

## MARKETING OF CONSULTING SERVICES

# 29

A consulting firm can exist and prosper if it gets and keeps clients. This is what marketing is about: define your market, identify clients, find out what they need, sell the consulting service to them, deliver the service to the clients' full satisfaction and make sure that once you have good clients they stay with you and do not go to a competitor.

In management consulting, as in some other professions, there has been a long debate on the appropriateness of marketing and of its various techniques. Even today, some consultants feel uneasy about "selling" their services: they regard it as unprofessional and beneath their dignity. Many consultants are poor at marketing and, if they have to market, they do so with little enthusiasm and imagination.

Yet the marketing of consulting is as old as consulting itself. James McKinsey, one of the pioneers of management consulting, spent many hours having meals with prospective clients and other useful business contacts.<sup>1</sup> Since McKinsey's time, the leaders of the profession have exhibited considerable dynamism in marketing their firms' services. They have systematically sought opportunities to make social contacts with potential clients, to be recommended by existing clients to new prospects, to carry out quick management surveys free of charge, and to speak at management conferences. This, in combination with the firm's reputation, used to be sufficient to attract clients to the established firms, as long as the market for consulting services was small and competition was limited.

It is not surprising then that the established firms did not favour the use of a wider range of marketing techniques, and in particular of advertising. The same attitude prevailed in consultants' associations. It was not until the late 1970s that advertising was admitted in the United States as an acceptable means of marketing professional services in a competitive environment. Stress was laid on the point that competition in professional services ought to be encouraged, as it offers the client the possibility of getting a better service for a lower price. In other countries, attitudes to the marketing of professional services have also changed.

At present, it is almost universally recognized that professional services can and have to be marketed. There are numerous publications and courses on the subject, yet many consultants have a long way to go to become proficient and effective in marketing their services.

## 29.1 The marketing approach in consulting

In consulting, marketing is often thought of as a distinct function, a set of activities, tools or techniques, which cost time and money and which many consultants would prefer to avoid – if only they had a sufficient number of unsolicited clients. According to this view, marketing is an unavoidable evil, something that consultants accept that they have to live with, although they do not like it.

Fortunately, more and more consultants, as indeed other professionals, regard marketing as an inherent characteristic of the service concept. Marketing is not a supplement to a professional service; it is a professional service in its own right, needed to establish and maintain an effective consultant–client relationship. It identifies clients' needs, reveals the clients' mentality, defines the best way in which the consultant can be useful and puts the whole consulting process in motion. Service marketing does not stop when a sale is made. The consultant continues to market after the contract has been signed, while the project is being executed, and even after the project has been completed.

### What is to be marketed?

The marketing of consulting is strongly affected by the intangibility of consulting services. As noted in Chapter 27, clients are not able to fully examine the product they are intending to buy and compare it with products available from other consultants. Even if consultants supply structured systems and methodologies, the tangibility can never be comparable to that of industrial products, or of many other products in the service sector.

What the consultant is selling is a promise of a service that will meet the client's needs and resolve the problem. Why should a potential client buy a mere promise? Why should he or she take such a risk?

First, because the client has established, or feels, that it might be useful to get the consultant's help. Second, because the client has no alternative – buying any consulting service (even from someone who is well known personally or whose work is familiar) is always buying a promise. What has worked in one company may not work elsewhere. Even an excellent and highly standardized consulting product (methodology, package) may not work in a given situation. A client who is not prepared to take this risk and buy a promise must refrain from using a consultant.

It is fully understandable that, in buying a promise, clients will wish to reduce risk. They will be looking for ways of evaluating what they are likely to



### **Box 29.1 Marketing of consulting: seven fundamental principles**

Successful marketing of consulting services is guided by certain general principles:

#### **1. Regard the clients' needs and requirements as the focal point of all marketing.**

There is no point in selling to potential clients something they do not need, or do not want to buy. The client may be pleased to hear that you are a brilliant and highly successful professional, but it is infinitely more important to convince the client that you care about him or her, understand the situation, are prepared to listen patiently and can help to find and implement a solution beneficial to his or her business. This is a golden rule. Your marketing efforts must be client-centred, not consultant-centred. Your client is not just another income opportunity. Your interest in the client must be genuine, and stronger than your self-interest.

#### **2. Remember that every client is unique.**

Your past experience and achievements are important assets. But they can become a trap: you may feel that you know pretty well in advance what your new client will need. Haven't you handled the same sort of situation many times before? Yet even if all other conditions appear identical (they won't be), the people involved will always be different. Acknowledge your new client's uniqueness. Show the client that you will offer an original solution, not a pale imitation of a model designed for other conditions.

#### **3. Don't misrepresent yourself.**

The temptation to offer and sell services in which you are not fully competent can be high. Often a client who trusts you will confide a job to you without requiring any evidence of your competence. To yield to this temptation is unethical; the client's interests can be seriously damaged. This is a matter of technical judgement, too. Competence in marketing involves realistically assessing your own competence, and recognizing a lack of competence and resources.

#### **4. Don't oversell.**

Marketing creates expectations and commitments. Overmarketing may create more expectations than a consulting firm is able to meet. This can be counterproductive and even unethical: some clients may need your help urgently; you promise it, but cannot deliver. Or an excessive selling effort may force you to recruit and immediately send to clients inexperienced consultants without being able to train and supervise them.

#### **5. Refrain from denigrating other consultants.**

Questions concerning your competitors' approaches and competencies come up often in discussions with clients. Nothing should prevent you from providing factual information, if you have it. However, it is unprofessional to provide distorted and biased information, or to make disparaging comments or allusions concerning competitors in order to influence your client. A sophisticated client is likely to regard such comments as an expression of your weakness, not of your strength.

**6. Never forget that you are marketing a professional service.**

Management consultants have to be entrepreneurial, innovative and at times even aggressive in marketing. They can learn a great deal from marketing in other sectors. Yet you are not selling biscuits or washing powder. The professional nature of the service, the clients' sensitivity and the local cultural values and norms must not be lost from sight in deciding what marketing approaches and techniques are appropriate.

**7. Aim at an equally high professional performance in marketing and in execution.**

In making efforts to find new clients, some consultants have neglected the quality of service delivery, in terms of staffing, quality control, respect of deadlines, and ensuring client satisfaction. It is useful to view marketing as a process that does not end with the signing of the contract. The execution of assignments has a significant marketing dimension. Flawless service delivery is marketing for the future.

get and deciding to whom to turn. Many clients buy without having any direct knowledge of the professional firm, because of the firm's image in business circles, or because a business friend or acquaintance has used the firm's services previously and has been satisfied.

Furthermore, the marketing of consulting services deals with both dimensions of the consulting approach described in section 1.1 – the technical dimension (the technical know-how needed to solve the client's specific management or business problems) and the human dimension (the relationship between the consultant and the client, and the consultant's ability to face human problems). The consultant has to convince the client that, from a strictly technical point of view, he or she has all the technical knowledge, know-how, access to information, and so on needed to deal with the client's technical problems and produce a solution whose technical quality is indisputable. But this is not enough. Consulting is a human relationship above all, and the consultant and the client may have to spend many hours working together. Therefore clients must be convinced that they are purchasing the services of someone with whom (at worst) they are prepared to work or (at best) they will enjoy working. This concerns the consultant's ability to work with the whole client system as described in section 3.2.

Finally, the marketing of consulting services must not ignore the fine distinction between the consulting firm and the individuals employed by that firm. True, in purchasing the services of an excellent professional firm clients normally expect a certain degree of quality, integrity and even uniformity, reflecting the firm's collective know-how and culture. Yet consultants are human beings and absolute uniformity is not only impossible, but undesirable. There will inevitably be differences between the image, know-how and standards of the firm, and the capabilities, personalities and style of individual consultants. Accordingly, the consulting firm will have to market both itself and its individual members and teams.



## 29.2 A client's perspective

In client-centred marketing, the consultant does not come to the client with the desire to close another sale of a ready-made product. The approach is reversed: the assessment and understanding of the client's needs come first. The consultant is asking questions such as: Can I provide a service that will meet this particular client's needs? And if I am not the only one who can provide such a service (which is usually the case), why should a client select me and not one of my competitors? What criteria will the client use? How can I be more useful to the client than other consultants? How should I market myself to get selected?

