

Service Consultancy Marketing Benchmarking Study

CONFIDENTIAL

Prepared for McKinsey & Company

And

Ogilvy & Mather Worldwide

Report sections

Overview of this study and Key Areas of Investigation	3
Benchmarking targets	4
Background	5
Key Findings and Implications for McKinsey & Company	7
Two Macro Service Models	9
Structure and Flexibility	11
Key Learning: Six Findings	12
Significant areas of evaluation:	
Physical-what is the organization and the process	13-21
Strategic Attributes-how firms think about Marketing themselves	22-23
Cultural Attributes- and Management Support of the Marketing function within the firm at-large	24-26
Success Attributes	27-28
Learning Snapshots	29
Misc. Advice	30
Exhibits:	
Select verbatim comments and excerpts	31
Text of complete interview with David Maister	59
Competitive Review-Desk Research	71

Overview of this study and Key Areas of Investigation

This study was undertaken to allow key management at McKinsey & Associates Consulting to best understand the "best practices and key learning" to be derived from how key professional services consulting firms market themselves. This study was undertaken in order to allow McKinsey to form a perspective on how best to inaugurate a Marketing function within the firm, if at all. In short, which set of models can McKinsey adopt, if at all, with a minimum of internal disruption and optimized effectiveness and efficiency. How best may this be achieved and if so, how should these components work?

The questions we sought to answer arose from the following interest areas:

- *What should the core structural model for McKinsey be, and with which positions and reporting structures? Etc. **(Physical attributes)**.*
- *What models for defining Marketing strategy, branding strategy and communications strategy for other strategic consulting firms are being used effectively around the world? To what extent can/ should these strategies be "global" and which "local"? How do you know when the Marketing is working? Etc. **(Strategic attributes)**.*
- *What are the Cultural components of how the intra-company Marketing function intersects or differs from the overall corporate persona. Etc. **(Cultural attributes)**.*
- *Are you successful in your efforts, and how do you know? What is key to do and to avoid? What is your next-stage and what could have been done better? Who among your competitors is Marketing themselves well? **(Success attributes)**.*

A reasonable review of competitive strategic consulting companies who are "tier-one" players was undertaken and reveals that most must have considered, resolved and implemented such issues and ways of doing business at some time (or indeed may be resolving them on a permanently on-going basis.....).

Specific firms were identified for purposes of approaching them for inclusion in this evaluation. Personal contacts of various types were used to: gain access to the right individuals within those targeted companies; gain their approval for participation in the benchmarking activity; submit the four page questionnaire; conduct the interview(s); and in some instances, record some or all of the interviews.

Key areas of Investigation-Which Companies?

At the on-set of this study, we targeted several key companies to interview. As the project got underway, we were not able to assess a majority of the desired targets within the necessary timeframe to delivery.

In fact, we were occasionally refused the opportunity to interview persons with responsibility for the marketing functions by some firms. This was due in large part to the importance of this very process to their business.

Many of the marketing leaders within the professional services firms play key global roles and are subject to extensive international travel. While this travel appears to be constant, it is particularly heavy at the time of year during which we conducted this study (Labor Day, and annual planning time).

The following companies were identified as ones we would like to approach:

Benchmarking focus

1. Andersen Consulting
2. Ernst & Young
3. PricewaterhouseCoopers
4. KPMG
5. Deloitte, Touche, Tohmatsu
6. Boston Consulting Group (BCG)
7. Bain
8. Booz Allen Hamilton
9. Goldman Sachs
10. EDS
11. Perot Systems
12. Diamond Technology Partners
13. Sapient
14. IBM Global Services

In addition we spoke to:

Sullivan & Cromwell, and Baker & McKenzie Law Firms
Smith Hanley and Heidrick & Struggles Executive Search Firms
Various Big 5 ex-employees
Kennedy Research
Jim Emerson
David Maister

Background

While McKinsey Consulting enjoys a sterling reputation within the top echelon of strategic consulting firms, and robust client relationships, globalization of, and consolidation within client and prospect companies have forced most professional service firms to reevaluate these forces and define how they market themselves. It is hypothesized that these factors have created new tiers of client and prospect contacts who may or may not be aware of the functions of strategic consultants, and how best to avail themselves of their resources. This study will seek to identify the various models now in use, understand their relative strengths and weaknesses, in order to help McKinsey & Company best understand the role and responsibility of a defined marketing practice if one were to be inaugurated within the firm.

The strategic consulting business is critical to client companies struggling to understand and manage the changes occurring in the global markets today. The demand for experienced, 'marquee' consulting practices is huge and opportunity-rich, but it is also fragmented and increasingly confusing for those charged with the proper selection and application of these firms to their specific situation.

The Marketing of a professional service firm differs from that of a tangible product in a number of ways, but especially so with the interface between the firm and the client being the product of the consultant or team servicing that client. That consultant and the organizational structure that enmeshes the client team within the provider-firm deliver the experience that will lead to client satisfaction or rejection.

In all reality no one ever hired a consultant as a direct result of an ad, brochure or a press release. People within companies hire consultants based upon reputation and perceived authority or satisfaction, rather than through marketing programs and slick packaging. They choose substance over sizzle. As a result, consulting firms increasingly need to engage in relationship and target marketing strategies and tactics which leverage the client's experience. Through the adoption of a 'customer touch-point' service perspective, the consulting firm will reinforce and support existing relationships as well as reaffirming the decision to do business with that firm to begin with. Increased customer satisfaction leads to continued business.

As David Maister so well stated "unless a firm's skills are truly unique, and unmatched by competitors, professionals are never hired because of their technical capabilities. Excellent capabilities are essential to get you into the final set to be considered, but it is the other things that get you hired." The prospective client is no longer solely interested in the institutional characteristics of the firm, but instead, is trying to form a judgment about it. In selecting a firm the client is not just buying a service but is entering into a relationship and trusting the hired firm to 'make the baby well'. Therefore the task becomes one of earning, and re-earning trust and confidence. The ultimate key to marketing professional service firms is the willingness to go beyond the task for the client and to truly and honestly aspire to help them.

There is no marketing tradition in the professional services arena and the concept of competition is one that has just begun to surface as these firms begin to market themselves. Differentiation among professional service firms is taking on a number of dimensions. While traditional marketing tactics such as golf tournaments, prospect seminars and advertising campaigns are being funded quite handsomely by these firms, it is imperative to realize that the importance of the client relationship experience is the single element of marketing that will best differentiate professional service firms from each other. The heart of the practice is not the consultant but rather the client.

Key Findings and Implications for McKinsey & Company

- Key is extending a Persistent, Low Key marketing approach more rooted in the fundamentals of Client Care, Perceived Authority, Availability, and Leadership to instill the client value proposition that will extend Client relationships over time.
- Key is the ability to truly care for the client and hold their well being as an ethos by which the firm conducts itself.
- Key is the development, as a result of this intrinsic value of the firm / client relationship, of an honest evangelism for the firm by those clients. In fact, the creation of evangelists for the firm, from among the individuals with whom you serve, within each client firm.
- This three-part front: Firm / Brand / Reputation attract quality people to work at the firm, as well as helping facilitate referrals while reinforcing the client decision in having selected McKinsey & Company for their assignments.

Ideal Structure for McKinsey & Company

- Key learning shows that the Marketing Function should be Integral to the functionality and environment of the firm itself. Be careful of emulating a mode where a sale is separate from delivery.
- Place a Relationship Marketing person or persons, on each client delivery team. This person should be cognizant of and skilled in the application of various strategies and tactics demonstrated to further relationships. This person may have a Relationship Marketing Background or background in Psychology.
- The Alternative model is that of Andersen Consulting, and IBM Global Services among others, where the marketing function exists outside of the delivery teams, and functions rather as a 'feeder' to sales.

Implication for McKinsey & Company: Many individuals interviewed cite McKinsey & Company, Bain and BCG as being the elite few who are admired for 'having it right'. That is, structuring marketing to assist the Partner in serving the client and honoring and advancing the client's best interests.

Two Macro Professional Services Marketing Models

- Organic 'Nurture and Grow' Process- Uses a closed-loop model wherein the Firm reputation is fueled and is nurtured.
 - This results in Client and Consultant Happiness, which feeds the Reputation.
 - Enhanced Reputation and Happiness produces Referrals.

Referrals result in New Opportunities and New
 - This helps attract and retain Quality People.
 - Consistent workforce and Quality People produce work which.....

Makes Clients Happy.

Two Macro Professional Services Marketing Models

- Sales Culture 'Cattle Herding' Approach-
 - Marketing drives outreach campaign which...
 - Drives Prospects to call, often induced by an offer of some kind.
 - These leads flow into a qualification scheme to segment according to action.
 - Sales process defines lead validity and proximity of need.
 - Prospects convert to clients.
 - Firm needs more sales oriented consultants to handle flow.

Structure and Flexibility

- The Integration of the Marketing function functions optimally as an Organic Process, adapting to contemporary nuances and permutations as the firm evolves over time and as marketing or client conditions change.
- Marketing frequently expands and contracts within many of these professional services firms and the Cycles are destructive as they:
 - Degrade the morale and productivity of those charged with the planning, executing or providing the marketing functions.
 - Devalue the real contributions that marketing can make to client relationships because of awkward structures and often, lack of client contact or feedback.
 - Causes the firm to question its structure and going to market strategies
 - Often employ short sighted or inappropriate metrics

Message for McKinsey & Associates: Cycles are disruptive. You don't need to put yourselves through them. Strategic Consultancies are seen as 'Rock-Steady'. Do nothing to dispel that sense of stability.

Key Learning's: Six Findings- Overall

- All firms interviewed acknowledge reformation of their internal marketing functions within the past six months in the hopes of making the functionality work better. No firm really feels they 'have it right' organizationally or operatively. The firms for you to benchmark against are those closest to you: Bain and BCG.
- The key role for the marketing function is in the cultivation and extension of the reputation of the firm and its' reality in the daily lives of clients. Relationships.
- Marketing is situational, not stable. Several firms interviewed expressed concern that finding the right delivery model was an iterative process, and that they were destined to undergo further change within the organization.
- Where proper fit is an issue, most firms subjugate Marketing to follow sales.
- From a client's point of view, it's not clear how much firm self-promotion is discounted. That is, the tangibility of expense vs... result is evasive and budgets are huge but constantly in question.

McKinsey & Company should consider offering a practice to help clients structure their own marketing function according to the 'Organic Model'. Most client firms today don't have the formula right from the start and suffer through a number of iterations till they find a model that provides temporary relief.

Physical Attributes

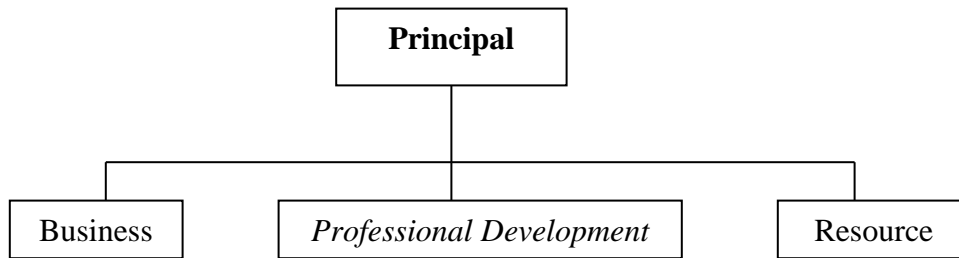
IBM Global Services Consulting

Each IBM consultant possesses a general base of consultancy skills and methodology while specializing in one core competency and one industry or sector. (Core competencies include but not limited to: knowledge management, change management, supply chain) Their consulting teams are made up of business, resource and professional development people who are lead by a principal that spends roughly 40% of the time billing, 40% selling and 20% managing. They see their competitive advantage as the ability to provide end to end global solutions (strategy, process and implementation). Their corporate client focus is on sectors such as finance, industrial markets, communications and retail distribution. They have a relationship with DeLoitte Touche Tohmatsu and generally do not attempt to compete with those consulting firms at the high end of the market.

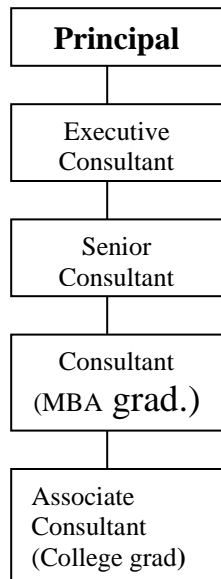
IBM has five levels of consultants: associate consultant (college graduate), consultant (MBA graduate), senior consultant, executive consultant, and principal.

In the UK 25% of the recruitment is at the MBA level, 60% are experienced hires, and 15% are "leaders". They recruit MBA graduates from 4 business schools: Cranfield, Warwick, London, and Manchester as well as through their own Web site.

IBM Consulting Team Structure



IBM Levels of Consulting



Physical Attributes, continued...

PricewaterhouseCoopers

Operates through more than 850 offices in 150 countries; however they will be cutting 1,000 jobs to lower administration costs. It is also dividing its consulting and auditing operations into separate units to assure auditing objectivity. They market themselves as global experts by writing books, sponsoring and hosting industry specific seminars not only in the US but across the globe. These seminars feature interactive panels with PwC experts and focus on industry strategies.

