

BREAKING UP IS HARD TO DO!

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BREAKING UP IS HARD TO DO!

- ▶ Why Dismiss Clients?
- ▶ Start Out Right
- ▶ Initial Assessment
- ▶ Preliminary Investigation
- ▶ Engagement Letter
- ▶ Reasons to Dismiss a Client
- ▶ Evaluating Your Clients
- ▶ Warning Signs to Disengage
- ▶ How to Disengage
- ▶ Other Issues to Consider

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WHY DISMISS CLIENTS?

- ▶ The goal is to reduce the number of "D" clients to improve the profitability of the practice and to allow you to focus on your "A" clients.

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**START OUT RIGHT**

- ▶ The best way to avoid dismissing a client is not to accept a problem client in the first place!

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**INITIAL ASSESSMENT**

- ▶ Does this client fit with your target market?
- ▶ Do you have the expertise to service this client?
- ▶ Was this client referred by someone you know?

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**PRELIMINARY INVESTIGATION**

- ▶ Contact the predecessor accountant
- ▶ Is there a history of switching accountants?
- ▶ Inquire as to operations, pending lawsuits, tax problems, etc.
- ▶ Use a client screening checklist

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### ENGAGEMENT LETTER

- ▶ Clearly spell out services to be performed and fees to be charged
- ▶ Clearly spell out the responsibilities of the client
- ▶ REDUCE THE CHANCE OF MISUNDERSTANDINGS

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### REASONS TO DISMISS A CLIENT

- ▶ PITA client
- ▶ Below average clients refer below average clients
- ▶ Certain referral sources become hesitant to send high quality clients if they see you serving indiscriminately chosen clients
- ▶ Too much time spent on less desirable clients
- ▶ Risk of lawsuit
- ▶ Risk of nonpayment

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### EVALUATING YOUR CLIENTS

- ▶ Evaluate your clients annually
- ▶ Not only does client evaluation enable you to address problem clients but gives you the opportunity to gauge changing business needs and sell new or additional services to the client
- ▶ Factors to be considered include job risk, profitability, referrals generated, timeliness of payment, firms' satisfaction with the client, etc.

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**WARNING SIGNS TO DISENGAGE**

- ▶ Difficult, manipulative or uncooperative client
- ▶ Unresolved complaints about your service
- ▶ Client complaints about your fees
- ▶ Consistently delinquent payments
- ▶ Client suffering business or personal hardship

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**WARNING SIGNS TO DISENGAGE**

- ▶ Personality conflicts between client and firm
- ▶ Unseemly, unethical or fraudulent activity
- ▶ Changes in client business
- ▶ Change in firm partners, staff, goals
- ▶ Conflict of interest

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**HOW TO DISENGAGE**

- ▶ Do not disengage by raising fees
- ▶ Make the client feel that you are acting in his/her best interest
- ▶ Put it in writing
- ▶ If possible, provide ample time for upcoming filing deadlines
- ▶ Do not allow your dismissal letter to reflect your personal feelings

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OTHER ISSUES TO CONSIDER

- ▶ Collecting past due fees
- ▶ Turning over documentation
- ▶ When is it necessary to contact your malpractice insurance carrier?

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Any Questions?



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