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Must-do Tips No 63 - Just Green Shoots Or A Green Field? - BD In Recession Pt. 6

The last 12 to 18 months have been tough - but has anything fundamental happened to the world of professional services? When recovery comes will it be back to "business as usual" or is something more far-reaching going to be the result?

In a number of key areas, the signs are that things may never be the same again. So, although revolution is not a word to associate closely with the fundamentally conservative nature of professional life, things are going to get a lot more "interesting" and difficult for firms that take an 'ostrich' approach to developing and growing business in the coming five years. This month we offer some quick tips to address three of the main change trends that we can foresee.

Tip 1 – recruit for four Ps not one

Traditionally, the impact of marketing in the professions has been restricted very largely to just one of the four marketing Ps - **Promotion**: running events, producing brochures and other somewhat limited fluffiness. Significant changes are now being wrought for the other three Ps.

Outsourcing is having a marked impact on the P that is **Place** - how, where, and by whom a service is delivered (see Tip 3 for more on this). **Price** is proving to be the major driver for change, as clients demand (and get) fee reductions; moving away from hourly rates to fixed fee, outcome-based and other charging mechanisms. In turn and in time, this rise in price (and thus cost) definition will open up whole areas of the market to the development of **Product** or service packages (even brands?) at more clearly defined and monitored levels of service provision and profitability. To respond to this expanding role, the quality of marketing expertise within firms will have to rise significantly - start recruiting now.

Tip 2 - beat the budget drag

"Here's the problem - my marketing budget has just been cut by 45% for next year, having been halved last year. The firm is suffering revenue and profit-wise, but not anything like that much...My fear is that when the upturn comes, budgets will increase from where they are - but only incrementally by maybe five per cent at a time. Meanwhile our competitive position slips even further, because I know that there are firms out there who haven't followed the 'slash and burn' herd and who are investing now for the future".

Professional firms are notoriously bad when it comes to budgeting: when the skids are on, decisions can be taken to protect owners' income streams rather than the good of the business. One answer may be to adopt scenario-based budgeting - allowing firms to track performance against an agreed set of key internal and external variables in real time, and adjusting budgets accordingly. It's not fool-proof...but has to be better than the unrestricted, overweening self-interest that can happen.

Tip 3 - resource for the outsource

Marketing will not be the only area to need additional and better upskilling in the next five years. Most firms have yet to get to the grips with the practical implications of outsourcing or subcontracting elements of their service. Moving significantly to out-of-house providers furnishes any firm with hitherto unseen challenges in the vetting, security, risk management and contract management of suppliers. With notable exceptions, most firms we know are not awash with people skilled in doing any or all of this!

To make outsourcing work, firms must invest in specialist procurement staff at all levels: the type of professionals that they come across more and more when pitching for clients' business. And of course, managing relationships with contract suppliers needs better skilled professionals too....

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Best regards.

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