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ACCOUNTANT FOCUS

In this issue

Page 1: Smart Ways for CPAs to Develop New Business Leads

ADP Sustains Elite Triple-A Rating, Demonstrating Financial Strength

Page 2: XBRL: The New Financial Language of Business

ADP Workers' Comp Payment Program Can Help Accountants Meet Client Needs

Page 3: Web Insights: Useful Sites for Accountants

What's New from ADP

Page 4: Top Ten Technologies for Accountants

ADP Sustains Elite Triple-A Rating, Demonstrating Financial Strength

Standard & Poors (S&P) and Moody's Investor Services, the premier investor services companies, regularly rate the financial strength and stability of leading corporations based on their creditworthiness. Every company in the US has a credit rating, but only seven elite companies are rated Triple-A — the highest possible ranking. ADP is among this group of seven (non-financial services) corporations with a Triple-A rating. Even as the number of companies with this most-respected status

(continued on page 3)

Smart Ways for CPAs to Develop New Business Leads

Your client just called to ask you a quick question and then thanks you for your firm's work in designing a new cash flow system. They are now saving time and money. You thank them and end the phone call, glad you have a happy client. So what did you do wrong? You failed to ask for a referral and thus missed an opportunity to pursue new business.

Asking for referrals is one of the most cost-effective ways for accountants to produce new business leads. Whether you are a sole practitioner or a medium-sized firm, creating an ongoing strategy to generate referrals should be a core component of your marketing plan.

Who to Ask

The first step is to develop a list of all possible referral prospects. The list should include professionals you work with, such as bankers, lawyers, insurance agents, and other partners. In addition, it should include a targeted list of clients.

"All satisfied clients are referral prospects,"

states Grace Cantwell, director of marketing for Clarfeld Financial Advisors. "It doesn't matter whether your relationship with the client is a new or long-standing one. As soon as the client expresses satisfaction with your service, it's time to ask for a referral."

Ms. Cantwell, who trains both accountants and financial planners on how to ask for referrals, suggests that the first step is for accountants to become better listeners so they are more attuned to what their clients like about their services. "Once the accountant understands what the client values, he or she can then ask the client to recommend other businesses or individuals who could also benefit from that value."

Another way to target referral prospects is to single out a client segment. For example, focus on one or two major service areas that your firm would like to promote more and identify the clients that most frequently use those services. Then develop a referral strategy aimed at these clients.

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(continued on page 4)

XBRL: The New Financial Language of Business

XBRL is a freely available electronic language that is being used to format financial reports for transport across the Internet and viewing on browser-equipped computers. Today, Reuters, Microsoft, and Bank of America are among the companies using XBRL to publish their financial statements. Other companies have indicated that they will be using it to simplify and speed their tax reporting processes. As more and more companies use this technology, it is revolutionizing the way financial information is shared, used, and analyzed.

How it works

XBRL stands for "eXtensible Business Reporting Language." It is a subset of extensible markup language (XML), a platform independent, expandable and standardized method of exchanging information. It can be used independently or incorporated into other computer applications that require flexible information sharing.

This XML-based language automatically and transparently "tags" each segment of computerized business information with an identification code or marker. These markers remain with the information regardless of how the information is formatted or rearranged by a browser or within software applications.

With XBRL, once financial information is created and formatted the first time, the data can be rendered in any form. A printed financial statement, an HTML document, a regulatory filing document, a raw HML file, credit reports or loan applications, can be created without manually keying information in a second time or reformatting the data.

Who benefits

By providing easier access to accurate company financial data and more efficient analysis capabilities, XBRL will add value for anyone who creates or accesses an organization's business data. Ultimately, it will enable company management to more quickly access information stored in different places within the organization and to move that information both within the company and externally to their shareholders.

With less time spent on translation and data entry, investors, large and small, can devote more time to analysis and, perhaps, screen more companies for investment opportunities. This can benefit those companies in the investment community that typically might not make it onto the investor's radar screen.