The employees of PwC are young – generally between the ages of 24 and 35. They employ 160,000 people and have 9,000 partners across the world. PwC had 1999 revenues of over \$17 billion with management consulting revenues accounting for nearly \$5 billion. As of February 2005, PwC announced that they are in the planning stages of "dis-aggregating" its business. The restructuring is designed to satisfy regulatory needs, client needs, and organizational aspirations. This plan includes retaining the audit, business advisory services, and tax practices under PwC. The management consulting, business process outsourcing, human resources consulting practices (renamed the UNIFI Network in May 2005) as well as certain corporate finance activities would evolve into one or more separate businesses that may or may not encompass publicly traded companies or new partnerships with other businesses.

PwC is also developing its incubator practice. They currently have over \$500 million invested in a new incubation program for startups in Europe, and is already involved with 50 Irish companies. Companies involved with this program may stay in it for up to a year and rather than charge fees, PwC plans to take equity in the participating companies.

PwC anticipates that its web site will be the most important marketing tool for engaging employees and clients. The company has plans to launch a series of 30-minute webcasts featuring PwC consultants and industry experts. PwC's intellectual capital can be accessed directly and customers and consultants can link up to conduct business on secure sites.

In its 24 market sectors, which are in turn divided into five clusters - **1.** Consumer and Industrial products, **2.** Energy, **3.** Financial Services,

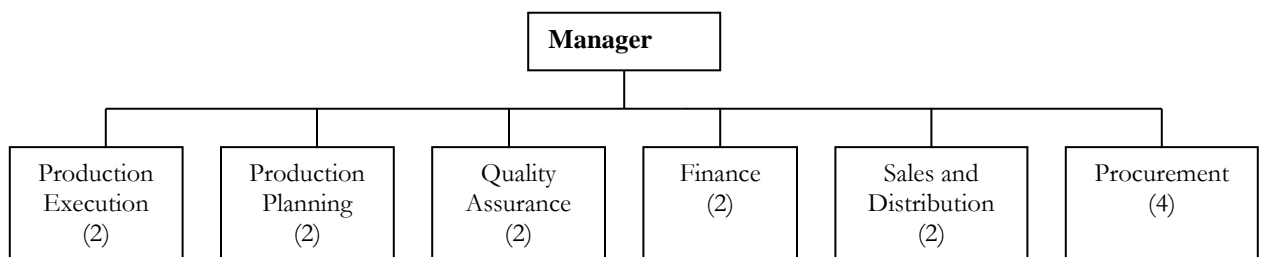
PricewaterhouseCoopers, continued...

4. Services Industry, and 5. Technology and Entertainment - PwC attempts to pursue partnerships and alliances to enhance its practice.

Their strategic partners include: Evisor, i2, Vignette, and Xuma. PwC also ranks as global strategic partner with Siebel Systems and a preferred Commerce One implementation partner. In June 2005 they added PeopleSoft and Vitria's Business Wire for their communications clients. In May 2005 they entered into an alliance with E.piphany to meet the needs of clients seeking customer relationship management solutions.

PwC usually works on projects through teams of 15 consultants that are separated into 7 sub-teams of 2 people, each specializing in a business area: Production Execution, Production Planning, Quality Assurance, Finance, Sales and Distribution, Procurement and Warehousing. The 15th member is the manager.

Pricewaterhouse Cooper Consulting Team Structure



Andersen Consulting

The Andersen Consulting Customer Relationship Management practice aids clients in developing a customer – driven enterprise, which results in profitable growth and customer equity. Andersen has been able to accomplish this through a breadth of skills and experiences in customer strategy, customer insight, customer interaction management, human performance and enterprise integration.

Andersen Consulting forms marketing teams around a horizontal and vertical matrix, where the marketing activities of the firm itself are aggressively pursued and managed. Horizontal engagement occurs as predominantly sales support activities.

Bain Consulting

Bain is centered on delivering four basic attributes that Bill Bain decided have the greatest impact on client business: Relationship Consulting; Data-Driven Analysis; Results delivered and Performance measurement. Around all of these, Bain built a climate of culture that was unique and had a very strong identity. A ‘single-firm’ culture and teamwork were the core values promoted at all levels of the organization.

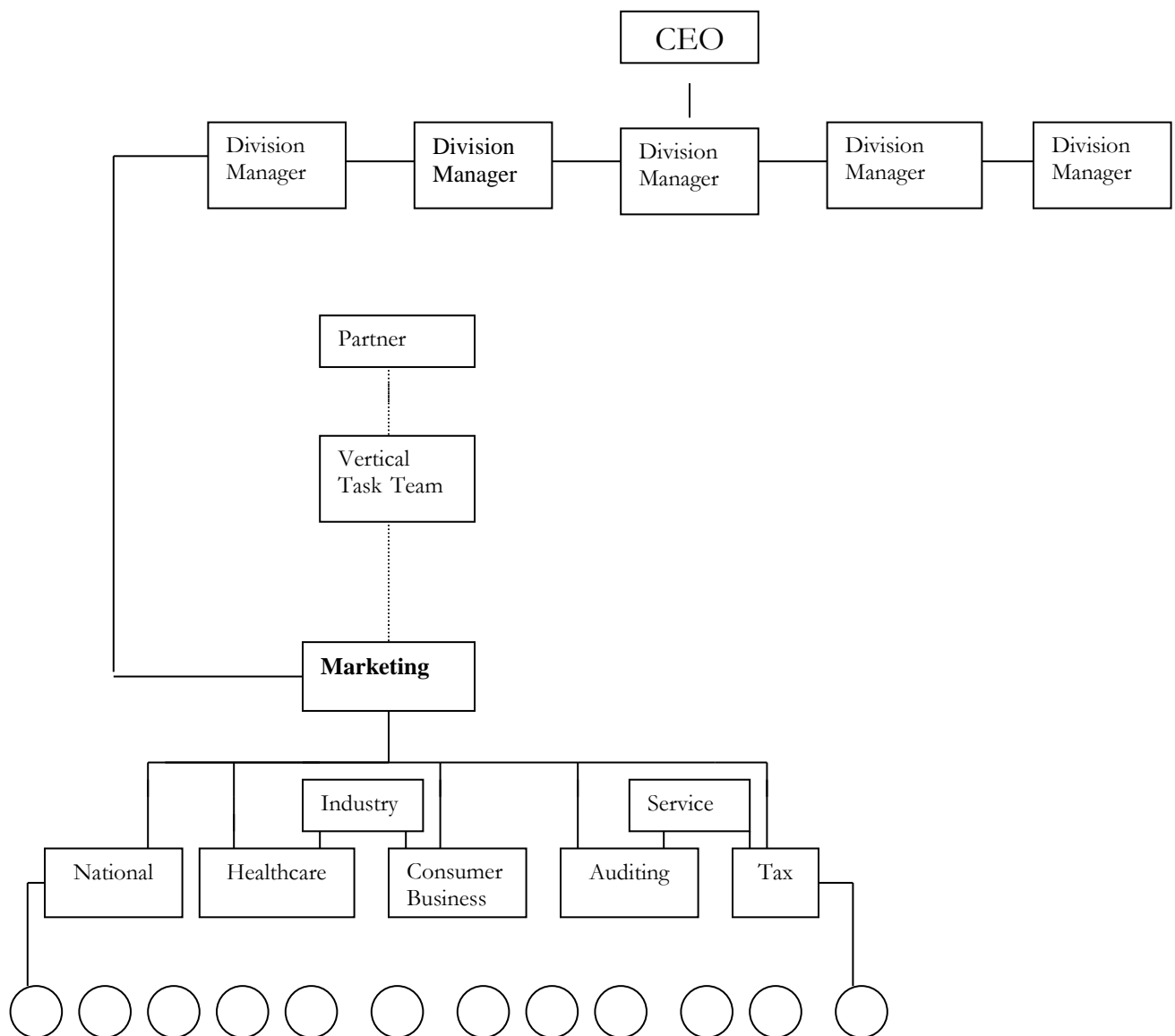
“We often staff teams with consultants from different offices and people frequently transfer between cities to broaden their skills, all of which helps to build our ‘one-firm’ identity.”

Extraordinary teams were another aspect of the Bain Culture. The ‘Case-Team’ is the essential functional unit at Bain and typically consists of a partner, a manager, two to four consultants (recent MBA’s) and two to four associate consultants (recent college graduates). This unit works alone or in conjunction with other teams depending on the size and scope of a client’s problem. The speed and intensity of the work required from a case team necessitates close cooperation and communication among all team members. The ability to succeed and flourish in this environment is highly valued at Bain. One company veteran said, “We succeed because we are a team, we hunt as a pack. In my priority scheme, first, I would rather succeed together, but my second desired outcome would be to fail together, instead of succeeding alone.”

Deloitte Touche Tohmatsu

Recently DTT underwent a contraction from 105 separate marketing offices to twelve within five divisions. While the old structure is still in place, there is a concerted effort underway to implement a new structure which will enable a more centralized approach to team formation. For further information see the verbatim section of this document.

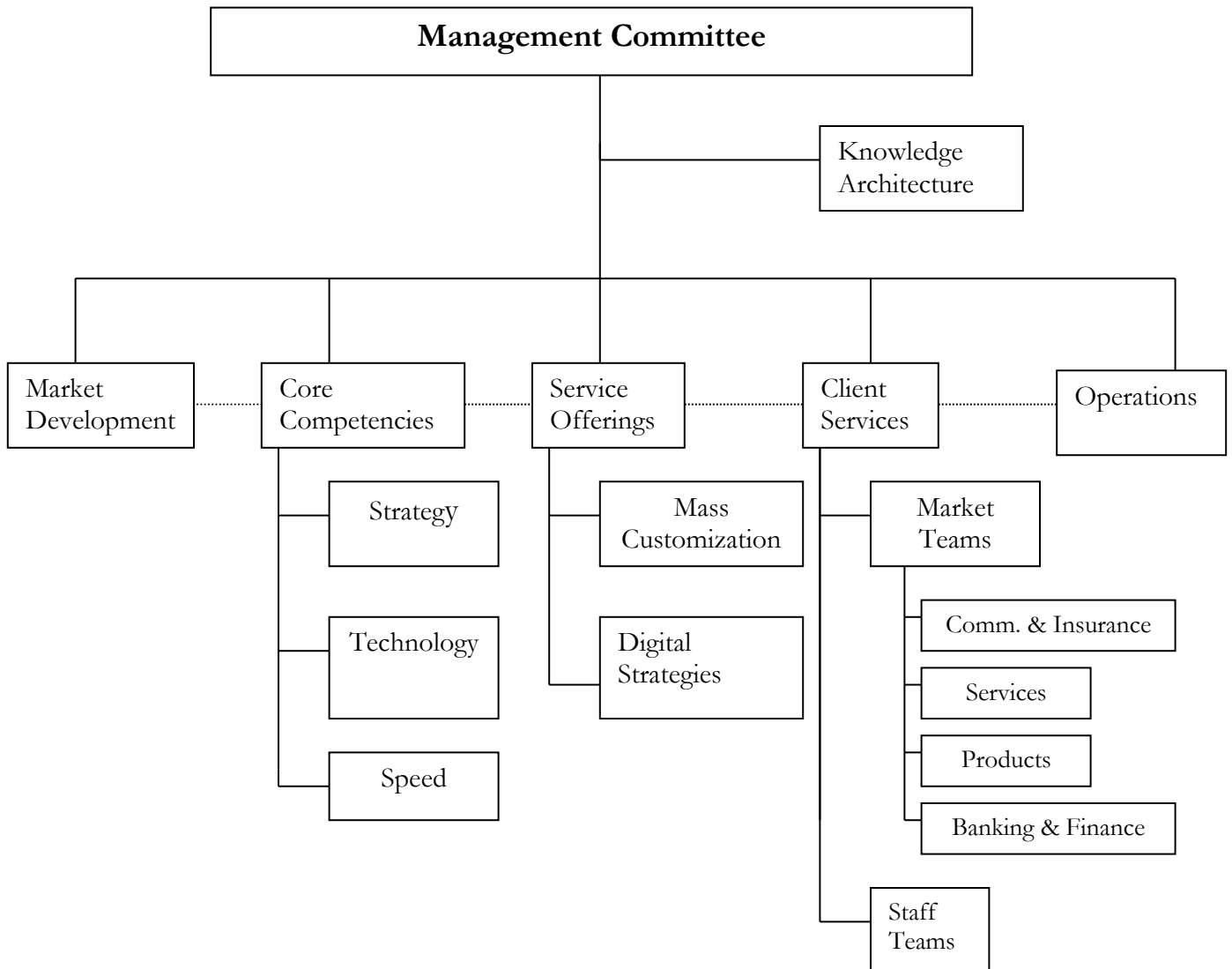
DTT Consulting Marketing structure



Diamond Technology Partners

Diamond delivers its services in small, experienced and focused teams. The "Diamond approach" consists of a team of 5 to 10 people who hold key positions in implementing the project. A partner heads up the team of 5 to 6 principals and associates, and 1 to 2 analysts.

