

more of your objectives.

For example, you might decide to have an open house and cocktail party for CFOs from high-tech businesses in your area to bolster your image as a professional familiar with their industry. You talk their language, and are there to help them meet their objectives. You are not directly asking them for anything other than the formation of an opinion about your practice services and expertise. This strategy may produce clients by favorably influencing people directly responsible for the engagement of accounting firms.

Resource Assessment

Budgeting is the key to resource management. Your time, strengths and financial resources should balance your ability to launch a campaign, follow through and complete it.

You must commit a specific amount of time and money to your marketing effort. Don't get caught up in the "Oh, I'll get to it tomorrow" rou-

time, it won't work. Budget the time you'll spend on this segment of your business just as you budget time for tax services, financial statement preparation, and client consultations.

The same goes for financing your marketing effort. Set aside at least 5 to 10 percent of your total budget for marketing. Invest marketing capital, as you would with any other investment, with the idea of generating a substantial return. Don't fool yourself, either. Don't sacrifice half your day working on elaborate marketing schemes when you should be rendering services to clients, and don't budget \$100 with \$1 million in expectations.

Financing, while last in the marketing planning process, will govern the rest of your plan. Adjust your goal, objectives and strategies according to the budget. Even modest budgets can achieve quite a lot when effectively and efficiently applied.

Evaluation

Plan periodic reviews of your marketing effort and be prepared to adjust your plan as the market shifts. Reward yourself and your staff for successes along the way. This will help you stick to your plan.

Rewriting the plan for the next marketing cycle should be easier with the assistance of the data you have been able to gather during the course of your first plan. Don't neglect the process of gathering supplemental data to add to the base from the first process.

Once you have your plan together, stick to it. Your plan should be given a fair and even trial. Sticking to the plan means writing it down. Review and evaluation are infinitely easier if you have a document and record to refer to. It need not be elaborate, convoluted or precise to the nth degree. Create a plan that you feel comfortable with that meets your expectations.

The Marketing Professional

When is it time to consider a marketing professional to assist you in designing and implementing a marketing plan? Most CPAs did not enter the profession to be marketing professionals, and as such, may face a totally new world. When you start running into problems or feel uncomfortable tackling certain marketing functions, it's time to look for professional assistance. Consultants with specialties in accounting

services marketing, specifically, can make a significant difference. But be selective. Choose one you feel comfortable with. Ask for references and check their background. One of the best ways to a good referral is to ask other accountants who they have used.

Be prepared to meet a professional's price. Fees typically run between \$45 and \$150 per hour. And just as you budget for office supplies, computer supplies, tax forms and marketing plans, budgeting for professional assistance should be part of your financial planning for the year as well.

The accounting profession today is in a similar marketing position to what the legal profession was in five years ago. If you picked up the yellow pages back then, ads for legal services were a rarity. Today, page after page promote law offices that, like the health care professions, are learning the advantages of advertising and marketing strategy.

In today's competitive marketplace, you can't afford to be without a marketing plan. The days of hanging out your shingle and having clients flock to your practice are long gone. Marketing should be a valued and necessary part of a growing and ethical practice.

Bill Manassero

The Firm Administrator—A New Position with a New Concept

Reprinted with permission of "The Footnote", November 1986, Minnesota Society of CPAs.

A CPA firm assists other businesses to be well-managed and profitable, but do CPAs put the same priority on managing their own businesses? Normally, the general management of a CPA firm is the responsibility of the managing partner, or in some cases, the duties are divided among partners. In recent years, more emphasis has been given to efficient and profitable management of a firm in order to stay competitive. One of the methods has been the creation of the firm administrator position, which relieves the managing partner of day-to-day activities.

Even though there are many aspects to this job, let's look at when to hire an administrator, the qualifications required, and reference sources available for partners wanting to hire an administrator.

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When To Hire

When does a firm consider hiring an administrator? One source indicates that a firm administrator is best utilized when annual gross fees reach the \$1,000,000 mark. However, some feel a better indicator would be when annual fees reach \$700,000 to \$800,000.

Symptoms indicating the possible need to hire a professional administrator include:

- Spending too much time with hiring and supervising support staff.
- A feeling of no longer having the expertise to administer the fringe benefit program or labor law areas.
- Intolerable stress levels.
- Staff size increasing to ten or more individuals.

