

CPA Firms' Marketing Strategies: The Important Role of Alumni Relations Programs

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Iyer, V.M., E.M. Bamber, and R. M. Barefield 2000. CPA firms' marketing strategies: The important role of alumni relations programs. *Journal of Professional Services Marketing*. Vol 21(1): 1-7.

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Abstract:

An accounting firm's alumni can play an important role in the firm's marketing strategy. Our study examines (1) how frequently accounting firms use various means of communicating with their alumni and (2) the effectiveness of alternative means of communication in terms of their association with alumni's actions to benefit their former firm. Using data collected from CPA firm alumni through responses to a questionnaire survey, we find that alumni who have had more personal forms of contact are more likely to benefit their former firm. We also find that early contacts are important for establishing communication channels between the firm and its alumni. Moreover, contacts by former colleagues and supervisors seem the most effective.

Keywords: Accounting firm, alumni, marketing of accounting services

Article:

An accounting firm's alumni can play an important role in the firm's marketing strategy. Many CPA firms devote considerable resources to their alumni relations programs. They spend resources in keeping track of their alumni, publishing alumni directories and maintaining formal and informal contacts with their alumni through office newsletters and alumni gatherings. Alumni relations programs may include annual picnics, social functions, and continuing education programs. Firms often augment these formal programs with informal direct contacts such as phone calls, lunches, or golf outings. Thus, CPA firms can engage in a variety of alumni relations programs recognizing the important role played by the alumni in their marketing efforts.

How effective are these efforts? What are the common methods of contacting and keeping in touch with alumni? Do the alumni respond better to one method of contact compared to others? Are the alumni more receptive to some individuals in the firm compared to others? Answers to these questions can help firms design more effective alumni relations programs. Our study examines (1) how frequently accounting firms use various means of communicating with their alumni and (2) the effectiveness of alternative means of communication in terms of their association with alumni's actions to benefit their former firm. We use data collected from CPA firm alumni through responses to a questionnaire survey. We randomly selected alumni from the alumni directories of Big 6 firms in two major cities in the U.S. Out of 677 alumni who received the survey instrument, 236 responded for a 35% response rate.

SURVEY

In the original sample, 74.2% were males and 25.8% were females. The proportion of males and females among the respondents was very similar: 73.9% male and 26.1% female. The average age of the respondents was 41.3 years with a range of 25 to 77 years. The average tenure of the respondents with the CPA firm was 63 months (median = 48) with a range of 10 to 424 months. The average time elapsed since they left the firm was approximately 11 years, with a range of 8 to 485 months.

The respondents indicated their specialization and title at the time of leaving the CPA firm. Of the total respondents, 60.6% specialized in Audit, 20.7% in Tax, 13.3% in Management Advisory Services (MAS), and

5.4% in other areas. Classification by title shows that at the time of leaving 16.8% were staff, 48.8% were seniors, 19.7% were managers, 9.3% were senior managers, and 5.4% were partners.

We measured the firm’s efforts to keep in touch with the alumni by a series of questions on (a) how the firm made contacts with alumni and (b) who from the firm initiated the contact. The questionnaire considered the following methods of contacting alumni:

1. Telephone Call,
2. Office Newsletter,
3. Technical Material,
4. Personal Letter,
5. Alumni Directory,
6. Lunch with firm personnel, and
7. Annual Party/Picnic.

Respondents indicated whether the individual who contacted them from the firm was (1) a personnel department employee, (2) the person in charge of alumni directory, (3) a former colleague, or (4) a former supervisor. Ninety-one percent indicated that they had been contacted by their former firm in some manner since they left. Respondents also indicated whether they were contacted in the first year after leaving, and also whether they were being contacted currently through any of the methods.

The survey instrument included a series of questions on actual benefits the alumni provided to their former firm. These benefits include purchasing services from their former firm, making referrals, informing the CPA firm of opportunities, and helping the CPA firm receive timely payments. Out of the respondents, 46.8% indicated that they had benefited their former CPA firm in some way.

