THE HIGH GROWTH PROFESSIONAL SERVICES FIRM

HOW SOME FIRMS ARE ABLE TO GROW IN ANY MARKET

RESEARCH SUMMARY

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Hinge

THANK YOU

Thank you to each of the participants who took the time from their busy schedules to participate in this study.

In addition, there are several organizations that we wish to thank for helping to make this research project a reality.

Society for Marketing Professional Services
www.smps.org

Association of Accounting Marketing
www.accountingmarketing.org

Harvard Business School Association of Northern California
www.hbsanc.org

The Venture Forum
www.ventureclub.com

Loudoun County Department of Economic Development
biz.loudoun.gov

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AT A GLANCE

- National study of 102 professional services firms with $1 million to $1 billion in annual revenue realized in 2008 and 2009.
- High Growth firms were identified that grew almost 9 times faster and were 50% more profitable than their Average Growth peers. Remarkably, they achieved these levels of growth and profitability without spending any more than average on marketing and sales.
- Although somewhat smaller than their Average Growth peers, High Growth firms actually added more dollars of revenue ($13.3 million vs. $5.3 million) over the two-year study period.
- Strategically, High Growth firms tend to be more specialized, are more narrowly targeted and have stronger differentiators.
- High Growth firms are more likely to regularly and systematically research their clients' needs and priorities, and they are better able to specify core client characteristics.
- The study identifies specific marketing initiatives that are characteristic of High Growth and Average Growth firms.
- Several High Growth firms are profiled.

INTRODUCTION

This is the fourth in a series of studies focused on growing and managing a professional services firm.

This is the fourth in a series of studies focused on growing and managing a professional services firm. The first study, **Defying Gravity: Competitive Strategy Study of Professional Services Firms**, surveyed CEOs and Managing Partners of firms with between $1 million and $1 billion in annual revenue. In that study, we uncovered a group of firms that were growing 4-6 times faster than their peers yet were spending no more on marketing. The insights from these firms turned out to be very practical.

Next, we explored firms that command premium market valuations in **Top Dollar: How to Achieve a Premium Valuation for Your Professional Services Firm**. We learned that high value firms share much in common with high growth firms. Many of these similarities center on their approach to the marketplace.

Our third study examined the buying preferences and habits of today's decision makers. **Professional Services: How Buyers Buy** explores firm selection, retention and the referral process.

Any firm that can deliver sustainable and profitable growth under extreme market pressures has a great deal to teach us.

In the current study, we build upon this body of research. We began by identifying firms that display high potential for premium valuations and high growth. We then compared these firms to average firms on several dimensions, including financial performance, strategy, their approach to the marketplace and the marketing tactics they employ.

It is important to note that this study was conducted in the midst of the worst economic crisis since the Great Depression. This gave us a unique opportunity to study how exceptional firms perform under the most challenging conditions. Any firm that can deliver sustainable and profitable growth under extreme market pressures has a great deal to teach us.

A TEAM EFFORT

This study involved the collaboration of three companies.

The McLean Group – a national investment banking firm focused on middle market companies and McLean, Markowitz and McNaughton, its market intelligence unit. They identified the high potential companies in our study using the same research approach they employ to find acquisition candidates for their clients.

ROI Research on Investment – a global market research and qualification firm. ROI conducted interviews with the targeted companies and matched firms that were not identified as high potential to provide a control group.

Hinge – a branding, marketing and strategy firm specializing in professional services firms. Hinge designed the study, provided supplemental data gathering and analyzed the results. Hinge also prepared this report.

METHODOLOGY

High potential professional services firms were first identified using the following sampling criteria:

Segments:
Architecture, Engineering and Construction (AEC)
Technology (Tech)
Accounting and Finance (Financial)
Management Consulting (Consult)

Markets:
Private Sector (Private)
Government Contracting (GovCon)

Firm Size:
$1 million - $1 billion in annual revenue

Location: National

Financial Performance: History of high growth

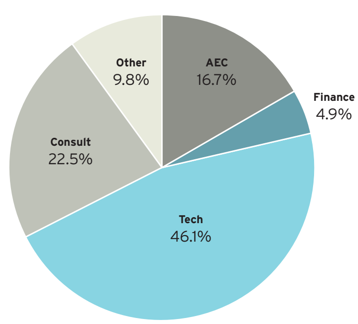
Qualifying firms were matched against a control group with parallel criteria but which did not meet high growth criteria. Comprehensive, confidential, structured interviews were then conducted with either the top executive (CEO, Managing Partner, President) or with a senior functional executive. Participating firms were categorized by their actual two-year performance before being assigned to a study group. To be assigned to the High Growth group firms had to maintain a minimum of 20% annual revenue growth.

THE SAMPLE

Prior to the interviews, 58 firms (56.9%) were identified as high potential companies that were expected to evidence high growth characteristics. The matched control group contained 44 companies (43.1%). The total sample comprised 102 companies. The actual number of firms in each group was ultimately determined by their financial performance in 2008 and 2009.

The composition of the sample by industry segment is shown in the accompanying chart. Technology and management consulting are most heavily represented in the sample.

