

Michelle: Hello and welcome to the CPA Australia podcast, your weekly source of business, leadership and public practice accounting information.

Hello everyone and welcome to the CPA Australia podcast. Today's episode features Clare Mann, Managing Director of Communicate 31, fellow of CPA Australia Mark Ault and Caroline Karavias who is a Quality Review Manager at CPA Australia. They will be discussing practical ways to manage your client base in a positive way from rehabilitation to dismissal.

Clare is a renowned psychologist, bestselling author and existential coach. Her expertise in leadership, communications and psychology has led her to be one of the most sought after psychologists in Australia. Her unique style of communication enables her to make complex issues simple and immediately applicable to everyday problems.

Mark is the principal of Aults Accounting and Tax, a practise which specialises in business and practise management initiatives and succession planning. In addition to providing proactive accounting and taxation advice. Mark is also a quality reviewer for CPA Australia. With over 30 years experience in public practice, he advises practices on practice management and risk management, assisting in their transition and relevance in an ever changing environment. Thank you all for joining us today.

Caroline, I will now hand over to you to get us started.

Caroline: Thank you Michelle and welcome Clare and Mark. Now, Clare, you use the Pareto Principle when discussing client relationship management. Can you elaborate on this for us?

Clare: Yes, well the Pareto Principle is really the 80/20 rule. It seems to be that 80% of our results in all there is of life come from 20% of our efforts. So in the context of when we're looking at clients, whether we want to rehabilitate them, or work with them or fire them in fact, 80% of our problems come from 20% of our clients. So we've got some real questions to ask to ascertain who are the people that is good for us to work with, not only in terms of the bottom line but who are working to with our strengths? So some of the questions we can ask are, who do we no longer enjoy working with?

I've got some people that demand to be overserved and perhaps cause us financial strife and when we bring up the conversation about increasing fees, they resist it. Or are there some people that are too demanding of our time and our efforts? Perhaps our staff are not telling us how much effort is involved and they may actually be good clients to work with but in terms of the efficacy of keeping them on, it can cause a problem.

Do some of our clients have unrealistic expectations of what is possible in the time scale involved? And what about those people that are no longer a good fit? Where is our business going? What is our creative talent that we want to bring to the table and are we just doing it because it's easy work when in fact, it's taking away the effort we could have from working with other people that not only satisfy us but also bring more money into the business.

Mark: Clare, you mentioned there about enjoying working with certain clients, compared with others. Do you find that that creates subjectivity into perhaps a stronger analysis in respect to whether you should be actually engaging a client going forward?

Clare: Well, that's interesting, isn't it? I think in our modern working days, we bulk at the idea of subjectivity or intuition. And yet, science is now cutting up with common sense in many ways. Wonderful institution called the HeartMath Institution shows that there are brainlike cells in the heart and actually, we register at that level of knowing or that something is wrong or something is right well before we get a cognitive account of it.

So I think combining subjectivity with then the real questions is, well, what are the facts here? Where is the evidence before I make these really big decisions?

Mark: Excellent. Is sometimes... what is at the heart of an issue is not immediately obvious. How can business owners and managers identify the core problem with a client?

Clare: It comes back to the basics. We've got to ask questions. We have so many assumptions of our clients, the people that work for us, people that we work for. We make up stories most of the time and so learning to ask questions and be curious and find out, what is the problem here? Because what we think is the problem may not be what it is. Okay? And so adopting what we call the Socratic method is to gather information so you know your audience better.

Then, you can put aside your own assumptions, look at what you've actually got there and make some decisions, can I rehabilitate or do I need to actually move this client on?

Mark: I suppose using checklists or some kind of formal approach would assist?

Clare: Indeed it can. I think you got to gather information over time and anecdotal stories which you can then discuss with other people, will give you formal evidence. And being curious. It might sound very soft this but it's really important because most of the time, we go around making assumptions of people. And if we've got problems with clients it may be that they just press a button within us or maybe our staff are not telling us the full picture. When we become curious, when we ask real questions, we're not going to lose some really good clients. Or lose the opportunity of upselling them to actually other products that we could service their business with better.

Caroline: Just on that, I suppose for a lot of our members, particularly members in public practice, sometimes there is the real conflict between yes, they know that this particular client's not working for them, it's not working well for their business but the other side of the coin is that they are a major contributor to their practice in terms of income and fees. What ways would you suggest that members could utilise to help them, when they're faced with this position because that's when the real challenges occur.