The organizational structure of Diamond Technology Partners is as follows:



Key Findings: Physical Attributes

- Prevailing organizational model among professional services firms (including law and HR firms) is that of placing marketing in a subjective role, under a sales function. In this model those who sell are clearly differentiated from those who don't. Examples include: E&Y; Goldman Sachs; IBM Global Services, Arthur Andersen and others.
- Some firms have organized marketing in a matrixed way, to function vertically (to conduct and advance the marketing of the firm) and horizontally (to serve industry or client specific delivery teams in either a direct or indirect means).
 - In this model, there is conflict within the firm about the role and contribution of marketing fostering an intra-company rivalry centered on 'who contributes more' to advancing the company and bringing revenue in.
 - Invariably, firms with a history and culture of a 'Sales' orientation, marketers and their efforts are subjugated to inferior positions with no real career path. In this scenario, chaos reigns and periodic reorganization the order of the day.

Quotes Regarding Physical Attributes

- DTT-Where we've come from is from a silo marketing effect, where every practice-whether it's geographic, functional or industry, who wanted a marketing function went out and hired one. Where we are now is...well that old organization is still in place...not now reports to the national marketing organization. They have dotted line responsibility to the particular service lines. So, we are working very hard now to bring all of the marketing people together to have some continuity within marketing (efforts).
- Goldman-Sachs- We are a sales driven organization, not a classic marketing or branding company. Each of the divisions within that take clients, have their own sales teams, much like an (advertising) agency. Who has the selling job? It's the account guy for sure. But it's also the creative, the research person, also the media person and so on. Thus, our sales force is synonymous with the term 'Service Provider'.
 - Take a doctor, for example. He sells good health. Is he the salesperson? Is he the marketer? Is he the provider? He's all three. That's the way we view it.

Key Findings: Strategic Attributes

- What is 'Marketing'? The Sales-Centric firms view Marketing as a peripheral activity separate from the delivery process. Firms who embody the 'Organic' model to view marketing as an integral part of the process of doing business.
- Marketing is an integral part of the annual or long term strategic business planning process in both types of firms. Budgeting comes as a percentage of sales objectives in the Sales-centric firms, while marketing efforts are funded in a more holistic manner for the Organic firms.
- The Metrics of Marketing are almost universally tied to customer satisfaction. Yet most firms have no feedback loop to actually make that data actionable. Unfortunately, few who gather this information actually use it.
- In total, these firms are conflicted about a marketing career path. Those who are 'Organic' have the best means of retaining marketing personnel as they have a degree of client contact, and gain valuable client feedback in real time.

Quotes Regarding Strategic Attributes

- David Maister- Because companies like Bain and McKinsey have internal marketing directors who do not spend their time developing new client brochures and things, they spend their time doing research making sure that we give briefing books to our partners so they are educated in our client's business. Notice that if you want to get hired, you don't talk about what you've got to sell. You don't start with that. The way you get hired is to talk about the client's needs. So the essence of getting good at marketing is getting good at understanding client's needs, not what you've got to sell. Work to convince them that you deserve their business.
- Booz-Allen Hamilton- We put considerable effort into advancing our intellectual properties, for instance our publication 'Strategy & Business'. This publication is a valuable property for establishing and advancing our case studies, positions, and authority. It has been a key element in gaining audiences with prospects we wish to gain access to, and deepening existing client relationships.

Key Findings: Cultural Attributes

- Marketing Structure and reporting relationships are intrinsic to and cannot be separated from the culture. For example, PWC is currently decentralized because the culture is. DTT has contracted from a decentralized form with 105 various marketing groups, to twelve beneath five US regions.
- Sales-Centric Cultures have trouble valuing marketing functions, other than being obsessed with lead flow and selling an implementation.
- Sales Centric Functions are seen as more contributory to the overall health of the company-perhaps because of the more immediate results-than in a culture with a more long-range vantage point.
- Firms functioning according to the Organic model inherently have a longer-range view of objectives and client cultivation and are more likely to avoid undergoing disruptive cultural contractions, keeping company ethos at peace within the practice. This culture is inclusive, nurtures and values marketing talent which gives job satisfaction and induces work force retention.

Key Findings: Cultural Attributes and Management Support

Overall, the majority of firms interviewed cited the necessity of strong internal support, knowledge of the marketing programs being conducted for the company and their successes as a key element of eventual integration success. Valuing the knowledge-base that the marketing effort produces, and most importantly, getting the firm to include its individual clients perspective (through customer satisfaction tracking) in driving the external face of the consulting firm are the keys to marketing success.

Two other firms cited weak or missing marketing cultures and general lack of management support. In these firms, individuals with courage and internal clout (i.e.: sales volume and budget) got behind marketing and forced its success. That is done at a peril to one's career and reputation, however if it doesn't work.

The most successful firms are those who "live" marketing from the top-down. It is a strategy that must be endorsed and reconciled frequently throughout the organization. In the interview with David Maister, he opined:

"All of these service firms have always marketed. In other words, let's take McKinsey as an example. McKinsey is brilliant at marketing. They just don't do the publicly visible marketing that is recognized as by manufacturing companies or retail services. It never advertises and that's smart because advertising is last on the list of effectiveness."

Most firms studied don't have the formula right from the start. Instead most migrate their marketing function gradually through a number of organizational models until they find a solution that works for them. This search for the right fit is time-consuming, and takes a toll on the marketing professionals within the firm as they struggle for recognition and even professional courtesies. Key in succeeding at this determination of the correct alignment is keeping the customer in focus. Firms studied strongly advised not disappointing the customer with the experiences you put them through.

Quotes Regarding Cultural Attributes

- Perot Systems- As I mentioned before, marketing isn't something that we care to do, or do well. Accordingly we are much more of a sales organization than a marketing organization. The only way we change that perspective will change is when that change is mandated by our upper management, and there's no sign of that happening any time soon. Marketing is making sales calls.
- David Maister- In terms of my experience, how does the top management impact the direction, budgeting, qualification and involvement of the fledgling marketing department within the firm? Most of these firms aren't virgins anymore. I believe that there is more contraction going on than expansion. In other words, they have experience now with what activities are showing some degree of return. There's more centralization that I can report is a trend, but it's superficial.
- DTT- The 'do's' are: understand the needs of your client. The 'don'ts' are: don't use boilerplate solutions. For internal clients, the dos are to get buy in, participation, help them learn and bring them along. The don't part is not to be in an ivory tower and assume that because you are 'Marketing' you know best.

Success Attributes

- No firm felt that it was “there” yet. All felt that this was an iterative and important process. Several used the term “mature into” to describe the status of incorporating a marketing function within the firm.
- All use a number of metrics to evaluate progress. Most common were brand equity measurements using a mix of qualitative and quantitative research. Second, was actual tracking of client satisfaction and client needs. Most firms missed to opportunity to demonstrate client relationships through using that data.
- E&Y was cited by many as covering the greatest amount of ground in the shortest time, but was expected to lose momentum as a result of their merger and the subsequent blending of cultures. Anderson was cited for innovation.
- Few seemed driven by the dual roles of projecting an external face: Recruiting and Client Messaging. Anderson was cited as best at managing their external image for recruiting purposes.

Quotes Regarding Success Attributes

- David Maister- To do: Focus on being useful. Give ideas away for free. If you want people to believe things of you, demonstrate, don't assert. People don't believe what you assert. They believe in what you demonstrate. Everybody now must be doing business development.
- IBM- Going back to the perspective of becoming an 'outside-in vs.. inside-out' company, by adopting a customer focus and sensitivity to that, we can gradually eliminate the traditional mentality that smacks of overt selling.
- Goldman-Sachs- Consensus building is critical. Remember that the people running major account business are not professional communicators. They are experts in their own areas, but know nothing about brand building. Further, the most important audience for the communications may not be the clients. Rather, the prospective future employees. They are in their 20's and have been brought up on TV, Magazines, Gameboy and Nintendo. They are consumers of media and advertising. They're comfortable with it. They don't think of it as 'denigrating a company'. They don't have hang ups about it.

Learning snapshots

Every firm in this study makes some use of research and metrics to measure marketing strategy alignment and success achievement. This research and measurement ultimately places the customer under the microscope, and is used to modify or redefine strategies and is frequently an on-going process. Though unevenly distributed throughout the firms studied, customer satisfaction research is taken seriously by leading professional service firms, and acted upon. This is most typically true within those firms who deal in the highest levels of strategy formulation. In the more implementation-oriented firms, such information is gathered but not used to refine the customer experience. Such instances are key areas of missed opportunities.

When it comes to Branding Communications, all firms retain that power within the corporate headquarters. While branding communications are still largely centrally controlled, many firms reported that this is an area of movement, where the reins of control are being spread among decentralized marketing functions in the field. All firms are trying to improve their processes so the brand is most relevant in reaching new business targets with efficiency.

The wide majority of firms researched in this study reported using one or more strategic planning processes to define key elements of their marketing strategy. In fact some companies use a concentric process that spans from corporate to divisional plans.

Frequently, companies mentioned the inclusion of a mix of outside firms and inside contributors to the planning process. These firms often make use of agencies, employees and customers to create an “outside-in” perspective to provide valuable strategic insights. One of the Big 5 has retained Kennedy Research to benchmark marketing efforts of their competitors.

Three quarters of the firms interviewed indicated a preference for the establishment of a position of perceived authority for their branding messages. Seminars, white papers and highly visible speaking engagements are the overwhelming choices for taking a professional services brand out into targeted markets because of impact.

The key to the sound implementation of marketing communications was widely said to be an open communication flow. This empowers the formation a collaborative team within these professional services firms.

Miscellaneous Advice

While there was not any single key theme that emerged from this area of the survey, there were several suggestions which can be boiled down to a few words, or a key phrase:

- CEO, Partner and top management belief in marketing and support for it must be unwavering.
- Start with the customer. Make the service experience so extraordinary that the client becomes an advocate and evangelist for that service firm.
- Hire marketing professionals who want client interaction, and then let them run their business.
- Take risks to find the best way for marketing to be organized within the firm, but be honest: Accounting people who appear to understand marketing do not replace career-long marketing professionals.
- Keep communication among team-members and the organization itself open and flowing. Harbor no bias against the marketing function.

Select verbatim comments and excerpts

Service Firm Survey: Marketing themselves

Legend: PS=Perot Systems; DTT=Deloitte Touche Tohmatsu; IBM; BCG=Boston Consulting Group; HH=comments from a prominent NYC base head-hunter used by the Big 5; PE=Past employees of the Big 5; CE=Current employees of the Big 5 comments; JE=Jim Emerson; KR=Kennedy Information Services, Jim Edged Senior Researcher; GS=Goldman Sachs; PwC=PricewaterhouseCooper

1. Tangibles – what is the Organization and process

- Please describe the different Marketing, communications and sales teams in your company
 - Marketing – strategic planning, research, brand identity
 - Strategic communications – PR, interactive/web site/ digital Marketing, advertising, practice or sales collateral, industry events, direct Marketing and other lead generation activities
 - Business development – client development activities performed by line client service people. Is there a professional business development function?
 - Sales support – proposal writing, sales training

PS At Perot Systems, 'marketing' is a matter of who's calling on who. Central Marketing is a small group (~5 people) responsible for market research, brand (and logo) definition, sales collateral, and our web site.

Public relations is a function of corporate communications to whom Marketing reports.

Sales support is a decentralized function.

The other listed activities either aren't part of our corporate repertoire or aren't defined as a Marketing responsibility.

DTT The industry has changed and changed radically. What really changed it was more like 20 years ago when it was unethical or illegal to market these services. One audit firm could not go after another firm's client. It wasn't done. There were penalties. Like when Doctors couldn't advertise. Now let me tell you how the business has evolved. The audit is becoming more competitive. In many cases not as profitable. Many firms don't see the audit as a significant value-add. The audit used to be the 'good old boy network'. Today there are so many more services we provide that go beyond even the CFO's purview. For

instance all of the Human Resources consulting we now do; all of the technology consulting we now do. We go way beyond our traditional contexts. Couple that with our desire to grow and fuel that aggressive growth has fueled this consolidation. We've gone from the big 8 to the big 5. I think you're right that this consolidation has forced is a lot smarter people into business development and the bar has been raised. The aggressive business development campaigns mean that competitors must keep up with the awareness campaign or be at a competitive disadvantage.

We have more of an organizational structure that is both horizontal and vertical. On task teams we have a Marketing person who resides with that team for the duration of the proposal process or the assignment. It could be for a month, could be forever. These marketers have dotted line reporting to that partner, or manager of that. Hard line reporting of these people is to one of the five division directors . Where we've come from, is from a silo Marketing effect, where every practice whether it's geographic, functional or industry who wanted a Marketing team went out and hired one. Where we are now is....well that organization is still in place but now reports to the national Marketing organization. They have dotted line responsibility to the particular service lines. So, we're working very hard now to bring all of the Marketing people together to have some continuity within Marketing.

We divide Marketing into five groups: Our national team focuses on our advertising, public relations and overall image of the firm. We have them our industries and service lines. Our industry marketers go across all service lines and all geographies. The service line marketers go across all industries and geographies. For instance we have a Marketing department in Healthcare. We have a Marketing department in Consumer Business. Those are some industries. In service lines we have a Marketing department in Audits, we have a Marketing department for Tax. Their focus is national. The third dimension to that is geographic. While we used to have 105 Marketing departments for our 105 offices, we now have twelve Marketing departments that serve the twelve clusters that make up the 105 offices. These twelve Marketing departments report into a (National) Director of Cluster Marketing. They have dotted line reporting to the partner who runs the geography. But, they all report into the National Director of Cluster Marketing.

