

**SRC ASSOCIATES  
POSITION PAPER  
LAW & ACCOUNTANCY FIRM MARKETING IN ASIA**

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Despite the influx of foreign firms into Asia, the strategy and marketing of law and accountancy firms in Asia remains fundamentally different, not only to the marketing of other products and services, but also to the marketing of professional service firms (PSF) in the West. The cultural differences both of the buyer and of the employee negate the brash marketing tactics often employed by Western firms.

Firstly, it is worthwhile to reiterate the difference between PSF marketing and marketing in general. Marketing and sales are often grouped together as functions in traditional organizations and this structure seems to work in a number of cases. Unfortunately, marketing and business development (BD) woven together as they often are in PSF is a recipe for ineffectiveness and wasted resources. Marketing is distinct from BD in the PSF context as it must be part of the very fabric and culture of the firm, not only in terms of the way people behave and think, marketing must also be at the centre of firm strategy and direction. When marketing is coupled with BD, the BD people spend all their time on pitches and sales generating activities that it is most unlikely they will have time for the more strategic work of marketing. In this way, marketing will never be accepted at the upper echelons of the firm because senior partners believe marketing should always generate immediate returns and hence its value is demoted to that of a tactical tool as opposed to that of a strategic weapon. Additionally, marketing sets the direction for BD in terms of selling and cross selling, ensuring the firm hits more than it misses. If your firm is not hitting in over 70% of your pitches, something is wrong.

Secondly, differentiation and innovation are not the same in PSF. One cannot say we do better 'audits' and expect that to be believable from a client perspective or become the basis of a sustainable competitive advantage. According to research conducted at the Centre for Management of Professional Services (Said Business School, Oxford University), a firm's ability to differentiate itself and create a sustainable strategy relies on four factors:

Expertise – knowledge and experience  
Relationships – clients and other stakeholders  
Reputation – expertise, experience, and engagement  
Service – processes, services, and engagement

According to the authors, a sustainable strategy can be built around these four factors whereby they create a virtuous cycle of innovation, organization learning and knowledge management, as well as access to new markets. The authors believe that expertise as a basis for differentiation erodes over time as new knowledge diffuses among the professions. SRC agrees with this and hence PSF must innovate in terms of firm structure, compensation, and strategy in order for the positive effects on continual regeneration to

take place. For example, tacit knowledge within the firm must be shared and codified so that the knowledge management system actually benefits the learning of the firm so that new projects can be undertaken more effectively and efficiently. Motivating professionals to share is not easy and culture has a significant impact on such behaviours. Whilst many US PSF are doing away with lock step compensation systems, firms in Asia are moving back towards such systems due to the collective nature of such societies. Whether this proves to be correct is to be seen. PSF often cite the restrictive nature of the professions which inhibits their ability to innovate, in some ways this is true but such limitations are normally technically oriented and do not in any substantial way effect the way a firm can position itself for future success with the adoption of modern practice management techniques.

Branding is another area that is at odds in the PSF when compared to consumer goods. A strong brand creates trust in the mind of the buyer and allows the seller in many cases to charge premium fees due to the recognition of their quality of product. Branding communications is important because it tells the target audience about you and what you stand for. However, doing that through typical promotion is not appropriate for the PSF. Advertising and other promotions increase awareness of a firms services but one cannot expect a buyer of legal or accountancy services to purchase these services mainly because of an ad (exceptions perhaps being low value commoditized work such as wills, deed polls etc). The most important branding for the PSF occurs within the firm itself: illuminating and integrating the values of the firm and what it stands for. This has a significant impact on the behaviours of firm professionals and their interactions with clients, it is that which determines the value of the brand in the market place. Not only must your people adhere to your firm values (read brand), they must 'buy' into them, live and breathe the values in order for the positive influence to be felt by clients. You cannot say to your people, these are our values and you must adopt them (particularly associates who maybe billing over 2000 hours a year, as they literally will say who the hell are you), you must conduct a firm wide inventory of the attitudes and beliefs within the firm about what motivates people to work and how the values you wish to achieve should play a role in that.

Aside from these key differences between PSF marketing and traditional organizations (there are others), Asian cultural nuances often exacerbate the need to modify strategy and marketing approaches in PSF that operate in this region. Advertising is the most obvious and common. Firms in the US may spend millions of dollars on ads in the Wall Street Journal but research in Hong Kong shows that consumers would not buy from professionals that advertised, believing that advertising lowered their credibility. This somewhat discounts the rash of small local firms using prepaid packages to advertise on cable TV channels. People in Asia are often described as collectivist and maintaining harmony within such societies is extremely important. This is opposite to the individualistic nature of most Western societies. This affects a number of firm operations. Most notably is that of compensation and knowledge sharing. Many Western PSF are

using merit based compensation systems for partners and are frank in dealing with lower performing partners. In Asia, most firms are not that comfortable with dealing with lower performing staff and in the PSF, we have seen a move back towards lock step compensation to overcome the problems with individualistic nature of merit based systems. Research also demonstrates that culture has an impact on the motivation of professionals to share. Incentive systems are common methods for encouraging people to contribute to knowledge management (KM) systems but these need to be adapted in Asia since Asians do not respond to such incentives in the same way as their Western counterparts.

If you are the leader of a PSF in Asia and are planning to embark on a strategy or marketing initiative you must bear these differences in mind. Do not accept the fallacy of the single objective (often financial) and recognize that marketing is a culture that when implemented well, will drive your firm onto better performance. If you can accept this, you are well on your way to the right mid set. If you can't accept this, stick to what you are doing now and accept mediocrity at best.