

Go Deeper When You Choose Your Next Business Advisor

So, it's time to find a professional advisor. Whether it's an accountant, attorney, insurance broker, or wealth advisor, how do you choose?

Choosing or replacing an advisor can be a daunting task. How do you determine the criteria you'll use to judge them? A lot of people head to the internet where they find a barrage of articles with suggestions for basic criteria. Great, right? Well, maybe. Look closer.

Often these articles are written by professional advisors themselves, and they identify criteria important in the eyes of advisor-authors. Usually, they're basic facts like certifications/licenses, experience in your industry, experience with the type of work being performed, additional capabilities of the firm, the timing of work, fee structure, and in some case, client references.

Extreme Vetting

While the basic facts are relevant, few of the articles go deep enough to address the most important factor in the relationship - factors we call the client experience. What is it really like to be a client of a particular firm? What are the benefits to my business? To find advisors that are not only effective but have longevity, we suggest more "extreme" vetting.

Your Strategic Issues

In our surveys of more than 8,000 clients of professional service firms, we gained deeper insight into why businesses select specific professional advisors, and why they continue to retain them. The survey uncovered the characteristics clients most desire in a client-advisor relationship, and the extent to which their current advisors meet expectations.

The results were surprising, yet consistent. We asked business owners about the top strategic issues they were attempting to solve. Most business

owners surveyed include at least two of the following issues, which will likely resonate with you:

- Organic revenue growth
- Geographic expansion or acquisition
- Improving profitability and cash flow
- Better data and metrics to manage the business
- Recruiting and retaining qualified employees
- Business succession/transition

We also asked business owners if they are getting the help they need from their advisors in addressing these issues. A significant percentage said no. The insight to take from this is that when you're interviewing potential service providers, and he/she doesn't take the time to ask about your current issues, it should be a red flag. If the potential advisor does ask, be specific, but then get answers to the following questions:

- How does your expertise/services help me with my major issues?
- Do you, specifically, have the expertise to help with my specific issues, or is there someone else in your firm who can?
- If not, do you have relationships with others outside your firm who can?
- How many clients do you have that are similar to me in size and complexity? Will I be your largest? Smallest? How important will I be to you and your firm?

Client Loyalty

Our survey also explored whether clients would be willing to refer their advisor/service provider to others. This is a key parameter. A client may be satisfied with a service provider, but one study discovered that 80 percent of businesses who changed providers were satisfied right up to the time of the switch. Only loyal clients will refer to others. Our research indicated that 58 percent of professional service clients would be willing to refer their firm to others. So, 42 percent would not.

As you move through the process of vetting a new provider, even one referred by another of your advisors, ask to speak with a few of that firm's clients. A firm courting your business will gladly provide references. Of course, they will only provide references that they believe will be positive. So, it's also wise to use your network to find others who no longer use that specific firm.

Examples of questions for reference checks include:

- Would you recommend the firm to others? Why?
- What aspects about the relationship and client service do you (did you) find most valuable?
- Does the firm meet its commitments for quality and timeliness?
- Describe the level of communication. Do they keep you advised regarding the progress of their work they are doing for you?
- In addition to their current project, are they proactive and do they provide suggestions to improve your business?
- Were you ever surprised by their bills? If so, please explain.

Engagement Letter

Once you make your decision, the firm should prepare an engagement letter for your signature. The engagement letter is a legal contract, so read it carefully before agreeing to terms. By the way, if the firm does not use engagement letters, start the vetting process over because you've chosen the wrong advisor. Prior to signing the engagement letter, ask them to agree to and sign a client "service promise", similar to the one below. They may not,

but at least you have set out expectations about client service.

- We [name of firm] will respond or acknowledge all phone calls and emails within 24 hours.
- We will spend quality time planning the work so our project time is not wasted on nonessential activities that add no value.
- We will always carefully discuss the scope of our work, what we will do, what your staff will do and we'll find ways to keep our fees to a minimum.
- We will immediately inform you when we expect a change in scope of our work that will result in additional charges and offer alternatives to getting the additional work completed.
- There will be no billing surprises - ever.
- We will always show you how our work adds value to your business.
- We will not charge for initial meetings to discuss additional new projects.
- Everyone in our firm who works on your account has a back-up who can assist or step in and we will provide you with their contact information
- We will proactively look for opportunities to provide business advice
- We will promptly inform you of changes to our team that supports you and involve you in the process

When retaining a professional advisor, you may be putting your company's reputation, direction, and even financial health on the line. Looking good on paper and actually being good are two different things. Go beyond the typical vetting process. Extreme vetting is an investment that will pay off in many ways.

This article was originally published in the [Sept 25, 2017 Upsize magazine](#).

For more information or to learn how L. Harris Partners can help you grow your business:



Phone 952.944.3303
tom.siders@lharrispartners.com
www.lharrispartners.com