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*“Here’s a pointer culled from the careers of men who have attained notable success: Don’t sit in your office during the hours prospects can be seen. Do your office work before or after the hours during which possible customers can be reached.”*

—B.C. Forbes

## DAY 9

# Leads, Leads, Leads

**T**he problem I find in most low-growth CPA firms is a shortage of leads. Lead generation is difficult and confusing. Many partners would prefer to spend time working on uninteresting and poor-paying clients than venture into the cold waters of lead generation.

Willie Sutton had the right idea. Asked why he robbed banks, the infamous bandit replied, “Because that’s where the money is.” Willie had prospecting down cold. To mine for clients, you have to be where prospects are plentiful. Prospecting for leads isn’t quite as easy as finding money in a bank. But Sutton’s wry logic still applies. In the Day 10 chapter, I describe methods to qualify and target high-quality prospects. But first, in this chapter, I want to discuss ways to generate a high volume of leads (or prospects).

With the rapid pace of change in today's business world, businesses are being sold, companies are going out of business, and some of your clients are downsizing. Others may outgrow your service's capability or will be attracted to another service provider. Some clients you will "outplace" (I hate the words "fire a client"). Couple your need to grow (even modestly) with the natural attrition and you'll find you need to grow 10–15% just to net 5% growth. If your target growth rate is 20%, add 5–10 percentage points to the target to obtain the growth you must achieve.

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### PORTRAIT OF A SALES LEADER

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MIKE KRUSE is managing partner of Kruse & Associates in Nashville, Tennessee. Growing up on a farm in western Kansas, Mike Kruse learned the value of hard work. During his early college years, he took an introductory accounting course and enjoyed the structure of it. Working his way through college, he learned to be very efficient with his time. Kruse said, "To work an eight-hour shift, go to school, and complete my homework every day built an internal tempo in me. Working my way through Kansas State University taught me how to make every minute count for something."

Kruse joined Touche Ross & Company in Kansas City after his graduation from Kansas State University. I first met Kruse when he moved to Nashville in 1979. At the time, I was CEO of a small publicly-held publishing company and Kruse was managing partner of Touche Ross's local office. Prior to Kruse's arrival, Touche Ross was a respected but sleepy office. They had about 20–25 people and were the smallest of the Big Eight national accounting firms. Within five years, the Nashville Touche Ross office became one of the largest.

Today, Deloitte & Touche, Nashville, has revenues of nearly \$50 million and is the largest accounting office in the state. The current Deloitte & Touche managing partner, Bill Hawkins, says of Mike Kruse, "Mike really was the catalyst that jump-started the growth of our office back in the early Eighties. His unrelenting focus on sales and marketing helped every partner recognize that we needed to build a

*(continued)*

What is the probability that someone you meet today perceives she has a need for your services? When I ask this question during training classes, the answer usually is “less than 5%.” If you agree with this percentage, then you agree that you must have 20 prospects in the pipeline for every client you expect to create.

## Finding Prospects

Confucius said, “Dig the well before you thirst.” Harvey Mackay adopted this theme in his book on networking, *Dig Your Well Before*

*(from previous page)*

new dimension to our technical capabilities. Mike attracted millions of dollars of new work for us.”

Kruse’s partner, Larry Morton, says, “Mike is one of those guys who means what he says. Clients trust him and his partners trust him. He builds trust quickly with prospects because he does what he says and he does it on budget and on time. He is a man of his word. I think that is the single biggest reason Mike is successful.” John Colwell, also a partner, says, “Mike’s goal is to help people run their businesses better and to make friends for life. Whenever we start out on a call to a prospect, Mike will say, ‘Let’s go make a friend for life.’ He means that, too. Whether the person becomes a client or not, Mike builds trust and friendships wherever he goes.”

Kruse, along with partners Larry Morton, Marc McKerley, John Colwell, and Larry Williams started Kruse & Associates in 1993. The partners had worked together in another firm for a few tumultuous years. Kruse & Associates completed its first fiscal year with \$1.8 million in revenue and its most recent fiscal year with over \$10 million.

Kruse says, “We wanted to be the best we could be for businesses in the construction industry. We believed that our experience, contacts, and love for the construction business would enable us to build a significant firm. So we have focused most of our attention on construction and related businesses.” While the firm has branched out into a variety of other business types in recent years, the partners believe that their intense focus in one industry is a major reason they have enjoyed a strong growth rate.

