

Client Service Excellence

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Big four want 'more opinionated' staff

Celebrity Profile is everything in selling a business's product.

Claire Stewart

Celebrity endorsements have been a potent lure for thousands of companies looking to make their brands attractive to a more diverse range of consumers. But the challenges of aligning an individual and their past or future foibles to a business product – think Tiger Woods and Accenture – are real.

As social media creates an immediate and accessible platform for individuals to publicise their own personal brands, professional service firms are learning how to trust and encourage employees to become their own version of celebrity spokespeople.

"Clients no longer buy projects, they buy outcomes. If they can align and get excited about an iconic personal brand that has a reputation for delivering a specific outcome that adds value for the business ... it gives us a competitive advantage in a competitive bid process every single time," PricewaterhouseCoopers managing partner, clients and markets, Mike McGrath says.

Simultaneously, lateral hires of prominent individuals who come from outside the professional services sector, such as former army chief David Morrison, or former AWU boss Paul Howes, are driving publicity and cachet.

Managing the downside risk that either can trigger, in an era when KPMG demographer Bernard Salt sees "individual ascendancy" as a megatrend, is critical.

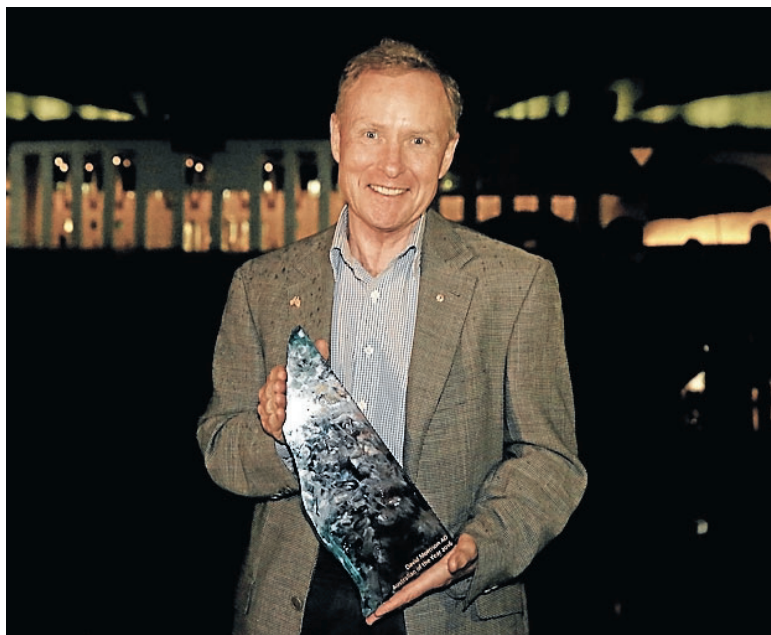
KPMG Australia head of markets Ben van Delden says while the brand power of the big four is still critical in opening doors, the firm is increasingly coaching its people to be "less conservative and more opinionated", to help them build their own brand.

He says there is an implicit agreement between the firm and its people to do the right thing: danger lurks for a company trying to "police-state" employees and close down that type of individual thinking, because it risks them disengaging.

"If it's a strong personal opinion, backed by solid professional grounding, then that's one thing. If it's off the mark, then we'll need a bit of a chat," he says.

The power of the internet to create a socially connected world and power-practitioners with global recognition means prospective clients increasingly tender with a specific A-team in mind.

"Sixty-five per cent of the decision [to select a firm] has been made before the



Business chiefs Mike McGrath, top, and Ben van Delden, right, see value in adding high-profile David Morrison, left, to their business hierarchy. PHOTOS: JESSE MARLOW, ANDREW MEARES, LUIS ASCUI

tender comes to market. What does that mean? I think there's a link in the Australian market to the rise of the procurement officer, particularly for large corporates and government agencies who have people thinking about a variety of things before going to market, including who the specialists are."

It also means the expectation of clients is for access to global specialist practitioners, no matter the location. It's a benefit for firms that can become a rod for their own back.

"We feel that by bringing people down to Australia, we perpetuate the brand. It means that clients become a little more hopeful that when they come to market, they'll get access to that UK or US thought leader. We try to make that happen, but it's not always easy," van Delden says.