### Understanding the purchasing process

As pointed out by David Maister, "the single most important talent in selling professional services is the ability to understand the purchasing process (not the sales process) from the client's perspective. The better a professional can learn to think like a client, the easier it will be to do and say the correct things to get hired."<sup>2</sup> We have already pointed (Chapters 3 and 7) to the role of psychological and relational factors in the selection of consultants. Since usually more than one consultant will be fully suitable from a strictly technical point of view, clients will give preference to consultants:

- with whom they are prepared to work and would like to work;
- who understand their personal worries, concerns and preferences;
- who exhibit a genuine desire to be helpful to their client;
- whom they are able and willing to trust.

Thus, it is important to keep in mind that both technical and behavioural, or psychological, criteria will be applied by clients in selecting consultants. The consultant's marketing strategy and methods used should therefore be attuned to this. It is impossible to provide a blueprint for every context.

Overemphasizing good relations (e.g. never contradicting the client during first meetings even if the client is obviously wrong) may be interpreted by the prospect as a lack of technical competence, or a tactical trick. The client may even be testing the consultant by asking awkward questions. The best approach is to be honest and sincere. It is difficult to play a role that does not suit you and pretend to be something that you are not. If you do not care about the client and are merely seeking a well-remunerated assignment, you will not be able to hide your attitude for long.

Some clients' concerns are reviewed below.

**Reluctance to admit that a consultant is needed.** Some managers do not want to admit to themselves that they need a consultant because this would hurt their self-esteem. Often the potential client is worried that a consultant's presence will be regarded by others – subordinates, peers, superiors, share-

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holders, or even competitors and customers – as an admission of incompetence and a sign of weakness.

**Doubts about the consultant's competence and integrity.** It is common for clients to have doubts about an external person's ability to resolve intricate problems with which management has struggled without finding any solution. Some clients feel, too, that a consultant will not really take all the trouble needed to search out a solution that is likely to work in the long term, and will simply try to place a standard package. Some organizations feel that consultants are too inquisitive and collect too much information that could somehow be misused in the future.

**Fear of becoming dependent on a consultant.** Sometimes the remark is heard that it is easy to recruit a consultant, but difficult to get rid of one. Consultants are said to structure and manage assignments in a way that inevitably prolongs their presence in the client organization and leads to new assignments. This can create a permanent dependence on external expertise, which could be dangerous.

**Fear of excessive fees.** This fear is quite widespread in small businesses. Owners and managers are sometimes not aware how the fee is calculated and justified, and with what benefits it could be compared. They may believe that most consultants try to overcharge and that using a consultant is a luxury that is beyond their means.

**General feeling of uneasiness and insecurity.** Asking a consultant to look into the organization's "internal cuisine" can be very disruptive. What will come out? Established practices and peaceful relations may be disturbed, but will this really be necessary? Will the result be an improvement? Is it worth while to run such a risk? Are we not opening a Pandora's box without being forced to do so?

General criteria for selecting consultants, taken from an ILO guide on the topic, are summarized in box 29.2. As not all clients use the same criteria, it will be useful if the consultant can find out what criteria will be applied to him or her as a person or a firm, and to the assignment proposals submitted to the client, and what weight the client will assign to each criterion.

## 29.3 Techniques for marketing the consulting firm

A wide range of techniques is available to management consultants for building up their professional reputation and image, or positioning their practice, in clients' minds. The main techniques are reviewed in this section. Their purpose is not to sell individual assignments, but to inform potential clients about the consulting firm and its products, to arouse their interest, and to create opportunities for contacts.

While certain techniques are aimed purely at public relations and image-building (e.g. advertising), other techniques aim to arouse the clients' interest by directly providing another useful technical service (e.g. information or training).



### Box 29.2 Criteria for selecting consultants

In selecting their consultants, most clients would apply one or more of the following criteria:

- (1) **Professional integrity** (how the consultant interprets and respects a code of ethics and conduct)
- (2) **Technical competence** (knowledge and experience needed for dealing with the client's technical problem and producing results of desired level and quality)  
This can be refined further by:
  - (a) differentiating between the competence of the firm and that of the individual (team) proposed;
  - (b) stressing knowledge of the client's sector of industry;
  - (c) in international consulting, stressing intimate knowledge of specific country conditions (economic, sociopolitical, cultural);
  - (d) differentiating between hard and soft skills (the knowledge and expertise concerning technical procedures, methods and systems, on the one hand, and the ability to deal with human problems and facilitate organizational change, on the other hand);
  - (e) stressing creativity and innovation (which may imply that past experience will be de-emphasized).
- (3) **Rapport with the consultant** (mutual understanding, trust, the client's attitude to working with the consultant as a person)
- (4) **Assignment design** (demonstrating the consultant's understanding of the specific problem and context of a given client organization, and the approach to take)
- (5) **Capability to deliver** (structure, size, resources, location, flexibility and other features of the consulting firm, demonstrating the ability to deliver what was promised, even if conditions change)
- (6) **Ability to mobilize further resources** (important in assignments that may call for expertise of other firms, new business contacts, additional capital, etc.)
- (7) **Cost of services** (fee level and formula; this may not be a key criterion, but excessive fees may disqualify the consultant)
- (8) **Certification of competence and/or quality** (formal competence certification of individual consultants and quality certification of consulting firms are taken into consideration by some clients, in support or as a surrogate of the criteria listed under (1)–(7))
- (9) **Professional image of the consultant** (by using this criterion the client relies on the choices and assessment made and experience gained previously by other users of consulting services, or on the consultant's achievements outside consulting, e.g. as a manager or author)

Source: M. Kubr: *How to select and use consultants: A client's guide*, Management Development Series No. 31 (Geneva, ILO, 1993), pp. 77–87.

## Working the referrals

Word of mouth is one of the oldest and most efficient ways in which a professional firm becomes known to new clients. Business people and managers are used to sharing information about professionals such as lawyers, accountants, engineers and management consultants. They exchange both favourable and unfavourable information, so only a firm that has rendered good service to a client can hope to have another useful referral. A manager looking for a consultant will often ask business friends for advice before turning to any other source of information.

It could appear that excellent performance in serving clients is all that is necessary to get good referrals. Experience shows that this is indeed the main factor, but not the only one. Some consultants do not leave it to chance that a satisfied client will recommend them to colleagues. They discuss their promotional needs and policies with their clients, asking them:

- to suggest who else in the business community may be interested in similar services;
- to authorize the use of the clients' names as a reference to prospective clients;
- possibly to give permission for the assignment to be described or summarized in a technical publication, in promotional material or in a management seminar;
- to speak about the consultant with other managers and business colleagues, but also with bankers, lawyers, accountants and others who may be asked for a good consultant's name by their own business contacts.

This requires an excellent mutual understanding between the consultant and the client. The client must not feel ashamed that he had to pay a consultant to deal with a problem that he should have solved by himself. Rather he should be proud that cooperation with an outstanding professional has helped him to discover new opportunities and view his problems in a wider perspective. The consultant must show the client that his concern for the client goes beyond a single contract – this is best achieved by informing past clients of the latest research and the state of the art in their sector or problem area, telling them about new services the consultant can provide, having lunch with them from time to time, and in general maintaining frequent communication. The client will then enjoy talking about his or her preferred consultant and recommend such a person or firm without hesitation. Happy clients become your best marketers, and do it free of charge!

## Advertising

The purpose of advertising is to arouse the interest of a large number of potential clients by telling them that your products or services are particularly attractive to them. Advertising is making headway in management consulting



and every year there is more of it. Consultants should be aware of its advantages and its pitfalls.

Those who consult in marketing and distribution tend to be familiar with advertising issues and may be able to design advertisements and advertising campaigns for their own firm. A new consultant who is not versed in advertising will be well advised to turn to a professional public relations or advertising agency before spending a lot of money on a major advertising campaign. Quite a few mass-advertising methods and media used for promoting goods and services to the wider public are less suited to the marketing of professional services.