TABLE 1. Percentages of Alumni Contacted

<i>Method of Contact</i>	<i>Within the last year</i>	<i>In the first year after leaving</i>
Alumni Directory	66.8	54.0
Office Newsletter	57.8	56.1
Technical Material	39.2	41.9
Annual Party/Picnic	34.7	33.3
Telephone Call	13.6	33.8
Lunch with Firm Personnel	13.1	25.2
Personal Letter	6.5	15.2

RESULTS

Contact

Table 1 presents CPA firms’ methods of communicating with their alumni. It gives the percentages of alumni contacted through each method (1) within the last year, and (2) in the first year of leaving the firm.

Table 1 shows that over half of the alumni received an alumni directory and office newsletter within the last year. Each of the contact methods is used to some extent, but personal contacts such as telephone calls and lunch with firm personnel decline over time.

When a firm employee contacts the alumni, Table 2 provides information on the position of the person making the contact. Not surprisingly, alumni’s most likely personal contact with their former firm is the person in charge of the alumni directory. Contacts by a former colleague and from personnel are the next most frequent sources. These contacts continue over time since there is little difference in the frequency of contacts made by the former colleague or personnel between the years the alumnus left the CPA firm and currently. (Recall that the average time since the study’s alumni left their former firm is 11 years.)

TABLE 2. CPA Firms' Contact Persons: Percentages of Alumni Contacted

<i>Contact Persons</i>	<i>Within the last year</i>	<i>In the first year after leaving</i>
Person in Charge of Alumni Directory	45.0	27.8
Former Colleague	21.2	24.2
Personnel Director	18.7	16.2
Former Supervisor	8.6	15.2

BENEFITS

Accounting firms should be particularly interested in whether there is a relation between the form of the firm's contacts with alumni and the alumni's propensity to benefit their former firm. Table 3 provides information on this question. For each of the seven alternative methods of contact, Table 3 displays the frequency of alumni who reported taking actions that benefited their former firm (e.g., purchasing services, making referrals). For example, the first row of Table 3 shows that 81.5% of those contacted by a telephone call from their former CPA firm within the last year reported that they took actions to benefit the firm, while only 41.9% of those not receiving such a telephone call report having benefited their former firm. Table 3 provides frequencies for contact in the last year, and for contacts in the first year after leaving the firm's employment.

TABLE 3. Association Between Alumni Relations Programs (Contact Methods) and Alumni's Actions Taken to Benefit Their Former Firm

<i>Method of Contact</i>	<i>Within the last year</i>		<i>In the first year after leaving</i>	
	<i>Contact</i>	<i>No Contact</i>	<i>Contact</i>	<i>No Contact</i>
Telephone Call	81.5 ¹	41.9 ²	62.7	39.7
Lunch with Firm Personnel	73.1	43.4	80.0	36.5
Personal Letter	53.8	46.8	53.3	46.4
Annual Party/Picnic	47.8	46.9	51.5	45.5
Alumni Directory	47.4	47.0	51.4	42.9
Technical Material	46.2	47.9	59.0	39.1
Office Newsletter	43.5	52.4	51.4	42.5

¹The table value is the percentage of alumni who received a telephone call within the last year and benefited their former firm.

²The table value is the percentage of alumni who did not receive a telephone call within the last year, but still benefited their former firm. No Contact means that the alumni who benefited their former firm were not contacted with this particular method—it does not mean that they were not contacted by other methods.

Table 3 suggests that the most common (and non-personal) forms of communication within the last year are least likely to increase alumni's propensity to benefit their former firm. For example, 47.4% of alumni who received an alumni directory in the last year indicated that they had benefited their former firm and, similarly, 47% who had not received an alumni directory indicated that they also had benefited their former firm. On the other hand, alumni who have had more personal forms of contact (i.e., a telephone call, lunch, or a personal letter) are more likely to benefit their former firm. For example, 73.1% of alumni who had lunch with a member of their former firm provided benefits to the firm, while only 43.8% of alumni who had not had a lunch contact within the last year benefited the firm. Interestingly, in the first year after leaving, Table 3 also shows that all forms of contact are associated with increased benefits. This suggests that early contacts are important for establishing communication channels between the firm and its alumni.