The other challenge is translating the benefits of a practitioner's personal brand to the business and, at a time

when people change roles an average of seven times, keeping them in the firm.

"In the social media context, hierarchy doesn't exist," van Delden says. "What we have to think about at an organisational level is how we capture, when we onboard people, that client or social network they have, so we can integrate it into the broader offerings KPMG has."

PwC's McGrath says iconic individuals have always had a crucial significance in professional services, claiming a premium in the market and attracting like-minded individuals.

Part of keeping them is to ensure alignment of purpose. "They continue to be attracted to us because we support them to do what they're best at doing. It brings together the deal, so to speak.

"We build great practices around iconic individuals and they can give

Prospective clients increasingly tender with a specific A-team in mind.

firms like PwC entry into new markets and stretch our brand even further," McGrath says.

Investment in iconic lateral brands is a more complicated story, with a higher risk of complications, but it can bring a point of difference that gives firms an edge.

KPMG hired senior unionist Paul Howes as a director in 2014, to consult on superannuation and workplace issues in business transformation cases, and has since been called as a witness in the controversial Trade Union Royal Commission.

Deloitte Australia chief executive

Cindy Hook supported the firm's association with David Morrison, despite controversy over his selection as Australian of the Year in January. Her support raised some eyebrows inside the organisation, where people are conscious that high-profile personalities can bring problems, as well as benefits, to businesses they join.

But McGrath says the benefits of hiring external iconic brands can be capitalised if managed properly and aligned well. PwC hired David Smorgon in 2014 to lead the firm's strategic pursuit of the family wealth sector.

"We focus more on the opportunity to differentiate, to win in a new market. But we hold our culture very close so there are other factors that help guide us making the right decision. If there was an iconic person in the marketplace that didn't fit our culture, we wouldn't think it would be successful," McGrath says.

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Rivals cosy up for survival in volatile markets

Engineering

Claire Stewart

As global engineering firms absorb smaller players in local markets, specialist businesses are being forced to make friends with their competition to maximise their capabilities and challenge the multidisciplinary behemoths in volatile markets.

"The reality is that the projects are too big for any one company. The person who's your competition this week is your business partner next week," Tonkin + Taylor managing director New Zealand Doug Johnson says.

The more competitive market requires a different approach to brand management.

"We're probably less aggressive [in NZ] because we don't want to annoy anybody," Johnson says.

Golder Associates New Zealand president Asia Pacific and Africa, Hannah Hamling suggests part of the reason her firm and other trans-Tasman companies are more progressive and adroit when responding to volatility is because they have always operated in an economy that is entirely unbuffered.

"If there is a change in the economic climate, we have to respond really quickly to it. One day you're making money, the next day you're losing it. That has made us a lot more nimble and more resilient," she says.

Aurecon's global chief executive, and former boss of Deloitte Australia, Giam Swiegers, told *The Australian Financial Review* last year that he thought their New Zealand business outpaced other Aurecon groups in demonstrating the best response to a market disrupted by accelerating infrastructure needs, declining commodity prices and tighter capital flows.

It forces innovative thinking in how firms position themselves in the market and Hamling points to their own learning curve, responding to the Christchurch earthquakes in 2010 and 2011, which has triggered an estimated NZ\$40 billion in insurance claims.

"The earthquake really sorted out engineering companies. A lot of the previous incumbents always thought that they offered a high-end service but when it boiled down to [it], they just didn't have the capabilities.

"We've learned the value of a specialist company. Because we're geotechnical engineering and environmental science based, we were able to truly leverage off our skills to differentiate ourselves and



Hannah Hamling: Trans-Tasman duos more nimble. PHOTO: LAWRENCE SMITH



Giam Swiegers: New Zealand better at responding. PHOTO: DANIEL MUNOZ

very quickly start offering a whole new service on seismic engineering."

As large multidisciplinary operations such as Petrotech swallow local companies, the highly technical employees tend to move over to smaller specialist firms, Hamling says, which creates a lucrative niche for those firms, but also demands a higher level of co-operation between competitors to plug skills gaps on projects.

