Book review

Marketplace Masters: How Professional Service Firms Compete To Win

Suzanne C. Lowe
Prager Publishers
Westport, CT
2004

Keywords: Services marketing, Competitive strategy, Professional service

Review DOI: 10.1108/08876040610674625

Professional service firms (PSFs) appear to lag other industries in adopting strategic marketing disciplines. Conducting client research, performing competitor analysis, innovating their service offerings, and developing lasting differentiation – many PSFs employ such practices informally, if at all. Short-term demands win the day, and longer-term strategic marketing issues take a back seat. Although much writing has been devoted to selling professional services (also called “rainmaking”) and managing and operating professional service firms, there’s been little written on the topic of strategic marketing.

Why do PSFs underemphasize strategic marketing? Suzanne Lowe, the book’s author and a specialist in the area of professional services marketing, proposes two root causes:

1. An inherent difficulty understanding and adapting to the changing roles of their clients. In reality, clients themselves are a form of competition for PSFs. (How many of us would consider making our own cars or toothbrushes? And yet, in many professional service industries, clients can choose to perform some activities themselves rather than hire an outside firm.)

2. A historical disdain for advertising, promotion and competition.

In addition, the intangible nature of professional service offerings and the difficulty applying traditional consumer-oriented marketing practices further exacerbate the challenges faced by professional services marketers.

Marketplace Masters offers practical advice for how to increase, in a systematic and disciplined way, a PSFs’ strategic marketing infrastructure. The book’s lessons are supported by 15 in-depth case studies, pulled from a variety of professional service industries: management consulting, executive search, advertising, HR consulting, legal services, information technology consulting, accounting, engineering, and market research. Furthermore, the insights and conclusions are supported by five years of annual research studies undertaken by the author’s firm specifically on the practices of PSFs. Implementation steps are suggested for how to assess a firm’s current readiness, and then start the process of building a market-driven infrastructure.

The book is organized into three parts:

1. Why professional service firms must pursue marketplace mastery.
2. Portraits of marketplace masters.
3. Becoming a marketplace master.

Based on the author’s proprietary research, she recommends the competencies necessary for becoming a market-driven professional service firm, and provides examples of and detailed approaches for how to implement a market-driven infrastructure.

In Part I, the author first makes the case for the benefits of pursuing strategic marketing disciplines. She identifies 11 competencies that, supported by her research, generate positive marketplace results for professional service firms. These competencies are organized into three building blocks:

1. Looking out
2. Digging deeper
3. Embedding innovation

Although none of the practices are dramatically new, most seem to be under-utilized by professional service firms, and all must be tailored in some way specifically for use in professional services.

“Looking out” involves using research on clients, competitors and markets to detect market shifts and opportunities. Three specific practices are identified, all aimed at getting an early look at client, competitor and marketplace shifts:

- studying clients using qualitative and quantitative research;
- researching the market using forecasts and trend analyses;
- researching competitors by gathering competitive intelligence.

I found the competitive intelligence area to be especially comprehensive and well-illustrated. The author points out some of the misconceptions about competitive intelligence, and then describes what competitive intelligence can do for PSFs.

In the “Digging deeper” initiatives, the author shows how these practices can truly differentiate a firm in ways that cannot be easily copied. Five practices are identified:

1. Embracing competitive differentiation;
2. Mining client data;
3. Aligning marketing strategies with culture;
4. Using account planning and relationship management programs;
5. Using measurement to increase strategic focus and competitive advantage.

Particularly intriguing are the concepts of differentiation and aligning strategies with culture. With regard to differentiation, recent years have brought scores of professional service firm advertisements (e.g., “Innovation delivered” by Accenture, “Deeper” by IBM Consulting), oftentimes with clever taglines and memorable spokespersons. The author states that, in her research, most PSFs think differentiation is mainly an exercise in image enhancement. But unless differentiation is embedded in core business practices, clients cannot “feel” the difference.

The third building block, “Embedding innovation”, illustrates ways to make innovation an everyday occurrence within professional service firms. Three practices are identified:

1. Building an R&D process;
2. Using technology to build new services;
3. Using incentives and rewards to stimulate innovation.

While manufacturers have adopted structured processes for developing new products, the author states that most PSFs do not have an ingrained process for developing new services, and that the topic of innovation in PSFs is really an emerging one. She demonstrates examples of how PSFs are pursuing innovation only superficially, passively and half-heartedly.

Part II offers in-depth case studies of 15 firms from a cross-section of professional service industries. Each of
the case studies illustrates a company applying one of the 11 market-driven competencies. The case studies provide a brief context and background on each firm, and then detail precisely how the company is applying a specific competency. Each case study ends with a summary of the results that have been achieved by the firm. I found the case studies to be rich in detail and insight, providing tangible “proof” that the market-driven competencies can be embraced and implemented.

Re-thinking a professional service firm’s infrastructure can be a tall order. Part III provides guidance for implementing one or more of the eleven market-driven competencies. It starts with collecting evidence about the firm’s basic readiness: evidence of past success at implementing processes, evidence of market-focused thinking, and evidence of a desire to win. Chapter 8 goes into great detail regarding the questions to ask and answer to assess a PSFs competencies and readiness. The questions get a bit repetitive, but they provide helpful structure:

• past track record on the competency;
• knowledge about the competency;
• attitudes about the competency;
• internal champions and influencers for the competency.

The final chapter provides a framework for educating a PSF’s leaders regarding the market-driven competencies, and what it takes to develop such disciplines within a firm.

Overall, this book is geared toward and appropriate for professionals and practitioners: partners, owners and executives in professional services firms. The book’s organization makes the content easy to follow and digest. The many in-depth case examples illustrate how the recommended strategic marketing practices are already being implemented by leading firms. The foundational research and in-depth cases provide not only validity for the market-driven practices themselves, but “hope” that these practices can in fact be implemented by professional service firms that truly want to create a market-driven infrastructure.

Arthur Middlebrooks
University of Chicago, Chicago, Illinois USA