Clare: I think the accountant has to be a manager. And that requires him or her to really stand back and make some real decisions about how they're going to run the department, particularly when there are demands of shareholders or people outsider in other

departments, other levels in the organisation. And I think it's really important to look for some measures. If a lot of income is coming in from particular clients and the person is able to pass on to other members within the team or something, so they're not becoming bogged down with that difficult client or it's not working to their sweet spot, maybe that's okay for them to service that client and continue that high level of performance.

However, if we start to make some measures and find that although there was great level of income coming in, it's resulting in a deterioration in performance because the accountant is dreading that person coming in or is affecting other team members through their mood or the attitude they've got to working with people like that, then it's a different decision that's got to be made. We are human beings after all. We're not machines. And what to us is our career and identity, so whilst on paper it may look very good, what is the effect on the manager and the accountant's performance, not only with that client but the knock on effect which affects productivity right across the board.

Mark: And that's very difficult to determine sometimes because if we work just on numerics and the metrics of the performance of a client, we may be kind of masked by the gross revenue coming in but at the end of the day, once you take into account those issues that you've just raised, the net profit on that client per particular item for that client may actually result in a detriment to the practice financially as well as all the other non-financial aspects.

Clare: I think you are absolutely right.

Caroline: It is. It's looking at your resources. How much of your resource is being tied up with that particular client, yes, it might be that they're earning you lots of money but the flip side is that they're also taking up a lot of resources which is preventing you from getting better clients.

Mark: Correct.

Clare: That's right. And going out and developing a business.

Mark: And servicing the clients that are already there in a more appropriate fashion because too much time is spent on perhaps trying to chase or deal with a client that perhaps cannot be rehabilitated.

Clare: That's right. And outsourcing's another thing of course that you could actually take that piece of work and take away the trouble sort of things, so to speak but still bring the income in.

Caroline: Going back to that piece about someone's made the decisions that obviously there's an issue with that particular client. So what factors do you think they should consider when deciding whether to rehabilitate or to dismiss a client?

Clare: Yes, well it's interesting, isn't it, let's come back to the human animal again is what stops you speaking out to even think there is a problem because people often don't. They continue on and continue working sort of thing. And the typical things here are they don't feel they get the management's support or the partner's support to even speak up to actually say this person's not working well for us. Unfortunately, we often live in cultures where the individual's blaming themselves. There must be something wrong with my performance, I'm not doing this as well.

So, creating a culture of course allows people to actually speak up, to have a dialogue, to regularly come together and ask some objective and subjective questions about this is going to be important. Often people will not speak up about this, particularly if they're not in such a senior position because they're afraid of losing their job. What happens if I say this client's no good and we lose them? This is my job security actually involved. And a lot of people dislike conflict, of course, so they're not able to feel confident enough to express themselves and stick to the argument of why that person needs other support or more.

Caroline: I was gonna say, just on that, though, we have some members ... Okay, going back to the public practice field. They are sole practitioners who don't have the staff or the people to have these conversations with. Some of them have no staff. What guidance would you give them when facing these sort of decisions?

Clare: Absolutely. Let's go back to the Pareto, that's gotta be important. When running a practise, often people get into running a practice because they're good accountants but the reality is, much of their time needs to be spent on marketing and having a pipeline of people coming through. And of course, when you get a nice big client, you say, "Oh that sort of solves 50% of my income," there is a tendency to want to keep that going.

However, if you're getting totally run down and frustrated and irritated and going home at night or perhaps working at weekends 'cause you don't wanna work with this person and you've got to ask the question, is it really worth it? So I'm a great believer in mentoring and coaching and having peer coaching which is gonna be particularly helpful in bouncing around ideas - what do I do in this situation. Don't feel you're on your own, particularly if you're a sole practitioner is go to talk to other people. Is this realistic? What can I do about it? What are the options? Can we open up a collaboration? Maybe you like working in that particular area of accountancy or that particular industry. Have a conversation with people and look for solutions.