Then the last thing we have is a professional sales organization. Those are sales professionals who report into the national sales manager. These are not accountants who decided not to be accountants but are solid sales professionals from the IBM's of the world. The guy who heads them up isn't an accountant; he's a sales professional.

IBM-*We have further expanded our manufacturing model. That is, at the top, the practice areas are matrixed first by the dimensions of 'Product push' and 'Product pull' in all categories of products. Beneath that are five customer satisfaction groupings. These*

customer sat groupings extend across all (product) categories, markets, and customer-set niches. This creates a two-by-two matrix.

BCG- *We don't have a marketing function.*

JE- *I'd be surprised if any of these firms look like a traditional product based Organization. In my experience, it's usually: "Get a call. Do a proposal. Get some marketing person involved if they did a similar proposal before." Organizationally the "Big 5" tends to look chaotic and tactical, but that's really the way they are."*

PwC- *We restructured marketing in June and we still aren't informed. We are still a very complicated organization, very matrixed.*

KR- *BCG is becoming centralized. PwC has recently separated out their Marketing function and KPMG has spun their marketing group off into a separate entity.*

GS- *We are a sales-driven organization, not a classic marketing or branding company. Each of the divisions within that take clients have their own sales teams, much like an Agency. Who has the selling job? It's the account guy sure, but also the creative, the research person, also the media person and so on. Depending upon how you break it down, we have many, many sales teams. Fundamentally there are: Equities; Fixed Income; Asset Management, and investment banking. Beneath that we have industry practice group teams (vertical market focus) in some divisions not in others. No market person on these teams, we are a sales organization. For a wholesale financial services firm, which is what we are, very different from Merrell Lynch for example. Marketing has traditionally been much more of a sales function because unlike the retail markets where the tube of toothpaste sits on the shelf for six months and the packaging changes every four years. In the financial markets the service that we sell can change overnight. And the dynamic for that market can change overnight. The classic P&G marketing structure would be disastrous in our business. Both marketing and research play important roles in our strategic planning. But again, research for us is different. Our salespeople are in the market day-in, day-out. So it's as if the products and services we sell are being created and evolve on the fly. Classic marketing research is very different. Almost no agencies have researched into how clients buy advertising. When was the last time you heard of that? Because they are in with their clients day by day. So, that kind of formal research doesn't play a very helpful role. What we have instead are our Equities and Fixed Income research teams who spend all of their time analyzing companies, looking at and evaluating their financial performance and evaluating their industry and business trends. The sales forces within each division conduct business development work. Our sales force is synonymous with the term 'service provider'.*

- What is the distribution of Marketing-related headcount, for your practice, in USA/NA, globally?

***PS**~5 at corporate headquarters; ~25 sales support positions distributed among about 10 different locations/ business functions.*

***DTT** 300 in Marketing in the US, over 600 globally. Our global Marketing group and our US Marketing groups are not locked yet. While I deal with some of the people on a global basis, I don't deal with any of the countries. That will change soon. We will be having global meetings and information sharing, but we need to bring the US together first. Then we'll bring the world together. I will be attending our Global Financial Services meeting in New York next week.*

***IBM** Our overall process identifies the skill area of "Message Strategy Developer". While this is still in the works as we reorganize marketing communications globally, I believe the job title will be "Integrated Communications Strategist". There will be about 500 in the marketing communications organization globally.*

***GS** We have over 500 people full time around the world charged with writing investment research reports on companies. So, in effect we do, do that (marketing research). Marketing headcount is virtually the entire organization. Probably half of our global staff of 18,000 is client-facing and the rest is support and technology compliance.*

- Who is Marketing's customer?

***PS** Marketing functions more or less as a job-shop, creating collateral on-demand for various constituencies within the company.*

***DTT** All of the practice areas, as well as the other four divisions. It's like a 3D cube.*

***GS** Our entire organization is client focussed. Goldman, like our key competitors, must be fully responsive to client needs as they evolve. One of our clients, chose a company name...AOL decides to buy Time Warner, OK? So they announce that they just bought it. Guess what? AT&T's world just changed entirely. What are they going to do about it? The recommendation we had on their desk last week to buy Time Warner, guess what? Too late. So all of the marketing support work we did to contribute to that just went down the drain. Other than the fact that we know Time Warner inside out. (This is completely made up). OK, what does AT&T do now? Do they go buy Disney? Our organization is entirely responsive to what is going on in our clients' business environment and their financial markets. Very dynamic. So, for a financial services firm like us, the P&G model is BS. Absolutely irrelevant. Some of the functions under the classic brand management are relevant, such as client research into the brand and things like that. You*

know, the basics, but you have to think about it and organize it in an entirely different way.

PwC- *Each marketing group serves an internal client, they'll be assigned to Audit, Tax and various Management consulting groups within each office.*

David Maister- Hire any marketer, to develop your marketing plan and what will they develop? They will develop efforts to go out into the community, establish contact with people we have no relationship with, who as far as we know are not aware of a need, and sell those suckers something. In other words, what non-professional service firm people think of as marketing, is box four. That's why you hire a marketing director, to do brochures, to put on public seminars where they attract two hundred people, right. They're going to do everything that is the least effective thing to do. Most effort, most expense and lowest return.

- Is there a chief Marketing officer? What is his/her reporting relationship?
PS No.

DTT No. *I am one of the five division directors and we all report to the US CEO.*

GS- *There isn't a Chief Marketing Officer now, but there may be one someday in the future. It's much more helpful to think of it, for Goldman, that the corporate role being much more akin to 'Chief Branding Officer'. Because everyone here sells against the Goldman Sachs brand and they all know that it is critical contributor to their success. So the question is, how do we manage the Goldman Sachs brand; how do we think about the Goldman Sachs brand; how do we express the Goldman Sachs brand; how do we keep it vibrant and supportive of their ongoing market phasing activities. My job is this role. I don't have the title, we haven't invested it with that much authority, but my real role is helping the organization understand the brand, how it works in the marketplace and how to keep it vibrant.*

PwC- *There isn't anyone at this time. The marketing groups are centered within the offices assigned to.*

- What is the management structure for these teams? How are they matrixed, led? Are you aware of a defined leadership process?
PS *Marketing reports to the Chief Counsel. There is no defined leadership process.*

DTT- Yes to all. The five divisions: sales, research, industries, national advertising, and clusters all report to the US CEO. Beneath that, these are subdivided by what we sell: Audits or Tax consulting.

IBM- A two by two matrix made up of our five product/ brand categories aggregated by product push/product pull crossed by five customer sat groupings. Essentially we are organized around product lines, each with their own plan and implementation support teams who operate according to 12 end-to-end business processes.

KR- When you deal with the big firms-the big five-marketing is segmented most usually into broad buckets i.e.: e-commerce, IT, healthcare, etc. The marketers within these teams report up to the partner responsible for that practice.

JE- E&Y has a more formal marketing function, a distinct segment of the firm. Now that they have merged with Cap Gemini, they are probably having to refigure what was once right because of merger confusion.

GS- There are various marketing people who reside within the various divisions and sales arms. Most interesting, we have relationship managers, they don't have that specific title, but that is their function. Remember, everyone's job is selling. Everyone's job is marketing. These are people who have experience in that, who are career long relationship managers...absolutely.

PwC- We go to market by industry group beneath our three product and service areas, Audit, Tax, and various Management Consulting practices. It's a very complicated organization.

David Maister- How are firms organized to deliver this? Organized isn't a relevant concept. You make sure that every partner behaves this way (customer focused). Even though most partners come out of accounting backgrounds, accountants are capable of being interested in people. They do need a little bit of training. The reason is that none of us ever gets trained in this stuff.

- What are the objectives for these various Marketing teams, and how is success measured? (formally and informally)

***PS-** Objectives are loosely formulated. Success is largely determined by turnaround time between the request for a piece of collateral and its creation.*

***DTT-** We have a whole proposal group. We have a whole group that works on events. Our key focus these days is on targeting and strategy. Our focus is on defining what business, what prospects, and how are we going to go after them.*

***JE-** Most of what passes for marketing in the 'Big 5' is support for the proposal writing process.*

***IBM-** We have a strongly centralized position with global directives to implement through our five regions. Each region has its own regional manager who receives a centrally defined strategy, business development plan and branding direction with little localization of effort. Therefore you have a global brand, global strategy, global marketing, global processes, global control with minimum local variation allowed.*

David Maister- A large number of firms are trying to improve their revenue generation, I agree with your point, many are forming marketing departments. What I'm telling you is that that is the idiot's way of doing things.

Here's the trade off. Intellectually, everyone will say to you that marketing to existing clients will give you a higher ROI. But here's what happens in these firms: Someone plans to visit a client on a non-billable basis to attend an internal meeting. And then that morning a one in six chance at an 80% of standard fee proposal comes in. Right? Now these people have no restraint on their adrenaline rush. Because, rather than doing what works better, which is refuse the proposal solicitation and go visit an existing client, they'll call the client and say "Sorry Fred, catch you next month" and then go write the proposal.

- How much does your enterprise spend annually in each of these areas (range)? What methods are used to set budgets (history, % sales, bottoms-up to strategic objectives, etc.)?

***PS-** Pass, it's a hidden secret and I have no knowledge of that.*

***DTT-** Spending has exploded in the entire industry. I would guess that in the past five years spending in the industry has quadrupled. We have matched that. Some in the industry say that it will take 10 years for the industry to change. I come from a packaged goods background so don't confuse us with that type of an approach. But we have done things like hiring professional Marketing people now, and we hire professional salespeople. We spend approximately 5% of annual revenues.*

KR- In our research and exposure to the "Big 5", it tends to amount to 5% of annual revenues going into marketing themselves.

GS- We have an identified budget. It isn't percentage based because it would be very small as a proportion of the overall sales. Again, we aren't going to be driven by the amount of money we spend annually in advertising. Whereas, Andersen Consulting will be driven to a degree by the amount of money they spend on advertising going forward. Unlike a packaged good, or a consumer service where they say: "Gee, if we spent as much as P&G spent as a percentage of sales basis, on our advertising spending we'd be spending \$100 million per year or \$500 million per year".

It doesn't work that way for us. And also our target audience is really, really small. Overall our budget has grown on a year by year basis.

- Does budget formation and level get established in the same way as other functional groups within your company?

PS Pass I cannot give that information out.

DTT Yes, although it gets special attention because of our restructuring into twelve Marketing departments.

IBM: 12-15 brands constitute stuff we manufacture; 12 customer sets such as distribution, travel, health, manufacturing. Most of the marketing moneys are held by customer sets, not products. Because we are organized geographically we can plan globally but execute locally.

GS- I set the budget. We do it in two ways: we look at our corporate objectives and what we want to accomplish on that level and we establish a budget for that: PR and recruitment advertising and recruitment communications which is a corporate initiative for us and a variety of other things. So we set a corporate budget. Then I meet with each of the four divisional managers to set their budgets for what marketing activities they want to be spending on a divisional basis.

- What provider relationships have you established? Is their input on implementation expected or permitted?

PS- None

DTT- We have a relationship with IBM but that's more of a 'partnership.'

IBM- *We us one ad agency worldwide. They function as a true business partner providing innovative global implementation plans while providing marketing programs that are able to carry impact across all of our markets and offices and languages.*

GS- *We don't have any. In fact it usually goes the other way. Others want to ride our coat-tails. If you look at a syndicate who is taking a company public, or if you look at co-advisors who work together on a merger deal, we are always involved with these marketing relationships. We are always co-marketing, on a constant basis.*

- How does the governance process work? How much of what you actually do is centrally administered / “global” vs. practice by practice or office by office? What are your Marketing processes, measurement and evaluation processes? Intra-company communications?

PS *Central administration is focused on compliance – ensuring adherence to brand position and proper use of the logo, and keeping legally unacceptable claims out of collateral.*

DTT *We have reorganized and centralized within the past four months, and I believe we finally have it right.*

IBM- *Five hundred strategic planners span the globe assist in our marketing plan implementation. Common tools supply valuable cross-information flow to spread successes and their own key bits of learning. Extensive use of an intranet and other sophisticated cross-communication tools link the global offices of IBM with those of their agency and select production partners. IBM has strong central planning but, increasingly, local execution and a new degree of flexibility.*

GS- *It's really not that complex. Globally we only have maybe 15-20 people dedicated to marketing and branding. We've got twelve people in New York, five people in London and one person in HongKong dedicated to this, and one person in Tokyo, and one in Frankfurt.*

2. Strategic Dimensions-How do you think about Marketing?

- How will the Marketing and sales function enable your company to achieve its strategic objective? What vision has been established for Marketing?

***PS-** We cannot readily illustrate or understand that at this time – Marketing’s role is being reevaluated.*

***DTT-** I head up one of the five groups. I head up the Industries side of the business. The others are Sales, Geographies (clusters), Research, and the National Marketing Team.*

***JE-** Every one of the "Big 5" firms are involved with marketing to some degree. However, they are more involved with implementation as they aren't good at strategy.*

***IBM-** Sometimes this is done as a matter of organization, sometimes as a part of plan updates, and sometimes as an on-going divisional business process. Regardless, any and all walls between corporate headquarters and the in-field implementation arena must dissolve. The organization must learn to function as a singular, although matrixed, entity, devoid of any operational bias.*

David Maister- What is the model of organizational structure? You're acting as if marketing departments and marketing directors have any value whatsoever. I am trying to tell you that they are at the margin, back-fill.

