Web Exclusive! Marketplace Master

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Marketplace Misery, or Marketplace Master?

Today's environmental design and construction firms' marketing efforts have become inverted. Rather than being proactive marketers, most compete by â€œtrying not to failâ€ rather than by trying to win. They rush to enter what seem to be lucrative new arenas. They sell what their competitor sells; they make sure that their array is at least as wide, that their palate as interesting. Yet environmental design and construction firms too rarely allot the time and resources to gain an understanding of the entire marketplace context in which they compete.

They shy away from truly organic â€œworkâ€ - that involves out-of-the-box soul-searching, learning more about their clients than they already know, operationally stretching to attain new competitive advantages, measuring the results of their strategic initiatives (and making the required adjustments) or actively aligning their go-to-market strategies with their culture. By doing this, they avoid real innovation, sticking instead to the seemingly safer path of innovation through acquisition, or to step-improvements on existing products and services.

Putting the short-term first has served many firms well in the past. We've seen some stellar success stories. But we've also seen more than a few debacles. Many firms reach a decision-point and go ahead without the benefit of an infrastructure that fosters a real understanding of their marketplace, guiding them to make strategically effective internal efforts to compete, and serving as a framework for systemic innovation. As a result, they move forward without the benefit of constant self-assessment and market-assessment built into its modus operandi. And they underperform their marketplace potential.

The Causes

One of the root causes of marketplace misfortunes is that professional service firms, by and large, have difficulty understanding (and adapting to) the changing roles of their clients. â€œCustomers,â€ in the professional service sector, are not merely consumers. They are also competitors of a sort. Clients' knowledge of the service, and their needs regarding the service, literally change as they â€œconsumeâ€ the service they're purchasing. Those changes can be significant. Another root cause is the historical reluctance to engage in â€œcompetition.â€

The final cause is under-differentiation. Why are they losing proposals to competitors? The answer: Too many
competitors selling the same thing the same way for the same price. Attributes like customization, responsiveness, and accuracy have become a "given." Many firms have, without realizing it, taken the "mile-wide, inch-deep" approach to understanding themselves vis-à-vis their market. Reading too much into some information and not enough into the rest, firms find themselves trying to make decisions on range of services, competitive distinctions and innovation without doing the deeper work it takes to achieve truly robust differentiation.

Environmental design and construction companies can move beyond their understandable marketplace nearsightedness. They can enact more deeply strategic initiatives to influence their business arena and their own competitive trajectory. They can move beyond their all-too-random acts of marketing to deliberately work on mastering their marketplace.

The Three Building Blocks

Over the course of a five-year study conducted by Expertise Marketing (www.expertisemarketing.com), a distinct picture has emerged pointing to 11 competencies that respondents were using to garner positive marketplace results. These 11 competencies fell into three groups: Looking Out, Digging Deeper and Embedding Innovation. Together, they form a compelling market-driven infrastructure to compete more effectively, as Marketplace Masters.

Looking Out

Essentially, Looking Out means using research on clients, competitors, and markets to look outside of professional or internal organizational confines to detect market shifts and opportunities. Put another way, Looking Out is the ability to pull up out of the day-to-day operating challenges and take a hard look at what's coming down the pike. Looking Out competencies are: 1) studying clients using outside qualitative and quantitative research; 2) researching the market using economic forecasts and trend analyses; and 3) researching competitors by gathering competitive intelligence.

Digging Deeper

The professional service sector, whose very foundation is based on intellectual capital, has yet to apply its collective brainpower to truly dig into its marketplace. Digging Deeper means doing the targeted organizational and analytical work it takes to compete more effectively. Despite the availability (and increasing affordability) of powerful software applications, few firms conduct formal data mining to discover the unmet needs of clients and prospects. Digging Deeper means capturing, organizing and mining valuable client data to the point that one can discern past and potential client and marketplace patterns. The five competencies within Digging Deeper include: 1) embracing competitive differentiation; 2) mining client data; 3) using account planning and relationship management programs; 4) aligning marketing strategies with culture; and 5) using measurement to increase strategic focus and competitive advantage.

Embedding Innovation

As a whole, the professional service sector relies too heavily on technology-based "knowledge management," and promotion-based "thought leadership" as platforms on which to develop new services. Our findings uncovered little evidence of, support for, or implementation of, other formal innovation initiatives. Innovation must be institutionalized as a critical element in every professional firm's strategy. First, building an R&D framework, which means recognizing those services that are rapidly becoming commodities, and then programatically steering internal efforts to build new services. A second competency is how firms use technology not to enable a
new service to be delivered but as a basis for a new service itself. A third competency is how firms use incentives or rewards to stimulate professionals to innovate in alignment with the firm’s strategy.

Small Changes, Great Gains

None of these 11 practices are new or difficult. So what is the “disconnect”? The answer is twofold: first, most maturing professional firms have long since established a pace that is linked to whatever opportunities or challenges the market is currently serving up. In their founding days, they never created an explicit market-driven infrastructure. What's more, they're not at all sure that it will help their situation; investing the time and resources necessary seems too dangerous. Second, any new change effort – be it an organizational or cultural overhaul, or a simple improvement in research practices – can seem daunting. Firms fear the paralysis that comes from biting off more than they can chew.

Despite these concerns, all environmental design and construction can learn to look out, dig deeper, and embed innovation - without too much pain. What's more, if they tackle and succeed at only one of the three, the other two will follow more naturally. Taking baby steps -- albeit deliberate ones -- will create significant gains that are felt firm-wide, and on a large scale, over the long term. It all begins with the intention to become a Marketplace Master, and with making the commitment to building a marketing infrastructure.