

A Capstone Conversation With Hitendra Patil



Head of Customer Success
AccountantsWorld by IRIS



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Hello, this is [Jean Caragher](#), president of [Capstone Marketing](#). I am excited today to be talking with [Hitendra Patil](#), who is the Head of Customer Success at [AccountantsWorld](#) and the author of [Client Accounting Services: The Definitive Success Guide](#), which was published by [CPA Trendlines](#). Hitendra is also the author of [Accountaneur: The Entrepreneurial Accountant](#), and has been named one of the 100 Most Influential People in Accounting for the past five years. Hitendra, welcome to the Capstone Conversation.

Hitendra: Thank you, Jean. Thank you for having me. And thank you for those kind words to introduce me. I'm so excited to be here.

Jean: Well, they're well earned, right? The crux of our Capstone Conversation today is all about client accounting services. I've heard a lot of different definitions and acronyms. Tell us how you define client accounting services.

Hitendra: I, too, have heard so many versions of it. It can really become confusing. But for me, it's a pretty simple definition. If your client does not do accounting, you're doing the accounting. So, that's client accounting. Don't confuse here in terms of what is meant by accounting because people have different perceptions of that. Entering transactions in an accounting software is not really accounting. That's just doing business processes, for example, issuing a bill, entering an invoice, and things like that, right? So, that is not really accounting.

If your client claims that they do the accounting, that's not client accounting. If you're doing, for example, post-facto write-up work, you get bank statements, credit card statement, you enter something, create financial statements, that's not client accounting, really.

Client accounting is where you, the professional accountant, really takes over the reins of the way the professional accounting should be done so that the client benefits from your intellect, your experience, your education from an accounting standpoint. Technology, anybody can operate really now.

Jean: So, it's not the process you're talking about, it's what you do with the information gained from that process to help the client.

Hitendra: Exactly right. It's the outcome of everything you do because that has to make a difference to your client. For example, today, if you're not doing client accounting, that's what you think, and tomorrow you start doing it, what is it that the client will get differently? What is

the client going to do with that difference? That's where everything goes, ultimately. We'll cover that in our discussion as we go along.

Jean: Why do you think that client accounting services is so big right now? Even touching upon what you just said, I know there are a lot of accountants out there saying, "Yeah, we do client accounting services." And, they really don't by this definition. Why is it so hot right now?

Hitendra: It's a bit of a history of the profession and the technology together to some extent that needs to be seen to really get a grasp of why this has become such a popular thing in recent times. If you go back maybe 10 years and you saw mostly desktop softwares, no accounting softwares, purely desktop. Business owners, typical small business owners, which constitutes probably 90% of the accountants' clientele, would keep that software at their office and try and do some things in that software. For example, the same thing, the bills, the invoices. Those I call the business transactions. Essentially, an accounting software or an intended accounting software, to put it really correctly, was used as a business process or ERP kind of a software, like a very micro-mini-ERP for a small business.

“... data that was locked inside desktop software is getting totally liberated or freed up for an immediate, sense-making purpose.”

Then, the business owners would either give that software copy to the accountant or the accountant would go to their offices, locate the things, and correct certain things. For example, an expense that was entered as an expenditure of being an asset purchase, really, which means it can be depreciated over a longer period of time and hence it can have tax implications and things like that. So, the accountant's brain was used at a later stage after transactions were getting created. Now, with the internet coming in, the word cloud emerging, most of the database is going on the cloud, which means the integrations are much more easily possible. That's why you see several different software coming in the market, from bill payment to credit card processing to whatnot, and everything is possible to be integrated with each other because of the cloud. This means that data that was locked inside desktop software is getting totally liberated or freed up for an immediate, sense-making purpose. That's where things are going.

Today, if you're on the cloud, the accountant and the client can literally see in software at the same time and an accountant can literally oversee what's happening in a business on a day-to-day basis if they wish or if they are paid for it, of course. Right?

Jean: The cloud changes everything, right?

