

## **CHANGE IS A RESULT – EVOLUTION IS THE PROCESS**

### ***And Why Change Is A Marketing Tool***

**I**t's not difficult to understand, in this economic environment, why the word *change* looms so large in professional services dialogue. The nature of the professions, rooted as they are in history and tradition, can be fairly rigid, and resistant to innovation. But the times seem to have accelerated the need for new ideas and structures to cope with new economic and social problems and opportunities.

The accounting profession, even as we know it today, is practically pre-historic, and is now so bound by rules and regulations and laws that any suggestion of serious structural change is seen as a virtual assault on the profession. The codification of laws and the legal profession goes back about as far, and is just as resistant to innovation. In both cases, the rigidity is designed to maintain integrity and probity, as well as efficiency in firm governance. If the nature of products allows for constant and rapid change to match changing tastes and fashions, the nature of professional services requires a measure of uniformity and predictability. But now, there are cracks appearing in the wall.

Still, some things in the professions are different now than they were about a decade ago. We now have, for example, an increasing number of firms replacing hourly billing with value billing. Law firm governance is beginning to resemble corporate structure, and indeed, there is talk of law firms going public (which I predicted about a decade ago when it became clear that the growth of the professions would require infusion of more capital than could be supplied by the partnership. This is the kind of situation that begins an evolutionary process.) Where once associates who seemed not to be partner material were let go, now they are being kept for their specific talents and experience – the so-called two-tier firm.

The accounting profession, recognizing the growth of globalization, is now seriously considering international accounting standards. (I helped run a vast international conference in England on the subject some two decades ago, and wrote a book on it with Columbia University's John Burton. And they're just beginning to act on it?)

These things didn't happen by accident, nor by just an inspiration by a few bright lawyers or accountants. They are the result of an evolutionary process – the result of which is *change*.

***What, Exactly, Is Change***

In the context of professional services practice and marketing, *change* is alteration of a process or condition that varies from the past.

First, for all the talk about change, and all the writing and talking and handwringing about change, it becomes clear that too many professionals see change as an *event*, finite, an end in itself. In fact, change is not an event that's arbitrarily made to happen, but a *process* the result of which is *changing* something. Most often, and with exceptions and only in rare cases, that process leads to an evolution, and sometimes, even revolution (such as professional firm advertising, long forbidden – now common).

Second, change, in the professions and in marketing professional services, isn't often deliberately made – it evolves slowly in response to external stimuli. Except for a few visionaries who anticipated the future in areas such as billing structures and firm governance, it most often comes in response to changing needs of the marketplace, which demand new practices and new structures to serve those needs. Electronic media, for example, wasn't invented to change the practice of law or accounting – but it served to generate change in those professions. And not overnight, either. It certainly was a response to the need to compete in an increasingly competitive market. (But that competitive market was virtually created in 1977, with *Bates*. It's taken all this time for responses in both the professional chambers and in marketing) Social media began as just that – social. But it evolved into a competitive tool by virtue of its ease of communication to large numbers of people. It was useful because it circumvented the rigors of external control of message, such as happens in the print media, and has a broader and more immediate reach than does the traditional media. Opportunity, then, precipitated change.

A case in point is value billing, which has been touted for decades, and is only now emerging as a useful practice. Firm governance, and the traditional top-down firm management that's long been the tradition in professional firms, is slowly, slowly emerging in new forms that better serve a practice's ability to help clients. Client service teams are emerging to replace the eat-what-you-kill culture, in which each individual in a firm is his or her own entrepreneur. On the horizon today is the corporately owned or public professional firm.

I point this out, not to carp, but to wonder, and to consider, how this process can be dealt with competitively, and whether there is an initiative that can be taken to stay ahead of the curve.

There are two main areas in which change is imminent in the professions – firm structures that allow a firm to better serve the needs of its clients, and marketing that's consistent with the clients' changing economic environment. Both are necessary for competitive reasons, both are imminent in order to keep a firm relevant to the dynamic changes in the world of both commerce and society. (There are, at the same time, many changes that occur daily as a result of new laws and regulations, but these are promulgated in response to external factors that precipitated the new laws, such as Sarbanes-Oxley.)