INDUSTRY SEGMENT



MEET THE HIGH GROWTH FIRMS

AND THEIR AVERAGE GROWTH FRIENDS

Not surprisingly, the study confirmed how difficult it has been to sustain growth in the recent economic environment. While almost 57% of the initial sample was identified as potential high growth firms, only about 27% made the final cut.

By definition, the High Growth firms are growing faster than their Average Growth peers. On a cumulative basis the High Growth group increased revenue almost nine times faster than Average Growth firms. In the Average Growth group, almost a third (31.9%) lost revenue over the study period and another 13.9% remained flat. As economic conditions worsened during the study period, growth slowed for both groups. However, on a proportional basis, the Average Growth group suffered larger decreases.

GROWTH RATE

	07-08	08-09	Cumulative
Average Growth	8.8%	1.2%	10.1%
High Growth	49.4%	27.9%	91.1%

The High Growth firms are generally smaller than their Average Growth counterparts in terms of both revenue and number of employees. High Growth firms generate a higher proportion of their revenue from government contracting than do the Average Growth companies (36.2% vs. 24.4%). This raises an interesting question: does industry matter?

The High Growth firms are generally smaller than their Average Growth counterparts in terms of both revenue and number of employees.

GROUP CHARACTERISTICS

Description	Average Growth	High Growth	Combined (weighted avg.)
Firms in Final Sample	75	27	102
% of Final Sample	73.5%	26.5%	100%
Annual Revenue	$57.2 M	$27.8 M	$49.2 M
Number of Employees	253.9	130.8	221.3
Number of Locations	4.8	4.0	4.6
GovCon Revenue	24.4%	36.2%	27.8%

DOES INDUSTRY MATTER?

Clearly, each industry segment experienced different competitive pressures that affected a firm's growth rate and ability to prosper. To gauge this impact, we indexed the industry segments represented in the High Growth group. An index of 1.0 means that a segment is represented in the group in exactly the same proportion as it is in the overall, combined sample. An index of 2.0 would mean it is twice as likely to be found in the High Growth group.

INDUSTRY SEGMENT INDEX

Industry Segment	Index
AEC	0.22
Financial	1.51
Tech	1.04
Consult	1.48
Other	0.76
GovCon	1.30

For every $1.00 in top line revenue that the Average Growth firm added, the High Growth firm added $2.50.

To no one's surprise, it has not been a great couple of years for the AEC industry. And the conventional wisdom that it's a good time to be in GovCon is supported by the evidence. Accounting and Financial and Management Consulting are also strong. Technology is tracking close to average performance.

DOES SIZE MATTER?

Business experts often state that it is easier for a smaller company to grow at a faster rate. After all, doubling the revenue of a $1 million company requires much less incremental revenue that doubling a $10 million firm. But is it true? At first blush, the results of this study appear to support that notion. High Growth firms do tend to be smaller.

However, there is another statistic that provides a different perspective. For the two year study period, the larger, Average Growth firm increased revenue by $5.3 million. Firms from the High Growth group posted a $13.3 million increase over the same time period. Put another way, for every $1.00 in top line revenue that the Average Growth firm added, the High Growth firm added $2.50. The High Growth firms were not only growing much faster on a percentage basis, they were also far outpacing the Average Growth firms in terms of absolute dollars of new revenue. High Growth is not just a statistical fluke related to firm size.

HIGH GROWTH PROFILE

INFINITE VISION. ENDLESS POSSIBILITIES.

INVIZION
Tysons Corner, Virginia

www.invizion.com

788%
CUMULATIVE GROWTH

With a cumulative growth rate of 788% over the two year study period, Invizion is a company on the move. An emerging player in the GovCon space, the firm offers a suite of consulting, technology and support services aimed at security and risk reduction. "Our clients' success is a top priority for Invizion. When we help them succeed and achieve their mission objectives, it affords us opportunities for growth," says George Washington, Invizion's President and Co-founder.

Today, Invizion is maintaining rapid growth and above average profitability with a below average business development cost. How do they do it?

"Invizion is built around people," says Washington. "We made a conscious decision to develop a winning corporate culture." Invizion began by articulating their core values – insight, innovation and integrity. Then they hired people who embraced those values. To reinforce the culture, they developed policies, incentives and programs that support and energize their culture.

To handle a steady influx of staff around the globe – and maintain a low-cost structure – Invizion has invested heavily in technology and built infrastructure in anticipation of future growth. This farsighted investment has allowed the firm to avoid many of the growth-related problems that put the brakes on other growing companies.

While focused on prime contracts, Invizion is also a strong believer in partnering as a path to sustainable growth and new market entry. "Successful businesses are built on mutually beneficial relationships," Washington notes. The firm approaches potential new partners, for instance, after they already have qualified a good opportunity for that company.

GROWTH, PROFITABILITY AND SPENDING

What is the financial impact of high growth? What do you have to spend to grow at such a high rate?

