perform my work.
- Firm specializes in the types of services I currently need.
- Firm keeps me up to date on regulations that directly affect me.
- Firm is active in the profession and keeps up with changing regulations.

Among the attributes that businesses rank as most important, there is the largest performance gap between what clients want when choosing a CPA firm and how well they rate their current firm on these attributes:

- Firm provides services/guidance to help lower my taxes.
- Firm equips its staff with the right tools to perform my work.
- Firm specializes in the types of services I currently need.
- Firm keeps me up to date on regulations that directly affect me.
- Firm is active in the profession and keeps up with changing regulations.

(Figure 11: Overall Client Satisfaction)

(Figure 11a: Most Valued Firm Interactions)
Among the attributes that individuals rank as most important, there is the most significant performance gap between what clients want when choosing a CPA firm and how well they rate their current firm on these attributes:

- Firm keeps me up to date on regulations that directly affect me.
- Firm provides services/guidance to help lower my taxes.
- Information firm provides me is accurate and authoritative.
- Firm is active in the profession and keeps up with changing regulations.
- Firm specializes in the types of services I currently need. (See Figures 12 and 12a.)

In no instance across business or individual clients did firm performance exceed client expectations.

**Key Finding Summary**

Certainly, closing the gaps is essential, but firms should also look to exceed client expectations, if they want to ensure satisfied clients over the long term. One way firms can do this is to undertake their own gap analysis and then determine what is needed to close the gaps as quickly as possible. Levers to consider in closing the gaps include technology and workflow solutions, practice management changes or staffing changes, with some of the fixes being fairly simple. For example, both individual and business clients report their current firms are not performing as well as they would like when it comes to keeping them up to date on regulations that affect them or providing guidance to help lower their taxes. Today, there are many information services, software and web-based solutions readily available that a firm can deploy immediately to help them meet client expectations for these services.

**Figures 12 and 12a: Gap in Firm Performance Relative to Importance**

**Figure 12: Business Clients**

- Firm keeps up with changing regulations: Importance rating 84%, Performance rating 75%
- Firm keeps me up to date on regulations affecting me: Importance rating 83%, Performance rating 74%
- Firm specializes in services I need: Importance rating 82%, Performance rating 72%
- Firm helps lower taxes: Importance rating 81%, Performance rating 70%
- Firm provides the right tools for staff: Importance rating 81%, Performance rating 70%

**Figure 12a: Individual Clients**

- Firm provides accurate/authoritative information: Importance rating 91%, Performance rating 79%
- Firm helps lower taxes: Importance rating 88%, Performance rating 74%
- Firm keeps up with changing regulations: Importance rating 87%, Performance rating 77%
- Firm specializes in services I need: Importance rating 85%, Performance rating 75%
- Firm keeps me up to date on regulations affecting me: Importance rating 82%, Performance rating 63%

Figures 12 and 12a: Based on percent of respondents rating attribute an 8, 9 or 10 on a 10-point scale.
Competitors Turn Up the Heat with Prospecting

While firms may not be proactively checking in with their clients to see if they are satisfied, in many cases the competition is. Many clients, particularly business clients, report they are being approached by other CPA firms for their business. In fact, 55 percent of businesses say they have been approached by other firms during the past year. The most common ways firms are reaching out to prospective clients are by phone and e-mail. Business clients also report being recruited through in-person meetings, mail and social media.

While more than one-half of business clients report being prospected, just 20 percent of individual clients say they have been contacted by another CPA firm, most often through traditional mail or phone calls. However, it’s important to note that while individuals may not be prospected directly by other CPA firms, they are also being inundated with advertising and marketing materials from other tax preparation services, brokerage firms and financial planning and services providers.

Given the limited number of firms that report conducting formal client satisfaction surveys, it appears some firms are doing more to attempt to recruit new clients than they are to retain existing ones, despite the high cost of replacing existing clients. (See Figure 13.)

Plans for Staying with Current Firm Uncertain

While clients overall tend to have longstanding relationships with their CPA firms, there appears to be the potential for considerable client turnover in the next year. In particular, 36 percent of business clients report they are somewhat to very likely to switch firms, while 19 percent of individuals are contemplating a switch. (See Figures 14 and 14a.)

When clients were asked what would make them leave their CPA firm, the top reason clients would consider leaving is if their firm did not regularly check with them on their changing needs.