Mark: And look, I agree fully. Participation in discussion groups or having that network around to be able to bounce these ideas off in a non-threatening or just almost outside the practice. Even if there are staff involved. Sometimes it's good just to be able to bounce the ideas around and take on other people's views because I suppose certainly from an accounting point of view, accountants try to, where possible, help their client. And they usually do that, they put that prior to almost the concept of running a business which is obviously what the accounting firm is. But, they perhaps put that second and then try to assist the client more. So perhaps sometimes by speaking with other people outside the practice can actually assist.

Clare: Yeah, I think some of the skills involved, as we both know, in running a business are softer skills as well. You know, you need to be out there, engaging with people, convincing them that your solution or your practise is the one that is going to solve their problems. And often people avoid that because they want to deliver the actual thing themselves. And so, definitely bringing other people in. And learning some of the skills to do that is how do you go out and ask for new work? You know, so much happens on referral of course which is important but your reputation's important.

What we don't want is if something backfires on us and we fire someone and then they go around talking in the industry of this person wouldn't work with me. So it's what sort of culture you're creating and how do you wanna engage with these people. Maybe you can suggest to them that it was another solution, this person will serve you so much better, let me make the introduction, I'll be with you until we pass you over. But, also, then asking for help with how do I develop new business so I don't get caught in these traps.

Mark: Just on that point just on your business and it's a little bit off point about removing a client. How would you assess at the very outset whether a client is worthy of being engaged as a client by the practice?

Clare: Absolutely. It comes down, really, doesn't it, to selling and marketing skills, really. We're looking for what is the gap between where that client wants to be and where they are now. And you know, they need certain things done to not only have a deliverable in a tax sense and then a business sense. They obviously want to develop that as well and optimise their situation. These are the conversations that need to happen at the beginning is people talk about what is the work you want me to deliver and that's the easy bit. But you know, let's talk about how we're gonna work together. And often, I talk to my own clients is to make it very clear about what the expectations are on both sides.

You know, it's not okay to be calling your accountant every day and they're not expecting that to reflect in the bill at the end of the year. Having said that, if we're too tight on that, obviously, we get a bad reputation. Gosh, this is worse than a law practice. You can't ring these people up without them majorly putting a bill to it. I think having both the physical and the psychological contract from the outset's gonna be important.

So the physical one is, you know, obviously the work one is going to deliver. And the second one is, how we can work together. How do you like to be responded to? Who can I make the number one person you can contact in my office? Maybe a junior, maybe the admin person, just to gather those materials. And say to them, "For me to service you, I'm not going to be at the end of the phone every day, how does that sit with you? Does that work for you? For me to get the outcome that you want, that's going be important."

Mark: And I can only imagine, documentation like file notes or almost like not recordings of interviews but keeping a pretty strong record of that discussion supplemented by a standard engagement letter for the practice with is routine but at least having some other additional content, file notes of that discussion would assist if there was going to be a problem going forward.

Clare: I think so, just some bullet points. You don't wanna make it so onerous that you can't actually go on with the job, of course. But I think it's all about systems, isn't it? People develop systems in their businesses much later than they need to because obviously they want to see how it develops, and then it grows and then you might have to partner with another practice. And you think, "Oh, I better put these systems in now," and of course, you hit the ground running 'cause you gotta serve someone. You start to think about it right from the beginning. Anything that you have to do regularly should have a system related to it.

Mark: Clare, what are some of the key practical steps in implementing a client rehabilitation program?

Clare: Right. Well, they're both personal and practical. And I know, as a psychologist, I have a great focus on how is the person feeling and thinking and how are they coming across. But this is really important 'cause so many of our problems occur because we try to stick to the letter of what we've got to do. And we lose rapport with the client. Whether you're gonna rehabilitate them or you're gonna get rid of them, when we fall out of rapport, we move into conflict. Okay? And rapport, as we know, is that lovely sort of smooth flowing sort of way.

So do a little bit of work and reflection on yourself. Decide what is it you're feeling, what is it specifically is causing you the problem with this person. And try to avoid the use of the word why. Why results in reason and justification. If we say, "Okay, what is the problem here," and actually jot down some actual things. Decide what your no exceptions rules are because clients can talk us out of it. And we're afraid when they push back and say, "But I've worked with you for years and it's okay, I can wait a little longer," and you only just got the courage to either speak up to them or if in a bigger organisation, negotiate with all these other people to be on your side, is decide what the no exceptions rules are so that you're able to stick to the conversation and be assertive, obviously not aggressive.

