

PRACTICE MANAGEMENT

THERE IS NO COMPETITION... (IF YOU DECIDE TO) CREATE YOUR OWN NICHE

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Professional service firms need to recognise that you don't need to compete to grow; what you need is to work towards creating your own niche.

THE NICHE FIRM

Those who think they can create a specialist professional service firm.....will be the ones who in all probability will.

THE NICHE PROFESSIONAL SERVICE FIRM

Today competitive advantage is defined as the leverage a business has over another. In simple words, to show being better than the competitor/s. Businesses develop attributes that differentiate their goods and services through price, quality and such other features.

Does one need to really compete in the professional services firm market? Shouldn't work be referred to oneself or one's firm by someone who has been a satisfied client. This is an age old truth of the professions; yet it is seldom understood in its purest form.

At the core of the profession lies knowledge and the abundance of it. And professionals who excel are normally those who do that 'one thing' right. Over and over and over again. In doing so, they learn so much and improvise consistently. They reach such a level in their thought process that their final output is hard to match, or even to come close to, by other professionals. It is their calling. Their finesse and passion that creates what we call "expertise". Once expertise is developed, two things can happen. Professionals can bask in their glory, develop complacency of what I would say 'intellectual arrogance' and wane over a period of time. Or, for the select minority, they would rise and rise and reach a level of sublimity that is seldom seen. The latter is the one who creates new milestones, raises the bar, and develops new frameworks, new models and new competencies that professionals would follow in the years ahead.

Those who succeed in their profession, have done so because they concentrated on getting that one thing right. And they persevered till they succeeded. And then moved on to continuously raising the bar, the depth of their advice, the alternatives that one could explore and charted the unknown. It is they who the world has recognised and rewarded. They have truly created, what we call, a 'niche professional service firm' out of years of demonstrated expertise, research and perseverance.

Clients don't need to be sought by a niche firm. Clients will find their way to expertise, themselves. They will be referred to the expert. Just like if one needs a knee replacement surgeon, one would normally ask "do you know who is the best in the business?" Patients who need these surgeries dread even the thought of something going wrong and they losing their mobility for life. "Is he good with post-operative care?"; "How many surgeries has he conducted?"; "What is his success rate?"; "What happens if something goes wrong – how will he and his team help me?". These and others are very natural questions that would come. The expert surgeon will give a calm, composed and articulated, yet clear, response to each question and more. The patient and their families return home reassured that they are in safe hands. The surgery goes smoothly. The post-operative recuperation and physio goes well. Spot on. The patient is back on his feet. Expertise proven. What happens next – "He is the best surgeon around...he did so and so..he said so and so..I highly recommend him.." Haven't we all heard this at some point in time about some or the other professional. Does this professional need to worry about growth? His diary is full, weeks in advance. That is what being a niche expert does to one's credibility and reputation.

This is the point that one needs to reach, if one has to really scale and grow in a professional service firm. Create your niche. Create a perception..a visible perception..that you are an expert. And the world is yours. Sounds simple...? Well, may not be as easy as it sounds.

Let's look at how others have done this.

What are the challenges? What does it take? Does everyone have a shot at becoming an expert? The answer to all of these questions lie in the choices that one makes. The pattern of rigour and research. The perseverance.

The road is always so full of challenges. It is always tough. Can one find their calling in this narrow space? To start with, a professional needs to identify his calling. What does he or she excel at? What efforts is he or she making currently and willing to make to reach the pinnacle?

LET'S LOOK AT A FEW EXAMPLES

Most senior tax professionals regularly converge in speaking sessions, conferences, workshops, seminars, firm level discussion groups, study groups or peer groups to dissect and analyse any new change or a new law or a path breaking judgment that impacts the tax practice. It is hard work, at their age, coupled with a quest for learning new concepts, unlearning old ones at times, and continuous realignment to the demands of the profession that makes them excel at what they do. The fire is burning even at the age of 65 or 75 – it is that X factor that “I want to be the best tax professional around” that keeps them going. They have made their money in life, they have achieved everything in the profession that one could possibly achieve, they have earned their stars and kept them flying high for north of 40-50 years. And done things repeatedly well. They have become the luminaries of the profession. The key reason – know your niche and excel at it.

