

ESCAPE THE SEA OF SAMENESS: 5 STEPS TO DEFINING YOUR AGENCY'S POSITIONING STRATEGY



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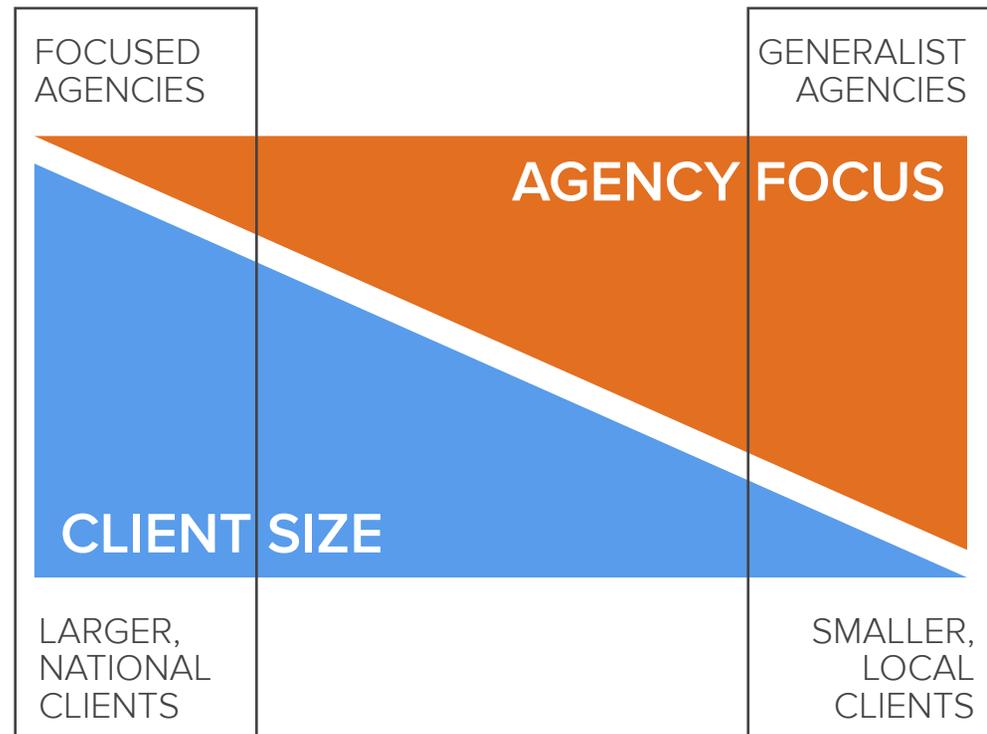
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Introduction: Do You Have a “Destination Agency?”

Would a prospective client travel 1,000 miles to do business with your firm? That's one of the litmus tests of a strong agency positioning strategy.

Believe it or not, it's the agencies positioned as “full-service,” “integrated,” and “offering a wide range of services” that are most likely to attract their typical client from within a narrow 200-mile radius, not the highly specialized firms. In fact, agency focus and client size are inversely related: The larger the client, the more likely they're hiring specialized agencies (most Fortune 1000 companies now have close to 20 agencies). On the other hand, the smaller





the client, the more likely they'll want or need a "full-service" generalist.

What type of client does your agency want to serve – the (less sophisticated) clients in your backyard, or the ones with bigger budgets?

If you want to grow the size of your average client engagement (and be able to charge at a premium), or aren't satisfied with only working with clients within your locale, you should devote some thought to how you can become a "destination agency" – a firm so specialized that clients want to work with you no matter where your offices reside. Besides, a differentiation strategy isn't just a mindless exercise to spend time on when client work is sparse: A differentiation strategy is a survival strategy.

In this ebook, we're going to complete five exercises to help your agency define a truly unique positioning strategy to become a best-in-class specialist sought after by your dream clients. Let's get started.

Step 1: Determine How Differentiated Your Agency Is Now.

Before we dive into determining how differentiated your firm is today, let's get on the same page by defining what a positioning strategy is not.

A “Mission” Is Not a Positioning Strategy.

Somewhere in your notes from last summer's offsite agency planning meeting, do you have a statement similar to any of these?

