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**THE ACKERT ADVISORY  
ACCOUNTING INDUSTRY REPORT**

**The State of CRM at  
Accounting Firms**  
*A Market-Wide Study*

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## Key Findings

- Nearly 40% of respondent firms do not use CRM at all. For the remainder, Microsoft Dynamics is the market leader at 33% followed by SalesForce at 24%.
- More than half of survey respondents reported that less than 5% of their accountants use CRM regularly (at least once every two weeks).
- The two primary reasons for CRM underutilization are lack of accountability for use by accountants and a high level of data entry. It is noteworthy that one of these factors is a cultural/behavioral issue, while the other is an issue with CRM software.
- Comparing Microsoft Dynamics with the market at large, accountants tend to use Microsoft Dynamics more than those in the CRM market as a whole.
- Microsoft Dynamics users are more likely to report complicated interfaces and high levels of data entry than users of SalesForce, the market's second choice.
- The vast majority of accounting firms reported that they had insufficient quantifiable data to calculate an ROI from CRM.

Read the full report for more insights and explanations into our findings. We have also included a series of best practices at the end of this white paper.



## Executive Summary

In the Spring of 2016, The Ackert Advisory conducted a market-wide study exploring the utilization, user experience, and return on investment (ROI) of Client Relationship Management (CRM) software platforms. More than 800 accounting firms in the U.S. were asked to describe the state of CRM at their firms, including factors such as:

1. Which CRM they used
2. Their accountants' utilization rate
3. Reasons behind low utilization
4. The ROI generated from CRM

We conducted this survey to underscore a potential growth opportunity in the accounting industry. The CPA-client relationship is central to effective business development and ongoing client loyalty. But do accounting firms track and leverage their partners' key relationships effectively with CRM or are the industry's sales practices lagging behind?

The following pages include a detailed analysis of the survey findings. In addition, we provide a list of best practices for firms wishing to choose the most effective platform, promote high utilization among accountants, and improve the ROI on their CRM initiatives.

The results from this survey form an unprecedented examination on the state of CRM within accounting firms. In fact, there has been almost no research on CRM utilization at accounting firms. It is an industry unique from most others in that accountants have both service and sales roles at their firms. They spend most of their time on billable hours rather than engaging in business development and tracking relevant activities. They are also often consumed by "busy seasons" that can push business development to the bottom of their list of priorities. This explains some of the key findings from the survey.



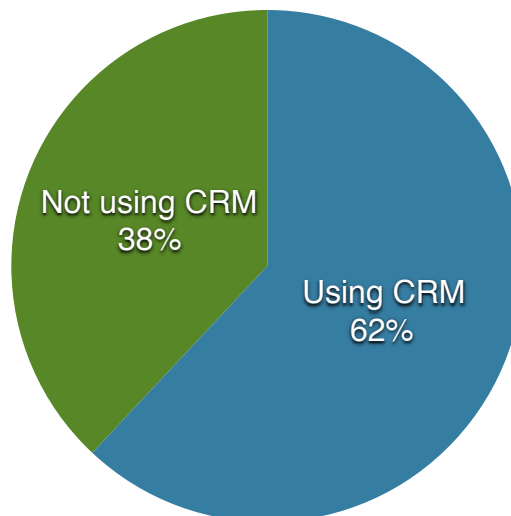
## Data Analysis

The data in the following analysis were compiled via a survey sent out to over 800 accountants and business development professionals worldwide. Over 123 respondents representing 400 individual accounting firms provided answers to 9 questions concerning CRM utilization and ROI.

### The Percentage of Firms Using CRM

The first survey question asked respondents whether their firm currently uses or has used some type of CRM system in the past. The results are displayed in Figure 1.