*You're Thirsty.* Often, the need for lead generation does not seem urgent. The task seems difficult, of low-payoff, or even demeaning. In this chapter, I want to convince you to develop a lead-generation system that is effective, efficient, and professional.

Generally speaking, you can create a hierarchy of leads:

1. qualified referred prospects
2. referred prospects
3. warm prospects
4. cold prospects
5. suspects

In all cases, you want to get your prospect in a position to ask you to help. If you have to beg for the business, your position may not be as strong. When your prospect asks for your help, you can be sure that you have the proper amount of mind-share we discussed in the Day 8 chapter. Bob Gaida says, "If I have taken the time to understand their needs and wants and have given them true benefit statements, I've created a high desire. I will sometimes wait for the prospect to say, 'Can you help me with this?' Then I know that our minds are together and the client will be willing to pay a fair price."

Jeff Everly says, "Sometimes it will take four or five years to really develop a cold lead into a warm one. The prospect has to go through a comfort process before you can get to first base. It has taken over six years just to be able to call up a prospect and get an appointment sometimes. But we nurture those leads in many ways to warm them up."

## How Do We Generate Leads?

Compare your sales activity to the performance of a funnel. New prospects (suspects) enter the sales cycle at the top of the funnel and, over time, these prospects turn into qualified prospects, then into interested-qualified prospects, and then into clients. At times, the process is quite short, but other times, several years are required.

There are many ways to find suspects. Here are some ways to attract suspects to fill up the funnel (others, such as online marketing, will be covered later).

- advertising
- public relations
- cold calling
- direct mail
- telemarketing
- referrals
- general networking
- industry networking
- trade shows
- seminars and speeches
- tip clubs

## Advertising

I rarely hear of an accounting firm getting a new client from advertising. The leads you receive from advertising and publicity will generally be cold and unqualified. However, I do know that when you meet a person who has seen or heard your ad, that person is more receptive to you. Meeting a receptive person is an important aid in capturing mind-share of potential clients.

Advertising is salesmanship...the only purpose of advertising is to make sales.

—Claude C. Hopkins

Most marketing and sales experts in the accounting industry warn against investing heavily in advertising. Yet some of the Big Five firms are spending over \$100 million a year on advertising. Magazine, newspaper, airport terminal billboard, television, and radio ads from the big firms are everywhere. Marketing author Rick Crandall says that advertising is the least effective of various marketing methods for professional services. The real answer lies in the total size of your marketing budget. Our consultants generally recommend that clients spend 10% or less of total marketing costs on advertising. For a total marketing budget of \$300,000 or less, 10% is like whispering in the wind in the world of advertising.

In order to invest appropriately in advertising, accountants must use as many creative, low cost, and targeted approaches as possible. Jim Belew of Belew Averitt has used a testimonial advertising campaign for a number of years in the Dallas business newspapers. He says, “The testimonial campaign is almost as strong as obtaining a referred lead in the market place. Prospects recognize our clients, then when we meet, receptivity is high from the beginning.”

Print advertising in magazine and newspapers is good because it is relatively low cost and can be used in reprints for years to come. Reprints can be used in brochures, direct mail letters, and in proposals. Trade magazines are particularly good for accounting firms focusing on an industry. However, general print advertising in newspapers can have a short life. Seth Godin, author of *Permission Marketing*, describes the downside of most “interruption marketing” today—it gets missed or it creates a negative message. Several large accounting firms have learned the hard way that expensive ad campaigns can be a deep money hole, with little payoff.

Accountants are readers and are cost conscious. Print advertising comfortably fits these two traits. But most Americans receive their information electronically, if you include broadcast. It is important to tiptoe into the electronic advertising world. *Newsletter on Hold* is an audio newsletter that people hear when you place them on hold on your telephone; using it is a great way to tiptoe into electronic advertising. An interactive Web page, National Public Radio sponsorships, or selected business talk radio or cable television ads can be reasonably priced. However, you should not buy these just because they may be inexpensive. Buy them only if you can reach your target audience through them.

## Public Relations

Public relations (PR), like advertising, appears in various print and electronic media. Public relations, unlike advertising, is perceived as less intrusive by the consumer—and you don’t have to pay for the space or time. Generally, studies of PR effectiveness show that

PR is more believable than advertising. But, good PR is much harder to obtain. With advertising, you select your media, pay your money, and you're in. With PR, you may try a number of times to attract attention and not receive a mention.

