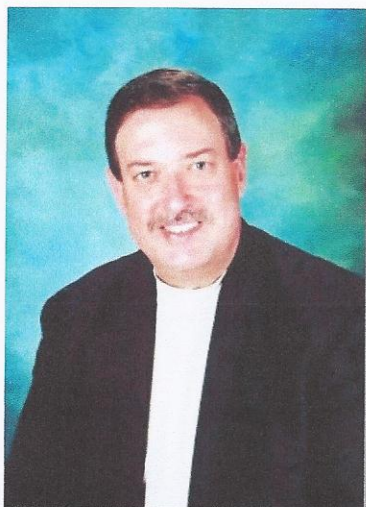


A Formula for Success



By Michael A. Crawford, CPA

There are few rewards greater in life than the gratifying feeling one gets from serving others and exceeding their expectations. Whether it's bringing home grades higher than your parents expected, instinctively helping a senior citizen carry packages to his or her car, closing the office to take employees and their families on a seven-day cruise or postponing a planned vacation to attend an emergency client meeting, when our actions unexpectedly make someone happy, the reward can be great.

Just as success in preparing a balance sheet is tied directly to the basic accounting formula "Assets – Liabilities = Equity," success in serving others in business and life can also be tied to a formula:

Perception – Expectation = Satisfaction

Although I don't remember where I read it, I came across this conceptual satisfaction formula more than 40 years ago and it has served as the cornerstone for my business and personal life in regards to serving others ever since. Simply stated, the level of satisfaction an individual obtains is in direct correlation to whether they perceive their expectations have been met or exceeded. In looking at this formula in terms of numbers, a satisfaction level result of zero would indicate the individual's expectations were met, a positive number result for satisfaction would indicate their expectations were exceeded, and a negative number would indicate expectations were not met.

For example, assume an individual's expectation level to be moderate (say a five on a 10-point scale), and the level of service they perceive to have received is relatively high (let's say an eight), then the formula for success would indicate they will be quite satisfied with the service we have provided

(*Perception* level of eight, minus *Expectation* level of five = *Satisfaction* level of positive three).

I know, this sounds so basic and simple, but it has served me well. In fact, a great part of the success of my firm's governmental accounting and consulting practice over the past 27 years is owed to the application of this formula. I created Crawford & Associates in 1984 in large part because of my observation, based on my first hand knowledge as a government finance director, that state and local governments were not being served well by the public accounting profession, and an opportunity existed to create a successful practice dedicated solely to the interest of governments. At that time, for many CPA firms, state and local government clients were considered low risk engagements and sources of non-busy season, summer work that had a primary objective of helping keep firm staff busy during that normally slow time. In my opinion, state and local government engagements were often overstaffed, served as a training ground for new employees and were untimely and non-responsive to the basic needs of the government's elected officials, management and staff.

As a result of these experiences, I felt that governments' *expectations* for public accounting services had been set at a low level, and it would be easy to exceed these expectations. I was convinced that a CPA practice dedicated solely to serving these governments year round and offering experienced, personalized, hand-holding service on a timely basis would easily create *perceptions* of a high level of service they were not accustomed to receiving, and thereby result in a high level of *satisfaction*. Because most of the government entities across the country are small and have very basic needs, I didn't need to be technically brilliant, just understanding, attentive and

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responsive to those needs. My perceived opportunity and approach to client satisfaction turned out to be a successful reality as evidenced by our firm's growth from a one-man local consulting practice operated from a spare bedroom in 1984 to an international accounting and consulting practice with five shareholders and more than 20 employees in 2011.

Understand client perception.

The one component of the satisfaction formula that is most often misunderstood is perception. While it is always important to be factual and truthful, interestingly enough, in terms of the level of satisfaction achieved in serving clients, it may be less important how technically brilliant the work or work product is and more important that the client understands it and perceives that it has met or exceeded their needs and expectations. For example, I may have prepared the most technically accurate and comprehensive financial report the client has ever received; however, if the client is the primary user of the report and it is beyond their ability to understand it, it becomes unusable to them and I have likely failed to satisfy the client. To use a quote attributed to Robertson Davies in *The Wordsmith Dictionary of Quotes*, "The eye only sees what the mind is prepared to comprehend."