Plan your conversation. Whenever you're gonna have a difficult conversation which means we gotta rehabilitate you and reeducate you or we're getting rid of you, there has to be trust there and there has to be rapport. So work out that conversation. Whenever you're gonna have a difficult conversation, make a contract. And I mean a verbal one that says, "Hey look, there's a number of things I wanna talk to you about. It does actually require us to delve a little bit deep in how we've been working and whether I'm actually the right person for you," if you're gonna get rid of them or, "There's some things we really need to change for us to be working at our optimum. Do you have 10 minutes, is that okay?"

When the person says, "Yes," they had the opportunity to say no, they feel they've got a choice to be there, when we launch in with the problem, they'll start to resist us. So getting our own house in order increases the propensity for you to have a good conversation rather than just them shooting the messenger and seeing what you're going to say within the veil of something very very different.

It's very important when you feel you're slipping out of rapport, when you feel it's getting a little bit of friction and the person is starting to be a little bit cold maybe or embarrassed is to remember the blue and the red zone. It seems to be in our brains. When we are on the defensive, our blood flows to the back of the brain, it's in our fight and flight area. It's also correspondingly with adrenalin and cortisol, so we become resistant. We can't see the other person's point of view.

So, if we're feeling anxious about the conversation, we have no evidence to share with them. We don't know how to be open-minded to their responses. We think they'll talk us out of it. We'll be anxious, our blood's in the back of the brain. We cannot access our decision making which is at the front of the brain.

When we feel relaxed and calm and we're in rapport with other people, our blood's at the front. There was a contagion effect so we need to get our own house in order because that person will correspond to where we are. So if we do a little bit of preparation, we have the different points and examples and we're able to open minded and take a critique of how they see us as well, we're gonna keep them at the front and have a better conversation.

Caroline: Just on that point. I suppose for those who are a little bit more senior and a bit more savvy in the work environment, they probably can get to that sort of emotional intelligence to know to step away, to try and find their space so that they can bring themselves back into the right headspace to have these conversations but, what do you recommend for someone who is quite new? You know, I'm talking our early members who are going out into practice for the first time or even now members who are going to work in the industry who are quite junior in a business or an organisation and having that, what would you recommend are some skills that can help them when they are confronted with this scenario?

Clare: Yeah. Well, breathing is very important and very underestimated. It doesn't just make us feel calmer, it activates different parts of the nervous system that prepare us to be able to deal with these things. When we breathe in, when we're shocked or we're resistant, we take a gasp in, it activates a sympathetic nervous system which is sympathetic to the fact that we're gonna be faced with a difficult thing to deal with. We're not able to stand back like as you said, a moment ago, the more senior people can.

When we breathe out and we slow down, it activates the parasympathetic nervous system which starts to balance us out. Taking time out sometimes is in the moment when you're faced with a client, it's a difficult thing going on, you say, "Look, I just need to gather a little bit more information, I wonder if you can just give me a few moments, I just gotta have a little bit of a think about this." Either outside of the room, say if you had to get more information but even in the moment. We were talking a moment ago, Mark, where often we use keywords because we're trying to gather our thoughts. And it gives us a little bit of time. Ask, if you feel you're gonna be overwhelmed with the other person, you haven't got the skills to do it, literally say it, "Could you just give me a moment, Mark, and I need to think this one through." And you just have a moment.

That comes obviously with wisdom and age but younger people can do that, too. Learn to ask lots of questions. Don't do all the heavy lifting. You know, get the other person to defend their situation as well as feeling you're on the defensive all the time.

Mark: Based on your experience, if those points are raised or identified by a practitioner or a business owner, how perhaps could they overcome that? Is that just something that happens out of experience or is there a way that they can probably consider what methodologies they could apply in their practice or business?

Clare: I think it's ... You're absolutely right, so much of this is experience. When we've been through repeated things is we all look back. If I knew then what I know now, I would do it differently, of course. Linguistic skills are important here because if a person has some things up their sleeves, so to speak, so when a client is resisting and saying, "Well, I've always done it like this, this is what my previous accountant used to do," you can agree with them. When you agree with someone, their defensiveness goes. So if someone says, "Look, we've always done it like this where I am and you're telling me you can't do this?"

