

# Key current themes and opportunities to enhance performance

During summer and autumn 2006, The Thriving Company Limited conducted interviews with a variety of senior marketing and business development staff working in professional services firms.



By Robin Dicks

These in-depth discussions typically lasted an hour and focused on the strategic issues marketers and BD staff faced, the key challenges these represented, and how they were currently rising to these challenges.

It was found that many of the issues are common; however there is great variety in the level of sophistication, comprehensiveness and effectiveness of the responses to them. In some areas, there is clearly room for improvement.

Professional services firms in many sectors face intensifying challenges. For many, the competitive environment is changing, and firms are facing new entrants in London and UK markets. Some firms know they will have to improve performance if they are

not to become the junior partner in a merger. At the same time, the partnership demands to improve profitability can mean that resources are tighter than before.

#### THE MOST COMMON CHALLENGES

The challenges marketers and BD staff consistently noted include:

- Improving ability to manage client relationships, and delivering successful programmes to do this.
- Improving partner capability at extending relationships and winning new work.
- Improving ability to define major areas of opportunity and exploit them.
- (Re) building the brand.
- Delivering integrated marketing that demonstrates success.

Let's take a look at the current status in each of these, emerging good practice, and suggestions for improvement that will aid firms with aspirations to become the best performers.

#### IMPROVING ABILITY TO MANAGE CLIENT RELATIONSHIPS, AND DELIVER SUCCESSFUL PROGRAMMES

Nobody disputes that improving the ability to manage client relationships is an impor-

tant priority for their firm. In every case there is some attempt to build a programme.

In most cases though, the programme is fairly narrowly focused on certain sectors and is still evolving. It is true that there is a lot of effort on building relationships with many contacts. Interestingly, many programmes are clearly very reliant upon the support of one or two very visible senior champions.

Most firms hold and share data to help sales, marketing or relationship management processes. However there are still some who do not maintain a central database which can be used for marketing and relationship management, or who have tried to create this but have experienced problems.

Some firms are leading the way in their implementation of client relationship programmes. They define three or five year strategic account plans for their major clients. A full independent programme reviews the key drivers of value for specific clients, and how well the firm is matching these drivers through advisory or transaction related work. And there is recognition that different buyers within the client organisations will have very different needs and expectations.

There is room for improvement across the

industry and every firm. The best performing firms will evolve deeper analysis of the strategic needs of clients, will change organisation structures to make accountability for client relationships and segments matched with decision making power (the research picked up one case of this) and will introduce much more systematic and objective approaches to define why pitches to strategic clients were won or lost. This last point of course has clear financial benefit for any firm that gains better understanding, and acts on it.

### **IMPROVING PARTNER CAPABILITY AT EXTENDING RELATIONSHIPS AND WINNING NEW WORK**

Every marketing or BD director that took part in the research recognised that their firm had a wide range of partner capabilities, and indeed comfort levels, when it came to developing business, closing sales, managing relationships, and demonstrating commercial thinking.

Again, no firm is ignoring this and efforts are being made across the board to support partners in these areas.

That said, there are instances where individual practices or lines of business are recruiting professional sales staff, as they recognise their partners may lack the needed skills sets.

However as these sales staff focus exclusively on their own service lines, the results can detract from the ability to create strategic client relationships.

The firms developing more advanced approaches now appreciate that there is a difference between being good at client service and sales, and recognise that individual partners may be best utilised performing the appropriate role for them. Some also allow partner BD time to be spent on writing for publications rather than sales activity per se.

Some firms identify specific modes of behaviour they wish partners to adopt and provide training and coaching very much directed towards these ends. They recognise that increased specialisation has meant emerging partners may not have had such exposure to client service or sales as those

even five or ten years ago. They believe competitive advantage is to be gained by improving the capability of the 'next generation' and are thus recruiting and coaching for this.

Areas for improvement include much more concerted co-ordination of the various efforts to improve, together with work between marketing/BD and Human Resources to implement much clearer policy, culture and incentives for partners who are expected to enhance their sales and client service skills. Additionally, few firms are measuring the impact which their current efforts are having on performance. Furthermore, firms should develop their staff's understanding of the commercial and strategic pressures faced by their key contacts within clients and prospects, rather than purely focusing on generic role-plays, or 'better selling'.

### **IMPROVING THE ABILITY TO DEFINE MAJOR AREAS OF OPPORTUNITY AND EXPLOIT THEM**

In some firms the attempts to really isolate the most attractive markets and segments for them – where both large potential opportunity and good capabilities exist – are patchy and abandoned quietly when the going gets tough.

That statement is unfair on the majority of firms, where sustained effort is being made to both identify these areas and execute effective marketing and business development activity to secure rewards – see the notes on Integrated Marketing later.

Many readers will know that internal communication and decision making processes (particularly where marketing and BD resources have to be allocated across different geographies) makes this a challenge. Often results are remarkably similar to how last year's budget was applied.

This is where a very clear and transparent process – and indeed transparent criteria – to define the attractiveness of markets and allocation of resources is so important. There are a small number of firms where that transparency exists and where defining market attractiveness is fully integrated in strategic planning and the allocation of resources. This should be an aim of more firms.