- How is the Marketing function funded – what is the business model?

***PS** I cannot tell you. Since marketing is so small and so tactical, I wouldn't be surprised if that occurred on an ad-hoc basis. "We need this, next week and it will cost \$X".*

***DTT** Marketing has a totally separate budget, and then we divide it up. It is calculated as a percentage of revenues on a national basis. It's not as scientific as you'd like to think it is. It's driven off of our business plan. It's a huge number for this firm. We all put together annual plans with projected costs attached. In thinking about our revenues, it is in the ballpark of 5%. Whether it's four or six, we don't really think of it in those terms.*

- What strategic goals are set, and how are they set? Can you describe your strategic planning process?

***PS** Strategic planning is a leadership process external to the Marketing function.*

***DTT** We have a formal annual planning process but it's not your typical 'planning offsite' rather it is formed by series of meetings that gradually gain department buy-in and get the plan. Then you do get that plan approved by a national team. We look at the budgets nationally and not by the practice. We really do approve those budgets on a person by person basis, department by department. I should say group by group.*

***IBM-** We do extensive planning of all types. We have annual plans that consolidate our market, customer and product plans into one intersecting plan. In addition, there are customer segment business plans that are 18 months to at most 3 years. Primary and*

secondary plans are all long-term business plans with many details and sub-plans under that, in each geography analyzed under that by financial return.

GS- *There are strategic goals set at the divisional level through a series of planning meetings and off-sites and things like that. Quarterly updates would be fruitless for us. These are set annually, but they are always a moving target.*

- What is the process for comprehending market and customer needs/trends as input to the planning process?

PS *Informal.*

DTT *We have an information gathering process that we use informally during the course of conducting business.*

David Maister- The process that will lead to the fastest way to business cultivation is to go out and help somebody.

How does this translate to the big 5 professional services consulting firms? As I have been saying all along, in the current state of play, there are a few firms that get this firm-wide, that's Bain, and McKinsey, it's how they do things as a firm. Within everyone of those big five, and I must say Andersen's not bad at it, Andersen understands this. The goal is to show an interest in people and help them. Earn their trust, that's how you get hired. They're not quite as good at it in terms of execution, but their heads are in the right place.

- Are there stated or unstated ways that you measure your Marketing effectiveness and overall satisfaction of customers?

PS *Marketing effectiveness – no. Customer satisfaction – informal assessment by account managers plus formal customer satisfaction surveys.*

DTT *We are trying to get there. As far as ROI, we are working toward that. That's where we want to get. It's not as easy in our profession to quantify the results and tie them to a specific activity. In part because of the lead time. It's not as if we run an ad, and we can see what the store movement is 30 days after. A lot of our activities take 18 months before it converts to a sale. It's much more difficult to demonstrate that and we are within an organization that lives for numbers and quantification.*

IBM- *I've mentioned that we monitor customer satisfaction, though that's not uniformly done. We are working on the experience. What sticks with customers (in a technology solution) is that a customer will usually experience a problem with that within the first 90*

days of their ownership experience. How the company responds to that is a huge determinant on what that customer will buy again from that company. So if you have a critical moment of truth, it is that.

GS- *Basically we do it three ways. The salespeople are expected to be completely up to date on the customers and their needs. They are rewarded, or not, very handsomely based upon that. The second is the Greenwich study that I mentioned. The third is that periodically we use classic marketing branding research, client interviews and so-forth to answer specific questions. Some of them are qualitative and some are quantitative. My corporate branding group handles this.*

David Maister- Regarding the metrics being used: Certainly customer satisfaction. Many firms have had for years client feedback systems. That said, I was hired to do the research on this, and found that most firms fail to close the loop. That is, when they get the client feedback, they don't do anything with that.

So, it's done as a superficial marketing ploy. So, we'll pretend to be interested in your thoughts beloved client, but don't expect us to pay attention to what you say. In other words everybody preaches a good game but they don't do it.

- What is the professional profile/career path of those in the Marketing / communications/ sales support functions?

PSN/A

DTT *There is one now, but not for entry level. They must bring some degree of experience with them. That's why we have centralized the whole thing. To create career paths for these people. We think we're doing a good job at it. We have 300 Marketing professionals in the US and to say that one of the top five slots under the CEO slot, being able to get to one of those slots isn't good enough for a career path? I disagree. Marketing isn't a career path to the CEO, but as long as you can get to the management committee, there's a career path. I report to the CEO and consider that to be an acknowledgement of the importance of Marketing to the firm.*

HH- *Putting accountants into leadership Marketing positions because they 'seem to' understand Marketing doesn't replace real marketers.*

JE- *Big career path? I haven't seen one yet. This will probably change in ten years. This will only occur when marketing develops that career path, and management of and culture within these firms will allow a marketing person up the ranks to eventually run the firm. In order for that to happen, marketing must have direct client interface and guidance of*

that client. That is not now how it is, except perhaps at E&Y. In most other firms 'steering the client' is still at the partner level.

KR- *Career path? Definitely. Things are changing in this sector. The big question is 'how rapidly' because of 'tradition.'*

GS- *Yes, within the divisions. Think of it as doctors. The doctor sells. He sells good health. He sells regular maintenance of your health. Is he a salesperson? Is he a marketer? Is he a provider? He's all three.*

Sure, some people have the title 'salesperson' particularly in the equities division or in the fixed income division because what they are doing is they are managing the customer relationships. They work with the traders who are actually at the desk making the trade, executing the trade for the client in order to get it done. But the sales people will call the investors and line up orders for a certain kind of security. So they are sales people, not traders. Traders are traders not sales people. The traders do meet with the client periodically so that everyone is aware of the client's objectives as the traders are in the markets on a minute by minute basis. If they see something that is important to a particular client, they can call the salesperson and say 'here's what's going on, better call your client'.

David Maister- Regarding career potentials for marketers to work for the big five: Taking any staff position in any business is a sure route to suicide. Nowhere is there a career path, at this time for marketers in these firms, in these positions as we have been describing them.

- When establishing and staffing the Marketing function, what is the overlap of career professionals and professionals? Is there a planned progression of career paths within the orchestration of the Marketing function?

PS- *No*

DTT- *This is something we are committed to and are working to formalize. We position ourselves as thought leaders. We are all 'real marketers'. Not all of us are MBA types; we staff from various levels and background. All must be able to listen and care about clients.*

There is a progression but not for entry level. They must come in with some Marketing experience. This is one of the reasons we centralized Marketing, was to create career paths for people. We think we're doing a good job at it.

HH HR people within the big consulting firms don't know what they are looking for when they search for a Marketing person because they have never had to do that before. You'll know that a Marketing career path has arrived when you see a marketer as CEO of one of these firms.

IBM- There is an on-going effort of employee skills management. This is company wide and certainly applies to the Global Services marketing group. This skills management process asks if every one is doing the best thing for IBM, according to their job description with constant performance measurement. When one is evaluated and skill level improvement for deficient areas is proscribed, this leads to further measurement and either reward or removal to another position. Sometimes you see marketing people remove themselves to another slot.

David Maister- Regarding marketing people and job satisfaction at the big 5: Marketing at these firms is a second class citizen; there is no career path; there will never be a CEO from marketing at these firms...that's right. The question isn't that they aren't "getting it" the question is what is it they aren't getting. I'm saying keep going guys but change some things. Don't lean on your marketing staff, but rather they should teach the accountants how to get hired. That's the hard part. The right job is to help the accountants get hired. It's not that they aren't moving fast enough, because they are moving quite fast now. But the big shift is that partners are now realizing that everyone has to get good at business development. In other words, what you keep hearing from me is that marketing is best done at the partner level, and marketing directors should be slaves who serve it once the partners have gotten energized

- Is "Marketing" something you actually do or only really something you feel the firm pays lip service to?

PS We largely practice stealth Marketing. By that, I mean that Mr. Perot still holds that Marketing is best done by 'wearing out the shoe leather' and making calls.

DTT Four years ago, 10% got it and really supported Marketing. Fifty percent wanted to get it but didn't though they were really open minded and supportive. Forty percent had no clue and thought Marketing was a passing fad. Today, more like 30% really get it, 50% really want to and just 20% don't care, but are probably approaching retirement anyway.

HH The major problem at these firms is gaining credibility for the Marketing function and marketers in particular. These firms don't believe that is where it's at.

IBM: We plan, produce, manufacture and distribute very well. That's our heritage. We aren't a marketing and planning company...everything we are doing now moves from "Lets make stuff", to staying as dynamic as possible, according to the needs of our customers.

David Maister- Because companies like Bain and McKinsey have internal marketing directors who do not spend their time developing new client brochures and things, they spend their time doing research making sure that we give briefing books to our partners so they are educated in our clients business. Notice that if you want to get hired, you don't talk about what you've got to sell. You don't start with that. The way you get hired is to talk about the client's needs. So the essence of getting good at marketing is getting good at understanding client's needs, not what you've got to sell. And work to convince them that you deserve their business.

- What are you trying to accomplish with the Marketing/branding effort (if indeed they believe they are doing it...) and what is your ideal end-state?
PS- Largely undefined.

DTT- What are we? We want to position ourselves as people who will work with our clients to understand their needs and make them more successful. The way we differentiate ourselves is through our people. We all (big 5) bring similar tools, but our people their commitment, knowledge and intelligence etc. are our point of differentiation. And we still track what our overall awareness is.

BCG- We marketing through forging a position of perceived authority. That is, at significant conferences we will present our position to advance our brand. For instance, Phil Evans, our SVP wrote a book titled Blown to Bits: How the new Economics of Information Transforms Strategy. He speaks at significant gatherings around the world. The DMA Net Marketing conference September 25th will feature him in the opening general session.

Booz-Allen Hamilton- We put considerable effort into advancing our intellectual properties, for instance the publication "Strategy & Business". This publication is a valuable property for establishing and advancing our case studies, positions, and authority. It has been a key element in gaining audiences with prospects we wish to gain access to, and deepening existing client relationships. When you are seen in the Border's Books, or

Barnes & Noble stores, at the newsstand with your own quarterly publication that sells quite well at \$10.00 per issue, that says something real about you.

GS- *Overall we are in a different position than many companies. We have a tremendously powerful brand. It's been built on performance over 130 years. It was never formally managed with formal branding programs until 1996.*

I was brought in then, because management looked at a number of things: that the firm would be going public; that there was tremendous consolidation underway in our industry where companies like Citibank and Deutsche Bank, Bank of Switzerland and others-Chase- would be coming into our marketplaces and recognized that these people are not adverse to using all marketing and communications tools at their availability.

They saw that we were entering businesses where the customer base was no longer the 10,000 people who run the world, but it was middle market company managers who may never have heard of Goldman Sachs. And they realized that we were expanding rapidly globally and they felt that we needed to be more thoughtful about how we managed our brand.

David Maister- The key to marketing these firms optimally is good relationship management. To remind you, the reason why you don't see "traditional" marketing at Bain, McKinsey or BCG is for this reason. Not having a traditional marketing function within the firm was something I took as a wonderfully good sign. For the reasons I've given you: these guys understand how to get hired, better. That is the answer. These guys really know how to do this stuff. There's nobody in the business better at relationship management than McKinsey and Bain.

95% of marketing is not if your client is asked if they would refer you', but when your client is asked. So in other words, the core of marketing is client service. Meaning that if your client is asked if you would refer these guys, the competitive gap is not "oh they were pretty good, go interview them". The way you really do marketing is to have your client reply "they are fabulous, you can't go wrong, you'd be an idiot to go anywhere else". Now that's how you get hired. You make sure your existing clients are your advocates, not just references. Everybody has good references, but that's not the standard. I'll be as clear as I can, this is the source of new clients.

What does this have to do with the way that professional service firms are organizing to market themselves? Not at all. Because I don't buy your predicate that something very big and significant is happening in how firms are getting

hired. Going to market, I agree that they are doing a whole bunch of stuff, and a whole bunch of new stuff. I'm trying to make the case, and you'll be the one to determine if you'll accept it, that the vast majority of what they are doing is fluff. In other words, back to the secret of McKinsey and Bain: When a Bain person appears before a client that person has either read or been given a briefing book on everything going on in that client's industry. And that what will happen the first time he meets that client.

2. Cultural – How does it fit you?

- Who actually has the final approval in setting strategic Marketing objectives (i.e. market positioning, strategic industries/segments served, service strategy, etc)? Where does the power lie? How are competing interests mediated?

PS CEO; pass on the rest.

DTT I head up both a service area (e-business services) and the industries. I was one of the architects of going from 105 offices to going to twelve. Where I am on the organizational chart? I described that there are five groups, I head up one of the groups. I head up the industries side of the business.

IBM- Between brand and divisions occur formal meetings to consolidate strategies.

GS- In terms of managing the brand, the different programs that we want to manage for the brand, that it done by me, my group and my boss.

- What is the process for insuring consistent implementation of agreed upon strategies?

PS It is really not that planned. We don't value marketing ourselves. Many others in the industry do so with more intensity.