To illustrate, I offer the following true story. In 2001, I was attending a meeting of the city council of a small Oklahoma municipality and making my presentation of their annual financial statements and related audit. When I proudly completed my 20-minute comprehensive and technically sound presentation, I asked if there were any questions. All I could see in their faces was that unresponsive, deer-in-the-headlights look, and I could tell there was some hesitancy on the part of the city council members to speak up. Finally one gentleman made a comment and asked a question that I will never forget. He said "Mister, I don't understand anything you just said. Can you just tell me on a scale of one to ten how we're doing?" I was caught by surprise, but felt I should say something, so I said, "I don't know, maybe a three." To which he responded "Thanks, that's all I wanted to know."

I didn't have a factual basis to say three other than my knowledge that the city's financial condition was weak and deteriorating. As I was driving home that night, I began thinking about how I could legitimately answer and support the answer to that gentleman's simple question. It was from this unsatisfied city council member's query that the idea for the Performer[®] was born.

The Performer[®] is our firm's copyrighted and trademarked financial analysis and rating tool for use in measuring a government's financial health, performance and capability. It uses a series of financial ratios and indicators, benchmark comparisons, charts and graphs, a weighted average rating methodology and a rating scale of one to 10 to communicate financial information in a user-friendly and understandable way for non-accountants. For example, instead of referring to the pension plan funding ratio as the technically correct "Pension Plan Actuarial Funded Status," the Performer[®] asks and answers the question "Will we be able to pay our employees' pensions when they retire?" Instead of referring to the most commonly used liquidity ratio as the industry recognized phrase "current ratio," we ask and answer the question "Do we have enough cash to pay our vendors and employees on time?" Remember, the eyes and ears only see and hear what the mind is prepared to comprehend.

Since its development more than 10 years ago, the Performer[®] has become a very popular and widely used financial management tool for governments around the world. It was the subject of a 2003 article in the AICPA's publication *The CPA Letter*, and is even featured in college governmental accounting textbooks used around the country. Who would have ever dreamed that such a relatively basic idea that sprung from a simple query by a small town elected official would have blossomed into such a popular service?

Be cautious.

I do need to offer a word of caution about the successes that can come from applying the satisfaction formula. Once we have consistently exceeded the expectations of others, we tend to drive up their level of

expectation with regards to future service. Because of these ever-changing expectations, we must continuously strive to find new ways to achieve a perception that the quality of service we are providing meets or exceeds these new expectations. However, this is not all bad. It does keep us on our toes and results in finding new and better ways to serve all our clients. Also, when we are competing with other professionals for one of our current client's business, the competing professionals will most likely be held to these higher expectation levels too. If they are unable to meet or exceed these higher expectations, then client satisfaction levels will be low and the client's business will likely return to us.

Apply to everyday life.

While the satisfaction formula can be successfully applied to business life, it can be equally rewarding in applying it to your personal life. True happiness comes from honorable service to others. Whether serving clients, an employer, employees or co-workers, family members, the community, friends or perfect strangers, doing something good for them that exceeds their expectations will come with many rewards. However, honorable service means one must put the interest and welfare of others ahead of their own and be willing to make sacrifices. While it is not always the easiest approach to take, each day we should look for opportunities to enhance the lives of others in unexpected ways. It could be simple things such as using some of our savings to give a needed but unexpected gift, taking time out of a busy schedule to help another find his or her destination, offering to put our work on hold to help another employee who is struggling to meet a deadline, or simply staying later at work than planned in order to timely answer all emails.

Let's encourage each other to live each day with the mindset of the satisfaction formula and search out and take advantage of opportunities to better the lives of others through exceeding their expectations. ☺