



EMEA

Taking control of client relationships with Ignition

For accountants and bookkeepers, relationships with clients and customers are their business' most important asset. Whether you provide compliance, advisory, bookkeeping or other financial services, your clients count on you to understand their numbers and help their businesses grow. Beyond the service offering, maintaining healthy working relationships depends on clear and consistent communication. With that in mind, let's have a look at the three key aspects of your client engagements that can reduce stress and allow your work to shine.

1. Setting the rules for client engagement

Managing client expectations

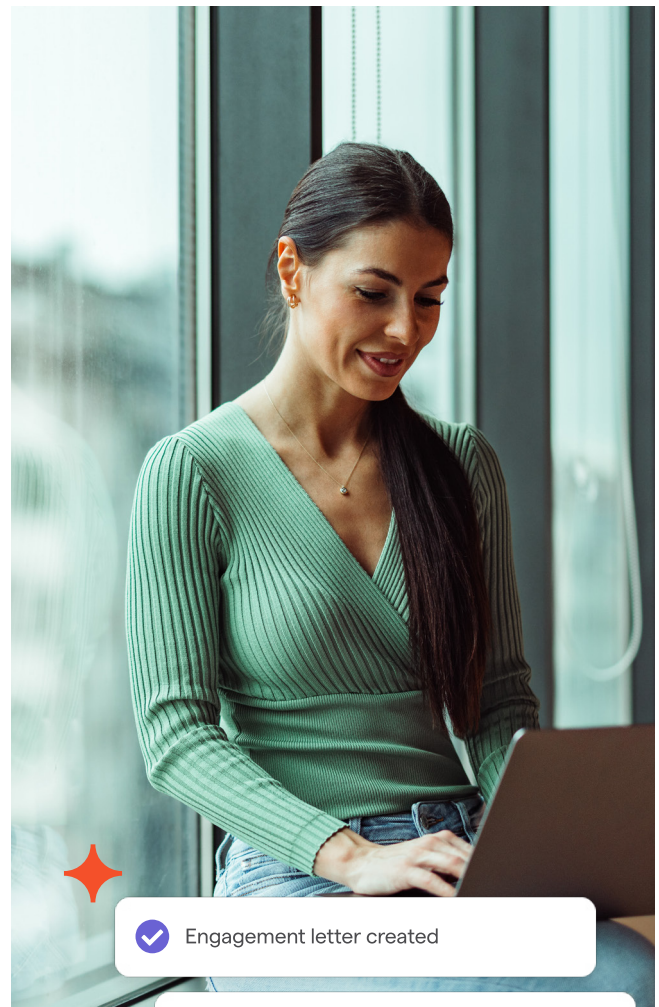
If you remember one thing about managing your clients' expectations, let it be this – clarity is key. When business relationships break down, the culprit is usually a disconnect between the expectations of the client and the service provider.

The best way to safeguard your working relationship is by having your client sign a comprehensive [engagement letter](#). Signed by the provider and their customer, an engagement letter clarifies the responsibilities of all parties involved and provides scope for the relationship going forward. Here are some key points to include:

- **Deliverables** - Since deliverables can be tangible or intangible, it is crucial to be as concise and realistic as possible. Both you and your client need to be clear about what you are delivering and what that entails.
- **Timing** - Timing is about answering basic questions; how often you will be providing service and when you expect to complete work.
- **Pricing** - Whether hourly or fixed fee, being transparent about your pricing from the beginning will build trust with your clients.
- **Client Responsibilities** - Even though you might be unsure what information you need from your client initially, set a timeframe for responding to queries and providing information.
- **Terms of Work** - This is about stating your payment terms and establishing situations that force you to cease work

– such as non-payment. You can also request information or data necessary to commence work and set your contactable hours.

- **What is Not Included** - Avoid the weight of unrealistic expectations by communicating exactly what is not provided by your business. This will vary based on your service offering but usually relates to the assumption of services based on your current offering.