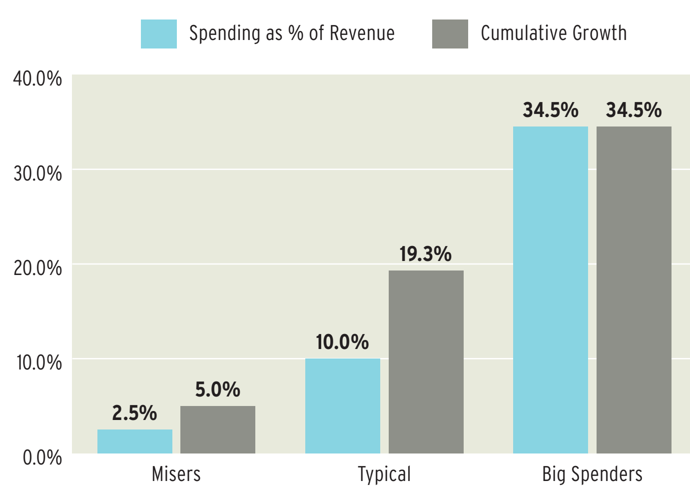
CAN YOU SPEND YOUR WAY TO GROWTH?

In the **Defying Gravity** study, we showed that increased marketing spending resulted in increased growth. In the current study, we were interested to learn if that same relationship held when you include all business development costs (including not only marketing, but sales and other business development-related costs). Further, we wondered if the harsh economic conditions would render incremental spending useless.

We looked at three levels of spending across the entire sample:

Misers – lowest 20% of spending
Typical – middle 60% of spending
Big Spenders – highest 20% of spending

SPENDING AND GROWTH



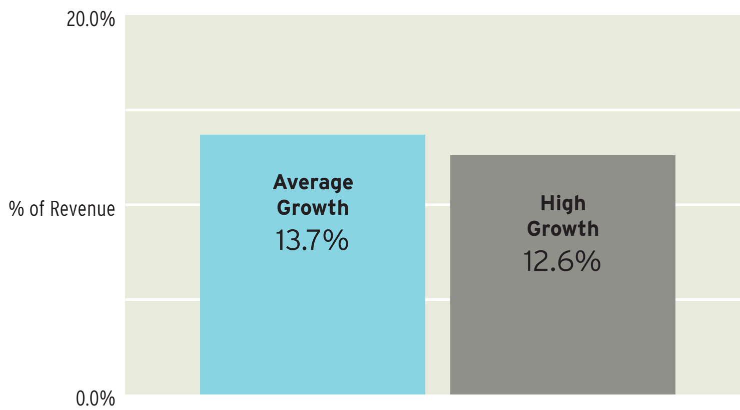
The High Growth group actually spends slightly less on business development than the Average Growth group.

Interestingly, the same relationship between spending and growth is evident when you include all business development related expenses (marketing and sales) as it was when we looked at marketing expenses only. The more you spend, the faster you grow. However, at the very highest levels of spending, it appears that business development dollars becomes less efficient — at least in the economic environment that prevailed during this study.

SPENDING BY HIGH GROWTH FIRMS

Given the relationship between spending and growth for the sample as a whole, one might conclude that High Growth firms would be big spenders.

BUSINESS DEVELOPMENT SPENDING



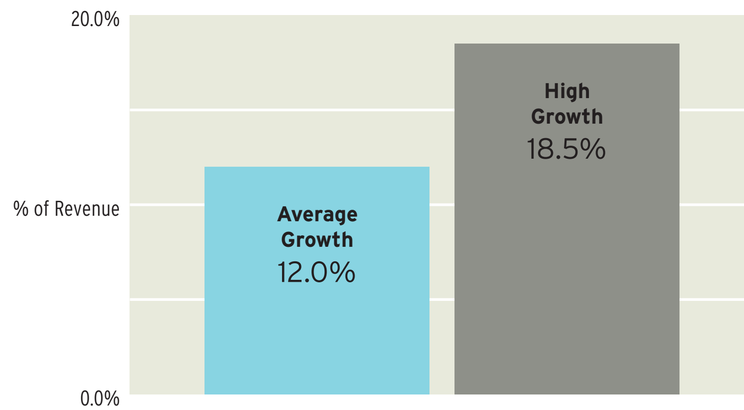
In fact, the High Growth group actually spends slightly less on business development than the Average Growth group. This means that while spending on business development is generally associated with greater growth, the High Growth firms have found a way to grow much faster (almost 9 times faster) while spending no more than average.

High Growth firms are not only growing much faster, they are also more profitable, even during difficult economic times.

GROWTH AND PROFITABILITY

Growth for growth's sake is not a viable business model. Does rapid growth come at the expense of profits?

PROFITABILITY



The results are unequivocal – High Growth firms are substantially more profitable (18.5%) than Average Growth firms (12.0%). High Growth firms are not only growing much faster, they are also more profitable, even during difficult economic times.

So what are High Growth firms doing differently that gives them such an advantage? The answer starts with strategy.

HIGH GROWTH PROFILE

WEBMARKETING123
Oakland, California

www.webmarketing123.com

115%
CUMULATIVE GROWTH

"We live for two things," says Paul Taylor, Founder and CEO: "1) Getting more sales-ready leads to our clients' websites and 2) converting them to sales." These are things the East Bay firm has learned to do well, often producing a 300-400% improvement in the performance of their clients' campaigns.