*Figure 1. Percentage of firms using CRM*



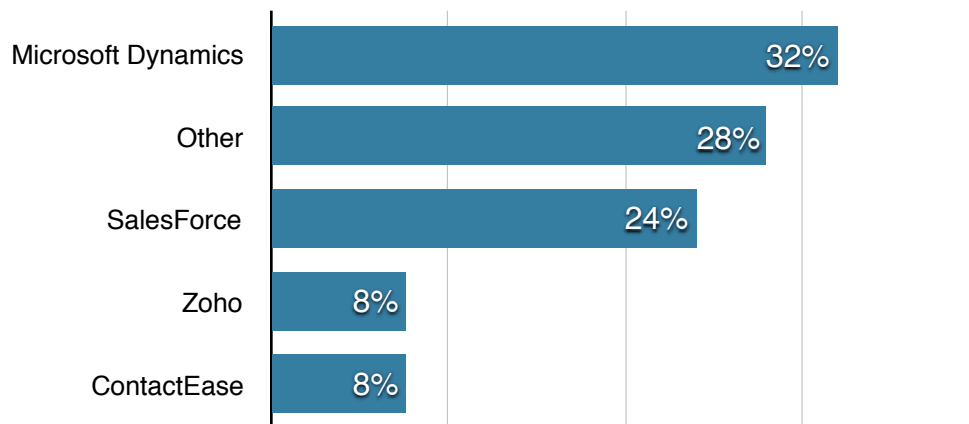
The results indicate that slightly over 60% of accounting firms use or have used CRM. This is a remarkably low number when compared to compatible sectors such as legal (over 71% of law firms currently use CRM). A closer look at the data reveals that the vast majority of firms without CRM are on the smaller side—half of the firms with 30 accountants or less do not currently or have never used CRM. All of the responding firms with 700 or more accountants indicated that they utilize or have utilized CRM.



## Platforms Ranked by Use in Accounting Firms

When it comes to choosing a CRM platform, accounting firms have many options. Producers of CRM platforms range in size from big corporations like Microsoft and SalesForce to smaller and more niched technology products such as Zoho or ContactEase. Many companies offer varying degrees of CRM capabilities to meet the demand in the accounting marketplace. Because each platform consists of unique features and design, it is important to understand which platforms are most used by the 62% of accounting firms utilizing CRM as a means to understand overall market preferences.

*Figure II. CRM platforms ranked by popularity*



Microsoft Dynamics is the most popular platform in the market, with a utilization rate of approximately 32% of responding firms. SalesForce comes in second place with a 24% market share. The two market leaders, Microsoft Dynamics and SalesForce, have captured 56% of the market share within CRM-using accounting firms. (There was no overlap of concurrent Microsoft Dynamics and SalesForce usage in our survey.) Almost 30% of respondents use other third-party programs, all of which had a small enough number of respondent users to be classified together. However, it is worth noting that the third-party platforms Netsuite and Practice CS both appear more than once in the responses, though still not enough to warrant distinct sections on the graph.

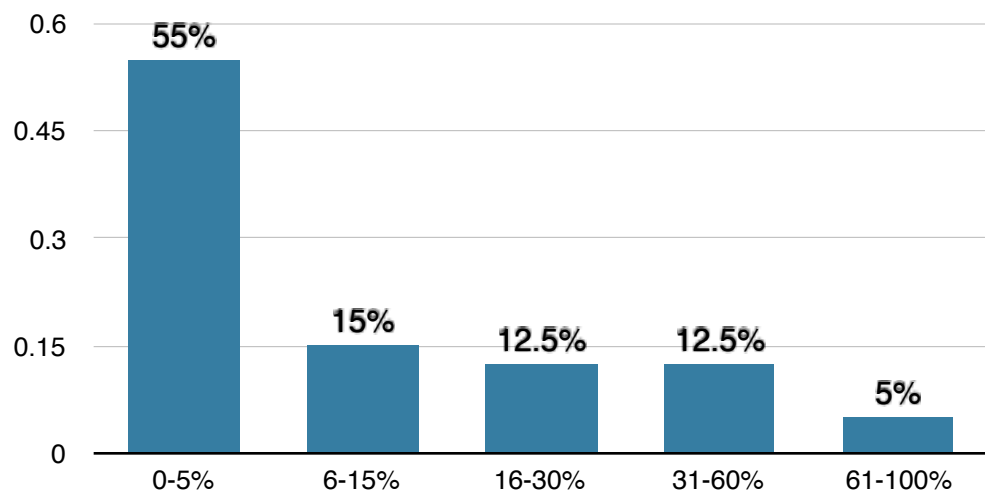


From this we can derive that a notable number of accounting firms stray away from first-party providers and use smaller products for their CRM needs. We can also see, however, that the majority of users remain with the two leading platforms.