DTT Management oversight and adherence to the plan.

IBM: Goals, objectives and strategies are determined at all of those levels. Local is dying out in influence. Regional, to IBM means INEA (Europe); AP (Asia); Latin America and America. We have a common approach to marketing ourselves all over the globe.

The process flow is as follows: market management (these are the markets IBM will engage, here's what we will spend and expected results) therefore here's the messaging that will occur for each of those market segments; within the development of the key messaging (branding, themeing, value proposition, media tactics) we will evaluate what other things are going on in those market segments.

We use many tools, aids to help everyone along the way who is involved with plan implementation to quantify the resource requirements along the way. As a team we understand each other's business strengths, aspirations and what each person brings to the

implementation team. Team members are seen as tools for plan success. We use our internal personnel skills database to form the team from the on-set. Such careful selection serves to cement commitment to the team itself and build internal support as well.

- How has the management of your company been educated, trained, and/or motivated to deliver Marketing and branding through every customer touch-point? (Consistency of brand messaging). How are line client delivery teams trained?

PS *As I stated earlier, marketing isn't something that we care to do, or to do well. Accordingly, we are much more of a sales organization than a marketing organization. The only way that that perspective will change is when that change is mandated by our upper management, and there's no sign of that happening any time soon.*

DTT *The leadership of firms like ours is not Marketing. The leadership is from anything but Marketing...accounting usually. Given the priorities we have, education falls as a low priority. We really are focusing on building the business. I believe that the fastest way you get the firm to appreciate the value of Marketing is to help build the business. That's the most productive. We've been able to demonstrate how we can do that, but it grows one group at a time. But that's OK, I've got time. Success story after success story.*

IBM- *We use lots of market research. For the IBM brand there is on-going tracking research. We produce a volume of intra-company communication to define where we are going and give us reality checks on that progress from a personnel development angle.*

GS- *Yes we do educate on the importance of our brand. We don't put them through a formal branding process. But branding is part of a formal training process. Not just new hires, I do a fair amount of evangelical work.*

- Who initiates new programs – where and how? Who is the leader of these initiatives?

PS *Internal entrepreneurship.*

DTT *From one of five groups. We work both horizontally within the organization as well as across practices. We have study-centered groups within each that focus on the various aspects of moving our business forward.*

IBM- *So here are the major roles on the team that builds the programs: first, is the sponsor who should be a segment owner-responsible for execution of a marketing strategy*

in a market segment; the message strategy developer-builds the integrated communication mix to deliver the business results required by the segment plan; then the message designer, a specialist in the message chosen, to deliver the most effective tactic, and that tends to be an agency. This can be broad or narrow targeting.

- Is customer satisfaction/loyalty tracked, and is it evaluated as a result of the Marketing? If so, how is that 'weighed' as related to other customer development contributors?

PS Tracked through account management and satisfaction surveys. The rest is N/A

***IBM-** It comes as a result of a marketing process. The front end of the process is of three parts (listed in order of importance): (1) market management (visionary role) is responsible for 80% of the goal achievement for the segment; (2) relationship management; (3) business partner management in all segments. To these three there are subsets of message management (what is sent to whom when); and a lead-request management process leading to an opportunity management process. That then leads to sales opportunity and fulfillment management (this is where we determine if it is a custom solution or off the rack) and finally we get to customer satisfaction measurement and management. No one can quantify the impact of customer satisfaction right now, but do know that under the old way was really bad. We are consciously consolidating whenever that makes sense and we now fully understand exponential leverage far better than earlier. We are striving to become an “outside in” rather than an “inside out” company. That’s the key.*

David Maister- Lots of firms gather client feedback, but what they should have is a system in place for follow-up on anything that's less than perfect, and use the results in conversation with clients who voiced their concerns and experiences. And they don't.

- How does senior management impact your Marketing planning and budget setting? What is the accountability at the partner level? When you formed the Marketing budget, where did it come from?

PS Senior management is focussed on selling and marketing is very far down the ladder.

***DTT** I head up both ‘e-business services’ and ‘the Industries’. I report to the chief US Marketing officer. The Marketing plan gets developed for each practice area-industries and services nationally with and regional breakouts. The budget is formed in aggregate and sold in person by person.*

IBM- Resource planning is still in the dark-ages. However, CEO leadership must be unwavering. If not, no one will get in line.

David Maister- In terms of my experience, how does the top management impact the direction, budgeting, quantification and involvement of the fledging marketing department in the firm? In most of these firms they aren't virgins anymore. I believe that there is more contraction going on than expansion. In other words, they have experience now with what activities are showing some degree of return. There is more centralization that I can report is a trend, but it's superficial.

- Can cost and process efficiencies truly be measured through your Marketing efforts?

PS No.

DTT We are working on that. DTT lives for numbers and that makes Marketing a challenge because of the length of time between activity and sale and the many influences on that sale. There are a number of metrics we look at: How many wins; How much new business we generate; we still look at how many 'hits' we get in the media.

IBM: There are many levels of measurement. Virtually every team involved with a project has their own measurement criteria to achieve. We take historical response or sales data and, as part of our process, project a range of likely return. There is near-constant evaluation and performance forecasting as to the reality of any project. Ultimately, you either make your numbers or not. Those that are "on-top" of their business use interim data to maximize performance. *IBM:* We measure these throughout every single customer segment; industry segment; relationship team; products are measured on their customer sat...on a monthly basis. Representative random sampling and can't break the rule or you get shot. What we are poor at is paying off the expectations for the brand, post-sale.

- In terms of cultural issues, how is conflict resolution handled does it involved shared resources or clearly identified responsibilities?

PS No well-defined process.

DTT We haven't concentrated on this as it rarely occurs.

HH- Forget conflict over shared resources. Figure this: None of the 'Big 5' even have databases that talk to each other, all the time. What's that mean? It means that they don't always know who's being called on, when.

IBM- *At the high end of the management leadership of marketing we're still dealing with people in those positions who have gotten there because of being good salesmen, rather than good marketers. And, a salesman never met a dollar he didn't like, and thinks quarter to quarter. Quota is everything. The way we get heard is by building a business case to justify what we want to change and taking that to management.*

GS- *Goldman Sachs has a teamwork culture. Very very powerful teamwork culture. So you are always checking with people who will give their opinions. It's walking the halls before meetings, it's jawboning during the meetings and afterwards. It's building consensus.*

- What is the fit of, and perception of the Marketing group within your firm?
PS- *Marketing is largely an afterthought, not important and not a focus of our efforts.*

DTT- *We are welcome. They've realized that it's a necessity. They invest a lot of money. That said, getting respect is a continuing part of the challenge. While others may view that as a frustration, I view that as a challenge. And, we win people over every day. It's a continuing battle.*

HH- *There's a problem with real marketers getting creditability within these firms. These firms just don't believe that marketing is 'where it's at'. Look at KPMG. They have made a partner head of the newly formed marketing group. Do you know what that means? He's an accountant! These firms are putting accountants into marketing leadership positions because they 'seem to' understand marketing. This does not replace real marketers.*

CE-(20 year AMEX veteran now at DTT) *It's a real struggle to fit in here. So much of what I'm directed to do, and the people who direct me, have nothing to do with marketing. Worse, there's little regard for what I've spent my life practicing.*

PE-(Ex PWC now at Citibank) *I was very disenchanted. When I joined, everyone talked a good game. I took all the discomfort I could and came to the realization that appreciation for marketing and my expertise and contribution would be long in coming. There alternatives for me so I left for a real marketing culture.*

IBM *The external umbrella branding strategy, and that comes out of Armonk, NY in the corporate communication office. Given that, for each of the market segments which IBM wishes to engage the next level of marketers determines what is it that IBM must bring to that market segment. Those marketers may use some of the standard themes or branding images that have been developed and they determine where that applies to the particular market segment.*

GS- Sometimes we're viewed as helpful. Sometimes as a pain in the ass. Generally speaking we are welcomed. The times when we are not, are those when someone is trying to do something that wouldn't be good for the brand. That's when they have their own business needs in mind and not the brand's best interest.

D. Maister- What are these firms trying to achieve with their marketing, and are they being successful? There is a tremendous attempt at branding, and they are complete idiots at that too. Because what they are basically doing with their branding is going out and lying. The essence of branding as they are doing it is --lets go out, pretend to be something, say it often enough in our ads and hope the clients will start believing it. Whereas typically clients will decide what you are from their experiences with you. So the essence of having a valuable brand isn't the marketing of it, but rather the operational consistency of it.

Lets use a brand that doesn't exist anymore: Let's say I go to Coopers and Lybrand in Chicago and have a favorable experience. Now, clients are not idiots. I know full well that because I had a favorable experience in Chicago, I knew zero about what they were like in New York. A lot of marketing is predicated that clients aren't very smart and that if we say something often enough to them, that they'll believe it. I don't buy that for a moment. These professional service firms we've been discussing have no internal quality assurance process. They don't talk to each other. Clients know what's going on. Particularly the clients these folks are battling to get—the Fortune 100. Some regional guy in a Georgia peach plucking business may not know, but if you walk into the offices of one of these clients, they have the experience to know where the great offices are and where the weak ones are.

4. How do you succeed and grow with it?

- Do you consider the organization to be a good example of how to market?
PS No.

DTT *We're moving in that direction, but we're not there yet. We're maybe not as far along as I'd like to think we are. But we're not at the starting gate, we're well beyond that. There are a lot of sophisticated Marketing plans now being developed for us, by us.*

HH *None of the big five have set a good example.*

GS- *Yes. This firm knows more about its clients, and the relevant product markets with which we are involved than anybody in the industry. Nobody surpasses us. We have dominant positions in them. Whether it's IPO's, secondary offerings, mergers and acquisitions, or any strategic financial decision a major company would make, they would like to consider Goldman-Sachs as helping them make that decision. For obvious historical reasons, maybe we're not the banker for 'X' company or for 'Y' because they work with Morgen Stanley. That's OK, there are plenty of new companies starting up.*

David Maister- Career-long marketers who are put into 'marketing' roles at professional service firms are frustrated. They feel absolutely useless.

- Who else do you think is doing it noticeably well, from both an organizational perspective and from the customer perspective brand understanding?

PS Pass.

DTT *I think every competitor is. I don't see any 'best practice.' I see some very interesting and smart advertising, but we're all sort of muddling in that direction. Andersen is doing Golf tournaments and so on, but I don't concur with that. I'm not sure it's smart. See the unfortunate thing is that the smart stuff, the brilliant Marketing is the stuff you don't see. That's what your sales department is doing, what programs you have going, developing relationships...it's what you're doing under the radar screen. That's where our focus needs to go. There are only 2005 clients we wish to pursue at the most. You don't need to spend a million dollars on a golf tournament to find them.*

It depends on how you define Marketing. While the likes of Andersen Consulting is highly visible, I don't see them doing the kinds of things like MCA, Marketing

Corporation of America is doing in Marketing consulting, or Glendenny. Maybe they are but I'm not aware of it.

Andersen's real core competency is systems integration, is technology. As is probably ours.

GS- *Andersen Consulting has done an outstanding job. They are reaching out to mid and small cap companies. So they have a broader target definition than many. But they are most definitely a professional services firm with a B to B focus. They have used communications very intelligently. I think IBM has done a very good job over the past few years with their branding. And I, who are they? I remember the tag line "Time for Clarity" who is that? KPMG? PricewaterhouseCooper has done some good stuff but not as good as Andersen Consulting. Ernst & Young has spent a lot of money over the past years on it as well. I don't like their work as much, but they've attacked it in a thoughtful and methodical way...give me a hundred million to spend and I can do something too.*

D. Maister- Who's doing this well? The hidden part of Andersen, is that when Andersen Consulting walked out the door eleven years ago, they had, by definition, no consulting. They now have a multi-billion dollar consulting practice. Obviously successful. And the un-sung success story is the recreation of a totally new consulting business from ground zero. And some of the people there. If you really want to understand some of the most brilliant marketers in the world it's people like Gary Holdren at Andersen, who built up their litigation support consulting practice from a standing start of zero to a \$500 million dollar consulting practice.

Who do I feel is doing this well? You're not going to draw me out in names, other than what's in the public domain because I'd just get in trouble and I can't afford that. Off the record and don't quote me, the pro's who have made the most progress amongst the accounting firms is Ernst & Young. One of the major important things they did, is they went out and hired a bunch of full time professional salespeople. Now what was clever about what they didn't say to the partners 'now we have a sales force selling, you don't have to do anything.' What they did was to integrate full time sales people into every office and every practice. So that they used fulltime sales people as 'mini-coaches' to say "come on the water's not too bad, it's not that difficult. And, they used the fulltime salespeople in fact to help the partners learn how to do this.

So this is who is doing a good job of marketing themselves: McKinsey, Bain, Andersen Consulting with E&Y gaining.

- What are the key “do’s and don’ts” of being successful in Marketing a strategic consulting organization and brand? What are the keys to success? What are the hindrances?