They offer three related services: search engine optimization, pay-per-click advertising and social media campaigns. Many competitors specialize in only a single service, so Webmarketing 123 has an advantage with those busy clients wanting to avoid the hassle of managing multiple vendors.

How do they drive growth in the hyper-competitive online marketing world? "It's built around education," offers Taylor. "The primary tool is free webinars." Taylor's firm has developed webinars into an art form. Often working with high-profile marketing partners, the company uses webinars to introduce people to the world of online marketing. By providing a wealth of helpful information, Webmarketing123 is able to build trust and credibility and turn curious people into prospective customers. "We then offer free evaluations of potential clients' online programs. Many of them ultimately become clients," Taylor explains. The result? Over 115% growth for the study period.

STRATEGY

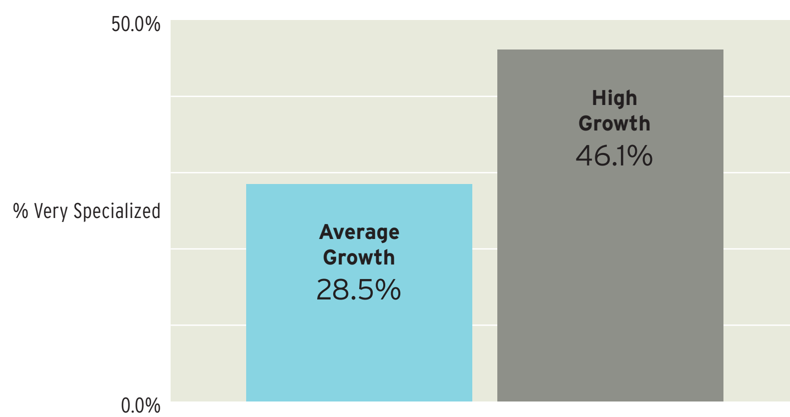
High Growth firms were much more likely to rate themselves as being highly specialized.

GENERALIST OR SPECIALIST

One of the key decisions facing all professional services firms is the degree to which they choose to specialize. To assess the choices made by our study participants, we asked them to rate how specialized their firms were, using a scale of 0-10, with 10 being highly specialized.

Firms in the High Growth group were much more likely to rate themselves as being highly specialized (giving a rating of 9 or 10) than firms in the Average Growth group.

VERY SPECIALIZED



WHAT'S YOUR STRATEGY?

We then asked respondents to describe their firm's strategy. These descriptions were later categorized according to their primary focus.

High Growth firms tend to emphasize narrow targeting of customers and specialized services.

Not too surprisingly, no single strategy dominated either group. However, there were several elements of strategy that occurred more frequently in one group or the other.

PREFERRED STRATEGIES

Favored By	Strategy Element
High Growth	Narrowly focused target client
	Use of marketing partnerships
	Offering specialized service
	Targeted acquisitions
Average Growth	Go deeper within current client base
	Add new services
	Offering technology/service mix

Consistent with the descriptions of their firms, High Growth firms tend to emphasize narrow targeting of customers and specialized services, often distributed with the help of marketing partners.

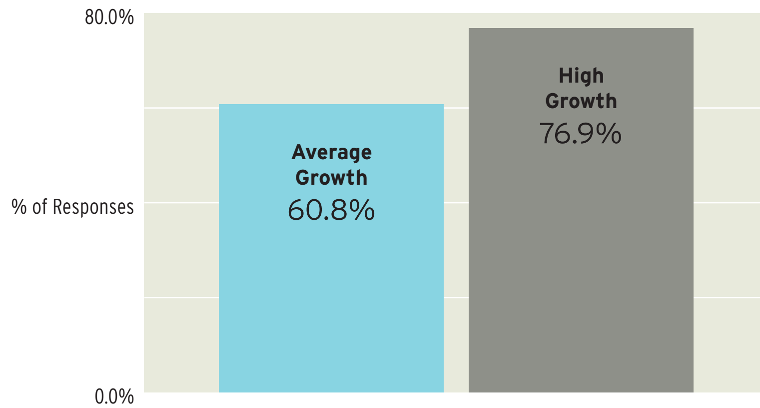
Their Average Growth peers are more focused on expanding business within their existing client base. Given this focus, it also makes sense that they would further emphasize adding new products and exploring a technology/service mix.

Firms in the High Growth group were almost three times more likely to have strong differentiators.

DIFFERENTIATION

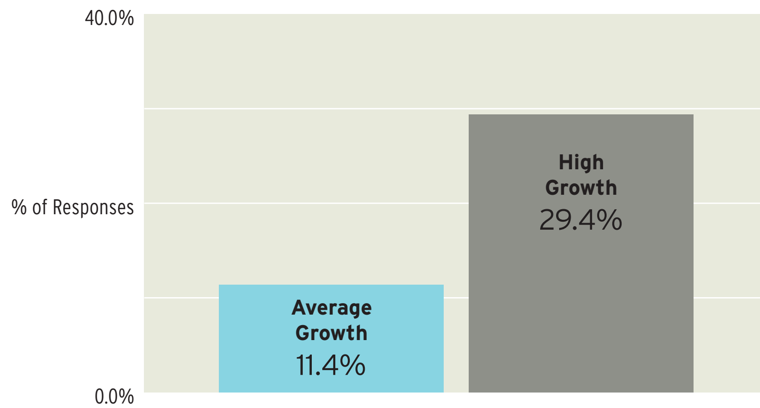
Another key struggle for professional services firms is differentiation. Are firms really different from their competitors? We asked respondents whether or not there was anything about their strategy that was very different from their competition. The High Growth group was more likely to identify a key difference.