"It's very difficult to compete on a project which is 70 per cent geotech, but also requires mechanical and electrical. So we have to team," Hamling says. "We're doing more of that and some of them play nicely and some of them team with us and cut our lunch."

Clients become used to dealing with multiple firms, or picking people from different companies they want on projects, Johnson says. This brings an additional layer of risk management.

As infrastructure development becomes more difficult, particularly responding to complex or repurposed sites, the ability to "coach that risk conversation" is paramount, he said. "That's one of the changes in the market, the risk discussion. It's very easy in the diagnostic space to just talk about the technical problem and ignore the risk conversation.

"Ultimately, as a professional services person, you can only take a certain level of risk."

KWM, Allens hone agility as rivalry heats up

Diversification

Claire Stewart

King Wood Mallesons managing partner Sue Kench says big legal firms need to "get their elbows out" to win top-shelf work offshore and boost revenue in a saturated home market.

"Frankly, Australia has been over-lawyered as long as I've been practising. And continued decline year on year means that Australian firms will compete against each other for a greater share of a declining market," Kench says.

Among the biggest law brands in the country, KWM and Allens have had to find new sources of income in what Allens' new boss Richard Spurio admits is a "volatile market".

"We are seeing client sentiment can change pretty quickly," Spurio says.

"A lot of our clients are in industries that are under a lot of pressure and subject to change."

Allens, on a turnaround path with fresh leadership, is revitalising its brand with new ideas such as the locally designed and focused start-up practice Accelerate, which should give it niche capabilities ahead of its Australian competitors and its international partner Linklaters.

Since starting this year, Allens' new managing partner has been on a "pretty intensive" client visit program.

Spurio points to the firm's tradition and long history in the resources space as reason to resist chopping and changing sectors to chase growth.

"Our clients like Rio Tinto go back over 100 years. Having said that, as markets change, new industries develop and you have to be agile and look at those new things."

He laughs off any suggestion of market rumours that the tie up with Linklaters is cutting Allens out of work it might otherwise have secured in the home market, but doesn't deny that their relationship with the prestigious magic circle firm has been re-evaluated in recent times.

"Our relationship with Linklaters is terrific. We regard it as a very compelling offering," he says.

"But like anything you can't stand still, so you have to continually look at it and evolve and think about things and focus on different areas, pursue new areas.

"But that to me is a strength of the relationship."

The Allens Accelerate offering for start-ups is the first example of Allens facing its focus to different areas in the home market, to tap into the changing

market and economy. Spurio says one benefit of the tie with Linklaters is the "nice amount of autonomy" Allens retains in Australia.

"They are aware of it. It's available for them to look at as well but it's not something that we run past them for approval."

Rather, Allens saw a need in the market for a vehicle such as Accelerate and Spurio says the firm will continue to look at different offerings and roll out a range of things to stay responsive to changing market demands.

KWM is pushing for more cross-border work throughout Asia, and building capabilities in new sectors to increase profits without cutting costs. Kench warns against firms believing the slow decline of the local industry is inevitable.

"We can stand shoulder to shoulder with the best of them internationally. So do it," Kench says.

"If the Australian economy is [growing at] 2 to 3 per cent, we all know there is

Australian firms will compete against each other for a greater share of a declining market.

Sue Kench, King Wood Mallesons managing partner

way better growth than that in different places," she says.

"How are you more deliberate in going to seek that?"

"Some of it's difficult, in the sense that you can't suddenly wake up one morning and say 'oh there's growth over there, so we better chase it'. You have to build the capability behind it as well."

Despite being steeped in convention, Kench says there's no reason a big law firm can't be nimble in changing markets.

Making all practitioners, not just partners, understand they have the freedom and the firm's support to chase different opportunities is part of the answer, she says.

Since Kench took the top job three years ago, KWM has undertaken a "very deliberate exercise" to assess and fill the firm's capacity gaps externally and internally.

"Financial services is incredibly interesting at the moment: how the big banks face their challenges; what's happening from a global capital perspective;



Above: Allens' Richard Spurio points to market volatility. Right: KWM's Sue Kench says big firms can be nimble. PHOTOS: LOUIE DOUVIS, SASHA WOOLLEY



negative-positive interest rates; how you actually encourage money into the banks. And then the subset, which is regulatory."

