

Four Ways Professionals Are Under Siege... ...and Two Ways to Protect Your Practice/Career

By David Selch, MBA BSc



When I was growing up I was pushed by my parents to pursue one of “The Professions”. It made sense at the time. Those careers used to be a virtual guarantee of above average earnings and continuous employment. But Medicine, Law, Architecture, Accountancy – to name just a few – are dealing with changes in the business environments that limit the number of practitioners that are needed, and make it harder for a professional practice to turn a profit.

Don’t believe me? The IRS reports that the real earnings of Lawyers, for example, decreased 30% in the 25 years between 1998 and 2012. The US Department of Labor says even though the economy is growing, professional careers in areas like engineering and architecture may be slowed because of “high numbers of graduates” with job futures determined by the manufacturing industries.

But last year’s McKinsey outlook to 2025 opens with, “US manufacturing is not what it was a generation ago. Its contraction has been felt by firms, suppliers, workers, and entire communities”.

The good news is that there are ways that individual practitioners can protect and enhance their personal careers. Let’s get an understanding of the four forces working against professionals, and then look at two ways



to

mitigate – and even take advantage of – these forces. By the way, this is the first in a series of articles about how professionals can easily become better at the business development part of their role – so please link to me if you are interested in growing your practice.

Here are the four reasons professions are experiencing a reduction in earnings and opportunity:

- Smart Systems and AI (obviously)
- Insourcing
- Fixed-Fee Service
- Non-Traditional Providers

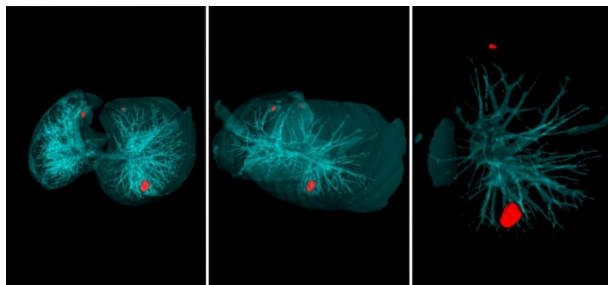
I'll explain each of these and then show two proven solutions:

- De-Pigeonholing
- Develop New Skills to Develop New Clients

SMART SYSTEMS:

My wife and I are both entrepreneurs with complex returns, so it seemed logical to pay an accountant to find every possible deduction in our returns... until I found shareware – approved by the Canada Revenue Agency – that did as good a job. I donate \$25 each year to the publisher, which represents about 1,000 fewer dollars being paid to accountants. In a microcosm, this is how software puts pressure on professionals.

You might argue that Bookkeeping – which is rule-based and all numbers – seems tailor-made for “computers”. But could software ever replace a complex interpersonal profession like Medicine? Sure. Today, the most accurate breast cancer diagnoses are made by artificial intelligence systems that examine biopsies better than human pathologists. And when a single AI can examine thousands of patient samples in the time it takes a human to examine just one, it reduces the available wage pool for that profession.



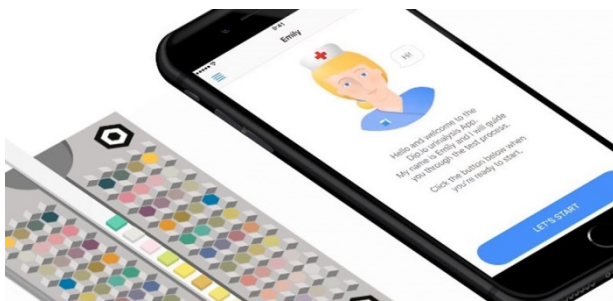
Computer diagnosis of lung cancers

Even when the software doesn't replace the worker, it makes them so much more efficient that it affects the market for service providers. The technology evangelist Emily Bisaga Dunne explains that Autodesk's REVIT software reduces

routine architectural drawing processes by as much as 90%. How does that affect hours billed to the client? To what degree does it reduce the need for junior architects that might have learned their craft doing less-skilled work?

INSOURCING:

These same smart systems now allow enterprise-class firms to insource professional services they used to outsource.



For example: market research used to require a team of experts: A researcher to conceptualize the project and create a questionnaire, Interviewers to get answers by telephone or mail, data analysts to process the interviews, and report writers. Today, equally valid research can be done by a single person using powerful and inexpensive software like Survey Monkey.

The upshot of this is that Enterprise-class companies that used to spend tens of millions of dollars a year on market research are now saving that money by hiring their own research staff and insourcing the projects. Those savings represent loss of revenue to the market research firms that used to serve them.

Insourcing in the consumer healthcare market has been increasing – with no patient outrage – for decades. In 1960, a diabetic patient needed to go to their physician’s office to have their glucose checked, resulting in professional and lab fees. Those days are thankfully gone. Routine billings associated with testing blood pressure, pregnancy, HIV, Strep, UTIs, Cholesterol, Thyroid problems, etc. were eliminated by inexpensive devices purchased at the grocery store that let patients insource testing to their own homes.

