Is there anybody there?

Mark Lee explains the importance of effective communication skills for advisers and their clients.

Mark Lee FCA writes and speaks about the future for accountants and helps those who want to be more successful to take the necessary action. He encourages accountants to focus on what really works and to accept that no one can simply wave a magic wand to obtain the results they wish to achieve. Those who want things to be different, must to do something differently. Mark can be reached via his website: www.bookmarklee.co.uk, on LinkedIn/bookmarklee as well as on twitter at: @bookmarklee

TEN SECOND SUMMARY

1. **The right medium, words and timing are important for messages to be heard, understood and acted on.**
2. **When legislation changes, and new obligations arise, those who can communicate effectively will find it easier to increase their fees.**
3. **Explaining the provision of valuable, billable, professional advice and determining the best way to charge for this.**

One of the first things I learned, many years ago when I started training and presenting for a large firm of accountants, was a crucial lesson about communication: The quality of communication can only be judged by how well it is received and understood by the audience. This puts pressure on us when communicating – whether in writing, online or face to face. We must choose the right medium, the right words and the right time and place if we want our messages to be heard, understood and acted upon.

When accountants complain to me about their clients, they say things such as: "I don't know why he took advice from someone else on that tax issue. I told him I could help with tax matters when he became a client." Ah yes. That old frustration, which can often be translated as: "I told him once, years ago. How could he have forgotten?"

It's much the same when it comes to giving business advice to clients and becoming a "trusted adviser". This all starts by communicating effectively with clients. Asking questions that persuade them to open up so help and advice can be offered that addresses their issues.

The right message given at the wrong time – and which is not repeated sufficiently often and in different ways – is not going to be remembered.

Effective communication of the services you can provide, on request, requires that your skills and expertise should be referenced on a regular basis – especially when a client might be receptive to the idea.

Going digital

I know some accountants who have been warning clients about the implications of MTD for more than a year. They have been encouraging the adoption of cloud-based bookkeeping systems and emphasising that thought should be given to the choices clients will have. That is, to pay more for more service from their accountant or try to comply with MTD themselves.

Other accountants have been rather less communicative. Yet worse, some seem to have been assuming that they will need to do all the extra work for free because their clients cannot afford to pay additional fees.

Others seem to think they need do nothing because it's down to HMRC to ensure that clients understand what is required. My apologies, but I cannot accept that this is appropriate behaviour for professional accountants in the 21st century. An accountant's role should be about more than the simple processing of paperwork. Clients can expect, rightly, a minimum of help and guidance to ensure they remain compliant.

How the upcoming changes resulting from MTD are communicated depends on what we want to encourage clients to do.

Some accountants may be happy with the fees they earn and will not feel the need to charge more for the extra work they will be doing. That's up to them – and I entirely understand the view that clients don't care about the details of the tax system – they simply want help to fulfil their legal obligations, and with minimal hassle. Further, they may want advice on paying the least tax possible within the law. But if the rules change and there are new additional filing obligations (as is happening under MTD), those who can communicate effectively with clients and can explain the reasons will often be able to increase their fees. This could also be the start of a new advisory-led relationship with those clients who would appreciate and value regular advice.

Finally, on this point, if an accountant fails to do something that other reasonably competent accountants do, and a client suffers loss as a result, the practitioner could be found to have been negligent and risk disciplinary proceedings.

New clients

Effective communication is also key when talking with prospective and new clients.

I know it's standard practice to offer a free initial meeting. However, there is a huge difference between this and offering free advice at that meeting. Accountants who do this will often be implying that their advice has no value and that there will also be no charge for advice after the prospect becomes a client.

Personally, I don't consider that to be a commercial way to operate. Much better, in my mind, is for the accountant to communicate effectively that they are not allowed to give advice (of any substance) to someone until they have become a client. This isn't a question of being unhelpful. The explanation is that advice to non-clients is precluded because of the need to comply with the anti-money laundering laws.

How to address the provision of valuable billable advice is up to the accountant. They might still follow the traditional route of charging by reference to the time spent. Alternatively, the fee quotes might include an allowance for some advisory work. Another possibility is to quote specific fees for valuable advisory-related work or there could be some combination of these approaches.

Whichever route is chosen, this needs to be communicated clearly to clients. And, dare I suggest it, this must be followed through and operated in line with those promises. If a decision is made not to charge an additional fee after providing some especially valuable advice, why not communicate this to the client so they don't take it for granted – or, worse, forget that this work was done.

In praise of accountants

I hear many business owners and other clients talking about their accountants. This is partly because I always ask what they like and dislike and I love hearing good news stories – often these will include a reference to how much tax their accountant has saved them.

How does a client know how much tax their accountant has saved them? Typically, this will be because their accountant has told them. This involves effective communication.

More often, sadly, I hear people complain that their accountant never saves them any tax. This is often due to poor communication.

Letters of engagement

This brings me to letters of engagement and the different ways that accountants reference these when talking with clients. Ultimately, the terms and conditions the accountant choses to include here are generally to provide protection and enable them to pursue unpaid fees. Why, then, do so many accountants treat them as casually as we do the terms and conditions we all "agree" online without reading first?

The letter of engagement actually comprises three elements:

- the services to be provided (and those that won't be provided);
- the fees payable and payment terms; and
- the terms and conditions of doing business.

The accountant will want to ensure that the first two parts are clear and specific to each client. The third part is more generic and must include specific elements that are rarely written in as client-friendly a way as they might.

The letter of engagement is often the first formal communication that new clients receive from their accountant and is an opportunity to create a good first impression. Alternatively, the adviser could allow clients to assume that paperwork is processed without really thinking about what it contains. In my view, this is hardly a good thing for a new client to conclude. Perhaps it is worth reviewing the terms and making them a little more client focused?

Jargon

Another thing I learned many years ago was to avoid the use of jargon and acronyms unless certain that the audience will understand them.

Sadly, to this day, one of the biggest complaints I hear from business people is that their accountant uses too much jargon and too many acronyms. I try very hard to avoid this, but I realise I have made that very mistake in this article. My apologies. MTD stands for Making Tax Digital.