Dear Colleagues:

If you’re thinking about expanding, you should definitely consider a strategic alliance. It’s an excellent way to “acquire” the talent of another professional service firm—thus expanding your own—without renting one more square foot of office space.

Branch offices, on the other hand, are high-risk in a changing economy. When you consider opening one, you immediately face a plethora of problems:

- How and where will you set it up?
- Who will manage it?
- Who will staff it?
- How will you find the projects to pay for it?
- Where will you get the staff for those projects?

In other words, you’re soon overcome by overhead. And for all that overhead, your new projects will still be limited to one area of the map. Your growth will stay horizontal; you won’t necessarily expand into new service areas or disciplines but, in all likelihood, just get bigger at doing the same thing.

But with a strategic alliance, instead of putting money into overhead, you use your marketing resources to create an expanded organization. You form the image—and reality—of a multi-national and/or multi-disciplinary enterprise, with resources to handle projects of a nature and scope greater than you ever handled by yourself.

On page 3 of this issue, you can read about JAED, a Delaware design firm that has allied with a software company to create a cross-disciplinary service for helping school systems assess and maintain their facilities—and is making big profits doing it.

When you ally yourself with a strategic partner, you soon find yourself with opportunities for projects and project types that extend far beyond the limited geographical scope of a branch office. And, you’ll deliver those projects with increased quality, speed, and value—while keeping your firm the same size, since your new talent “belongs” to somebody else!

Talk to you soon,

Frank A. Stasiowski, FAIA
MARKETING

Want to Branch Out to Clients?
— Go out on a Limb!

A recent study shows that taking greater risks could raise your marketing returns.

A January 2001 study of more than 500 service firms representing, among others, the professions of architecture, construction, engineering, environmental and energy consulting, and management consulting has found that, when it comes to becoming more sensitive to and responding to clients' needs, the respondent firms were largely unwilling to take risks.

According to the study, "Architects think innovation, competitive practices, and market research are unimportant in becoming more client sensitive." The study also found that certain of the avoided "risky" activities could prove the most rewarding for professional firms.

FOUR RISKS WORTH TAKING

The study was conducted by Expertise Marketing of Concord, MA (www.expertisemarketing.com). Entitled "Becoming More Market Driven," it identified the four least-frequently used ways of becoming more sensitive to the marketplace:

1. Innovating the firm's services — This means co-developing or piloting new services with clients; or creating/improving a new service development pipeline.

   The study's authors noted that, because of its risk and complexity, real innovation is rare. Nevertheless, they said, innovation can be a "powerful and effective method" for getting closer to clients.

2. Using new approaches to compete against rivals — This calls for increased intelligence gathering about competitors; co-opetition; and increased effort and expense to win in final interviews.

   Fewer than half of responding firms used these approaches, the study found. The authors were surprised at how few firms were gathering intelligence about competitors.

3. Implementing market research — This involves primary and secondary client research; trend analyses; and economic forecasts.

   The authors again expressed surprise at the lack of secondary research and that firms conducting primary research did so only on a short-term basis—to get feedback on a just-finished project or to learn of new projects due to start soon.

   "This short-term mentality... leaves many marketplace insights unrevealed," the authors remarked.

4. Using alternative selling techniques — This requires selling bigger or more multi-faceted engagements; using non-billable salespeople; and selling more "bite-sized" engagements.

   The more risky the selling approach, the study shows, the less likely the firm is to use it. The very act of selling appears uncomfortable for professional service firms. Yet because they are overly concerned, "they are likely missing opportunities to demonstrate flexibility and sensitivity to clients."

TWO POWERFUL WAYS TO GET CLOSE TO CLIENTS

In two larger findings, the study revealed that firms using market research and data mining seem to hold a marked advantage in getting closer to clients.

Firms using market research and data mining seem to hold a marked advantage in getting closer to clients.

Yet of all the firms studied, 59 percent have no market research budget, and 70 percent do not practice data mining. These firms are therefore "less effective in getting closer to clients."

Data mining involves gathering and analyzing raw database information to describe past trends and future perspectives on marketing issues—such as a client's market share, purchasing patterns, likes and dislikes, growth outlook, and a myriad of other such "demographics."

Conclude the authors, "In a business environment where change is everywhere, professionals' natural tendency is to stick to what they know (their craft). The findings of our study verify that most professional service firms are taking small, simple steps to become more market driven. For that, we applaud them. But small, simple steps are not enough to be able to succeed with increasingly sophisticated clients and to out-maneuver ubiquitous competitors."

Next issue: How to get that stick out of the mud! Exciting new ideas for getting closer to your clients—and to your higher profit goals.