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Relationship-Based Persuasion: A Guide for the CPA

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Abstract

An issue faced by a CPA on a regular basis is how to persuade a client to take a recommended action. Maybe your client is unprepared financially for the future and needs to establish a retirement account. As much as your client understands the importance of planning for retirement, the allure of a new car or a kitchen renovation may be too great, and that sensible alternative you are recommending may be ignored until some uncertain future date. Or, maybe the client's internal controls are inadequate. For many small businesses, where trust in employees is paramount, internal controls may be weak or lacking. You would like to persuade your client to consider implementing some critical controls over petty cash. How do you best communicate this need to your client? How can you persuade him/her to accept your recommendation? There are many approaches to persuasion. This paper outlines an effective method of persuasion that CPAs may apply.

Keywords: Persuasion, Client Relationship, Communication

Introduction

The success of a CPA's professional career depends on his/her ability to help his/her clients achieve their goals. Your skill in selling ideas to these clients is vital, and your own success is likely to depend on whether your client responds with a "yes" or "no" to your advice. Of course, in attempting to influence your clients, your remarks need to be true and accurate, and they must honor the trust your clients have for your expertise.

The process of persuasion is as much of an art as a science and involves psychology, emotional intelligence, and politics (Gardner, 2004). Your goal is to connect with your clients' minds and imaginations so that they understand and accept your recommendations in spite of powerful factors that thwart shifts in their way of thinking.

Dutton (2011) summarizes the impact of well-used techniques of persuaders and simplifies them into key elements. These elements include keeping the message short, sharp, and simple; clarifying the person's perceived self-interest; surprising people with incongruous remarks; and extreme self-confidence.

Li and Zhan (2011) report that informal word-of-mouth (WOM) communication between a communicator and a receiver is highly effective and has become a dominant force in the marketplace. WOM is generally considered more trustworthy and relevant, is more likely to generate empathy, and can significantly reduce consumer resistance (Bickart and Schindler, 2001).

Persuasion skills can enhance not only interactions with clients but also interactions in all aspects of your life. Pop psychology, traditional psychology and relationship-based approaches provide a number of approaches to use when making suggestions. A best-practices approach is outlined in this paper.

The Art of Woo

Wharton School professors, G. Richard Shell and Mario Moussa, developed a relationship-based approach to persuasion in a business environment. Their book, entitled "The Art of Woo: Using Strategic Persuasion to Sell Your ideas," describes a four-step approach (see Table 1) to persuasion that can be adapted for use in your practice to persuade clients to take actions that you believe will help them achieve their financial goals: survey the situation, confront known barriers to acceptance, make your sales pitch, and secure client commitments (Shell and Moussa, 2007). These steps are explained below.

Step 1: Survey Your Situation

Evaluate your goals in persuading your client and the challenges you might face. Your goal is to convince him/her that funding an IRA is good for his/her financial security. Clients may not necessarily want to do what is best for their long-term financial security and instead choose to spend money on something more enjoyable. Your client may reply to your suggestions with: "I know I should do what is best, but I would rather take that trip to Italy with my husband." You know your clients, and the specific challenges you face. Be prepared with your most convincing ideas.

Step 2 - Confront the Five Barriers

Once you have gained clarity about your goals and challenges, consider some typical barriers to persuasion. Research shows that communicators and receivers often have conflicting beliefs about the world, and receivers may not take the actions that we as communicators know are in the client's best interest. How can others be persuaded to

take professional advice? Pantalon (2011) advises asking people to rate their unwillingness to do something on a scale of one to ten, and to consider the outcome of their decision, rather than giving a simple yes or no answer. Dutton describes the art of “flipnosis,” in which five factors are deemed important. He crams those factors into the acronym SPICE: simplicity, perceived self-interest, incongruity, confidence, and empathy. Shell and Moussa (2007) identify five barriers to persuasion: relationships, credibility, communication, belief systems, and interests and needs.