Well, I absolutely appreciate that the way you've worked before and it's really worked for you is to have us on hand all the time. And yet, if we're gonna really service you, we need to have a lot of time away from this, focusing on this. And I'd love to go through with you with the principles and the practises we have to show you how they're gonna not only set some boundaries between our expectations but also, they're gonna serve you in the long run is that we can get things to you in a timely way.

Just simple things like that sounds a bit like PR, doesn't it, really? But it is about being transparent and being real. People always remember not necessarily what you told them but how you made them feel. And so if you can be fair and transparent and understand their predicament. If we be too formal with them, they'll feel they're a number but we also have to set boundaries. Okay?

If we're having a difficult conversation and we feel this is gonna be pushback from the client, it's important to say something like, "You know, I've been thinking about the conversation I'm gonna have with you and frankly, I'm a little bit anxious because I don't want this to come along in a way that seems defensive or that I'm being a little harsh. So if it comes across like that, that's not my intention." You already set the scene of what you think might be a criticism and again, it's all to do with rapport. It's much easier for people to hear the difficult information if they feel you have their best interest at heart.

Caroline: Clare, you made a really interesting point before about talking to staff and I know for sole practitioners, that's not necessarily relevant but for the bigger organisations, you often find that it's the staff, the support staff, the non-managerial staff who are the front line who sometimes are making the decisions. How important is that piece about the communication and listening to their input when it comes to decision making processes about clients and whether to either rehabilitate or dismiss?

Clare: Sure. I think there are two aspects to this. I think it's absolutely essential to listen to your staff, absolutely, 'cause they are off on the front line. The person on the desk, for instance, will often get the brunt of the impatience or rudeness. And if there isn't a vehicle to actually discuss that, then the decision maker is missing out on really very important information. Have the evidence is to why they may be passing this client on or the need to.

And I'm just thinking some of the work I've done in small practices is when a culture is created where all the staff are involved and they genuinely feel they will not be told off or said they are not up to the job, when they're encouraged to say, "Share your experiences, what it's like being on the end of the phone, how is this client with you?" And genuinely being open to listen. Number one, you're gonna gather more information and evidence to be able to have the conversation with the client. But you're also creating a culture which is more participative and inclusive.

You know, people like to work for an organisation where they feel included, they feel valued and they feel that what they say is important. And if you've got a strong team of people behind you because you do listen to them and you take into account what they're saying, your job's gonna be a lot easier anyway because they're gonna be behind you. They're gonna not wait to be asked. They'll come in and say, "Look, I really think there's some feedback important here. The client was in the waiting room and they were really complaining about you and I personally don't think that's okay and let me share that with you." But you can only do that if you create a culture that enables that to do. And then people are on your side. It's more satisfying for them.

Caroline: I suppose the challenge is for the staff too that sometimes more often than not, the behaviour that's been exhibited by the client to them is not the same behaviour that the business owner or the public practitioner is experiencing when they're dealing with them.

Clare: That's right.

Caroline: I know creating the culture is an element of that but how do you do it in such a way that you then can transfer the knowledge, say if you are the business owner or the public practitioner, how do you have that conversation with your client as well that it's not appropriate to talk to my staff in this way.

Clare: Well, number one, whenever I think we're feeding anything back to people, you'd obviously want to trust our staff, that's true. But if we go in and say, "Hey, look, it's not okay for you to speak to my staff like this," the person will be on the backfoot. You've given them no opportunity to actually say that they're having a bad day or whatever. So you're trusting your staff, of course, if not, we've got another big problem. So in preparing to talk to that client in many ways is be open and curious, is be tentative when you're checking out with them that what you've come across is actually ... Let's get their take on it.

So the ATOMS technique is actually incredibly valuable here. It's a technique which the ... The letters stand for a little sequence. ATOMS consists of A-T-O-M-S. A is check out your assumptions, you have an assumption that your client is rude to your staff, that your client is overdemanding, that they don't present to you in the same way they do to your staff. The TOM in the middle of the ATOMS is be tentative and open minded while gathering information.

So therefore, you sit with the client and you say, "Hey, can we have the conversation?" We get the yes, if you think it's gonna be difficult you tell them that's not your intention to come across as overbearing or rude, and yet, and and not but, and yet, it's come to my attention having talked to my staff there's a number of occasions in which your behaviour seems to be quite domineering. Choose your words carefully. Not 'you're upsetting and being rude to the staff' or 'complaining about me'. It seems to be... be tentative and open minded.

