1

Growth strategies

Overview

Strategy sets the direction in which a firm wants to go. The leadership of every firm has to develop a strategy rooted in the realities of the market and communicate it throughout the firm. It can be explicit, formal, intuitive or informal, but, without it, the business could be fatally damaged. Strategy is neither short term nor tactical. It calls for the formulation of a perspective on the market and the firm's position within it, taking into account its size, skills and market environment. This chapter examines a range of possible marketing strategies applicable to different firms, from a sole practitioner through to a boutique up to large international firms.

The value of strategy

Good strategy is a framework of ideas, developed by the leadership, which sets a course that the leadership wants for the firm by creating a common purpose. It involves making decisions about direction, communicating those decisions and allocating the resources to go in that direction. A firm's strategy should become a touchstone for all decisions throughout the organisation.

In fact, all strategic devices and tools, such as mission statements and visions, are aimed at achieving this common understanding. Properly communicated, members of the firm will use it as a reference point when making decisions. Without it, decisions throughout the firm are based on the judgement of local people with a local perspective and information which, while valid, may conflict with the perspective of the total firm. Chaos and lack of results can then follow. It contrasts to tactics, which are short term, action oriented and accomplish limited goals.

All firms, even when no strategy is explicitly developed or communicated, must take a direction. However, if that direction is a rudderless drift, or if it flies in the face of market realities, or if it is not communicated throughout the firm, the health of the business is likely to be damaged. The leadership of the firm has, therefore, a duty of care to create clear, market-conscious, achievable strategic direction.

It is well known that many strategy techniques came originally from the military, where they evolved over a long period of time to help improve decision-making, resource allocation and success. Military history has shown that success in the heat of battle is more likely if there has been prior thought given to likely scenarios. For instance, the Chinese general, Sun Tzu, said in 500 BC (Sun-Tzu *et al.*, 1996): 'In warfare first lay plans which will ensure victory and then lead your army to battle; if you will not begin with stratagem but rely on brute strength alone, victory will no longer be assured.'

A little forward planning, using methods that have been successful elsewhere, reduces risk and increases the likelihood of success. Stunning military successes as diverse as the Roman campaigns against ill-disciplined tribes, Napoleon's conquest of Europe and General Norman Schwarzkopf's 'Operation Desert Storm' in Kuwait, have demonstrated the power of experience and forethought.

If good strategy is effective in military endeavour it is likely to be effective in business. Over time business leaders have adopted and shaped many of the military's strategic techniques in order to improve their chances of success and developed many of their own. If, after thousands of years of bloody combat, mankind has learned that good strategy is more effective than rushing at the other side with sticks, business leaders should surely acknowledge that good business leadership is a little more than 'gut feel' or decisions made on the hoof.

Strategy as a management discipline appears to have been through several evolutionary phases. In the 1970s, for example, it consisted of new management tools (such as the Boston matrix or scenario planning), focusing largely on the corporate strategy of large corporations. By the 1980s strategy was often overseen by large, central strategic planning functions in multinationals running complex strategic models. This was reinforced by the apparent success of Japanese firms and their famed focus upon long-term planning.

By contrast, in the 1990s, the combination of recession, the collapse of the Asian model and a tougher competitive environment, with the perception that business must be more short term, created much more of a feverish, short-term focus. This culminated in some of the excesses of the dot.com boom, when the lack of a proper business model was no barrier to raising large amounts of capital. Since the burst of the dot.com bubble and the associated recession, strategy has become more short term and need driven. In fact, many of the strategy houses report that strategy projects have become a distress purchase, responding to hostile bids or the need for turnaround. The appetite for large, long-term strategic planning and analysis appears to have diminished in many sectors. Strategy, in the sense of longer-term detailed strategic plans, is less valued.

The professional services industry can learn from this experience. Whatever the size and shape of the firm, leaders need to take time to think of the future health of their business and how they go to market. They need to focus on the strategic imperatives relevant at any one time and allocate resources appropriately to chart the next steps of the firm. This should be done in a style and manner geared to the culture of the firm and the judgement of the leadership. It can be elaborate, documented or intuitive. But it should be done.