DIFFERENT FROM COMPETITORS



We then scored their description of that differentiator on a 5-point scale as to its clarity and strength. Put another way… is this a differentiator that can be readily understood in the marketplace and is truly different?

STRONG DIFFERENTIATOR



A rating of 4 or 5 is considered to be very strong potential differentiation. Firms in the High Growth group were almost three times more likely to have strong differentiators.

What differentiators were favored by the High Growth and Average Growth firms? Several were more prevalent in one group than the other.

PREFERRED DIFFERENTIATORS

Average	**High Growth**
Expertise	Specialized focus
Experience	Quality of product/outcome
Customer Service	Talents of staff

HIGH GROWTH PROFILE

PARIVEDA SOLUTIONS
Dallas, Texas

www.parivedasolutions.com

78%

CUMULATIVE GROWTH

Pariveda Solutions, an employee-owned IT consulting firm, has created a culture of success by understanding the value they bring to clients and fulfilling the needs of their employees. When the firm first opened its doors, the founders asked themselves, "how do you create a company that lasts 100 years?" They answered by actually implementing what so many companies only talk about:

Hiring the best people. From the start, Pariveda hired the brightest college graduates it could find, and then developed a formal professional growth plan to cultivate his or her talents. The firm's detailed skills-by-role matrix allows each consultant to know exactly what he or she needs to accomplish before he or she can move on to the next step in his or her professional career.

Deploying client-focused teams. "Consultants are able to have significant 'project ownership' right from the beginning," COO Kerry Stover explains. Organized into small work teams of three to seven people, the firm is able to provide responsive, personal service.

Making training a priority. At Pariveda, employee training and mentoring is taken seriously. Training covers a wide range of competencies, from the latest technical skills needed on the job to business development practices. The firm's referral network drives 95% of their business, so each member of the team has a detailed networking plan and reports weekly on their activities. Pariveda has taken sales training for non-sales staff to its full potential.

Pariveda's approach has generated 78% cumulative growth over the study period. This Inc. 5000 firm has been recognized three times as one of the highest growth companies in Dallas and was featured as one of the Top 10 Best Small Firms by *Consulting Magazine*. Yet their biggest source of pride is being named one of the 'Best Places to Work' by the *Dallas Business Journal* and the *Dallas Morning News*. These honors are no fluke – they are driven by the anonymous survey results of their employees. Still growing, Pariveda has offices in five western/central US cities and a long-range strategic plan that takes them into the mid-21st century.

CLIENT FOCUS

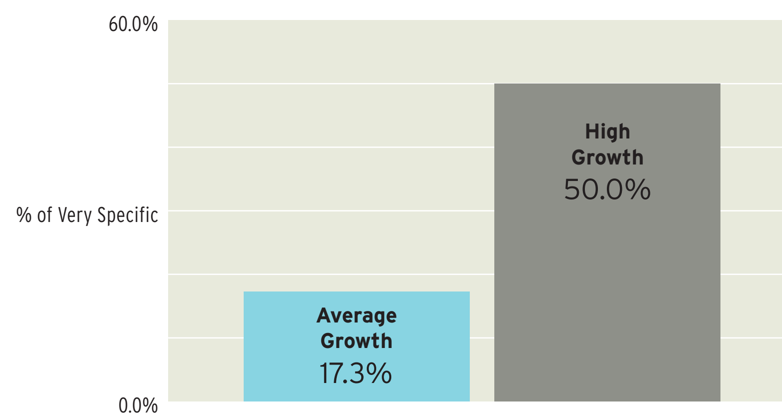
The CEOs of High Growth firms were three times as likely to offer a description that was highly specific and detailed.

Our previous studies have pointed to the importance of a client-centered focus for a professional services firm. We decided to explore that relationship further in this study.

CLIENT TARGETING

Given that High Growth firms are more likely to specialize, one might expect them to be able to better describe their core clients. We asked them to describe the characteristics of their core (best) customers, and we then rated each description for detail and specificity on a 5-point scale. A score of 4 or better indicated a very detailed and specific client description.