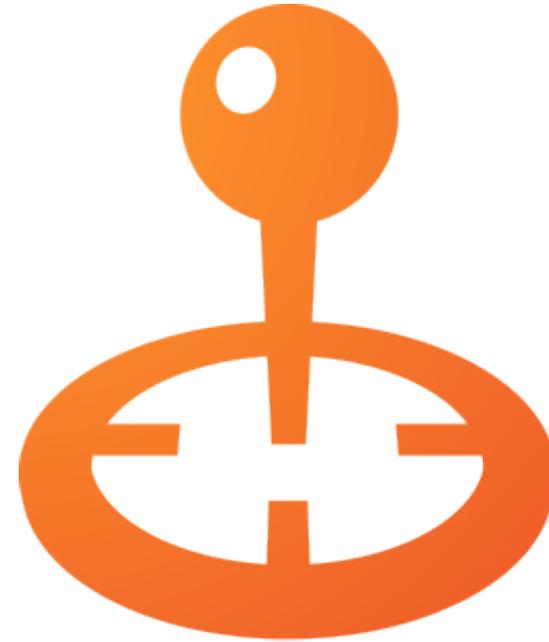
- “Our mission is to become the most sought-after agency in the region, attracting clients who appreciate the power of big ideas.”
- “We will be known as one of the top agencies in [insert country], known for leading-edge solutions to client marketing problems.”
- “Within the next five years, we will be one of the most recognized agency names, with a reputation for both outstanding work and outstanding client relationships.”

If any of these objectives have the ring of familiarity, it's because they often represent the default "mission" of many firms. To become one of the most respected agencies in the country isn't a bad objective, but it is after all just that: an objective. It is not a strategy. An objective points the way, but it takes an effective strategy to get you there.

If becoming one of the country's top agencies is a common objective, guess what a common strategy is? It can often be boiled down into four words: "To be the best." The problem is, that isn't a strategy either; it's just another objective.

"Doing Your Best" Is Not a Positioning Strategy.

The point is, "excellence" is not a strategy. Do you think the great battles in history were won based on a strategy of excellence? Telling your troops to "Do your best" isn't much help if your opponent has better arms and fortifications. What's needed in a scenario like that is literally a strategy. Upon defeating Napoleon at Waterloo, Lord Nelson remarked, "When you're positioned correctly, you can win the battle before you fight."



These Characteristics Don't Comprise a Positioning Strategy, Either.

Furthermore, despite what you and your team may think about what makes you unique, your firm is not differentiated by:

- Your full-service capabilities
- Your integrated approach
- Your devotion to big ideas
- Your ability to tell compelling brand stories
- Your ability to engage consumers
- Your ability to help brands stand out
- Your superior service and commitment to clients
- Your media-agnostic, channel-neutral approach
- Your nimbleness and flexibility
- Your promise to assign the best, most senior people
- Your fresh thinking and unconventional approach to problem solving
- Your reputation and years in business
- Your ability to deliver all major services under one roof
- Your diversity of clients
- Your ability to produce results

While you may argue these claims are important to many clients, they are certainly not unique. Instead, they contribute to what many agency search consultants call the “sea of sameness.” Or if you prefer, a “red ocean” – red from the blood of competitors who are slugging it out in the same space for the same clients. It’s much better to strike out for the uncharted waters of the blue ocean, where nobody’s sailing.

Is “Creativity” a Positioning Strategy?

It seems that since agencies are in the business of creativity that a reputation for creative work should be something most agencies have in common. But they don’t. Just as some architectural firms are excellent in engineering but only average in design, a lot of agencies are terrific at client service but mediocre in creative execution. The agencies that are fully devoted to outstanding creative work really do stand out. In fact, they are most often the agency names that come to mind when you think of “agency brands.”

Despite the fact that only a handful of agencies have earned recognition as creative leaders, virtually every agency claims creative leadership. This is one of the main reasons agencies tend to look and sound alike to prospective clients, and why the promise of “killer creative” has lost its meaning. (To add to the irony, the agencies that really are creative leaders rarely claim to be).

So is creativity a point of difference? Yes, but a dangerous one. Only a few agencies can rightfully claim it, and most of those who can, don’t.

Exercise 1: Determine How Differentiated Your Agency Is Now.

To get a sense for how differentiated your firm is, ask the following ten questions to the key people in your organization (using one of the popular online survey tools like SurveyMonkey). Rate the following on a scale of 1 (strongly disagree) to 10 (strongly agree).

1. We have identified what we do well – our strengths and core competencies.
2. We try to focus on what we do best instead of attempting to offer every possible feature, product, or service.
3. We have a clear definition of our best customer (clients who want us for what we do best).
4. We target a specific segment of the market, not the center of the market.
5. We avoid the promise of “full service,” or “wide range of services.”
6. We are as concerned with making our brand different as we are making it better.
7. We believe in the strategic advantages of “narrow and deep” over “broad and shallow.”