Marketing specialists would argue that within business strategy are issues related specifically to the market which require marketing tools, judgement and experience. For instance, Nirmalya Kumar of the London Business School (Kumar, 2004) argues that numerous decisions taken by chief executives are, in fact, marketing decisions which influence the direction of the firm. Leaders should therefore aim to adopt market-oriented strategy and planning.

At the very least, leaders should take a perspective on the market and their firm's position within it. Yet this is not as straightforward as it appears.

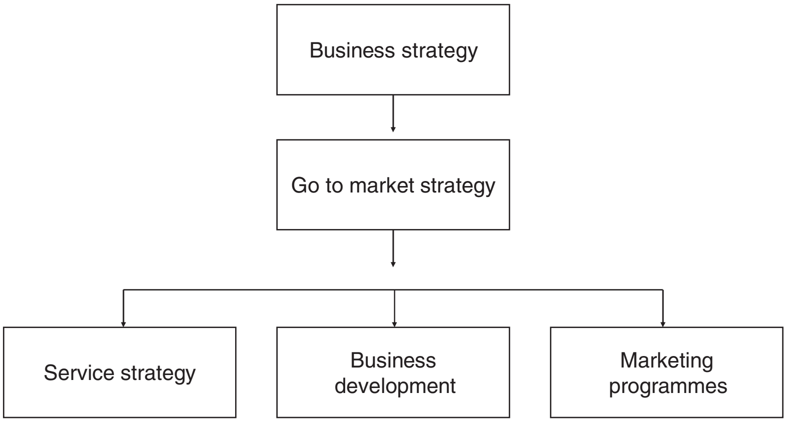

Figure 1.1 *The interrelationship of different types of strategy.*

For example, they may wish to base their decisions on client research. However, the clients that are researched, the techniques used to gain insight and the interpretation of results will all affect the quality of the decisions based on this approach. A wrong research approach could reduce the quality of strategic decisions and damage the firm.

This also applies to issues like competitive strategy, opportunity analysis, brand strategy, segmentation of markets and channel strategy. These elements of marketing strategy need to be developed and integrated with the business strategy and are rounded out if experienced specialists are engaged in their formulation. This interrelationship of strategic perspectives is illustrated in Figure 1.1.

Approaches to determining strategy

The development of strategy can be either 'procedural' (where a number of prescribed steps are followed to arrive at a particular point), 'functional' (where it is someone's job to draw up a well-presented and detailed strategic document), or 'extant' (consisting of a pattern of decisions by a business leader which are largely intuitive and often seen in retrospect).

All of these approaches to strategy are seen in the professional services industry. A procedural approach is often present, for example, in large corporate firms with a technology heritage, whereas extant strategy is often seen in smaller, one-partner firms. All have their strengths and weaknesses and none is an ideal approach.

(i) The procedural approach. Recommended by many business schools and followed by many companies, this approach follows a logical process to determine strategy. It comprises a calendar of interrelated planning activities, often driven by a company's need to report results to financial analysts and shareholders.

This approach will often distinguish between different time horizons influenced by the firm's market and investment horizon. There may be a set of 'one-year' operational plans focusing upon short-term goals, in addition to medium-term (three- to five-year) plans where investment is needed. The strategic framework needs to embrace them all. It will often distinguish between corporate planning, strategic market planning and business unit planning (Table 1.1). For instance, IBM has a well-crafted, detailed

Table 1.1 *The difference between corporate business plans and strategic market plans.*

A well-crafted corporate plan might contain:
- Business vision
- Business mission
- Corporate objectives
- Strategic intent
- Target returns
- Business unit targets
- Broad inorganic growth plans
- Organic growth plans
- Potential disinvestments
- Intended market positions
- Corporate brand strategy
- Asset utilisation

A strategic market plan might contain:
- Market objectives
- Target segments
- Positioning intentions
- Sales and revenue goals
- Target share in key markets
- Portfolio strategy: new services, relaunches, withdrawals and associated activities.
- Competitive strategies
- New market entry
- Major strategic programmes and initiatives
- Quality plans and subsequent quality measures
- Exit plans
- Internal and external communication objectives

planning process to which the service business (one of the largest in the world, incorporating several professional services business units) must comply.

