



The eHuman Resource

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The Talent to Differentiate

By David Clapp, Partner with CarterBaldwin Executive Search

The business and financial consulting market has experienced seismic shifts in recent years. Several factors have played into the fast rate of change: continued economic uncertainty, companies in need of advisory services to run leaner and meaner, global regulatory change, and more aggressive competition between firms. Regional service firms are pushing up market. National firms are breaking the old rules, pushing down market and more willing to use price as a lever to win business. New firm starts, M&A activity in the space, and heavy movement of people between firms offers more options for clients.

Professional service firms are increasingly forced to become serious about competing. While clients are benefitting from the competitive forces at work, it also is more challenging for them to discern differences between the firms. This is a very real issue (or opportunity)—the need to differentiate. Without that, service lines become commoditized, price pressure creeps in and client loyalty can wane.

Much of the blurring between firms has occurred as they (wisely) took an opportunistic approach to the availability of talent as Andersen went away and the consulting practices of other firms were spun out. What emerged in many instances was a loose confederation of practice areas under an umbrella firm name. The organizations grow, but they look more alike as "one-stop shops." Remove logos and names, and it's a sea of sameness.

I hear two themes when I speak to managing partners and practice leaders: "we have the best people" or "we have more partner involvement at lower rates." These are not defensible, sustainable or unique positions for professional service firms to adopt. Speak to front line partners and the problem is magnified—many can espouse why they are great as individual practitioners but struggle to answer the question, "Why my firm." It would make me uncomfortable as a managing partner if my team only emphasized their particular specialty or ability over that of the overall practice.

Differentiation, positioning and branding are terms frequently heard in the halls of MBA schools and consumer-oriented product and services companies. While consumer marketing can't be holistically applied to service firms, the principles are transferable. Well-differentiated products and services yield revenue and margin growth and sustainability of clients. Unlike consumer products though, differentiation for professional service firms is all about the people. It is incumbent on firm leadership to verbalize the answer to the "why us" question, then ensure their people, culture, operating systems and pricing are aligned with that answer.

Every day, a firm's marketing machine—its people—needs to send clear, consistent messages to stakeholders about why they are different and better. Because of this, it is paramount that firm leadership gets its people right. They are not just hiring an agent to deliver services, they are hiring a marketing conduit that will allow the organization to stake out a position of preference.

Achieving alignment between the firm's desired marketplace position and the people who will take it to market requires great intention. The best reputation builders offer the complete package—a holistic business perspective that complements strong technical tax and accounting expertise, for example. Hiring for these professionals should be focused on four key areas of alignment:

- Do they have the skills and expertise needed to succeed and grow in the position?
- Are they a cultural fit, well-suited for the pace, cadence, social interplay and dynamics of the organization?
- Where are they on their professional trajectory and is there aspirational alignment?
- Do they elicit trust with you and others within the organization?

Opportunistic hiring can be great, but too many have approached this process with a mind toward short term revenue growth that is attached to an individual practitioner. Consulting service firms that do this will end up "commoditized."

For service businesses, positioning and differentiation are the first steps. At the end of the day, it is indeed a people business and the relationships that build to trusted advisor status with clients is crucial. Differentiation ultimately provides a backdrop for excellent practitioners to tell the whole story of not only what makes them unique as consultants but also why they are synergistic with the firm they are part of.

This alignment between a partner's specialty area, experience and wiring and that of their firm is the key that leads to revenue and margin growth and delighted, long term "sticky" clients. It completes the story of why the partner and the firm are a good fit for the client, and creates scalability for the firm beyond the individual partner's book of business.

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