



Robert L. Ramey, P.C.
Certified Public Accountant
 El Paso, TX 79925

Back in the early 1990s my regular doctor announced his retirement and I had to go out and find a new primary care physician. So after searching the insurance company catalogue and speaking with colleagues, I settled on a doctor, made an appointment, and went in for my initial visit and consultation. As anyone who's ever visited a new doctor knows, you have to complete a questionnaire about ten pages long, then go over the same questions with an aide, then go over the same questions again with the doctor. I've never been sure whether they're trying to trip you up to determine if you're a liar and answering the same question differently with different questioners or whether they need to fill the initial hour for billing purposes.

But one thing that the doctor and I discussed made me keenly aware that this initial meeting is not just to get to know you but is also designed to give the doctor the information he needs to make a decision whether to accept you as a patient. The initial consultation is an interview and you are applying to be a patient. In this particular case, after answering all the questions twice, as the doctor and I were going over them again, he said, "I see here that you have allergies and asthma". I answered in the affirmative and his next question was, "do you smoke, either tobacco or marijuana?" I answered no and then asked him whether it would make any difference if I did smoke. His answer took me by surprise. He said, "yes it would make all the difference in the world. If you said yes, you do smoke, I'd tell you that I couldn't treat you and you'd have to find a different doctor". I'm sure he noted my surprise and I asked him if he was serious or just trying to make a point. He said he was deadly serious and said, "imagine that your house caught fire and you called the fire department. They arrived with sirens ablazin' and began shooting water onto your house. Meanwhile, you, on the other side of the house, were shooting gasoline from a hose attached to a tank truck onto your house. Seems kind of pointless, no?" Well, I had to agree that it seemed kind of pointless as he further explained that the same logic would apply to me if I suffered from asthma and continued smoking. His last statement on the matter was, "why would I waste my time with you?"

Now what does this possibly have to do with accounting, taxes, business valuations, etc? Clearly, the short answer is, it has everything to do with those disciplines. We all, some more than others, go out and hustle new work or have new work referred to us. At times we already know the client, perhaps we've been trying to land them for some time, and other times we know nothing about them as they were referred to us by another client, a friend, or someone else. But always, it's a new relationship and we, and they, should have some ground rules regarding expectations, ours as well as theirs.

From the CPA standpoint the most important thing we can do is obtain a tailored engagement letter. We all know this by now, or should know it, but sometimes we, or at least I, take a shortcut and neglect this very important step. I recently read an article from JOA that named, as the primary trigger for client complaints to the State Board, CPAs taking legal action to collect fees. Further, the article noted that the best defense for the CPA is an engagement letter tailored for the specific client.

Various items should be included in the letter including the standard boilerplate such as, "tax returns are not financial statements", etc., but there should be at least a couple of items based on your knowledge, or lack of knowledge, of the potential client. The first item, specifically for individual clients, should be a statement that we must have a signed engagement letter before we will begin any work. I'd like to have a dollar for every engagement, especially tax engagements, that were in the completion stage when the engagement letter was drafted and signed. If the potential client objects to an engagement letter, then, as Dr. Sarre said, it's adios.

The second item should be a statement that a primary responsibility of the client is to complete the organizer we have attached to the engagement letter or the electronic organizer we provide. The organizer should be COMPLETE, that is, if something is not applicable, that area should not be left blank but rather, the words Not Applicable should be clearly written in the provided area. By doing so, the potential client is telling us, in his own hand, that we need not search for this item, that it is NOT APPLICABLE. In addition, backup documentation must be provided. If the potential client pushes back on completing the organizer and providing backup documentation, then we'll find ourselves pouring water

on one side of the engagement while the client pours gasoline on the other side.

Third, the letter should include a statement that our bills for work performed, whether progress bills or final bills, or bills for retainer fees, are due and payable when rendered. The statement should include a narrative that we will halt work until the bills are paid and if not paid within a given period, we reserve the right to withdraw from the engagement. If the client can't, or won't, or doesn't want to, pay the accounting fees as they are incurred, why would we believe they'll be able to pay at the conclusion of the engagement?

Most practitioners would read the above and think, well of course. Why is this news? And they would be correct.

But sometimes we need to remind ourselves that some clients are just not worth the time. Why would we take time away from our families, to work, on many occasions overtime, on a client who's not going to pay us, who's not going to cooperate to try and make things smoother? Occasionally the answer is that the referral source is a good source of usually good clients and we just have to put up with the bad. But usually the answer should be, "I'm not going to take time away from my family to work on a client who's not going to cooperate, who's not going to pay for services rendered." As Dr. Sarre said, "why would I waste my time?"

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