(ii) The functional approach. In this approach a function exists which has responsibility for the creation and management of strategy. This may be held by a director of strategy who works closely with the chief executive and may also include an executive responsible for marketing strategy. Such a role will often also include responsibility for research, competitive intelligence, internal reporting and market analysis. Strategic planning is the focus of the role. The unit is expected to manage the planning timetable, execute ad hoc strategic studies and share their analytical perspective in appropriate debates. Some large professional services firms have executives in this role.

(iii) Extant strategy. Determined only by a retrospective view of direction, extant strategy is the direction deduced from decision-taking of, normally, one dominant business leader. The pattern of past decisions reveals the direction of the firm. Staff in such firms can feel that they have no strategy to follow because there aren't well-crafted written documents or clear planning schedules. Nevertheless, experience shows that firms led in this way can be dramatically successful, achieving their strategic intent, particularly if the leader makes the direction clear to the people in the firm.

Marketing strategies for the professional services firm

For the single practitioner

There are several different possible marketing strategies open to the single practitioner. Each depends upon their aspirations and their resultant business strategies.

For instance, their first marketing task is to focus on the launch of the business. This, however modest or grand, is a 'market penetration strategy', penetrating the target market in order to establish the business. A fast, volume penetration might include a memorable start to achieve impact and limited price penetration such as a discount or free trial in the first few months of trading. The single practitioner might also work in association with a network of other independent practitioners (a distribution strategy), in order to feed each other work.

On the other hand, a practitioner wanting to concentrate on low volume, high value projects may aim for a longer-term, soft launch to build up demand and reputation. Both need to be clear about their own offer and the clients they intend to serve. This needs to be precise and clearly thought through. Vague ideas of esoteric management concepts, or a lack of knowledge of who buys the type of service, will put their livelihood at risk.

Tactics associated with the volume approach are likely to include a visible launch. This might comprise an announcement to all possible contacts, followed by an invitation to a 'launch' party. Such an event, perhaps associated with interviews with local press and the trade association, will rest in the memory of the audience and will yield referrals as the latent business reputation grows.

Exponents of a low volume, high value approach, however, must be prepared for a longer haul. They must take the time to build a reputation by speaking at conferences, publishing articles and networking. They must focus on quality of image, quality of execution and quality of client care. Some offer a 'no question, money back' guarantee to clients if dissatisfied. Also, if their target conversion rate is one in three bids, they must be prepared to spend the early months of the business losing more than they win. Bravery and generosity to clients in these early days are important attributes of the high value practitioner.

The marketing strategy of the single practitioner is next focused on initial growth. This again is a market penetration strategy. The practitioner needs to consider marketing objectives such as: target annual revenue, achievable day rate, primary project offer, client penetration, partners to work with and intended visibility. They should also set up, preferably independent, mechanisms to understand how satisfied clients are with the work, their propensity to buy again and the likelihood of them referring the business to others in need. (In the early days this mechanism could be a colleague, relative or friend but it needs to be independent, because people are often reluctant to be honest.) Records should be kept of this feedback so that trends can be examined as the business grows.

Revenue is a derivative of the time the practitioner intends to sell (say 150 days a year) and the day rate achievable (a judgement based on industry average and personal standing). This becomes the pricing strategy of the firm. The target market might be firms or individuals in a geographic area or those interested in either a particular skill or sector expertise. Many small firms grow by obtaining work from one major client, others by a volume of small projects. The practitioner needs to decide where they wish to focus.

