



Beyond numbers

Hearing what its clients are saying keeps accounting firm customer-connected

John Malone, partner and SEC practice leader of MaloneBailey LLP: 'The best way into the heart of a potential new client is by listening.'

BY NICOLE BRADFORD
SPECIAL TO HOUSTON BUSINESS JOURNAL

For a seasoned CPA firm, telling the client what he wants to hear is not a recommended strategy, but understanding what the client wants — even if you can't deliver it — is a different story, according to John Malone, partner and SEC practice leader of Houston-based MaloneBailey LLP.

While ever-changing technology and legislation may be the most challenging aspects of his business, Malone said the most important skill is listening.

"The biggest thing I've learned is that the client has to be heard," he said. "If they are not heard, they still will not be happy no matter how good your work is."

As a student fixated with accounting

in high school and college, Malone did not recognize the people aspect that would later emerge in his work: "Everything was made of numbers and quantifiable," he said.

But after seven years of working for other companies, Malone said he began seeing what he referred to as a disconnect between what companies wanted and what accountants wanted to tell them.

"We spend a lot of energy crunching numbers, but clients need someone to listen to what they want," he said. "My goal was to provide that service. The best way into the heart of a potential new client is by listening."

In his early career, fellow accountants didn't share that point of view, he said.

"They thought I was too much of an

advocate," Malone said. "When you're an auditor, you are supposed to take a neutral point of view."

But there is a difference between being an advocate and listening to clients and telling them how they can best follow the rules.

"It's a fine line to walk. You ask the client what they want, but then you have to follow great scrutiny, making sure you are doing everything letter-perfect," he said. "Sometimes, all the client really wants is just to be heard."

It was 30 years ago when Malone, not yet 30 himself, struck out on his own to build John Malone & Company PC.

"It was a scary step," he said. "I had no money, no clients and no idea what to do next. But I knew I had the skill sets and didn't want to work for anyone else.

MALONE BAILEY LLP

2011 REVENUE: \$12 million
2010 REVENUE: \$11 million
TOP EXEC: John Malone, partner and SEC practice leader
EMPLOYEES: 70
FOUNDED: 1982
BUSINESS: Full-service accounting firm that provides small and middle-market private and public company audit and tax services
WEB: malone-bailey.com

I had resources."

His resources included a large business network built while serving in vol-

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MONEE FLY/HBJ

TOOLBOX

BE THERE

EVENT: Small Business Growth Summit
DATE/TIME: April 10, 8:30 a.m. to noon
LOCATION: Houston Community College-West Loop, Auditorium, 5601 West Loop South
COST: \$20
MORE: hccbizconnect.org

EVENT: Healthy Conflict Management
DATE/TIME: April 10, 9:30 to 11:30 a.m.
LOCATION: Leisure Learning Unlimited, 2990 Richmond Ave., Suite 120
COST: \$40
MORE: esch@eschouston.org

EVENT: East End Chamber of Commerce — Mayoral Business Luncheon
DATE/TIME: April 11, 11:30 a.m.
LOCATION: Brady's Landing, 8505 Cypress
COST: Members \$35; nonmembers \$45
MORE: eecoc.org or 713-926-3305

EVENT: Houston Realty Business Coalition Breakfast
DATE/TIME: April 12, 7 a.m. to 8:30 a.m.
LOCATION: The Junior League, 1811 Briar Oaks Lane
COST: Members and elected officials free; nonmembers \$40
MORE: Michelle Martin, 713-830-2184 or michelle@houstonrealty.org

EVENT: South East Express Network of the American Business Women's Association
DATE/TIME: April 12, 11:30 a.m. to 1 p.m.
LOCATION: Golden Corral, 9115 Broadway, Pearland
COST: \$20
MORE: Kim Kankel at 281-726-3260 or kim_kankel@yahoo.com

EVENT: Greater Houston Women's Chamber of Commerce — Women's Growth Summit: What's Relevant
DATE/TIME: April 17, 7:30 a.m. to 4:30 p.m.
LOCATION: Westin Galleria Hotel, 5060 W. Alabama
COST: \$295
MORE: ghwcc.org or 713-782-3777

EVENT: 2012 Landmark Awards
DATE/TIME: April 19, 6 to 9 p.m.
LOCATION: The Houstonian Hotel, Club & Spa, 111 N. Post Oak Lane
COST: \$170
MORE: Events desk at 713-688-8811 ext. 31703 or subhelp@bizjournals.com

EVENT: Institute for Management Consultants Houston Chapter April Breakfast
DATE/TIME: April 20, 7:15 to 9 a.m.
LOCATION: Marriot West Loop by the Galleria, 1750 West Loop South
COST: Members \$25; nonmembers \$30
MORE: IMCHoustonTX@gmail.com