### Utilization of CRM in Accounting Firms

The survey data shows that 62% of accounting firms license a CRM platform; however, as Figure III below shows, there is good reason to distrust any supposed correlation between having CRM and actually using it.

*Figure III. Estimates on the percentage of accountants actively using CRM at firms*



To understand individual firm utilization, participants were asked to estimate the percentage of accountants at their firm who use CRM regularly. “Regularly” was defined as actively utilizing CRM at least once per week.

*Figure III* shows that, generally, accountants do not use CRM enough to justify the investment. 55% of survey respondents estimate that only 0-5% of CPAs at their firm actively use CRM. Indeed, only 5% of respondents indicated that 60% or more accountants at their firm use CRM regularly. Combined, 82.5% of respondents estimate that the percentage of active CRM users at their firms is less than 31% of their accountants.



Because the survey did not poll accountants individually, the data in Figure III do not necessarily indicate the behaviors of the entire firm population. Instead, they reflect the estimates of the marketing staff charged with overseeing the implementation of CRM at their respective firms.

It should be noted that a driving force behind the assertion that many accountants fail to actively use CRM is the definition of “active use” put forth in the survey. Selecting a metric to determine what qualifies as active is, by nature, a subjective endeavor. What may seem like regular use by one accountant may not qualify as the same to another. Further studies should be undertaken to determine the exact frequency of CRM use needed to obtain the most effective results.

### Reasons for Low Utilization

With the vast majority of accounting firm marketing professionals indicating low CRM usage rates for their accountants, it is important to understand the reasons attributed to this phenomenon. With that in mind, respondents were asked to choose from a list of reasons contributing to low usage rates. The results of this question are available in Figure IV below.

*Figure IV. Factors that contribute to low CRM utilization*

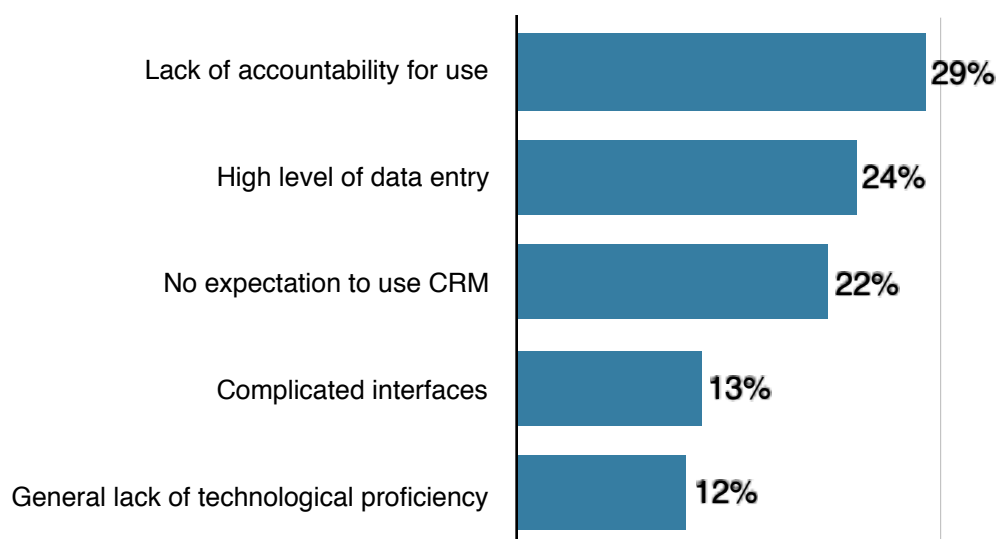




Figure IV is best analyzed by noting the difference between factors belonging to the specific CRM platform the firm uses and the characteristics present in the culture of the firm. Specifically, “complicated interfaces” and “high level of data entry” are characteristics relating to CRM software. Meanwhile, “general lack of technological proficiency,” “lack of accountability,” and “no expectation to use CRM” are cultural attributes. To put it another way, CRM providers are unable to influence firm accountability culture or the general technological proficiency of its accountants—and so may necessarily be the cause for low usage rate in some cases.