Press advertisements have to meet two basic criteria. First, they must be placed in journals and newspapers where potential clients are likely to see them. It is therefore necessary to find out what managers and business people read. The longer the press run and the wider the circulation of a journal, the higher the cost of advertising space will be. A consultant who has helped a business or trade periodical and has developed privileged relations with the editors may be offered advertising space at a special rate.

Advertisements must meet the criteria of effective design:

- providing a small amount of essential information rather than a lot of fragmented detail;
- stressing (possibly in the heading or in another very visible way) the benefits for which the client may be looking;
- clearly indicating where and how to contact the consultant;
- appealing to the potential clients' taste and cultural values.

Advertising on radio and television has been little used by management consultants, yet it should not be completely overlooked. Some broadcasters have programmes for the local industrial and business communities on topics such as creating an enterprise, soliciting credit, saving energy or increasing productivity; an advertisement may follow such a programme.

Advertising requires considerable resources. A recent example was a worldwide advertising campaign in which Andersen Consulting announced its new name *Accenture*, and simultaneously aimed to explain to its existing and potential clients that the nature of the firm had changed and that its aspiration was "to transcend the definitions of traditional consulting, bringing innovations that dramatically improve the way the world lives and works".<sup>3</sup> The cost of this advertising campaign was over US\$170 million.

Yet it would be wrong to assume that, owing to its huge cost, advertising is accessible only to very large consultancies. Even small firms can use it selectively and cost-effectively, choosing well the message, medium and target. Tasteless or bombastic advertising is unlikely to produce the required effect. Business people generally resent platitudes and unrealistic promises, such as have become commonplace in many advertisements for professional service providers. It is annoying to read that a consulting firm is "unique", that

its approach is “totally different”, that it “hands over the knowledge while others hold it”, that it is “the number one”, that its solutions are “always creative and innovative”, and the like. It is especially annoying to read the same message again and again, from various service providers, using different words, but saying exactly the same thing.

### Web pages

In the era of Internet, more and more clients seek information on consultants on the Web, consulting firms’ Web pages in selecting specialists, preparing shortlists, comparing service offerings, looking for useful information on recent assignments and research completed, and similar. Clients expect that, perhaps with the exception of small firms, consultancies will have Web pages that provide meaningful, helpful and up-to-date information. Most consultancies understand and meet this requirement.

It is relatively easy to create and operate a Web site. It is, however, difficult to create a good one, give it excellent professional content, make it different from other Web sites and appealing to sophisticated clients, and ensure that it is continually kept up to date and improved. Here too targeting is important: the page is not for the general public, but for users of consulting services, who are likely to search for relevant information through the Internet. The site must be user-friendly, avoiding jargon that might be misunderstood or disliked by clients. It must be logically structured and easy to navigate. It is useful to include some technical information of interest to clients, to demonstrate that the firm is working on significant new issues and is prepared to share knowledge with clients. The site should contain something about the people in your firm and indicate how the firm can be contacted, through email or more traditional channels. It is essential that any resulting enquiries are answered, even if no new business is likely to emerge.

### Branding

Some management consultants and other professional service providers have started using branding, which has amply demonstrated its power in marketing consumer goods and other products. A brand is normally defined as “a mark or label of identification” or “the kind or make of a commodity” (*Webster’s Dictionary*). The idea behind branding efforts is that if the name of a consulting firm or its specific service can be turned into a well-known, respected and desired brand, clients will be attracted to the owner of the brand rather than to competitors. There has been a clear impact of two trends in professional services: growing competition (firms are constantly looking for new tools to gain a competitive advantage) and commodification (to allow a service to be sold easily to many clients). Branding, however, is a complex and somewhat controversial issue in professional services, as discussed in box 29.3.



### Box 29.3 Branding – the new myth of marketing?

We seem to be inundated, from time to time, with marketing fads. These are usually fragments of some concept that, in other contexts, worked fine. But then marketers, seeking new nectars to enliven the dulled palates of accountants, lawyers, consultants, and other professionals, take these little segments and grow them to fit preconceived notions. Now the word is *branding*. Very hot. Articles. Seminars. Branding merchants. And soon, another round of broken hearts and unfulfilled promises. Lots of gold going for the cloth, but the emperor is still naked.

Yes, branding is for real – sometimes – but not as it's being touted, and not as it's being sold to unsuspecting professionals, and not as it's being used by the beclouded and otherwise duped. Despite what the branding merchants are selling, it isn't name identification, and it isn't reputation, and it isn't positioning – all of which are valid, necessary, and different elements of a successful marketing programme.

Many years ago, in the early days of marketing for generic products, marketers discovered a keen reluctance by consumers to give up the more expensive products with names they knew and were used to – names they recognized and could relate to a quality that they perceived in the product. The perception was that the familiar names – brands – were better and therefore worth more, even though the perception wasn't necessarily true. In fact, there may be no real distinction between the different brands of the same product. But if the customer *perceives* a difference in his or her own mind then the concept of branding really works. Truth told, a brand is *an attitude built on a perception*.

*In brand marketing, the marketing effort is dedicated to imbuing a product – and ultimately, its producer – with those distinctions, real or imagined, that give the brand substance, validity, and acceptance.* For the product, it might be said that establishing a brand is the ultimate aim of marketing. People go out and ask for the product by brand name, and will accept no substitute. Can this be done for a professional service?

- The value of the brand exists not in the product or company, but in the customer's mind. This value is measured beyond the usefulness of the product (or service) to include perceptions of "quality", consistency, reliability, and simply getting one's money's worth. It would be easy to dismiss the concept of a brand as an intangible, except that tangibility is irrelevant. To the customer with a specific brand of choice, the brand is very tangible.
- There's a difference between *reputation* – even a favorable one, with great name recognition – and a *brand*. The reputation may serve as a backdrop for receptivity for other marketing efforts, but other marketing efforts there must be. Reputation and name recognition are not the same as the array of perceptions and emotional attachments that consumers have for a brand. Subtle distinctions, perhaps, but very real ones. Everybody, including those who don't hire accounting firms, knew PricewaterhouseCoopers (then Price Waterhouse) by name, because they did the highly visible Academy Awards for years. But without a great deal of marketing activity that seems almost irrelevant to the name recognition, PricewaterhouseCoopers might not have gotten another client.

- Branding for professional service may very well be different from branding for a product. Which is not to say that there isn't some viability in branding for a professional service. But different it is, and therefore harder to do. Ultimately (and except for very large or specialized firms), people don't usually buy a firm – they buy an individual service or an individual accountant or lawyer or consultant whom they believe has the specific expertise to address their needs or problems.

But wait a minute. A major factor in successful branding for products is consistency. You can choose one brand of toothpaste over another because you know that the next tube of that brand you buy will be the same as the first one you bought. Can you say that about a service? Is the last deal you structured for a client, or the last bit of advice, going to be the same as the next one? Of course not. And in many cases, the specific service is performed only once for each client, unlike the tube of toothpaste, which is bought over and over again. The question, then, is will the service be performed for one client in the same way as it was performed for another? In view of these differences between a product and a service, how, then, can you have a brand name for an accounting or law or consulting firm?

In fact, you sometimes can, but only if some clear distinctions are made – and acted upon:

- In professional services, an entire firm is rarely capable of becoming a brand name, in which all of its services are accepted and preferred on the strength of the firm name alone. Name recognition helps, but only to serve as a backdrop.
- A firm's specific services, on the other hand, can be developed as a brand, but only if certain steps are taken. And those basic steps may just be a starter.
- The specific service must have a name that distinguishes it. Pricewaterhouse Coopers' *Change Integration*, for example. It defined its specific approach to company reengineering. The emphasis is on approach – on process. This is an important distinction in branding for a professional service.
- There must be a sense of consistency in performance of the service – a track record, a methodology, an implied or real manual of performance that suggests that, like the tube of toothpaste, the next time you hire the firm to do that job it will perform for you in the same satisfying and successful way as it did for someone else the last time it performed the service.
- The brand can be established only with the full force of marketing. That means clearly defining the service, advertising, public relations, direct mail – the full marketing arsenal. And the marketing activity must be as consistent as the service. Nothing is as fragile as a brand value. If it's not constantly sustained and polished, it quickly tarnishes, diminishes, and dies.
- It seems quite possible that a service for a firm that becomes a brand may well share an aura with other of that same firm's services – but not without strength in those other services.
- Of all the things a brand is, what it isn't is a reputation, a niche, or a position. And if you try to build a marketing programme without understanding the distinction and the realities of the differences, you might just as well burn your money. At least you'll enjoy the light of the flame.



