

Marketing Professional Services

EDWARD W. WHEATLEY

HOW TO APPLY MODERN MARKETING

MARKETING PROFESSIONAL SERVICES

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Library of Congress Cataloging in Publication Data

Wheatley, Edward W., (date)

Marketing professional services.

Includes bibliographical references and index.

1. Professions—Marketing. I. Title.

HD8038.A1W48 1983 658.8 82-10190

ISBN 0-13-557462-5

Editorial/production supervision by Kim Gueterman

Cover design by Diane Saxe

Manufacturing buyer: Ed O'Dougherty

© 1983 by Prentice-Hall, Inc., Englewood Cliffs, N.J. 07632

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Printed in the United States of America

10 9 8 7 6 5 4 3 2 1

ISBN 0-13-557462-5

Prentice-Hall International, Inc., *London*

Prentice-Hall of Australia Pty. Limited, *Sydney*

Editora Prentice-Hall do Brasil, LTDA, *Rio de Janeiro*

Prentice-Hall Canada Inc., *Toronto*

Prentice-Hall of India Private Limited, *New Delhi*

Prentice-Hall of Japan, Inc., *Tokyo*

Prentice-Hall of Southeast Asia Pte. Ltd., *Singapore*

Whitehall Books Limited, *Wellington, New Zealand*

FOREWORD

The last 20 years have brought significant and permanent changes to nearly every profession. Certified public accountants, architects, health care specialists, attorneys, engineers, consultants—all have been affected. If you are a practicing professional, you have had to adjust to these changes to survive and prosper. If you are relatively new to professional practice, these changes will shape your current practice and future potential.

How has the environment of the professional changed? Quantum leaps in knowledge and technology have outmoded former practice methods and techniques. Staying current, learning, adapting, changing, even pioneering change are ever-growing responsibilities of the modern professional. Regulations, accountability, and liability demand increased vigilance and control over the quality and consistency of our work. Competition has intensified—no longer can most professionals hang out their shingle and assume the clients will be standing in line. Today, clients are better informed and more demanding than they used to be. Their level of expectation is high. Long-term client loyalty must be nurtured and protected, never taken for granted. When all of these changes are added to shifts in the economic, social, cultural, political, and international environment, the scope of change is almost revolutionary. Change has not only been dramatic, but dynamic as well—coming upon us at ever increasing rates.

How have professionals and professional firms coped with these fundamental changes? Unfortunately, some have not done too well, trying to stay afloat on the

good ship “tradition” not realizing that the hull is beginning to fill up with water from the waves of change. The more astute professional has adapted by “professionalizing” practice management and using many of the modern management practices that are used by commercial firms. This is a healthy development for both the client and the professional. After all, professional talent is a resource. Like other resources, its use must be planned and managed to yield maximum return. For a professional, of course, “to yield maximum return” is to serve clients knowledgeably and effectively. The application of modern marketing management techniques to the professions is a natural evolutionary development in practice management. *Marketing Professional Services* is an important addition to modern practice management.

The benefits of this book can be direct and immediate. It begins with a brief, yet thorough, introduction to the field of marketing, what it is, how it is done in the commercial arena, how product and service marketing differ. After you’ve finished Chapter 2, you’ll be ready to test yourself and your firm as to your marketing strengths and weaknesses. It will help you to determine whether you are using the marketing revolution to your advantage, or are you already losing ground to your competitor. Ed Wheatley offers you a self-administered marketing professional services audit, which you will find not only challenging, revealing, and instructive, but will also serve as a springboard for your leap into the modern world of marketing.

Next, the book gets down to cases. Step by step, it provides a structured approach to developing your own marketing plan. Each chapter is enriched with concrete suggestions and examples based on actual professional and organizational experience. I’m sure you’ll see yourself or your colleagues reflected in many of the situations presented.

In addition to its content, several features make this book particularly useful to professionals. Because of their own training and disciplines, professionals can more fully appreciate its philosophy, breadth, actionability, and adaptability which make it a thoroughly practical and versatile guide.

