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## **Marketplace Masters: How Professional Service Firms Compete to Win**

*Suzanne C. Lowe (Praeger, Westport, CT;  
2004; ISBN 0-275-98119-3) \$39.95*

REVIEWED BY PATRICK J. MCKENNA

I was aware of *Marketplace Masters* months before its release; it's one of the few books I have ever preordered. The book is based on five consecutive surveys (1997–2001) of professional services firms designed to reveal what worked and what didn't work with respect to the best practices of successful and not so successful competitors.

In the first part of the book, Lowe presents extensive research identifying 11 competencies that she found respondent firms were using to garner positive market results. She classifies them into three categories:

- *Looking Out* means gaining a better understanding of clients through qualitative and quantitative market research, competitors through competitive intelligence, and markets through economic forecasts and trends analysis.

- *Digging Deeper* is about doing the analytical work needed to compete

more effectively and includes competencies like embracing differentiation; mining client data, using relationship management programs, aligning strategy with culture, and increasing strategic focus.

- *Embedding Innovation* means deliberately incorporating support of innovation into a firm's practices and policies. This deals with building new service offerings, using technology in service delivery, and the use of incentives and rewards to stimulate innovative efforts.

If you delight in reviewing reams of technical data and welcome reading text rife with statistics, you may find that part of the initial four chapters interesting as well.

This book represents some great research. The material on the right way to achieve differentiation is worth the price of the book. Lowe provides ample evidence that the approaches to differentiation used most by most professional service firms are not necessarily the most successful approaches.

I loved the chapter on embedding innovation. There are very few texts that tackle the challenge of encouraging innovation in a professional services context, and this book addresses the topic from both the front-end perspec-

tive of building a process and the back-end one of providing incentives to encourage use of those processes. And Lowe reinforces something that I've personally observed in my strategy work with firms: truly innovative initiatives rarely emerge from the formal strategic planning efforts of firm leaders. Innovation usually emerges from, as Peter Drucker once said, "a monomaniac with a mission!" An important role of firm leaders, then, is to encourage support of, embrace, and reward those maniacs.

A caveat, however: The last of the five surveys was about five years old by the time the book was published. Consider, for example, this passage: "Out of more than five hundred study respondents in our 2001 study, only 25 percent even had a formal research budget." The survey was actually conducted in the later part of 2000 and thereby most likely reflected spending patterns captured in fiscal 1999. Is the author's point still relevant? Probably. But as you read, carefully consider the implications of the author's research, and don't just accept it at face value. Today's picture may differ considerably from the one five or six years ago.

In the book's middle section, Lowe presents 15 case studies grouped under the 11 competencies identified in the first part of the book and drawn from a

wide range of firms, including five consulting firms. I especially appreciated this section, particularly because it did not cover the organizations already well covered by Harvard Business School and other case study sources. Here, we get to learn more about the supposedly “best-kept secret in consulting,” Marakon Associates, the New York– and London-based strategy consultancy; and we get to explore how another strategy firm, L.E.K. Consulting, managed to transform itself.

The final section is entitled “Assess Your Firm’s Readiness to Build a Market-Driven Infrastructure.” The author presents numerous questions for self-assessment and reflection. Here are a couple of her key questions that got me thinking:

- Has your firm ever conducted a competitive intelligence exercise, and if so, is it a regularly funded effort or done only when the firm is in a crisis?
- Do your firm’s leaders understand how to assess the criteria for determining the most robust possible differentiation platform for your firm—value for clients, credibility, attractiveness, sustainability, narrow focus, and protection against copycats?

- Has your firm ever undertaken a formal assessment of its culture?

- Is there a particular practice group or business unit that would welcome the opportunity to become a firmwide showcase for excellence at mastering its market and competing to win?

The author’s basic premise is that too many professional service firms are selling the same thing, the same way, for the same price. She claims that you can use the information in *Marketplace Masters* to move beyond your marketplace nearsightedness. I think she provides a good resource from which firm leaders can derive a better plan of action than they have now—if they have one at all.

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