Recent developments related to XBRL can be found at www.xbrl.org.

ADP Workers' Comp Payment Program Can Help Accountants Meet Client Needs

Looking out for your business clients means ensuring, among other things, that they are effectively managing their cash flow and protecting their business through adequate insurance coverage. ADP has a new product that can assist accountants in these efforts: ADP's Pay-by-Pay[®] Workers' Compensation Payment Plan.

Pay-by-Pay[®] was designed to make it easier for businesses to meet their obligations to pay for workers' compensation insurance. Coverage is mandatory for employers with active employees in all states but Texas. Recognizing this compliance burden, particularly for smaller businesses, ADP developed Pay-by-Pay[®] which integrates calculation and payment of Workers' Compensation premiums directly with payroll processing.

Here's how it works: When ADP processes a company's payroll, it is able to calculate the workers' compensation premium for that payroll period and deduct the premium due. This process is different from traditional Workers' Comp policies in which the annual premium is based on estimated payrolls

A Comparison of Workers'

Traditional Workers' Comp

Requires the client to post a percentage of the annual premium as a deposit.

Policyholder receives invoices for premium payments from their agent or insurance company for estimated premium dollars based on estimated payroll.

Company is audited at the end of the policy term. The annual premium that was based on estimated payrolls must be reconciled with actual payroll.



that must be reconciled with actual payroll at the end of the policy term.

Because Pay-by-Pay[®] is based on actual payroll per pay period, the need for a significant deposit premium, typically required with Workers' Comp policies, is eliminated and the risk of owing premium dollars at the end of the policy term is generally minimized.

The Pay-by-Pay[®] Workers' Compensation Payment Plan is available to ADP EasyPay (Teledata, WIN and Net) clients using the tax filing system. Autopay clients can obtain workers' compensation insurance through ADP's partners participating in ADP's Pay-by-Pay[®] program but will not be able to utilize the Pay-by-Pay[®] payment plan until 2003.

For more information about ADP's Pay-by-Pay[®], contact your local ADP representative or telephone 1-800-CALL-ADP (800-225-5237).

Compensation Policies

ADP's Pay-by-Pay[®]

Pay-by-Pay[®] eliminates the need for a large upfront deposit.

Charges the premium on actual payroll dollars at the time of impound. Client does not write a check and can feel confident in the accuracy of the billing amount.

Premium calculation and payment occurs each payroll period, minimizing end-of-year audits.

Web Insights:

Useful Sites For Accountants

www.cpareferralsguide.com — This web site contains articles on how accounting firms can create referral programs. Particularly helpful is an article that describes how client satisfaction surveys may be used to generate referrals. There are also a number of accountant marketing tools available for purchase.

wwwl.xbrl.org — Here you will find comprehensive information about eXtensible Business Reporting Language (XBRL), including its history, how it is impacting businesses today, presentations on the topic, seminars to attend, and technical information.

What's New from ADP

Hard Copy 941s Now Sent Automatically — ADP provides Hard Copy 941s — a quarterly form that advises the client of tax deposits made by ADP on their behalf — to accountants or their clients on request. Once an initial request is made, 941s will be sent automatically each quarter to the accountant or client. For more information, clients and authorized CPAs should call their service representatives.

New Split Wrap Service — Split Wrap is a service that enables a client's payroll checks to be delivered to a different address than their payroll reports every processing period. This service is now available to EasyPay clients that are referred through a CPA. Both

www.itpna.com — This is the site of InfoTechPartners of North America, an organization specializing in providing technology advice to accounting firms. The site features a series of "Vision Alerts" that cover a wide range of technology issues impacting accountants and their practice development efforts.

www.adp.com/taxfin/newsletter/taxes — ADP develops this monthly online tax newsletter which offers insights on a wide range of payroll taxation and reporting issues that impact the way accountants' clients manage payroll, employee benefits and other aspects of their business.

packages must leave ADP the same day and there is an additional nominal handling fee and second delivery charge for a second delivery location. CPAs who have clients that might benefit from Split Wrap should discuss arranging it with their sales associate.