We live in a dynamic world, in which constant motion of events and social and economic structures continually alter the state of many activities and circumstances. For example, the advent of the personal computer in 1981 changed the way trade and commerce was done. This altered the nature of financial structures, industrial practices and communications. But it also gave rise to new laws and new needs in accounting and finance. It created a new business environment that affected all participants in the cycles. It's an ongoing cycle that generates new problems and needs in many disciplines, including law and accounting. New financial instruments, new laws and regulations, new technology that accelerates the pace of doing business, growing internationalism, the expanding body of knowledge in so many areas and the rapidity with which it can be organized and retrieved, new demands from client – all substantially change the demands upon lawyers and accountants, and therefore, the structures and practices that professionals must adapt to stay abreast of their own clients.

I contend that any professional in that cycle who doesn't react to its dynamics will fall behind those who do.

### ***Inhibitions To Change***

This is why I'm puzzled by the law or accounting firm that continues to function today as it did many decades ago – in so many areas, as if the world continues to be as it was decades ago.

At the same time, in the midst of all that's changing in the professional world, I'm surprised that so little is changing in the marketing process for professional services.

There are many reasons for this, not the least of which is the amorphous nature of professional services management and marketing education. The quality of academic and firm marketing education in this field is dismal and retrogressive. The relationship between the marketers and the professional is often built on mutual misunderstanding. And perhaps because law and accounting firm marketing is so subsumed by a firm's professionals with too little understanding of the process that too many marketers are either unwilling to risk innovation or else are incapable of it.

Perhaps, too, the external factors that require new vision for professionals and their marketers are happening too fast, and are overwhelming both. And perhaps the traditions and stringent (and sometimes anachronistic) ethical requirements of both law and accounting inhibit innovation.

Still, there are techniques to keep professionals relevant to the changing needs of the clients, and to keep marketing functional and successful beyond the mundane. For example, consider that while the ultimate aim of marketing professional services may be to get clients, *growing a successful firm is a function of keeping a firm relevant to the changing nature of its economic environment, and particularly the needs of the clientele.* Obviously, then the marketer

must understand that environment, which then becomes the canvas upon which the marketing program is painted.

This is certainly true in professional services marketing, where recycling old ideas instead of bothering to come up with new ones, is a too common practice, and where the failure of professionals to fully grasp the reality of the crucial role that marketing plays in a practice tends to suppress innovation in so many firms.

It's certainly true in the professions, which are inhibited by antiquated traditions, irrational views of ethics in the 21<sup>st</sup> century, the anachronistic thinking of state and local bar and accounting societies, and a mentality of "We have always lived in the castle."

### ***Possible Changes In The-Not-Too Distant Future***

Predicting the future course of events can be a fool's game, especially as an extrapolation of current trends and practices. Anticipating future events, by the way, doesn't work well by looking at current practices alone, and except as they are tempered by external trends. Lawyers and accountants, for example, didn't invent the internet and the social media, both of which are now an increasingly important part of professional practice. There are several areas that seem to be inconsistent with the current changing environment. Some examples...

- The fragile partnership structure, which can slow down decision making that should be responsive to changing economic decisions. What will replace it?
- Law and accounting firm billing procedures, which may have a value in informing clients of the time spent in the client's behalf, but rarely reflects the value in the service performed.
- Value billing is emerging, but is still evolving. Who knows for sure which method will emerge as the standard?
- Partner and non-partner compensation changed radically during the current economic turndown. What will it become as the economy recovers?
- During the course of this recession, thousands of lawyers and accountants were discharged. What will be their availability as the recession recovers? What will be the shape of the accounting and law firms in the recovery?
- Growth requires capital, which may be more than a firm's partners can contribute. Is the publicly-held law or accounting firm in the foreseeable future? When I suggested this some time ago, a lawyer said to me, "Over my dead body." To which I answered, "Let's talk about all the things that would happen over your dead body – that already have happened." "How do you think it can possibly happen," he asked. "I don't know," I said. "But when the

need becomes imminent, you lawyers are very smart. You'll find a way." The same is true, by the way, of corporations owning law and accounting firms, which have already been seen in some iterations.

