Why You May Not Be Truly Differentiated

By Suzanne Lowe

The most common assumption I discover among firm leaders is that strong growth is associated with clients’ understanding of how a firm’s services are different and better than those of the firm’s peers.

The truth is, your firm may be growing because the economy is strong, the industries you serve are expanding, and you have good relationships with clients in those markets. Whether you’ve actually differentiated yourself may not be known until the next marketplace shift.

As many firms embark on their annual strategic planning cycles, now is a great time to ask whether your firm is appropriately pursuing differentiation.

Presented here are the five most common ways consultants fool themselves into concluding (falsely) that their services are actually differentiated in the minds of clients. If any of these common pitfalls sound

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Why Passing on Peer Reviews Could Cost You

The sentiment echoed by firm leaders in the last few years has been “a return to basics.” The fast-growing years of the 1980s and 1990s bred an era of complacency in which it was all too easy to take client and staff relationships for granted. This decade has seen many firms return to the core business practices that may have slipped over time.

However, the one area on which firms have been slow to refocus is the quality control peer review, according to Alex Zabrosky, a top Chicago-based legal advisor to consulting firms.

A formal audit should:

• Compare what has been promised to the status of the deliverables (i.e., what’s realistic and what’s not);
• Manage the project from the point of view of the contract (i.e., due dates and limits to the engagement to prevent scope creep)

The profession has gotten disorganized over the years. In the spectrum between disorganized peer reviews and organized policies, the pendulum needs to swing back toward taking more care of how firms manage

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Attrition Woes Could Threaten IT Recovery

As CN predicted in July, voluntary attrition has continued to climb among the world’s largest IT consulting firms, adding operational challenges to an already sluggish market.

Across a sample of leading public IT firms, the average attrition rate spiked to 23% in the most recently completed quarter, up from 18% in the first quarter and 19% in the

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Five Signs You’re Not Truly Differentiated (Continued from page 10)

is underway with an internal diplomacy campaign including a re­
presentation of facts and research, and the gathering of new evi­
dence that the original strategies were correct.

5. Your firm’s founders expect overnight results, but
invest only in the promotion of today’s intellectual
capital. You feel the funding for differentiated and
well-branded intellectual capital is inadequate to
achieve real marketplace gains.

Evidence you’re not truly differentiated: In planning ses­
sions to develop a differentiation strategy, you and your firm’s
leaders start looking for reasons that your firm is different today.
Well, forget it. In 99 out of 100 cases, instant gratification and
differentiation are incompatible bedfellows, especially when it
comes to a philosophical agreement about what “differentiated
intellectual capital” really is, and whether it exists in a firm today
or has to be built as part of an ongoing brand promise. True dif­
ferentiation takes time. You may not see results for months. Rest
assured, though. The minute you begin to build a robust differen­
tiation platform, you’re already leaps and bounds ahead of your
competitors. Don’t give up.

Case in point: A respected organization performance consult­
ing firm is well known for producing research and then following
that with heavy press relations efforts to promote its findings.
But internal leaders disagree about which goes first: the horse
(funding strategic differentiation and branding efforts for intel­
llectual capital that the firm will sell in the future) or the cart
(promoting today’s research findings representing undifferenti­
ed intellectual capital). Questions abound about how to spend
the firm’s limited marketing dollars appropriately. Meanwhile, the
CFO wonders why the firm is not bringing in the expected re­
vances for the year.

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familiar, you should rethink your dif­
ferentiation strategy.

As you rethink your strategy, there
are a couple of firms with which you
might want to compare your own.

In the increasingly commoditized
HR consulting market, The Segal
Company has pursued clear corpo­
rate strategies to support its differ­
entiation. Founded in 1939, this ben­
efits, compensation and HR consult­
ing firm has carved out – and held –
a competitive edge in serving non­
profits, government entities and
multi-employers.

Recently it has begun executing a
savvy segue further along the “institu­
tional” trajectory, into higher
education. Segal’s pursuit of well-tar­
ged niches, creation of specialized
service offerings, and deep
relationships with influencers in trade
associations and professional groups
each provide a great illustration of
digging deeper into differentiation.

Not all firms can rely on an almost
70-year history. For newer or more
quickly evolving firms, Accenture is
a good example of one that has rad­
ically changed its branding and dif­
gerentiation in a very short amount
of time.

When Accenture went public in
2001, outsourcing was not a big
enough piece of its business to war­
rant even a mention in its tagline.
Just five years later, the firm gener­
ates more than half of its revenue
from outsourcing. In fact, the firm’s
name didn’t even exist prior to its
massive $175 million global adver­
tising blitz (which included a 2001
Super Bowl ad).

Accenture has continued to do an
excellent job of linking its corporate
branding strategies to its differen­
tiation platform (including the Tiger
Woods sponsorship linked to the
media message: “Go on. Be a
Tiger.”).

But uncertainty in its business
strategy can create differentiation
challenges. Over the years, Accentu­
ture has flirted with a strategy con­
sulting practice, appearing at times
to place big bets in the strategy
consulting arena, and at other times
seeming to retreat.

Now it appears that Accenture is
moving into strategy consulting again.
It’s no surprise that industry ob­
servers and potential clients are won­
dering how these moves will fit with
the firm’s differentiation strategies.

As the market evolves, every firm
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should commit to reviewing whether its differentiation strategy is still unique.

A good first step is to do some homework about the on-going changes in your marketplace, your clients' business environments, and the market direction of your competitors.

Make the case that differentiation is a competitive necessity and that the results will outweigh the effort. Cite case studies, revenue gains, and examples of real firms' enduring marketplace leadership improvements that resulted from developing strategically sound and future-oriented differentiation strategies.

The bottom line: Look for something your firm can do that isn't already being done elsewhere in the marketplace (and not so easily that it will be copied instantly), and that will offer your clients compellingly attractive value. This is where true differentiation should be built.

Once you've figured out where real differentiation can be created, take a look at the operational implications of your intended differentiation strategy.

If your firm has no plans to change or revise its internal operations, go back to the differentiation drawing board. Start at the most internal processes and protocols of your firm, and begin plans to become differentiated there.

Staying undifferentiated is, unfortunately, all too common. Human beings naturally resist change until they see a compelling reason to move ahead.

Failing to act can hamstring current growth and cause you to lose significant market share when the economy inevitably slows again.

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*Suzanne Lowe is president of Expertise Marketing and author of Marketplace Masters: How Professional Services Firms Compete to Win.*

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