Sachin Tendulkar, known world over as the Maestro of Cricket, practiced at 5.30 am even during his last season – in his 24th year of international cricket. Did the coach tell him to do that – No!! Did the captain ask him to prove his fitness – No!! Then what was it? Well, it was the innate desire to give his best – each time, every time. A quest for perfection and excellence. Nothing less. Not even 0.5% diminution in performance would do for him. It is this hunger and passion that led him to become what he is – the highest run scorer in the history of cricket in both forms of the game (tests and one days) and 100 centuries – a record that is unlikely to be broken for a long long time. So what was it?

Do we, as professionals, have it in us to strive for excellence – each time, every time. Can we burn the morning hours to keep ourselves fit, take care of our health – physical and mental, create an environment in the firm that attracts the best people, retains them and rewards them for performance? Excel at client delivery and client servicing. Follow the principles of practice management to the core. And, have a strategy of focusing on a niche and building

on that niche. If we can answer a YES to all of these, consistently, we would have created a niche professional service firm, that one can be proud of. Then, one does not need to really compete in the true sense. One can focus on excellence, and clients will come – referred from various sources. All you got to do is deliver your best; and that will keep on increasing the referrals coming your way.

That brings us to the following questions commonly asked by practitioners:

◆ **How does a small or medium sized CA firm create a niche?**

◆ **Where does one start?**

For a SME CA firm, here are some ideas and examples that could be used as reference points:

1. First, SME firms should change their mindset and believe in themselves and their abilities. Developing a niche may sound daunting; but in reality, it is not. It needs determination and strong will; such that the resolve to learn, apply and practice is with the highest level of motivation. Imagine preparing for the CA final exams – that is the only goal – and that is to develop expertise in a particular subject. And excel in the same, continuously – month on month, year on year. Impossible – not at all, just needs hard work and concentration.
2. Focus. Look at some of our practitioners of Service Tax who have transitioned into the GST regime like a fish takes to warmer waters. They have adapted to the new law, spent hours and hours decoding the developments and updates from the GST council, with new rules coming out almost on a daily/weekly basis, the client requisitions for conducting GST impact studies and assisting in the transition process, the technology challenges and so on. One may argue that they already had a Service Tax practice; and in that sense, were a niche player. But, even then, GST is a new law, an amalgam of sales tax/VAT and service tax and central excise; and it takes perseverance and patience to unlearn and relearn. The fact that they had a practice helped them to focus on the new law, without worrying about other service lines. And that's where CAs will need to strive to transition to. Do not worry about all service lines. Focus on one and give off your best.
3. For SME firms, with two or more partners, the easiest thing would be for service areas to be split between partners. Everyone should not be doing everything.

Taxation - Indirect Taxation and Direct Taxation, Audits – Statutory and Internal, Corporate Advisory – Lead Advisory and Transaction Advisory, are all knowledge driven practice areas. To expect one professional to do justice to both Direct and Indirect Taxation is an outright misalignment. You do not have many all-rounders in any profession; that's a small breed. A vast majority are generalists and SMEs would do well to allow individual partners to pick up one service area and run with it. This will also create a case for consolidating practices and growing one's own firms with merging with like-minded firms. When you have more bandwidth at the partner level, each partner can pick up an area that he is most wanting to excel in and then run with it. The partner can then excel at the particular service area, develop his own team and create a niche for the firm.

4. Consolidation of practices is the name of the game. The large international and national firms have all grown because they have partners leading specific practice areas. Clients see the expertise and it is over and over again demonstrated due to the depth of the partner concerned. How can a normal CA firm compete with such a value proposition? The only real answer

lies in focusing on that one practice area. Start with making a determined effort in an area and grow with the expectation that what you are creating is a niche that will pay rich dividends over time. Get all the books, practice manuals, databases, expert articles, world literature available on the subject; make a conscious effort to study and understand the concept, adapt it to the law in India or whichever jurisdiction you need to apply it; and start practicing in the right earnest.

There is no one right way to implement these ideas; each firm will have to adapt itself to the marketplace based on its own philosophy and strengths. Be market centric, customer focused and consistently develop, enhance, communicate your niche area of expertise in a demonstrable manner.

In conclusion, all of these examples drive to that one key principle: one really does not need to compete with other professionals. Just execute on creating your own niche. Remember the story of Akbar asking Birbal to shorten a line without rubbing it out? Birbal simply draws a larger line! ■