

ACCOUNTING

BEYOND THE NUMBERS



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PODCAST EPISODE #5: TRUSTED ADVISOR INTERVIEW WITH KEN FALK, CPA, PARTNER TRANSCRIPT

Kae Wagner – Ken, I'm delighted that you're on the podcast with us. Welcome.

Ken Falk – Thank you.

Kae Wagner – I want to introduce to you Ken Falk of Ross Buehler Falk. Ken is a Partner and a CPA with the firm. Just to give you a sense of who Ken is by the numbers, and then we'll talk about his experience and background, Ken has been married to Diane for how many years now?

Ken Falk – Thirty-six.

Kae Wagner – Thirty-six years.

Ken Falk – No, what am I saying? I'm missing five years. Forty-one.

Kae Wagner – Okay, maybe we won't let Diane know about that little slip. You have two daughters? Do you have more than one grandchild?

Ken Falk – Just one grandchild currently.

Kae Wagner – You've been at Ross Buehler Falk for 30, how many years?

Ken Falk – I started in 1985.

Kae Wagner – In the past you've been on the Lancaster YMCA board. You were also captain of the U.S. Tennis Association, the adult league teams, and the regional playoffs, and you're still doing that?

Ken Falk – Still doing that.

Kae Wagner – I think at one point you went to the national playoffs, right?

Ken Falk – Correct. Been lucky enough to go two different times for two different levels.

Kae Wagner – That's great. Congratulations on great tennis skills! Let's talk about your accounting skills. So you have your CPA and you're a Partner. When I look at your bio, I see that you are a graduate of York College and you are one of the founding members of RBF, right?

Ken Falk – Yes.

Kae Wagner – Great history with the firm. Very integral part of the firm's growth over the years as a Partner. One of the things that you guys talk about at RBF is about being a Trusted Advisor. So what we want to do in today's podcast is to talk about what that term actually means and what the implications are, or the benefits are, really, for your clients. Let's start with your definition of what the term Trusted Advisor means.

Ken Falk – To say it very simply, and to borrow a phrase from Ghostbusters, it's "Who're you gonna call?" So when you're thinking about looking at new projects, and you just want to get feedback from somebody that you trust, and you have confidence in their ability to see the big picture, rather than just get lost in the detail: it's that person that you're going to call. It's a person that you build a deeper relationship with. It's a person that you expect not only to answer your direct questions, but also come back with comments about other alternatives, different solutions, and what else they should be pursuing, or possibly what other relationships or specialists they might be engaging to help them make any major decisions in those type of things.

Kae Wagner – Give us a couple of real life examples of some relationships that you've had with clients where being a Trusted Advisor really had an impact.

Ken Falk – There's been quite a few. But I have a lot of contractors and they're going through a succession issue usually every 10 to 15 years just by the nature of the business and kids moving on. Or, if it's not a family-owned business, which many of them aren't any longer, you're dealing with the fact that you can't wait until the last day when somebody is ready to retire to have a plan in place that effectively transfers the ownership. And more importantly, the leadership of the company. So you know it's a long-term planning process that you need to do and I have had to suggest unique ideas to get those transitions done because of the requirements for a contractor, not only from a financing standpoint to maintain their equity, but also the bonding requirements for many of these that are of a larger size and work on the bigger projects.

Kae Wagner – And those bonding requirements are sometimes based on the individual's status or net worth?

Ken Falk – To a small degree. It's mainly the workload of the client; like type of projects they get into, how well they can be bonded, by what the bonding companies are looking to do. But the bottom line is

they need to maintain a certain level of working capital and equity as a transition to business from one owner to another, or even when you're doing just a small ownership transfer. You can't let them do it in a way that they go beyond the thresholds and all of sudden they're not eligible for bonding and now they can't compete in their market like they have before. I've had to have several contractors look at a unique scenario going through a joint venture ownership type of transfer that allows you to transfer the ownership as you go and for the new team to be building up the equity and the working capital as you go through your transition over a seven to ten-year period.

Kae Wagner – Is that typically what you suggest as far as planning goes?

Ken Falk – No. Every situation is unique. Every owner has different goals and you've got to start with understanding what are the goals of the client or the current owner, and how does that match with the company goals? Are their goals realistic? And it's respecting their goals even though you might not totally agree with them. But our main objective is to help our clients reach their goals. It doesn't always translate to be the best course of action for us in our services. We're always trying to make the decision in the best interest of the client.

Kae Wagner – What is the impact on a business or a leader if they don't have someone like you who is truly a Trusted Advisor?

Ken Falk – Sometimes they're operating in a vacuum from the standpoint that they're just not sure of the decisions they make and the processes they start. If you're not doing those processes with confidence and feeling that "okay this is the right course of action and this is what we're going to do," as you know, it doesn't work out very well a lot of times. If people don't have a Trusted Advisor to connect with, even if that Trusted Advisor doesn't have the answer, usually the Trusted Advisor is connecting them with the right people that do. If they don't have that network system, they're not getting the best answers to make the decisions they need to make. Sometimes that reflects in not-so-positive results as they try to do these transitions.

Kae Wagner – How would you suggest for both sides of the relationship, from your perspective and from the client perspective, how best to develop that kind of relationship, that kind of Trusted Advisor relationship? What goes into that?

Ken Falk – It's usually at times separate from just the normal processes of coming out and doing their year-end financial statements or tax returns. It's having meetings where you get to know each other and you'd never build that type of scenario on day one. There are different building blocks that are laid even in that very first meeting because you want to know what the goals of the client are, so you know what you're trying to help them get to long term. Sometimes, until you get into that role, the feeling that, okay now when I have these different scenarios, this is who I'm going to call, it might take a year or two before you're developing that type of relationship and confidence in the person that you're calling for the advice.

Kae Wagner – So time and trust are part of that?

Ken Falk – Trust is so sacred. We go beyond normal means to make sure that trust is always there.

Kae Wagner – And finally, from a client’s perspective, what do you see that they value as benefits of the kind of relationship that you have as a Trusted Advisor? What are they valuing in that?

Ken Falk – Well, they’re getting something more than just the standard tax return. They’re getting suggestions. There’s always pre-planning because of these type of engagements where you’re trying to plan things, at the same time take care of the current business load. From a financial standpoint, you’re always looking at alternatives. But I guess the way to say it in one little sentence is, you’re helping them develop and maintain an accurate understanding where you’re showing the client that you really understand their business, their needs and expectations.

Kae Wagner – Terrific. Well, Ken, I have seen you in action. I’ve seen you with clients. I know that people place a huge value on the relationships that they have with you. And I know that you really walk the walk as far as being a Trusted Advisor, so kudos to you for that.

Ken Falk – Thank you. That’s the part of the business that I enjoy the most. So hopefully that shows.

Kae Wagner – It does. You are well loved by your clients. I know that.

Kae Wagner – Thank you Ken, for participating in this podcast and we will be talking with you in our next podcast about Successful Businesses. Thanks.