

## Differentiation in Professional Services

Differentiation is a term much beloved by the marketing community. It is talked about with great reverence and the listener is treated to stories of how companies have achieved extraordinary sales growth through clever strategies devised to make them and their products stand out from the crowd.

For the professional services firm the applicability of this concept can seem unclear, even remote. Most case studies deal with selling consumer products rather than the complex, relationship-based business development which characterises professional services. A look at the marketing literature is equally confusing. Whilst there have been many articles and books written on competitive differentiation, few have focused on the challenges in professional services. Of those authors who do address it, some hold that differentiation is neither achievable nor relevant. Consequently, it is little wonder that firms struggle to differentiate themselves effectively in their target markets.

### Differentiation: The deal clincher

Years of experience in the professional services market has convinced us that differentiation is just as important in this sector as any other. Of course, persuading a client you can do the job is the essential first step, however demonstrating distinctiveness from the competition is what clinches the deal. Time and again we have seen that it is firms who make the effort to uncover the priorities of their target market and differentiate themselves around these priorities, that are the most successful.

It sounds straightforward, but in our experience it regularly does not happen. In fact a recent research report<sup>1</sup> highlighted “finding something distinctive to say” as the single biggest challenge consulting firms face in their marketing. Interestingly the survey revealed that the larger the firm the greater the challenge. So how can a professional services firm successfully differentiate itself? We believe there are two central principles:

1. Select differentiators that really matter to your target clients (and not just to you)
2. Tailor your differentiators for individual prospects as you progressively learn more about them.

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<sup>1</sup> Marketing Consulting Firms in the New Decade by Source for Consulting

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### Selecting Differentiators that matter

Many firms begin their search for differentiators by locking the senior team away, in a quest to identify the points of uniqueness which distinguish their firm from the competition. Whilst this is a reasonable starting point it is prone to bias from subjective perspectives based on incomplete information. The results can be patchy and more often than not produce a version of “what makes us unique is our capabilities, our people and our processes” which is not specific enough for the target market. Try a Google search on “our people and our process” to view over 287,000 pages of businesses that believe that’s what makes them distinctive!

To make this process work well it is vitally important to gain access to external perspectives from the target market. Only by doing this can you build an evidence-based understanding of prospective client buying drivers, what clients value and the benefits your services deliver. Practical ways to do this are to engage clients and prospects directly in the process through primary research, or if time and resources are constrained, to analyse the reasons for historical bid wins and losses from a client perspective. The challenge with the latter approach is to ensure that the view from the market is not simply internal hearsay, but is validated with independent evidence where possible. It is essential throughout to apply a critical, client-centric perspective to everything, as the biggest enemy of this process is ‘group think’, where a firm constructs a view of the market that is built on inaccurate ‘pet’ perceptions leading to the development of ineffective differentiators.

## Tailoring the message for each prospect

The biggest mistake firms make is to stop at this point – with a set of target market differentiators - and assume their work is done. That approach can work in product marketing where a differentiated position can to a large extent be fixed and the customer invited to make a straight choice against the competition. But in the professional services market that simply will not work. Here a sale is rarely transactional and typically takes an extended period of time, with many different people involved in the decision making process. That is why our second principle is that you must develop prospect specific differentiators that evolve as progressively more is understood about individual prospects and their needs. It is important to remember that the term 'needs' in this context is more than just the core requirement for services. It encompasses your prospect's higher level needs which include their 'big picture' objectives in undertaking the work and the measures of success that will be applied by key stakeholders as well as the business as a whole. In uncovering these perspectives, gauging the power dynamics between stakeholders is vital. These details are only identified by clever questioning and skilful interpretation of potentially contradictory viewpoints.

## The Russian Doll analogy

In many ways the differentiation model in professional services is analogous to crafting a set of Russian dolls. The smallest doll offers a differentiated view of your firm which is based on its understanding of the aggregate needs of the target market. If properly constructed, this differentiated position will enable you to enter into dialogue with a number of individual prospects. As you come to understand more about the specific needs of each prospect, you can – and in the interests of success *must* align the content and detail of your differentiation message with the priorities of each individual prospect. Each interaction with a prospect provides an opportunity to glean more information and develop a more tailored message of differentiation – analogous to encapsulating the original doll inside another similar, but larger and more detailed one.



The implication is that the messages of differentiation given in the marketing literature should never be the same as those in the final proposal. If they are, then you may conclude that you do not know enough about your prospect. Given that a proposal is often the first deliverable a prospect receives from you that is tailor-made for them, it is vital that it differentiates your offer around their specific priorities and not just general market priorities. It only takes the time to read a few proposals produced by professional services firms to see this regularly does not happen.

## How do you measure up?

What are the main differentiators you use to distinguish your firm from competitors?

Have you validated that these differentiators really matter to your clients and prospects?

What mechanisms do you have for ensuring that 'pet' perspectives always get challenged?

Does your team have the right tools and skills to draw out clients' higher level needs?

Do your proposals demonstrate differentiation on individual client needs and not just general target market priorities?

## Contacts

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## About Us

Shaping Business is a specialist marketing consultancy focused on helping professional services firms to grow. We provide tailored strategic and operational support to enable our clients to effectively engage with their target markets and deliver a more successful sales pipeline.

Our approach is based on the fundamental belief that it is only through understanding and managing the underlying drivers at each conversion stage in the sales pipeline that a business can optimise its investment in marketing and business development to achieve sustainable, profitable growth.