It seems to me that you've been saying certain things in the waiting room that would not seem to be appropriate. What's that about? You give them an opportunity to defend themselves. But say you know it's really happening and they're resisting it and you say, "Well, I'd really like to hear that this hasn't happened." Because if it did, it would really set a problem between us and we'd have to really do something about it. That can be a little sharp thing across the bows that says ... 'Cause often the other person knows that you know that they know that you know they're not telling the truth.

So you allow them to keep face. "Ah, I'm pleased to hear that that you haven't done that. Maybe it came across that way but it was not intended. And I'm so glad you didn't because if you did," you know, then actually saying to them, "I know this is happening, I let you keep face, though." The S in the end of ATOMS is say and educate the person how you want them to treat you. Say, "Okay, well, we've resolved these sort of things, we've got a few things to check out, maybe all of us need to ask more questions." Remember, they've already got the message that you know what's really going on and say, "So moving forward, in order for us to work well, what would work for me is."

So ATOMS is a very useful technique. Check out all your assumptions and then you tentatively and open-mindedly check out those assumptions, gather more information and say and educate the person how to treat you. And often the business owner might be a little bit surprised but they might have an inkling of what the problem is, the staff have just confirmed it.

Caroline: Okay, Clare. So where a member has made the decision to terminate a client, what are some of the positive ways that you can potentially do that?

Clare: Yeah, it's a difficult conversation potentially, isn't it? But having said that, of course the client might be absolutely delighted and might actually wish they had actually brought it up earlier. It's firstly have another solution up your sleeve ready to do this. Make the contract, as I said earlier. You know, I'd like to have a conversation with you about the aspects of your business and us working together and when would a good time be right for you? Or, if they're in the room, you still ask for that. I'd like to talk about what might be a little bit of a tricky subject and I'm hoping by the end of it, we're gonna find a

solution that's gonna work for both of us and is certainly going to be good for your business, I believe. But let's talk about that and see how that is.

So you want them to say yes, again, the brain has ... is coming forward. Prepare your information, have it ready. And I use often the good old good news, bad news, good news sandwich. Okay, if we just dive in and say, "Look, you're making too many demands, I can't work with you any more, it's probably wasting your time, we're gonna have a problem." Now, I'm saying that tongue in cheek but I have seen managers actually do that because they don't want any resistance so they go hard. We gotta think about our reputation.

So the good news part of the good news bad news good news sandwich would be to actually say, "Hey, look, we've looked together for a long period of time, I've absolutely enjoyed working with you and I know we've weaved together the way we like to work together, so I firstly wanna respect that. And yet, it seems," don't use the word but, I'll come back to that in a moment, "And yet it seems that of late, there's been a number of issues over the last couple of years I honestly am starting to believe we're not a match for each other. So what I wanna do in this conversation is talk through this and look at what we can do now and with the potential of moving you to a colleague of mine down the road or wherever in order to do that." Then you stop because if we just keep going, that person's trying to digest that. So you put something positive in there, you said the tricky thing, they've got a ballpark of what you're gonna be talking about and then you say in order for us, therefore, to move to greener grass.

So, did you know, earlier I said don't use but. It is great working with you, but. We cut off everything we did before in a way. When we use the word and, something very different happens. So it's very much preparing, I guess, for that conversation. When we get the pushback is being empathic with someone. Absolutely appreciate where you're coming from. You know, I take full responsibility. Maybe we could have brought this up six months earlier.

Don't be afraid to say sorry, you don't have to be ingratiating and nor should you be but being able to empathise with a person. I know this is difficult, we've worked together for six years and it's gonna be uncomfortable moving along. And yet, I just know from the sort of areas you're working in, the industry you're in is really not the one that we're best focused to do and I want to see that you're getting the right eyes on this.

Or if they know they've been difficult, they say, "Why do you wanna get rid of me? I don't like change, I don't wanna move," and you can say, "Well, this might be a little bit difficult to raise but I've had repeated attempts to try and to talk to you about how we can work together and it seems to me that I always feel I'm perhaps letting you down because you want us to be on tap and we're just not able to do that." Did you see, I made it more about where I've gone wrong rather than making the other person feel embarrassed, you know, I've repeatedly told you and you're not listening. That's not gonna work.