Kench says KWM is also targeting infrastructure, including real estate and urban infrastructure in Australia and Asia.

"Yes there is stress around mining, but I don't think you can ever take your eye off the ball for mining and resources ... and that might even be in terms of how it restructures itself."

From openness to the art of saying no – the secret of happy clients

Practices

Quentin Digby, partner, Herbert Smith Freehills

Why were you nominated? I really enjoy interacting with our clients – people in generally, actually – and trying to help. I would like to think I was nominated because I care about the client, will look out for their interests ahead of my own, and am trustworthy with sound judgment, but I'd settle for any of those!

Tips for young lawyers? We have to be ourselves more or you aren't going to get that personal connection. There are all sorts of skills we are trained in, but actually I think clients are looking for something a bit deeper, and whatever it is has to be genuine. One of our team members noted that sometimes as lawyers we train ourselves into being the serious "objective professional" and, in doing so, right off the approach in dealing with cli-

ents that actually would help with the connection.

How do you say no to a client? By being open and transparent. Failing to deliver something that is agreed to is far worse than saying "no" and explaining why.

Tips for helping challenging clients? Often it's just a case of getting to know them better. They may be under stress for reasons that we are unaware of. But if I feel that it's an ongoing relationship dynamic issue then recognising I may be part of the problem, I'll try to connect them with another team member who may be a better fit. The reality is that if I genuinely don't like working with a client then I won't do as good a job for them as I should and we are all better off if they find someone else to advise them.

Best thing you've been asked to do? Being asked by a project manager for a small commercial team in a European-based multinational to be involved in a two-day strategic planning session in Singapore. They wanted my input on broader non-legal issues, and while my

first thought was "what value will I add?" it was incredibly fulfilling and the feedback was very positive.

Leanne Issko, senior associate, Mercer

Top tip? Have face-to-face contact wherever possible: it's very difficult to build a relationship over the phone. You learn a lot about clients by observing their workplace and there's always some banter that comes into the discussion, which helps to show the more human side; that you're interested and will take the time.

Your best quality? You've got to know what's happening in your sectors. If I talk about an emerging trend, clients know I'm in touch with a lot of people and that I'm talking from a place of knowledge.



Quentin Digby: "We have to be ourselves more." PHOTO: DANIEL MUNOZ



Leanne Issko: "Have face-to-face contact wherever possible." PHOTO: PAT SCALA



Martin Jones: "Remember it's a long game." PHOTO: PHILIP GOSTELOW

Can you learn client skills? Early in your career, it's really important to work with a broad range of people. You can pick up different attributes from different people. Stay true to yourself and be yourself, but you can learn certain techniques or char-

acteristics so it is important to sit back and observe. While we all develop our own styles, it comes down to listening skills. You have to let clients talk, don't think, "I'm here for a particular purpose only". Also I'll always double-check what

their needs are so I'm not going off on an assumption or reading in anything different.

everything, so be clear about what you're a specialist in and when there are opportunities to bring in colleagues, do so, because it shows the client they are getting the best person at the time.

Martin Jones, partner, Ferrier Hodgson

Best tip? Develop long-term sustainable relationships with clients and colleagues. Clients know what to expect when they engage me. Remember it's a long game, not a short game. If you focus on quick wins, inevitably you're going to compromise on values and not focus on a better result for the client.

Do clients value creativity in problem-solving? If they had the answer, they wouldn't be calling me. There's no point me telling them what they already know. The challenge is coming up with solutions where people say, "Hey, I didn't think of that."

How much of your job is about empathy? You have to engage with

someone to draw out what the real problem is. Professional services is relatively simple: people have got to like you to trust you, and they have to trust you to share their problems with you. If they don't, you won't be able to find the best solution.

That's both an empathetic undertaking as well as a structural and professional undertaking. Ultimately, corporate or any other failure is the result of a bad decision, [but] everyone deserves to be treated with respect.

They haven't gone out to create a problem, to fail. They've gone out to try to create value for themselves and their families and their stakeholders.