8. We avoid imitating the marketing and marketing claims of our competitors.
9. We are willing to stand for something instead of trying to stand for everything.
10. We are differentiated not only by our capabilities, but also by our point of view.

How did you do? Not surprisingly, most agencies fall short in defining relevant points of differentiation for one of two reasons:

- Reason 1: The leaders of the firm haven't devoted the time and attention required to understand how their firm creates value. They simply assume that trying hard and being your best are the keys to success. But just as "hope" is not a strategy, "trying hard" is not a strategy, either.
- Reason 2: The firm has in fact attempted to articulate its positioning strategy, but still hasn't moved beyond the expected points of parity because doing so requires making some trade-offs. They want to be all things to all people. They want to appeal to every type of client by offering every type of service.

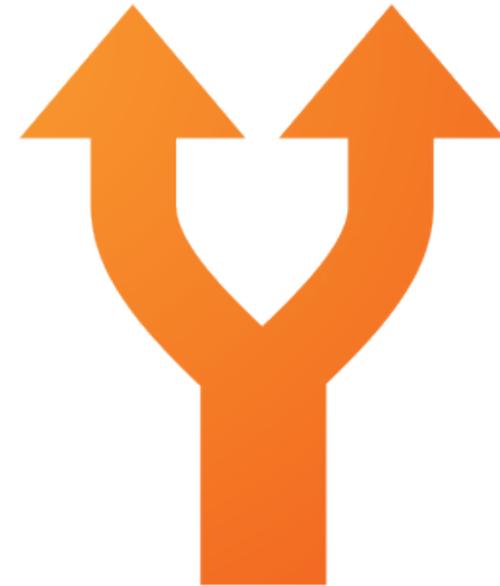
Now that you know where your agency stands, you can focus on developing a positioning strategy that specifically helps you strengthen your weaknesses. The next step? Deciding not just what you are, but what you aren't.



Step 2: Define What Your Agency Is Not.

A positioning strategy is about trade-offs. You can't have both a funky and a business-like culture. You can't be structured as a local agency and handle global brands. You can't offer every kind of service to every kind of client. And most importantly, you simply can't be good at everything.

Having a positioning strategy for your agency means deciding what you'll do and not do. And very often this involves some real soul searching on the part of senior agency executives and owners. In the early stages of exploring your positioning strategy, it's best to deal with the following questions first, all of which involve a series of trade-offs.



Exercise 2: Define What Your Agency Is Not.

You can't have any of these things both ways, so you'll have to choose:

1. Do you want to be hired for what you do -- or what you know?

Agencies that get hired for their hands (production) are valued and compensated differently than agencies that get hired for their heads (strategic ideas). Would you prefer supplier status or advisor status? This isn't a trick question!

2. Do you want to compete in a large geographical market – or a small one?

Focused agencies draw business from large marketers all over the country who are seeking specific services from agencies as part of their roster of agency partners. National marketers aren't seeking "full service" agencies, but rather best-of-breed firms who are skilled in a particular area. On the other hand, generalist agencies tend to be hired mostly by smaller local marketers who believe they need "full service" and aren't either large or sophisticated enough to consider hiring and managing a roster of specialists.



3. Do you need stronger earning power – or are you satisfied with your current margins?

This is also not a trick question, but a genuine strategic issue. In professional services, the individuals and firms that get paid the most are the specialists, not the generalists. Retina specialists earn more than optometrists. M&A specialists earn more than audit firms. It's true in everything from medicine to law to marketing. This is largely because of the law of supply and demand. It's hard to charge a premium price for services that are widely available by thousands of other agencies. You achieve premium pricing only by offering services that are unique, differentiated, and scarce.

4. Do you want to be mildly appealing to a broad group of prospects – or intensely appealing to a small group of prospects?

Agencies with a “general” approach to business target the “general” market. The trouble is, there are a lot of other firms doing the very same thing. Generalist firms are literally flooding the market. Agencies with a focused positioning target a specific portion of the market – specific clients who are actually seeking what the agency has to sell.

5. Do you want to be hired based on your reputation – or your ability to do great speculative work?

The more focused the firm, the greater that chance it will be hired without the dog and pony show that characterizes the way most agencies get new business. Very focused agencies often acquire business without a competitive review of any kind.

While a focused business strategy will produce greater financial rewards, some agency owners get important psychic rewards from doing business with a variety of smaller local clients.

There's nothing inherently wrong with that, but you should make that decision by design rather than by default.