Hitendra: It changes everything. Essentially, it's a freedom from the location of the data so that an expert can guide the business owner at the right time, not three months after the transactions are over. They can easily say, "Hey, look, your inventory is increasing and your

sales are not growing that fast. Why are you accumulating inventory? It's going to be a problem for you." Those kinds of insights you can easily give right then and there if you're collaborating on the cloud. Many businesses have noticed this shift.

“Let the professional do the professional's work and let me focus on doing my business, especially in the pandemic two years plus now.”

If you look at the younger generation going to the cloud directly without knowing there was a desktop software, they're fully aware that somebody can look at my data in the middle of the night and make sure everything is right. The more they see that, the more they are inclined to give that work to the accountant. Let the professional do the professional's work and let me focus on doing my business, especially in the pandemic two years plus now. Everybody has to focus on their own craft. You can't be spending time on admin stuff, and accounting stuff and things like that. That's not your business as, for example, a restaurant owner. I would rather make sure my restaurant is doing well than to make sure my accounting data is accurate. Let that be done by a professional. It's easily possible now.

Jean: Your explanation is fascinating to me even though, I don't want to call it basic, but what hit me was that over this trend, this time period you're talking about, it has enabled the accountant to stop completely reporting history of a business in a time when it may be too late to actually do anything about it to the accountant being able to be more proactive and helping the business owners look forward.

Hitendra: Exactly. You hit the nail on its head, Jean. It's in one of the podcasts I did. I still remember those two sentences. Look, in CAS, technically, as an accountant, you will still be working somewhat on the past to glean some lessons from it, but more and more you will be working with the customer or the client in today and in the future. That's where CAS is very different from traditional accounting services.

Jean: It's requiring accountants to use their interpersonal skills and communication skills in addition to their technical knowledge. Let's face it, accountants and CPAs, they're really smart people.

Hitendra: I had a client, he was a CPA, 19, 20 years in practice, high-end, high-net-worth clients in San Diego. He told me once at his office when I visited, "After 18 years in business, I realized that financial statements are the accountant's responsibility. Business owners don't really care, unless you show them something that hurts or that is pleasing." So, I got to tell them, "Here is this financial statement. I'm keeping it as an accountant, but here is what you should know from this." I think that summarizes a lot because if you don't explain, if you don't have those interpersonal skills to be in front of the client or on the phone or on Zoom, wherever you are, and be able to relate to what the business owner has as goals, aspirations, fears, and how do

you collate that data with accounting, what it shows you in terms of insights? That's when you're really becoming successful in client accounting services.

Jean: Let's talk about the factors that need to be in place for a CPA firm to grow a client accounting services practice.

Hitendra: Most firms that I used to talk to, even today, feel that you change the technology and you should be good to go with CAS. But, that's just one piece of the puzzle. Essentially, as I said, from what you've been doing till now, today, let's say you have 50 clients, 100 clients on accounting, and tomorrow you go and say, "Hey, I'm going to be giving you client accounting services, and hence, your bill changes from X dollars to 1.5X dollars." The customer is going to just look at you blank and, "What changed?" Right? You got to make sure that whatever you're going to offer the customer will be able to make out the difference, "Oh, this is what I'm getting now that I was not getting before."

“Most firms ... feel that you change the technology and you should be good to go with CAS. But, that's just one piece of the puzzle.”

That's a big hurdle in terms of how the client accounting services pitch is to be made, but it's also simpler to some extent. If you're already doing higher-end work for some of your clients, not all, then you pick that thing, apply that to the clients that you feel are a good fit for client accounting services, and show them, "Look, you've been getting only this, but here is the piece of my brain and insight and education and expertise that you've not been getting and I feel you should be getting this. Take a look at this sample." That's when you show side by side. That's the contrast principle in marketing. I'm sure you know all that, but that's when people make out that difference.

You got to have your processes in place internally first, make sure your team is on board as to why do we want to go towards that. Sometimes it can be difficult, actually, for some people who've been in the profession for long enough and work equals more or less input equal to output standard processes. It can be very difficult to change and even fearsome in terms of, "Oh, I don't want to talk to the client. That's not my game." I remember one of my clients, in Cincinnati, Ohio. Ten years in a row, he was the best accountant in the city. I gave that CAS book pre-publication to him, "Hey, can you give me your opinion. You don't have to read everything. Just go through." And back comes the reply, "Look, I'm a numbers guy. Don't tell me to use words. Tell me what you want me to do with this book." So, that can become a habit. That's when it becomes a bit of a challenge, possibly psychologically, but it's easy to overcome. Lots of people have done it. It's not like you're going to be the first one in the world to do that.