Philosophy. This book reflects Ed’s—and my—firm belief that in marketing, as in all other areas, professionals need not and should not engage in unethical practices. We can effectively and aggressively market professional services with both dignity and high regard for professional ethics.

Breadth. No matter what your professional field, this book’s managerial approach helps you evaluate your current marketing efforts and provides the tools to better integrate marketing into your practice management system. It is flexible enough to adapt to whatever your field of professional practice happens to be.

Actionability. From the marketing audit through the development of a written communication program, you’ll be able to use the material in your everyday practice activities.

Adaptability. This book offers suggestions for professionals and firms in various stages of marketing development. Whether you are just entering practice or are part of a large, successful firm, *Marketing Professional Services* can help

improve your client service and retention, market your services to potential new clients, strengthen your firm's organization, and provide guidelines for improved profitability.

Norman S. Rachlin, CPA
Managing Partner
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Coral Gables, Florida

PREFACE

HOW WILL THIS BOOK HELP YOU?

The professional service marketing program and techniques presented in this book can be applied and utilized in your practice and firm to increase your “top line” and your “bottom line.” Of course, client service and satisfaction come first. But in order to maintain and improve service and quality, your practice must grow. Your professional gross income (top line) and your net profit (bottom line) should show steady improvement. This book will show you how to achieve that objective. It is not a book of theories. It is a book that will take you step by step through the application of modern marketing to your professional activities. How will you benefit by reading this book?

- You’ll be up to the minute in the rapidly developing field of professional service marketing.
- You’ll take a candid, revealing, and instructive self-administered diagnostic test that will pinpoint areas of weakness in your client development and retention activities.
- You’ll learn what steps should be taken to bring modern marketing into your practice.
- You’ll be given a step by step formula to follow that shows you not only what to do, but how to do it.

As you study and adopt these proven methods and techniques, client retention, development, and profitability will improve. Present clients will note the positive changes in your image and practice. That wonderful perpetual motion machine of recommendations and referrals will be put into motion.

What are the challenges and opportunities for you in professional service marketing? Chapter 1 defines modern marketing and the marketing concepts underlying professional service marketing. You'll learn how and why successful consumer and industrial product firms have made marketing an integral part of their operation. In other words, you'll learn how professional marketers market.

Adjusting modern marketing techniques for your service environment. Chapter 2 shows you how to translate the success of modern marketing from the manufactured product marketplace to the professional service environment. The key differences are pinpointed for you and their application enriched by examples.

How effectively are you marketing your professional services? In Chapter 3 you'll take a candid, comprehensive, and revealing diagnostic test—I call it an MPS audit. This self-administered exam will pinpoint your weaknesses and strengths in professional marketing. This is an eye-opening experience for professionals and professional firms.

How can professional service marketing be integrated into my firm? By now you'll be considering several specific actions. Chapter 4 presents alternative ways to organize the MPS function. Evaluative criteria are presented to help you select the best formula. Now you are ready to proceed. But how do you put all the pieces together in a complete, systematic, and controllable formula? The remainder of the chapter provides the answer. It lays out a complete, practical, and proved planning formula step by step.

Now that you have a planning formula to follow, subsequent chapters show you how to "fill in the blanks" by developing your own MPS plan. These chapters not only tell you what to do, but are filled with tips, examples, and recommendations covering scores of topics, including competitive positioning, strategy and tactics, client specialization, selecting a logo, institutional and competitive advertising, preparing advertising that sells, personal communication, proposal and report preparation and presentation, image building, community relations, publicity, and fees.

A PERSONAL NOTE

I'm a marketing person—pure and simple. I'm enjoying a career timing pattern that puts me in the thick of the developing field of professional service marketing. My education, experience, and interests have made it possible to apply the principles and practice of modern marketing management to the rapidly changing, challenging, and exciting professional environment. As a university professor and practicing consultant, I also consider myself a professional. I will readily admit to one philosophical bias: Professional service marketing can and should remain "professional." We don't have to hide our light under a bushel. We don't have to be stodgy. We can

inform and persuade effectively while maintaining professional dignity and respect for the intelligence of our current and prospective clientele. It is my sincere belief that this book will help you achieve that result. At the same time you, your associates, and your clientele will benefit from a growing and financially strong professional practice.