CORE CLIENT TARGETING

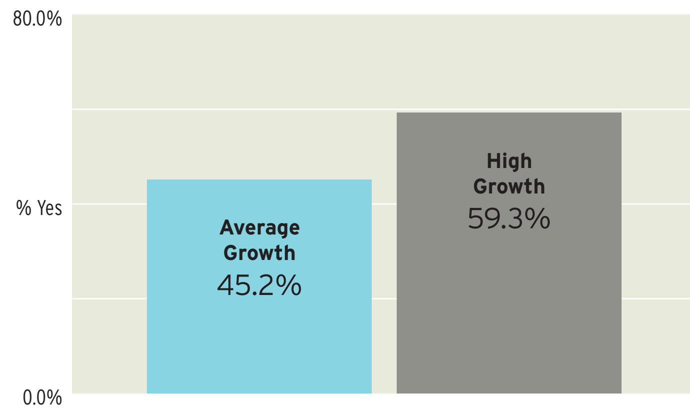


The CEOs of High Growth firms were three times as likely to offer a description that was highly specific and detailed. A firm's ability to target specific clients, of course, makes it easier to attract the right prospects.

KNOW YOUR CLIENT

Perhaps the best way to understanding clients' needs is to systematically research them. We asked participants if they do any systematic research or surveys to better understand clients' needs and priorities.

CLIENT RESEARCH



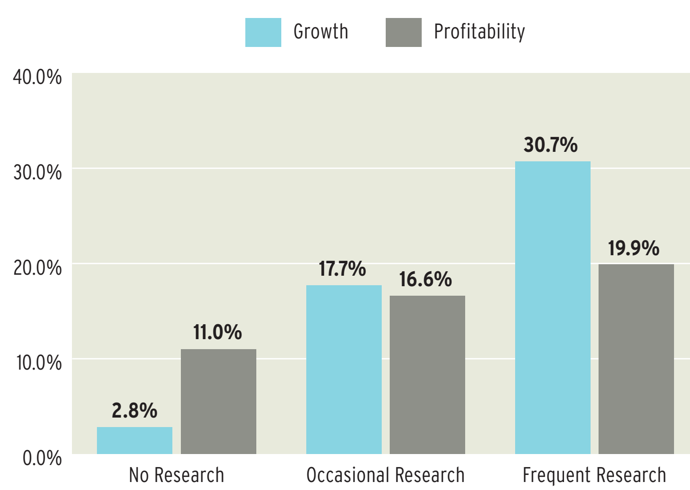
We found that firms in the High Growth group were more likely to research customer needs and priorities.

These results indicate that firms that conduct regular research into client group needs and priorities are more likely to show greater growth and profitability.

We decided to dig a little deeper to see if this single variable, research into client needs and priorities, was independently associated with firm performance. In other words, do firms that research their client base perform better?

To conduct this analysis we divided the study sample into three categories: (1) those that conduct no research on their clients, (2) those that conducted occasional research and (3) those that researched their target clients frequently (at least once per quarter). We then looked at growth rate and profitability of the firms in all three situations.

RESEARCH AND RESULTS



These results indicate that firms that conduct regular research into client group needs and priorities are more likely to show greater growth and profitability. Frequent feedback allows a company to refine their offerings and anticipate emerging needs.

HIGH GROWTH PROFILE

UNANET TECHNOLOGIES
Sterling, Virginia

www.unanet.com

40%

CUMULATIVE GROWTH

Unanet, a professional services automation company, has been able to grow quickly in large part because it believes in its own product. "Our focus is on making our customers more profitable," says CEO Fran Craig. "If we can have a positive and ongoing impact on our clients performance, loyalty remains high."

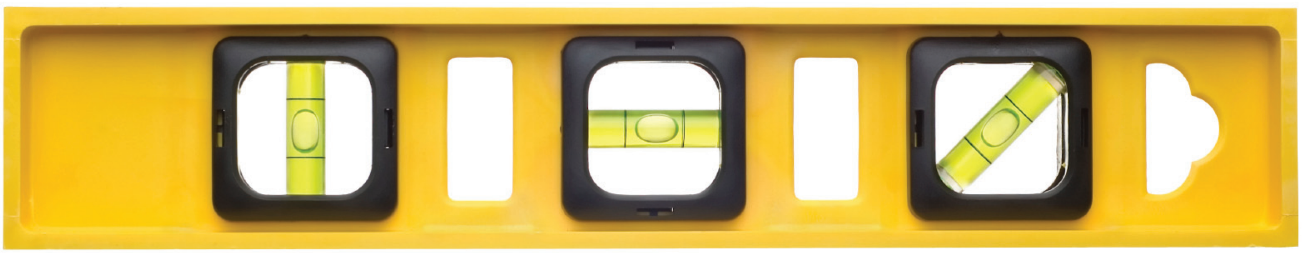
Unanet's core software product gives clients the power to measure, monitor and improve key business metrics and processes, such as staff utilization rates, resource planning and cash flow.

Delivering bottom line results is not an empty slogan, says Craig. The company goes to great lengths to help prospects and customers experience the product and its benefits at every point along the sales and post-sales continuum. During the sales process, Unanet tries to understand a potential client's current business processes so they can provide prospects with a relevant, tailored set of features.

After the sale and installation is complete, the company follows up with "an ongoing program of support, training and follow-up using everything from webinars to video tutorials, customer conferences and personal phone calls to maximize product use and benefit." The result? A very high rate of client retention and referrals.