EVENT: 2012 Lone Star College Women's Conference
DATE/TIME: April 20, 7:30 a.m. to 1:15 p.m.
LOCATION: Lone Star Community Building, 5000 Research Forest Drive, The Woodlands
COST: \$79
MORE: Amy Cooper at 936-271-6342 or Amy.F.Cooper@LoneStar.edu

EVENT: Kinder Houston Area Survey — A City in Transition: Findings from Year Thirty-One of the Survey
DATE/TIME: April 24, 11:30 a.m. to 1:30 p.m.
LOCATION: The Westin Galleria, 5060 W. Alabama
COST: GHP members \$60; nonmembers \$90
MORE: Rozenn Courtois at rcourtois@houston.org or 713-844-3682

EVENT: Bilateral US-Arab Chamber of Commerce's 15th Annual Offshore Technology Conference Reception
DATE/TIME: April 30, 6:30 to 9 p.m.
LOCATION: InterContinental Hotel, 2222 West Loop South
COST: Members \$20; nonmembers \$60
MORE: Amanda Dramberger at amanda@bilateralchamber.org or 713-880-8168

EVENT: Gulf Coast Green 2012 — A Delicate Balance
DATE/TIME: May 1, 8 a.m. to 6 p.m.
LOCATION: United Way of Greater Houston, 50 Waugh Drive
COST: Partners \$180; others \$205
MORE: gulfcoastgreen.org

EVENT: Nonprofit Accounting — Tips, Tools & Tricks
DATE/TIME: May 2, 9:30 to 11:30 a.m.
LOCATION: Leisure Learning Unlimited, 2990 Richmond Ave., Suite 120
COST: \$40
MORE: esch@eschouston.org

EVENT: Houston CPA Society 32nd Annual Financial Reporting Symposium
DATE/TIME: May 3, 8:30 a.m. to 4:30 p.m.
LOCATION: Westin Galleria Hotel, 5060 W. Alabama
COST: \$250 to \$325
MORE: houstoncpa.org

EVENT: Brilliant Lecture Series featuring George Clooney
DATE/TIME: May 3, 7 p.m.
LOCATION: Brown Theater in the Wortham Center, 501 Texas Ave.
COST: \$25 to \$150
MORE: brilliantlectures.org or 713-974-1335

EVENT: The Transportation Club of Houston 97th Annual Dinner
DATE/TIME: May 15, 6 p.m. to 7:30 p.m.
LOCATION: The Houston Club, 811 Rusk St.
COST: \$75
MORE: transclubhou.org or 281-435-9647

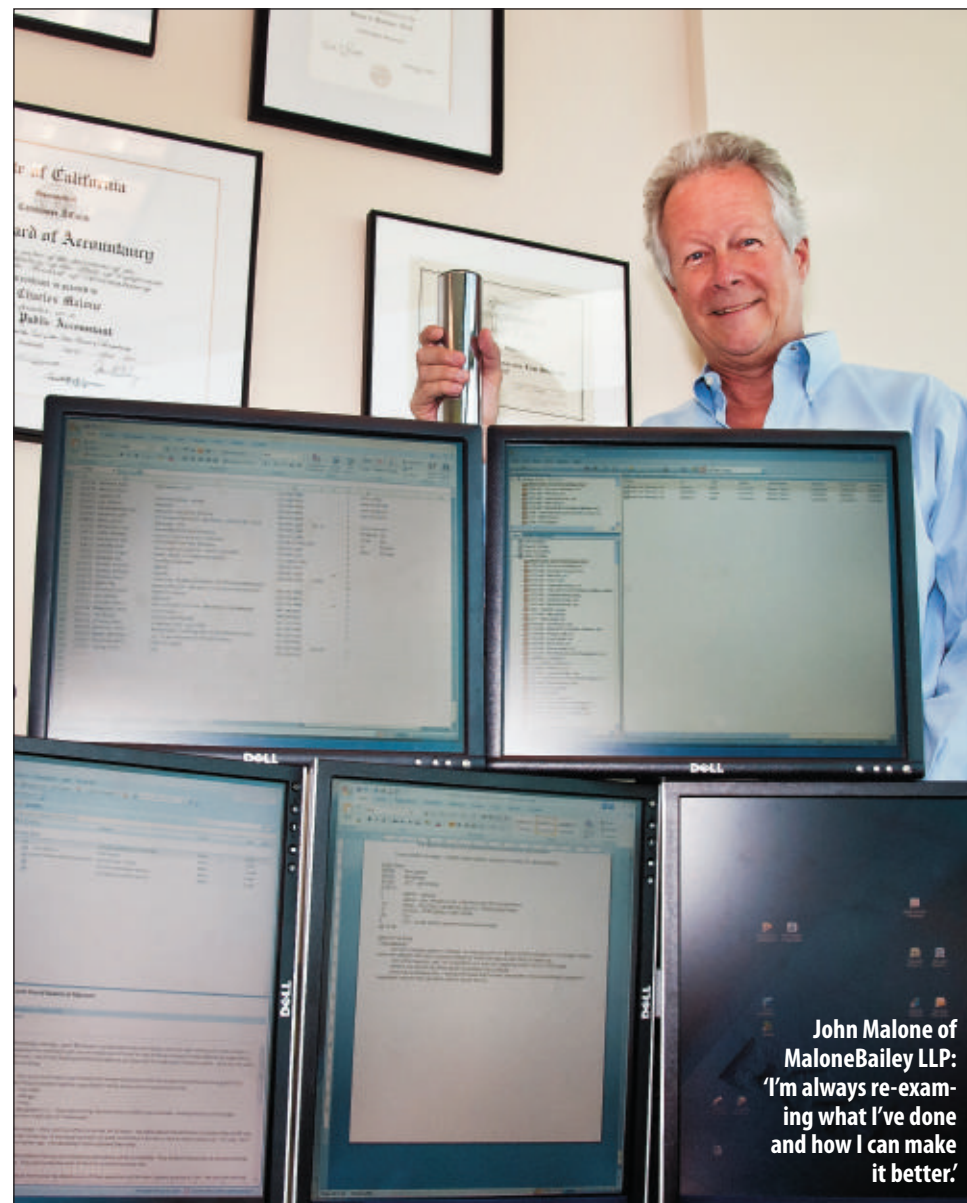
EVENT: The Transportation Club of Houston — Transporting Goods Internationally in North America
DATE/TIME: May 17, 8 to 11 a.m.
LOCATION: Brady's Landing, 8508 Cypress St.
COST: \$165
MORE: russell@transclubhou.org or 281-435-9647