That's another thing. So, your team to be on board, your processes to be changed, your delivery of outcomes needs to be different. Of course, you got to use technology to make things easier, faster, and things like that. Just for example, simplest of the things like integrations,

automations, pure bank fees and accounting, those can minimize the manual work by even 75% of what you're doing if you're doing steps manually. That releases a lot of time for you and a lot of efficiency gains, a lot of cost reduction, of course. All those things you need to have in place before you even pitch it to even existing clients.

Jean: It seems to me that this effort, like any effort within an accounting firm, particularly one that requires the amount of change that creating and executing a CAS practice needs, that a firm needs the champion or the person that's going to lead this effort and rally everybody around it.

“If you have a CAS champ on your team, that's the basic requirement, fundamental, because without that nothing moves far because then it dissipates.”

Hitendra: Absolutely. That's my favorite part of the whole CAS game. If you have a CAS champ on your team, that's the basic requirement, fundamental, because without that nothing moves far because then it dissipates. Many firms would have things like, "Okay. This person at my firm will handle X number of clients." It's all distributed. To establish a common practice in a distributed mechanism is always challenging in any business. So, CAS champ has to be absolutely convinced that this is the way to go forward. This is why it will be useful for our firm. This is how we are going to attract a better class of clients and hence make more revenue, more profit per client because we are offering better insights that can drive the businesses..."

Jean: Oh, you froze there for a second.

Hitendra: ...in your firm and you see different experiences, then you're able to collate them really quickly and make sure the patterns and trends are noticed very quickly and you adjust as you go along your processes, your technology, even your outputs to your clients.

Jean: I would think that the opportunity for a firm to offer more challenging services to their clients would help with both attracting employees to the firm and keeping them.

Hitendra: Oh, yes. That's a good side effect, I would say. It does happen. I've seen those things happening in many, many firms, typical, standard complaints or challenges faced by the firm owners, "Hey, look, I got the staff. I trained them so much, and now they left." Especially with the smaller firms, this is a bigger challenge because every human being wants to progress, expand. Within a smaller firm when you do routine work and you don't get the chances to really grow in your career, you're going to look for different challenging opportunities.

At the same time, the routine also kind of makes you bored. As they say, do you use hands or do you use your head to do your work? Of course, you need to use both when you're doing on computers, but if you're predominantly using hands, you're going to be disillusioned pretty

quickly. So, it does help. Some people really love that interaction and ability to apply mind on solving problems that the customers may not even notice. That is definitely an exciting kind of a work platform that you can give.

Jean: Now, we've touched upon this a little bit already, the skills that are needed to implement a CAS practice. We've touched a little bit upon communication skills and being able to translate what the financial information means to the client. Are there other skills that need to be in place for CPAs to be successful in client accounting services?

“One of the simplest things to do is if you're producing an outcome and delivering it to a client, if you were that client, what would you gain out of it?”

Hitendra: One of the simplest things to do is if you're producing an outcome and delivering it to a client, if you were that client, what would you gain out of it or what would you look for into that output that you gave? Switching in terms of your view from a CPA or firm view to a client view, it's a practice that you need to do literally, and then you figure out. The simplest ways to do that is just note down all the questions that you're getting from your larger clients and you see what they're asking. Obviously, the smaller clients may not be asking those questions because they really don't use that kind of input from you. In that case, why are they asking that questions? They're asking those questions because they cannot figure that out from your outputs. Those kinds of mindsets, those kinds of practices on a day-to-day basis can really help you grow to that CAS expertise level. It's just a matter of a few months, really. If you really do that very well, you will find that. Even at my end, I tend to note down the basic questions that the customers ask in terms of what were they thinking when they switched to software, for example. There's always some kind of objective here, whatever it is. And sometimes...