Step 3: Define What Your Agency Is.

A relevant, differentiated positioning lies at the crossroads of three questions: “What do we do?” “Who do we do it for?” and “How do we do it?” The positioning can be stated as:

“We provide this service, value or outcome (What) ... for this type of market (Who) ... using this kind of approach (How).”

AGENCY POSITIONING STRATEGY FRAMEWORK



Just be sure not to focus too much on developing a golden phrase with all the right words. Your job here – for now – is not to craft a positioning statement. It's to decide on a positioning strategy. You can tweak the words and language later. First aim for the right substance.

Defining Your “What.”



One of the most obvious (but also most effective) ways to focus a marketing communications organization is based on “What” – expertise in a particular discipline or competency. Direct marketing has long been a specialty, as has sales promotion, public relations and design. In the 1990s, digital agencies appeared on the scene. And more recently, we have seen the rise of such specialties as brand consulting, media buying (Starcom), social media, inbound marketing, customer relationship marketing (CRM), experiential marketing, shopper marketing, channel planning (Naked Communications), ideation (IDEO), and now product development and incubation. Some of the largest agencies in America specialize based on “What” (like Rapp or Wunderman). For the many agencies that have chosen this path of specialization, the success stories are huge.

Defining Your “Who.”

The agencies that have built a skill set around a particular category of business have also found it easier to compete nationally than the typical agency that tries to be all things to all people. This is a positioning based on “Who” – expertise in a particular market. For example, you can find agencies that specialize in B2B companies, health care, pharmaceuticals, retail, entertainment, fashion, travel, real estate, and financial services.



Yet another twist on the ways agencies can focus is to develop core competencies around a particular audience. There are agencies that specialize in marketing to women, seniors, youth, Latinos, African-Americans, Asian-Americans, Millennials, and outdoor enthusiasts. Some agencies have built a reputation representing brands that appeal to the affluent, or on the flip side, rural America.

Focusing on an audience is a particularly powerful form of positioning because it allows you to become an expert in understanding the attitudes, values, habits, wants, needs, motivations, and behavior of

a particular class of people. This in-depth knowledge is infinitely attractive to companies who market their products to the audience you have chosen.

Defining Your “How.”

Sometimes agency positioning strategies can be built on “How” – the philosophies or methods your agency follows. But be careful; this is also the most common way agencies cop-out on truly differentiating. They try to let a tag line (like “Built on results”) masquerade as a positioning strategy.

There are, however, some agencies that have successfully distinguished themselves based on a unique point of view and way of working (like TBWA/Chiat/Day’s “Disruption” philosophy).

Other agencies are strongly differentiated by the way they work (like Victors & Spoils who crowdsources their creative work), the way they service their clients (like Mother, who has no account executives), or the way they are paid by their clients (like Crispin Porter + Bogusky who doesn’t charge by the hour). In fact, [the area of compensation](#) is one of the most visible ways



some agencies are breaking from the pack, choosing approaches such as owning their intellectual property, charging for ideas instead of execution, or earning a success fee.

The Intersection of “What,” “Who,” and “How.”

Your agency positioning will be driven primarily by one of these three positioning building blocks: a “What,” a “Who,” or a “How,” but a complete positioning strategy includes all three. If your strategy is led by a “What” (such as “We’re inbound marketing specialists”) it still must be supported by a “Who” (expertise in a market, audience, or type of brand) and a “How” (a differentiating way of thinking or working).

For Smith Brothers, a successful independent agency in Pittsburgh, the cornerstone of their positioning strategy is a “Who” (consumer package goods brands – CPG – mostly food), supported by a “What” (creative and content development – not a typical “full service” offering that might also include things like media or PR), complimented by a strong “How” (the agency is compensated based on marketplace performance for most of its clients). Similarly, Texas-based inbound marketing agency [DMA Solutions](#) has narrowed in on the “Who:” they don’t stray from the produce industry.

Now it’s your turn to develop a relevant, differentiating answer to all three of these questions, knowing that one of the three will lead your strategy.

Exercise 3: Define What Your Agency Is: The “Who,” “What,” and “How.”

Work with your team to answer the following key questions:

1. What are the agency's most outstanding services and capabilities? What do you do better than most other agencies?
 - What business categories or industry segments do we know best? What kinds of clients have we been successful in attracting in the past?
 - Which communications channels do we know best?
 - Which consumer touch points do we know best?
 - What distribution and delivery channels do we know best?



2. Who does the agency know well in terms of categories or audiences? What specialized areas of knowledge do you have in particular businesses or industries?