Partners will have different perspectives on this question. If partners want a well managed firm as the firm grows, an important key is hiring an administrator "sooner rather than later."

In deciding whether a firm administrator is cost justified, one factor to consider is the increasing chargeable time a partner will have available for client activity. Below is a chart comparing an increase in a managing partner's billable hours before and after the hiring of an administrator.

Typically, the range of an administrator's salary could be from \$25,000 to \$40,000. In this example the direct increase in profit to the firm can range from \$10,000 to \$25,000.

COMPARISON OF MANAGING PARTNER BILLABLE HOURS			
	Hours	Billing Rate	Amount Billed
Before hiring a professional administrator	700	\$125	\$ 87,500
After hiring a professional administrator	1,100	\$125	\$137,500
Increase	<u>400</u>		<u>\$ 50,000</u>

In addition to a direct increase in firm profitability the partner's increased chargeable hours will result in work for other staff members. Thus, increased profitability not only comes from direct billable hours but also comes from the partner's ability to increase the work for several staff members. For example, rather than managing a department with fees of \$300,000 the partner may now be able to manage a department with fees of \$400,000, representing an increase of 33 percent.

Finally, a firm administrator can

save time for other partners and managers. Certain administrative functions previously performed by partners and managers can be delegated to the professional firm administrator. Intangible benefits include:

- Better administration due to management by planning rather than management by crisis.
- Better service to clients of the managing partner.
- Better use of time. Time previously spent in managing the firm can now be turned towards marketing efforts or long-range planning efforts (instead of determining such routine matters as what copy machine to purchase.)

It is important to recognize that a difference still exists between administering a firm on a day-to-day basis and leading a firm in management philosophy. Issues such as quality control, changing ethics, and new services need to be dealt with by the managing partner. If a firm becomes large enough, it may become appropriate that the firm administrator also become a partner.

Qualifications

What kind of qualifications does a firm administrator need? The position requires a person who is flexible and has a spirit of cooperation and loyalty. Do not lose sight of the fact the firm is hiring a person to assume duties now performed by the managing partner.

This position carries major responsibilities. Each firm has to evaluate its perceived needs. To start with, the position may not be full-time in a smaller firm. Frequently the position's responsibilities evolve over a period of time. A mutual understanding and trust needs to develop between the firm administrator and the partners.

At last year's AICPA Firm Administrators Conference, it was pointed out the "mortality rate of CPA firm administrators is high—two administrators are usually hired and fired before a

satisfactory one is found." Many partners and administrators feel the single most important reason the position does not work is because the individual hired does not have adequate education and experience to cope with the many responsibilities. Turnover occurs when a firm tries to make an administrator of an individual with no previous management, financial or supervisory experience.

This is a professional career position—it deserves to be filled by someone with the right qualifications. Some guidelines are:

- A college degree and previous supervisory experience.
- Specific knowledge of financial and management matters.

Job duties may vary with the size of the firm but broad areas are:

- Personnel and training
- Management of facilities and equipment
- Data processing supervision
- Finance and accounting
- Practice development



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- Library, CPE, fringe benefit management

Resources

If a firm decides to hire an administrator, where can additional information be found? The past two years the AICPA has sponsored an annual firm administrator's conference. This conference is attended by firm administrators, as well as managing partners wanting to improve their administrative skills. Managing partners exploring the possibility of hiring a firm administrator also attend. The conference covers a variety of topics, but much of the learning also comes from the roundtable discussions with other professionals.

Administrative newsletters are also a source of good information. Listed below are names and addresses of major administrative newsletters.

- Accounting Office Management Administration Report
5 West 36th Street
New York, NY 10018-7912

- CPA Personnel Report
P.O. Box 81067
Atlanta, GA 30366
- CPA Administrative Report
16800 West Greenfield Ave.
Brookfield, WI 53005

Administrative groups have also been organized to provide information. A national organization, the Association of Accounting Administrators, 7315 Wisconsin Avenue, Suite 650 West, Bethesda, MD 26814 can provide information.

Many advantages exist for hiring a firm administrator. The key is to hire a qualified person early in a firm's development and to seek information in periodicals and meetings to assist in developing job duties and authority for the position. This position will succeed only if a qualified person is hired and is given support and authority by the partners. Ω

Ruby Heiden



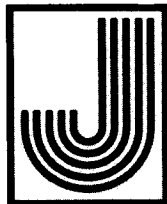
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