

Super service

How to get professional service providers to work harder for you **Interviewed by Matt McClellan**

Many companies retain professionals including lawyers, accountants and others, most of whom charge by the hour.

The hourly charge method of billing leaves the client with the feeling of an open checkbook, sometimes resulting in a rocky relationship. This dilemma may prevent the client from obtaining the maximum value out of these service providers.

Glenn M. Gelman, managing director of Glenn M. Gelman & Associates, has found that many clients have difficulty trusting these professionals. The lack of trust stems from a lack of understanding, which can be easily remedied.

"It's all about communication by both parties," Gelman says. "The most important part is for the client to be honest and up front with the lawyer, CPA or any professional who charges by the hour."

Managing expectations on both sides is the key element of communication.

Smart Business spoke with Gelman about how to reach an agreement that allows you to remain in control without stifling the professional you've hired.

What are some major misconceptions about professional service providers?

Clients tend to believe lawyers and accountants delegate not to leverage time in their clients' best interest but to have their employees learn on the clients' expense. Their perception is that larger firms keep people busy on cases and stuff the envelope. The professional is really saying, 'If I can delegate this down and supervise it, the client pays less overall.'

So there can be major miscommunication from the beginning as to the use of professionals.

The key to avoiding this problem is for the client to understand the delegation practices and the billing practices of the professional. If a problem arises, the client should immediately ask for an explanation every month until he or she is comfortable.

Questions to ask before services begin include: How often do you bill? What is your retainer? How do we resolve disputes? How do you use your staff? When will you use subordinates, associates and/or outside resources?



Glenn M. Gelman, CPA, MST, CFF
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What should clients ask professionals about their services?

Ask for a ballpark estimate of what the case or project is going to cost, then reach a 'not to exceed' maximum and negotiate charges for things such as phone calls, letters, or meetings. The client should also ask what kind of outcome to expect and the cost-benefit analysis of this expense. Too often clients say, 'Go ahead and do it,' without asking what it is going to cost.

In our business, a client will tell us to go ahead and amend that return and get us a refund of \$5,000. But it might cost \$3,000 to get back \$5,000. On the surface, it sounds like a no-brainer, but it really isn't when you know it would increase your audit risk and extend the statute of limitations, as well. That's why you should analyze the cost-benefit of anything you ask a professional to do.

Lawyers, for instance, rarely can predict the outcome of lawsuits. Clients always ask, 'Do you think I'm going to win?' But they don't always ask what it is going to cost and what the worst-case scenario is — like a countersuit for bringing a frivolous lawsuit or for inten-

tional infliction of emotional distress.

Ask your lawyer or accountant the expected cost and benefit for each service every month to ensure there are no surprises.

What can clients do to get the most out of their service provider?

A client needs to allow the professional creativity and have some faith and trust in them. They can't handcuff them. You don't tell a doctor not to run blood tests this time because you don't want to pay for them.

A provider is a human being. If you complain about every bill, look for discounts and pay late repeatedly, you are going to move to the bottom of their list of priorities. The client-provider relationship is a two-way street. Being a good client means asking the right questions but not arguing every item every month. On the other hand, creating a list of expectations and due dates helps avoid disputes, and constant open communication goes a very long way.

What can clients do to optimize the efficiency of these professionals?

Professionals and clients need to communicate when determining how to approach a project and what it might cost, and conduct monthly updates before an invoice goes out. Clients need to know if they're going to get a bill for thousands and why the bill is that particular amount. Clients hate surprises. To avoid surprises, they have to take responsibility for those things they can do themselves. For example, if they offer clerical help for the lawyer or organize their materials the way the attorney or CPA wants it, clients can save a lot of money. If they follow instructions relative to organization materials they give to a professional, they cut that person's time in half.

Be an educated consumer. The service provider should communicate everything in advance and constantly allow the client to be in charge. That dissipates that automatic distrust. <<

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