
“Beauty Is Only Skin-Deep”: Does Your Firm Truly Embrace Differentiation?

By
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Suzanne Lowe suggests that effective market differentiation strategies are grounded in a firm’s professionally driven and culturally supported processes, protocols and methods that cannot be based solely on image.

Most professional service firms pursue some sort of differentiation. According to one of Expertise Marketing’s recent studies, 81 percent of professional service firms reported they used differentiation as a marketing approach in the previous three years. Unfortunately, a majority thought of differentiation as simply an exercise in image enhancement. But, like the adage “beauty is only skin-deep,” image-oriented differentiation strategies only go so far in their ability to deliver an effective marketplace advantage.

The reality is that when it comes to differentiation, the more complex and operationally deep the differentiation strategy is, the more competitively potent it is. The “easier” and more operationally shallow methods reap the least rewards.

In recent surveys, it appears that the most-used differentiation approaches were not necessarily the most successful (for example, developing a new positioning, repackage-

ing current services, or using new techniques and tools to “deliver” services). The more operationally “deep” the differentiation strategies were (for example, those requiring the implementation and alignment of human resources, financial, change management, technology or training and development processes), the more successful they were. Examples of competitively advantaged differentiation methods include adding new-to-the-firm services that blend into the services of another industry, or implementing a formal relationship management program to strengthen a firm’s bonds with its current clients.

Ultimately, the most competitively robust differentiation strategies are grounded in a firm’s professionally driven and culturally supported processes, protocols and methods;

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many of these are already unique to each firm. But beyond that, professional service firms are building differentiation strategies upon a number of foundations besides the already mentioned “image” foundation. These include:

- a firm’s geographical focus;
- service offerings;
- client needs addressed;
- a project’s “point of entry”;
- staff;
- service delivery;
- value delivered (this goes much deeper than “price”);
- targets;
- position—if it’s first; and
- the consistent delivery of a unique emotional “experience” to clients.

Malcolm Pirnie Inc., an environmental engineering, science and consulting firm, incrementally differentiated itself by making a series of choices to distinguish its service offerings from its competitors. The firm’s results as of the writing of *Marketplace Masters* were impressive:

- Pirnie became one of the most honored firms in the environmental profession, recognized for engineering excellence in competitions nationwide; many of these projects reflect the firm’s differentiation strategies.
- Always profitable, the firm doubled in size since its initial forays into differentiation.
- Its employee retention has been higher than industry norms.

Guidelines for Developing a Competitively Potent Differentiation Strategy

How does one truly approach competitive differentiation, and

imbed these concepts into the firm? Following are guidelines and a methodology for developing a differentiation strategy that works best for your firm and that also is competitively preemptive in the marketplace.

Past Track Record on Differentiation

Has your firm ever undertaken any kind of differentiation initiative? What was the outcome? All too often it’s a blandly broad *statement*, residing in a pretty report or perhaps on a firm’s Web site that expresses how your firm is different.

Knowledge About Differentiation

How well do your firm’s leaders “get it” about differentiation? Do they realize that it means your firm is the only firm to be, to do or to have something that can’t be copied; something that no other firm is, does or has? Many professionals (and marketers too) have varying definitions of the terms “differentiation,” “positioning” and “branding.” Often, they treat these strategies as if they are the same (they are not!) or at least interchangeable (again, not at all!). What does each platform mean separately, and in relation to the other?

Leadership

How keenly do your firm’s leaders perceive the crucial role of differentiation in a professional service firm’s corporate strategy? Is it viewed as a critical firm-wide strategy that is supposed to be implemented, as it should be? Or instead is it viewed as a marketing communication initiative—evidence of a lightweight approach to differentiation? (It’s lightweight if you see that your firm has not set up any processes or tools to operationally support its differentiation strategies.)

Do your firm’s leaders understand how to assess the criteria for determining the most robust possible differentiation platform for your firm (value for clients, credibility, attractiveness, sustainability, narrow focus and protection against copy-cats)?

Attitude About Differentiation

Do many of your firm’s professionals scoff at the notion of real differentiation, suggesting that it cannot be achieved? If so, this is a signal that they may not understand the elements or foundation of differentiation strategies. Are your firm’s leaders convinced that the firm *is* different, when in fact this is nowhere near the case (and everyone else knows it!)?