So take it upon yourself. You know, I'm starting to feel that we're not able to meet your expectations here. And I don't want that to happen. I want you to have a really good experience, to be able to sleep at night, knowing that your accounts are all being sorted.

Mark: So Clare, once you've had that initial discussion, what are some of the key practical steps in dismissing a client?

Clare: Yeah, well you've got both the formal contract and if you really went back to the beginning of the relationship, this is where it really becomes important. If you haven't, the person may start to say, "Well, you can't do this. You have a legal responsibility towards me. You're my interface, all my mail comes here and all the stuff from the ATO," they might say that. So it's a learning thing that if you don't have contracts, you can't refer back to them. But you know, nobody said we've got to keep hold of a client. It is a mutual exchange of goods and services and expectations. That's the contractual side. So make sure you're absolutely clear that you have fulfilled your obligations, that you're not leaving them in the lurch, so to speak.

The other side is the psychological contract. If we right from the beginning can talk about expectations, can talk about our availability, how we bill, you know, that every year, we do actually look at our fees. Often we skirt over that, we expect them to hear it and then we call them in and nobody likes to get a fee increased, we hear. But if we keep referring to that and say, "Did I make myself clear?" But when you're having the conversation, there is the psychological bit as well. There's the formality because you often get pushback of a client. The psychological one is do they go away feeling good about it, that you've been fair, that you've listened to them, that you have an alternative solution to them. And that they don't feel blamed for this.

Caroline: What if the client refuses to accept the decision or they have a bit of a litigious bent.

Clare: That's where you... you don't really want to say that we should have security on hand. Again, it comes back to the formalities. What was your agreement? If you said, "We will definitely stick next to you for three years and we'll see you through the growth of your business," that's very different. You want to fulfil the contract that you had in mind because else they may say, "You interfered with the outcomes of our business. Because the last thing I need at the moment is a new accountant." So make sure you're absolutely clear with that so that you can speak with authority. Don't get resistant and defensive by saying, "Look, I don't have to work with you. And this is the very reason I don't wanna work with you." You don't wanna say that. You constantly want to allow them to keep face. All right?

So you can empathise with them. You know, I absolutely appreciate that I am hearing from you that you really don't want us to not do this. You're absolutely right. And yet, the reality is, as we thought about this in great depth and the examples I gave you highlight that moving forward, we're not going to give you what you want and I'm not gonna be able to give the staff time to that. Okay? You can actually just reinforce it with your contract.

And if they say, "Well, I'm gonna take legal action on that," then say, "Well, that's something you may do and I sincerely hope you don't. What needs to be talked about here and now to actually answer the questions you have, what are we not talking about, what are the questions we're not really asking here?" Because often, it might be the person has never been turned down. They wanna be in control, they feel that they've hired you for this.

I remember someone once saying to me, "Well, this is what I hire you for." And I thought, "Well, it's interesting 'cause when we offer a professional service, we don't often like those words. We feel we want to be engaged." And that can press a button in us. Okay? So, you know, say to them, "What questions are we not asking? I can see you're really unhappy about us saying that we no longer wanna work with you, what is it that we need to do to actually ensure that you feel good about this and you know I'm putting you into very safe hands." Remember, not why, what.

Mark: Clare, to help manage a client relationship in the future, what are some mutual commitments and non-negotiable behaviour criteria that managers and business owners can put into place, perhaps at the start of the client relationship?

Clare: Yeah, well, hindsight is a great thing, of course. I'd be looking with either you've got other team members there or if you're a sole provider is get another colleague, go and have a coffee and beer and actually just start to talk about, what are the things that our clients regularly do. I've been doing a lot of training over the years for CPA and they're often very typical things. The client that wants to be serviced too much, the client that's constantly ringing up, the one that blames you, even though you've given them 10 reminders that they had to send this paperwork in, all those sort of things. Come up with a list and do a bit of reverse engineering. What do you need to get into the contract and what do you need to actually step the client through.

So that's gonna be important is learn by your mistakes and also, you know, a lot of people that work in professional services, they're often far more introverted, they process internally or able to focus on the job at hand and get it out. And yet, these are soft skills so it's how do I have these conversations with people and get their agreement from the beginning. A good thing with that is when you do the contract and you sit down the client and they're going to engage them and say, "Look, this is our policy and this is how we work, and yes, you can go away and read it and I want you to do that but can we just work through the points 'cause I want you to have a really good experience, let's go through that." A good question is, after they've done that, so I can be absolutely sure I've been clear, could you just put in your words what you think I've just said about how we work?

