



Ampersand Professional Services Insights: Marketing & Business Development 2013-2014

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Professional Services Insights – Marketing & Business Development

As we commence the new 2013/14 financial year, this document details a market snapshot of recent and current trends across professional services as observed by *Rod Szigeter, National Practice Manager for Professional Services at Ampersand Executive & Search*. Please contact Rod directly on +61 3 9008 5118 or rszigeter@ampersand.com.au for further discussion on the content of this document.

Overall trends

Over the last 12 months, the focus has been on marketing and BD functions to demonstrate how these activities are contributing to the bottom line - whether it is more direct links such as strategic pursuits, tenders and client relationship management (CRM) to those which are further removed such as marketing insights and analytics. Firms are now starting to introduce more robust KPIs to enable objective rather than subjective measurement of achievement and it is incumbent on marketing and BD functions to have a strong say on how these are developed in a way that demonstrates the value the function brings to the firm.

Marketing also continues to evolve beyond the creation of collateral and thought leadership events. We have seen accounting firms in particular looking at ways to instill a more scientific approach to profiling and utilising data analytics and insights as a basis for constructing demand driven campaigns which generate quantifiable revenue uplift for their firms. In addition, the digital channel continues to be a challenge for firms to come to grips with and monetise effectively. However, there are forward looking firms who are using this as a way to promote their thought leadership capability in their practice area and in return are realising commercial opportunities.

In the legal sector, consolidation continues with recent mergers and alliances, with more potentially on the horizon. It is a critical time for firms to be able to articulate the benefit of these mergers - how they support the needs of their clients and what it means for staff. We have observed instances where there has been rationalisation of BD and Marketing functions along global lines however, in some cases this has also led to the loss of critical local market knowledge. We have also seen dissatisfaction amongst staff in being treated as an execution outpost of the global office with little input into strategic planning and activities which has led to staff exiting their firms.

In the accounting sector, some firms are rethinking the role that the BD team has held and have been scaling down the function. The thinking is that service line fee earners should have a strong business development orientation and look at ways in supporting them to do this through the provision of appropriate business development tools such as presentation collateral, coaching on client conversations and a more sales orientated approach. It will be interesting to see whether this will support the desire of firms to cross-sell their service lines to clients and the appetite for specialists to look outside their own area – obviously strong performance framework and measurement systems will be needed.

From an engineering sector perspective, marketing functions have been developing their capability and attracting strong talent from other professional services firms to take marketing to the next level. There has also been a sharpened focus on business development and client relationship management plus measurement on how that supports revenue generation. However, it is still primarily engineers who hold client relationship management positions rather than non-engineering BD and CRM specialists who have developed strong industry sector expertise.



Talent requirements

Whilst the past year has seen contraction in marketing and BD teams across professional services, there are still pockets of growth and, in keeping with the above trends; firms are continuing to seek individuals who can demonstrate how they support the delivery of fee income.

A greater focus on the client across industry and key client groups is also starting to appear in the legal sector – something that has been happening in accounting for quite a while. Firms are starting to hire highly skilled Client Relationship Managers/Account Directors who may not have had the traditional career trajectory of movement through the ranks in the professional services sector. We are seeing interest in strong relationship managers who may have come from sectors such as financial services, IT&T and government, depending on the firm's industry focus.

In a highly competitive market, clients of firms are demanding greater transparency in fee structures and how the firm can add value. The demand for strong pursuits and tender managers is still high, particularly for those that are able to articulate a clear and easily understood value proposition in terms of the services a firm can provide and how it supports their clients' business.

From a marketing perspective, as outlined previously, we are starting to see a desire to build greater technical capability, with firms looking to candidates who have strong B2B experience in sectors such as financial services and IT&T, ideally combined with professional services to bring up the capability of that function.

The cultural fit is still critical for bringing in new hires into the firm. We have seen that the process to bring on new talent, particularly at senior to Director levels, being extended as more stakeholders have been brought in to assess potential candidates. Whilst this may draw out the process, it is of longer term benefit once that new hire joins the firm as more people are supportive of the decision. It is however likely that high caliber candidates (particularly those who have started to become active) will be in high demand from a number of firms so it is critical that a strong line of communication remains open between the firm, the candidate and the recruitment agency throughout the process to ensure the candidate remains engaged and the employer brand perceptions remain strong.

Asia Pacific trends

The Asia Pacific market has traditionally been difficult for firms to attract strong senior talent given the requirement to relocate families and candidate uncertainty around the commitment by firms to invest in strong, strategic marketing and business development functions. This is starting to change with the onset of the Asian Century, the opening up of markets such as Singapore to the legal sector and relatively strong economic conditions in the region and not to mention, the relatively favourable tax rates and remuneration packages on offer. We anticipate there is a 3-5 year window for senior expatriates to make their mark in the region and, similar to other sectors we have observed, the up skilling of the local workforce over that period will translate to lower demand for offshore talent in the future.

In Australia, the demand for strong talent, particular at senior levels will, in many cases, require a firm to look beyond Australian shores and even though the AUD has come off its recent highs, remuneration levels and lifestyle are still strong motivators for candidates who may be based in the UK or the US. Conversely, Australia has fared strongly over the last 5 years in terms of marketing and BD sophistication combined with the motivational attributes of Australian candidates and with some improvement in UK economic conditions, the flow of candidates back to the UK has started to increase marginally.



Remuneration

Salaries have generally remained flat over the last 1-2 years with either CPI increases or marginally more being the norm and in some cases, no increases at all. With that said, there have been developments in the ability to earn bonuses in firms based on performance and, for strong performers; these can range from between 6% - 15% in the legal sector and up to 40% (and sometimes more) in the accounting sector.

Whilst some candidates will experience an increase in their salary when they move to another firm, the quantum of that increase has diminished in recent years. A key factor that candidates now consider when assessing a new opportunity is the cultural fit, the respect marketing and BD has at the firm's leadership table and the runway to develop strategic initiatives to support the business. Monetary consideration, especially at more senior levels, is seen as more of a hygiene factor i.e. maintaining roughly the same level or even showing some downwards flexibility should the other factors be right.

For global firms where a number of marketing & BD Directors reside in the UK, there has been greater pressure on the local team to justify their salaries, particularly given the relativities which may mean the UK Director will be on a lower level than their subordinates offshore. In addition, HR and Recruitment functions will require a more in-depth relationship with their marketing and BD line managers so as to better understand the relativities between salaries for marketing and BD compared to others they may be recruiting for across the corporate centre functions such as HR, IT and Operations. Whilst some publicly available surveys provide a range of salaries, in some instances, they can be understated by up to 20-30% when compared to real market opportunities.