Differentiation Champions and Influencers

Does your firm have a professional-side partner or director whose voice on marketing has earned his or her colleagues’ respect? This would be a person who is not viewed as so avant-garde that he or she is held on the firm’s metaphorical “sideline.” (“There goes Jean-Philippe again—he has such a strong voice that people have just begun to tune him out.”) This could also be someone who has demonstrated successful leadership on previous firm initiatives. If so, how tired or skeptical is the organization of seeing this person step up to the plate to push the firm toward a new initiative? (“Nadia really pulled out all the stops last year to get us to do the XXX project; I think people are tired of hearing from her!”) Does your firm have a staff-side chief marketing officer or marketing director? If so, is this person mainly responsible for marketing communications activities (anything related to building visibility and not the development of marketing strategy)? What is the

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One Size Does Not Fit All

In order to compete more effectively, accounting firms must wake up to the reality that they cannot apply one-size-fits-all client attraction and retention methods. Indeed, firm leaders must look to the powerful differentiation that resides within their walls—their cultural DNA, aligned around a set of instinctively preferred, personality-oriented processes. Once they determine that there indeed might be a personality aspect to the way they select, implement and succeed at market-driven processes, they can then become more deliberate in the way they further integrate these processes into their firm's organizational persona, so that their implementation becomes almost second nature.

Embracing Differentiation

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level of "power" of this person in your firm?

Knowledge, leadership and attitudes about differentiation will indicate how ready and willing your firm is to undertake the process. With a differentiation champion, you can make inroads into the firm's differentiation process and truly create a compelling competitive position in the marketplace.

Practice Management

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Group Meetings and the Filibuster

We waste valuable human resources and time when we allow a filibuster to occur during a group meeting. Using cell phones and pagers or leaving a meeting for prolonged periods to answer a call cheats the group. Read-

ing newspapers and responding to e-mails, again, is bad form during a group session. Set ground rules in advance, and set an example of respect for all in the firm.

Casual Attire Boundaries

Your firm sets its own dress code. Madison Avenue will tell us the pendulum is swinging more conservatively. Recently, an applicant arrived for an interview with a gaping blouse, rubber soled sandals, and the glimmer of steel piercing her tongue. She had remarkable qualifications, excellent verbal skills and good references, but we recognized immediately that she was not a candidate for a position with our firm. Recently, a professional colleague and I had a meeting with two senior officers of a major U.S. trust firm. They were traditional dressers displaying attention to detail in consideration and respect of their clients.

Discretion

When it comes to intraoffice relationships, discretion is still the better part of valor. What has happened to keeping our personal lives a private matter? Dan, after his divorce, began to date the tenured office manager. Only when their engagement was announced did anyone in the firm know of the romance. Two professionals I know recently became involved (before her divorce was final), and at least 30 colleagues knew of the liaison. Clients of the firm will also know. It reflects upon the ethics and character of your firm and stands in the way of the valuable work to be done.

Business Entertaining

On the north side of Atlanta, the professional community seems to gravitate to three breakfast locations. One would be hard pressed to conduct a private client con-

versation in these venues. Select a hotel restaurant instead. We are doing more "in-house" breakfast or lunch meetings to save time and to maximize privacy. When interviewing candidates for employment, sharing a meal is revealing in terms of social skills and interaction with servers. One staffing expert has a pre-arranged incident with a restaurant owner where the food is under- or over-cooked. He will evaluate how the candidate handles the situation.

Promptness

Traffic delays are lame excuses. Getting lost is no excuse. Have you ever followed directions from an Internet service? A consumer advocate tells the story of one couple who drove into a lake following the directions of an Internet service. Research your driving directions with the receptionist. Habitual tardiness speaks to more serious issues of time management, avoidance or simply being inconsiderate.

Required business reading should include books by Letitia Baldrige² on etiquette and manners. This isn't "tea party" stuff. It is the protocol of major U.S. corporations, international embassies, and even the White House and its Presidents. Letitia's late brother was former Secretary of Commerce, Malcolm Baldrige, for whom the Quality Achievement Award is named. Good manners run in the family!

Take a moment to rate yourself, your colleagues and your firm. And do sweat the small stuff. You will see the difference in your bottom line.

ENDNOTES

¹ This article is reprinted with the author's permission from J. PRACTICAL ESTATE PLANNING, June-July 2004, at 23.

² BOB NELSON, 1001 WAYS TO ENERGIZE EMPLOYEES (2001).

³ LETITIA BALDRIDGE, GUIDE TO EXECUTIVE MANNERS (1987).

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