ACKNOWLEDGMENTS

Many persons and organizations played a role in the development and production of this book. Walter Beran, former partner in charge of client relations, Ernst & Ernst and currently vice chairman, West Coast Region, Ernst & Whinney, provided early career opportunity and experience for the author in the professional arena. Norman S. Rachlin and Stanley L. Cohen, founding senior partners of Rachlin & Cohen, CPAs, provided invaluable insight and input. Harry Payton and Richard Rachlin (Payton & Rachlin, PA), Richard Lyons (Lyons & Smith, PA), John Tramontine (Fish & Neave), Don Feldman and Chuck Levey (Feldman, Abramson, Smith, Magidson, and Levy, PA) all provided exposure and experience in the law firm environment. The Florida Institute of CPAs and the Dade County Chapter of CPAs were extremely helpful. Zeljka Bilbija contributed an architect's perspective.

Ted Jursek, my Prentice-Hall editor, assisted greatly with guidance, patience, and substantial input. Production editor Kim Gueterman fine tuned the manuscript. Graduate research assistants Patricia Bright and Jim Johnson diligently and creatively assisted in manuscript research. Deborah and Gary Jones typed and revised the manuscript with due allowances for the author's handwriting and deadlines. Carol Ott, marketing staff coordinator, made the "final" corrections to the manuscript.

I especially appreciate the constructive criticism of manuscript reviewers. Finally, my deepest professional debt is owed to the scores of professionals I have worked with over the years in organizations, associations, seminars, conferences, workshops, and as clients or students.

I intend to keep learning.

Edward W. Wheatley

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CHAPTER 1

MODERN MARKETING : PERSPECTIVE AND CHALLENGE

Most professionals probably have a negative reaction when they hear the word “marketing.” Perhaps you are one of them. This negative bias toward marketing is usually an emotional reaction to generalizations and stereotypes the professional associates with marketing activities, not a reaction based on knowledge or experience. But today’s increasingly well-managed and competitive business environment makes this attitude not only inaccurate, but dangerously unproductive.

The purpose of this chapter—and of this book—is to permit you to examine your own understanding of modern marketing and to help you make a more objective appraisal of the potential role of marketing in the development and management of your own professional activities. You owe it to yourself, to your colleagues, and to your clients to develop this understanding, for the knowledge will prepare you to make a more informed decision about whether, when, and how the management of your professional activities should be broadened to include the marketing function. Fortunately, the field of marketing professional services has not developed in a vacuum; the function and field of marketing has grown and prospered over the last forty years. Today, marketing departments are found in consumer and industrial goods and service companies as well as in manufacturing corporations. About 50 cents of every consumer dollar goes to pay for marketing costs associated with products and services we all use. Fifteen to 20 percent of students in colleges and schools of business administration pursue degrees in the field. Hundreds of books

and thousands of periodical articles dealing with marketing topics fill business libraries. There are scores of professional associations in marketing and related specialties. Finally, marketing is no longer limited in its application to products or services. As we will see, the application of marketing has been expanded to include persons, places, politics, organizations, causes, and professions.

What does all this mean? Does it mean “they know something that we don’t”? Have manufacturing and service companies, political parties, celebrities, resorts, and other private and public sector organizations found a new way of conducting their affairs that works? The answer is simply yes, they have. Well-managed enterprises put every managerial concept to the test of fire. If an approach works, they use it. Marketing works. Now people in the professions are asking, *what is marketing?* Does the marketing approach have any value in the professional service field? The pages that follow will give you the basis for an answer.