So how does Craig keep her staff focused on delivering a high level of service? Craig answers without hesitation, "We use our own software." The software makes business performance visible. Individual goals roll up into quarterly priorities that follow the firm's overall strategic roadmap. "People prepare their own quarterly performance development scorecards and discuss them with their supervisors," explains Craig. "This allows us to keep the whole process positive and forward looking."

MARKETING TOOLS



The results of this study clearly show that High Growth professional services firms pursue different strategies and target their core clients in a more focused way than their Average Growth peers. But this raises another intriguing question — how do they reach their audiences?

While you can spend your way to growth, we know that these High Growth firms don't spend any more than Average Growth firms. Instead, they are spending their marketing and sales budgets more efficiently. We know that focused targeting is very important to efficient spending, so that is definitely a part of the equation. But what marketing initiatives do High Growth firms favor?

MARKETING TOOL KIT

To answer this question we had respondents rate over 20 marketing initiatives that are widely used in professional services firms. The 0-10 rating scale focused on the impact that initiative was having on the firm's growth. We then identified which initiatives were favored by either the High Growth or the Average Growth group.

PREFERRED MARKETING TOOLS

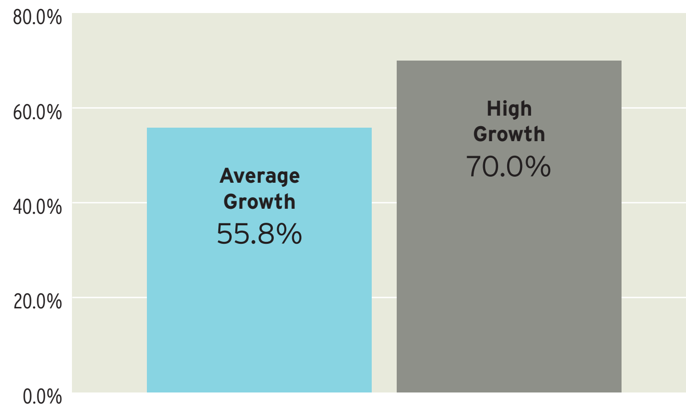
Average Growth	**High Growth**
Formal distributorships	Partnering
Conferences and trade shows	Website
Networking	Referrals
Cold calls	Outside experts and consultants
Print advertising	Sales training for non-sales staff
Email	Personal visits to prospects
Direct mail/postal	

This analysis provides interesting insight into where High Growth firms are finding more leverage in a difficult business development environment.

THE ELEVATOR PITCH

In our **Defying Gravity** study we found that CEOs of High Growth firms tend to give better elevator pitches. We rated participants' elevator pitches again in this study and found the same relationship.

ELEVATOR PITCH RATING



The CEOs of High Growth firms received a higher portion of acceptable ratings (3 or better on a 5-point scale) than did their Average Growth peers. If you can't pitch it, you can't sell it.

What About Social Media?

Social media gets a great deal of attention in the marketing world these days, but only 9.3% of respondents rated it as having a strong impact on firm growth. To put things in perspective, this response rate was similar to print advertising and public relations.

The percentage of respondents who called social media a high impact marketing tool was roughly equal in the High Growth and Average Growth groups.

So is social media unimportant? We suspect these tools are still too new and untested to have gained much traction in the conservative professional services marketplace. Nevertheless, there is growing interest in these tools. We will be watching social media trends closely in the years to come.

High Growth firms are more focused on overcoming barriers directly driving growth – people, business development and financing.

TOP MANAGEMENT FOCUS

One of the keys to success for any organizational task is management focus. What activities do we spend our limited time on? What barriers are we trying to overcome?

While many barriers to growing a professional services firm are common to all firms, different management teams choose to focus on different barriers.

BARRIERS TO GROWTH

Average Growth	High Growth
The economy	Finding the right people
Competition	Finance and cash flow
	Marketing/Business development

This table shows that relative to Average Growth companies, High Growth firms are more focused on overcoming barriers directly driving growth – people, business development and financing.

By way of contrast, the Average Growth firms tend to be more focused on the economy and competition. While these are very reasonable concerns given the challenging economic times, they do not receive the same level of attention at firms producing the greatest growth and highest profits.

LESSONS FROM THE STUDY

What are the implications of this study for your professional services firm? First, there are some straightforward first steps that can be applied to almost any firm. Second, there are implications for a firm that wants to transform itself into a high growth, high profit performer.

LOW HANGING FRUIT

- **Guard your business development budget**
  Many firms slash marketing and sales in difficult economic times — precisely when they need to focus on business development the most. Our research shows that spending more results in higher growth. Of course you must spend wisely (see below).

- **Define your strategy**
  Picking your markets, target clients, differentiators and services based on a clear and easily understood strategy is invaluable in getting everyone in your firm headed in the right direction. Without a well-conceived strategy everything else suffers.

- **Define a clear target client**
  The better you can define and understand your target audience, the more you can focus spending and tailor your message. It's important to target industries with good long-term growth prospects.

- **Cultivate a specialization**
  Many firms fear specialization because it will scare off potential clients in areas outside that focus. The reality is that specialization tends to be associated with higher growth and profitability. When you specialize, you can be much more efficient and targeted with your business development activities. Specialization is also the easiest way to differentiate your firm from the rest of the pack.

