

Professional Services

Branding the Business of Intangible Advice

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A Uniquely Tough Environment

The 1990's were a decade of unprecedented growth in professional service firms and the services they offered. Various reports have indicated that in the U.S. alone 2,600 new accounting firms were formed, executive recruiters increased 54% to 5,490, and 2,300 advertising firms were created. Not to mention the fact that freelance consultants in the U.S. rose to 50,000 in 2000 from 1,400 in 1990.

The recent economic situation has quickly and ruthlessly checked that growth. The market has contracted significantly for most professional services. This has resulted in a startling example of supply far outweighing demand. Industry reports have noted that overcapacity is as high as 30% in management consulting.

When you marry these statistics with the less-than-positive news coverage of lawyers, accountants, and consultants related to corporate scandals, it produces one frightening picture for the industry. In fact, professional services management has never been so tested. These conditions are forcing firms that lack solid leadership and sound business models to question the viability of their existence.

In this new environment, historic points of difference are now commodities. Firms more interested in solid and stable implementation fees now give strategic advice away. Quality is no longer a competitive advantage, as clients perceive an abundance of short-lived and benefit-bereft services. These are sophisticated buyers who interact daily with law firms, consultancies, ad agencies, recruiters, accounting firms – and expect the same best practices from all regardless of their core service. Professional services are perceived expensive and increasingly the advantage is shifting to sharp clients who understand the value / price equation. The absence of something really new, meaningful, and performance improving has frustrated and jaded the market. It is clear that savvy clients have experienced too many fads and templates and know that they do not provide any true competitive advantage.

Firms Need Differentiated Strategies for Their Brand to Stand Out

Professional service firms frequently seek the services of Interbrand because they believe that category parity is their greatest challenge. And they are right. What is a surprise is the fact that these firms lack differentiation not because of their brand necessarily but because they all have virtually the same business and operating model,

the same strategies, and the same mission. The root of the problem with professional services is not brand differentiation but business differentiation.

At first glance, a professional services firm represents a relatively simple business model, each:

- Involves a specialty service
- Demands highly talented people to execute
- Involves a high-degree of customization for each client situation
- Requires high levels of face-to-face client interaction to facilitate the process
- Competes both to sell its services and to attract the intellectual capital to grow the business

Simple in theory, perhaps but by their nature professional services are a people business and therefore as unpredictable as the individuals who comprise them. From working with professional services clients Interbrand has discovered that:

- Most professionals do not want to be managed or led
- Most professional service organizations are overlapping matrices of geography, services, and industries that promote ambiguity rather than accountability
- Most work junior staff extra hard to ensure leverage
- Most tell the outside world that they are one seamless firm even though they are patchwork of acquisitions and regional fiefdoms
- Most struggle with finding the balance between long-term development and short-term client delivery

And perhaps the greatest challenge professional service firms have now (and have always had in a less pronounced sense) is business development.

Historically, the phone always rang and when it stopped most firms designated the least busy but most out-going partner to head up marketing.

Branding the Business of Intangible Advice

There are few businesses harder to market and sell. Commonly accepted approaches do not apply in the business of intangible advice.

A commitment to a sustained investment in branding can measurably drive better business performance.

But soon lack of qualifications and the need to deliver client work forced firms to abandon the partner-asmarketer model and look for outside help.

Next, the firms tended to hire Consumer Product marketers. This had limited success because they could not identify with the intangible product (let alone the strange culture, politics and tiny budgets). Both of these solutions resulted in short-term ad hoc campaigns that failed to sway prospective clients and increased the sceptism professionals had with branding, marketing and sales.

Branding Professional Services

At Interbrand we have been doing brand missionary work for close to 30 years. We are evangelists and we are innovators in the brand category. And in no other industry is there a greater need for us to communicate the benefits of branding than professional services. We frequently and explicitly tell our clients that:

- A logo is not a brand
- A brochure is not marketing
- Marketing is not sales Here is a partial list that makes the discipline of branding and the investment it requires attractive and valuable. A strong professional service brand:
 - Makes the client's selection process more manageable by providing clarity of offering among the multitude of firms and the services that abound
 - Acts as a virtual ambassador reaching new clients globally and through many channels
 - Is built from the core values of the people who comprise the firm and imparts a shared sense of mission internally
 - Shapes and drives corporate strategy by defining which initiatives fit and which do not
 - Achieves consistency between external and internal messages
 - Ensures efficient and effective marketing which in turn produces more real sales opportunities We know this because there are few businesses harder to market and sell. For the most part this is a mature industry where common marketing and sales approaches do not apply. It is as much about selling the individual professional as it is the firm.

But most of all the challenge lies in the fact that advice is intangible.

Through our brand consulting work, Interbrand has determined that clients of professional services want "Practical Innovation". That is, unique and achievable solutions that produce tangible results. We have further discovered that clients are willing to pay an attractive premium for Practical Innovation. This approach removes the intangible aspects of advice and clearly communicates the firm's benefits to its clients.

Successfully branded firms base their brand on a core positioning that is uniquely own-able and represents a distinct attribute or capability. This clear definition is supported and reinforced by everything the firm does – requiring all professionals and staff to live the brand every day. This internal dimension of branding is critical to professional services and highly topical currently. It involves the alignment of the brand and its values to human resources, operations, internal communications, and more, to ensure the right behavior is in place.

Obviously branding cannot solve every business performance issue and cannot be applied in all situations. If, however, your firm possesses a clear business strategy a commitment to a sustained investment in branding that conveys differentiation can measurably drive better business performance.

From that strong platform you will be able to more effectively attract, retain and guide employees while selling more of your services, more often, to more clients, at a premium, forever and ever. That is the promise and proof of strong professional service branding.

Jeffrey Swystun has worked at Deloitte & Touche and Price Waterhouse. He has advised legal, accounting, advertising, engineering, and management consulting firms on business and brand strategy. He is the Global Director of Knowledge and Innovation at Interbrand, the world's leading brand consultancy.

Founded in 1974, Interbrand serves the world with 34 offices in 22 countries. Working in close partnership with our clients we combine the rigorous strategy and analysis of brand consulting with world-class design and creativity.

We offer a range of services including research, strategy, naming and verbal identity, corporate identity, package design, retail design, internal brand communications, corporate reporting, digital branding tools, integrated marketing services, and brand valuation.

We enable our clients to achieve greater success by helping them to create and manage brand value.