Growth may also come from referrals from other firms. The practitioner must therefore decide who in their circle of contacts they wish to cooperate with. Other single practitioners are often willing to refer potential work as a service to their clients when they are seeking a particular skill. The new entrant needs to handle these with care, executing work well and, over time, making referrals back. They must also make no attempt to steal the client. Negative reputation arising from such poor behaviour soon circulates in a pool of small independent providers, damaging the business.

An early decision is how to enhance reputation. The practitioner might join relevant professional associations for networking, they may try to gain press coverage, and they might contribute articles to relevant publications. While the drive for this comes from the practitioners themselves, they should consider using specialists. For instance, a public relations (PR) provider will find it relatively easy to gain placements for articles in relevant magazines (plus writing skills if needed) and speaking spots on conference platforms. They will also find it easier to sell the single practitioner to these communications channels than the practitioner themselves. The practitioner must decide the level of investment in such a resource and the period over which they wish the return to grow.

The 'guru' strategy

Those single practitioners wishing to focus upon margin rather than volume growth should consider a 'guru strategy'. The aim is to build a personal reputation, even fame, which will generate strong demand for an individual's expertise. This is primarily a pricing strategy. The practitioner must generate sufficient demand to create a strong pipeline of high value work. They must never compromise on their day rate. Successfully and carefully done, this strategy yields high returns.

Suppose the industry average day rate of single practitioners in the field is, say, \$3000. An allocation of 50 marketing (and administration) days to achieve 150 sold days will achieve annual revenue of \$450 000. A successful guru strategy will achieve a day rate which is much higher than industry average. If, for example, the sole practitioner invests in reputation enhancement programmes costing $50 000 a year plus extra administrative support of $50 000 (to allow sold time to remain at 150 days), day rate may be doubled in three years. Revenue of $900 000 less $100 000 enhanced costs yields a healthy payback. Some single practitioners are, at the time of writing, achieving day rates of $10 000 or even $20 000 depending on market and reputation.

The guru strategy is critically dependent on the creation of demand. The potential guru must have first-rate technical knowledge, good communication abilities and excellent consultancy skills. They must combine this with a marketing strategy which focuses on reputation enhancement. If the guru is lucky enough to match their technical expertise to a current wave or fad in management thinking, then a personal fortune is made. Associated with these growth strategies is a deliberate intent to keep costs low by having minimal employees; i.e. not to build an organisation.

Profiting from a guru strategy

The hairdresser: Vidal Sassoon

Vidal Sassoon has become synonymous with the concept of the celebrity hairdresser. Although he might not have strictly been the first (that accolade belongs to his mentor, Raymond 'Teasy-Weasy' Bessone); he was the first to develop a precision and modern approach to cutting hair, with styles such as the 'Bob', which still influences hairdressers today.

His hair styles epitomised the 'Swinging London' scene of the 1960s and early 1970s. Even more interestingly, he was the first hairdresser to be able to claim the status of a brand in his own right. Along with the set-up of salons in key cities around the world, he also oversaw a wide range of hair products still on the shelves today. Today the Sassoon educational facilities in North America and Europe train over 15 000 people a year in his methods.

In October 2004, he settled a suit with the brand owner Procter & Gamble over what he alleged was lack of resources being put into the product line.

The strategist: Dr Paul Fifield

In a crowded marketplace single practitioners have to use the one weapon available to them to succeed: their reputation for good work and hence their personal brand. Dr Paul Fifield, a marketing strategist practising in the UK, came to that realisation early in his career. In the last decade or so he has pursued a 'guru' strategy, based not only on presentations and a series of well-received books on marketing strategy, but word of mouth from satisfied clients and recommendations from all the students he has taught over the years.

His decision to focus on marketing strategy, as opposed to tactics, began early in his career with his first degree. He followed that with an MBA and then a PhD on marketing strategy and segmentation in Western Europe from Cranfield School of Management. During this time he gained management experience by working in marketing positions in a number of companies.

In 1985, he and three other Cranfield MBAs decided to band together to form the Winchester Consulting Group, offering strategy consultancy and highly tailored management development for senior managers. This was to prove an uncomfortable but important lesson in the potential perils of partnership, since it was dissolved five years later, leaving him with substantial debts to pay off.