### **(RE) BUILDING THE BRAND**

Many marketers and business developers talked about the need to clearly communicate and differentiate 'the brand'. Objectives included the desire to create competitive advantage, or more tactically, to build awareness and receptiveness to using the firm. Certainly a sizeable minority are also wishing to execute more compelling communications and messages about their firm's specific capabilities.

Almost every law firm, in particular, now focuses much of its broadcast messaging about how commercial and client centric it is. However, much like retail banks' creation or acquisition of private banking brands a few years ago, this doesn't really differentiate unless the message is truly backed up by unusually good delivery. In many cases the client experience remains unchanged and there is a gap between the expectations set, and the reality.

This then is the challenge if firms are truly going to (re) build a brand so that it is actually differentiated in the eyes of the market. There will be a need to much more clearly determine the gap between the brand you would like to have, and the one which clients actually experience.

Cross functional thinking and commitment will be required to eradicate the gap.

In the interim, there are some innovative approaches to the use of external resource, and new thinking about brand building campaigns as part of an integrated marketing approach.

### **INTEGRATED MARKETING**

The concept of 'integrated marketing' is increasingly being outlined by marketers and BD professionals in professional service firms.

For those who are really beginning to implement, not just describe it, in most cases it is being used to attack a particular market or segment where the firm feels it has not exploited its potential advantage, and should be gaining more (profitable) business.

Some firms have extended this further and are attempting to improve their capabilities at integrated marketing in three ways:

## HOW DOES YOUR FIRM MAP AGAINST THE ISSUES? WHAT DO YOU NEED TO DO TO PROTECT ITS FUTURE?

<b>Issue</b>	<b>Base level</b>	<b>Advanced</b>	<b>Future winners</b>
<b>Improving ability to manage client relationships</b>	<ul style="list-style-type: none"> <li>Client Relationship Management exists</li> <li>Focus is in specific niches</li> <li>Reliant on small number of partner champions</li> </ul>	<ul style="list-style-type: none"> <li>Client Relationship Management more widely adopted</li> <li>Strategic Account Plans in place</li> <li>Independent programme to review drivers of client value</li> </ul>	<ul style="list-style-type: none"> <li>Deeper analysis of clients future &amp; strategic needs</li> <li>Organisation evolves around key client groups or segments</li> <li>More systematic analysis of drivers of wins &amp; losses</li> </ul>
<b>Improving partner capabilities</b>	<ul style="list-style-type: none"> <li>Recognition of need to improve</li> <li>Coaching and support exists</li> <li>Tension between sales efforts and CRM</li> </ul>	<ul style="list-style-type: none"> <li>Proactively fit different partner skills into different sales and service activities</li> <li>Focus on developing skills and comfort of future partners</li> </ul>	<ul style="list-style-type: none"> <li>More co-ordination between HR and Marketing</li> <li>Policy culture and incentives support desire to improve</li> <li>More effective measurement</li> <li>Training based on real commercial issues</li> </ul>
<b>Exploiting major areas of opportunity</b>	<ul style="list-style-type: none"> <li>Limited attempts to define where major areas of opportunity exist</li> </ul>	<ul style="list-style-type: none"> <li>Efforts have begun but internal communication and decision making issues dilute ability</li> </ul>	<ul style="list-style-type: none"> <li>Very clear and transparent process with objective criteria and decision making processes</li> </ul>
<b>(Re) building the brand</b>	<ul style="list-style-type: none"> <li>Brand messages around service and client focus the same as other firms.</li> <li>Expectation not backed up by reality</li> </ul>	<ul style="list-style-type: none"> <li>Building of more compelling communications mix targeted at key segments</li> <li>Innovative use of external suppliers and media</li> <li>Gap between marketing message and reality is closing</li> </ul>	<ul style="list-style-type: none"> <li>Understanding root causes of gap between intended brand and what clients actually experience</li> <li>Systematic cross functional work to eradicate the gap</li> </ul>
<b>Integrated marketing</b>	<ul style="list-style-type: none"> <li>Co-ordination of marketing activity and messages for specific high priority segments</li> </ul>	<ul style="list-style-type: none"> <li>Senior marketer/BD professional has genuine empowerment over wide marketing mix</li> </ul>	<ul style="list-style-type: none"> <li>Evolved organisation structure to drive market led behaviour</li> </ul>

- Giving a senior marketer or BD professional genuine empowerment over a range of marketing and BD efforts. In one example, this includes all pro-active marketing efforts, across proactive PR, market research, client experience, pre-sales, sales and tactical marketing.
- Evolving the organisation structure so that the key segment or market being targeted has a head – with not just responsibility for co-ordination – but a genuine reorganisation so that all the previously technical or ‘practice’ staff have their main reporting line to them, and technical line management is more

focused on ensuring excellence in delivery.

- As described earlier, integration of all marketing activity and external resources around priority segments.

The firms doing this are the ones with a greater acceptance of marketing orientation as a means to improve competitive advantage and performance. They are likely to be the ones who generate greater profits in the future.

### SUMMARY

This report has provided a snapshot of

typical marketing practice, and emerging better practice, in professional service firms. It also predicts the efforts which the most successful firms in the future will have made, to safeguard and improve their competitive position and profitability.

The table above summarises this, and should provide a useful guide to marketers and business development staff.

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