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# Developing an Effective Advertising Campaign

## Helps Create an Effective Professional Image

By Terri L. Hollingsworth and Clifford E. Hutton

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Six years have passed since Rule 502 of the American Institute of Certified Public Accountants was amended to permit CPA firms to advertise. Many firms have not taken advantage of this privilege. The story is told that after telegraph wires were strung across Asia and western Europe, Disraeli, conscious of the communications triumph, asked Queen Victoria what she had to say to her subjects in Calcutta, thousands of miles away. "I have nothing to tell them," she sadly replied. Similarly, with the opening of new frontiers for reaching the public, members of the accounting profession must first decide whether they wish to speak out and exactly what they have to communicate in advertising media.

Traditionally, members of the accounting profession have not advertised. They have sought new business aggressively through referrals, Rotary Club memberships, public speaking engagements, country club memberships, and other indirect and subtle methods. The environment changed with a Supreme Court ruling in June of 1977. The particular case involved advertising by two Arizona attorneys, and the court ruled that the Arizona Bar Association's restrictions on advertising were unconstitutional in

that they violated the right of free speech guaranteed by the First Amendment to the U.S. Constitution.<sup>1</sup>

In keeping with the court's decision, the American Institute of Certified Public Accountants amended Rule 502 of their code of ethics to read, "A member shall not seek to obtain clients by advertising or other forms of solicitation in a manner that is false, misleading or deceptive. The direct uninvited solicitation of a specific potential client is prohibited."<sup>2</sup> The essence of Rule 502 is that advertising and promotion is permissible and should be informative, objective, tasteful, and professionally dignified. According to Susan R. Whisnant, contributing editor of *The CPA Journal*, false, misleading, and deceptive methods are those that:

- Create non-realistic expectation of favorable results.
- Imply that the CPA has a persuasive influence on courts and regulatory agencies.
- Consist of self-laudatory remarks that are not based on verifiable facts.
- Make unfavorable comparisons with other CPA firms.
- Contain testimonials or endorsements from clients or others.<sup>3</sup>

Interpretation of 502-4 of the code of ethics originally prohibited AICPA members from claiming to be experts or specialists, but that restriction has since been lifted.

Many accountants believe that advertising, when done responsibly, can be beneficial to both the members of the profession and the general public. Advertising is a tool that can enhance the image of a particular firm, and the profession in general, and can educate the public to realize the value of accounting services.

### The Effective Campaign

C.H. Sandage, Vernon Fryburger, and Kim Rotzoll presented a useful model for building a media plan in their book *Advertising Theory and Practice*. Their "four W's" in media planning are:

1. Who do we want to reach?
2. Where are they located?
3. What is the message?
4. When do we advertise?<sup>4</sup>

In any advertising, the aim is to reach a target market. For accounting firms, this market includes all the enterprises, profit and non-profit, in the American economy. Many accounting firms have chosen to focus on small and medium-sized businesses who are not presently availing themselves of the services of an accountant. Other firms, particularly those in large metropolitan areas, have attempted to reach customers that have recently moved to their area. Implied in the "targeting" process is an internal assessment by the firm of their differential advantages. The company's strengths, as well as their resources and personality should provide the proper guidance to selection of the target market or markets.

How does an accounting firm reach their targeted market? Many choose to place advertisements in such publications as *Business Week*, *Forbes*, *The Wall Street Journal*, and *Dun's Review*, as well as local newspapers. Correctly designed print ads are not only effective, but are considered to be more tasteful than direct mail or telephone solicitation. Radio and television have also been used, although with less frequency.

Two types of advertising are often cited by authors: institutional advertising and product advertising.<sup>5</sup> Institutional advertising generally does not

relate directly to specific areas of business and is useful in creating an overall firm or professional image. Product advertising, on the other hand, involves informing the public about the scope of the firm's overall or specialized services. Such advertising may also include information on pricing, location of the business, and number of years in operation.

Thomas D. Wood and Donald A. Ball have conducted a series of interviews to determine the criteria by which businesses choose their particular accounting firm. The results, in order of importance are:

1. Technical expertise in the client's field.
2. General technical competence, as evidenced by being a CPA.
3. Sufficient size to provide backup, when necessary, and specialists, if needed.
4. Reputation based on recommendations of business associates, attorneys and bankers.
5. Ability to get along with the client.
6. Price.

To aid the accountant who prepares individual tax returns, Wood and Ball conducted another survey to determine what criteria was used to choose a tax accountant. Wood and Ball theorized that price would be the most important consideration, but the results of the survey indicated otherwise. The criteria, ranked in order of importance, are:

1. General technical competence as evidenced by the CPA certificate.
2. Technical experience in a specific field.
3. Recommendation of bankers and attorneys.
4. Price charged.
5. Availability of accountant.
6. Length of time in practice.
7. Recommendations of friends, civic clubs, churches.
8. Location of office.
9. Size of accounting firm.<sup>6</sup>

Although price was ranked high by this target market, it was not the most important consideration. The survey results indicate that the accountant should emphasize technical competence when attempting to reach either market.

The timing of an advertising campaign can be critical. For example, timing of an advertisement to coincide with a tax season may result in new business. The regular issue dates of

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## Advertising should emphasize technical competence.

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printed media and specific time units on television and radio let advertisers select the best month, week, day, minute and second when their messages will be seen, read, and heard by the target market.