The first two barriers relate to how people see you personally (Shell and Moussa, 2007). Relationships often color all other barriers. If a client knows, likes, and trusts the CPA personally, clearing the first barrier is much simpler. As a professional, a CPA needs a circle of influence, a network of people who know people who know people. At the time you make a recommendation, this circle must already be formed. The relationships must be in place. The biggest barrier exists when you face negative or hostile relationships. For example, a client that says, "I know you are my CPA, but you tell me to do things that are not so much fun," makes persuasion especially difficult.

People are more likely to follow suggestions from other people they like. Consider the nature of your relationship with your client. Is it primarily positive or negative? While relationships often have both positive and negative aspects, the fact that the client is currently your client would seem to reflect the primarily positive nature of the relationship. Build on the trust relationship you have established with other people. For example, you might say, "We have had a good business relationship for several years now, and you are one of my favorite clients." Timm (2010) emphasizes that a good deal of persuasion depends on establishing trust over time.

Credibility also depends on a client's perception of you (Shell and Moussa, 2007). For a CPA, this is usually not an issue since your client would not have hired you if you were not a credible advisor. But, consider any areas in which you may be perceived to lack credibility.

The other three barriers to persuasion make it harder for a client to hear your idea clearly (Shell and Moussa, 2007). Your client's preferred style of communication may not match your own. You may be naturally enthusiastic and humorous, but your client may be strait-laced and not appreciate that style. On the other hand, the approach you take to persuade your children to do their homework is not likely to work with attempts to persuade your clients. A CPA must adapt to the client's communication style as needed in a business setting to enhance persuasiveness.

A different set of beliefs can also hinder persuasion (Shell and Moussa, 2007). Many different attitudes of risk and reward are held. Also, the importance of timing is not always of equally importance. You may recommend that a client needs to establish a retirement account now so that many years of growth may occur. Your client may believe, however, "It may not make a big difference in my retirement if I make this one small contribution today." Convincing the client otherwise involves addressing his/her belief system.

Finally, interests and needs must be considered when a CPA proposes an action to his/her client (Shell and Moussa, 2007). A CPA is trained to “plan for the future.”

Many clients have not reached the point in life where their future is so important. For example, the client may say, "With limited resources, I would like to take care of my future, but I would also like to enjoy my life today." Achieving a balance in which the client is preparing for the future and still having funds for an enjoyable vacation must be reached.

Step 3 - Make Your Pitch

Effective, compelling persuasion will include appeals to reason as well as emotion (Shell and Moussa, 2007). Five suggestions are offered to make your pitch more persuasive: keep it simple, keep it positive, time it appropriately, and use your authority.

Keep it simple

Providing too many options necessitates selection among the alternatives. The need for extensive evaluation and choice could be too much cognitive effort, and thus frustrating to the client. Provide only a few choices, such as, "You could put retirement money into either a stock or a bond fund." Also, provide the positive and negative aspects of both choices so that the client can more easily make the choice.

Keep it positive

Focus on the positive aspects of your recommendations and how it contributes to the client's goals and aspirations. Negative concepts lead to negative attitudes and behavior. Also, remember positive aspects are not as easily remembered and need to be reinforced.

Time your pitch appropriately

Persuasion is more effective if presented when the client is more receptive. Allow time for discussion of alternatives with client, but save the recommendation for the end of your meeting, rather than at its start, and pair it with supporting arguments. Tired people tend to be more receptive to arguments. Well-reasoned ideas are more easily accepted than directives. A CPA's authority will enhance his/her reasoning. Also, appeal to scarcity. Perceptions of scarcity often create demand. You may say, "You have a limited time window to put the maximum amount possible into your Roth IRA, and time is running out."