PRODUCTIZATION:

The idea of “productization” of a service is an old one. Journal papers dating back to the 1980’s look for ways to – and I’m quoting a published researcher here, “Make a service as easy to buy as a can of beans”. But how do you set a fixed price for criminal defense? Or bridge design? Or brand development?

Historically, these services came with an open-ended price tag. Even when professionals estimated fees, it was always based on “current assumptions” and with a warning that estimates were +/- 10%. But today’s buyers insist on transparency and guarantees.

Riverview Law in the U.K. was a pioneer in productizing law services. They created set fees for common services such as incorporation, HR management issues, sales/leasing and so on. For more complex litigation, they moved away from an open-ended “whatever it costs it costs” approach and implemented a program of fixed pricing based on the client’s specific situation.

Productization – sometimes called “Commoditization” – cuts both ways. The tradeoff of long term client loyalty and ongoing billings comes at the expense of a reduced per-unit-of-work margin. While clients love the lowered exposure to unexpected fees, your managing director may balk at the lowered margins. Your management may have to change their models to understand that “more work” at a lower margin may actually mean more profit for the firm than “less work” at a higher margin.



If you’re interested in how to productize your service offering, my book, Service Reboot, dedicates a couple of chapters to understanding the process of productization of services and the opposite process of offering a product as X-as-a-Service, and these will both be discussed in upcoming articles.

That brings us the fourth pressure on professional firms:

NON-TRADITIONAL PROVIDERS:

It used to be that when you needed an accountant, you went to an accounting firm, when you needed a lawyer you went to a law firm, and so on. Sure, there was a little overlap – a corporate tax accountant knows tax law extremely well and can advise clients on ways to minimize a tax bill, but still isn’t a lawyer per se.

In 2018, global accounting consulting giant EY (formerly Ernst and Young) purchased Riverview Law. Their “productized” offerings meant legal services could be “tacked on” to EY’s ongoing client relationships as easily as fries are tacked on to a burger order.

At one time, the Legal profession was a self-regulating body that defined the profession and controlled who could provide services. Now that legal services can be provided by firms that are not law firms, it will be the consumer makes those determinations. It’s estimated that in 2019 over \$20 billion in billings were directed from law firms to non-traditional suppliers.

How can professional firms, and professionals themselves, compete in this new environment? Here are two ways to cope.

How to cope one: DE-PIGEONHOLE

I've done studies of the proposal logs and project records of a few large professional firms. What I've found is that their clients tend to pigeonhole their providers. The pigeonhole can be casual, as in "I'll talk to Brett the next time I need XYZ", or it can be a formal arrangement through the client's procurement department – "We've authorized Favorite Inc. for XYZ project management").



The corollary of that is "I won't talk to Brett the next time I need ABC. I only call Brett when I need XYZ".

Being pigeonholed is a great starting point for growth. You have a strong relationship with a client who is not already insourcing, who is not looking for the

low-cost productized supplier, and who is not using technology to self-serve the services you provide. You also have all the adminis-trivia in place: NDA, MSA, Ariba AR/AP, and current clients who can recommend you to their colleagues.

Look at your existing clients. Is there an ABC or DEF that you could add to the XYZ work you currently bill them for? The mechanics of how to do this will be a topic for an upcoming article. If you'd like information in the meantime, please message me.

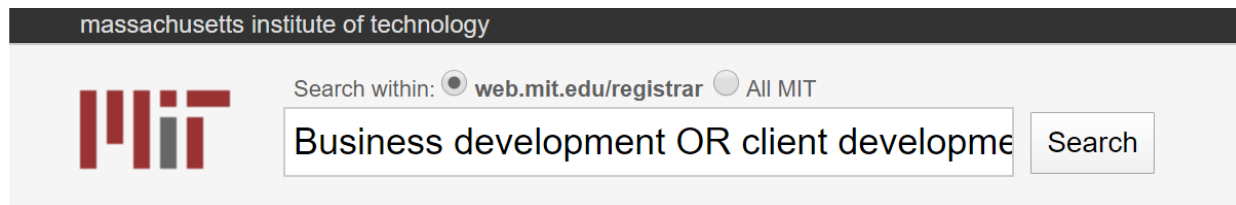
How to cope two: Develop New Skills to Develop New Clients

The service-what-you-sell model of professional firms is sometimes called "eat what you kill". Revenue generation is crucial to the survival of any practice, and there is a big difference between the earnings of the "best practitioners" and the practitioners that are "best at bringing in clients".

Hint: The latter gets paid more.

I call it The Professional's Irony: The professions appeal to people looking for a high-paying career with no selling involved. So they work hard, get top grades at school, get into a good firm, and only then find out their earning ceiling is determined by their business development capabilities.

And yet the number of business development courses at the faculties of Law, Engineering, Accounting, Design, etc is zero. (If you can find an exception please write to me. I'd love to see it.)



No results.

Really, MIT??