How do you say no? You're not paid to be a friend, and "no" is an answer. However, nor does there need to be an alienation – we may agree to disagree, and robust examination of issues is healthy. If a work-around or alternate strategy is not possible, then at least we part with reputations intact.

Innovation thrust a boon for listed IP law firms

Patents

Claire Stewart

The Turnbull government's innovation bonanza is expected to produce a much needed windfall for intellectual property consultants and patent lawyers.

Local patent filings have been flat for some time and firms have looked outside Australia for growth.

FB Rice managing partner Brett Lunn says while most firms in the IP space are "thinking about looking beyond Australia", FB Rice remains focused on expanding its local market share and is relatively agnostic about the business plans of new listed competitors focused offshore.

Overseas client work is a key strategy underpinning the latest success of recently listed IP businesses, Shelston IP (trading as IPH) and Spruson & Ferguson, which this week opened a Jakarta office.

IPH shares nose-dived on interim results in February, but recovered, and are still worth nearly double what they were a year ago.

"A lot of firms built a practice as Australian representatives for the international companies who want to get an IP foothold here, because it was profitable. We've always had it, but have kept a focus on the Australian client base and because that's our bread and butter, we've been finding it easier to grow that market," Lunn says.

He says the success of listed IP businesses has raised the profile of the profession. "Now people say 'Oh I know what you do, here's my card', so it's actually had a positive impact."

That heightened profile should increase further if Prime Minister Malcolm Turnbull's plan to kick start Australia's Ideas Boom by injecting \$1.1 billion over four years into science and innovation, transpires.

The challenge, as Mr Lunn and Griffith Hack chairman David Hughes agree, is to translate the government's promised support into action within the industry.

"I expect the domestic clients will see a lift in patent filings, as they realise that they need to innovate and one way of capturing the value of that is by filing patents," Hughes says, cautioning work is still needed to build better collaboration between research and industry, to capitalise on basic research.

That's not to say the market for patent work won't remain tight, with firms left to contemplate consolidation, specialisation or a diversification as their business strategy of choice.

"It's hard to argue against consolidation happening in the market over the next five years or so," Lunn says. "That's just how business goes everywhere, and



Brett Lunn says FB Rice is focused on local market share. PHOTO: DANIEL MUNOZ

it would be a pretty bold statement to say there won't be more, when we've already seen some of it last year with Sprusons listing and then acquiring other small firms."

But FB Rice is making no overtures, and Lunn says the firm is happy growing organically, exercising a deliberate strategy to remain specialist patent attorneys, building existing clients, acquiring more local clients and expanding geographically – opening an office in Perth in 2015 – rather than through acquisition or merger.

While it has added new R&D tax advice capacity, it intends to stay out of legal and litigation service provision, and remain lawyer-less.

"We took the view that we didn't want to compete with lawyers in the litigation space because there are already plenty of people competing. The result is that we're friends of all these law firms and they are a strong source of referral, because we're not a competitor."

In contrast, Griffith Hack has chosen a strategy which includes that capacity, and Hughes says the firm is actively working to diversify its service offerings further, including the launch of its new technology platform, Ampla.

"Clients are looking at how to maximise the value in the IP, and there's a lot of opportunity in that for firms like ours...that's the sweet spot."

Hughes says the firm is working to complement existing offerings with other professional services, "particularly around the financials".

That includes IP valuation, R&D tax advice, transfer pricing and providing analysis of the changing patent and IP landscape. The firm is seeing new clients emerging via pathways that would traditionally have been the remit of accountancy firms or the like.

"It's important this approach is not about being a one-stop shop. It's not about providing every service under the sun so the clients can never get rid of us. It's about trying to link our services."



David Hughes says Griffith Hack is diversifying its services. PHOTO: PETER BRAIG

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professionalism: integrity.

As knowledge increases exponentially, specialisation of and access to knowledge are also proliferating, leading to the emergence of many newcomers joining the traditional professions. This accentuates the imperative to recognise, represent and regulate all professions. Add to this globalisation and the internet, and the threats and opportunities for all players in the professions arena – professional societies, firms, practitioners, educators and suppliers of all manner of services and technology – are apparent.

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