Public relations is anything you do in the marketplace to get attention that does not appear to be advertising. Stories about people in your firm, promotions, and specialized services training or offerings are all potential PR activities. Some of the best PR opportunities come from articles you write about an interesting business topic.

### Create Your Own Directory of Experts

Provide media with a "sourcebook" of experts from your organization. This should include not only listings of your staff's technical expertise, but also human interest items like unusual hobbies or sports. For each individual, list contact information and a brief summary of qualifications.

There are many ways to obtain good PR. Any time you have a speech or seminar, make certain to let the business reporters in your community know about the event. Even in the largest markets, the business press is controlled by a handful of people. Whether they attend or not, send each one a copy of your presentation. Make certain that all the business reporters receive any newsletters and general client communications you send out. When reporters get to know you, they're much more likely to write about you. If you produce a client newsletter, reproduce one article a month for distribution to the business press. Hire one of the freelance business writers in your community to help you write your firm's newsletter.

## Cold Calling

In his book, *Guerrilla Marketing Attack*, Jay Conrad Levinson describes the difficulty with cold calling. He claims that to move a person from apathy to the point of being ready to do business with you takes 27 attempts at a marketing interaction. Levinson says that it

takes nine marketing interactions to move a prospect from unaware to ready to buy. He says that most people miss two out of three marketing attempts, so to insure you get the nine, you must plan for 27. In other words, to get nine good interactions, you must be willing to allow 18 attempts to fail. All cold calling starts with call number one out of 27. Any intelligent partner understands the significant investment necessary to move from call number one to call number 27. Most sane CPAs conclude that it is much easier to dust off the desk, clean out the files, or call for a tee time, than be subjected to 26 potential rejections.

And yet, remember when you founded your firm? You called on whomever would talk with you. Jim Belew says, "When Jimmy Averitt and I founded our firm, we made contacts with everyone we knew and many people we didn't know, asking for business." Mike Kruse said, "Five of us started together in 1993, we fanned out to the construction companies and people we could think of. We had to get business to put food on the table." Bob Gaida said, "When I opened the New Jersey office for BDO, the firm blessed me with about \$400,000 in business, and I appreciated that. But that wouldn't support the office. So, I developed a target list of prospects based upon some thorough prequalification factors that I established. I began to call on the owners of these businesses."

If I were a salesman, I would double my possible calls, for some of the best business comes through an unexpected source. Where well-laid plans have failed, persistent plugging has won.

—F.D. Van Amburgh

If you do a good job of target selling, there will be some businesses on which you will have to make cold calls. The key for success is to make as many of the contacts as efficiently as possible. Rather than making all the calls in person, use other marketing tools. Plan to use the phone on four to eight of the 27. Use letters, newsletters, and clipped articles for eight to twelve of the calls. Advertising

## Cold-Call Strategies

When you make cold calls, it makes sense to have a reason to call. Here are a few:

### Reconnaissance

- You appeared on a special list and I wanted to meet you.
- I am doing a research project for the \_\_\_\_\_.
- I'd like a brochure or annual report from your company.

### Introduction

- We have mutual friends in high places.
- We have mutual friends in low places!
- I was just prospecting.
- You 'oughta' be in pictures. (Ernst & Young uses this quite well with their Entrepreneur of the Year awards.)

### Presentation

- Try our business review or our tax review—you'll like it.
- We have a staff person available to help straighten out your books and records for a week. We'll loan him to you.

your prospect may read will also count as an interaction. A strong testimonial letter or a phone call from one of your satisfied clients to your prospect could be worth up to 10 contacts with one interaction. There are a number of firms today successfully employing a telemarketing salesperson. In some cases, the telemarketer will make some personal visits to qualify and probe the needs of the prospect.

In order to be efficient, you must have a series of marketing tools and you must use them appropriately. This is where firms like Pencor Mazur, PDI, Newkirk, and Mostad & Christensen come in handy. These firms will provide you with marketing materials on a consistent basis so you have something to mail.