Overall, clients want to make sure that their firm is staying on top of their needs; delivering quality services; working very efficiently; investing in the latest technology resources; and delivering the value they expect. While these expectations are perfectly reasonable, firms can be challenged in delivering equally well on all fronts if they are not optimizing technology.
Using technology as a strategic resource is a trademark of the most successful firms, and high-performing firms place an emphasis on harnessing technology to achieve their goals of improving staff productivity, client service, practice management and profitability.

Top technologies that firms leverage to make such improvements include document management systems, software as a service (SaaS) solutions, multiple monitors, integrated tax and accounting suites and compliance solutions, practice management systems, intelligent scanning tools, client portals and knowledge management systems. High-performing firms also report that technology to facilitate anywhere, anytime client communication and interaction is critical in optimizing client services.

**TOP 10 REASONS WHY CLIENTS LEAVE**

<table>
<thead>
<tr>
<th>BUSINESS</th>
<th>INDIVIDUAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. If the firm does not regularly check with me on my changing needs</td>
<td>1. If the firm does not regularly check with me on my changing needs</td>
</tr>
<tr>
<td>2. If staff in the firm was not able to efficiently find the information needed to deliver the service I need</td>
<td>2. If I lost trust in the ability of the firm to deliver the quality services I need</td>
</tr>
<tr>
<td>3. If I believed the firm was charging more than the value I was receiving</td>
<td>3. If my taxes seemed higher than they should be</td>
</tr>
<tr>
<td>4. If it became apparent that the firm was not leveraging technology to deliver the best possible service to me</td>
<td>4. If the firm no longer specialized in the types of services I need</td>
</tr>
<tr>
<td>5. If the firm did not keep me up to date on regulations that directly affect me</td>
<td>5. If I believed the firm was charging more than the value I was receiving</td>
</tr>
<tr>
<td>6. If I became concerned about the firm’s financial stability</td>
<td>6. If I was audited more than once</td>
</tr>
<tr>
<td>7. If the firm no longer specialized in the types of services I need</td>
<td>7. If staff in the firm was not able to efficiently find the information needed to deliver the service I need</td>
</tr>
<tr>
<td>8. If I lost trust in the ability of the firm to deliver the quality services I need</td>
<td>8. If it became apparent that the staff did not have the right tools to perform my work</td>
</tr>
<tr>
<td>9. If the firm did not keep me up to date on regulations that directly affect me</td>
<td>9. If the firm engaged in activities that reflected poorly on their reputation</td>
</tr>
<tr>
<td>10. If the firm had difficulty in recruiting or retaining talented employees</td>
<td>10. If I became concerned about the firm’s financial stability</td>
</tr>
</tbody>
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**MULTIPLE POINTS OF CONTACT**

Both business and individual clients tend to have longstanding relationships with their primary CPA firm. On average, companies have been with their current CPA firm for eight years and 25 percent have been with the same CPA firm for 11 or more years.

Individual clients report even longer relationships with their accountant, averaging nine years, with 31 percent having the same CPA for 11 or more years. (See Figure 15.)

As firms look at the value they offer to clients, they need to look at all touch points in their relationships with clients. (See Figure 15a.) This should include the interactions clients have with the firm’s entire staff, from partners to administrative personnel, as well as the interactions clients have through other touch points and service channels such as the firm’s website, online tools and portals.

Firms should challenge themselves to refresh their service channels as defined by the value clients place on them today. For example, it’s clear that clients value time with partners, but they also place very high importance on efficiency and responsiveness. As firms look to improve profitability and meet clients’ growing expectations, just-in-time information and technology-based self-service delivery touch points will become an even more important part of shaping the client experience.

Firms should create blended service models, including self-service channels, to ensure clients have fast and easy access to key information.

**Figure 15: Tenure with Current CPA Firm**

- Fewer than 3 years: 10% (Business), 14% (Individual)
- 3-5 years: 25% (Business), 31% (Individual)
- 6-10 years: 30% (Business), 34% (Individual)
- 11+ years: 25% (Business), 31% (Individual)

**Figure 15a: Most Frequent Points of Contact at CPA Firm**

- Firm partners: 43% (Business), 65% (Individual)
- Non-partner CPAs: 21% (Business), 47% (Individual)
- Other staff: 10% (Business), 14% (Individual)

Mean:
- Business clients: 8 years
- Individual clients: 9 years

Average points of contact in firm:
- Business clients: 3.5
- Individual clients: 2.2
COMMUNICATING IS CRITICAL

The CCH Survey found that the leading reason clients will switch firms is if the firm does not regularly check on their changing needs. This means firms need to be continuously engaged in two-way communications with clients.

Overall, CPA firms tend to have more contact with their business clients than their individual clients, and how they stay in touch includes a variety of communications channels.