- The shortage of brains and talent in the world today is too acute to continue the caste system in professional firms. Talented professionals may not be "partner material" (whatever that is). But the need for their skills suggest that in the future, firms may be structured on talent, rather than on traditional methods and requirements like rainmaking abilities and longevity (the two-tier system).
- Today, law and accounting schools send their graduates into the world with little or no education about the economics of practice, nor an understanding of the crucial role modern marketing plays in firm management and growth. We see signs of change here – but only in isolated incidents. That should change – but how?
- In the three decades since *Bates* introduced the concept of frank competition to professional firms, a new and distinctive body of marketing technique has evolved. It has also become clear that professional marketing is integral to the growth of professional firms. Yet today, only the largest of these firms, and a few smaller ones, accept that concept. The sustaining tradition is that only lawyers and accountants have full hospitality in accounting and law firms – despite the well proven efficacy of organized marketing in practice development. How will this disconnect be resolved in the future?
- Despite three decades of experience in professional services marketing, remarkable little innovation seems to have occurred in its practice in recent years. Part of this is because of the random education in professional services marketing; part because marketing itself is an art form in the way the process is executed – and there are not that many artists. Yet another reason is the lack of formal education in professional services marketing, which is very different from product marketing. A significant factor is that accountants and lawyers have little foundation in how to hire and evaluate marketers, which often results in unsatisfactory marketing process, and failure to judge good from bad – effective from ineffective.
- Because of the disconnect between professionals and marketers, many marketers don't innovate, even in an arena in which all marketers have the same tools. The winners know how to use those tools innovatively; the losers do not. The marketers either feel intimidated by the stature of professionals, or

don't know how to do anything except by rote. Perhaps time and competition will temper this situation.

### ***Functioning In A Changing World***

While evolution can rarely be accelerated, nor its ultimate destination be accurately foreseen, there may be ways in which it can be accommodated. Accommodation is essential, simply because control of events, when possible, mitigate unpleasant surprise.

Several things beyond outright behavior modification can make it possible for both professionals and marketers to participate in the change process...

- Learn to fathom those elements, both economic and social, that are currently changing. For example, new technology, including the new social media. Even if you don't plan to participate, learn it. You'll understand a great deal of the dynamics of new aspects of society and the economy. You'll spot trends.
- Don't insulate yourself from the marketing process if you're a professional, or from the nature of accounting or law if you're a marketer.
- If you're a marketer, try to understand the lawyer or accountant. This means the people – the lawyers or accountants – as well as the process. The attitudes, the points of view on the clients, the way they think, their values. Don't try to turn them into marketers – marketing is your job – but rather teach them how to be participants in the marketing process. As a marketer, you're not going to change the professionals, but you can educate them within the context of their professions. For example, some years ago, at a major accounting firm, I wondered if an audit could be used as a business management or planning tool. The answer was more arcane than practical, but I learned more about auditing than most non-accountants usually know, and the auditors learned more about marketers and marketing than most of them know.
- If you're a professional, you don't have to be a marketing professional if you don't want to, but you should know enough about the process to be able to participate in it as appropriate, as well as to understand the marketers and how their minds work. Ultimately, in a successful marketing program, you're going to have to participate in the process and in bringing the prospect into the fold. Learn how to do it well. It's a process well within your training and experience.
- Read the trade media – both the law and accounting trades and the publications serving the industries the clients are in. Not just for the news, but for the trends.

- When you spot a trend – particularly one that veers from traditional professional practice (such as moving from hourly billing to value billing, or keeping associates or accountants who are talented but not partner material) don't make snap judgments. Not only are these strong trends, but even if you're not ready to bring them into your practice, they may eventually be right for you.
- If you can't innovate, at least learn to respond to external factors that can affect your practice, your firm, and your clients.
- Competitive intelligence is important. You should be aware of other firms and what they're doing that you're not – but should be. Or that may eventually be right for you.

Learn to question everything you do. Ask yourself the question, “This is the way I did it yesterday. Is it the best way to do it today?” You'll be amazed at the answer.

In every aspect of life, there is nothing – not an article, not a process, not an event – that is unaffected by something else. That's why everything you do – large or small – will ultimately change, whether you choose it or not.

Is change a marketing tool? Absolutely, if understanding and dealing with it puts you a step ahead of your competitors. And remember, evolution is constant, and change is coming – whether you participate in it or not.