## Direct Mail

For many CPAs, some form of direct mail advertising makes a great deal of sense. Letters, newsletters, and other forms of direct mail are thoroughly discussed in the chapters for Days 15–18. Generally, we recommend that each partner in an accounting firm mail to about

500 persons quarterly. Of this 500, about one-third each should be clients, referral sources, and prospects.

## Telemarketing

Telemarketing has gotten a terrible name in recent years because of the harassing phone calls we all receive during the dinner hour. But, let's face it, the telephone is a very powerful sales aid, particularly for business-to-business selling. Done well, telemarketing can be a powerful tool to help you develop leads galore.

Most CPA firms are not set up to be an executive telemarketing firm. So it makes sense to send one of your staff members to a telemarketing school like the one put on by New Clients, Inc. in New Jersey or hire an executive telemarketing agency. You may be fortunate enough to hire an executive telemarketer. Many of the national accounting firms, including PricewaterhouseCoopers and Ernst & Young, have telemarketing departments.

### **5 Key Rules for a Successful Telemarketing Campaign**

Once you have a good script that highlights your benefits, consider the following:

1. The telemarketer's voice must be near radio announcer quality.
2. The telemarketer must understand your business, your personnel, and your services.
3. No background noise should be heard by the prospects.
4. Mature sounding voices get better responses than youthful ones.
5. Slower speech patterns work better than rapid ones.

## Referrals

The Day 11 chapter is devoted to building referrals. Qualified referred leads are the strongest category of prospects you can develop. That is why I have devoted an entire chapter to the subject.

## General Networking

General networking is best performed with strong centers of influence—people who know many prospects for you. Harvey Mackay has built an industry and a science around networking. Mackay describes the concept of “six degrees of separation” (originally developed by psychologist Stanley Milgram). This concept refers to the fact that there’s a chain of no more than six people that links every person on this planet to every other person. Rarely will you ever need to use all six links. In most cases, you can get to a prospect in your community with just one or two contacts.

You can close more business deals in two months by becoming interested in other people than you can in two years trying to get people interested in you.

—Dale Carnegie

Cultivating as few as four solid centers of influence can supply you with plenty of prospects. We generally advise people in The Rainmaker Academy to develop twelve “Aces”—centers of influence or referral sources with whom you develop a deep relationship.

Civic clubs, country clubs, charities, boards, college associations, and many other organizations provide significant opportunities for general networking. General networking is essential for people starting out to build a network of business contacts. Once a CPA has a solid set of 12 Aces, it’s generally more profitable to spend more time nurturing the Aces than finding new people.

Once your network is established, you may want to move on to higher forms of prospecting such as industry networking. The chapters for Days 12 and 13 are devoted to building and managing a strong network.

## Industry Networking

For the experienced networker, involvement in an industry group is a way to multiply your successes. Being known as an industry expert within a group is a method to attract prospects who may be similar to your most profitable clients. Industry groups help you stay on top of business trends, governmental intrusions, tax events, technology developments, and many other aspects of running a specific business.

In general, every partner in an accounting firm should be involved in some type of industry or trade organization. Lou Mills says, "The targeted leads we are tracking are primarily industry focused. Once we became more industry focused, our leads became stronger and we became better known."

## Trade Shows

When you're seeking a lot of good prospects, it makes sense to exhibit at an industry trade show. The planning and implementing of a trade show effort can be expensive and time consuming. Here are a few pointers to help you make your trade show a winner.

### Focus on the Result

You want to end up with new clients as a result of your trade show activity, right? Remember, the trade show encounter is only the first step in about nine marketing interactions that you should plan with new prospects before they will buy from you. As mentioned earlier, since your prospects will probably miss two out of three attempts, in order to get nine, you really should plan for about 27. When you understand this critical point, you will feel better about the immediate results of your trade show if you return home with an ample supply of leads.

Coming away with good leads often requires you to evaluate the trade show's potential for generating leads. Ask the show promoter for a list of last year's exhibitors and call two or three of them to find out the "rest of the story."

Rarely, will your attendance at the show result in immediate business. According to Kathryn Clark, writing in *Personal Selling Power* magazine, “Two-thirds of all sales from trade shows aren’t achieved until 11 to 24 months after a show.” So, set a realistic expectation for lead generation. If you accomplish your target number, count the show a success.

