

LIABILITY LESSONS

"A client's support during an engagement should be on par with the quality and timeliness that they expect from you."



Reminders Help Client Relations

By Jonathan S. Ziss, JD

Insightful lessons can be learned by reviewing professional liability issues. With this in mind, Mather & Co., a division of Bollinger Inc., provides this column. For more information, contact Mather at philadelphia@bollingerinsurance.com.

Client communication begins with the engagement letter, about which one cannot say too much. As we all know, the engagement letter communicates your role in the relationship, what you will do, what you will deliver, what you will be paid. A comprehensive engagement letter is a must. But that is just the beginning of effective client communications.

Once the engagement is under way, the client typically will need to assist the CPA in some way. Whether that is gathering documentation, completing personal tax work sheets, ordering appraisals, or executing authorizations, clients are active participants in your work. As a result, they must do what they are expected to do within a prescribed time frame. Clients, however, often see themselves as passive beneficiaries of your service. This can lead to a dangerous disconnect. They need your leadership and guidance in this area.

You delegate tasks to staff every day, and you supervise and manage those tasks via task lists and a tickler system. Why not manage your clients the same way?

Begin by conditioning their expectations. In the engagement letter, make sure you note that you might need more information or input. This can be a generic reference, but be clear that if the situation arises in which you need their participation, you will let them know in writing what needs to be accomplished and by what date. Include a statement to the

effect that you are relying on them to assist you, and that there are certain tasks that a CPA cannot accomplish without them. Also, let them know that the quality and timeliness of their support should be on par with the quality and timeliness that they expect of you. This is a blunt message, but it is clear and it makes sense.

Consider a tickler system for your clients, and not just to collect receivables. For example: "Dear Mrs. Hunter, last month I explained that you need to provide me with an appraisal of the Maryland property. Thirty days have passed, and we have not yet received the report. We need that information to complete the paperwork to file for the charitable deduction. Unless I receive it from you, I will be unable to complete your requested filing." Following up after a prescribed amount of time is critical. Clients, like you, are busy. They may put things to the side with every intention to complete them, but they might get sidetracked or forget.

This sort of client contact has a number of benefits. First, it fosters compliance by motivating clients to action. Second, tickling your clients helps to re-emphasize the engagement letter's statement of what you expect from your client and what your client should expect from you. A "tickling protocol" also reassures discipline in your internal processes, which reduces managerial stress and uncertainty. Externally, it also serves as a form of soft marketing, reinforcing the fact that you exist, that you care, and that you get things done.

Beyond these benefits, should your relationship go bad, you will have created an evidence trail where you do not have to rely on recollection alone. Also, clear correspondence, whether traditional or e-mail, can provide a fixed point in time

from which to reckon when a statute of limitations began to run.

Too much client communication is seldom, if ever, the root of a litigation problem. Too little communication frequently is. So, reach out and tickle your client. You'll both feel better for the effort. ■

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