the Marcus LETTER

DID WE GET WHAT WE PAID FOR?

Re-Evaluate How You Evaluate Your Marketer

By Suzanne Lowe and Sally Glick

Ed. Note -- The following article, reprinted here from Accounting Today, was written by two remarkably astute and experienced marketers of professional services. It speaks true, and it speaks well.

Recently, we asked marketers nationwide to share their firm's evaluation forms; we were surprised to learn that many respondents do not have a formal evaluation process similar to those that are conducted for the CPA staff. Instead, they said they summarize their marketing efforts, and offer a report card to management. Unfortunately, these subjective reporting efforts frequently feel inadequate (usually to all parties!) because they are created without much partner support or understanding of the marketing process, its value and its results.

Nevertheless, accounting firms and the roles of their marketers are "growing up." Firms recognize the need to compete as effectively as they can. As they do, they will they recognize the importance and value of the marketer's role -- a role that is worthy of a meaningful evaluation.

Luckily, new research on professional services marketing verifies the linkage between the objective evaluation of a marketing program and a firm's competitive effectiveness.

The lynchpin is the marketer!

Defining Marketing

The profession of accounting marketing continues to become better established, better integrated into the firm's culture and more highly regarded. Simultaneously, accounting firms are improving their ability to collaboratively leverage their marketers' talents, skills, training and expertise.

In order to compete for increasingly discerning clients and against progressively shrewd rivals, the professional service firm's marketing function will need to embrace goals that go beyond the traditional communication function. This means firms will need to adopt a more comprehensive definition of marketing that includes more than advertising, direct mail and public relations. If limited to these types of tactics only, marketing will be much less effective and the firm's previous marketplace strengths could diminish.

Working together, the marketer and the accounting firm's management must decide on the appropriate allocation of the firm's priorities among five critical strategic goals (list as a sidebar). From there, the marketing plan, written by the marketer in accordance with those five strategic goals, should be a key component of the firm's overall business plan, and the marketer should have responsibility for ensuring the implementation of that marketing plan.

A Corporate Platform

Most of today's accounting firms are being managed along the same standard business model as is used in "corporate" America. In order to remain competitive and profitable, firms are investing heavily in what were previously seen as peripheral support functions. They are hiring non-CPAs who have taken on critical-business roles that add to the success of the firm. For example, at many firms there are now full-time human resource professionals, IT directors, firm administrators, training and education professionals and marketers as well. This shift is taking place at firms of all shapes, sizes and geographical boundaries.

That being said, this is a comparatively new trend. CPA firms may acknowledge the importance and value of these professionals, and even begin the steps to incorporate these functions. But most firms are still established along more traditional lines, which can undermine the very success that they hope for these functions.

New Measurements

This is especially true for accounting marketers. Whether hiring a seasoned marketer or someone new to the profession, many firms do not establish a well-thought-out job description to clarify expectations, goals, or even day to day responsibilities, prior to making the hiring decision. The problem with this lack of clarity is that marketers are provided with little formal guidance about the appropriate parameters of their job function; it then becomes more difficult to measure their success. As a result, accounting firms without standards and measurement tools are having a more difficult time determining if their marketers are performing effectively.

We believe it is time for the professional service marketing function to become a more formally evaluated role. The notion of measuring marketing, while still new for everyone, is not only critical to the success of the individual but of the accounting firm itself. In fact, results from a 2006 nationwide study of more than 375 professional service firm respondents reveal, for the first time, a verified link between the act of measuring and the achievement of marketplace success. By formalizing the parameters and measurement of marketing strategies and tactics, including measurement of the marketer's role, accounting firms can indeed compete more effectively.

The typical performance evaluation that is utilized in an accounting practice is designed specifically for measuring CPA staff activities. The categories that are subject to review, such as realization and other technical benchmarks, are not applicable for the marketer.

A Solution to the Dilemma

So, how can CPA firms correct this? A written job description and a "blueprint" of the firm's expectations is a good starting point for future evaluations.

Next is a firm's and its marketer's collaborative agreement about priorities among the five strategic marketing goals. For example, let's say the firm determines its most important marketing goal is to retain the clients it acquired last year; increasing the firm's share of wallet with current clients is its second most important goal. Instead of an amorphous "build awareness of our firm with everyone you can" expectation, these are clear and unambiguous goals from which a marketer can develop a marketing program and tactics.