## Predetermine and Qualify Your Leads

Before you attend the show, decide what type of leads you will seek. Then set your show’s marketing strategy to focus on these leads. For example, when you attend a trade show for your primary industry niche, the attendees at the show may be your predetermined targets. At a general business exhibit, the exhibitors themselves may be your targets.

### Convey Your Message

Make sure your sign says exactly what benefits you offer to attendees. People only take one second to see what your booth has to offer. Put borders around your signs—borders help the reader concentrate on the information on the sign.

—*Executive Edge* newsletter

Every time you meet someone at the trade show, attempt to qualify him as a potential prospect for your firm. Ask him planned questions that will enable you to follow up appropriately after the show. Find out whom he is using now for his accounting work.

Ask the prospect pertinent questions about the relationship such as: Has your accountant helped you be more profitable? Has your accountant helped you deal with new technology? Has your accountant helped you streamline your operations?

Ask the person you are qualifying about other decision-makers, whether there is an audit committee, a bank or bonding requirement for work, or if the decision is entirely up to the person with whom you are talking. According to Simmons Market Research Bureau, more than 70% of trade show attendees can significantly influence a decision to purchase.

If you know for whom you're looking and know when you've found her, your follow-up after the show will be more successful. Proceeding through a successful qualification will be a memorable event for your prospect and can be another step to earn your prospect's business.

## The Follow-Up Is Critical

You should allocate a portion of your time and dollar budget to the follow-up after the trade show. Unless, you also set aside this time and money for the follow-up, you shouldn't spend money to attend the show. Sometimes the proportion is 50–50. Some experts recommend a  $\frac{1}{3}, \frac{1}{3}, \frac{1}{3}$  budget:  $\frac{1}{3}$  before the show (mailing to registered attendees to attract them to your booth),  $\frac{1}{3}$  at the show, and  $\frac{1}{3}$  for follow-up. All of your follow-up activities should be set and preplanned before the show occurs. Without such planning, the likelihood of your timely and effective follow-up is low.

If your follow-up activities are planned, you can fax qualified leads to your office each day so that the appropriate follow-up letters and materials are sent. Nothing is more impressive to prospects than to return to their offices and immediately receive your materials.

Incidentally, keep the letter and the materials short. Remember, your prospect is retuning with a pile of show materials to go through and is likely to have returned to an

### Trade Shows = Good Prospects

Did you know that:

91% of decision-making attendees consider trade shows as an extremely useful source of purchasing information.

80% of attendees are decision-makers or influencers.

90% of the attendees have not been seen by your sales force within the last year.

90% plan on making a purchase within the next 12 months.

30% have a definite interest in your product or service.

It costs 33% less to generate a lead at a trade show.

It costs 62% less to close a lead generated from a show than one originated in the field.

—Center for Exhibit Industry Research

overflowing “IN box.” A big package of “stuff” will not get read and may not even get opened. Within ten days of sending your letter, phone your prospects to make sure that the information was received. Then ask for an appointment to visit the prospects in their offices.

In their offices, you will have the best opportunity to further qualify your prospects and to begin to learn about problems. A problem is a “seed of a need.” Problems are the small indications that you may be able to help. If you do not find any problem, then trying to proceed to proposal is ill timed.

According to the Trade Show Bureau, 80% of exhibitors never follow up. If you do not follow up, you are wasting time and money going to the show.

## Seminars and Speeches

Brian Tracy says that when people read something you have written, they perceive that you have about four times the amount of knowledge as displayed in the article. When you speak, the factor is ten times. I am not sure of the scientific accuracy of this statement, but I do believe in its general intent. In the Day 16 chapter, I cover many of the things you will need to know to become well known as a capable speaker.

## Tip Clubs

Formal tip clubs have become popular in recent years. Some organizations start locally, but there are also organizations who sponsor the formation of the tip clubs. Tip clubs generally meet weekly for the purpose of exchanging leads. Typically, tip clubs are restricted to one representative of each business per group (for example, one CPA, one banker, one contractor, one real estate agent, and so on). In order to belong to the group, you must contribute leads in order to receive leads. A tip club with ten to twenty other “bird dogs” working for you can be a powerful source of new business. Most tip clubs are run like franchises, but some CPAs have started their own.

## Summary

There are so many ways to generate leads that every accountant can find methods that are comfortable (or at least, not too uncomfortable). If you allot time for planning lead generation activities, doing the activities yourself, and following up, you will produce solid leads and new clients.