Jean: What did they want to accomplish? Why did they do that?

Hitendra: Yeah. They don't even know the possibilities with what you're offering. It's our job to tell them, "Look, my 17 other clients are doing this for this particular reason. Is that something that feels good for you?" And many times, "Oh, you can do that?"

Jean: That's right. A lot of us forget that we have to tell clients what we're capable of offering them, right?

What is the biggest mistake that you see firms make when they're creating or implementing their CAS practice?

Hitendra: I think there are two. One is thinking that CAS is just a natural expansion of what you're doing and, hence, packaging certain things and pricing certain things in a certain way, and this is what we will do, this is what we will advise. Then, thinking that clients will feel that there is value in it. It's not as easy as that. The value is always perceived, not what you think

you're delivering. That's another challenge I see. Many times, the firm simply go by, "Now, let's look at other CAS firms. What are they doing? Let's find out the patterns and let's design our CAS offering based on that." It's not as simple as that. Anybody could copy that, right? That's one mistake.

The second is making sure that the clients are actually experiencing the value every time you're delivering an output or a result of your CAS services. You cannot just simply email them, "Here are the results," even if you're applying a lot of mind, finding insights, writing them down. Communication delivered is never communication received. So, having to go back to the clients and making sure they're at least giving you 15, 20 minutes. That generally expands to one and a half hours. I've seen that. Those discussions are critically important, at least in the beginning, three to six months after the client comes on board with CAS. After that, the client kind of figures out, "Yeah. This is what I should be looking for and this is what the accountant is capable of telling me."

“... making sure that the clients are actually experiencing the value every time you're delivering an output or a result of your CAS services.”

Jean: You've mentioned a couple of times because this is also touching on pricing, and I know that's a chapter in the book, of course, because that's part of how you do business. It's even more important for the client to understand the value of what they're getting from client accounting services as opposed to the CPA telling them what they're going to get. The CPA needs to get that buy-in on behalf of the client, I would think, in order for it to really be collaborative and to work.

Hitendra: "Absolutely. Pricing is just the final step. That is very hard for a client to understand. I try to tell the accountants that interact with me is "relate that pricing to the decisions made or not made by the business owners. For example, for us to be able to apply our mind to your business trends we need expert time, and that's why we need different pricing for CAS".

Here is what happens when you don't buy the CAS services. Here are the types of decisions that we see business owners make as mistakes and cost businesses on an average X dollars in terms of lost revenue or lost profit or whatever. Or we say, "Okay. Look, you're making this decision correctly, and hence, you must expand on that kind of an activity." For example, what is the customer's product or services segment that is really doing well and profitability is higher? Where should their marketing effort go? Those are the things you can actually derive from the accounting databases and insights. If you don't communicate that as a business decision criteria help, it's hard for the business owner to relate to only financial statements or even the insights from the financial statements. You need to connect it with their decision-making. That's another thing. Decisions are greater than the destiny, right? That's where you go back and elate

pricing in terms of, "With this pricing, we'll be able to give you that advice that will help you make better, faster, solid decisions."

Jean: What is the best way to market CAS services? Do you encourage firms to start with their existing clients or new clients or a combination? What's working in marketing a practice like this?

Hitendra: Purely from an efficiency point of view, I always recommend that you start with your existing clients simply because you have the existing relationships going. They're willing to hear you out. You have their time slots available all through the year. To some extent, you can just pick up the phone and talk to them versus marketing to prospects. Those are cold-calling kinds of things and you don't even know the customer or the prospect. You hone your skills on how to pitch the CAS benefits based on what you do with your clients.

“... you will find maybe one-third of your clients are a good fit for your CAS services because of growth trends, their volume, and ... they're the ones who will be able to see the value very quickly.”

Even within your client list, you will find maybe one-third of your clients are a good fit for your CAS services because of growth trends, their volume, and things like that and they're the ones who will be able to see the value very quickly. Once you tell and they ask you 17 different questions and then they say, "No. I don't like it. I don't see any value," then you know that you have a value proposition problem on your hand. So, why go with the prospects and spend so much money in getting the prospect in the door just to deliver a not-so-good-value proposition? That's when you go first to your clients.

