

Kopsa Otte offers beauty biz financial/tax services

Larry Kopsa is seen at many salon and spa shows, but he isn't a stylist or spa owner. Larry is a certified public accountant and has been in accounting and taxes since 1972. He's



been specializing in the area of salons and distributors for the past 20 years, and he and his firm, **Kopsa Otte**, have earned the title of the financial and tax go-to professionals for salons and spas. **Beauty Industry Report (BIR)** caught up with Larry at a recent salon industry event, and I am delighted to share our conversation.

BIR: Larry, how did the experience you had as a salon owner with your wife Maggie provide you with deep knowledge of the financial and the management challenges of the salon industry, leading you to become a specialist in this area of practice?

LK: Being a salon owner made me aware of the difficulties that other owners face. For example, in interviewing a new stylist, I was told, "I will work for you if you pay me cash under the counter." Little did I realize how common that practice is. I also came to know the challenges of sales, pre-booking and inventory control. Most importantly, I feel I know the issues of employee motivation and management.

BIR: How did your accounting firm evolve into one that specializes in the professional beauty industry?

LK: We realized that working in niche markets allows us to become experts in those specialties. Accordingly, we can create value for our clients. There are many accountants, and they are general practitioners. They have an understanding of debits and credits and of the tax law, but they really don't know how to advise clients in the nuances of their industry. We know that if we can "take work to volume," we can provide specific advice that creates value.

BIR: What do you mean by "take work to Volume"?

LK: That saying comes from Henry Ford. What it means is that if you do something over and over again, you will become more

proficient with a higher level of knowledge and understanding of that work.

BIR: You mentioned that several years ago, your firm made the conscious effort to go from "compliance to reliance." Tell me what that refers to.

LK: At a senior staff retreat, it hit us like a brick. The question was, "Why do clients use our services?" The answer was that they have to use our services because the bank or the IRS or some other government agency required the information. We were simply helping them to "comply." We did not want that image. We wanted our clients to come to us because they "rely" on our knowledge and expertise.

"We do not just work with large salons/spas, schools or distributors. We work with small operations to multi-million dollar companies."

BIR: Kopsa Otte's motto is "Your Success Is Our Goal." Share with BIR readers how you accomplish that with clients.

LK: We know that if a client feels that the cost of our service is not an actual expense but that the work we do assists them to become more profitable and to meet their goals, then we are doing what accountants should be doing for their clients.

BIR: Larry, there is certainly no shortage of accounting firms with clients from our industry; however, I don't know of any firm that not only has salon and spa clients, but also works with distributors and even cosmetology schools. How have you been able to expand your expertise and your accounting practice across the industry?

LK: It was a natural progression. As word got out on the service that we provide, we began getting referrals. The rest is history.

BIR: In the medical field, getting a second opinion is standard operating procedure for many; however, Kopsa Otte uses it successfully in the salon industry. Describe your "Second Opinion" strategy.

LK: Our Second Opinion strategy is a way for us to show potential clients what we can do for them. We put a lot of effort into straightening out the accounting so that we can compare numbers to industry averages and benchmarks. In addition, we closely review their tax returns to advise on tax strategies that might have been missed. On many occasions, we have actually been able to file amended tax returns to get refunds back for our clients.

BIR: If I was still running a distributorship and you were soliciting my business, what would be your approach?

LK: We have specific tools that we use in analyzing distributorships. There are some unique areas to the industry. The best way to show you what we can do is to perform a "second opinion." We request your last two years' financial statements and tax returns and do our workup. We then set up a telephone conference using GoToMeeting. We spend an hour or two reviewing our findings with you.

BIR: What typically do you find in doing these second opinion workups?