***PS** Integrate strategy, Marketing, and delivery; establish focus, define a few core service offerings to use as leverageable entry points. Corporate image is more useful than multiple brands.*

***DTT** The dos are: understand the needs of your client. The don’t are: don’t use boilerplate solutions. For internal clients, the dos are to get buy in, participation, help them learn and bring them along. The don’t part is not to be in an ivory tower and assume that because you are Marketing-you know best.*

***GS-** The key do is: Recognize that some of the consumer marketing tools are useful. The consumer marketing approach and structure is absolutely irrelevant. The most important audience is the internal audience, not the external audience. The hindrances are as a result of the internal audience not being knowledgeable in branding. They are experts in their own business areas. They certainly have strong emotional ties to the brand, but they are not professional communicators they do not understand how communications work. Not to overlook the importance of acting quickly to fire your agency if they’re not working out.*

David Maister- What are the key dos and don’ts: DO-don’t sell, focus on being useful. Give away ideas for free. If you want people to believe things of you, demonstrate don’t assert. People don’t believe what you assert, they believe in what you demonstrate.

- Do you see a “next stage” for their Marketing activities and efforts; can your Marketing process be extended or improved in any way?

***PS** We’re surrounded by nearly insurmountable opportunity*

***DTT** We’ll continue to bring the Marketing organization together and become more integrated. We must completely remove the silos and we are committed to do that.*

***GS-** Remember, the most important audience for Andersen Consulting communications is probably not clients. If they need to hire 10,000 people per year...where are you to get them? Why would I choose (to go to work for) Andersen over a dot-com, or over McKinsey or over IBM? We’re being forced to go this way. Let’s face it these people are in their 20’s, and they grew up with TV, magazines, Gameboy and Nintendo. They are consumers of media and advertising. They’re comfortable with that, they don’t think of it as denigrating a company. They don’t have hang ups.*

We have several next steps. For us Marketing and Branding is very new, and we need to mature. There's an advertising campaign out there right now which is OK, it's met its objectives but it's time to move on. So, we're looking to do that. We're building up our internal communications significantly, evolving programs in other areas. I want better more frequent research. I want more formalized marketing and branding planning processes within the business units.

David Maister- Perhaps this is the big shift you should be focusing on rather than the marketing department: Which is that if you came up through accounting, then only a few people had to get good at marketing. Because you have major audits, and once have a sufficient amount of those audits, the message the firms used to give to their accounting partners was 'don't you guys worry about business development, we'll take care of that. You just get the work done.'

What's new in professional service consulting firms and is also new is law firms as well, is the firm realizing that's not enough for the future. Everybody's now got to be doing business development. Now it's not the inherent nature or personality of accountants, it's the history that we never had to do this for the first fifteen years of our career. And now, we're suddenly told late in life that we suddenly have to learn this stuff. I don't think it's a personality trait of consultants, because I don't think that consultants are really good at this as well. It is just that consultants sell non-recurring work. That's the difference. To live you must sell project after project and everybody had better keep doing it. So it's really the nature of the sale that has really changed. It used to be that if you got a GM job you just had to do it, and not mess up.

The next stage: Since I work with these firms regularly, I agree with what you said earlier, that we must begin to help people think like a client, earlier. We must start educating people earlier on 'how do you earn somebody's trust.' Which, notice starts with technical excellence, but doesn't finish there. Because the way you get hired is to earn someone's trust. When someone hires a strategic consulting firm, they are essentially saying 'here's my baby, make my baby well.' That's the assignment

- What would you have done differently with the benefit of hindsight?
PS I really cannot comment as we know we are not now doing many things well and are just now beginning to address them.

DTT I don't know if I would have done anything differently. Given the company history and culture what we've done, we've done right for us. I wish it didn't take so long to

change culture but it does. I'm comfortable with that given who we are and where we come from.

IBM: *The key moment can be recognised by going back to the perspective of 'outside in vs. inside out.' By adopting a customer focus, and sensitivity to that we can gradually eliminate the traditional mentality that smacks of overt selling.*

GS- *I'd have fired the agency sooner. Broadly speaking, there's nothing I would have changed.*

David Maister- Based upon the analysis I've just given you, many of them still don't understand yet what works in business development. And one of the biggest reasons is that they are listening to 'traditional' marketing directors. In other words they're putting out brochures; they're putting out presentations on their capabilities; they are writing 100 page proposals with no content in them what so ever that would be useful to the client.

Qualitative Interview with David Maister--Full Text

September 8, 2005

Interview conducted by Brent Bissell via phone

The main question we are trying to address: How are service firms, in a rapidly changing arena, reorganizing to market themselves?

All of these service firms have always marketed. In other words, let's take McKinsey as an example. McKinsey is brilliant at marketing. They just don't do the publicly visible marketing that is recognized as by manufacturing companies or retail services. It never advertises and that's smart because advertising is last on the list of effectiveness.

What McKinsey has always understood, and this is in my first book just to remind you of it, if you draw a two by two matrix and going from left to right along the top put 'existing clients' and then on the right hand top put 'new clients'. The top view of the left hand side put 'aware of a need' and then the bottom left is 'not aware of a need. Forget anything other than making money. Where do you think the highest return on investment for your first marketing hour is? Existing client aware of a need. That's box one. Put a one there, Where is the lowest return on invested marketing? New clients not aware of a need.

But, you hire any marketer, to develop your marketing plan and what will they develop? They will develop efforts to go out into the community, establish contact with people we have no relationship with, who as far as we know are not aware of a need, and sell those suckers something. In other words, what non-professional service firm people think of as marketing, is box four. That's why you hire a marketing director, to do brochures, to put on public seminars where they attract two hundred people, right. They're going to do everything that is the least effective thing to do. Most effort, most expense and lowest return.

Whereas the secret is, which is in my most recent book The Trusted Advisor. Since I can't tell stories about my clients I'll use myself. This is a true story, unfortunately it starts with a tragedy, that is my aunt passed away. Even though I work for lawyers all the time-the Wall Street lawyers-they don't do wills. And it's even worse since my aunt lived in Brooklyn. As a buyer, my need now is to find a probate lawyer in Brooklyn that I can trust.

Now here comes the question: What is first thing I do that every other buyer in the world in ever service does, if you have a need and don't know where to turn? What do you do? What most human beings do is call their friends and business acquaintances. Right? This is not an exaggeration. If you really understand the game, that is 95% of all marketing. In other words, the secret to getting good at marketing is understanding buying. And if you understand what all of us do either in our personal or professional worlds, when we have a new need, don't start reading business magazines for the ads. What we do is call a friend and we say who have you used and would you recommend them?

What I'm saying is that there are a few (professional service) firms that are brilliant at marketing, like McKinsey, and a very large number of firms that are idiots and are playing box four. In other words, don't assume that what is happening today is smart. Because it's not at all clear that it is all smart.

Who do I feel is doing this well? You're not going to draw me out in names, other than what's in the public domain because I'd just get in trouble and I can't afford that. Off the record and don't quote me, the pro's who have made the most progress amongst the accounting firms is Ernst & Young. One of the major important things they did, is they went out and hired a bunch of full time professional salespeople. Now what was clever about what they didn't say to the partners 'now we have a sales force selling, you don't have to do anything.' What they did was to integrate full time sales people into every office and every practice. So that they used fulltime sales people as 'mini-coaches' to say "come on the water's not too bad, it's not that difficult. And, they used the fulltime salespeople in fact to help the partners learn how to do this. Now what they helped them learn how to do is illustrated by my story about my aunt. We're back to that.

Ernst & Young has gone further in terms of revolution but again, McKinsey always knew this. And Andersen, most of Andersen has known this for years. Ernst & Young get the prize for most improvement. And doing a wonderful job. Andersen runs a fine golf tournament, but don't get distracted by that. That is absolutely the frosting on a much more substantial cake. Don't get distracted by the glitz.

95% of marketing is not if your client is asked if they would refer you, but when your client is asked. So in other words, the core of marketing is client service. Meaning that if your client is asked if you would refer these guys, the competitive gap is not "oh they were pretty good, go interview them". The way you really do marketing is to have your client reply "they are fabulous, you can't go wrong, you'd be an idiot to go anywhere else". Now that's how you get hired. You make sure your existing clients are your advocates, not just references. Everybody has good references, but that's not the standard. I'll be as clear as I can, this is the source of new clients. I have never in my life done any new client marketing. All my business comes through my phone ringing saying 'my friend said you're the guy to hire, that you're ridiculously over priced and very ill behaved, but you're the best so when can you come? Now that's marketing.

Now what I'm trying to report to you is that there are many professional service firms out there that have not understood that for years and still don't get it. What they're saying is 'we've got satisfied clients. I don't think any of them have unsatisfied clients, but that's not the issue. They've got a satisfied client, yet they go and say 'let's go spend time and money putting on seminars, golf games and the whole rest of it'. All I'm saying is that stuff works, but if you're doing it that way, you're doing it the hard way. Why not take half as many hours as it would take you to do that stuff and get your existing client from "happy" to your "advocate"? This is not only how you grow existing accounts, this is how you get new clients.

What is the model of organizational structure? You're acting as if marketing departments and marketing directors have any value what-so-ever. I am trying to tell you that they are at the margin, back-fill. Use my rubric of 'how do you hire'. Have you ever hired a lawyer? Ever hired an accountant? On what was your decision based? 99.99% has to do with the person who will serve you. Use this exercise again. Of every professional service you have ever purchased, either personally or in your business role, in what percentage of those cases did the brochure ever play a role? But I'm not being brutal. I'm being honest. I've yet to find a human being whose purchase decision was influenced by a brochure. And yet we've got all these bloody marketing departments filled with people producing brochures.

Yes you are right. A large number of firms are trying to improve their revenue generation, I agree with your point, many are forming marketing departments. What I'm telling you is that that is the idiot's way of doing things. Because of the logic we've just been through. It's missing the bloody point. You see it in lawfirms as well. They love hiring marketing directors, because that's an excuse for the partners not to have to change their own behavior. It's a wonderful thing. It makes it look as if we're doing marketing.

Here's another test question, a very serious one. See if you can guess the answer to this: In any room of professionals, even in the biggest and most prominent firms, with all of the partners in front of us say 'What percentage of you can honestly put your hand on your heart and say that you read every issue of your client's trade magazines?' Do you want to guess what percentage of partners in these firms you are talking about answer yes...less than 5%.

Here's the point, and I hope I'm being sensible, not just brutal. How pre-biblical does the marketing lesson need to be that clients like us to show an interest in their business? That's not exactly a new thought.. So what is the use of hiring some marketing staff that's going to put in a golf sponsorship, put out a brochure, take out an ad, when at the minute the client sees a partner, that partner clearly has not done his homework and knows nothing about the client's business. We're getting it in the wrong bloody order.

How can things be moved forward? The lesson to be learned is that 'getting hired' is about professionals standing before clients, successfully convincing the client that we are trying to help.

Regarding globalization and the perceived change in decision makers on who and when to engage professional strategic consulting firms, the situation doesn't change. First of all it's not clear that the direction is all that way. You can make a very good case that, because of the IT revolution and everything else that is happening, what were previously technical buys are increasingly strategic. So, in fact you could argue that there's just as much moving the other way. The CEO's are much more involved now. When you hire a consultant and are spending, you know, ten million dollars to change your knowledge management system, it isn't going to be an internal chief information officer who's the only one deciding that. So, I don't buy the proposition that the overall trend is more decentralization. I don't think that is true. Again, I tend to think in pretty basic, blunt language.

Career-long marketers who are put into 'marketing' roles at professional service firms are frustrated. They feel absolutely useless. Because they don't understand how you get hired. Let me give you an illustration: I've got a dentist in Boston. He tells me that I've got to have three root canal jobs. I say to him, this is a literal conversation, that 'it sounds painful' he says 'yes it is'. I said 'sounds expensive' he said 'yes it is'. Now here comes the 'buying question'. Now notice the use again of the same idea engine. Which is, if you want to understand getting hired, understand buying. Right? Under what circumstances do I accept his recommendation and hire him? Now if offer you the following rubric which turns on one very simple question of what I think his motives are. In other words, if I think he's being a noble caring professional who's making a recommendation in a disinterested way to give me the best advice, independent of his selfish best interests. If I'm stupid enough to believe that, he probably gets a jar of my money.

Now notice the opposite. If I believe of him, as I do of many in the accounting and consulting professions, that he doesn't care, he doesn't want to help. He's simply trying to get my money. He just wants more billable hours because Jim Copeland is beating him up. Now, if I believe that, fear or not, the logical consequence of that is that 'I'm going to make this guy really work for my money'. I'm going to make him propose, do competitive bids, really going to give him a hard time because I don't trust his motives.

So therefore, the secret to getting hired, and this isn't David's theory, it's the secret of McKinsey, it's the secret of Bain, is that these guys know how to get hired. You will never see them market in a way that will be recognized by a traditional marketing director. Because the summary of that syllogism I've just been through, is that you get hired to the extent that the client thinks you're interested, you care and you are trying to help. And this is not a moral point; it's a factual description of what works in selling. Not a moral point at all.

What does this have to do with the way that professional service firms are organizing to market themselves? Not at all. Because I don't buy your predicate that something very big and significant is happening in how firms are getting hired. Going to market, I agree that they are doing a whole bunch of stuff, and a whole bunch of new stuff. I'm trying to make the case, and you'll be the one to determine if you'll accept it, that the vast majority of what they are doing is fluff. In other words, back to the secret of McKinsey and Bain: When a Bain person appears before a client that person has either read or been given a briefing book on everything going on in that client's industry. And that what will happen the first time he meets that client.