Generally, business clients report the most common ways their firm communicates with them are: phone (94 percent), e-mail (93 percent) and in person (91 percent).

Among business clients meeting with their firms in the past year, they did so an average of five times. The majority of clients (73 percent) still regularly receive traditional mail from their CPA firm, although this is likely dwindling, while 57 percent of business clients report frequently or occasionally communicating with their firm via online dedicated portals as firms adopt new ways of reaching their clients. Notably, the use of online portals jumps even higher, to 72 percent, for large business clients.

Individual clients report the most common ways they are in contact with their CPA are: phone (79 percent), in person (69 percent), traditional mail (66 percent) and e-mail (58 percent). Among individual clients who met with their firms in the past year, they had an average of three meetings. The use of dedicated online portals is now being adopted by individual clients, with 21 percent reporting they are frequently or occasionally using portals to communicate with their CPA firm. (See Figures 16 and 16a.)

The Changing “Face” of Service

While face-to-face meetings have been a traditional way firms have conducted business, this may be shifting — particularly among business clients where only 39 percent report that their preferred way of working with the CPA is in person. For individual clients, 60 percent say they prefer in-person contact with their CPA.
The CCH Survey clearly shows that today portals are more commonly used among business clients, while they are still emerging in the individual market. Based on ease of use, efficiency, increasing regulatory requirements and security advantages, the adoption of portals will continue to increase as a communication and service delivery channel for both individual and business clients.

For many accounting firms, portals will also serve as a foundation for future self-service applications. Portals allow clients to securely and easily communicate with the firm, access services and work with their information, when and where they want — whether during “business” or “real life” hours.

As many financial services, such as banking and investment services, are already provided in this way today, it’s likely clients will come to expect this level of accessibility, control, flexibility and responsiveness for certain accounting services as well. In fact, individual clients report they’re already conducting web-based transactions in those other areas today. Seventy-six percent use online banking and 49 percent report using other online financial services. And, as the next generation of clients is coming on board, they’re often more comfortable jumping online to tap into a knowledge base than picking up the phone and hoping to reach someone right away who can answer their questions or provide service.

As clients become even more accustomed to self-service solutions in their other consumer experiences and more next-generation clients come on board, they will increasingly demand the ability to conduct certain aspects of business on their own terms — using self-service solutions when they are most convenient and saving face-to-face and phone conversations for high-value consultative purposes with firm partners and professional staff.

Social Media Emerging As a Communication Tool

Social media as a means of communicating with clients is just emerging and is more commonly used with business clients than individuals.

Specifically, among business clients, anywhere from 25 to 41 percent are communicating frequently or occasionally with their CPA firms using various social media tools, such as professional online communities, LinkedIn, blogs, Facebook and Twitter. In just about all instances, large companies are significantly more likely to be communicating with their firms using these social media forums.

In fact, respondents from large companies overall are far more likely to use social media of all types for professional purposes. As a result, firms should make certain they have the appropriate social media channels available to stay in touch and that they are providing staff with the knowledge to use these tools appropriately to advance the firm.
Among individual clients, the use of social media for communicating with their CPA is still limited, with 15 percent or fewer reporting they use Facebook, blogs, LinkedIn, Twitter or online communities to frequently or occasionally communicate with their CPA firm. That’s not to say that individuals are not using these channels for other purposes, however. In fact, more than one-half of individual clients are on Facebook, nearly one-third are using online communities and nearly one-fourth are using LinkedIn. (See Figures 17 and 17a.)

**Clients May Not Be Making Most of Websites**

While a firm’s website can be a powerful tool in client communication and service strategies, use of firm websites by clients is mixed. Overall, business client visits to their CPA firm’s website is strong, with 73 percent having visited their CPA firm’s website in the past year, for an average of five times. Large businesses are more likely than others to have visited their firm’s website with seven visits.

Conversely, 64 percent of individual clients report they have not visited their CPA firm’s website in the past year. The average number of visits for those who have done so is five times.

These findings indicate that firms need to provide greater value to individual clients via websites. One way to do this is by leveraging websites more effectively. For example, a key concern of clients is making sure that their firm has accurate information about them. Through a secure website, firms could provide clients with the ability to view and update
this information themselves. Another top concern for clients is keeping current with new developments. Websites that offer frequent informational updates can be a valuable resource for clients who want to know about the changes affecting them.

Custom newsletters, print or online, are another means of communicating with clients. Seventy percent of companies report receiving regularly issued newsletters from their CPA firm, while only 36 percent of individual clients receive this information.