ADP Offers CCH Tax Guides — ADP sales associates will once again be distributing CCH Master Tax Guides and State Tax Guides to CPAs to thank them for making referrals. The Master Tax Guide contains the latest federal rule changes and will feature special offers compliments of ADP. The guides will be available for distribution in late November.

ADP Sustains Elite Triple-A Rating, Demonstrating Financial Strength *(continued from page 1)*

continues to decline, ADP holds its position with this top rating.

Triple-A status is earned by companies based on their underlying econom-

ic strength, governance effectiveness, operations, financial plans, management policies, and other qualitative elements.

How to Ask for Referrals

There are a number of ways to ask for referrals — through direct mail, on the telephone and in person — but, generally, the more personal the approach, the more likely you are to get a good referral. When asking for referrals, keep the following in mind:

- **Find out what the client values.** If the client has not volunteered what he or she likes or values about your firm, ask questions to find out.
- **Ask the client who else could benefit from that value.** Once the value is defined, ask the client about business owners, family or friends who could also benefit from the particular services and value you deliver.
- **Position the request in terms of helping the potential new client, not your business.** Focus on how your firm can help solve client problems.
- **Stay focused on one or two service areas.** Be specific in your referral request. For example, “Do you know any other business owners like yourself who could benefit from our experience in structuring company retirement plans?” The

more specific you are, the better referral you are likely to get.

- **Ask for one to two names.** Be direct and ask for names of one or two individuals.

Brian Azar, president of Sales Catalyst (www.salesdoctor.com or www.brianazar.com), a company that specializes in private and corporate coaching on sales and marketing skills, suggests that accountants don't just ask for referrals, but ask for “introductions” and “endorsements.”

“If an accountant asks for a referral and just gets someone else's name to contact, the accountant is being placed in a cold calling situation. Instead, it is better to ask the client to provide an introduction by calling or e-mailing the referral prospect in advance regarding the accountant's services and qualifications,” suggests Mr. Azar.

“If the client can't do that, ask for an endorsement. Essentially, you're looking for the ability to use the client's name when contacting someone who has been referred,” he adds.

Provide Training

It's important for all staff who touch clients in some way to get involved in

asking for referrals and that training be provided. Training can include role playing and handling objections so that accountants are prepared to deal with client responses.

Following Up

Whenever a name or introduction is provided, it is imperative that you follow up immediately with the person that has been referred. Then, inform the client or other individual who referred you about the outcome of the situation. Do this by mail or e-mail and be sure to express thanks for the referral, regardless of the outcome. This follow-up will serve as another reminder that your firm is seeking referrals.

Finally, keep an active database listing all those who made referrals, who was referred, when the contact was made, and the outcome of the referral. This will enable you to track the quality of referrals that you are getting and it will provide leads for future marketing efforts. If a single individual has provided you with a number of referrals that have turned into new business, consider doing something special for that person as a means of thanking them.

Top Ten Technologies for Accountants



A recent online survey of individuals who hold the CITP (Certified Information Technology Profession) credential on the top ten technology issues facing accountants and their clients put business and financial reporting applications at the top of the list. The issue moved up from the #3 spot, most likely as a result of Enron, WorldCom and the resulting pressure on companies to make accurate and frequent financial disclosures.

The complete list is as follows:

1. Business and Financial Reporting Applications
2. Training and Technology Competency
3. Information Security and Controls
4. Quality of Service
5. Disaster Recovery (includes business continuation and contingency planning)
6. Communication Technologies – Bandwidth
7. Remote Connectivity Tools
8. Web-Based and Web-Enabled Applications (Internet)
9. Qualified IT Personnel
10. Messaging Applications (e-mail, faxing, voicemail, instant messaging)

Details on each of these technology areas may be found by visiting the sites of the American Institute of CPAs at www.aicpa.org or InfoTechPartners of North America at www.itpna.com/Vision/2002.

