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Meet the MasterMinds: Philip Kotler on *Marketing Professional Services*

Few people have made as profound an impact on business and marketing as Philip Kotler. He is a Distinguished Professor of International Marketing at the Kellogg Graduate School of Management. He's also the author of more than twenty books, including the classic, *Marketing Management* (now in its eleventh edition) and *Marketing Professional Services*.

Dr. Kotler is included in the **Thinkers 50** listing of the most important living management thinkers. He's also a principal of the global consulting firm, Kotler Marketing Group. In this interview, he brings a simple, but potent message to readers: master the basics and you'll win.

MCNews: Do you think consultants and other professional service providers need to improve their marketing strategies and tactics?

Kotler: Consultants need to improve their brand-building ability. Of course, consultants such as McKinsey, Booz Allen, and others have established strong brands. But most consultants are less distinguished. The key to branding, especially for smaller firms, is to focus on a limited number of issue areas and develop superb expertise in those areas.

By analogy, the head of an architecture firm once told me that his firm could work on any building. I asked, "Suppose I want to build a prison. Could you do a good job?" "Yes," he said. "But what if another firm has built many prisons that are well-regarded? What can you do to convince me that you are more skilled at building prisons." He had no answer.

MCNews: There has been a great deal of talk about value-based pricing and billing, that is, consultants basing their fees on value to be delivered to clients. Is this approach viable?

Kotler: One major challenge is that some consultants are seen as pricing excessively for the services rendered. Consultants must do a better job of documenting their work time but also that they did the work in the most efficient manner. I know of a law firm that is willing to propose the cost of the work in advance and if they are off the mark, they will absorb the difference. Clients want to know what the cost is likely to be.

I think that value-based pricing represents an opportunity for differentiation that a smart firm can use to attract new clients against straight fee-based consultants.

Bain and Company would sometimes tell a client that a proposed project would save the client a specific amount. If it failed to do that, Bain would make up the difference. They attracted a lot of clients that way.

MCNews: Client loyalty has become the Holy Grail for most consultants. Are there two or three tips you could give consultants to help them improve client loyalty?

Kotler: Clients like to believe that their consultants, especially those on retainers, are thinking about their businesses. Smart consultants will send occasional articles that they come across that might interest a client. They may go further and send articles that would have more of a personal, non-business interest for the client.

One consultant who works with a major candy company is in an enviable position. The candy company found his ideas to be so useful that they said to him: anytime you want to think about some issue in our business and you think we might be interested in your views, just write them down and send us a bill for your time.

MCNews: Do you think the consultant-client relationship is changing, and if so, what's the nature of the change?

Kotler: Clients are under increasing cost pressure to cut expenses. They are examining their health, legal and consulting bills more critically. They want value for their money. This should not be a threat to a consulting firm. A consulting firm cannot last that wants revenue without generating proportionate value. The consulting firm's challenge is to constantly figure out how to generate more client value per dollar of cost, and to demonstrate this. Whenever possible, the consulting firm should estimate the ROI value they hope the project will create for the client.

MCNews: What one piece of advice would you give to a consultant who is just putting together a marketing strategy for a firm?

Kotler: A consulting firm needs to choose defined areas of expertise and become the best in those areas. The firm should communicate its expertise through written articles, speeches, and exceptional performance. The firm should prepare effective brochures, ads, and other media. They should build a network of referral sources with accountants, lawyers, and other professionals.

MCNews: How can consulting firms learn more about effective marketing?

Kotler: They can attend short courses on marketing offered by many business schools. They can contact a professor of marketing to use as an occasional consultant. They can arrange for class projects under the professor. They can solicit marketing ideas from their advertising agency. Ultimately they might spot an excellent professional marketer and put him or her on a retainer.

In addition to my previous books, I would also recommend that they read my new chapter on marketing in a forthcoming book called *The Contemporary Consultant*, edited by Larry Greiner.

MCNews: What are the most important skills/aptitudes required for today's consultants?

Kotler: The most important skill is client relationship management. Some people have a natural aptitude for gaining trust and respect from their clients. They are caring and sensitive people, good listeners and learners, and good problem solvers. The firm that hires more of these people will succeed regardless of other things.

Build a good database on each client's activities, interests, opinions, and other pertinent information. This will enable you to customize your services and communications to each client.

Your firm's marketers must also develop brand-building skills that go far beyond brochures and advertising. Brand building also occurs through event management, sponsorships, contributions to good causes, and other activities.

MCNews: How can consultants attract more clients?

Kotler: Consultants need to identify the specific clients they want to acquire. Many years ago I told a law firm that it needed to distinguish between **soliciting** business and **positioning** itself for business. The latter is much better and consists of building a reputation for doing something so well that word of mouth acts as the soliciting force, not sales calls. Consultants can generate buzz through giving speeches, writing articles, and joining organizations and soon word of mouth will convey their true reputation.

MCNews: Thanks for your time.

Visit www.kotlermarketing.com to find out more about Philip Kotler, his books and services.