✓ Engagement letter created



Managing your client workload

Inevitably, some periods will be busier than others for your business, especially when your workload is dictated by when your clients send their work in to be completed and have high demands on turnaround time.

If you allow stress to mount as you exceed capacity, it will have implications for your client relationships and the quality of your service. More importantly, it can generate mental health problems by creating an unsustainable work environment. Protecting work-life balance is an essential selling point for modern employers by creating parameters that eliminate dead time or reorder unworkable responsibilities.

To mitigate this you can implement a system where you set the parameters for when work will be done, instead of allowing clients to control this aspect of the workflow.

With well executed planning that considers your team's capacity, client due dates and allows time for urgent or new projects, you can plan out the year's work in advance.

Managing your client workload effectively at the same time as protecting your client relationships will require pre-work and planning to get right. You will need to:

1

Calculate your **team capacity** for the year by:

- Starting with how many team members (and at what skill level) you have and what are their usual working hours
- Remove any known holidays, staff leave and planned office closures
- Remove any other events that will stop work such team training and planning days
- Include a contingency for unplanned leave

2

Plot out your **client due dates** against your team capacity (and skill level) including

- Compliance due dates
- Regular reporting deadlines

3

Plan for **the unknown**. Things always come up, make sure you leave some capacity for

- Urgent requests
- New clients and opportunities



Once this is done you can then communicate to your clients the best time for them to send their information based on your capacity plan, instead of this being a client led decision.

With early communication that explains the process you can assure your clients that:

- This process will help reduce turnaround on work, as you have planned for it.
- All of their compliance due dates will be met.
- You have capacity for urgent and ad hoc requests.

Communicate early and honestly

Many relationship issues stem from poor communication. Consider your own day-to-day, is there anything worse than having work sprung on you at the worst possible time? Here are some basic rules for communicating with your clients that will help maintain a healthy relationship.:

Communicate early and often – the more notice you can provide, the better. Resist the temptation to avoid problematic conversations and schedule communication reminders to ensure your client is up to date with any changes.

Tell them exactly what to do and when – you can never provide too much detail. Be concise but ensure your clients know all relevant information and processes. Answer frequently asked questions in advance to limit the need for client follow up.

Deliver bad news as soon as possible – this could mean admitting to an error or relaying an unexpected turn of events. Regardless, dragging things out will only prolong your stress and leave your client with less time to respond.

Use one-to-many communication where possible – when information is relevant

to more than one client, one-to-many communication tools such as social media posts, email newsletters or webinars can reduce time constraints and engage clients.

Finally, remember that taking control is a process unto itself. While there is never a bad time to enact positive change, power dynamics with clients form slowly and can't be expected to change overnight. Ease into things with clients you are comfortable with or identify small changes that won't invite pushback. However you approach things, proper communication and planning can only lead to happier clients and a healthier business.



2. Getting started with Client Engagement letters

Client engagement refers to a variety of interactions between a professional service provider and their customers. Interactions can take the shape of email communications or an impromptu chat, Instagram posts or a formal contract – anything that constitutes communication, passive or direct. The formal contract component of this in an engagement letter is not only a great tool to manage the expectations of your client relationships, but as an accountant or bookkeeper they are likely a vital step in staying compliant.

Who governs and guides what needs to go in my engagement letter in the UK?

This will depend on who your firm is registered with. Whilst you may personally be qualified with and a member of another body, the Institute or Association that your firm is a part of will set out guidance on best practice for engagement letters. Ordinarily, they do not mandate the use of engagement letters (other than for audits), but all recommend their use as best practice and provide templates of what should and shouldn't be included. And even if you are not registered with a professional body, it makes sense to have a standard engagement letter and terms of business, to act as your commercial contract between you and your clients.

Who do I need to engage?