BREAKING BOUNDARIES: BUSINESS TECHNOLOGY TRENDS

Understanding clients’ technology adoption rates and preferences is important in making certain that firms are keeping up with clients’ technology expectations. The CCH Accounting Firm Client Survey showed that clients are increasingly moving beyond boundaries of time and place…and they are expecting the same from their CPA firms. Clients work anytime, anywhere, and they want the same from their accounting firm.

Cloud Computing: From Trend to Practice

Cloud computing and SaaS technologies are being quickly adopted by all types of businesses. To stay competitive, leading CPA firms are now stepping beyond the boundaries of premise-based platforms to embrace SaaS. In the cloud, all data and applications are hosted online where professionals can access them from anywhere over the web using the latest mobile computing and communications platforms.

Business clients are in the cloud and cloud applications are particularly prevalent among large and mid-size businesses.

Overall, 62 percent of business clients surveyed either are or will be using a cloud-based accounting system. Nearly one-half (49 percent) of large businesses already do so, with 20 percent more planning to do so in the next three years. Similarly 38 percent of mid-size businesses do today and 31 percent more plan to do so within three years.

And companies overall report they are not finished moving to cloud computing, with 69 percent reporting their usage is likely to increase over the next three years. (See Figures 18 and 18a.)
While some IT departments both in businesses and CPA firms are reluctant to give up control of their platforms, those that do quickly realize their platforms actually operate more dependably in the cloud. Among the benefits of a SaaS environment are:

- Features and functions that allow organizations to work smarter, quicker and more efficiently.
- An infrastructure to promote a collaborative environment that helps to attract and retain today’s workforce and solidifies ties with clients.
- Puts more information at the point of client contact, so organizations can deliver greater value.

Organizations of all types are recognizing these benefits. Leading CPA firms are as well.

**Business Clients Are Moving to Secure Paperless Environments**

Business clients report that they also are breaking down the boundaries by moving to digital environments. Specifically, 83 percent of businesses report they will move more of their processes away from paper to digital. And, they expect their CPA firms to do the same, with 72 percent saying it is essential or very important for their CPA firm to work in a digital environment. (See Figures 19 and 19a.)

With the increasing growth of digital environments, data security also is important, with 68 percent of companies reporting they have a secure data exchange policy. These policies are most prevalent among large businesses, where 81 percent have them. Data security also must become a priority for CPA firms. Today, as more states move toward requiring secure encrypted data transmission of financial data, it’s clearly a best practice that all firms should be adopting.

In a digital environment, business professionals can work from anywhere and businesses can more easily form partnerships to improve their efficiency and profitability. For example, 37 percent of businesses currently outsource at least some of their IT function and another 30 percent plan to do so within the next three years.
CONCLUSION: CLIENT RETENTION THROUGH BETTER CONNECTIONS

Client retention is critically important to a firm’s profitability, with excellent client service and high satisfaction levels supporting strong retention rates. Yet, as the CCH Accounting Firm Client Survey indicates, many clients are considering switching CPA firms and many are being prospected by other firms.

Firms that want to keep their clients need to keep their clients satisfied. To achieve this, firms must have in place a successful client service strategy that’s founded on effectively connecting with clients and meeting their needs with high-value, timely services. Here are some important steps firms can take to accomplish this:

- **Keep the lines of communication open and active.** The top reason clients said they’d leave their firm was if the firm wasn’t checking in with them on their changing needs. Ask, and ask again. Ensure you have formal channels, such as surveys and client advisory groups, as well as informal feedback mechanisms in place to provide timely client insight. Also, be active in keeping clients advised of service opportunities. Leverage your website, e-mail, newsletters and social media to keep clients current on how you can serve them best.

- **Optimize existing client relationships with extended services.** While clients’ needs are on the rise, many clients are unaware of the full range of services their accounting firm offers. Firms have opportunities to meet a deeper range of needs in their current base of clients, thereby strengthening client relationships and improving retention. Put a plan in place to periodically and formally evaluate client needs and communicate regularly to clients about firm capabilities. Firms may also want to categorize clients and focus on certain segments of clients who have specialized needs. Firms should also ensure that everyone on their professional staff understands their role in business development, so that at each point of service, the holistic needs of the client are considered.

- **Reevaluate your service channels to make sure you are delivering value at every touch point.** Do you know how your clients value receiving service? It may surprise you. Clients clearly value contact with partners and face time is still very important, but people now also place a premium on responsiveness, speed, convenience and accessibility of services. Make sure you offer a blended service delivery model that delivers value at every point for your clients. For example, firms can leverage client portals to achieve new levels of efficiency, productivity and service excellence for clients, as well as the firm, while also supporting new revenue streams.