I urge you, regardless of your impressions of the field, to let this book work for you. As a professional, your typical approach to a client problem is to listen and gather all available data relevant to that problem. You then evaluate this information carefully, and using your training, knowledge, and creativity analyze the client’s situation. Then you prepare and recommend a solution you feel is in the client’s best interest. As a marketing professional, I am simply asking you to be as good to yourself as you are to your clients. But before we discuss the application of modern marketing approaches to the professional service field, we need to develop a careful definition of marketing and find out what professional marketers do.

WHAT MARKETING IS— AND WHAT IT ISN’T

The field of marketing is broad and complex. Is advertising marketing? No. Is the use of discounting and other sales promotion and pricing gimmicks marketing? No. Is the use of personal sales representatives delivering carefully prepared sales presentations marketing? No. Is the conduct of client surveys marketing? No. The correct answer to these questions is that all of these activities—and many more—are *part* of a modern marketing operation. As consumers we are bombarded with persuasive communications varying in quality from highly informative and useful to misleading and annoying. Many of us equate these attempts at persuasive selling with marketing. The leading professional association in the field, The American Marketing Association, defines marketing as “. . . the performance of business activities that direct the flow of goods and services from producer to consumer or user.” Philip Kotler, a well-known marketing scholar and writer, defines marketing as “. . . that human activity directed at satisfying needs and wants through exchange processes.” Various authors in the field offer several additional versions of a definition.¹

However, perfect recall of these definitions doesn’t really provide us with an answer to the question, “What is marketing?” The reason is simple: It’s not possible to develop a quick and simple, yet meaningful definition of marketing that has any communicative power or utility. So, let’s move from the abstract

to the applied. Operating on the premise that marketing is what it does, we can say that a modern marketing department has five basic functions:

1. Understanding the needs and desires of current and prospective customers.
2. Assisting in the development of need- and desire-satisfying products and services.
3. Developing informative and persuasive communication flows between the marketing organization and the appropriate audiences.
4. Ensuring that the products and services are provided at the right time, the right place, in the right form, and at the best price.
5. Keeping the customer satisfied and loyal after the exchange.

How does the modern business corporation bring this definition to life? How do businesses do marketing? Let's briefly examine these five aspects of marketing and specifically identify how modern businesses get the job accomplished.

Understanding Customer Needs and Desires

Marketing research programs are conducted on an ongoing basis by modern corporations. These investigations take several forms. In-depth discussion, led by a skilled moderator and later carefully interpreted by experienced professionals, are generally referred to as *focused group research*. *Experimental groups* of past, current, or potential customers may be established and subjected to a variety of experiences. As in all experiments, the researcher is attempting to find some possible cause and effect relationships. *Observation techniques* might also be employed to film, tape, and/or count certain types of behavior which could then serve as inputs for decision making. In addition to focus groups, experimental research, and observation techniques, *survey research* is widely employed.

Research is conducted by internal research departments, external market research firms, and individual consultants. The ultimate objective of market research is to reduce the uncertainty and risk in deciding what products and services should be marketed and how they should be presented. It's important for professionals to note that consumer and industrial firms carefully analyze at least two dimensions of their market. Remember we talked about learning consumer wants and needs. A consumer may need an automobile to get to work each morning and to fulfill the basic need of transportation. This is clearly a functional requirement. Yet which car a consumer purchases will depend partly on the intangible and emotional aspects of the purchase. In the professional setting, a young father may need a will, clearly a simple functional requirement. Yet the satisfaction of emotional needs through all the stimuli provided by the law firm may determine whether he will become a long-term client and gradually expand his utilization of the firm's services.

How much do you really know about your clients? Does this knowledge extend beyond the scope of your limited professional involvement? It is ironic that the Burger King Corporation has devised elaborate consumer behavior models concerning how various market segments seek, evaluate, and patronize a fast food restaurant, while a large CPA firm may never have even considered making a system-

atic study of the composition of its current and potential clients or their perceptions of the functional and emotional aspects of the client-firm relationship.