Table 4 provides evidence on the relation between the person in the firm who makes the contact and alumni's benefiting their former CPA firm. The table tabulates the proportion of alumni who: (1) were contacted by each type of contact person and who also reported benefiting the firm. For example, the first row of Table 4 shows that 69% of alumni who had been contacted by a former colleague in the last year report benefiting their former firm, while only 41.7% of alumni who had not been contacted by a former colleague in the last year report benefiting their former firm. Table 4 shows that contacts by former colleagues and supervisors seem the most

effective. This holds for both contacts taking place (1) recently, and (2) immediately after the former employee leaves the firm's employment.

TABLE 4. Association Between Alumni Relations Programs (Contact Persons) and Alumni's Actual Benefiting Their Former Firm

<i>Contact Person</i>	<i>Within the last year</i>		<i>In the first year after leaving</i>	
	<i>Contact</i>	<i>No Contact</i>	<i>Contact</i>	<i>No Contact</i>
Former Colleague	69.0 ¹	41.7 ²	66.7	41.3
Former Supervisor	64.7	45.9	60.0	45.2
Person in Charge of Alumni Directory	48.3	47.2	52.7	45.5
Personnel Director	29.7	51.6	37.5	49.4

¹The table value is the percentage of alumni who were contacted by a former colleague within the last year and benefited their former firm.

²The table value is the percentage of alumni who were not contacted by a former colleague within the last year, but still benefited their former firm. No Contact means that the alumni who benefited their former firm were not contacted by this particular person—it does not mean that they were not contacted by others.

On the other hand, recent contact by the person in charge of the alumni directory (presumably to update the directory) is not associated with alumni's propensity to benefit the firm. 48.3% of alumni who had been so contacted report having benefited the firm, but 47.2% of those not so contacted also benefited their former firm. The effect for personnel contacts with alumni is in the opposite direction to that expected. For example, only 29.7% of alumni contacted in the last year by the firm's personnel director report benefiting their former firm, compared to 57.6% of those alumni not contacted by personnel. We do not have a definite explanation for this result. If firms are using a personnel director as a substitute for a personal contact (e.g., former colleague), then this form of contact is not effective. However, another explanation is that these contacts may reflect follow-ups regarding firms' outplacement efforts, so that many of the alumni who are contacted by personnel may not yet be in a position to benefit their former firm.

CONCLUSIONS

This study provides several suggestions for increasing the effectiveness of CPA firm alumni relations programs:

- Alumni directories and newsletters are the basic elements of alumni relations programs. More than half of all CPA firm alumni receive such publications. In addition to providing a service to the firm's alumni, the information generated in their preparation is useful to the firm's marketing efforts.
- While our survey did not find an association between these basic alumni relations program elements and alumni's reported propensity to benefit their former firm by purchasing services, making referrals, informing the firm of opportunities, etc., the information generated in their preparation can help the firm tailor and more effectively focus the personal forms of contact.
- The more personal forms of contact (e.g., personal letter, lunch, telephone call) are much less frequent than alumni directories and newsletters. While these more personal contacts are a more expensive means of communication, alumni who experience such contacts are much more likely to benefit their former firm.
- The more personal forms of contact should be tailored to alumni most likely to benefit the firm now and in the future. Information from the alumni directory data base can help the firm identify these alumni.
- Contacts by the person in charge of the alumni directory are not enough. Alumni contacted by former colleagues and superiors are more likely to benefit the firm than are alumni who are contacted by the person in charge of the alumni directory or other personnel employees.
- In the former employee's first year after leaving the firm, multiple contacts are important to establish communication links for the future.