To see how powerful that is? If I say to you, "Do you understand?" You're gonna say, "Yes," or "Give me more information." If I put the onus on me, so I can be sure I made myself clear, if they don't get the feedback right, it's your fault, it's my fault, it's not theirs. Again, it's about keeping face.

Caroline: Over time, the needs of the client may change. So a client who was once a good fit may no longer be. It happens. So how often should business owners and managers review their clients base?

Clare: Sure, absolutely. Again, it goes back to that thing of putting that into the contract at the beginning, is actually even saying with the client is, "I don't just want it when you and I do your end of year or your BAS, let's have a conversation once a year and sit down and actually see what's working for both of us." If you say it from the beginning and you get them to agree to the contract, in the conversation is refer back to them and actually say, "As we said right from the beginning when we started working together a year ago, we were gonna review." It's a much more powerful situation.

So in addition to ensuring that's in the contract and you've got that psychological contract so the client expects to have the conversation, really, it's as problems come up. Don't push them under the carpet. Talk with colleagues, jot things down but assuredly, you have to really annually, there should be a point when you take time out to work on the business, not just in the business.

Caroline: So we know with our public practitioners, one of the things that they need to do is have not just acceptance but continuance procedures. This would be a good fit in those continuance procedures. Part of the assessment of the continuance procedures are, can I service the clients in their needs, do I have the resources, do I have the skillset, has anything changed with the engagement? As part of that assessment, based on what you're proposing is that they should also have a look at from the soft skills psychological components. Am I able to meet this client in terms of their expectations, are they working for my business in terms of the culture that I have. Would you say that's-

Clare: I think absolutely. You're absolutely right. Is because if you dread working with the client because they're very demanding, they don't listen to you, they try and tell you what your job is. Or they get really upset, why am I paying that amount of tax? As if you've almost made it up. Having this conversation, do you know, I say to a lot of my clients in my coaching, I say to people, "Talk to people about what you will do when the going gets tough." So you might say to the client, "Look, I'm really looking forward to working with you, we've worked through all these sort of things. But you know, in every relationship, things sometimes have five problems. Can we talk amongst us ... Can we come up with a solution that how we're gonna approach that if that happens. Will you give me permission to raise this with you?"

You know, if we put this in place at the beginning, we refer back to it, it's much easier than giving people surprises. And they are soft skills and there are often professionals, as we know, we're all used to coming up with solutions. But time well spent on this will save you a lot of time in the future and a lot of sleepless nights.

Mark: Clare, having frank conversations with clients is a skill. Knowing how to open that conversation in the first place can be daunting. What kinds of courses would be useful for managers and business owners to improve their skills in this area?

Clare: Absolutely. Well, it's not corporate communications they are looking for, they are looking to have difficult and crucial conversations. There is a wonderful book called Crucial Conversations and that was when the emotions are high, the opinions differ and the stakes are high. So looking for courses based on those principles of how to have the conversations that matter is gonna be important.

And I offer a free little taster course actually, an online course which is claremann.com/freecourse and it's called communication mastery for better results. It is those basic principles I mentioned earlier that enable you to look at your own engagement with the person, find the words, be able to open up the conversation and survive the self-consciousness that comes when you feel it's going into conflict.

It has to be a program that's gonna enable you to have practise in self-reflecting. There's no such remedy ... There's nothing better than being able to practise and get feedback about how you feel, but also what happens when the client pushes back. That can only be done through practise. But go and talk to other colleagues. You know, we often think we're the only ones. You know, why is everyone else gonna be able to do this, it's not true. When we share and we're a little bit vulnerable and we say, "Hey, hands up, I've got these really difficult clients and it's causing me so many problems," often people heave a sigh of relief and say, "Oh my goodness, it's not just me then." That's when we start to learn and we do peer coaching which can be really helpful.

Michelle: Thank you Clare, Mark and Caroline for sharing your insights with us on managing your client base. To find out more about Clare, you can visit www.linkedin.com/in/claremann. To find more about Mark, you can visit www.aults.com.au. That's a-u-l-t-s.com. To download the transcript and to access the show notes for this episode, please visit www.cpaaustralia.com.au/podcast/94.