- **Conduct regular research on your clients**
  This is especially true of your target client group. The better you understand them, their needs and priorities, the faster you are likely to grow and the more profitable you can be — provided you adjust what you are doing based on the research results.

There are also a number of techniques to consider for your marketing toolkit.

- **Consider partnering**
  Strategic partnering allows you to reach more of your target audience efficiently and is a part of many High Growth firms' strategy.

- **Invest in a more capable website**
  Your website often contributes to a prospect's critical first impression of your firm. If you aren't proud of the image it portrays, or if your site doesn't clearly explain whoyou serve and what you do, you are handicapping business development.

- **Use outside experts and consultants**
  They can add expertise and perspective that your firm may not have. They can keep your marketing program moving forward even when things get busy.

- **Leverage face-to-face contacts**
  High Growth firms are more likely to leverage relationships with referrals, personal visits to prospects and sales training for non-sales staff. Don't waste these valuable resources on untargeted networking or tradeshows. Target your potential clients well, and then focus these powerful tools.

- **Develop a good elevator pitch**
  Avoid abstract, fancy, and hard-to-remember monologues. Just tell people, in plain language, what you do, who you do it for and why someone would choose your firm. If people ask you "What is it that you do, again?" then your pitch isn't right. If you have a clear target client and a good strategy, developing a good elevator pitch should be easy.

BECOMING A HIGH GROWTH FIRM

How do you transform an average firm into one that manifests sustainable high growth and high profits? The findings in this study, together with insights from our previous research and our daily experience working with professional services firms, point to a few initiatives that could transform your firm.

1. Begin by developing a comprehensive, objective view of who you are as a firm and how you are percieved in the marketplace. This perspective will give you a foundation to build upon. To get a complete picture, it's important to look at your firm from both the inside and outside. This means interviewing firm leadership, staff, customers, prospects and even lost prospects. You will probably need outside help to do this right. It's far too easy to get a distorted message without a neutral third party asking the questions.

2. Choose what markets you want to serve and what important problems you want to solve. You must be able to bring value to these markets that is not widely available already. If these markets and their needs are growing, so much the better.

3. Stand for something. Make a promise to your clients. How are you different and better than other firms in the market today? Your differentiator should be an idea that resonates with potential clients — don't confuse it with issues that are only important to the people in your firm. Be prepared to support your differentiator with convincing evidence.

4. Be consistent. Your promise must be clear and consistent on your website and in your marketing materials. Each one of your employees must understand what you are trying to accomplish and why. Your operations, processes and policies must also be aligned to deliver on your promise or you will dilute its power.

5. Commit to implementing your vision, even as you make ongoing adjustments. If you regularly review your client research, you will be better prepared to anticipate clients' needs. Try to develop a powerful, proven solution, then deliver on your promise.

ABOUT THE RESEARCH TEAM

ABOUT LEE W. FREDERIKSEN, PH.D.
RESEARCH DIRECTOR

Lee is Managing Partner at Hinge, a premier professional services branding and marketing firm. He brings over 30 years of marketing experience to the firm's clients. Lee is a former tenured professor of psychology at Virginia Tech, author of numerous books and articles, and a successful entrepreneur. He's started and run three high-growth companies, including an $80 million runaway success. Lee has worked with many global brands, including American Express, Time Life, Capital One, monster.com and Yahoo!

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ABOUT HINGE

Hinge is a branding and marketing firm specializing in professional services companies. They help professional services grow faster and maximize value. Their comprehensive offerings include research and strategy, brand development, award-winning creative and marketing outsourcing. Visit Hinge's website for free educational resources and to learn more about their services.

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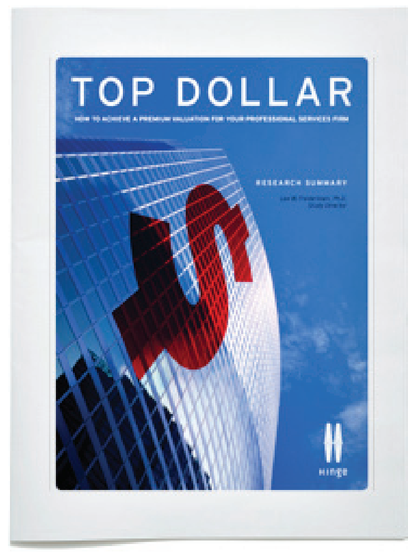
Get inside the mind of today's cautious professional services buyer and find out how to turn them into long term loyal clients. Topics include firm selection, expanding the relationship and increasing referrals.

DEFYING GRAVITY: COMPETITIVE STRATEGY STUDY OF PROFESSIONAL SERVICES FIRMS

Find out what factors drive success in the professional services marketplace – from competitive strategies to marketing budgets and tactics. And don't miss the special section on high growth firms.



TOP DOLLAR: HOW TO ACHIEVE A PREMIUM VALUATION FOR YOUR PROFESSIONAL SERVICES FIRM

Discover what factors contribute most to a firm's value. Learn what acquirers and valuation experts think is most important, and find out how government contractors are different.