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## MARKETING STRATEGIES

# Want CPA referrals? Then think like a CPA

By Libby Dubick



Any financial adviser who has tried to attract referrals from certified public accountants knows how frustrating — and often fruitless — that exercise can be.

I once worked with an adviser at the investment advisory arm of a prestigious accounting firm in Baltimore. He wanted help building referrals from the firm's CPAs in order to market to the firm's client base.

But he became disheartened

when the partners wouldn't allow him to carry out his marketing plan.

Many advisers, like my friend, try cultivating CPA referrals and then give up because it is so tough. Yet CPAs are in an ideal position to make referrals, because they are trusted, and they thoroughly know their clients' financial situation.

To find a breakthrough, I sought out a CPA who also is an adviser. He is Dave Hinnenkamp, president of KDV Wealth Management LLC and

a partner in KDV Ltd., a regional CPA firm in St. Cloud, Minn.

"In 2000, KDV was looking for ways to grow and even out its revenue stream," he said. "So the firm started a wealth management arm, and I volunteered to head it up."

Of KDV's nearly 3,000 accounting clients, about one-third have the potential to become wealth management clients, Mr. Hinnenkamp said. The advisory arm serves about one-third of the roughly 1,000 potential clients.

The advisory business has about \$100 million under management, up from \$30 million two years ago. The minimum investment is \$250,000.

Typically, money to be managed arrives not as a transfer from another adviser but as "new" money from an inheritance, real estate investment or the sale of a business.

In the beginning, Mr. Hinnenkamp found it difficult to get referrals from his colleagues.

"I expected a referral flood from my other partners, and I underestimated the work involved to get the referrals to open the door," he said.

"The challenge was to get people to think of their clients as clients of the firm, not just their clients," Mr. Hinnenkamp said.

He ultimately convinced his partners to make referrals through a process of education.

First, Mr. Hinnenkamp educated them on the products that he offers. Second, he taught them how to spot

opportunities, such as a client paying commissions when a fee-based account would have been a better alternative. Third, Mr. Hinnenkamp asked them to look out for potential tax consequences by noting the client's investments and the type of account in which they were held.

"I had to present this information one point at a time, then back it up," he said. "The information had to be delivered in small amounts, frequently."

Of course, as an accountant in an accounting firm, Mr. Hinnenkamp has an insider's advantage when it comes to attracting the attention of fellow CPAs.

So what about outside advisers' calling on CPAs? The answer lies in thinking in the here-and-now, numbers-oriented mind-set of accountants, not the future-oriented framework of the adviser.

"Show an accountant how you can save their clients money," Mr. Hinnenkamp said.

Typically, advisers have been urged to build relationships with CPAs by offering to exchange referrals, but Mr. Hinnenkamp thinks that CPAs aren't necessarily interested in referrals or even in revenue sharing.

"Sometimes the referrals the adviser can give an accountant won't fit the profile the CPA is seeking. But showing how you can make their job easier, add value to their relationships or help them seem

smarter to their clients will always be of value," Mr. Hinnenkamp said.

For example, he said, it is common for clients to bring in statements that lack cost basis information. "An adviser who said, 'I'll make sure my clients bring you cost basis information or I'll get it for you within an hour of your call,' would be making the CPAs' job easier," Mr. Hinnenkamp said.

Another helpful service that accountants would appreciate involves coordinating tax planning and transactions so that the CPA doesn't find out in February that the adviser sold something in December, thereby ruining tax planning done in November.

Mr. Hinnenkamp also suggested that advisers understand retirement plans and retirement plan limits.

It is also important that the adviser be upfront with accountants about investment-related costs and how the adviser is compensated.

"A CPA will want to know how his client can best pay for investment advice," Mr. Hinnenkamp said. "To be blunt," he said, "most CPAs aren't interested in helping an adviser make money, but they don't mind if you can make their job easier."

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