

EDITOR

Stanley Person, CPA
Person & Company
300 Madison Avenue
New York, New York 10017

CONTRIBUTING EDITORS

Jerrell A. Atkinson, CPA
Atkinson & Co., Ltd.
Albuquerque, New Mexico

Douglas L. Blensly, CPA
Martin Werbelow & Co.
Pasadena, California

Carl S. Chilton, Jr., CPA
Long, Chilton, Payte & Hardin
Brownsville, Texas

Arthur L. Crandall, CPA
Arthur L. Crandall, Ltd.
Winnetka, Illinois

James G. Cullen, CPA
Sprague, Cain & Cullen, P.C.
Chelmsford, Massachusetts

Sylvester Del Low, CPA
Touche Ross & Co.
Seattle, Washington

Dixon Fagerberg, Jr., CPA
Sedona, Arizona

Mary F. Hall, CPA
Clark, Schaefer, Hackett & Co.
Cincinnati, Ohio

Charles B. Larson, CPA
St. Joseph, Missouri

J. Robert Shine, CPA
Monroe Shine & Co., Inc.
New Albany, Indiana

Stanley I. Simkins, CPA
Stulmaker, Roach, Dorfman & Co.
Albany, New York

Erwin Bud Wittus, CPA
Parker, Wittus and Company
Southfield, Michigan

ONE GRAPH IS WORTH
A THOUSAND NUMBERS

Graphs can help clients gain a better understanding of their businesses. Hans Kasper, CPA, 305-221 Street S.W., Bothell, Washington 98021, tells how using graphs enabled one of his clients to manage his business more effectively.

I met Louie five years ago, but our first encounter is still fresh in my mind. It had been a long, hard day at the office. When I opened the door to leave, a blast of heat hit me. The temperature exceeded 90 degrees. The only thing I could think of was a tall cool one. A sign across the street beckoned; the sign read "Louie's." As I entered, I noticed a bar to the left and some patrons at tables to the right sampling what appeared to be the house special. I walked up to the bar and seated myself on a stool. Louie (the name on his shirt revealed his identity) spoke: "What'll it be?" "Give me a house special," I said, "and make it a double." Before his lips could form the words, I knew what Louie's response would be, "Plain or waffle cone?" he asked. Of course, I immediately chose plain—I'm an accountant.

That day began a great friendship between Louie and me. As I sat eating my ice cream, I told him I was a CPA and asked him some questions about his business. "How do you know when you're making a profit?" I asked. "I can feel it!" he said. "What product do you sell the most?" "Plain cones. I can feel it!" was the response. "What is your best day of the week?" "Saturday, always!" Louie insisted. "What type of customer group comes in

most frequently?" "How do I know?" he answered, adding, "Boy, you sure ask a lot of questions!"

At that point in our conversation, I bet Louie a double a day for a month that he couldn't guess what customer group provided him with the greatest percentage of revenue and that he was wrong about the plain cones. Being an entrepreneur and a man willing to take risks, he promptly took me up on the bet.

**SINGLE vs. DOUBLE
SCOOPS**

We decided to keep track of the quantities of single vs. double scoops and plain vs. waffle cones sold. Louie also began tracking each transaction's dollar value and the number of customers each transaction represented.

At the end of the month, we reviewed the numbers. Louie wasn't surprised to find that his plain cones and single scoops were the biggest sellers. He was astonished, however, to learn that customer groups of five or more in a single transaction proved to be his largest revenue source.

Louie was learning fast. "My greatest profit is in doubles and waffles. Why don't I test next month by suggesting that the customer try a double in a waffle and see how many more I can sell?" At the end of the second month, we reviewed the comparative data. A problem arose, however. The relationships between the months began to blur.