Again, going to your clients, pitching them something also means you got to deliver on that promise. You're trying to tell the client, "Look, you're in land A. I'm going to take you to land B at this extra cost or extra effort." Did you really make the client feel that he's landed in land B? If not, you're going to be in trouble. Two, three months, six months, it could be anything depending upon your speed as to when does the client start seeing the value? They first and foremost accept there is going to be a bigger value in CAS. Then, you take and expand that into your marketing mechanism to tell that to the prospect. Again, the same thing. If you noted your clients' words easily, put them in the marketing mix, your marketing content, somewhere somebody will say, "Oh, that's me. That's exactly what the problem that I'm thinking that I have. So, let me talk to this accountant." That helps.

Jean: Using testimonials would be a great marketing tool to share those experiences that you're having with other clients.

There are a million questions, but let me just ask you one more for today. The book covers a lot of information. Hold it up, Hitendra. There it is, folks. Nice and bright.

Hitendra: It is pretty heavy.

Jean: It is a heavy book. I understand it's also now produced with a ring binding so that...

Hitendra: The workbook format. We got a lot of requests for that. They were dog-earing things and they wanted to note down certain things. We did provide a little margin, extra margin to note down, but that was not enough.

Jean: Let me give it a plug, it can be purchased at [CPA Trendlines](#). That's our buddy, [Rick Telberg](#). Right, Hitendra?

Hitendra: Yeah, absolutely.

Jean: It covers a ton of information. As we just mentioned, it now comes in a workbook format, so you can just get down to it with that format.

One of the points that you mentioned in the book is the communication challenge of client accounting services. We may have touched upon that a little bit already, but tell me a bit more about what you mean by that communication challenge.

"We lived without CAS for years. Why now? What makes a difference? Where is the proof point?"

Hitendra: Internally, everybody needs to be on board, your partners, your staff. If they don't see the value and they can't communicate it exactly in the same way as everybody else would within the firm, that's your first challenge. It always starts internally. Even to the partners, they can easily say, "We lived without CAS for years. Why now? What makes a difference? Where is the proof point?" Things like that. Those can come up and those are valid points. Why would anybody want to change what's a good revenue and profit-generating mechanism? You don't want to touch that, right?

Jean: It's worked like this for decades, right? Why do anything different?

Hitendra: Right, exactly. It's risk. So, that's one. Two, the staff. They may not be comfortable dealing with clients because you may not have exposed them to client interactions. Somebody who has never spoken to a client or maybe once in a while, they will have this nightmare, "How do I hold myself when the client calls and meets me? And, if I say something wrong and the client goes away, who is going to be responsible?" You got to train them up in those client conversations.

I recommend what I call the shadow method. Every time as a partner you go on a client call, have your CAS person on that call, fly on the wall, don't speak anything, just listen to what it is. Then ask, okay. And the next 10 minutes, just note down what you heard. What were the key

things? If they can start writing that down very quickly, in a few meetings they'll be able to know what exactly were the value points that we're getting discussed. Then they know, "Oh, this is simple. I can do that." That's the next thing.

Jean: They're building up their confidence.

Hitendra: Yes, absolutely. You have to follow the practice. If you just tell them, "Okay. Here is what you talk to the clients. Here are 17 checklist points." That's not going to work. It doesn't work like that, right?

Jean: No. That doesn't sound like very much fun either, does it?

Hitendra: Yeah, exactly.

Jean: Hitendra, thank you for all this information today. Again, the book is [Client Accounting Services: The Definitive Success Guide](#). We've been talking to Hitendra Patil, the book's author and Head of Customer Success at AccountantsWorld. This has been fascinating. Thank you so much for your time today.

Hitendra: Thank you, Jean, for having me. I hope I could share a little bit within a limited time, but there's ton of material out there, articles, the book. I'm on [LinkedIn](#), as well. So, whenever time permits me during my day, I tend to reply to a lot of queries incoming to the best of my ability.

Jean: That sounds great. Wonderful. Have a great rest of the day.

Hitendra: Thank you. And have a great success or greater success in 2022.

Jean: Thank you.

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