Use Your Authority

As a CPA, you represent the trusted authority to provide business guidance to your clients. This position of authority gives you the ability to influence their actions. You might remind your client of this idea, "You trust me to know what is best for your business. I advise all my clients to improve their internal controls because I think it is important in safeguarding assets. I am looking out only for your best interests in my recommendations. As your CPA, I have extensive experience with setting up control systems, and I can help you with this." Cialdini (2007) says that providing a reason is most important in driving the client to accept your advice. The word "because"

triggers the reflex to acquiesce because it implies that the speaker has a valid reason for the request.

Li and Zhan (2011) identify four dimensions to measure argument quality: ease of comprehension, evidence presence, opposing viewpoints, and comprehensiveness. Ease of comprehension is important because comprehension is an antecedent to persuasion. Information credibility is important for clarifying that the information can be trusted. Two-sided messages that indicate a clear preference are more effective than one-sided messages.

Relate your recommendations to the client's best interests. For example, you may say, "You know that you want your business to succeed, and internal controls are really important to success. In addition, your employees will be better able to understand their job responsibilities." Also, your authority is enhanced when you cite other groups or coalitions that support your recommendation. For example, you may know that a business group the client meets with regularly has been discussing internal control issues. You might say, "You have been attending that business networking group for a year now, and I know that they regularly discuss issues related to controls. In fact, they are talking about offering a workshop to help small business owners implement effective control systems. You can get a jump start in your business, and then at the meetings be able to talk about your experiences and how you have already brought effective controls into your firm."

As a CPA, you are accustomed to giving your clients reasons why they should follow your advice. Appeal to reason in your clients and outline why controls are important. For example, saying to your client, "Implementing and following an imprest system for petty cash means that it is less likely that an employee will steal cash from the petty cash fund. You set an example for employees as the boss, so remember that they watch what you do and will follow your lead. If they see you following proper procedures, they are going to be more likely to follow them as well. And, remember that most small businesses that encounter fraud find that the theft relates to cash. Since petty cash represents cash that is readily available, it provides an opportunity for someone who may be in a tough financial situation to quickly remedy that situation." Also, emphasize that your recommendation is consistent with actions their colleagues are taking. For example, you might say, "All of my successful small business clients are putting the maximum amount they can into a Roth IRA this year. I recommend that you do the same."

Step 4 - Secure Your Commitments

Simply obtaining agreement with an idea is not the same as obtaining a commitment to accepting the recommendation (Shell and Moussa, 2007). Also, a client must follow through with a commitment that they have made to you. Psychology tells us that we tend to follow up on commitments we have made to others. Since follow-up action is not a certainty, the CPA should consider ways to secure commitment to increase the likelihood of its occurrence. For example, you may talk with the client's banker about their annual IRA contribution, so the banker can remind them of it. You may also call and remind the client of his/her commitment as the deadline for contributions nears.

Asking a client to commit to the recommendation increases the likelihood that he/she will follow through on that decision. Written commitments are preferable. Also, asking the client to say verbally what you would like him/her to do is helpful. For example, if a client says, "I am going to put the maximum amount into a Roth IRA this year," that action is more likely to happen. This final step of securing commitment increases the effectiveness of your persuasion skills.

Conclusion

In this paper, we have considered ways to help improve a CPA's persuasion skills. Say that you have a client in mind, you have completed steps one (evaluated the situation) and two (considered potential barriers), and you are ready to make your pitch. Your pitch to the client should keep it simple, keep it positive, time it appropriately, and secure a commitment. Your primary concern is to help your clients reach their business and personal goals. In your position as a trusted advisor, you must be able to persuade clients to take actions that you believe will be beneficial in achieving their goals. These actions that they may be uncertain about or unwilling to take alone depend on your ability to persuade. With integrity and confidence, you can win others' trust by being persuasive. Keep it simple, keep it, positive and keep it honest!

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Table 1
A Guide to Persuasion in 4 Steps

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- 1 - Survey Your Situation
 - 2 - Confront the Five Barriers
 - 3 - Make your Pitch
 - 4 - Secure Your Commitments
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Adapted: Shell and Moussa, 2007