On the face of it, it would seem that the concept of branding may be useful for only the largest firms. Quite possibly, if for no other reason than the cost of promoting a service for brand identification. But the beauty of marketing, and the joy of it, is in finding ways to imaginatively transcend the obstacles.

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## Professional publications

**Books for managers.** Writing books to be read by managers, or as reference works, has become increasingly popular among consultants. Some recent publications based on experience and research in management consulting firms have become bestsellers, and their impact on promoting new business has been strong.

The promotional effect depends on the nature and quality of the publication. The reader must be impressed by the author's innovative approach to topical management problems, and conclude that his or her company might also benefit from such ideas and experiences. Finding the right publisher is equally important. Publications that just repeat the same old stuff using new words may bring in a few not very sophisticated clients, but will have little effect in the long run. Writing a really good book is an extremely difficult and time-consuming exercise, and those who say that every management consultant should try it are bad advisers. Yet if you feel that you have enough to say, do not hesitate!

There is a considerable need in many developing countries and in economies in transition for original management publications reflecting the real problems and experience of local business practice. There is also a need for publications providing practical and balanced advice on when and how to apply various new concepts and techniques, which may be useful in certain conditions, but tend to be oversold by their authors and vendors even to companies with different conditions. These are real and continuing challenges and opportunities for management consultants.

**Articles on management and industry topics.** Writing an article presents certain advantages over a book:

- The article can focus on a specific, rather narrow, topic (e.g. an interesting development in a sector served by the consultant, or an intervention technique that has helped several clients).
- The time required to write an article is relatively short.
- The readership base will be much larger if the article is published in a widely circulated newspaper or journal.
- Articles can be distributed easily and quickly through your own or other Web pages.
- Many busy managers do not read books, but do glance through articles on topics of concern.

To arouse the interest of potential clients, articles must address important topical issues. Articles based on successfully completed assignments, outlining the approach taken, the changes achieved and the benefits to the client, are particularly useful.

The choice of the medium is key. Neither the general public nor the academic community is the primary target. We therefore recommend:

- professional, business and trade journals, which are normally read by a wide management public (e.g. a consultant who wants to be recognized as an authority on road transport management should be known as an author by the readers of trade publications on transport in general, and on the road transport sector in particular);
- business and management pages and supplements of important daily and weekly newspapers;
- local newspapers, in particular those read by the local business community;
- publications of trade and employers' associations;
- the consultant's own Web page and Web pages of associations, information agencies, research firms and others, where managers would normally look for new information.

**Occasional papers and pamphlets.** Both existing and potential clients appreciate it if a management consultant shares with them some knowledge and experience through technical and information papers, guides, reports, briefs, pamphlets, checklists and other materials. These may deal with a relatively narrow and specialized topic, but must be of direct interest to the recipient. You should therefore choose a topic of concern to managers, providing suggestions and guidelines tested by experience. You do not have to divulge all your know-how, which constitutes your competitive advantage, but you must be prepared to say something significant if the material is not to be viewed as trivial publicity. Papers informing managers and/or specialists about the state of the art in their field, or about trends likely to affect the business, are particularly welcome.

**Newsletters.** A newsletter is a periodical publication whose purpose is to keep its readers abreast of developments in their field of activity on a regular basis. A management consultant can choose between a newsletter devoted entirely to news from a sector or trade, and one that also gives news from his or her consulting firm (completed projects, research done, new services started, publications, senior staff appointments, and so on). If the area covered is well chosen and the newsletter handled professionally, it can become a highly regarded reference service, used as essential information by many subscribers. Several special-focus newsletters launched by professional firms have achieved this standard. Here too, the Internet has made it easy and much cheaper to distribute newsletters. It has also increased the temptation to produce newsletters with little meaningful content.

All publications should include a reference to the consulting firm to which the author belongs, with some information on the firm and its services, and (if

they agree to it) on client organizations from which the published experience was drawn.

## Relations with public information media

Public information media, such as the press, television and radio, are constantly looking for information of interest to their audience. Management consultants possess, or can help to gather, organize and present, some of this information – for example, on developments in business and finance, impact of technological developments on factory and office work, new energy-saving techniques, or the likely impact of trade policies on investment decisions.

Quite a few consultants have found it beneficial to keep in touch with the media and to collaborate with them. Editors and other media people often have to meet tight deadlines, and need quick help from well-informed, trustworthy and reliable sources. They want information in a format suitable for immediate use. A consultant who understands and can respond to these requirements can expect to be quoted as a source or technical authority, or be invited to give an interview. This is likely to have a much greater promotional effect than costly advertisements in the same public medium.

Being responsive to media requirements does not mean refraining from taking any initiative. Once you understand how the media operate, the kind of information they are looking for, and how it should be presented, you can suggest topics, or directly offer a piece of news or a story, to your contacts.

News or press releases are intended for wider distribution to the media, and some consultants have had good experiences with them. A news release describing something interesting you have done in an area on which media are keen to report can be most welcome and may be used by several media; or the media may get in touch with you for further information.

Some media people have a distorted picture of management consultants and look mainly for sensational information on them (e.g. on assignments that ended up as complete failures, or on exorbitant fees charged for substandard work). Caustic articles with this kind of information appear from time to time in newspapers and business journals in various countries.

It is counterproductive to react aggressively or arrogantly. Even exposing the facts may be difficult because of issues of confidentiality or other factors. Helping the media to do their job, and demonstrating a professional approach in dealing with them, is the best way to change their attitude to management consultants.

## Seminars and workshops

Management seminars, round tables, conferences, workshops, executive briefings and similar events have become popular marketing tools in management consulting. Usually a consultant invites managers to attend a session on a topic of concern to them, for example, how to handle industrial relations under new legislation, what is happening in international money



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markets, or how to apply new computerized information systems. The consulting firm may invite external specialists as speakers, but it is essential that its own professional staff should make a presentation to demonstrate that the firm is fully up to date and has developed interesting practical applications. If possible, work recently undertaken by the firm should be described, showing the benefits derived by clients. However, it is essential that participants perceive the seminar as a direct help to them and not merely as an exercise in selling.

There is no one best way of organizing a seminar. You have to consider whether it is better tactics to offer it as a free service to all clients, selected clients, potential new clients or a wider public; or to charge a relatively high fee; or to charge only for the meals and printed materials provided. A seminar may be arranged by the consulting firm alone, or in collaboration with a management centre or institute, a local chamber of commerce, or a trade association. It should be brief, and the time and venue must be convenient.

If the underlying purpose of a seminar is to market the consultancy, the participants should be potential clients. Ideally, you would use a selective mailing list and invite decision-makers from organizations likely to need assistance, or to be looking for opportunities in the areas that will be discussed. You will have to assess the probability of response (which may be 5–20 per cent, depending on factors such as the topic, the reputation of your firm and the speakers, the quality of the mailing list and the managers' propensity to attend seminars). It is better if invitations look personal.

In agreeing to attend, managers express interest both in the topic and in your expertise. They may be potential clients, and their names should therefore be carefully noted. Discussion with them can start at the seminar, e.g. in small groups built into the agenda or through individual contacts. While some of them may continue to talk with you after the seminar, or may ask for an appointment, you will also have a focused list for future contacts. It may be useful to call two or three weeks after the seminar, and offer to meet to discuss their specific problems in greater depth without any immediate commitment. This may open the door for new assignments.

