

Vitale Caturano & Company P.C.

Vitale, Caturano & Company P.C. is the largest Boston-owned accounting firm in New England with 220 employees providing full-service CPA, business advisory, and technology consulting services. VCC's technology group offers a full range of services including networking, hardware and software, and ERP implementation. The firm provides auditing and accounting services including tax, estate, financial and retirement planning, and business advisory services.



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JILL HULSEN,
DIRECTOR OF MARKETING,
VITALE CATURANO
& COMPANY

The accounting industry is at an historic crossroads where risk and opportunity meet. Never before has the profession received such international attention as accounting standards and practices garner such close public scrutiny. And never before have cultural and legislative changes, such as the enactment of Sarbanes Oxley, carved into the competitive landscape so many obstacles and opportunities for success.

In what otherwise would be a confusing and disorienting time, accounting firms have found fortitude in the strong relationships they have forged within their client bases and communities. Indeed, as much as 80% of new engagement opportunities arise through the referrals of colleagues, associates and friends. Despite these turbulent times, relationships remain the critical foundation for longevity and growth.

Forward thinking firms increasingly understand this, and are coming to view their collective relationships as capital assets of the organization, which must be invested in and managed in order to reap the greatest return. Boston-based Vitale Caturano & Company (Vitale) is a case in point. One of the largest regional accounting firms in the northeast, Vitale understood that there was opportunity to be had in the fallout of the accounting scandals and Sarbanes Oxley. “A lot of public companies now need more than one public accounting firm in order to comply with this regulation,” said Jill Hulsen, Vitale’s Director of Marketing. “If we can uncover a relationship between a firm member and the prospective client, our chances of attracting some of these companies as clients have just increased.”

Vitale’s greatest challenge was not in the soundness of its business development strategy, but in its IT infrastructure. The firm managed information about people and relationships in a variety of disparate sources. Accountants each maintained their own contact list in Rolodexes and Lotus Notes personal address books. Marketing maintained its own databases and spreadsheets. And some information simply wasn’t recorded anywhere, but resided in the heads of professionals. Thus, while the firm boasted strong relationships within the business community, its ability to leverage those relationships for revenue generation was extremely limited. “When partners tried to make business connections they would constantly be sending out broadcast e-mails asking if anyone knows this person,” said Hulsen. “It was a haphazard and unreliable means of uncovering that vital personal connection.”

Technology’s Helping Hand

Driven by an aggressive business development strategy but cobbled by its disparate systems, Vitale undertook a search for a client relationship management (CRM) system that could help transform its scattered data into Relationship Intelligence. The search committee prepared an extensive needs analysis to more effectively evaluate the range of products on the market. Included in their requirements were functionality to help consolidate the firm’s collective contacts and to provide one source for managing client communications, engagements, opportunities, mailing lists and events.

As it turned out, the greater challenge was finding a product that could accommodate the unique needs of a professional services firm. “A lot of the packages we came across were more focused on sales force automation,” recalled Hulsen. “As a professional firm we do business differently than a manufacturing outfit and we needed our CRM package to incorporate that domain expertise.” Vitale ultimately selected Interface Software’s InterAction® solution, a CRM package designed exclusively for accounting and similar relationship-based services organizations.

Relationship Capital Management

A client’s selection of an accountant or consultant often hinges as much on individual relationships as it does on the overall capabilities of the firm. Accordingly the ability to determine whether an existing relationship exists between the firm and a prospect can mean the difference between winning and losing the engagement.

For instance, frequently Vitale’s business development department will invest in lists that target particular markets the firm is interested in penetrating, such as public companies impacted by Sarbanes-Oxley, or companies in a particular industry. Likewise, the firm might hear of a potential opportunity through the news media or some other public source. The challenge, however, is that competing firms also have access to this information and they are likely vying for the same work.

The ability to uncover mutual relationships between firm members and the prospective client’s organization, therefore, can be invaluable in obtaining an inside edge. Previously, the process for identifying these relationships was time consuming and unreliable. Business development would print out lists of companies and their employees and ask the partners and staff to review them and identify any individuals with whom they were acquainted.

If a relationship was acknowledged, the prospect would rise to the level of 'tier 1' target, and the accountant owning the relationship would be charged with trying to leverage that connection to win the engagement. But according to Hulsen, difficulties with this manual strategy abounded. "Accountants don't have time constantly to be reviewing these lists. Therefore we rarely got responses from everyone, and when we did, it could take a long time."

Limited recollections also inhibited the success of the strategy. While professionals have relationships with hundreds and sometimes even thousands of individuals, the likelihood that they could recall all of those relationships when reviewing these lists was extremely small. "If we failed to uncover a relationship, this translated into missed opportunities," said Hulsen. InterAction's relationship capital management capabilities eliminated this uncertainty and missed opportunity. For instance, it's Who Knows Whom™ function instantly reveals all relationships that exist between firm employees and selected people or companies. If none exist, the system's Relationship Map™ function identifies intermediary contacts that the user might be able to leverage in order to strike up a relationship with the target contact.

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This functionality provided a significant pay off when Vitale recently sought to expand its presence among large regional corporations. The firm purchased a list of public companies based in New England, which it then imported into InterAction. The marketing team queried the system and determined that partners had existing relationships with fifty percent of the 200 CEOs on the new prospect list. A high-end mailing piece was sent to each of those 200 CEOs, along with a personal note by the internal relationship holder.

"The results were phenomenal," said Hulsen. "Twenty-three of those two hundred companies we mailed to have since become clients, with resulting revenues in excess of \$5 million. We could never have expected results like this from a mailer without the advantage of knowing about those personal relationships in advance."

Referral Tracking

Vitale has an extensive network of lawyers, bankers and other partners with whom it works on a wide array of client engagements. The larger the network of complementary services providers that the firm can cultivate, therefore, the greater number of referral engagements it can expect to be included in.

As part of its referral generation program, Vitale organizes a series of networking dinners in which strategic contacts at various law firms and banking institutions are invited. Each individual has an opportunity to present his or her firm's services to the rest of the group. Everything is meticulously planned — right down to the seating arrangements around the dinner table — to ensure that firm members can network with these other professionals.

While these events are expensive and time consuming to host, the expectation is that they will more than pay for themselves in increased referral activity. The challenge, of course, is tracking the referrals and resulting new business and being able to tie them back to specific firm events. "There are a lot of people interacting," explained Hulsen. "You can't keep track of all this in your head."

Instead, Vitale has implemented a sophisticated referral tracking system in InterAction that enables the firm to see who was invited to these events, who attended, and what new business resulted. "All the events are recorded in InterAction. We track in minute detail who came to a particular dinner, and who the guests interacted with from the firm."

The system's ability to show multidimensional relationships then makes it possible to sort through the otherwise confusing task of attributing referrals to specific business development events. "There's a relationship we set called 'Referrer.' So, when someone refers a piece of business to us, they get this designation in the database and the resulting engagement is flagged. We can then follow the engagement through the lifecycle and ultimately determine that, for example, firm event A lead to referral B, which lead to new client C and revenues of D."

With the ability to track referral sources and referral business at this level of granularity, Vitale can then engage in sophisticated market analysis to determine how and where its business development activities are best directed. "With visibility into which people and firms are giving us business, we can extrapolate further and accurately profile which types of organizations to partner with that will result in the greatest likelihood of referrals and new opportunities."