The more people at the firm that can reliably bring in new clients the more stable the firm is over the long term. And what's good for the practice is good for the practitioner. Every professional should know what to say when they meet a prospective client at a public event: a conference, chamber of commerce luncheon, charity golf fundraiser, etc. They should also be competent and comfortable reaching out proactively to introduce their firm to a prospective client that seems to be a good match for their work.

Business development need not be "sales-y". Done properly, a professional business development approach enhances your image with clients. I remember one professional who was sent to one of my seminars – under protest – insisting that she didn't want to be a salesperson. She stopped when she saw me. "You don't look like a salesman," she said. "I was expecting you to be wearing a red plaid jacket. You look and sound like a social worker." She heads her own firm now.

It's surprisingly easy to become a "rainmaker". The correct (most effective) approach has only three steps:

First: Express an interest, e.g.

Our firm is interested in working with you
I read that your company is expanding into XYZ.
We've done some work in that area, and would be interested in sharing our XYZ credentials.



Then: Ask about their process for considering a new supplier, e.g.

What is your process for considering a new supplier?

From your company’s point of view, what is the best way for us to introduce our work?

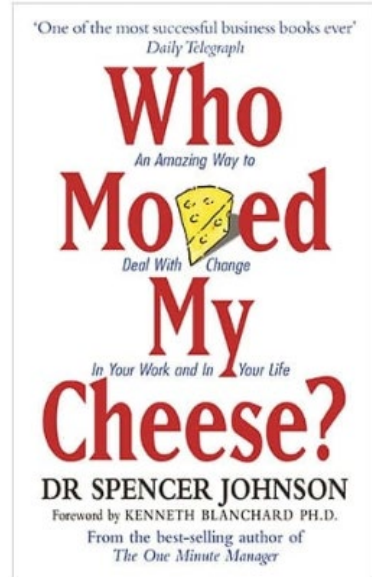
Finally: Set the ground work for follow up, e.g.

I’ll write to you next week to see when your new vendor fair is

I’ll reach out to Tim to schedule a time to present a statement of capabilities, and I’ll cc you on the note

So many professionals do this the wrong way, and yet it’s so simple to learn. More details will be a topic for an upcoming article. In the meantime, if you’d like help, please message me.

It’s been more than 20 years since “Who Moved My Cheese” was first published. Coping with rapid evolution of the business environment is the new norm. The practitioners that embrace change, adapt, and master new (and perhaps unexpected) approaches are the ones that will continue to thrive.



Are you a professional interested in growing your practice by adding new corporate (not consumer) clients? Consider the One More Good Client seminar. Here’s what others have said:



"I first heard David speak about his unique methodology over 15 years ago, and his lessons and insights are still with me.

David boils business development down to a very human process in a highly practical fashion. I strongly recommend his training!"

David Sevitt, Head of Revenue, Business Development and Global Partnerships
Top Hat Ventures

"David's "One More Good Client" workshop is simply the best training in business development we had ever received. We are so impressed by his knowledge, communication, and professionalism throughout the entire process. Every detail is thought-out and purposeful, such as the well-written pre-class assignment workbook, the simple, practical, and highly effective methodology; his thoughtful and engaging teaching and guidance; honest feedback on our practices; and many real-world, actionable takeaways. David's workshop had given us clarity on our business development approaches and built us a lot of confidence to implement what we've learned through the extensive practices.

I would highly recommend Dave's workshop and teaching to any business owners and business development professionals who desire to improve their strategies and results significantly."



Jing Johnson, MBA, A.AIA, LEED AP
President, Prism Rendering

Visit OneMoreGoodClient.com for more information



Jason Stufko, Managing Partner and Senior Consultant
ProStrata-G Business Accounting

"When you consider this training is live, when so many others are just prerecorded, the value is outstanding. The ROI is very high, and it's exactly what a firm needs to find new business clients."

"The One More Good Client Program provides a very practical framework for approaching business development. I knew I wanted a business development strategy that was not too much of a "salesmen" approach. David's wealth of experience across industries, and his ability to provide tangible examples relevant to specific situations meant that I could immediately integrate the new approach in my business development interactions. I highly recommend his course and the ongoing support David provides business owners to help grow their businesses."



Dr. Erin Hilgart, Ed.D, MA, CCCP
Principal, Hilgart Management Consulting



Michael Maturo, Architect, President
DYAMI Architecture

"It was great to attend the One More Good Client program last week. Just about everyone in the program made a point that they didn't want to come across as "sleezy" when developing their business. Your approach was unbelievably simple and easy to implement. I've done it already! What I liked the most about the structure of the program was that you had adjusted it on the fly to respond to each and every person's situation or question. Even if the question was tangential to the program, you responded with a thorough answer that benefited all of the attendees in a way that they could easily understand, and apply to their specific efforts. You made sure that upon completion of the program each person left with the ability to apply the process to their situation immediately. Thank you!"

"David's training course One More Good Client makes developing your business into a very straightforward, actionable activity, especially if you're selling services. With his unique method, setting up and approaching your client base will get you results."



Dr. Katharina Kettner, Managing Director and Principle Consultant
Founder & Principal Consultant, Wave Concepts