Broadly speaking, you need to engage all of your clients. Whilst it might seem like you can do a bit of ad hoc work here and a favour for someone there without producing a formal engagement, you can open yourself up for all kinds of risks. Also, it is strongly recommended to engage each 'entity' that you are dealing with. So, if you are looking after a client who has a limited company, and her partner is also a director, you should engage 2x individuals and 1x business, separately. Whilst this might seem like an administrative nightmare, it really helps down the line if they fall out for any reason!

How often do I need to engage my clients?

Again, there is no set guidelines on this, and I know in the past that I've been guilty of filing it and forgetting it! Most firms I know have great intentions, but their manual processes mean that letters are only updated when there are impending legislative changes, such as the laws around

GDPR and Money Laundering. Commercially however, it makes sense to ensure that engagements are regularly reviewed, and I prefer to do this alongside fee reviews. This opens a perfect opportunity to speak to clients, assess the services that you are offering them, and to see if there are any other areas that you can help them with.

What should my letter include?

Your engagement letter should detail the services that you are expected to provide and how frequently you will provide them.

Whilst the engagement is a vital step in onboarding new clients, it is a process that should not be confined to the beginning of a relationship. To continue to build strong and transparent relationships you need to implement a system of regular re-engagement, with most accounting regulators and member bodies advocating for a minimum of annual reengagement.

A regular re-engagement process not only creates an opportunity for you to assess your current services and fees, it is an ideal opportunity to discuss with your clients changes in their business or situation which may require a need for different or





additional ongoing services. It's one more way that you can continue to build your client relationships and at the same time increase your service revenue and manage your scope.

In fact, it is nearly impossible to manage scope and mitigate scope creep if your engagements are not kept up to date and regularly reviewed. Without a process of re-engagement when services and client situations change, your baseline to determine if something is in scope, or out of scope, will be wrong. You will find yourself consistently undertaking work with both parties (yourself and your client) unsure if it is "included" in your current agreement or if there will be an extra cost, and potentially extra responsibilities. Whenever you undertake new work without a signed engagement you not only run the risk of not getting paid for unapproved works,

but you create a situation where you and your clients' understanding of services can become misaligned potentially leading to a dispute.

Pricing Reviews and annual engagements

The beauty of implementing a process of a minimum of annual re-engagements is the opportunity to review your pricing on at least an annual basis. A pricing review is more than undertaking a basis rollover of existing engagements. It occurs when a practice reviews the basis of their pricing in great detail. This process will include adjusting your pricing to reflect:

