



Enhanced Marketing Opportunities from Benefit Plan Audits

A New Perspective on Niche Marketing

Marketing for benefit plan audit engagements is an integral part of many CPA firms' business development strategy. The delivery timetable, fees generated and ability to position the firm for additional work makes these engagements attractive. Many firms conduct a plan audit marketing program once or twice every season and give little thought to it the rest of the year. Most miss additional opportunities because deadlines have passed and there are other projects on the calendar. A rigid, deadline-focused, quick-moving process may result in missed engagement opportunities.

With some creativity, the same information used to qualify prospects for the plan audit-marketing effort can be "twisted" to drive other marketing programs. Key information such as the plan yearend, total number of participants and current audit firm (found on Schedule H or Schedule C of the Form 5500) will provide significant "marketing intelligence." With this information firms can modify EBP audit efforts to appeal to prospects at different times of the year and offer supporting services that may be required.

Every firm focuses their benefit plan audit marketing with the goal of obtaining 12/31 engagements. However, the "marketing intelligence" can open the door to four other types of opportunities:

▣ **Financial Statement Audits.** Many companies use the same CPA firm for both their financial statement and benefit plan audits. When they make a decision to change auditors they may be open to hiring two audit firms. If they are locked into their financial statement audit firm, pitch them the idea of "unbundling" the plan audit for independence, service or fees. This is becoming a common practice.

▣ **Tax Planning & Return Preparation.** If an organization is using a large firm for their auditing, do they need to pay the same high rates for their tax needs? A bank may require a large firm on the audit report, but have little interest in who handles tax matters.

▣ **Fiscal Year-End Benefit Plan Audit Opportunities.** Generally, the financial statement audit coincides with the benefit plan year-end. By searching for non-12/31 year-end plan audits it can lead to non-12/31 financial statement and tax work. Searching for engagements with a February or April year-end, you will be able to secure deliverables in the traditionally "slower" months. Properly researching target areas can create a year-long benefit plan audit-marketing campaign.

For example, a benefit plan with a February year-end is required to file the Form 5500 by October 15 or if an extension is filed then January 15. These deadlines are driven by the DOL's requirement that seven months after the plan year-end the appropriate documentation must be submitted. This rule applies regardless of the plan year-end date. The best time to market to these opportunities is March through July. During this period executives speak with audit firms, learn about service differentiators and assess which firm will best address their needs. If your firm has already moved on to another project you can miss a number of these engagements.

▣ **Fiscal Year-End Prospects in Small- to Mid-Size Entities.** Using 5500 filings you can search companies to identify smaller plans (less than 100 total participants) that do not require a plan audit and have a non 12/31-year end. This will provide a prospect pool of focused opportunities with financial statement and tax needs.



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This area is where creativity can open the door to “good” prospects. For example, although most benefit plans with less than 100 total participants do not require an audit, they still have to file a Form 5500. The information provided can be used to create a financial statement audit and tax prospecting campaign.

Each firm’s approach to marketing to these opportunities is different. Flashpoint has found five key factors necessary for a marketing campaign to be successful. These include:

▣ **Prospect selection.** Focus on opportunities your firm has references to support. If a firm’s largest plan audit has 150 total participants they will have a hard time winning a 10,000 total participant plan audit. Set reasonable expectations when determining the target pool.

▣ **Database.** Once the right mix of prospects has been identified, create a database from which the campaign can be managed. Unless you have experience with this activity it may make sense to hire an outside resource to assist.

▣ **Direct Mail.** Send each prospect a direct mail piece highlighting the reason to consider changing firms. Focus on the “pain buttons” most companies face; these include poor service or increasing fees. In our experience it is usually a mix of these reasons that cause companies to make a change.

▣ **Follow Up.** It is imperative to call each prospect and follow up on the initial mail piece. Very rarely does an executive call off of a mail piece, but they do respond to phone calls and remember the mail piece. Engage the prospect in discussion, reinforce “pain buttons” and position your firm as a solution.

▣ **Nurture Opportunities.** If the prospect is not ready to make a change now, that is normal. Sometimes the CFO or Human Resources Director is not the only decision maker in the process. They may have an audit committee or another internal committee to report to. It may take time for a prospect to sever the relationship with the current auditor. Be patient, as good opportunities may take longer to grow into an engagement.

When Should a Firm Conduct EBP Audit Marketing?

When should a firm conduct EBP audit marketing? The time to target benefit plan audit opportunities with a 12/31 year-end is from January to June. During this time companies are making decisions about their current firm, assessing service levels, fee rates and determining whether to identify an alternative provider. Unfortunately this falls right in the middle of busy season. As a result, marketing efforts either do not “get going” or they are started and then no follow up occurs. If a firm waits until mid April to May to begin looking, the chance of finding qualified opportunities are significantly reduced.

Brian Swanson is a partner with Flashpoint Marketing. His firm specializes in providing business development strategies and practical marketing solutions for CPA firms. If you would like additional information on how to implement a year round benefit plan audit marketing campaign for your firm, or if you have specific questions, please contact him at bswanson@flashpointmarketing.com or 888.428.6524.