It also taught him the value of independence. The Fifield 'brand' had already gained credibility both from his many years working as a course director and senior examiner of the postgraduate diploma at the UK's Chartered Institute of Marketing, the world's largest professional body of marketers. But what really helped gain momentum was the publication of the first edition of his seminal book, *Marketing Strategy* (Butterworth-Heinemann, 1992) (Figure 1.2). He has also written books on strategic marketing management and international marketing strategy. In addition, he continues to give lectures and presentations.

Fifield has taken care to make sure the Fifield Practice operates within the well-defined niche of marketing strategy, or helping companies align themselves to the markets they want to serve. As he says, 'To be a successful brand in a niche you have to be clear about exactly what you do.'

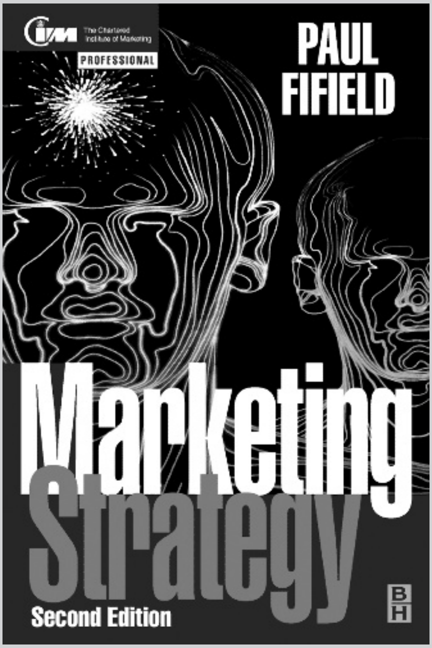

Figure 1.2 One of Dr Fifield's books.
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The osteopath: Walter McKone

Walter McKone is a UK osteopath based in London who has enthusiastically embraced the 'guru' strategy. The result has been that over the last 20 years he has built up a thriving practice, attracting patients not only from the UK but also from as far afield as Australia and Africa.

He has grown his business mostly from word of mouth from satisfied clients. Even more importantly, however, he has actively promoted himself as a brand through lectures, presentations, articles and books. For example, he is a senior tutor of paediatrics at the British School of Osteopathy in London, from which he graduated in 1984, while his books include *Osteopathic Athletic Health Care* (Nelson Thomas, 1997) and *Osteopathic Medicine: Philosophy, Principles & Practice* (Blackwell Science, 2001) (Figure 1.3). His latest book examines the decline of osteopathy from a medicine to a physical therapy.

Over time he has used these platforms to develop and deliver a far more inclusive and pragmatic approach to the discipline, arguing that

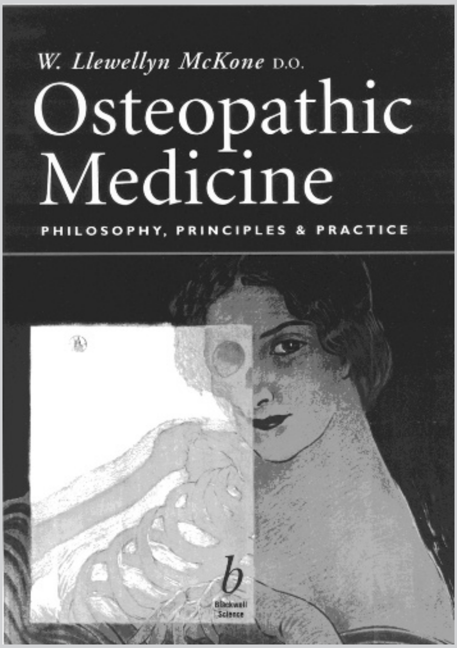

Figure 1.3 *Cover image courtesy of Blackwell Publishing.*

osteopathy has to be seen as more than manipulation and a 'one-end' product. Instead, osteopathy should return to its roots based on the philosophy of the scientist and poet Johann Wolfgang von Goethe and first put into practice by its founder, Andrew Taylor Still, a surgeon during the American Civil War.