We decided to begin using graphs, hoping that a pictorial representation of sales trends would help us understand the data better. The blur did disappear and Louie could see the immediate increase in

EXHIBIT 1
Exploded pie graph
Louie's average sales by day of week (YTD)

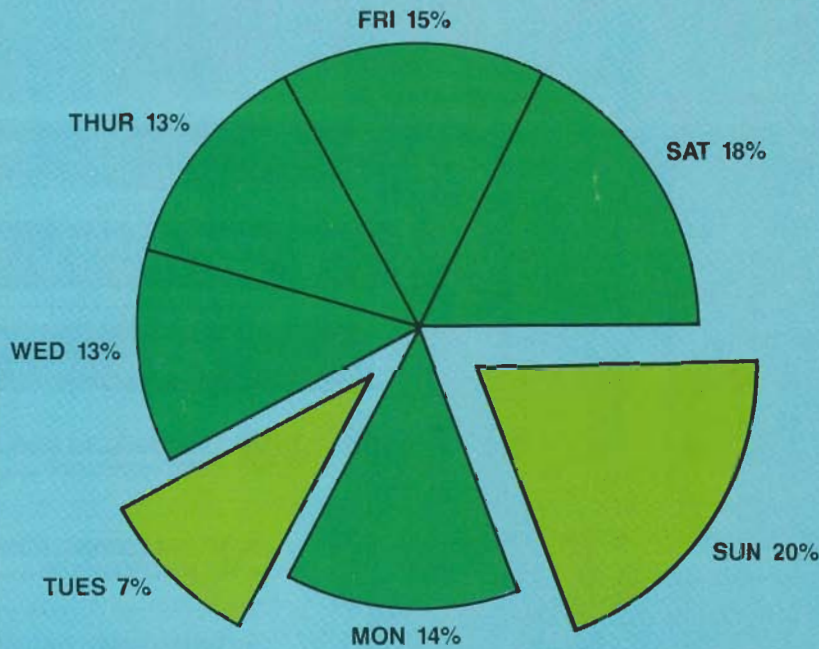
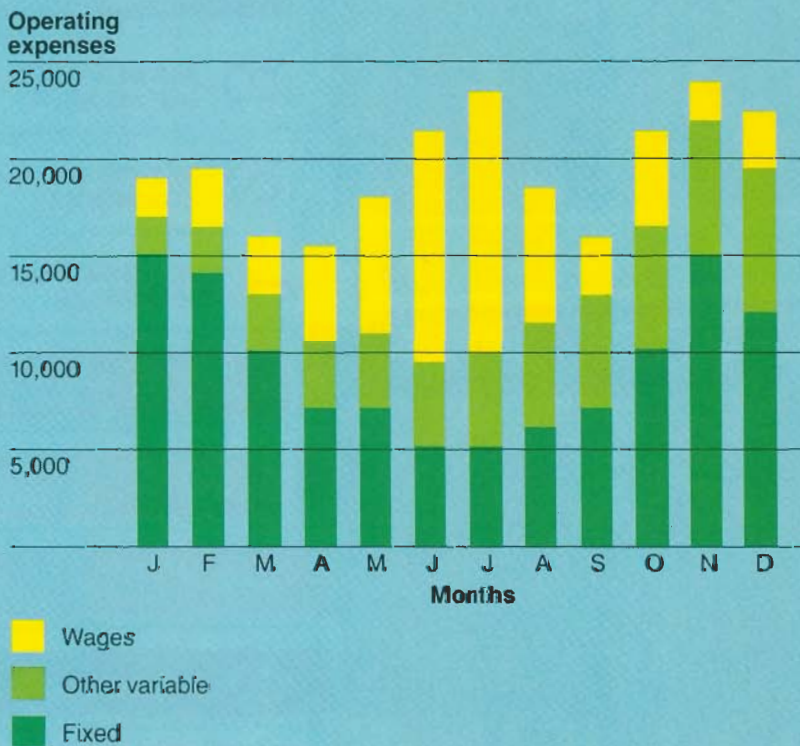


EXHIBIT 2
Stacked-line graph
Louie's monthly operating expenses



sales resulting from his "double-in-a-waffle" campaign.

Louie began thinking of other areas that could be tracked by graphs. (See the graphs at left for examples.) Today, Louie is managing his business instead of having it manage him. As he introduces each new product, he uses graphs to establish a plan that enables him to plot actual results.

Louie is typical of many CPA clients. Unable to understand financial statements (a good reason to employ an accountant), they run their businesses by "gut feelings." Often, the feelings are right on target, but clients have no way to quantify and track results. The ability to comprehend the meaning of a series of numbers may be impaired as new numbers are added. But a graph can present the data in an understandable manner, offering support for or refuting an owner's gut feelings.

Graphs enable clients to run their businesses by concentrating on their success factors or objectives. Often, the client will be able to see immediately the result of, for example, changes in a product, customer service or a marketing effort, all other factors being equal.

