

“Professional Services is big business – but is that all it is?”

The professions are at this point in time under attack for what is said to be a decline in the standards of professionalism. “Professional services are no different from the rest of us. Professional services are no different from any other multi-million dollar global business” says the C.E.O. of an IT company.

This quote encapsulates the sentiment expressed by many writers and commentators.

The criticisms are to be based on observations of trends that have been emerging in the legal and accounting firms:

Clearly, the partners and staff of firms are expected to produce significant amounts of fees for themselves including juniors working under them. The firms are structured around large fee generation at all levels of experience. Pressure to produce fees can result in the undertaking of work for any client who is willing to pay without regard to the nature of the matter and regardless of the capacity of the group to do the work to the appropriate standard given existing workloads.

The pressure to generate profits frequently results in the firms not making worthy investments particularly in their staff. For example, the amount of professional training and personal development should be greater than it is. If more effort were put into developing staff, not only would their job satisfaction increase but their capabilities to produce a professional result for clients would be enhanced.

Almost without exception professional’s fees are calculated by reference to the time taken to complete a task. There is a consequential pressure on time – as that is what is being “sold” it forces the professional to be judicious about where his or her time is spent, particularly if the activity cannot be charged. Such reticence means there is little time to do the “extra” for a client which might be fostering good relationships but not chargeable. Further, spending time with junior members helping them develop is done sparingly.

Finally, it is asserted that the sheer size of the large firms, their geographic spread, and the large valuable clients and tasks the firms do make the maintenance of high professional standards very difficult. An example cited in support of this position is how the relationship between Arthur Andersen and Enron caused a breach of professional standards with disastrous consequences for Arthur Andersen.

The result, assert the critics, is a lowering professional standards in serving clients and a decline in the level of professionalism practiced by the professionals.

It is this writers' contention that the critics have failed to provide any evidence that the professional standards are declining or that ethical principals are being breached for any of the reasons given by them. Rarely is a critic able to give unequivocal examples of a situation they assert to be common place. Anecdotal and tenuous connections are made between major collapses or events, eg. Enron or HIH, and the alleged lowering of professional standards.

Of course the professions have not acted entirely appropriately and there are some high profile matters which generate negative comment. However, not all problems in the professions can not be explained solely by reference to the matters raised by the critics.

The regulators of the professions do report an increase in disciplinary proceedings. The professionals in large firms have traditionally been infrequently before their professions' disciplinary bodies.

The discussion is not assisted by the lack of a clear definition of "profession". This is made more difficult because the true meaning of the term is changing. Academic writings illustrate the difficulty of settling on a comprehensive definition. It is clear there are a number of features, perhaps many, which must be identified before it can be said there exists a profession. Drawing on two traditional professions, medicine and law, there are several features which are clear indicators of a profession.

First, there needs to exist requisite personal qualities going to both character and skill. Secondly, there must exist obligations to maintain standards applicable to the area of practice. Finally, there must be a set of obligations and duties to a higher authority than professional bodies alone, eg. Court or the Hippocratic Oath. Traditional descriptions do not assist consideration of the issue because the attack is at standards of performance – not industry or profession level.

Nowhere has it been maintained that it is contrary to professional conduct to make money from the activity or to be a member of a firm comprising for the practitioner professionals who practice in different geographical locations. The ethics of a member of a religious order are not questioned simply because that person is a member of a church which operates in many countries.

Frequently, professionals' fees have been regulated in order for them to make a reasonable income and maintain their professional standards. Whether a doctor or lawyer or other professional who has an annual income of \$50,000 or \$500,000 can in no way imply the one receiving \$500,000 is in some way less "professional" than the first.

The large partnerships put pressure on their people to generate fees. The reason is obvious, they are businesses, big businesses in some cases, which need to be properly and efficiently managed to ensure their survival and functionality.

Equally, their size and capability is a part of their appeal. It takes a large professional services firm to deliver the services required to complete large litigation and infrastructure transactions. It is precisely because of the high levels of professionalism that the firms are able to fulfill such an important part in the commercial scheme.

How can it be that size, per se, causes a lowering of standards? In fact, in the large firms the professionals often work as specialist practitioners and in teams as part of their own effort on behalf of their client and with professionals from other firms acting for other parties to the transaction. This constitutes a gathering of many professionals who create the high standards - peer to peer. Those who look to an erosion of standards might be on firmer ground where they look to sole practitioners who do not have the benefit of peer alignment.

The economic pressures may cause a partner of a firm to take on too much work, thereby not allowing enough time to give full attention to the client matters. However, the majority of firms have systems designed to ensure matters are attended to promptly. Delays do occur and this is unfortunate. However, to suggest such a situation arises because of a disregard for professional standards can miss the correct analysis. Often the professional fails to say "no" to a client out of a professional sense of duty to help a patient or client. This is often done to the detriment of the individual's health and wealth; for the client will often not pay for the service ultimately delivered.

Professionals should, it is sometimes said, seek to become the "trusted advisor" to the client. By better understanding a client and the business of the client a higher standard of professional service can be delivered. To reach such a point requires time and investment in the relationship which some firms may not be willing to make. Such a position Vis a Vis the client is not a "professional" issue. It is a market positioning issue. Some clients do not want their advisor to be so close. Is a doctor "unprofessional" if he fails to check what a patient's lifestyle and dietary habits are on a regular unsolicited basis? A Law firm can choose to become close to a client – it is not a question of being professional or otherwise.

The involvement of the Andersen practice with Enron will be the subject of much analysis. One early theory to emerge is that the Andersen partner was too close to the client. It appears he may have lost his independence as an advisor in the willingness to satisfy the client.

This seems to illustrate that there are issues to be managed no matter what the position adopted.

A common element ascribed to a professional is the obligation to serve the community. This derives from the notion that the professional is put in a position of privilege by society and accordingly the individual should "put something back". There is extensive evidence of law firms running extensive pro bono

programs and members of the bar giving their services at no fee for many worthy community causes. The same is in evidence where medical people have regularly given their services, often in developing countries, over extended periods.

There is frequently to be seen comment about the nature and quality of life in the large accounting and law firms. Issues do exist which effect the younger members of their profession and, in particular, females. The large firms maintain professionally run human resource departments a part of whose function is to provide appropriate training. Increasingly the training offered includes management and personal skill development. There is ample evidence the firms operate to satisfy ongoing education specifications and well beyond.

It is unfortunate but correct that many do not find the large professional services firms offer quality of life which is acceptable. Many people are working to find ways to improve this situation. It is relatively early days in the development of large firms and issues such as these will take time and effort to address to address them satisfactorily.

There has been great change in most professions. In most instances the changes are in response to the changes in the environment, both business and economic, in which their clients work. The changes test the boundaries of professional standards. Just as modern developments test society's standards such developments in the life services. It is not however, appropriate to conclude therefore, or from available evidence, that there is a resulting decline in professionalism throughout the professions.