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## **“Beauty is Only Skin Deep:” Does Your Firm Truly Embrace Differentiation?**

By Suzanne Lowe

Most professional service firms pursue some sort of differentiation. According to one of Expertise Marketing's recent studies, 81% 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, repackaging 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; 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, or
- 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? 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, 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 s/he 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 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.

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