- **Close the performance gaps.** Clients believe there is room for firms to improve performance across each of the attributes they consider most important in an accounting firm. Firms need to examine both the attributes clients say are most important and how well clients think the firm is performing in these key areas to reveal any gaps. In some cases, closing the gaps may require investment in staff, technology or process and workflow improvements, but the investment will be worth the return firms can expect to realize from client longevity.

- **Leverage technology to drive success.** Technology is foundational to your business performance and central to your client service strategy. Business clients say that a firm’s use of leading technology is among their top criteria in selecting a firm. These clients are also active in leveraging technology in their own businesses and they expect their firm to do the same, whether it’s working in the cloud or digitizing their environment. Firms need to have in place technology solutions that enable the delivery of high-value services; streamline workflow and enhance staff efficiency and productivity; create greater connectivity and collaboration with clients; and support the ability for clients and firms to do business anytime, anywhere.
The 2010 CCH Accounting Firm Client Survey includes quantitative interviews with a total of 675 buyers of accounting services: 459 business professionals who have responsibility for working with their organization’s CPA firm and 216 individuals who use a CPA firm. The survey was undertaken to determine client selection criteria and client satisfaction to help firms attract and retain both business and individual clients by better understanding their wants, needs, perceptions and motivations. The survey was conducted online by Opinion Research Corporation (ORC) from August 11-24, 2010. The survey reflects experiences of randomly polled business professionals working at organizations with revenues from $5 million to more than $500 million and individual consumers with incomes from $50,000 to more than $100,000. In order to understand attitudes, behaviors and needs within business size and consumer income sub-segments, the data is unweighted.

The following terms are used in and defined as in this report:
- Small business: organization with revenues of $5 million to $50 million;
- Mid-size business: organization with revenues of $50 million to $500 million;
- Large business: organization with revenues of $500 million or more;
- Middle income: individuals with household incomes of $50,000 to $100,000;
- High income: individuals with household incomes of $100,000 or more.
Client Satisfaction: Getting Started with Your Own Firm’s Client Survey

As part of the CCH Accounting Firm Client Survey, CCH undertook an extensive survey with accounting firm clients of all types – including small to large businesses and middle- to high-income individual clients. The CCH Survey found that few firms actually undertake a formal client satisfaction survey with their own clients.

There is, however, a clear link between client retention and client satisfaction. Therefore, firms that want to keep clients, and keep them more satisfied by meeting their full range of needs, should regularly ask clients for feedback.

The following 20 questions provide a foundation for getting started. Firms should also customize the survey based on their own client base so that they have a truly clear picture of client wants and needs. Additionally, firms may want to consider having a third party issue the survey to ensure clients feel comfortable providing open and honest feedback.

1. How did you first hear about our firm?
2. What was the primary reason you selected our firm?
3. Looking at the attributes that were most important to you in selecting our firm, please describe how well our firm performs on these key attributes.
4. Overall, how satisfied are you with your relationship with our firm?
5. What’s most important to you in terms of your relationship with our firm?
6. More specifically, how satisfied are you with the performance of the following individuals at our firm? [Firm note: include all client touch points – partners, professional staff, administrative staff, etc.]
7. Looking at other areas, how satisfied are you with each of the following: accuracy of our services, performance of our services, accuracy of our invoices, responsiveness to inquiries, follow up with you on your changing needs, the number of services we offer, the types of services we offer, our service fees, accessibility of our staff?
8. Are you aware of the full range of services our firm provides?
9. Through which communications channels do you most prefer to work with our firm?
10. In the past year, how many times have you visited our firm’s website?
11. How important is it to you that you have direct access to your information as a client of our firm, through something such as a client portal?
12. Which types of information we provide to you do you find most valuable?
13. Over the next year, is the amount of support you will need from our CPA firm likely to increase, decrease or stay about the same?
14. What are the most critical challenges you face over the coming year?
15. Which services do you expect you will need in the coming year? [Firm note: make certain to list all the services you currently offer, as well as those you may be considering adding.]
16. How likely are you to recommend our firm to someone else?
17. How likely are you to switch CPA firms in the coming year?
18. What are the primary considerations that would make you consider switching CPA firms?
19. Which best describes our firm to you: we are a valued business partner or we are a vendor that provides tactical support to your requests?
20. How satisfied are you with the service value you receive from our CPA firm for the price you are charged?
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For additional copies of the *CCH Accounting Firm Client Survey* white paper, please go to CCHGroup.com/ClientRetention.