

# A brand new approach

**Suppose there was a business process which could ensure that the price your firms' partners could charge for their hours would always be higher than any other in town and, better still, the clients were happy to pay those higher prices. Or what if there was a way to ensure that, when the owners of the practice were ready to sell, they would get a queue of interested buyers offering high multiples of earnings? And imagine, in these days of "the war for talent", if droves of "generation Y" youngsters were keen to join the practice. Good brand strategy is a realistic, proven way to deliver all of these advantages.**

There are a number of firms whose names have developed into professional service brands which earn enormous value for their owners. Partnerships like McKinsey, Bain, Deloitte and Russell Reynolds have earned higher margins by differentiating themselves in their own corner of the professional service industry. Others (like Goldman Sachs, Accenture and Heidrick & Struggles) have demonstrated the enormous power of a successful brand in making a generation of partners fabulously wealthy as they have gone public.

These brands affect the price of every job the firm undertakes in every part of the world. They set expectations of quality and communicate subliminal messages of the firm's raison d'être. They are one of the firm's most valuable assets and should be one of the prime strategic issues for its marketing people to tackle. As in much of the professions' marketing and BD work, these brands have been developed intuitively, as generations of partners have obsessively focussed on maintaining a great reputation.

Unfortunately, many professionals still dismiss brand work as just a tedious but necessary design process for their practice's "public face". They limit it to the appearance of their office, the impact of their stationary, the style of their web site, or the glossiness of the "company brochure". In fact, it is often a major achievement if the poor soul responsible for the firm's image can get everyone to use one common set of templates. This despite the fact that accountants now routinely value their client's brands and lawyers earn vast fees on the protection of intangible assets.

In the minds of many professionals, brands are associated with consumer products (like soap or fizzy drinks) and dismissed with tacky advertising, like that for personal injury lawyers on satellite television. As a result, many have ignored, to their detriment, the precious role that brands can play in the life of their practice, their clients, their employees and their career. It is entirely possible that many professionals might, not only miss out on a proven source of profit, but be damaged by this ignorance.

An effective brand is much more than design or high minded "values". It is an entity that engenders an emotional response from a group of human beings so that they pay more than they probably should for the purely rational components on offer. It is a changing, multi-faceted entity which creates a variety of impressions in the minds of different human beings through many different stimuli. As leading advertiser, Jeremy Bullmore, said, "Brands are fiendishly complicated, elusive, slippery, half-real/half-virtual things. When chief executives try to think about them, their brains hurt".

A brand is also a very valuable asset capturing the "good will" of buyers and nurturing their future buying intent. As Tim Ambler of London Business School has said, "it is the future cash flow of the business". Brands differentiate an offer from competitors, create a price premium, enhance margins and encourage client loyalty. Moreover, their effect is enduring. There are several in existence today that were created well over a hundred years ago. As a result, there are business buyers who proudly announce to shareholders that McKinsey helped construct a defence strategy or that they are audited by a "big four" accountancy firm, despite the higher day rates that these firms charge.

In the past, marketers have found it hard to translate brand strategies into clear numeric data which wins the respect of partners. As a result, investment has often been refused and those brand programmes which did go ahead, have been based on little more than intuition. Many worthy brand strategies have not got the investment they warranted.

Yet there is a hard financial dynamic to all this which, in my experience, partners find convincing. It is based on the fact that successful brands command a price premium. For example, when I was in Tesco with my student son a little while ago I reached for

Heinz baked beans. He pointed out that, as a student, he bought the "own-brand" because the price difference was so enormous (about fifty pence per can). What's more, the cheaper can was next to the Heinz tin. This happens again and again, thousands of times every week and makes enormous profit. (Heinz sells twenty four million at a price difference of fifty pence every year in the UK alone). Similarly, partners in better known or differentiated practices can charge higher day rates than, unbranded, single practitioners.

Over the past two decades, as developed economies have changed from a manufacturing to a service bias, the accountancy profession has become increasingly focussed on valuing "intangible assets". Brands are simply one asset in a firm's array of intangibles (such as IP) and it is possible to use state-of-the-art valuation techniques to calculate their value. These include modern methods such as "real option valuation" which are more robust than some of the older, more judgemental methods, like residual "goodwill". Using these techniques, it is possible to estimate the likely financial success of different brand strategies by calculating the future brand value resulting from those strategies. In other words, it is possible to put real numbers behind brand strategy and calculate the likely return on investment.

It is sensible, then, for practices of all sizes to take a hard-headed look at brand management. This has been shown in different sectors of the world to produce real value over time and guard against the ravages of the market. Managed carefully, brands can be the basis of a firm's sustainable competitive advantage by building strong, profitable bonds with loyal clients. This means creating a branded proposition that stands out from the crowd and consistently delivers what it promises.

To date, professional services firms have, on the whole, failed to get to grips with strategic brand management. Yet, with the right leadership and political will, firms can manage their brand in such a way that it gives a clear direction to everyone involved in their practice. It is possible for firms of any size and style of operation (including professional practices) to create an offer which will be different from competitors' and earn a price premium. That is of enormous value to the professions, particularly with the significant changes affecting many. Partners can become fabulously wealthy if they move from being unconsciously competent in the way they manage their own company's brand.

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