Do You Want Fries With That? Why "Up-Selling" Is a Preferred Strategy Over "Cross-Selling" in CPA Firms

By Michelle Golden and Michael Platt

We're among friends here, so let's be honest with each other. The concept of "cross-selling" in CPA firms — introducing "other" services to clients to solve their problems — is great on paper, but practitioners and marketers alike, regardless of firm size or sophistication, continue to be disappointed that cross-selling results fall short of expectations.

Effective cross-selling requires alignment of curiosity, knowledge, behavior, attitude, trust, and a genuine desire to help clients solve problems. As marketers/coaches, we teach techniques to uncover needs, develop lists of potential solutions, and reinforce that practitioners don't actually need all the answers themselves. Yet few CPAs are consistently succeeding at the cross-sell. Success ultimately depends on the attitudes and skills of the practitioner at the moment they pitch additional services to clients — if they even create that moment.

Marketers agree that the process usually breaks down early (failing to identify needs) or during the interactions where needs are discussed and solutions presented. Since it's not usually possible to help spot needs in the field or to be present at the pitch, there's only so much we marketers can do to impact results.

AAM members visit with exhibitors at AAM Summit 2004 in Las Vegas.

So how can we encourage movement toward stronger cross-selling cultures within firms? First we must understand the true barriers to cross-selling (e.g. trust, timidity, overwhelming choices, etc.) (*see sidebar on page* 6). Second, we've got to simplify the process and remove the barriers. One way to alleviate many barriers is to create a practical, more simple process: "up-selling."

Using McDonald's Corporation as a classic up-selling example, consider their effective pitch — now part of American pop-culture: "Do you want fries with that?" We marketers must ask ourselves why this works so well and consider how to apply this approach to our own sales.

The McDonald's phenomenon nets an additional 15-40% in annual revenue, thus substantiating that high-volume at low price can be a winning strategy. About 25 years ago, McDonald's employed their strategy to consistently offer add-on menu items to every customer (with no need for employees to assess individual customers' needs). That's when "Do you want fries with that?" became every McDonald's cashier's mantra. The result: even 16 year-old employees significantly contribute to the bottom line through increasing the average dollar-value of each transaction.

How does the McDonald's strategy translate to our industry? Up-selling involves a) selling an appropriate add-on when clients are buying something, or b) upgrading the value of the original

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service to a higher level — similar to "supersizing" it. In CPA firms, an example of the former is adding "IRS audit insurance" to the client's tax return, and the latter could be moving the client toward "concierge level" tax services.

Up-selling is a preferred strategy to cross-selling because it's more natural to do therefore it's more achievable. By simplifying the offerings and removing the cross-selling stigma, marketers can re-shape the paradigm of "cross-selling" to improve profitability through volume.

The Mechanics of Creating and Selling *Your* "Fries"

Firms are successful when they create their own "fries" offerings and adequately communicate why their "fries" work with their "sandwich." These are the steps to effectively implement this strategy in your firm:

1. Identify your "fries" — the add-ons for your core services. Most firms have extensive lists of services they offer. Your challenge is to distinguish the core offerings from "add-ons." If needed, work with your service teams to create new add-ons as complementary services to your core offerings.

2. Package and price the add-ons. Add-ons should typically be priced at less than 50% of the core offering. Determine how best to package and price your "fries" so that they fit as a natural extension of your core services.

3. Effectively understand and easily communicate how your "fries" complement your "sandwich" — the core offering. Successful firms identify and articulate the complementary relationships between their services. Everyone in the firm should recognize the value proposition of your add-ons and should be able to describe it in a couple sentences without much thought or analysis of client needs — team members should inherently view the service as a natural fit that enhances the client's position.

4. Dummy-proof the process of extending the invitation to buy. As with any sales process, the up-selling process must be identified, tested and refined. Following their market testing, McDonald's employees received explicit instructions on the magic question wording and at which step of the transaction to introduce it. Identify and test the steps for up-selling your services as well.

5. Train on the specific approach. The invitation to buy needs to comfortably roll off the tongues of everyone that has client interaction. They must know how to offer "fries" without feeling that they are pressuring the client.

6. Measure and monitor results, and allow for course corrections along the way. As with any process, you need to know when it's working and, more importantly, when it's not. Be sure to set up a system to monitor results and improve the process as you receive feedback.

At their AAM Summit presentation on June 10, 2005, Mike and Michelle will provide many specific how-to's to effectively implement an up-selling strategy in CPA firms. Be sure to sign up for this innovative, paradigm-shifting session!

	Cross-selling Barriers	**Up-selling Advantages**
Approach	Checklist approach to identify possible sales is flawed — too many choices overwhelms. It takes time to determine needs, develop solutions, and propose them in a compelling manner.	A handful of pre-determined offerings with practiced value messages makes for a simpler approach. Offering the add-ons becomes a no-brainer.
Buying cycle	Buying cycle can be similar to that of an entirely new sale unless the accountant is very skilled in understanding needs and communicating related value.	Shortest buying cycle. Point of sale is the best time to introduce relevant additional items to clients. Client is already in buying mode; compelling reasons are easily stated. An acceptance is usually immediate.
Ease of sale	Can be difficult to convince clients to add other high-dollar purchases to an existing sale. It sometimes feels insincere.	The value of the add-on is readily apparent and the decision to buy is not a complex one.
Pricing	When pricing confusion occurs and the amount to charge isn't clear, both the practitioner and the client have another reason to avoid a conversation.	More desirable price-point (less than half the cost of existing service), well-defined in advance, makes raising the issue easier.
Experience and rejection	It's unlikely that a relatively inexperienced accountant or non-rainmaker is willing or able to cross-sell using traditional methods or that they will keep trying after a series of rejections.	More frequent successes closing the deal instills confidence for making bigger sales later — good practice for any level practitioner who desires to be a better business developer.
Trust issues	Trust of other practitioners' styles with "your" clients — concern over quality.	Current partner is typically still "responsible" thus more comfortable proposing the service.