Many consulting firms also run open training programmes, and some of them have even established special training departments or institutes. This is a direct client service whose prime purpose is skill development, not marketing. Participants do not have to come from existing or potential client companies. However, the marketing effect of these programmes can be significant. Some participants may decide to apply what they have learned and ask for the consulting firm's help. Others leave the programme with an awareness of the firm's areas of know-how and its performance in the field of training. They are likely to remember this when choosing consultants in the future.

Generally speaking, the graduates of all training programmes should be regarded in the same way as the consultant's former clients. They know your firm and if the training programme was useful to them, they will have a favourable image of you. Demonstrating that you care for them, providing them with useful

information, and contacting them selectively may create opportunities for identifying and discussing new consulting assignments.

## Special information services

The promotional effect of special information services can be similar to that of seminars and newsletters. A consulting firm that becomes a recognized authority in a particular area of information vital to decision-makers can use its information services to promote consulting work. A periodic information report can include references to the firm's consulting services. Responses to individual enquiries can mention and describe other services. If the information received is of value to the clients, many of them will also be interested in other technical services offered by the same firm. Conversely, if information is superficial, fragmented and haphazard, clients are unlikely to seek other services.

## Management and business research

The role of research in consulting is growing and this trend has significant marketing implications. In seminars, articles, newsletters and other marketing instruments described in the previous paragraphs, the consulting firm may choose to report on its own research, or on research done elsewhere but applied in the firm's products and services. "We have researched and identified the critical factors determining the effectiveness of production systems" is probably a more convincing marketing message than: "We have long experience with improving production systems." However, potential clients may want to learn more than that you are research-minded and use research to widen and update consulting services. You should therefore be willing to share some significant findings of your research with the business community and other potential clients.

## Mailing publicity materials

Probably every consultant has thought about mailing publicity materials at some point. Many consultants reject the idea, because they feel that this so-called "cold contacting" is a waste of time and money. Those who use it include both some well-established firms and newcomers to the consulting business.

It is essential to have a good mailing list. Some consultants prefer to draw up the list themselves, using information on organizations in the sector they want to serve, e.g. on small firms in a given district likely to be experiencing maintenance or cash-flow problems. Alternatively, it may be possible to purchase a focused mailing list from a trade association or a special firm.

Only well-chosen and properly designed materials should be mailed. They may include information brochures and leaflets on the consulting firm, information sheets and reports on new services, annual activity reports, reprints of articles, samples of newsletters, and similar. There is no point in flooding managers with paper; they receive too much publicity material anyhow. The

materials sent should therefore be succinct and brief, and should give the potential client meaningful technical information, demonstrating the consultant's unique approach and knowledge of the business, and describing work recently undertaken. This should be supplemented by a short description of the consulting firm and profiles of its senior staff.

### The manager's professional and social activities

It is in the interests of management consultants to socialize with managers and be regarded as belonging to management and business circles. This will make the consultant visible to a number of potential clients, who may well prefer to deal with a person known to them from professional and social contacts rather than with a stranger. In the same way, the consultant will also get to know bankers, lawyers and other professionals who may recommend him or her to their own clients.

Many consultants are members of management associations and similar voluntary membership bodies, local, national or international. They give talks at meetings (often for free) and serve on committees or working parties. They exhibit "relaxed initiative" – interest and availability – but should not overdo it by being so active that their behaviour becomes annoying or suspicious. A single practitioner has to consider in how many events he or she can afford to participate, while a large consulting firm can be represented by various staff members in several organizations.

Private social, cultural and sporting activities also provide opportunities for informal contacts which can generate new business. More than one consulting project has had its origin on a golf course!

### Voluntary social work

Organizations involved in social work and community development are badly in need of members and advisers with administrative and management know-how. While their technical problems may not be the most sophisticated ones, helping them is often a rewarding social experience.

Voluntary social and community service gives a visible social dimension to the consultant's image, and also helps to establish contacts with managers and business people who engage in these activities.

### Directories

In most countries, various directories of professional services exist and many of them include sections on management consultants. In addition to the consultant's name and address, a directory would normally also indicate areas of competence, using either standard terms and definitions chosen by the publisher of the directory, or a description provided by the consultant concerned.

It is unlikely that a potential client would select a management consultant solely from a directory listing. However, a directory may be used for establish-



ing a shortlist of consultants, or for checking and completing information on them. If your name is not listed, a potential client may wonder why it is not. It is therefore advisable to be listed in directories that are well known and have a good reputation. This includes membership directories issued by professional consultants' associations. It is not necessary to be mentioned in every directory.

If the "yellow pages" of the area telephone directory include a section on management consultants, you should make sure that your firm is listed.

## Responding to enquiries

The use of any of the marketing techniques discussed above can at some point lead to an enquiry by a prospective client. In some instances, people may be directly invited to make an enquiry (e.g. as a follow-up to a seminar they attend). These enquiries can cover a wide range of topics, including general questions on business and management, sources of information, profile of the consulting firm, work for other clients, or problems faced by the client making the enquiry.

Any such enquiry can be another effective step towards new business, or can spoil the emerging relationship and turn a potential client away. This risk is particularly high in large consulting firms, if the person contacted (who may be a telephone operator, but could equally well be a professional) is unable to put the client in touch with the right colleague, or to react properly to the enquiry.

It is useful to bear the following in mind:

- if you advertise, write articles, speak at conferences, etc., you can expect enquiries;
- resources should be made available for handling enquiries (people appointed, time reserved, answering machines installed to record enquiries in the consultant's absence);
- every enquiry should be handled with utmost courtesy and patience and at the right level (a well-informed client can be discouraged by a poor answer from a clerical assistant or an uninformed junior associate; a company manager will expect a reply from a partner or other senior consultant);
- enquiries that cannot be answered immediately should be handled in the shortest possible time;
- responding to enquiries involves marketing tactics – that is, considering how far to go: merely answering a question, showing interest in the client organization, offering a meeting, or similar;
- in certain cases the consultant will have to decide how much to reveal (it may well happen that a client could try to turn an enquiry into a free consultation);
- if you offer through your Web page to respond to enquiries, you must do so even if you feel that this will generate no new business;
- enquiries should be recorded in clients' files and suggestions for further follow-up should be made as appropriate.

## Location and standing of office facilities

A happy medium needs to be struck between the prestigious image of a professional service and the economy of its operation. The right address is usually close to the sources of business. This tends to locate a firm in or near the financial or commercial quarter of the capital city or a major industrial centre. However, a good address is likely to be expensive and the consultant must be able to afford it.

The business-like appearance of the offices, the reception area and the meeting rooms where visitors are received is equally important. Consulting firms should show clients that they use up-to-date office equipment and elegant but sober and functional furniture, and have efficient internal administration. Exhibiting excessive luxury may impress a few clients, but will discourage most of them, who will quickly conclude that they will be paying for the beauty and comfort of your office facilities. Owners and managers of small firms in particular may feel uneasy in offices that are too unlike their own working environment.

## Name and logo

Although many consultants are unaware of it, public relations experts consider that the firm's name and logo have a definite role in communicating an image to the public and to potential clients.

If the firm's name is well known and has become a part of its goodwill, it should not be changed, even if it no longer has a real meaning. A new firm, however, can consider alternative choices.

**Names of persons.** Naming a firm after the founder, owner or main partners is very popular in professional services. It is useful to know who has the key role in the firm. If a consultant is successful as an author or conference speaker, potential clients can easily see his or her association with a professional practice of the same name. On the other hand, there can be some confusion. It may be difficult to maintain a clear distinction between professional and private activity undertaken under the same name.

A quick perusal of lists of important accounting and consulting firms shows that names of persons (founders or main partners) prevail in their titles. To use a person's name is not recommended if it sounds awkward in the consultant's cultural environment, or if it can evoke bizarre associations.

**Activity area.** To name a firm according to its activity area (e.g. International Marketing Consultants, Road Transport Management Services) is another possibility. Such a name should be carefully chosen:

- it may become too restrictive if the consultant enters a new area (e.g. adds new fields of transport to road transport); this has happened in many consulting firms;
- it may easily lead to confusion if it is too general and if several firms in the same business community use similar names (Resource Planning Services, Resource Management Associates, Strategic Planning Services, etc.).