According to the most popular responses, human behavior is more to blame for CRM underutilization than the software itself. Over 25% of respondents name “a lack of accountability” as the #1 reason behind underutilization. More than 20% point to the fact that their CPAs are simply not expected to use CRM. These internal factors are not specific to any single CRM platform.

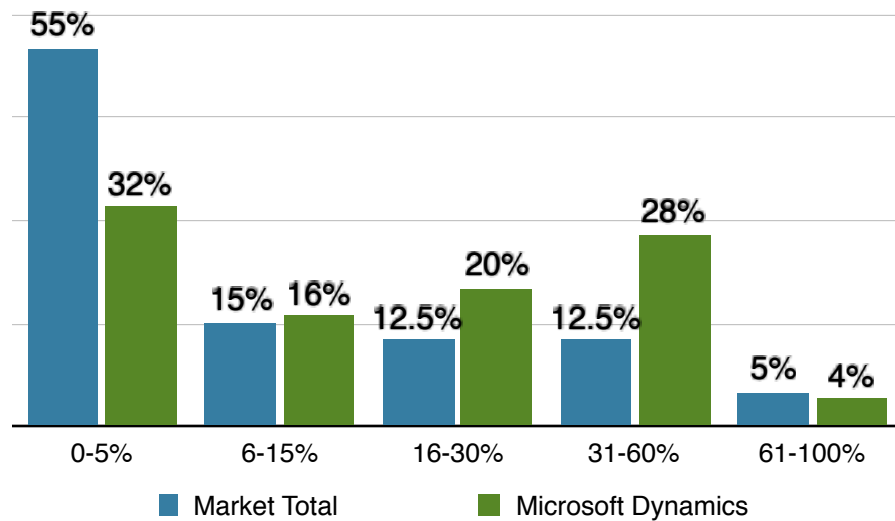
With regard to CRM design, 24% of respondents fault their specific platform for high levels of data entry with more than 10% agreeing that their platform’s user interface is too complicated.

### **Analyzing Microsoft Dynamics**

Given that it holds one-third market share, it is useful to break down usage rates for Microsoft Dynamics specifically. This drills down into the data and provides a useful comparison of the accounting industry’s most popular CRM and the market as a whole. Turning our attention back to usage rates, Figure V is a comparison between the usage rates of those firms using Microsoft Dynamics and the usage rates of the industry as a whole.



Figure V. Microsoft Dynamics usage rate vs. total market usage rate



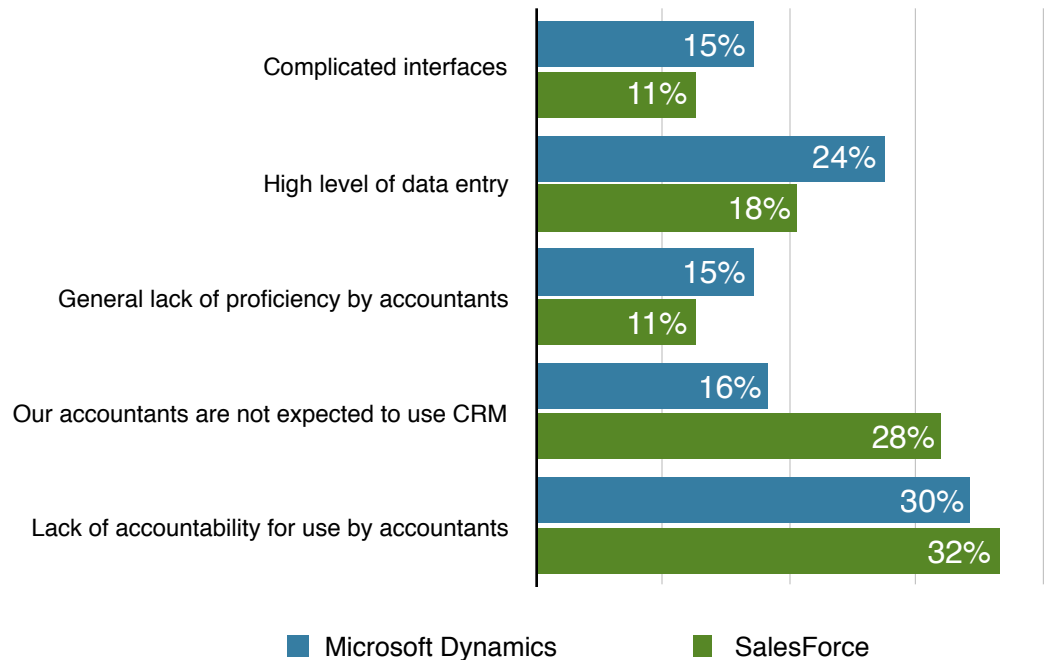
Do firms using Microsoft Dynamics see increases in active CRM usage rates among accountants? It is true that, while 55% of market-wide respondents estimate that less than 5% of accountants at their firm use CRM actively, only 32% of respondents using Microsoft Dynamics indicated such a low percentage. Instead, professionals with Microsoft Dynamics were more likely to estimate the percent of active accountants using CRM at their firm to be between 16-60%, more than the rest of the market. However, usage rates were slightly lower than the market in estimates of 61-100% usage.