How can these efforts be multiplied? Because companies like Bain and McKinsey have internal marketing directors who do not spend their time developing new client brochures and things, they spend their time doing research making sure that we give briefing books to our partners so they are educated in our clients business. Notice that if you want to get hired, you don't talk about what you've got to sell. You don't start with that. The way you get hired is to talk about the client's needs. So the essence of getting good at marketing is getting good at understanding client's needs, not what you've got to sell. And work to convince them that you deserve their business.

Regarding the metrics being used: Certainly customer satisfaction. Many firms have had for years client feedback systems. That said, I was hired to do the research on this, and found that most firms fail to close the loop. That is, when they get the client feedback, they don't do anything with that. So, it's done as a superficial marketing ploy. So, we'll pretend to be interested in your thoughts beloved client, but don't expect us to pay attention to what you say. In other words everybody preaches a good game but they don't do it. Now let me tell you what I do. Because 'box 1' is where you win the game, I put a system around me to assure I do it. I give an unconditional guarantee. I charge obscene fees-\$15,000 per day--but every invoice that goes out from my office says 'if for any reason you are dissatisfied with my work, you don't pay. I do everything I can to keep that guy happy. Because box 1 is the game. If I can raise my game by forcing myself to be as good as I am capable of being, I will achieve all the marketing I need.

Lots of firms gather client feedback, but what they should have is a system in place for follow-up on anything that's less than perfect, and use the results in conversation. And they don't.

Back to the matrix. So, without any inspiration, morality, professionalism, just to talk pure hard cash, if you're going to market your business and grow it the second best place is to go to an existing client, hang around the corridors and talk to people and hope you can find something else to pick up. The point is, intellectually, everybody knows that. But that's not how these firms are run. In other words, if you go into any of these firms and bring in a new client, bells and whistles go off, glory reigns, you're going to get your name in the firm newsletter. Now, if you bring in the same amount of revenue from an existing client, and the reward is not commensurate. It's ho-hum, at last he's doing his job. Now this is suicidal management. What we should be saying is 'we want to grow the bloody firm with new business, now you figure out where to get that'.

Now back to E&Y. The reason why what E&Y has done is fabulous is that they really started making certain that the partners started to understand that this is not about selling. Rather, it's about showing an interest in your client.

Given the merger on the consulting side, will this new insight, this new perspective change? I think it will destroy it. The answer is yes, it will change the gains made because now they are going back into a publicly held stage, which is Cap Gemini, and a lot of these publicly held companies are incredibly short-term oriented.

Here's the trade off. Intellectually, everyone will say to you that marketing to existing clients will give you a higher ROI. But here's what happens in these firms: Someone plans to visit a client on a non-billable basis to attend an internal meeting. And then that morning a one in six chance at an 80% of standard fee proposal comes in. Right? Now these people have no restraint on their adrenaline rush. Because, rather than doing what works better, which is refuse the proposal solicitation and go visit an existing client, they'll call the client and say "Sorry Fred, catch you next month" and then go write the proposal.

The key to marketing these firms optimally is good relationship management. To remind you, the reason why you don't see "traditional" marketing at Bain, McKinsey or BCG is for this reason. Not having a traditional marketing function within the firm was something I took as a wonderfully good sign. For the reasons I've given you: these guys understand how to get hired, better. That is the answer. These guys really know how to do this stuff. There's nobody in the business better at relationship management than McKinsey and Bain. You can quote that as an anonymous source.

I'm going to finish the story of my aunt's will. It's a true story and it illustrates the point. I ended up with a list of about eight lawyers from referrals like "you ought to go talk to them" no overwhelming endorsements. So I interview them by phone. I called the first guy. He said "we can help you, we were founded in 1927." You get my point. That's not even useful. That's negative. This is telling me that you have no idea what I as a buyer am trying to find out. And you're proving to me that your understanding of clients is probably negative rather than even zero.

So, I called a second one, who started with "Oh we can help you. We've got seventeen offices in the tri-state area. And again my reaction is that's not what I'm trying to find out. What I'm trying to tell you is that is what the internal marketing functions within these professional services consulting firms are doing. They are rehearsing partners to make PowerPoint presentations about 'our fine firm'. Which is not good marketing. It is brain-dead idiocy.

Here comes the punch line. I finally got a fellow from a firm who was an absolute genius. I told him the story of my aunt's death and having to deal with a will from a distance. He asked if I had ever had to deal with a will in Brooklyn before. I said no. He then asked if I knew what was involved. I responded that I haven't a clue. He said forgive me if I get the language wrong, but I think you do not serve yourself by interviewing possible suppliers without knowing what you're getting into. If you care to give me your fax number, he continued, I will fax you an outline of what's involved with processing a will in Brooklyn. And if you have any questions after that, I'd be happy to take your call.

Within five minutes my fax machine goes, and out comes a three page booklet, not a brochure. And that booklet was the most valuable thing I could have received at that time. It was: here's what you've got to rush to do, that's urgent; this looks urgent but it's not because judges don't rule on that for a year and a half; here's the paperwork you must get together, and the last paragraph really got me. The last paragraph said, 'even though it has nothing to do with our fees and our services, if you've had the tragedy you need to know that you are required to notify the following city, state, federal and healthcare authorities and here are all of their phone numbers in Brooklyn.

Immediately everybody in the world, you and me included, gets the point. Which is how do you get someone's business? What would you say he just did? His whole sales process was 'let me help you'. Forget inspiration, forget morality, we're talking about how does the world work. The answer is if you want to get hired and get somebody's business and their cash, if you find yourself selling you're a brain dead idiot. Because what works is not selling. What works is 'get out there and be helpful'.

My point is that there are some individuals who understand this in all firms. To them, getting hired is not a big mystery. It's not unprofessional for example. It's quite the definition of what being professional is. Which is care about your clients and help them. That's what will get you hired. I actually prefer a quote from Dale Carnegie which is that you'll have more fun and success by helping other people achieve their goals than you will by focusing on your own goals.

The fastest way to business cultivation is to go out and help somebody.

How does this translate to the big 5 professional services consulting firms? As I have been saying all along, in the current state of play, there are a few firms that get this firm-wide, that's Bain, and McKinsey, it's how they do things as a firm. Within everyone of those big five, and I must say Andersen's not bad at it, Andersen understands this. The goal is to show an interest in people and help them. Earn their trust, that's how you get hired. They're not quite as good at it in terms of execution, but their heads are in the right place.

How are firms organized to deliver this? Organized isn't a relevant concept. You make sure that every partner behaves this way. Even though most partners come out of accounting backgrounds, accountants are capable of being interested in people. They do need a little bit of training. The reason is that none of us ever gets trained in this stuff. The big tragedy in all of professional services consulting, including myself, is that the whole progression bachelors, masters, Ph.D. and I was a university professor too.

My intellect is way over developed. I have no emotional skills what so ever. I have no social skills in the sense that did anyone ever help me understand these skills and learn them. The tragedy of my own career is that you see how valuable this stuff is when you get out in the world. And you try and pick up a few things along the way. No one has ever shown us 'how do you really listen to someone, and how do you show an interest and resist the temptation to show off?'

Regarding career potentials for marketers to work for the big five: Taking any staff position in any business is a sure route to suicide. No career path at this time for marketers in these firms, in these positions as we have been describing them.

Who's doing this well? The hidden part of Andersen, is that when Andersen Consulting walked out the door eleven years ago, they had, by definition, no consulting. They now have a multi-billion dollar consulting practice. Obviously successful. And the un-sung success story is the recreation of a totally new consulting business from ground zero. And some of the people there. If you really want to understand some of the most brilliant marketers in the world it's people like Gary Holdren at Andersen, who built up their litigation support consulting practice from a standing start of zero to a \$500 million dollar consulting practice.

What are these firms trying to achieve and are they being successful? There is a tremendous attempt at branding, and they are complete idiots at that too. Because what they are basically doing with their branding is going out and lying. The essence of branding as they are doing it is --lets go out, pretend to be something, say it often enough in our ads and hope the clients will start believing it. Whereas typically clients will decide what you are from their experiences with you. So the essence of having a valuable brand isn't the marketing of it, but rather the operational consistency of it.

Lets us a brand that doesn't exist anymore: Let's say I go to Coopers and Lybrand in Chicago and have a favorable experience. Now, clients are not idiots. I know full well that because I had a favorable experience in Chicago, I knew zero about what they were like in New York. A lot of marketing is predicated that clients aren't very smart and that if we say something often enough to them, that they'll believe it. I don't buy that for a moment. These professional service firms we've been discussing have no internal quality assurance process. They don't talk to each other. Clients know what's going on. Particularly the clients these folks are battling to get—the Fortune 100. Some regional guy in a Georgia peach plucking business may not know, but if you walk into the offices of one of these clients, they have the experience to know where the great offices are and where the weak ones are.

In terms of your experience, how does the top management impact the direction, budgeting, quantification and involvement of the fledging marketing department in the firm? In most of these firms they aren't virgins anymore. I believe that there is more contraction going on than expansion. In other words, they have experience now with what activities are showing some degree of return. There is more centralization that I can report is a trend, but it's superficial.

I won't talk at the conferences for marketing directors because I don't feel they have their hands on the crucial levers. In other words, what you keep hearing from me is that marketing is best done at the partner level, and marketing directors should be slaves who serve it once the partners have gotten energized.

Perhaps this is the big shift you should be focusing on rather than the marketing department: Which is that if you came up through accounting, then only a few people had to get good at marketing. Because you have major audits, and once have a sufficient amount of those audits, the message the firms used to give to their accounting partners was 'don't you guys worry about business development, we'll take care of that. You just get the work done.'

What's new in professional service consulting firms and is also new is law firms as well, is the firm realizing that's not enough for the future. Everybody's now got to be doing business development. Now it's not the inherent nature or personality of accountants, it's the history that we never had to do this for the first fifteen years of our career. And now, we're suddenly told late in life that we suddenly have to learn this stuff. I don't think it's a personality trait of consultants, because I don't think that consultants are really good at this as well. It is just that consultants sell non-recurring work. That's the difference. To live you must sell project after project and everybody had better keep doing it. So it's really the nature of the sale that has really changes. It used to be that if you got a GM job you just had to do it, and not mess up.

Regarding marketing people and job satisfaction at the big 5: Marketing at these firms is a second class citizen; there is no career path; there will never be a CEO from marketing at these firms...that's right. The question isn't that they aren't "getting it" the question is what is it they aren't getting. I'm saying keep going guys but change some things. Don't lean on your marketing staff, but rather they should teach the accountants how to get hired. That's the hard part. The right job is to help the accountants get hired. It's not that they aren't moving fast enough, because they are moving quite fast now. But the big shift is that partners are now realizing that everyone has to get good at business development.

Based upon the analysis I've just given you, many of them still don't understand yet what works in business development. And one of the biggest reasons is that they are listening to 'traditional' marketing directors. In other words they're putting out brochures; they're putting out presentations on their capabilities; they are writing 100 page proposals with no content in them what so ever that would be useful to the client.

Who is doing a good job of marketing themselves: McKinsey, Bain, Andersen Consulting with E&Y gaining.

What are the key dos and don'ts: DO-don't sell, focus on being useful. Give away ideas for free. If you want people to believe things of you, demonstrate don't assert. People don't believe what you assert, they believe in what you demonstrate.

The next stage: Since I work with these firms regularly, I agree with what you said earlier, that we must begin to help people think like a client, earlier. We must start educating people earlier on 'how do you earn somebody's trust.'

Which, notice starts with technical excellence, but doesn't finish there. Because the way you get hired is to earn someone's trust. When someone hires a strategic consulting firm, they are essentially saying 'here's my baby, make my baby well.' That's the assignment.

Exhibit: Internet Competitive Review-Desk Research

Professional Service Consultants Website Competitive Analysis

UpsideToday produced the following review in February 2005:
(On a scale of 1 - 5, with 5 being the best)

Andersen Consulting

Market Share: 5

Innovation: 5

Overseas Strength: 3

Alliances: 3

Growth: 5

Has created a strong focus on e-business. However, its senior partners are in extremely high demand and are leaving to join dot-coms forcing Andersen to reinvent itself to stay a leader in the e-sourcing revolution. Also, the major loss of staff at the lower levels must be rectified if they wish to hold their current position.

Sapient

Market Share: 3

Innovation: 4

Overseas Strength: 2

Alliances: 3

Growth: 5

Well managed and boasting some of the lowest employee turnover numbers in the industry

Professional Services Consultants Website Reviews, con't...

EDS

Market Share: 4

Innovation: 3

Overseas Strength: 4

Alliances: 3

Growth: 4

Moving heavily into the e-sourcing market. Faces a big challenge in moving its tradition-bound customer base as EDS moves into this new market.

KPMG

Marketing Share: 4

Innovation: 4

Overseas Strength: 3

Alliances: 3

Growth: 5

Had a \$1 Billion investment by Cisco Systems and is viewed as the best positioned of the Big Five consulting firms in the e-sourcing marketplace.

PricewaterhouseCoopers

Market Share: 4

Innovation: 3

Overseas Strength: 3

Alliances: 4

Growth: 4

Lags in e-Commerce and e-Business and must enter into this new market with a point of differentiation if they wish to maintain current market share.