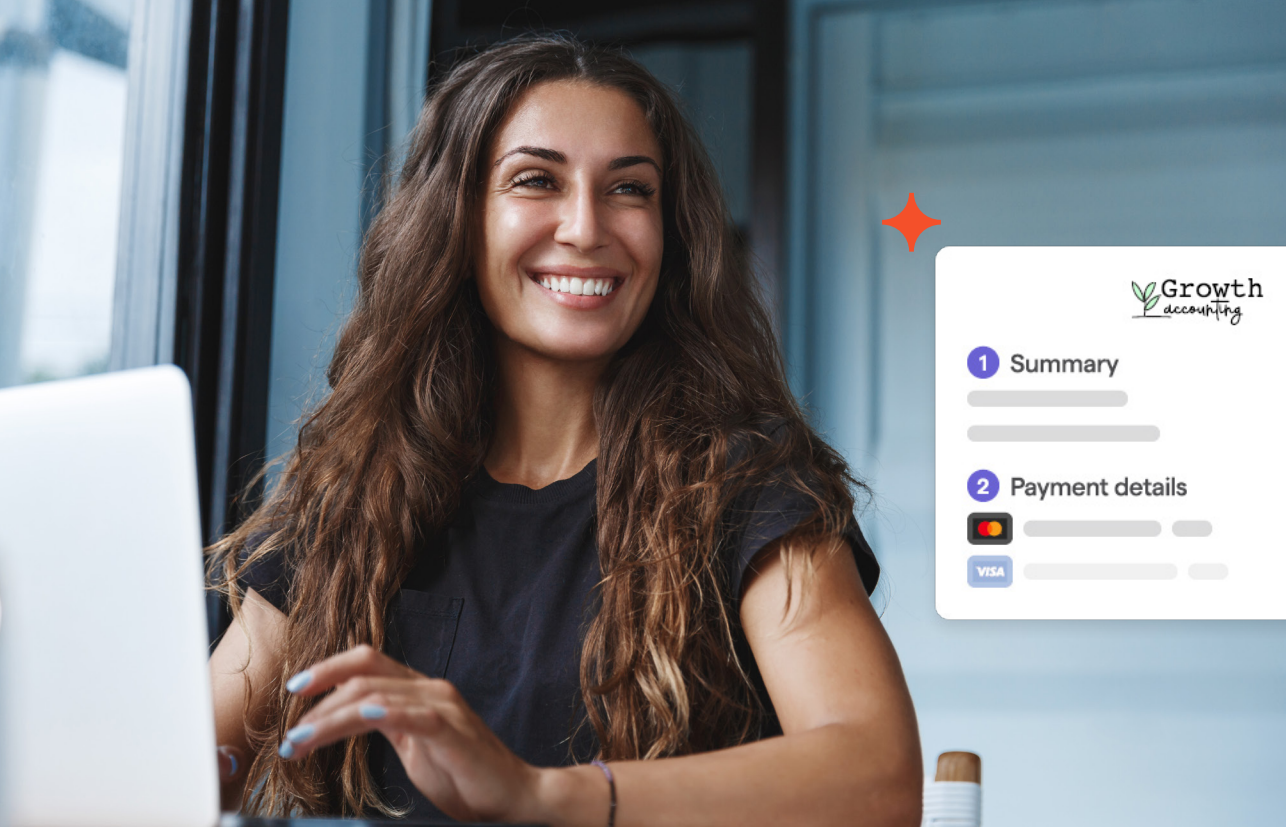
- Any changes in the cost of firm operations such as staffing, occupancy and general office expenses.
- Movements in the Consumer Price Index (CPI) which reflects overall costs of living

This process is relevant to all practices regardless of billing model. Both fixed fee and hourly rate firms should undertake this process to keep up with the global increases in the cost of delivering your services, ensuring ongoing profitability.

The role engagements play in cashflow

Accountants and bookkeepers understand that part of running any business includes cash flow management, however they often don't spend enough time doing this for their own business. Luckily Ignition and an effective engagement strategy can assist.

For service providers, a key item for healthy cash flow is keeping your debtor days as low as possible, and within terms. As an industry debtors have been difficult to manage historically and the [2020 Good Bad Ugly survey](#) showed that average debtor days for accounting firms is 50 days. When most terms are between 7-14 days, this is not a good result.





Growth
accounting

1 Summary

_____ 6 x \$100
_____ \$100

2 Payment details

 _____

 _____

Engagement Letters are the best way to both safeguard your position and cash flow without damaging client relationships, especially when combined with regular invoicing and taking control of payments.

Your engagement letter should include your regularity of invoicing. The more often you invoice and take payments the better, which is why monthly recurring billing arrangements are becoming more popular. If your clients are on a monthly fixed fee arrangement, you are only ever at risk for that one month's work.

If you find you have underquoted a job, then you should also communicate this quickly with your clients, so there is no surprise if an invoice is higher than expected. Ensure there is a mechanism to do this in your engagement letter and you have the ability to vary the fee if during the engagement additional information comes to light or circumstances change. Surprise invoices often hang around longer in the debtor ledger, as clients were not prepared to pay for them.

Take Payment details upfront

If you provide your clients with a clear engagement and payment terms there are very few reasons why they cannot also provide their payments details. By implementing upfront payment, you'll eliminate late payments—thereby increasing your cash flow.