In other words, a firm using Microsoft Dynamics is more likely to have an active user rate between 5% and 61% when compared to the whole market.

Another way to understand Microsoft Dynamics' differences is to compare the reasons behind low usage from respondents using Salesforce, the second most popular CRM platform, to the responses of just Microsoft Dynamics users. This comparison is illustrated in Figure VI.



Figure VI. Reasons for reported low utilization: Microsoft Dynamics vs. SalesForce Users



With regard to software-specific variables (as opposed to cultural ones), users reported more issues with Microsoft Dynamics. Respondents were 4% more likely to indicate that Microsoft Dynamics has complicated interfaces compared with SalesForce, and about 6% more likely to indicate a high level of data entry. It should also be noted that differences in response to certain questions aren't due to the CRM product. For example, "Our accountants are not expected to use CRM" revolves around firm-specific culture; it is not related to the performance of the CRM software itself.

### A Question of ROI

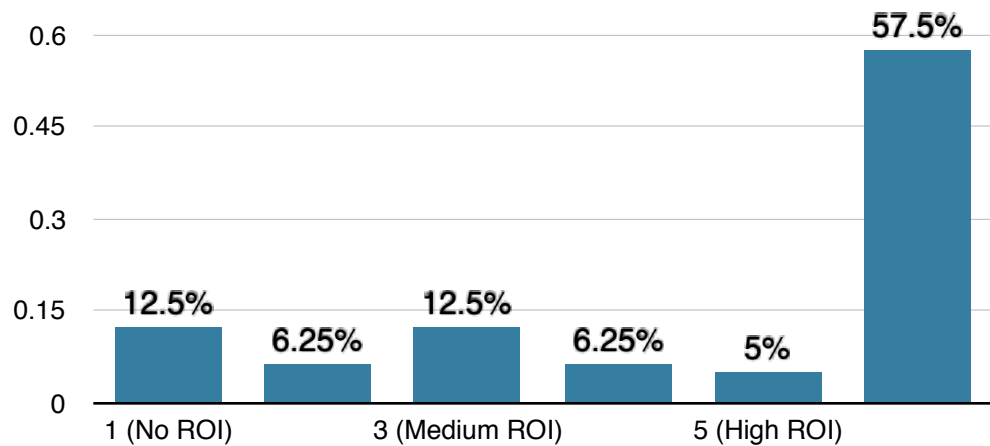
Understanding usage rates alone does not complete the process of understanding the nature of CRM in American accounting firms. To do this, we must not only understand how accountants are using CRM, but also how effective CRM use is to the overall objectives of the firm.



Like any business development investment, CRM is only as good as the ultimate return that it garners for the firm. The vast majority of CRM platforms entail costly purchases of the actual platform — as well as the training needed to use it correctly. When fully implemented, combined costs can swell well into six figures.

As it turns out, however, most firms are in a poor position to effectively measure the ROI attributed to CRM. One of the last questions in the survey asked participants to rank, using a scale from 1 to 5, the level of **quantifiable** ROI their firm's CRM has brought forth. An option was also provided for those firms without sufficient data to effectively assess the question of ROI.

