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Meet the MasterMinds: Suzanne Lowe on Competing to Win

Suzanne Lowe, President of Expertise Marketing and author of *Marketplace Masters: How Professional Service Firms Compete to Win*, believes that “too many professional service firms compete by trying not to fail rather than by trying to win.”

We tapped Lowe's twenty years of experience in services marketing by asking her what it takes for a consulting firm to become a Marketplace Master.

MCNews: How would you characterize the current state of professional service firms' marketing efforts?

Lowe: Most firms are not proactive marketers. Rather than doing the hard work of marketing—like learning more about their clients than they *already* know, stretching to gain untapped competitive advantage, or measuring the results of their strategic initiatives—most firms stick to the seemingly safer path of acquisitions or incremental improvements to existing services.

The result is that most consultants are selling the same thing in the same way for the same price.

MCNews: Many clients say that the industry lacks differentiation. In today's market, which differentiation strategies are working for consultants—and which are not?

Lowe: It's surprising to me that, all of a sudden, everybody's interested in the subject of differentiation. Unfortunately, it appears to me that many firms are employing differentiation strategies that have not proven to be very successful.

For instance, differentiation on service delivery is not that effective. Telling clients that your firm will be the most responsive, customized, excellent, or the most capable of listening is not going to give a firm a long-term competitive edge.

Every consulting firm can beef up its service delivery capabilities to be more available, more responsive, and deliver higher quality. But differentiating your firm on client service will only give you an advantage for about two weeks—maybe. It's the most copyable of all differentiation strategies. Some firms claim that it works for them because none of their competitors can be as client-focused as they are.

I would say that will work today, maybe tomorrow, but you won't have much of a preemptive competitive advantage on that alone because it's too easy for others to duplicate.

MCNews: Which differentiation strategies do work?

Lowe: Simply put, the most effective differentiation strategies are those that are difficult to copy. One that I think will emerge is differentiation based on the client experience. And I'm talking about the client's emotional experience. You may have read Joseph Pine and James Gilmore's book, *The Experience Economy*.

That presents a very challenging concept for professional service firms: that we should intentionally provide a uniquely favorable emotional experience for our clients. We may think clients are just buying a transaction—tax advice, IT implementation, or organizational strategy. Well, what's more difficult to copy and more competitively preemptive, especially with first mover advantage, is the emotional experience.

Maybe the experience you are going to deliver is tranquility or confidence. Or maybe you want to deliver entertainment or humor. Consider how Southwest Airlines completely shook up the commoditized airline industry with the experience it provides to passengers.

Some professional service firms are starting to work on this very strategy.

MCNews: Consultants have their own ways of interacting with their clients. For example, some behave collaboratively, while others are more aloof. Is that what you're talking about?

Lowe: Yes, but it's not only behaving in a certain way. That's only one element of delivering an emotional experience. It's the intentional delivery of an experience that causes and stimulates a strategically intended response by the client.

For example, there's a restaurant in Chicago—Ed Debevic's, which is a 1950's style diner. People don't go there because they're desperate for a hamburger or hot dog. They go there for the retro atmosphere and to get yelled at by that gum-popping waitress.

Obviously, there are variations on the theme. And delivering emotional experiences is much easier when there's a product- or a retail-oriented support system.

I've documented eleven or twelve different foundations of differentiation. Some are older, dustier and easier to copy because people have figured out how to do that. But the elements of differentiation that are working today are the ones that are difficult to copy, are operationally deep and usually more complex to implement.

MCNews: Can a firm's culture be part of its marketplace strategy?

Lowe: Sure. But many firms think culture is only something that needs to be proclaimed to the world, when in fact it's more deeply nuanced and integrated than that. It imbues all of their operational approaches and, in fact, should be harnessed to their competitive advantage.

As an example, consider a firm whose main "personality DNA" reflects a lack of self-esteem. There *are* firms like this, believe it or not! Everyone in the firm is a worrywart, concerned about their competitors sneaking up on them and stealing clients. How does that culture impact their market behaviors in a way that benefits them competitively? Well, they meticulously double check themselves on the accuracy and completeness of every work product. It means they are aggressive in gathering and using competitive intelligence, and they are focused on training and development of their professionals.