Of course, good data collection procedures are important. Equally important is choosing a graphic representation that the client understands and likes. I suggest that the client start with one or two graphs and supporting data schedules. Once he or she is comfortable with these, new ones can be added, but the total should not exceed five or six. Otherwise, the graphs will become meaningless because of quantity alone.

COMPUTER GRAPHICS

Computer technology has come a long way since I began working with Louie five years ago. Graph paper, colored markers and easel charts have been replaced by computer spreadsheet packages with graphic capabilities and many types of inexpensive output devices. A multicolor graph can easily be produced directly from data contained in a spreadsheet program. Some spreadsheet programs allow the user to access data in other pro-

grams for graphing. Others allow users to place important text messages on the face of a graph before printing.

THE BIG PICTURE

Graphs aren't meant to replace financial statements but to supplement them, allowing the financially unskilled user to see the big picture that streams of numerical data tend to hide. Getting back to Louie, I may have lost the bet, but I did gain a client. Most important, with the help of graphs, Louie has better control over his business. □

WHAT IS PUBLIC RELATIONS?

The terms "marketing," "advertising" and "public relations" often are used interchangeably to describe any number of activities intended to promote goods and services, including accounting services. Marketing professionals accord these terms precise meanings, however, and the CPA should too, according to marketing consultant William J. Manassero of Manassero & Associates, 5757 West Century Boulevard, Suite 615, Los Angeles, California 90045.

Marketing includes all of a CPA firm's communications and visibility efforts. Public relations is a vital part of the marketing mix and one of the best ways to influence consumers in a positive way.

Public relations is everything, excluding paid advertising, that you, your staff or anyone hired by the firm does to communicate your corporate contribution. Good PR is measured by its ability to reach selected audiences with carefully prepared messages that promote you and your practice.

It may be a news story on your practice or specialty, but it is also public speaking, seminars on solving business problems, community service, newsletters, business communications and all the things you do to maintain visibility and communicate who you are, what you do, where you do it, how you do it and how well you do it.

IS PR FREE ADVERTISING?

Advertising is a completely controlled message: You decide what an ad will say and how and where it will say it.

Public relations is uncontrolled. Although you may put your message across very well, there's always the chance you'll be misunderstood, misquoted or end up in the editorial trash can.

But if your message does appear, it has an impact that money can't buy—it appears to be objective and unsolicited. An added plus is that your message may appear in media or at a length that you couldn't afford to pay for with your advertising budget. But an effective PR campaign does cost money and should be adequately budgeted for.

THE COMPONENTS OF A PR CAMPAIGN

The first task in putting together a PR campaign is establishing your objectives in relation to your marketing goals. Each activity or program should be related to these goals.

The next step is to direct your campaign to two basic audiences: external and internal. The external audience consists of those people who do not know you or what you do. The internal audience is all those already familiar in some way with you and your work. Every campaign should include strategies that work to influence both of these groups. The two scenarios that follow contain examples of strategies to get your message to external and internal audiences.

Influencing the external audience. CPA Jane Wilson just opened her first private practice after 10 years with an international accounting firm in a nearby town. With a small budget and an even smaller client base, she needed to attract a significant number of new clients. After conducting research, Jane set a realistic goal of 10 new clients a month for the first six months. Although her budget was modest and a large portion of it was designated for advertising, she also planned a modest PR campaign and budgeted for that also. She kept PR costs down by doing most of the work herself.

1st CHOICE OF PROFESSIONALS COAST TO COAST!

CHAYKIN CPA REVIEW

UNIVERSITY APPROVED

- #1 in New York, where it competes with ALL THE LEADING CPA REVIEW COURSES in the United States.
- ranked superior or better than our competition by 99% of our students.
- selected over the years by the "BIG 8" accounting firms in New York City to conduct in-house CPA Review Courses for their staffs.
- chosen by selected Federal & State agencies for in-house training.
- offers a FREE Mini-Preview at your local college so you can come and compare.

- CPE CREDIT For the Busy CPA
- Flexible Hours
- No Examinations
- Lowest Cost Only \$10 per credit

FLASH:
Brand New Federal Income Tax Course!!

MORE LOCATIONS THAN ANY OTHER COURSE IN AMERICA.

Call your local college or university and ask for your CHAYKIN Brochure. Our lower tuition includes all textbooks and related materials. "Early Bird" discounts available!