In an initial campaign, most accounting firms probably should use a professional public relations firm. Such an outside consultant can be utilized to design brochures, to introduce the company to business editors of various publications, to prepare news releases for these publications and to perform public opinion surveys which give the accounting firm an indication of its current public image. Gerald A. Hanggi, Jr., has developed guidelines to aid companies in selecting the proper media consultant. An accounting firm should ask:

1. Is the consulting agency involved in any way with my competitors so as to create a conflict of interest?
2. What is the agency's history and growth record?
3. How many accounts are handled by the agency and does it have time to service my account?
4. What percentage of the agency's clients are service oriented?
5. What is the agency's record for retaining accounts?
6. How do media representatives and other clients feel about the agency?
7. Who will be assigned to my account and can I feel comfortable with this individual?
8. What is the consultant's fee?

## Mistakes To Avoid

Undoubtedly many accounting firms have wasted a lot of money on campaigns that produced few results. Irwin Braun, author of *Building A Successful Professional Practice With Advertising*, commented that most ads he observed were poorly conceived. According to Mr. Braun, seven of the most common mistakes that accountants make in advertising are:

1. Failure to target the proper market segment.
2. Using an all-purpose ad; one that is so general that it fails to distinguish your firm from the competition.
3. Running a one-shot ad. To be successful, advertising should be continuous.
4. Saying too much. The effective ad should be simple, concise, and easy to read. Too often an excessive amount of text is squeezed into a tiny space, forcing the type to be too small to be clearly read.
5. Using a "bland" ad; one that fails to capture the eye.
6. Placing what is referred to as a "business card" ad. The headline of an ad is critical in attracting attention and nothing can bore a reader more than seeing a mere name in bold type.
7. Using the wrong medium. Many firms use only print ads, when they could use a media mix to reach all of the target audience, rather than a small segment.<sup>8</sup>

## Experiences in Advertising

CPA firms have traditionally been indistinguishable from one another to the general public and even to many users. Effective advertising should set a firm apart from the rest. Deloitte Haskins & Sells built a successful campaign around the theme "Beyond the Bottom Line." Arthur Young's "Speaking Out" series was dropped because management had difficulty in determining measurable benefits.

The San Francisco firm of Siegel, Sugarman & Seput was one of the first small CPA partnerships in the country to advertise. Their seven week experimental campaign appeared primarily in city publications and trade journals in the fall of 1978. SS&S carefully tailored the ads to their target market — small, growing companies — and established a series of controls and measurements. They set three goals: attract new business; preserve the firm's reputation; and obtain supportive feedback from other members of the accounting profession. That "unprofessional" advertising could damage the firm's image was a concern. An advertising agency was hired and to avoid the pitfalls of committee decision-making, one partner, Arnold Siegel, assumed full creative responsibility.

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The budget was set at \$25,000 (\$16,000 for media and \$9,000 for creative and production costs). The partners agreed that the campaign would be considered a success if it attracted clients with gross annual billings of at least twice this expenditure. The ads worked: SS&S estimated new clients engaged as a result generated at least \$50,000 annually. The company received compliments from CPA's across the country, professionals in other fields, such as law and medicine.<sup>9</sup>

One small Montana firm developed an indirect approach to advertising that not only fulfilled the objectives of advertising, but also provided a public service. The company publishes a weekly column in three area newspapers that provides useful information in areas of interest to most readers. Topics have included "The High Cost of Dying," "Mistakes Made in Buying or Selling a Business," "Safe-Deposit Box Contents," and "Should I Incorporate?" The articles have succeeded in keeping the firm's name in the public eye and many new clients have come to the firm with specific problems identified in the column. Others were impressed by the column and for the first time recognized the need for a CPA.<sup>10</sup>

## Conclusion

Although some accounting firms have considered the cost of advertising to exceed the revenue generated by new business, many firms have engaged in some form of advertising during the past six years. As competition increases, advertising by accountants will increase. These advertising programs should be in good taste and preserve the dignity of the profession. Ω

## NOTES

<sup>1</sup>Thomas D. Wood and Donald A. Ball, "New Rule 502 and Effective Advertising by CPA's," *The Journal of Accountancy*, June 1978, p. 65.

<sup>2</sup>Thomas D. Wood and Donald A. Ball, p. 65.

<sup>3</sup>Susan R. Whisnant, "Marketing CPA Services," *The CPA Journal*, March 1983, p. 84.

<sup>4</sup>C.H. Sandage, Vernon Fryburger, and Kim Rotzoll, *Advertising Theory and Practice* (Homewood, IL: Richard D. Irwin, Inc., 1983), p. 266.

<sup>5</sup>Carl McDaniel, Jr., *Marketing: An Integrated Approach* (New York: Harper & Row, 1979), p. 374.

<sup>6</sup>Thomas D. Wood and Donald A. Ball, p. 67.

<sup>7</sup>Gerald A. Hanggi, Jr., "Media Advertising as a Practice Development Tool," *The Journal of Accountancy*, January 1980, p. 57.

<sup>8</sup>Irwin Braun, "Seven Major Mistakes Accountants Make in Advertising," *The CPA Journal*, July 1982, p. 82.

<sup>9</sup>"Should CPA's Advertise?" *The Journal of Accountancy*, September 1975, p. 54.

<sup>10</sup>Arvid O. Mostad, "A Local Newspaper Column as an Alternative to Direct Advertising," *The Journal of Accountancy*, October 1980, p. 97.

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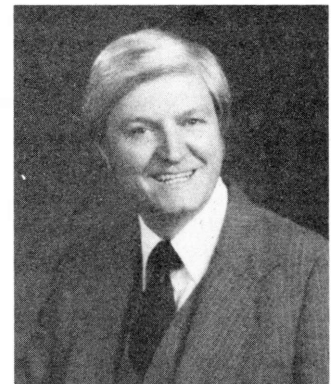
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