It also means they push for innovation because they're so worried that they're not good enough and they are driven to stay ahead.

Now would they ever actually proclaim to the marketplace that they have a lack of self-esteem? No, but they could align their market behaviors around their cultural DNA, their personality profile. And that does translate into appropriately successful competitive behaviors.

I believe that culture can be a powerful market strategy, but most professional firms are not yet intentionally developing the alignment of their culture with their go-to-market strategy.

MCNews: Let's shift to the concept of thought leadership. What is your perspective on using thought leadership as a differentiator?

Lowe: During my years in marketing, I have been at once pleased by and worried about the emphasis on thought leadership. It makes people stretch their basis of expertise and stay current with the state of the thoughts regarding their craft. That is a good thing, right?

But what is not good is to simply stay slightly ahead of the incredibly low common denominator that is out there. Clients are not ultimately served by that, nor is one's expertise base substantively improved. In fact, it works against true innovation.

Thought leadership works when it becomes the basis for robust new services—reengineering, the balanced score card, and so on. These methodologies were born from thought leadership, and they became value-added service propositions that clients paid billions of dollars for.

So those are examples of truly effective thought leadership. But the thought leaders who came up with those methodologies did a lot more than write an article or two. I mean we're talking about deeply integrated innovation exercises.

Thought leadership simply as a promotional strategy advances the state of the art of thinking in a very minimal way. And I do believe many consulting and professional service firms use it as a crutch. On the other hand, thought leadership can be a powerful marketing strategy when it's followed and supported by a robust service.

MCNews: Most firms ask their consultants to sell *and* deliver services. Is that, in your view, the best way to sell services?

Lowe: I would like to challenge not only consultants but the professional service profession as a whole for spending so much time on training professionals to sell. Why try to make them do something many will struggle to do well?

Wouldn't firms have more competitive success, maybe even save money by using business developers? Why go through this massive training effort and require all people who want to be partners to become rainmakers?

Look at the way this model works in engineering and construction management. Some civil, mechanical and structural engineers are so technically oriented that they can barely talk to another person. But they can plan and construct buildings that will never fall down. In that field, business development and operations people work together very effectively. And clients gobble it right up.

MCNews: You've suggested that data mining can make marketing two to three times more effective. Can you describe how?

Lowe: You know about the proliferation of contact management databases? Well, it's been my experience that consultants have become overly enamored with contact management databases for the purpose of relationship management. But they fail to use these tools for real competitive advantage.

If done well, relationship management can, of course, create a competitive advantage. There are many pieces of information that can be captured and organized to provide valuable perspectives. But currently, certain patterns in the way clients buy are too anecdotally captured. They're not captured with a keen eye to discovering nuances. So I'm suggesting that data mining as a practice needs to be much more wholeheartedly embraced.

MCNews: How can consultants use data mining more effectively?

Lowe: A good example is the Numerica Group, which is a UK business consultancy and accounting firm. Their contact management system is linked to their practice management system, which is then linked to their accounting system so that they can discern where profit margins are being trimmed.

Then you can see where softness is developing, where competitors are starting to make inroads, where proposals are being lost. That's one of the more simplistic examples of this, but I'm suggesting that most firms have not yet built their technology infrastructure to enable data mining opportunities to surface in a competitively preemptive way.

One could argue that it's not profitable to do so, but I think that argument is rapidly losing traction.

MCNews: If you could give a consultant one piece of advice, what would it be?

Lowe: Understand the environment in which you do business. Whether you're in a change management practice or a new products development practice, or whatever, you're there because the marketplace has asked for it. But that's never going to stay the same. It's got to change.

I'll give you an example. I recently visited a management consulting firm and the CFO took justifiable pride in telling me about how much they honor their employees. They are uniquely positioned in the marketplace. Their people are deeply satisfied with the work they do, and they have an incredibly low attrition rate. It's a great place to work.

That culture also benefits their clients, who are well served because the consultants are happy to be collaborating on important and cutting-edge projects. My reply was cautionary. I said I guess that means you don't think the marketplace is ever going to shift, right? My point was that they are too focused on themselves, rather than on the long-term ever-evolving needs of their clients.

MCNews: Thanks for your time.

Find out more about Suzanne Lowe, her book and services at www.marketplacemasters.com.