



Strategy: Build Competitive Edge with an Alumni Program

BY CARL FRIESEN, MBA, CMC

Alumni programs are a big part of the culture for major accounting and consulting firms. Tech giants like IBM and Microsoft use them, too. Law firms are also getting in on the act.

These programs offer networking events, informational sessions, and printed and online information to give former employees a feeling of belonging to an exclusive community of like-minded individuals with shared experiences.

Patrick McKenna, partner in Edge International in Edmonton, AB, which provides management consulting services to professional services firms, says for the organizations that have them, alumni programs are a key part of business development as they encourage former employees to refer work back to the firm. These programs also help re-recruit skilled former employees. For some, it's a way to build their brand among influential people.

Past masters at alumni relations, of course, are universities and colleges, some of which have alumni programs that span many generations of former students. There, the objective is primarily fundraising, although they also seek continuing education and returning students.

The alumni program seems to be an opportunity being missed by most members of the A/E/C sector.

Suzanne Lowe of Concord, MA-based Expertise Marketing says that the lack of alumni programs is symptomatic of an overall lack of willingness among A/E/C firms to invest in relationships. It is a question of being intentional about building relationships with alumni or, as she says in her book *Marketplace Masters: How Professional Firms Compete to Win*, it's about "harnessing" the resources of the firm to a specific purpose.

Success factors

To understand whether an alumni program would be worth the investment in time and money for your firm, it is important to understand the cultural factors that drive successful programs.

To gain professional accreditation in both accounting and law, an individual must have a specified amount of supervised work at a public firm. In both professions, the road toward that coveted designation lies through a highly challenging *articling process* that packs an incredible amount of work and learning into a few short years. While the term *alumni* suggests a genteel academic process, one long-term employee of a global accounting firm likens articling more to a military boot camp. (For a description of the articling process in law, read just about any John Grisham novel.) The relationships forged in such difficult circumstances, he says, are strong and enduring.



Even if the newly minted accountants and lawyers leave as soon as they can for the sometimes-greater rewards of corporate life, they retain memories that likely become fonder over time. Loyalty to “their” firm means that, when they achieve positions of power, they will give that firm preference in the work they commission.

The knowledge, skill, connections, and cachet that can be gained from having worked for a top firm in its field can be a big factor in the success of an alumni program. Consulting giant McKinsey & Company is famous for this: recruiting top university grads and working them incredibly hard while giving them business-analysis skills they can then apply through their whole careers. Just being a former employee of one of these top-tier firms is a shining light on anyone’s resume. Former McKinsey-ites enjoy the feeling of being with others who have demonstrated a high level of accomplishment.

Another aspect to success in alumni programs is the “up-or-out” culture in these professions. In many accounting, law, or consulting firms, if someone has not “made partner” by about their mid-30s, they probably don’t have what it takes. So, they may be gently—or not so gently—encouraged to become one of the alumni. This means that there is a steady stream of employees out the door, and there is no shame in this; those ex-employees likely harbor no ill-will to the firm because of their “ex” status.

Alumni programs work well in law and accounting because in many cases the alumni enter positions where they can refer work, says **Larry Stroud**, managing director of Promarc Consulting Group Inc. in Toronto, a consulting firm focusing solely on the professional services sector. Accountants may well become CFOs and lawyers become in-house legal counsel. Even if they do go to a competing firm, there will be instances in which the new firm is “conflicted out” and unable to serve a client’s needs, so there will be need to refer the business elsewhere.

These circumstances do not necessarily apply in the A/E/C sector. There are not many firms with the same “name luster” of a Booz Allen Hamilton or Bain & Company. The work experience needed to qualify as an engineer, architect, or other professional in the A/E/C sector can be attained anywhere, not just in a public firm. Most entities in the A/E/C sector do not have the up-or-out culture that makes firms in some other professions such prolific alumni-producing machines. Business conflicts are much less common than with law or accounting.

So, are alumni programs destined to remain for the A/E/C sector, as they are with at least one firm, perpetually on the list of “wonderful things we could do if we could only find the time and money?”

Is an alumni program right for your firm?

Edge International’s Patrick McKenna says that, in considering starting an alumni program, a firm should first consider whether it has anything of value to offer its former employees. Are there career-development possibilities such as continuing accreditation or updates on legislation, standards, or technology? It is important to develop a value proposition, not just offer a social outing.

If there appear to be good opportunities to provide value to the alumni, McKenna says the next step is to determine whether there is value to the firm. A program costs money and employee time, as well as the attention of senior people. It needs to be an investment with a defensible return on investment.

In the absence of the up-or-out culture or the accreditation process, the reasons why someone might leave the firm are less clear-cut than they would be in accounting, law, or consulting. There is a good chance that an employee found a better position with a competitor and is not in a position to send work to the former firm. However, it could also be that the employee’s new



firm lacks some key specialty that the employee knows is offered at the previous firm, so there may be some referral business. As well, the employee may have left for a municipal, state, or federal entity and is able to direct which firm is retained to do work for that entity.

If the employee left his or her firm due to a performance issue, McKenna points out, it is quite likely that the firm would not want that person back. This means that the alumni program's ability to help former employers find their way back home—to "boomerang"—is not as important.

"The lack of alumni programs in the industry is symptomatic of an overall lack of willingness among A/E/C firms to invest in relationships."

— Suzanne Lowe, Expertise Marketing

While it is the large firms that may have the greatest resources to invest in an alumni program, Promarc's Larry Stroud says even a 10-partner accounting firm can run an effective alumni program. A small UK firm with which he has worked has an annual cocktail party for alumni that is highly popular with former employees. This indicates that a small A/E/C firm can find alumni programs practical, at the right scale.

Learning from others' examples

While accounting and consulting firms may offer the best models for a business-oriented alumni program, universities and colleges lead the way in best practices for design of these initiatives. These sophisticated endeavors start touching the lives of their students even before they graduate. The goal is to entice the former student to continue to be involved with the institution, nurturing the relationship until it is possible to land a sizeable donation from a graduate who has made it big.

Many college and university graduates receive regular mailings of glossy magazines filled with news about the institution including new programs, buildings, and departments and plenty of "where-are-they-now" profiles and photographs of former students.

What's new is the use of information technology to develop customized electronic mailings to alumni. For example, a former finance student who was active on the student newspaper and on the varsity basketball team might learn about a new professor in finance, an award won by the newspaper, and a recent heart-breaking loss in basketball.

Professional firms can develop similarly customized mailings, with news specific to the former's employee's home office, industry or sector focus, or professional designation.

A recent panel discussion on alumni programs in Toronto included the heads of alumni programs for two Big Four accounting firms and a university and provided the following points:

- Build and maintain good records. "Your [alumni] program is only as good as your database," said one panelist.
- Start by building support from senior people who have been staying in touch with former employees informally.
- Develop information such as the number of project wins that came through a relationship with a former employee. Track the number of boomerang employees—those who left the firm but then returned. This will help build support for a more complete, formal alumni program.
- Determine the best ways to relate to alumni. This may include a printed or a targeted electronic newsletter, meet-and-greet sessions, and/or informational meetings on topics such as legislative updates.
- Communicate on a consent basis. Nothing will destroy a relationship faster than continuing to send mailings after being asked not to.
- Remember that alumni programs are long term rather than short term in nature. Some wins may come immediately, such as a new engagement that comes from a networking event, but it is important to manage expectations. ■■

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