Development of Need-Satisfying Products and Services

In industrial and technical firms it is common to find research and development departments. Their activities include everything from basic to applied research. What is learned in the lab is applied directly to the development of new products or services and the modification of existing offerings. In other firms, particularly consumer product companies such as Procter & Gamble, General Foods, and McDonalds, there are new product departments or product development departments. These marketing staff activities lead to new product and service development, modification, and/or deletion. The marketing staff relies on input from a variety of sources and specialists. With data developed from marketing research activities, the marketing department is in an excellent position to coordinate product and service development. Good product and service development, modification or termination decisions are most effectively made when the probable reactions of the market have been carefully studied.

Are you, as a professional, systematically evaluating your service offerings? On what basis do you or your organization make decisions to add, modify, or delete client services?

Development of Informative and Persuasive Communication Flows

Business firms need to make customers aware that their products and services exist. They do this through informative communication. This type of communication stresses product and service features, specifications, price, availability, terms of sale, and so on. In addition, firms seek to persuade customers to switch to their products or services, or to try a new product or service. In addition, persuasive communication seeks to maintain customer loyalty by reinforcing the purchase decision in a positive way. Business firms use four major types of communication to pursue this aspect of marketing: advertising, personal selling, sales promotion, and publicity. In addition, organizations engage in ongoing public relations programs directed at building a positive image with all their publics, not just with customers. These publics include employees, investors, suppliers, the financial community, the community in which the firm is located, regulators, and others. *Advertising* is the communication of a series of messages to a mass audience utilizing mass media (newspapers, radio, television, magazines). *Personal selling* involves the preparation and delivery of individually tailored presentations to an individual prospect or decision-making group in a potential client organization. *Sales promotion* refers to short-term and intensive activities used to spark interest and support ongoing promotional activities. *Promotions* familiar to most of us include special sales, grand openings, contests, games, demonstrations, samples, free trials, and couponing.

Unlike advertising, *publicity* is a nonpaid form of communication utilizing mass media. However, the communication is usually prepared and controlled by media personnel rather than the advertiser. To be worthy of this coverage, a firm's activities must have news value to some segment of the media's audience.

What do you do to make clients aware of your services? What promotional techniques have you employed to persuade potential clients to utilize your talents?

Delivering Products and Services

In today's competitive business environment, with so many satisfactory product alternatives available, price is becoming a more important decision-influencing variable. As the inflation rate continues to rise, even the more affluent consumer is becoming price conscious. Marketing specialists work carefully with individuals in the firm involved with the cost side of product and service development. These include both technical and financial specialists. It is the job of marketing to advise management concerning consumer's economic and emotional perceptions of price as well as probable competitive reactions to new pricing strategies. In a manufacturing firm, getting products to consumers involves the selection of a system of middlemen, including transportation, warehousing, wholesaling, and retailing institutions. Jantzen bathing suits do the manufacturer little good sitting in the California plant. The suits must be moved through channels of distribution and into retail stores throughout the country if the consumer is to have the opportunity to compare and purchase. In a service business such as Burger King, great attention is given to the selection and development of restaurant location, decor, staffing, and operations. The service system, which results in the speedy delivery of food products, is constantly evaluated and streamlined.

How are your professional fees set? What does a professional do to adjust fee structure to differing clients and competitive conditions? How often do you review your service system? What is involved in the location, decor, and staffing of your professional offices? How are location or expansion decisions analyzed?

Keeping Customers Satisfied after the Sale

We all have one thing in common. We are all consumers. As consumers, we each have scores of war stories to tell about the individual firms with which we have done business. This fifth role of marketing is probably the weakest link in the development of the field. Many marketing-oriented organizations seem more interested in adding new clients or making new sales than in continuing to satisfy existing customers. Unfortunately, consumer experience is often typified by the sign I saw recently hanging in the service department of an automobile dealership. It said: I'd like to help you out—which way did you come in?"

Maintaining customer loyalty through providing good ongoing service is a particularly demanding problem in the consumer and industrial durable goods field. Consumer appliance companies like RCA and Whirlpool pride themselves on the operation of their service departments. They see service as an extension of the