*Figure VII. ROI from CRM Use*



The vast majority of firms indicated that they lack sufficient quantifiable data to determine whether their investment in a CRM platform has led to a measurable return. Particular emphasis was put on quantifiable data due to the oftentimes subjective nature of measuring ROI for various initiatives (used by marketing staff). It is our belief that soft, anecdotal assessment metrics are unable to compare with more objective data indicators such as new revenue. And given the significant investment needed to fully implement a CRM initiative, the lack of objective quantifiable data tracking is cause for concern.

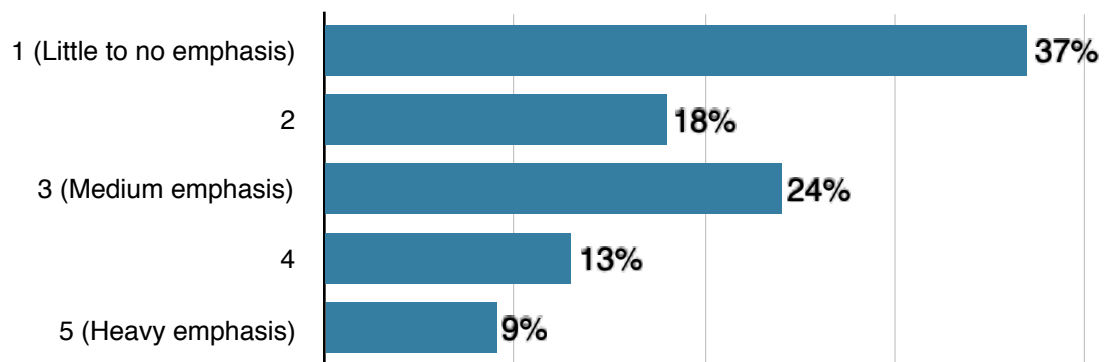


## Emphasis of Use

To take into account how an accounting firm’s culture affects the regular usage of the available CRM, it was important in this survey to ask respondents what emphasis is placed on CRM-use in their workplace. A CRM product may be completely effective, but see little usage if mention of it rarely comes up — or it takes a back seat in business development conversations.

We asked the survey-takers to answer on a scale of 1 to 5, “How much is use of CRM emphasized at your firm?” 1 represents little to no emphasis in the firm environment to use CRM software, while 5 represents “heavy emphasis.”

*Figure VIII. Emphasis on CRM Use*



Over 35% of survey responses indicated that there was little to no pressure on accountants to utilize CRM tools. This adds relevancy to the discrepancy noted earlier between factors that lead to low usage rates in accounting firms. Figure IV displays that “lack of accountability for use” and “no expectation to use CRM” are the first and third largest reasons that CRM goes underutilized.

Even further, the number of firms that heavily emphasize CRM is comparatively small. Less than 10% of responders claimed that there was a heavy emphasis to use CRM software at their firm. And 37% of respondents reported little-to-no emphasis on CRM use.

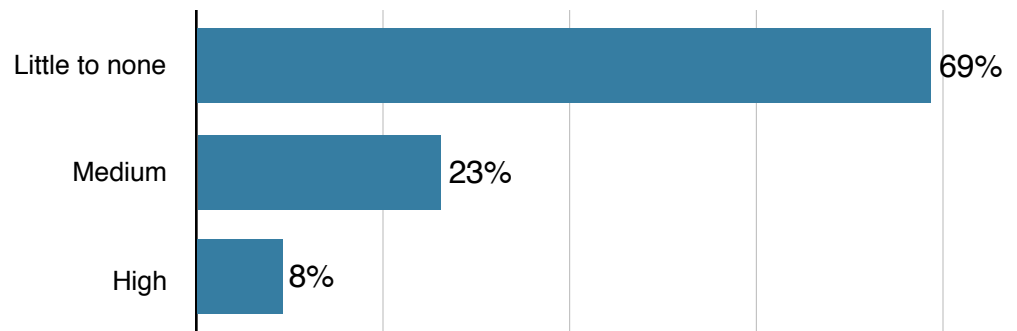


## Accountability in CRM Usage

Since we asked the question of whether accountants at firms are directed to use CRM products, it also made sense to track what accountability exists in firms to ensure the accountants actually follow through and utilize firm-preferred CRM products.

