Challenges Arising in Alliances With Accountants

Over the last two months I have explored themes relating to accountants and financial advisers and how they might work together more effectively. The feedback has been that my coverage has been a little optimistic and that it is time for a reality check. Hence, let me wrap up this series with the practical challenges that may arise when accountants and financial advisers set out to form strategic alliances.

Before we get too "realistic" let's recap on the benefits of successful alliances:

- They can provide a steady stream of warm, ideal referrals
- The client's needs can be met in a more complementary and co-operative manner
- The joint marketing activities and sharing of expertise deliver learning opportunities for both teams, and perhaps enhanced career path options.

OK, so what gets in the way of realising these benefits? In my experience there are five barriers to success:

1. **Can't Find the Right Accounting Firm**

It's not easy to find accounting firms that make good alliance partners. There are cultural differences (see June PP) and sometimes a lack of mutual respect. Alternatively the accounting firm may have been burnt in a prior experience with a financial advice firm.

The best means of overcoming this barrier is to be rigorous in your selection process and apply a formal interview guide to test the suitability of the accounting firm (see July PP). (And remember to say "Next" if they are not appropriate.)

2. **Referring Wrong Clients or Using the Wrong Proposition**

The alliance will flounder if the financial advice firm regularly receives referrals that turn out to be non-ideal clients or clients who are merely seeking transactional solutions.

An obvious means of overcoming this barrier is for the accounting firm to be very clear on the adviser's definition of an ideal client and what the adviser will do for them. (See the July PP for ideas on how the accountant might experience it.)

3. **Lack of Commitment**

Alliances often fail quietly as a result of a lack of commitment from either party. Unless the mutual benefits are top of mind the alliance will soon lose priority behind all of the daily tasks.

The secret to ongoing commitment is to ensure that there is strong glue in the alliance. That glue may be economic or it may be based on joint marketing or professional development activities. The critical success factor is the joint business plan that sets out the benefits of the alliance and the regular activities designed to deliver that success.

4. **Conflict in Role of Principal Adviser**

This is a subtle yet significant barrier. It manifests itself when the accountant thinks he or she is the client's principal adviser and refuses to accept the possibility of the financial adviser assuming that role. It should be evident in the interview/selection stage but, like in some marriages, the potential conflict may be overlooked in the hope that the other party will change.

The best means of overcoming this barrier is to be clear on roles from the outset. The next best thing is to allow the client to choose their principal adviser.

5. **One Firm Out Grows The Other**

Some advisers are frustrated when they outgrow their accounting alliance partner and the alliance comes to an end after 3 or 4 years. I don't think it is a cause for frustration as much as a stark reality.

That's why I promote alliance models not joint venture models. The former can run their natural course but the latter are too permanent for my liking.

These are the best of times to overcome the barriers and form productive strategic alliances with like-minded accountants.