**Acronym.** It is useful to think of the firm's acronym: the original full name of many professional firms has long been forgotten and the acronym has replaced it completely.

**Logo.** The logo of a professional firm does not have the same importance as in mass advertising of consumer goods, but it can play a useful role in reminding clients quickly that a message is coming from a particular firm. A logo can be used on letter headings, business cards, newsletters, reports, publicity materials, and printed and visual advertisements.

## 29.4 Techniques for marketing consulting assignments

Every consultant prefers clients to come to him or her. Yet many consultants, in particular newcomers to the profession, would never get enough work by merely waiting for potential clients to come. They have to find clients and market assignments to them. The main techniques are reviewed in this section.

### Cold contacts

Cold contacts are visits, letters or telephone calls initiated by a consultant to try to sell a service to a potential client. A lot has been said and written about these contacts. They are generally regarded as the least effective marketing technique and some consultants never use them. Yet they are still used, and newly established consulting firms may be unable to avoid them.

*Cold visits* (unannounced) are least suitable. Managers resent being disturbed by unknown people for unknown reasons. In some cultures, however, this is acceptable.

*Cold mailing of letters* is a slightly better technique. Its purpose is not to sell an assignment, but to present the consultant to the prospective client and prepare the ground for a further contact, to follow in two to three weeks.

*Cold telephone calls* have the sole purpose of obtaining an appointment with the client. They also allow the client to ask questions before deciding to receive or visit the consultant.

The effectiveness of cold contacts can be increased by observing certain rules. First, the prospective clients have to be properly selected. They must be target organizations, identified by research on the potential market, and the consultant must be convinced that he can do something useful for them. He should work out a list of addresses or, if he decides to buy one from an agent, he should screen it before using it.

Second, cold contacts require technical preparation. The consultant should learn as much as possible about the organization to be contacted. The worst thing that the consultant can do is to exhibit flagrant ignorance of basic facts about the client's business in the first conversation. Letters worded in general



terms, or giving a lot of detailed information of no interest to the prospective client, should be avoided. Instead, individualized letters should be written showing the client that the consultant has something specific and relevant to offer. A telephone call also needs preparation to be effective. Some consultants have checklists for preparing and constructing the conversation over the phone.

Third, the consultant should aim to get in touch with the right person. In many (but not all) organizations it should be the top executive. A cold letter should be addressed to him or her personally. In calling by telephone the consultant should try to speak with the "target person", aiming to do so at a time of day when he or she is not too occupied. Busy executives generally do not return calls unless they have a reason to do so. Therefore, if the consultant does not reach the target person, it is generally not worth while to leave a name and number, hoping that the call will be returned. Rather the consultant should call again at a moment suggested by the secretary.

A normal sequence in cold contacting would be (i) a letter, (ii) a telephone call following up on the letter and asking for an appointment, and (iii) an appointment with the client. To reach this third step does not guarantee a new assignment, but does increase the possibility of getting one.

## Contacts based on referrals and leads

If a consultant "puts referrals to work" as discussed in section 29.3, there is no doubt that most contacts with new clients will take place thanks to referrals and leads. These occur in various ways:

- the prospective client asks for a meeting;
- the consultant is introduced to the prospect by a mutual business friend or acquaintance;
- the consultant gets names of potential clients from current clients.

The fact that the consultant has been recommended, or can use referrals likely to influence the prospective client's attitude, creates a favourable atmosphere for negotiating an assignment. The prospect may know a great deal from business friends and the discussion can quickly pass from generalities to specific issues. The consultant should find out how much information the client already has, to avoid repeating the obvious and omitting to provide information that the new client needs.

If the client wants no more than information, the consultant should not insist on negotiating an assignment immediately. Experience will teach the consultant how far to go in such situations. For example, he or she may suggest another contact in which the discussion could be pursued, and prior to which he or she could look at and comment on – without charging a fee – some data on the prospect's business. Or the consultant can provide detailed descriptions of assignments carried out for clients whom the prospect knows and respects. Such a contact should be followed up by a telephone call after two to four weeks. If the prospect has lost interest, the consultant should not persist.

In a similar vein, consulting firms that organize management seminars often make follow-up contacts with participants to find out whether they would be interested in a consulting assignment. An approach in several stages, as described above, should also be applied in these instances.

## Responding to invitations to submit proposals

In certain cases new contacts with potential clients can be made in response to a published announcement inviting consultants to present a technical proposal for executing a project. As a rule, the client will be a public agency or, less frequently, a private organization that has chosen to apply a formal selection procedure.

In such a situation the client has not only identified himself, but probably has a fairly precise view of what has to be done. The client's own technical services, or an external consultant, will have undertaken a preliminary investigation and developed the terms of reference of the project. This description would be made available on request.

Frequently the selection procedure is in two steps:

- in the first step (preselection), consultants who are interested are invited to contact the client and provide a *technical memorandum* on their firm's profile and relevant experience; those retained are included in a shortlist;
- in the second step (selection), the shortlisted consultants submit *technical proposals* (tenders, offers), which are then examined and selected as described in section 7.4.<sup>4</sup>

Projects thus announced are often large and financially lucrative, and whet the appetite of many consultants. However, before a firm decides to tender, several factors ought to be considered and relevant information carefully examined:

- the prospect may already have a shortlist, or even a specific firm in mind, when starting the formal selection procedure;
- several important consulting firms may be interested in the job and competition will be tough;
- one or more firms may already have done considerable preparatory work and a great deal of marketing;
- the preparation of a technical memorandum and of a good technical proposal is time-consuming and costly (a fairly detailed diagnostic survey, including several visits to the client organization, may be needed before drawing up a proposal); this work is done at a loss by those who are not chosen and sometimes its cost is not reimbursed even to the winning firm;
- the selection procedure may be long, the consultant may be asked to submit additional information, reconsider some of the terms, rewrite proposals and pay several visits to the client; therefore he or she should not be in pressing need of securing the job and starting it quickly.

If you decide to compete for such a project you should develop a tactical plan for winning it. For example, you may feel technically fully competent for the job but be unknown to the client. The question is: What can be done in a short time to become known to an important new prospect? Can former clients help? Is it possible to organize study visits to former clients for the prospective client's key technical staff? What else can be done without divulging confidential information? What can be done without breaking the rules governing the selection procedure?

### Marketing during the entry phase

The entry phase of a consulting assignment was described in detail in Chapter 7. In many instances the client will not give a final agreement to the assignment before having seen and reviewed a technical proposal based on a preliminary problem diagnosis. The entry phase cannot be regarded as successfully completed until the contract has been signed or confirmed by a verbal agreement. The implication is clear: the marketing of a new assignment does not end at the first discussion with the prospect, but continues throughout the entry phase even if some technical work on the new assignment has already started.

The marketing dimension of the whole entry phase cannot be over-emphasized. Whether there is competition or not, the consultant should think of the marketing effect of everything he or she says and does in the first meetings with the client organization, in the preliminary diagnostic survey, in formulating and presenting the proposal to the client, in giving price quotations, in formulating the contract and in suggesting how to staff the assignment.

## 29.5 Marketing to existing clients

There are two groups of existing clients – those for whom a consultant is currently working (current clients) and those for whom he or she has worked in the past (former clients). In all professions, firms try to keep their clients and to sell further services to them. In management consulting, this strategy results in an impressive amount of repeat business, which in some firms attains 75–80 per cent of all work. Box 29.4 shows that the cost of marketing efforts is not a negligible factor.

### Marketing during assignment execution

It has been stressed many times that marketing to existing clients starts during execution of an assignment. It includes:

- being alert to any sign of the client's unhappiness or apprehension concerning the approach taken, the progress made, the costs incurred, or the behaviour of the assignment team;



**Box 29.4 The cost of marketing efforts: an example**

In a medium-sized German consulting firm the average size of an assignment is about US\$100,000. The records show that getting an assignment from a new client requires seven to eight days of marketing effort (including a study of client conditions, making contacts, drafting proposals, negotiating, etc.). On average, the firm manages to win one of three such prospective new contracts. Hence, some 21–24 days have to be spent to generate US\$100,000 of new work and one new client. In contrast, to get US\$100,000 of business from an existing client requires about three to five days of focused marketing effort.

