

"Footnotes"

JANUARY 1994 FAE COURSES ROCHESTER, NEW YORK

DATE	COURSE TITLE, HOURS, COST	LOCATION
01/07	Difficult GAAP Issues Discussion Leaders: Reva B. Steinberg, CPA and Dorothy E. Walker, CPA 8 hours CPE. Fee: \$185	Rochester Plaza Hotel
01/11	Nonprofit Accounting Conference 8 hours CPE. Fee \$195	Rochester Marriott Thruway
01/12-13	1040 Tax Clinic Discussion Leader: Arthur Auerbach Course Level: Basic/Intermediate 16 hours CPE. Fee: \$199	Rochester Marriott Thruway

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GO TALK WITH 'EM by George Scott

An accountant is probably one of the best friends a small business owner can have. The problem is they just don't realize it. And sometimes when you try to help them, they reject it.

Do you feel like writing those clients off? Don't! At least not yet. You both just might come out ahead if YOU take the initiative to talk with 'em - one more time.

Why make the effort? Here are few reasons:

1. **The timing may be right.** - In the 1980's, it was TAMRA '86 that had small business owners' minds boggled. Now it's health care reform. As things change, people change. They may be ready to listen now.
2. **Client relationships may improve.** - The end of any relationship is a disappointment for both parties. Chances are, each of you will feel better if your relationship becomes one that can be treasured not trashed.
3. **Per client revenues may increase.** - The client's proper implementation of your suggestions may require your substantially increased involvement. At a minimum, a few more billable hours may be possible.

Now let's examine why clients are resistant to worthwhile advice - especially when they need it the most. Since becoming a business broker in 1984, I have observed numerous instances of this occurring. Three sources of the resistance that appear regularly are:

Lack of Understanding. Each business owner has his/her own strengths and weaknesses. The major strength of many small business owners is rendering the service or making the product for which their firm is known. The major weakness is often a lack of understanding of the "financial workings" of their businesses.

This frequently emerges in the form of improper record keeping, poor cash management and a confusion about what their financial statements are telling them.

Pride. By definition, entrepreneurs are people who take risks and stand to gain or lose from their management of those risks. Often, the pride that accompanies an indestructible belief in themselves and what they are doing is what helps pull the owners through the rough times.

All too often the very thin line between steadfast self-belief and costly pride becomes blurred. It then becomes difficult for some owners to accept help because they view doing so as a sign of weakness.

Fear. Ironically, many troubled business owners appear to fear change, even though it may be just what they need. One might speculate that they fear failing at the new effort, since they appear to be failing at their old efforts.

More specifically, business owners on a tight budget fear they

cannot afford any of the fees and other costs related to the acceptance and implementation of suggestions.

Helping your clients overcome these mental obstacles with irrefutable and understandable solution is one way they will consider you to be one of their best (business) friends. All you have to do is go talk with 'em.

Before you do, identify your strategy and select your approach. A suggested one follows:

Select your candidate. Sit back, think for moment and list your top five business clients who could benefit the most from your increased guidance. Although some of them may have rejected your help in the past, try again. The changed business environment of today may cause them to be more open-minded than ever before.

Identify two problems. Why two? The strategy here is to "give away" the easiest solution and to "keep" the other one for revenue generation.

Since troubled business owners usually have more than one problem, identification of them and the underlying causes should be easily accomplished.

For example, your giveaway solution to a "cash crunched" owner may be to suggest an updating of the firm's credit policy to offset the steadily increasing average age of accounts receivable. The keeper solution could be the revamping of the firm's entire cash management system.

Prepare simplified solutions. An open mind is one that is not confused. From your perspective as an accountant, the problem may be easily identifiable and the solution clear-cut. However, a non-financial person may be easily overwhelmed by certain financial concepts.

Be ready to translate your observations and suggestions into everyday-living results. For example, be ready to show how proper cash management can provide the money needed for a child's college expenses or for the long overdue vacation promised to a spouse.

Set the tone. The proper environment can greatly improve a client's open-mindedness. Therefore, a business luncheon may provide the appropriate relaxed, neutral setting for each one-on-one presentation - especially if you let it be known that you are picking up the tab.

Once together, talk with them about their business and personal goals. Talk with them about their past and present financial performance. Ask them what they feel their problems are. Listen carefully to their answers.

Because, in turn, they may just listen carefully to you - one of the best business friends they have.

George Scott is a principal of Vangellow/Scott/Benz Business Group, a Pittsford, N.Y. based mergers and acquisitions firm.