

## Stick to Marketing Strategies During Recession

The recession's impact on revenue realised by consultancies and other professional services firms has forced many to focus more resources on sales. In some cases this has resulted in a de-emphasis or redirection of other client-facing activities, including marketing. This move also can be characterised as a shift from long-term investments in marketing to shorter-term investments in sales, which may not be the best formula for sustaining the business.

Data from a recent survey conducted by Alterra Group indicate a link between how professional service firms set their marketing priorities and practices and whether or not their revenues declined during the past 12 months.

### **Short-Term Benefits, Long-Term Consequences**

Going into the survey, Alterra expected that some firms would be trying to rein in spending by cutting or delaying programmes and reducing headcount. This hypothesis was borne out by the survey results, and it is also reflected in Alterra's experiences with its own clients.

"We were also expecting to see people moving more toward a sales-oriented focus", recalls Bernie Thiel, a founding partner at Alterra Group. "Toward lead-generation that has a much shorter-term payoff, as opposed to some of the more longer-term, awareness-building kinds of programmes that they also use."

While this behaviour, to some de-

gree, is forced by the recession, businesses must be aware of the potential consequences. "Obviously a firm has to play to the market realities", admits Thiel. "If revenue coming in is a lot lower than it usually is, then it has to do something to address that." But he warns against turning off all of a company's longer-term projects. Such action could put the business at a disadvantage once the recession ends. "The company is reducing the overall awareness of its services among clients if it goes dark for even a little bit. That is not a good thing."

Smaller, lesser known firms and boutiques are more at risk. "If a smaller firm that relies on thought leadership to compete with the big guys turns off that spigot, it is shooting itself in the foot", says Thiel. "People know the Accentures and IBMs of the world exist, and they are not going to forget about them. If a firm is relying on outsmarting rather than outspending those competitors, it might be in trouble."

Thiel believes that these changes are not the result of insightful shifts in strategy, but rather reactions to the market downturn. And while they may make sense to executives focused on making the monthly or quarterly numbers, knee-jerk reactions that ignore well thought out marketing and sales strategies always are pursued at one's own risk.

### **Marketing Differences Between Winners and Laggards**

It is not likely that marketing styles

alone account for the varying performances of winners and laggards. But the ways these two groups approach marketing during the recession reflect some basic differences in mindset that affect business success.

A key disparity between the relative capabilities of the marketing professionals in different companies is their understanding of the markets and the industry. "In the winning firms, they are not just people who do PowerPoints and implement direct-mail programmes", asserts Thiel. "These are companies that have the kinds of marketers who can really help shape the substance of the content of their campaigns."

Leading firms also typically have consulting professionals who understand the value of marketing and what makes a compelling marketing campaign. They are willing to put the time and effort into developing that content.

"Even if a firm has a strong, experienced marketer in place, there is no substitute for professional insights", says Thiel. "They are out there working with clients day in and day out."

### **Leveraging Lower-Cost Channels**

Marketing also is being affected by a migration to lower-cost delivery channels. This trend perhaps is being accelerated by firms' need to reduce costs, but the shift began well before the economic downturn.

"We have seen a very definite shift

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toward digital-only distribution and away from mass printing of pieces and mailing”, reports Thiel. The use of social media channels, such as Facebook and blogs, will only increase as consultancies figure out how best to use them and measure their ROI.

There is currently much uncertainty among professional services firms about the appropriate use of these new channels beyond recruiting. “Why would a business executive want to follow a firm on Twitter?” asks Thiel. “Maybe they do, or maybe they will at some point. They are trying to shake that out right now.”

Another cost-saving “channel” for some consultancies is the public relations firm. “Based on what we have seen from some of the larger clients, the use of outside agencies is a very definite decision to reduce overhead cost”, says Thiel. “Many of the firms we work with do not even have marketing specialists anymore. They have marketing generalists who coordinate the efforts of the outside providers, and they also set the strategies and the plans. But they are coordinating companies like ours that provide writing services, graphic services, PR, and printing. They are moving headcount off of their books.”

Of course, the use of outside agencies is even more common in smaller firms. They do not have the budgets to bring marketing professionals on board, but they still need some of that expertise. So it makes more sense for them to get it on an opportunistic basis.

### Thought Leadership in Marketing

Given Alterra Group’s specialisation, it is not surprising that Thiel believes thought leadership is the best vehicle for marketing professional services.

“Expertise is what firms are selling. It is their product”, he says. “If they do not have strong intellectual capital, all the great packaging is never going to help them. Marketing needs to enable people to sample the expertise of the firm they are considering.”

The statement of a firm’s capabilities cannot be without substance. “There is a huge difference between proclaiming your expertise and proving it”, asserts Thiel. That is a key area in which his firm believes consultancies can do better. “We really push people to draw on their client experiences and the work they have done to prove what they have – in white papers, case studies, research

reports, anything they produce. If it is lacking that proof point that shows the approach, the thinking, and the expertise that can be put to work effectively and generate big benefits for clients, then the consultant is just one of 100,000 people out there saying they are really good, really smart, and can help companies.”