The initial marketing effort needed to obtain a new client is costly. In most instances, the first assignment will be done at a loss. This can be justified (i) if you get a good client, (ii) if you are good enough at obtaining repeat business by marketing to existing clients, or (iii) if you need a new client because you are diversifying services to new sectors, countries, etc.

Winning new clients while losing existing clients is a luxury that few professional firms can afford.

Author: Karl Scholz.

- keeping the client fully informed about the progress of the assignment and examining all potential problems and difficulties with the client as early as possible;
- keeping eyes open for further client needs and opportunities (beyond the scope of the current assignment) and mentioning these to the client in an appropriate way;
- fully demonstrating to the client that you care about him or her and will spare no efforts to provide a service that is valuable according to the client's, not the consultant's, criteria;
- resisting any temptation to extend the assignment beyond necessary limits in order to increase your current earnings.

## Cross-selling

Cross-selling is a popular though controversial concept in current professional practice. It involves using established contacts and activities in one service area (audit, financial consulting) to sell other services (strategy consulting, engineering, legal advice) to the same client organization. As a rule, two or more units within a consulting firm or group are involved.

The relationship between auditing and management consulting is often mentioned as a good example of cross-selling. Some audits point directly to deficiencies or underutilized resources, and a consulting service is then offered to remedy these. Or the approach may be more subtle. If there is a good

relationship with the client in audit or another area, this can be used for establishing contacts in another sector of the firm's services, hoping that the existing relationship will ease the negotiation of assignments in the new sector. In some cases it is the client who takes the initiative to avoid a time-consuming search for a new supplier of professional services.

Arguments in support of cross-selling include:

- maximizing the value of current client relationships;
- the possibility to reduce costs both to the client and the consultant since the two organizations already know each other;
- achieving synergy and enhancing benefits to the client through better coordination of different services provided to one client.

Cross-selling has also been vigorously criticized from various perspectives:

- it constrains choice, especially if, because of excellent relationships in one area, the client feels obliged to use the same firm for different services;
- the client may end up using services of a lower quality (and possibly more expensive) than if an independent selection had been made;
- in some professional firms the various service sectors collaborate poorly and are not motivated to do a good marketing job for another sector of the firm; if they cross-sell when working with current clients, they do so reluctantly.<sup>5</sup>

Obviously, the separation of auditing from consulting, which has gathered momentum since 2001–2002, reduces the opportunities for cross-selling in the professional service sectors considerably, but does not eliminate them completely.

## Marketing to former clients

A “former” client in our conception is not a lost client, but one for whom the consultant has done some work in the past. Satisfied former clients often return to their professional advisers:

- if they have high respect for their technical competence and their continuous efforts to be up to date;
- because they enjoyed working with a particular person and/or firm;
- to avoid or simplify a selection process and have work carried out promptly.

The obvious assumption is that the client has some work in the former consultant's areas of competence. Some clients do come back by themselves, without any effort on the part of the consultant. More of them come back if the consultant includes them in his or her marketing efforts. There are no special techniques for marketing to former clients and the consultant may well be able to choose among those reviewed in the previous two sections. On the one hand, it may be unnecessary to repeatedly send basic and general information, since

the firm is already known to the client. On the other hand, it is useful to send new information and ideas, demonstrating that the consulting firm is constantly developing and improving its client services, and confirming continued interest in former clients' business.

Occasional personal contacts appear to be a good form of marketing, provided that they (i) are well prepared, (ii) show the client that the consultant follows the client's business and is aware of the client's changing needs, and (iii) are made at a proper level of managerial responsibility on both the client and the consultant sides.

The last condition does not mean that junior professionals should not be doing follow-up work with former clients. It may even be very effective to involve new people in the relationship, thus showing new faces and new competencies to the client. However, junior consultants should probably talk to different people, and about different matters, than the firm's partners or principals would do.

## 29.6 Managing the marketing process

It is probably not an exaggeration to say that, in an increasingly competitive environment, effective marketing has become one of the key success factors in professional firms. Therefore it is not enough to state a few principles of marketing, hoping that all staff members will apply them. The marketing process has to be managed by the firm's top management, not as a separate function, but as a process and an approach that is fully integrated with everything the firm does – staff development and promotion, partner and staff compensation, organization and supervision of operations, quality improvement efforts, and so on. Marketing strategy is the central point of the firm's corporate strategy.

### Marketing audit

An established consulting firm that seeks to improve its marketing should start by reviewing and assessing its current marketing practices. A marketing audit is a useful diagnostic approach for this purpose. It can be a totally self-diagnostic exercise if the firm feels capable of examining the various aspects of its own marketing, including public relations and the effect of advertising. If not, specialists in the marketing of professional services or in public relations can assist. They may be useful, for example, for interviewing clients and collecting information from other external sources in order to provide unbiased information for comparison and benchmarking.

Generally speaking, the audit would:

- examine the past and current business promotion and marketing practices (organization, information base, strategy, techniques, activities, budgets and costs) and assess their contribution to the development of the firm;



- find out how marketing is understood and practised within the firm by various units and consultant groups and what is their motivation for marketing;
- compare the findings with the marketing approach of direct competitors and other consultants;
- consider what changes in marketing will be desirable in order to meet new requirements and exploit new opportunities in the market;
- suggest how to make marketing more effective.

The benefits of a marketing audit reach beyond marketing as such. It can identify new potential areas of business, suggest new sorts of client services, reveal gaps in the firm's technical competence and staff training, and make many other practical suggestions. It can, in fact, serve as a first step to examining overall strategy and applying strategic management systematically.

## Organizing for marketing

Marketing requires organization. Virtually every member of the consulting staff has some role to play in marketing, and consultants on assignments can do a lot of good marketing if they keep their eyes open and think of future business for their firm. Yet some formal organizational arrangements for the marketing function are also necessary.

**Marketing manager.** Whatever the size and complexity of the consulting firm, its management team should pay considerable attention to marketing. Marketing strategy will normally be discussed and decided on by senior management. If possible, one member of the senior management team should be appointed marketing manager. This can be a full-time or part-time function.

The marketing manager is concerned with the marketing function in its totality and is responsible for preparing and submitting key market analyses, strategies, programmes and budgets. Certain marketing activities will be his or her direct responsibility, e.g. training policy for marketing, advertising, press relations, mailing lists, and editing and distributing publicity information. He or she may have a small technical and administrative team for these functions. Other marketing functions and activities are not the direct responsibility of the marketing manager, but he or she has to monitor, evaluate and stimulate them in collaboration with other managers.

**Roles in indirect marketing.** Roles in indirect marketing (aimed at building up the professional image of the firm and creating opportunities for contacts with new clients) are normally shared throughout the consulting firm and assigned to units or individuals who can use their skills to best effect. The purpose is to optimize the use of individual capabilities: not everyone is able to write a book or article that will promote the firm. The roles have to be clearly defined, e.g. it should be determined who will be active in what management or trade association, or who will be delegated to attend a management congress.

**Roles in direct marketing.** Direct marketing of specific assignments is normally the function of partners or managers, who would spend 30–100 per

cent of their time in contacts with individual clients, building up new relationships, trying to sell an assignment, negotiating a preliminary diagnostic survey, or following up previous work.

In some consulting firms these senior professionals are full-time marketers. They may not be the firm's top technicians, but their social, diagnostic and selling skills make them an invaluable asset. They are the firm's "rainmakers". However, many consulting firms prefer to switch the roles, e.g. by making the successful marketers also responsible for the management and supervision of assignment execution.

Direct marketing requires excellent coordination and follow-up by senior management and/or by the managers of sectors and geographical areas within the consulting firm. Uncoordinated contacting of the same client by different units of one consulting firm can damage the firm's image. Conversely, there are many opportunities to achieve synergy within consulting firms by actively sharing information on potential clients and assignments, and by keeping the interests and the possibilities of the whole firm in mind when working with particular clients.