He has continued to develop himself professionally in a number of ways. For example, having decided that he needed more experience with treatment for trauma that demanded a quick outcome, he became involved with American football. He started working with teams in the UK in the mid-1980s as the sport became more popular, and then in the US, with teams like the Dallas Cowboys, Chicago Bears and finally as a full-time osteopath with the London Monarchs.

He has also run workshops for companies in areas such as motivational speaking, stress management and how to exploit the imagination, while weekly slots as a radio presenter help him gain a wider audience. As he says, 'My kind of branding has to be personal. And when your brand is a human rather than a product you are only limited by your own imagination.'

Exit strategies for the single practitioner

Marketing has a hand to play in the exit strategies of sole practitioners and can, in fact, make a sizeable difference to the practitioner's personal take on closure of the business. Apart from simply closing the business, one of the exit strategies is to recruit a successor. Through contacts, networking or advertising, a qualified candidate with the right skills can be found. The best approach is a progressive handover taking, say, three years. Marketing plays a part in building a pipeline of work for the new partner, handing over existing clients and managing expectations.

Marketing really comes into its own, however, if the chosen exit route is a sale of the business. Ideally, a professional who intends to sell should consider this at the very start of the business. Strategies put in place at the beginning will maximise returns when it comes time to sell. For instance, larger firms will normally be interested in a smaller firm for brand, reputation, intellectual capital, staff or unique client relationships. At the start, the practitioner should consider a number of these, then minor, issues, such as the name of their firm. (An entity called after the names of the owners is harder to sell as a small going concern because it is too associated with the founder and harder to build into an independent business once the founder has moved on.)

In addition, as the firm grows, any systems, articles or processes should be captured, perhaps in the shape of published books or training courses. This registers them clearly as the firm's intellectual property. Similarly, large clients should, if possible, be asked to sign 'frame agreements', or contracts committing them to volumes of work. All will help create value in the firm and all are effective marketing devices.

At least two years before the target sale time, the practitioner should invest money in a PR specialist to build publicity for the firm. This might be articles in management publications or industry association journals. This is a slightly different target audience and set of objectives to normal, business building, reputation enhancement. In the target sale year a prospectus, the marketing document, should be written. This is the basis of approach to target acquirers. It must contain an analysis of the firm in its market and its unique characteristics. It should also forecast revenue scenarios for different types of business partners.

Finally, marketing has a role to play in the handover once the (painful and demanding) negotiations are under way. Staff will need to be included at the right time and a programme of communication to clients instituted. If the nature of the sale is an 'earn-out' then marketing normally has to be aimed at the acquirer's account teams and key accounts to attract work from them. Staff must also build a programme of visits to the large managed accounts in order to maximise the value of being in a more substantial entity and to hit profit targets. If acquired by a much bigger firm, the practitioner must communicate to existing business unit leaders and firms in the network.

Health warning

A professional, setting up a firm with the intention of selling, needs to take a hard look at what this involves over the long term and what is needed to be successful. First, they need to build a business and take it through, probably, two full economic cycles. While doing this they need to build in capabilities which will distinguish it from competitors, as described above. Then, preferably at the start of a new economic cycle, they need to attract and close a deal with a buyer. There will then be a three- to five-year earn-out where the capital they earn is affected by the performance and profit of the firm, now part of a larger group.

Many rugged independents and entrepreneurial professionals find survival in these circumstances to be particularly hard. The need to fit in with the group's strategies, investment constraints and budgets can severely test the patience of the previously independent business owner. The full process is therefore likely to be a 15- to 20-year journey with a relatively modest capital return. It is not for the faint-hearted and has been the graveyard of many ambitious professionals' dreams.

Marketing strategies for the retail professional service

Marketing strategy for the retail professional begins before they start the business. Having trained in their area of professional expertise, they need to think like a business person from the start.