The final question in the survey asked respondents to rate the level of accountability to which accountants were held by the firm to use the firm-preferred CRM on a regular basis.

*Figure IX. Level of Accountability to which Accountants are Held with Respect to CRM Use*



Do firms have a tendency to hold their CPAs more or less accountable to using CRM products? The respondents to the question indicated that over two-thirds of accounting firms possess a culture that does little to hold CPAs accountable for CRM usage. In fact, less than 10% of firms hold their accountants responsible to a high level.

This insight directs back to the reasons that CRM products are underutilized in the work place; Figure IV reveals that 57% of respondents considered that no accountability is a reason for low usage. When accountants aren't held responsible for using a CRM product, they tend not to use it.



## Conclusion

These survey findings indicate that, though most firms have a CRM platform, usage rates by accountants are very low. Reasons behind low utilization primarily came from firm culture (i.e., lack of accountability for use or lack of technological proficiency) rather than problems with the CRM itself (i.e., high level of data entry or complicated interface).

When we compared the utilization rates of Microsoft Dynamics versus those of the market at large, we found that the product was generally utilized more than other products on the market. Additionally, Microsoft Dynamics had higher percentages of users operating CRMs at a higher rate than the market average—and a lower percentage of users operating it almost none of the time. In other words, accountants using Microsoft Dynamics tend to underachieve less than accountants in the market as a whole.

Comparing the two market leaders, Microsoft Dynamics and Salesforce, we found that respondents using Microsoft Dynamics were more likely to report high levels of data entry and complicated interfaces than Salesforce users.

Despite the significant investment needed to fully implement a CRM initiative, the vast majority of accounting firms reported that they had insufficient quantifiable data to calculate an ROI from CRM.



## Best Practices

In light of this conclusion, we offer a set of best practices on how to choose the right CRM platform for your firm, promote higher CRM utilization, and track quantifiable data in order to calculate an ROI. These recommendations are based on over 15 years of experience working with professional service firms worldwide:

**1. Select the right CRM for your needs.** If you want your accountants to use CRM on a regular basis, select a platform with lower reported data entry and a less complicated interface (e.g., ContactEase or even simpler pipeline management tools such as Practice Pipeline). If your accountants are more comfortable with the market leader, Microsoft Dynamics may be a better fit.

**2. Provide more training.** Some firms provide CRM training during the roll-out process, but this is clearly insufficient given accounting firm adoption rates. It is our recommendation that firms provide regular training sessions so that accountants have multiple opportunities to become comfortable with the software and to understand why CRM utilization is important to the firm's growth.

**3. Address the human element.** The primary reasons for CRM underutilization have to do with human behavior, namely lack of accountability and lack of technological proficiency. To offset these problems, implement initiatives that support the accountants at your firm in their use of CRM. Incorporate accountability structures such as monthly meetings with marketing staff or outsourced coaching firms such as The Rainmaker Companies.

**4. Identify quantitative means to correlate ROI to your CRM.** You cannot change what you do not measure, so keep track of metrics such as new proposals or revenue. If you have not yet implemented a CRM initiative but plan to, set a baseline using these metrics *before* you invest so that you can calculate the change after implementing CRM.





**5. Reward the adopters.** Since all CRM platforms provide the ability to run utilization reports, acknowledge the accountants who use the platform regularly. Once their colleagues see that the adopters are being publicly recognized by firm leadership, they will be less likely to disregard the firm's CRM.

**6. Exercise patience.** Remember that CRM is still a relatively new sales tool at most accounting firms and that most accountants do not think of themselves as salespeople. Our industry is slow to embrace new ideas, but the younger generation of accountants have a greater appreciation for technology and the value of entrepreneurship than their predecessors.



## About the Authors

**David Ackert** is the President of The Ackert Advisory, a business development coaching and training firm with clients in the professional services sector throughout North America. Widely recognized as a pioneer in business development technology, David is the founder of Practice Pipeline, a pipeline management software platform that integrates technology with peer-group coaching to make service professionals' business development pursuits more effective.

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