## Marketing programme and objectives

A marketing programme or plan defines the consultant's marketing objectives, strategy and measures to be taken in putting the strategy into effect. A written marketing programme makes clear what is to be done over a definite period of time, what resources are required and what contribution to the total marketing effort is expected from individuals or units within the firm.

The objectives of marketing should clearly express what is to be achieved by marketing efforts over a definite period of time in both quantitative and qualitative terms:

- *quantitative objectives* may indicate the market share to be attained and the volume of new business to be generated from existing and new clients;
- *qualitative objectives* concern, for example, the desired positioning of the consulting firm in the clients' minds, or the need to find more challenging work.

The objectives are to be achieved some time in the future – say in one, three or five years. This underlines the need to place all analytical and strategic considerations in a time perspective. For example, most of the techniques of indirect marketing used to build up a professional image take time to make any impact and have to be treated as an investment in future business.

It is not enough to define marketing objectives at the firm's level. Consulting and other professional firms often stress that every member of the firm should try to get new business, without, however, explaining what this requirement means in the case of each individual, and how he or she should go about it. Junior consultants in particular often feel perplexed, since they have generally received no training in marketing, lack information on the firm's current marketing efforts and have little or no time to think about marketing.

## Mix of marketing techniques

The mix of marketing techniques has to be consistent with the firm's existing and desired professional profile, image and market penetration, on the one hand and its personnel and financial resources, on the other hand. The optimum mix is influenced by so many factors in every consulting firm that it is impossible to give other than general guidelines. Experience tends to show that:

- It is usually preferable to combine several direct and indirect marketing techniques (reinforcing each other if possible).
- Techniques with which you feel uncomfortable or for which you lack resources should not be used, e.g. if you do not perform well in front of an audience, do not try marketing through seminars.
- Although regarded as least effective, cold contacts (personal, by mail or by telephone) are used by many consulting firms (more often by small and young firms than by large and well-established ones).
- Newcomers to the consulting business cannot afford to wait until the market comes to them and have to use techniques that put them rapidly in direct contact with potential clients.

Suggesting that you should use the techniques that give the best results (in terms of new business compared with efforts made) in your particular case sounds like a platitude. Yet this is the main criterion to apply, not what your competitors or the "stars" of the profession do.

## Volume of marketing efforts

Reliable data on the volume of resources spent on marketing by various consulting firms are not available. The area of marketing is relatively new in professional services, and marketing practices are changing rapidly. Also, a great deal of indirect marketing can simultaneously be an income-generating activity (e.g. management seminars and information services for which the clients pay). Many single practitioners have to devote 20–30 per cent of their time to marketing. Some firms indicate that they spend between 5 and 25 per cent of their income on marketing. This figure is strongly influenced by the choice of marketing techniques – an advertising campaign in major business journals, for example, will be a costly undertaking.

## Planning the forward workload

The very nature of their services requires consulting firms to maintain a sufficient backlog of orders for several weeks or months ahead. For any consultant there is an optimum figure that provides a reasonable safety margin and still allows new jobs to start without undue delay. Some consulting firms consider a three-month backlog of work as ideal, while six weeks are regarded as a minimum. A backlog



exceeding three months implies that the order book is lengthening and some clients will be kept waiting longer for the consultant to commence an assignment. Many consultants do not attain the six-week backlog and are happy if they have work for three to four weeks ahead. This, however, is a small safety margin.

To maintain a satisfactory safety margin, the volume of new assignments, in terms of fee-earning days, negotiated in any period of time should be equal to the average volume of consulting work performed by the firm in the same period, plus a provision for required volume increase. This, of course, is theory, but it provides guidance for the firm's management. If the firm is selling at a rate below this figure, its forward load is decreasing or stagnating and there may be problems ahead.

In practice, the marketing of assignments and the planning of work have to be targeted. Ideally, the structure of the forward load should correspond as closely as possible to the relative numbers of consulting staff of different technical profiles. Clearly, it is easier to plan forward workloads for consultants who are relatively versatile and can undertake different assignments.

## Pacing the marketing effort

A steady monitoring of the forward workload helps to pace the firm's marketing effort in order to avoid both under- and overselling. There must always be, in the pipeline, a number of initial meetings with prospective clients, follow-up visits to former clients, management surveys for preparing proposals to clients, assignment proposals in preparation or other marketing events. If these marketing events are not generating a normal number of new assignments, it may be necessary to allocate more of the staff's time to marketing, or to examine the effectiveness of the marketing approach used. Some firms use the ratio: accepted proposals/submitted proposals. If the ratio drops, say from 1:3 to 1:5, this is a signal that the firm's tendering policy and work quality in drafting, submitting and negotiating proposals needs to be examined.

A sole practitioner must also watch the forward workload carefully. Although she would normally allocate some 20–30 per cent of her working time to marketing, she may be tied up full time and intellectually absorbed by a longer assignment, thus risking not doing enough to prepare for future work. This must be avoided. If the consultant prefers to give all her regular working time to a current client, she must put in more hours to meet new prospects and do some marketing.

## Applying the CRM approach in consulting firms

Focused and effective marketing requires systematic and consistent work with information concerning the client base. This is a key component of the consulting firm's knowledge management, or working with its "customer capital", a concept used to stress "the value of an organization's relationships with the people with whom it does business".<sup>6</sup> Box 29.5 gives a checklist of the kind of information that can be useful in marketing and that is worth collecting, updating and utilizing.

### **Box 29.5 Information about clients**

Information kept in client files (card index, computer files, or similar), which are normally established for all clients, past, current and prospective, should include:

- the client's name and address; names of key owners, managers and contact persons;
- key business information on the client (or an indication of files and sources where this information is available);
- information and tips on the client's likely future development and changing needs;
- summary information on past and current assignments, including the consultant's assessment of these assignments (and a reference to assignment files, reports and other documents containing detailed information);
- information on past contacts with the client (what contact was made, by whom, with whom, and with what result, who knows the client best and can share tacit information on the client);
- information on other consultants who have worked, or tried to work, with the client, and with what results;
- suggestions concerning future contacts and future assignment opportunities (e.g. who else in the client organization might be interested, what new work might be proposed to the client).

Put in other terms, the customer relationship management (CRM) concept, recommended by many e-business and marketing consultancies to their clients, is also of interest to the consultants. A large multidisciplinary consultancy involved in a wide range of assignments, contacts, project proposals, tendering procedures, preliminary enquiries, information requests, etc. may well think of using special CRM software to monitor evolving client relationships and changing opportunities, with a view to improving client services, enhancing cross-selling, coordinating and integrating service offerings, and raising assignment profitability.

As part of their staff competency inventories, some consulting firms also record information on the marketing capabilities of staff members (including special characteristics such as languages, club membership, good and bad experience with certain types of client, and similar) and use this information in choosing who should market to particular clients.

In a small firm a simpler and less structured system would normally suffice, but before concluding that memory and tacit knowledge are all that is needed to manage client relationships, it may be useful to have a closer look at the client base (customer capital), the numbers of assignments, other client and prospective client contacts, staff turnover and client information lost with every staff departure. This may demonstrate a need for a CRM approach.

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<sup>1</sup> See W. Wolf: *Management and consulting: An introduction to James McKinsey* (Ithaca, New York, New York State School of Industrial and Labor Relations, Cornell University, 1978).

<sup>2</sup> D. Maister: *Managing the professional service firm* (New York, The Free Press, 1993), p. 111.

<sup>3</sup> See *Print advertising* at [www.accenture.com](http://www.accenture.com), visited on 4 Apr. 2002.

<sup>4</sup> For a detailed discussion of the procedure see M. Kubr: *How to select and use consultants: A client's guide*, Management Development Series No. 31 (Geneva, ILO, 1993), Ch. 4.

<sup>5</sup> See also the comments made in V. E. Millar: *On the management of professional service firms: Ten myths debunked* (Fitzwilliam, NH, Kennedy Publications, 1991), pp. 5–14.

<sup>6</sup> See T. A. Stewart: *Intellectual capital: The new wealth of organizations* (New York, Doubleday Currency, 1997), p. 77.