Are they to start by buying a small running business which has an established clientele? If so, do they understand the health of that business? How can they ensure it is a good buy? Are the financials reliable? If it is a successful business, will they be able to maintain the success? Why is the current owner selling? (If it is to move to new premises nearby, they are likely to take clients with them.) If the business is run down, how can they market it to increase its potential? What will they offer to grow revenues and attract new clients? And will the business sustain the extra costs of taking the actions to make such improvements? They ought to think through all these issues, creating a realistic business and marketing plan.

If they are not buying an existing business, they need to think about the site of their new shop, competitors in the area, the clients it can attract and how they will launch the business. They must design the layout of the premises to attract clients and display stock to gain extra revenue from product sales. They need to think about how will they launch and market the business, and how they will recoup the initial set-up costs in the years ahead. If they are going to a bank for a loan, normally they will have to capture all this in a business plan.

Once the business is established, one strategy to grow the retail professional service firm is through a version of the 'guru strategy' for single practitioners. This involves gaining (normally through free trials) celebrity or high profile clients. Once an elite clientele is attracted, high prices and high quality must be maintained. Over time, publicity and PR through consumer magazine coverage and high profile industry competition wins reinforce the stance. As the strategy develops, ranges of branded products can be released and a 'school' for young professionals will expand the franchise.

Another marketing strategy open to the retail professional is to build a retail network. In many retail professional service sectors there are inefficiencies built into the market. For instance, a plethora of small, one-person businesses is not an efficient way to serve a large market. Each has to negotiate directly with suppliers and separately provide all the functions of a business. At the same time, there is no common brand, so no great impact in the minds of potential clients. Competitive advantage can be gained by creating a network or retail chain, which can bring efficiencies that can be passed on to buyers. At its most simple, specialisation of functions such as merchandising, recruitment and buying allow chains to make savings that single owners cannot.

On the other hand, there are other potential savings from building a chain through the deployment of professionals. A business of, say, 10 shops which employs 10 young professionals on salary to undertake work is able to distribute profit differently than 10 individual businesses where each professional determines their own take. The efficiencies of the chain are also likely to generate more profits. In fact, these efficiencies can change the nature of the value proposition.

In the UK, for example, the value proposition of opticians for many years was based around the skill of eye testing. People went for a test and then had to wait days for glasses to be made. Retail chains now exist that make glasses on the spot and offer designer choice. The value proposition is now about easily accessible facial appearance, not the optician's skill as such. The marketing strategy of these chains is to build a brand and to develop effective sales and merchandising skills.

Other methods of building chains and maximising brand impact are through a partnership structure, with agreed common standards or franchising. This offers professionals business ownership and profit within a tightly defined market approach.

Creating retail chains from professional services

Pharmacy: Walgreens grows through service quality

Walgreens is a successful national retail pharmacy in the US. It was founded in 1901 by a pharmacist, Charles R. Walgreen, who opened his first shop in the competitive market of Chicago with the aim of transforming what he saw as the old-fashioned approach to running a drugstore. His focus on innovation, including the style of service and the introduction of a wide range of merchandise, helped him to open 20 stores by 1920.

His expansion was rooted in his ability to hire managers who could build on his vision of quality and service. By 1984, Walgreens had 1000 stores across the country, which rose to just over 4500 by August 2004. The current goal is to have 7000 by 2010 by opening new stores rather than through acquisition. Sales in fiscal 2004 were almost $38 billion, the 30th consecutive year of record sales and profits.

Optician: Specsavers profits from partnerships

Specsavers Opticians is a UK-based chain of optical retailers with more than 600 stores in the UK, the Republic of Ireland, the Netherlands and Sweden. It was founded in 1984 by Doug and Mary Perkins, who met while studying for their optometrist qualifications at Cardiff University in Wales. They set up a small chain of opticians in the UK's West Country, and then retired. However, when the UK government deregulated professionals in the mid-1980s, freeing them to advertise their products and services for the first time, the Perkinses decided to re-enter the market.