### Alterra’s Role in Thought Leadership Marketing

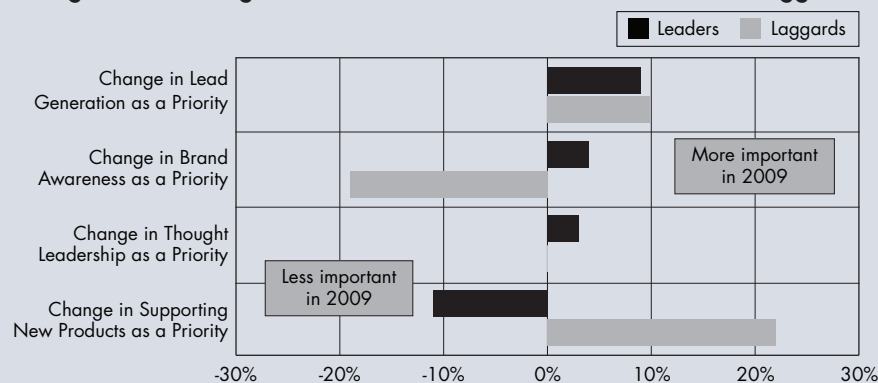
Acknowledgement that presenting a firm’s intellectual capital is a good marketing approach does not ensure that the job will get done. There are numerous roadblocks and distractions that prevent consultancies from developing the necessary materials. “It is a hard thing to do, because a lot of firms do not want to bother their clients for permission, or there is a competitive reason for not talking about a specific client project”, explains Thiel. “But we think there are ways around that so they can draw on that experience and use it as a proof point.”

In other cases, firms support the idea of creating more IC, but the resources with the experience are not available. Consultants need to be billable and on the road selling and delivering work. “Anything they do in this area is on their own time”, laments Thiel. “They have to be really willing and committed to doing that kind of work. I know for a lot of them it is a struggle. They are billing 60 hours a week and do not want to be spending their weekends writing white papers.”

There are other consultants who do not see the need to develop any additional material. “They think their ideas are great, their ideas were fully developed and compelling, and they do not want to work at it”, says Thiel.

These challenges for the firms create opportunities for Alterra Group

### Change in Marketing Priorities From 2008 to 2009, Leaders vs. Laggards



Source: *Lessons from the Recession: How to Mute the Impact of the Next Downturn by Investing in Marketing Intelligently Today*, Alterra Group

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to assist consultancies in developing and publishing well-designed, articulate marketing materials built on project experience and client impact. Thiel believes it is essential that the marketing materials demonstrate how effective a consultancy is. The presentation will ring hollow if there is no experience to back up the claims. “We get asked to write white papers all the time for companies. They will come up with an idea, we will talk about it, and I will ask where they have done this. How does it work?” If the firm responds that it has not yet used the approach with a client, it must realise that marketing the idea may not be effective.

“One of our biggest points of value for our clients is helping them to refine and hone their thinking and get what is in their heads on paper in a way that is logical and compelling and is going to connect with their audience”, says Thiel.

The need for Alterra’s services is, in part, driven by the size of a consulting firm. “The smaller and mid-size firms do not have the in-house skills and experience and the resources to be able to do the kind of things they really know they need to do”, says Thiel. “That even includes the basic blocking and tackling that they have to do.” Those kinds of firms may use Alterra as an outsourced marketing arm that provides

them with the assistance and tools required just to get their marketing programmes off the ground.

A larger firm may be better equipped to handle its own marketing, but sometimes there are inconsistent views regarding the strengths and weaknesses of the IC and its delivery. Thiel describes a survey on the

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– Bernie Thiel, Founding Partner, Alterra Group

subject of intellectual capital development and marketing that Alterra undertook in a large global consulting firm. Marketing heads in the consulting practices and the professionals leading those practices had different opinions of the quality of the consultants’ points of view and the effectiveness of the marketing activities. “The client was surprised to find there was a pretty large gap between the two groups”, reports Thiel. “The professionals thought the points of view and intellectual capital were really strong. The marketing people did not. Conversely, the marketing people thought the channels they were using and their activities were effective, and the professionals disagreed.

It was really illuminating for them, and it helped them identify where they needed to do some work to get everyone on the same page.”

### Changes Resulting From Economic Recovery

The economic recovery probably will prompt many firms to resume using some of the channels and programmes that they have cut or pulled back on. “Our survey indicated that a lot of them are going to return to events, and events are always seen as a very high value – a high return, but also a high-cost channel”, reports Thiel. “I think they are going to start to reuse or re-implement a broader mix of marketing activities.”

But despite increasing investments in some marketing activities, many firms are likely to continue using outside resources. “We might find that they are pretty happy with not having the overhead”, predicts Thiel.

As the recovery enables companies to resume their use of consultants, they are likely to reassess the marketplace and look at potential providers’ capabilities with a critical eye. Consulting firms will have to be ready with effective IC. “We no longer have to convince firms that they need to do this. We are not educating people anymore”, reports Thiel. “They get it. They know it is important. Now it is just a matter of making it happen.” ♦