EVENT: Strategic Planning: The Roadmap to Success
DATE/TIME: May 17, 9:30 to 11:30 a.m.
LOCATION: Leisure Learning Unlimited, 2990 Richmond Ave.
COST: \$40
MORE: esch@eschouston.org

EVENT: Houston Business Journal's Sixth Annual Celebrate!Enterprise
DATES: May 22-25
LOCATION: George R. Brown Convention Center, 1001 Avenidas de las Americas
COST: Varies by event
MORE: Events desk at 713-688-8811 ext. 31703 or subhelp@bizjournals.com

EVENT: All About Grants: A Two-Day Institute
DATE/TIME: June 6-7, 8 a.m. to 4 p.m.
LOCATION: Harris County Department of Education, 6300 Irvington Blvd.
COST: \$400; early registration \$300
MORE: wms.hcde-texas.org or 713-696-1393

NUMBERS: Volunteering with nonprofits helped founder build professional network



John Malone of MaloneBailey LLP: 'I'm always re-examining what I've done and how I can make it better.'

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unteer roles with local organizations, which Malone still considers to be a great supply of ambitious, motivated people.

"I am an advocate of networking," he said. "You don't have to be somebody to get to know people."

Still, he said it took about three years before he stopped having nightmares about how to pay the rent.

His devotion to networking and listening to clients paid off that first year, when the company grossed \$45,000 — an impressive feat considering the average first-year revenue for a firm during that time period was \$30,000, according to the American Institute of CPAs.

Since those days, through a merger with Sterling Bailey and taking on additional partners, the company evolved into MaloneBailey, a still-growing firm with locations in New York and Shenzhen, China, in addition to Houston.

Malone said he continues to draw on what he learned through his volunteer work with chambers of commerce, homeowners associations and charities — including management skills.

"What you learn when you do volunteer work is that you have to motivate people without money and without fear," he said. "In a partnership, it's the same. You can motivate with money or fear, yes, but you're not going to get the re-

sults that make you successful."

One hurdle to acquiring multiple partners: giving up control.

"The reason many small-time CPAs stay small is because they don't want to give up control," Malone said. "That is the hardest thing to do. But people react differently, depending on how and who you are. What gives us the magic is that we have the repertoire, the arsenal to deal with clients in different situations."

Not that there aren't other challenges. The world of competition in CPA firms gets tougher every few years, he said.

"There are a lot of technological advances that help our capabilities. The challenge is to anticipate the changes and present yourself in the best manner, because users are smarter and demanding more from us. Anticipating those changes and acting on them early and correctly is the big challenge. The pitfall is failing to do that," he said. "Then you're behind everybody else. Then you're a 'me, too.'"

An avid reader who makes time to keep up on current events, Malone said he has a habit of looking over client relationships to find out what is working, what is lacking and what services can be tweaked.

"I'm always re-examining what I've done," he said, "and how I can make it better." ■

NICOLE BRADFORD is a freelance writer.