They opened their first Specsavers store on the British offshore island of Guernsey, with the emphasis on affordable eyecare. The brand's subsequent expansion has been through joint or shared ventures with appropriate practitioners, who have responsibility for the day-to-day running of the business. The parent company provides support services, expertise, experience and information. This includes business planning and development, recruitment, training, purchasing, marketing and IT.

Its sales in 2003 were £545 million ($983 million), with over 16 million registered customers in its main UK market. Along with opening more locations in its existing markets, it is also planning further expansion in continental Europe and has begun to diversify into the hearing aid market.

Real estate: Coldwell Banker expands through franchise

Coldwell Banker is one of the leading full-service realtors in the US. It has more than 3600 independently owned and operated residential and commercial real estate offices with over 114 000 sales associates globally in areas such as Europe, Asia, Central America and the Caribbean.

Its focus on service has been the core of its business philosophy since its inception. Its founder, Colbert Coldwell, set up his agency in reaction against the profiteering being made from vulnerable sellers following the huge earthquake in San Francisco in 1906. He joined forces with Benjamin Arthur Banker in 1914.

They built the firm up over the years by franchise, finding the right professionals to extend the brand in new markets. Now, as well as holding a leading position in residential real estate, it has niche positions in other markets, including resorts, new homes and luxury properties. It is also one of the largest telephone/Web-based lenders in the US, while Coldwell Banker Commercial is one of the leading commercial franchise operations.

Marketing strategies for the specialist boutique

A boutique is a niche player in the market. Their ability to earn above average earnings is based on some form of differentiation, which simply means that they are different to competitors so that clients have a clear choice. They cannot afford to become the same as other suppliers or fees will drop to industry average levels. Their difference might come from technical expertise, mix of skills, geographic knowledge, sector knowledge or, more rarely, style of client service. Sometimes the difference is little more than perception in the clients' minds caused by reputation or fame.

The marketing strategy must be to preserve at all costs their point of differentiation. They must understand the clients' values and perceptions, and then work to build on them. They must invest in internal communication and training in the area of differentiation. They must also communicate to the market in general about their point of differentiation. Interbrand, for example, is a marketing consultancy which specialises in brand issues. The case study in Chapter 10 details its respected and well-known annual study on the best global brands, a superb example of thought leadership, which reinforces its point of differentiation.

International marketing strategies for the professional service firm

No firm, of whatever size, can ignore the international dimension of business. They may simply have clients with international operations or their growth might take them into other countries. This involves resourcing and penetration strategies into other parts of the world and the setting of international brand strategies (explored in Chapter 6).

Marketing strategies for the large firm

Large corporate entities that own professional services businesses tend to include their professional services arm in their strategy development process. As they generally have a functional approach to business, it is likely that these firms create a marketing strategy or strategic framework as part of their generic strategy process. They may wish to extend their service offers, move into new markets (whether geographic or sector oriented) and they may wish to extend their brand franchise. Each should be detailed and resourced in strategic plans.

Partnerships, or those which have recently become public companies, are likely to have a strategy debate during the planning cycle of their business which refers to the market. It is sensible to make this intuitive and sometimes erratic reference to the market more explicit. Devices to gain as objective as possible a view of the market will reduce risk of failure and the engagement of experienced specialists in the strategy debate are likely to round out decisions.

There is also an argument, particularly if the leader of the firm's marketing function is a professional marketer with leadership status, and not just a partner seconded as a part-time rotation, for an explicit marketing strategy to be developed and communicated. Such an approach will prioritise resource allocation, communicate priorities to partners and give direction to marketing specialists throughout the firm. It will give structure to their day-to-day work and decision-making.

Summary

Leaders of firms who ignore the critical role that strategy should play are gambling with the very survival of their business. A failure to think through the direction in which they should be headed, and the routes to get there, can be fatal. As this chapter has described, there are a number of approaches to determining strategy which professional services firms can use. It can be elaborate, documented or intuitive. The method chosen will vary according to the type of firm, its aspirations and its resources. But however it is developed, business strategy must be rooted in well-researched market realities in the context of the competitive environment.