From this, it will become easier to agree on ***the tactical initiatives*** that will be measured. Let's imagine one of the firm's strategic goals is Goal # 5 (increase the perceived value of the firm with all audiences), and the marketer's tactical initiative to achieve that goal is to obtain better coverage in the local media. The first thing that should be done is an analysis of the current frequency of local media coverage. This defines the standard against which new short- and long-term “better coverage” can be measured. Next the marketer can create a plan for how better media coverage will be accomplished. All of this is quantifiable.

But, what if, after six months of the marketer’s efforts, the firm is still not being quoted or sourced with any increasing measurable regularity?

Now what? Should the next question be, “Did the marketer not ‘measure up?’” We think this is the wrong question.

The more appropriate question is less personal: “What exactly is the firm measuring?” If the firm has agreed on clear, unambiguous and client-focused marketing goals, if the marketer has put together a good plan and is executing it in a timely, continuous and well-focused fashion, the firm can begin to look for reasonable explanations as to why results have not been as hoped. Suppose that the marketer wrote the plan and implemented it as promised, calling every business journalist in the community, designing and distributing a meaningful press kit and sending press releases every time there is news from the firm. Perhaps the expected timetable was unrealistic, and the tactics need to be implemented for a longer period of time. Or perhaps the partners were not responsive to a journalist’s call. Perhaps the firm is not currently doing anything deemed “newsworthy” by the media.

Everyone may agree with the concept that marketing initiatives are put in place in order to ‘sow seeds of opportunities for fruit that will grow tomorrow.’ but firms still have a right to know if their goals were strategically appropriate, what the marketer is accomplishing today and how both tactics *and* strategic goals can be evaluated.

Accountants are trained to measure the role of managers or senior staff who conduct audits, write management letters, provide business advice or prepare tax returns. Immediately upon the completion of each of these tasks there can be an evaluation, or a review, of the work. Is the tax return correctly completed and calculated? Does the financial statement present an accurate financial picture of the company?

However, this process may not be as adaptable for the marketer’s tasks. Unlike an audit or a tax return, which have start and end dates, the firm’s marketing goals and the marketer’s strategies and plans make be implemented over months or even years.

In many cases, it is the **measurement tool** that needs to be tweaked. Instead of measuring immediate results, such as how many new media opportunities have been generated over six months in the case study above, the marketer should be evaluated on the number of contacts with the press, the relevancy of the media kit, and the quality of the press releases that are being distributed.

A Way to Measure Success

For firms that want their marketer to succeed, and want to be able to measure that success, these substantive questions should be asked before the initiation of every marketing project:

- Is this project consistent with our goals as a firm? (For example, will it help us build our revenues with the most strategically appropriate clients?)
- Is this project consistent with the written marketing plan? (That is, what do we expect to accomplish from this project?
- Who is accountable for the project?
- How will we define and measure the success of this project? (short-term and long-term results or "returns")
- What investments are we prepared to make (including those hidden!)?

The right goals! The right metrics!

One of the most important findings of the 2006 "Increasing Marketing Effectiveness" study was that less-than-competitively-effective professional firms use less-than-effective metrics that are vague, subjective, have no clear connection with clients, and have unrealistic timetables. Also, all too often, these metrics are applied to equally nebulous goals ("grow our revenues!").

Firms that desire to compete more effectively should expand their marketers' roles toward more comprehensive functions that can help the firm achieve more strategically-focused marketing goals. They should employ metrics that are unequivocally objective and obvious, clearly identified with clients, and achieve tangible outcomes. These metrics can then become the framework for evaluating the marketer's function.

FIRST: Defining and identifying the most strategically important prospects / clients (i.e., segmenting the market, targeting the "right" clients, and prioritizing which clients or industries to pursue or to avoid).

THEN: Acquiring the most strategically important prospects / clients (i.e., establishing a firm's attractiveness, credibility and thought leadership with the "right" clients and successfully winning new engagements with those targeted prospects / clients).

NEXT: Retaining the most strategically important clients (i.e., fostering increasingly significant client / firm relationships, and successfully keeping current engagements with targeted clients).

AFTER THAT: Increasing the firm's amount of revenues with its most strategically important current clients (i.e., known as cross-selling in some sectors, this means increasing each current client's use of the firm's entire service portfolio and the firm's penetration into that client's available "share of wallet").

FINALLY: Increasing the perceived value of the firm to all audiences, including non-targeted prospects and clients, influencers, suppliers, and current and potential employees (i.e., growing the firm's overall brand value and thought leadership equity; building broad awareness of the firm and its favorable reputation in its marketplace; and increasing its perceived eminence generally).

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