The way you introduce this to your clients will differ depending on your billing practices. You can do this whether you invoice a set amount each month for all annual services or if you bill on task and job completion.

If you operate on a monthly recurring fees basis, it is simple to take control of your payments, as your client has already agreed to the pricing structure. By taking your clients' payment details upfront and automatically processing their payments each month, you'll ensure that your cash flow never suffers. Plus, you can also avoid the unpleasant situation of having to temporarily put a halt on work when your latest invoice hasn't been paid.

Taking payment details upfront is a similarly useful strategy for clients who operate on a bill on completion basis, whether fixed fee or time billing. For fixed fees the process is quite simple as you have already agreed on a price. If you operate using time-based billing you can still do this. Simply provide your clients with a price range or an hourly rate, all of which can then be billed on completion once the work has been finalized.

You can also eliminate push back from your clients on this by implementing a policy of taking payment on the due date of the invoice as opposed to the date you raise the invoice. This will allow your clients to raise any questions that have between the job completion date and the due date of the invoice, which should keep everybody happy.



3. Why are engagement letters important and how can Ignition help?

Surprisingly, there are still many accountants and bookkeepers that do not understand the need for engagement letters. Aside from assisting with regulatory compliance, they establish a steady, considered line of communication with your clients. Engagement letters have the potential to minimize professional disputes by unpacking the expectations and responsibilities of both parties – outlining potential services, project timeframes and commensurate remuneration agreements.

Beyond setting the rules of play for new clients, an exceptional engagement letter should also be forward thinking. Take the time to distinguish the limits of your service – in other words, what is **not** included. From this perspective, you can anticipate points of confusion and proactively amend processes wherever necessary.

The more clarity you can provide your clients regarding your services and terms, the stronger your relationship will be. Clarity and transparency are building blocks in the trusted advisor relationship, when they are not present there is always room for doubt and confusion.

For new clients, engagement letters can be used to set the tone for the remainder of the relationship and expedite the onboarding process. Here, the numbers tell us that **86% of people** say they're more likely to stay loyal to a business that invests in the onboarding experience. This onboarding experience extends from your initial interaction with the client through to proposal and formal engagement, culminating with the collation of initial client data and creation of the first workflow

task. This is the first impression that the client will have of the way that you will work with them. It is vital that the process is professional, efficient and elegant.

With all that mind, let's take a look at how Ignition can help you craft the perfect engagement letter and create the ultimate client experience.

How can you use Ignition for engagements?

Collating all the information you require for your engagements might seem a little daunting and admittedly, it might be – unless you're using Ignition. Our entire platform is designed to meet these obligations as easily as possible. The engagements are automated, services and terms are templated, engagements are electronic and e-signing is quick and hassle free.

Once you've used Ignition to integrate an engagement routine into your workflow, the task will feel practically automatic and present professionally. Your clients will be comforted by a seamless experience.

Ignition is here to help

The most successful client relationships are built on trust, open communication, and realistic expectation-setting. Understanding your client's needs, pain points, and objectives is key to determining the solution you can offer.

Further, keeping the feedback loop open indicates your commitment to improve and grow with them. Clients appreciate an openness to feedback and a willingness to learn and improve. Follow the steps mentioned above to build lasting relationships with your clients and to keep your professional services business thriving.

To that end, [Ignition](#) helps you create exceptional client experiences and foster win-win relationships. With features that facilitate proposals, billing, and client management, Ignition's client engagement and commerce platform makes doing business a breeze. [Start a free trial today.](#)

50%

of Ignition customers were able to redirect their staff from administrative roles to direct revenue generating tasks after implementing the software*



32hrs

is the amount of time saved each month by Ignition customers when billing, collecting and reconciling payments*

86%

of all Ignition proposals sent are accepted



[Start a 14 day free trial](#)

*Source: Accounting market study commissioned by Ignition