

The Science of Juggling More than Golf Balls and Umbrellas

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As part of its Seldon Gill Scholarship 2006, The Australasian Professional Services Marketing Association posed the following question to its members: *What skills are required for marketers to demonstrate their capability and value to a firm in an evolving marketplace? Excerpts from one of the finalists follows, proving professional service marketers in Australia face many of the same challenges as their North American counterparts.*

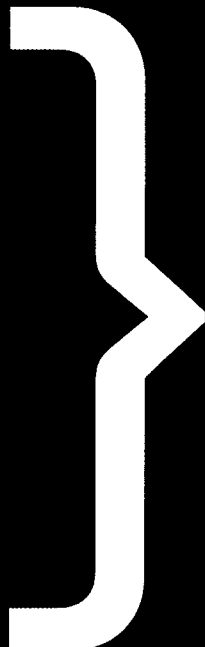
In an environment that is changing daily, has more regulations than ever before and struggles to find any market differentiation, marketing in professional services has a real role at the strategic level of the business. To get to this level, marketers need a number of essential skills to demonstrate that the true value of marketing is in a world far removed from simply providing branded golf balls and umbrellas.

Determining what skills marketers require should not be decided in a vacuum. Marketers no doubt have their own

ideas, but the views of professional services practitioners are a critical starting point. A survey of partners in legal and accounting firms captured the views of a sample of 12 partners regarding the ways in which the marketplace will change in the next five years. Four key themes emerged:

- 1 Increasing difficulty in differentiating firms operating in the same market.
- 2 Cost versus value, including increasing pressure to move from a billable hours charging method to a value based method.
- 3 Clients moving from brand loyalty to seeking the expertise of individuals wherever it may reside. This is especially true in the legal sector where clients are moving from using one major firm to using specialist firms for skills specific to a matter.
- 4 Generational differences and staff no longer unques-

General Counsel
 Deputy General Counsel
 Chairperson
 Vice-Chairperson
 CEO
 COO
 President
 CFO
 CIO/CTO
 HR Chief
 Business Development Chief



tionably loyal to a firm in the hope of reaching the nirvana of partner.

When asked what major external forces would impact the growth of their firm over the next two to three years, the most common responses from partners were:

- 1 Shortage of skilled, quality professionals, especially in the accounting sector.
- 2 Increase in government regulation and compliance, making it difficult to differentiate and provide a value-based service offering.
- 3 Greater pressures on establishing independence, especially in the accounting sector.
- 4 The impact of the economy on the cyclical nature of some business units.
- 5 Larger firms moving into the traditional spaces of the mid-size firms.
- 6 The move to a panel or tender system for jobs, leading to price-based decision making by clients.
- 7 Increasing use of technology to better perform business tasks in the professional services sector.

The combined impact of these changes will create an extremely challenging environment for marketers. Success will require that they develop a new suite of skills that enables them to become more strategic, more innovative, more influential with the leadership, more creative with

building internal and external brands and finally, evangelists for marketing measurement.

Innovation

The professional services marketplace is a highly competitive space with clearly identified markets and service providers operating in each of these markets. To differentiate in these markets is difficult enough, but there are now added pressures to niche operators or large firms moving into the market, clients no longer being brand loyal but using a multitude of suppliers, increasing competition on price to win business and heavy regulation and governance, making it difficult to create unique points of difference.

Clients have marketing fatigue and are increasingly indifferent to approaches that do not treat them as individuals and impinge on precious private time.

The innovation does not stop at gaining business through new clients. Innovation must also occur with building business with existing clients. Professional services firms marketing has a familiar tone of homogeneity—client newsletters, gold days, cocktail parties, Christmas hampers and networking seminars. Clients have marketing

Continued on page 16

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The Science of Juggling...

Continued from page 15

fatigue and are increasingly indifferent to approaches that do not treat them as individuals and impinge on precious private time. Marketers must find unique ways to communicate and develop business with existing clients.

Strategy

In most professional services firms, marketing plays a tactical role, usually under the direction of the professional partners, yet marketing has a unique lens on the market and the positioning of the firm. Unshackled from the technical aspects of service delivery, marketing can provide a market based view and be instrumental in designing a real strategy that is more than a financial plan and headcount goal.

Marketing must drive this change and move strategy into the realm of truly addressing marketplace factors and the required response in terms of distribution, products and services, branding, competitive differentiation and people strategies.

In an increasingly price-focused market with marginal differentiation, firms will tend to focus upon non-marketing strategies such as cost reduction, acquisition and restructuring for competitive advantage. This focus loses sight of key strategic issues of growth and value creation, where marketing can provide real insight and direction. Marketing is well-placed to command this role as this strategic function alone can view the business holistically.

Education of Leadership & Relationship Management

When surveyed, the respondents were quite clear on how the marketplace would change in the next five years and what major external forces would impact the growth of their firm. However, when asked what skills marketers might require to assist the firm in coping with or taking advantage of these factors, the respondents were much less clear. The skills they suggested were mostly tactical and there was very little correlation with the marketplace issues.

Employee Branding

Given that there is an increasing shortage of technically qualified staff, stiff competition from overseas employers, issues that occur with generational change, including staff loyalty in regards to GenY, as well as retention issues [from Donaldson's "Curtailing the Skills Shortage in Accounting," www.humanresourcesmagazine.com.au, April 19, 2005], it is little wonder that staffing was an external factor identified by 89 percent of accountants surveyed. Accounting firms' current turnover rate is any-

thing from 18 percent and as high as 39 percent with a market average of 20-25 percent. The majority of this turnover is at the mid-professional level and could be as high as 40 percent, at a cost of up to two hours of every partner's time per day [from the APMSA Conference 2005 presentation "Working with HR To Build an Employment Brand."]

These statistics prove there are great financial benefits in focusing on staff retention and recruitment at the strategic level.

Employee branding is a key skill of marketers and should not be left to the domain of HR. Internal branding requires marketing's strategic input to ensure it is consistent with the external brand. Marketers will require relationship management skills to successfully implement internal brand strategies with support from HR. Getting the employee brand right is a critical prerequisite to communicating to the employee market what the brand is about, and ensuring the customer experience matches the brand promise.

Building an employee brand requires more than a monthly newsletter to all staff, an accessible intranet and attending career fairs to recruit young graduates. The culture of professional services firms is such that most of the brands are conservative. With the strong competition for talent, it will be important to implement innovative strategies to create an exciting employee brand that people want to be part of. Top candidates are sophisticated buyers of employment. It is important the brand strategy provides these candidates with the information they require to choose the firm.

Measurement

In many industries marketing struggles with demonstrating the value it provides because objective measurements are not in place. This is a major factor in why marketing is often first to have budgets slashed or staff numbers decreased. With clients of professional services firms now utilizing tender and panel processes and focusing on price, we are not immune to these consequences.

Conclusion

To be successful in the evolving professional services marketplace, a marketer must demonstrate the skills of innovation, strategy, education of leadership and relationship management, employee branding and measurement. It is important to note that these skills will not work in isolation, but must be used in combination to achieve success and a return on the investment.

While the survey outcomes present a very big challenge for marketers, we must remember that marketing has only truly been a part of professional services for 10 to 15 years. We've come a long way and with these skills in our kit bag we'll be prepared for the challenge and will successfully continue on this exciting journey. ■