- Which internal and external brand stakeholders do we know best?
- What kinds of audiences or market segments do we know best?
- What types of brands do we know best?



3. How can your agency be distinguished by the way it thinks? What are the agency's unique philosophies, methods or approaches?

- What differentiating methods and approaches do we use?
- What kind of special knowledge and expertise do we possess?

Once you've ironed out what your agency stands for on paper, it's time to put it into practice.

Step 4: Bring Your Positioning Strategy to Life.

Brass tacks time. Now that you've defined what you do, who you do it for, and how you do it, it's time to figure out what aspects of your business you and your team must alter to turn your positioning strategy into perceivable differentiation.

Exercise 4: Bring Your Positioning Strategy to Life.



To bring the agency brand to life, you'll need to align your positioning with these five key areas of your business: Services, Staffing, Self-Promotion, Systems, and Staging.

You'll need to identify and execute key initiatives by answering the questions on the following page.

Services.

- Do we need to add new services and capabilities?
- Do we have the right clients?
- Do we need to do a better job of integrating our services and capabilities?
- Do we need to find new business partners?
- Do we need to develop new strategic alliances?

Staffing.

- Do we have the right people with the right skills?
- Do we have them in the right assignments?
- What kind of new people do we need to hire to support our agency brand?



- Have we adequately defined our expected performance outcomes?
- What kind of standards should we apply to selecting new employees?
- What kind of training program do we need to help employees live the brand?

Self-Promotion.

- What immediate changes do we need to make in our agency corporate identity?
- How can we more narrowly define the criteria we apply to prospective clients?
- What should we say differently in our self-promotion materials?
- How should our new business approach change?
- How can we better use publicity to tell the story of our agency brand?



Systems.

- Does the agency need to be organized differently to better support the agency brand?

- Do we have agency systems and procedures that run counter to the brand?
- What changes or improvements should we make to the way jobs are processed through the agency?
- Have we allocated the right resources to the right clients?
- Is our workload distributed evenly?
- What changes should we make to the way our services are priced or the way we are compensated?

Staging.

- How can we change our working environment to better reflect our positioning?
- What do we need to do to our offices to make a different first impression?
- Are we providing an environment in which our people can do their best work?
- Do our people have the right resources?
- How can new or different technology help us achieve our branding strategy?



Step 5: Validate the Effectiveness of Your Approach.

Figuring out what aspects of your business you need to change means you can start investing the time and resources actually changing certain aspects of your business so you're incomparable to competing firms. Once you've practiced that positioning strategy for some time, it's worth revisiting to see if you've made any progress.

When you're ready to explore whether you chose the right path, move on to complete Step 5.

Exercise 5: Validate the Effectiveness of Your Approach.

In assessing the effectiveness of the positioning strategy you have chosen, here are the key questions to ask:

1. Does your positioning feel authentic?

Your business strategy should make you stretch, but it should feel invigorating, not frustrating. It should build on your natural strengths, not strengths you only wish you had.



2. Does it allow for clear identification of target prospects?

Have you narrowed your target prospect list to just a few hundred names instead of a few thousand?

3. Does it help you say no to the wrong prospects?

Does your positioning provide you with a litmus test for selecting clients based on criteria that transcend money?

4. Does it help expand our geographical footprint?

Is your value proposition unique enough that clients would travel 1,000 miles to do business with you?

5. Does it result in fewer competitors?

A narrow focus, by definition, means you'll have fewer direct competitors than broadly defined firms. In fact, the stronger the positioning the more likely it is that there won't be any other firms like yours in the marketplace.

6. Can we charge higher prices?

Since the very point of a strong positioning is to compete on the basis of differentiation instead of low cost, an effective positioning should allow to us maintain premium pricing for our brand.

7. Does it make the new business process easier?

One of the signs of a well-defined positioning strategy is that it reduces our cost of making a sale. In professional services, well-positioned firms are often hired without a competitive review and are asked to do less work to prove their ability to do the job. This means fewer lengthy RFP responses or speculative work presentations.

So, when you evaluate your positioning strategy in the future, how do you think you'll measure up?

Conclusion: Make Time and Keep the Faith.

Right about now you might be thinking that you really don't have time for this. After all, you have a business to run. Clients to serve. Payroll to meet. Too many urgent issues and problems to be spending time thinking about fluffy things like agency branding. You could, of course, simply keep doing what you've been doing. Just remember that the definition of insanity is repeating the same behavior expecting different results. And, you're really just talking about saving hours when in fact you may be wasting years.

There is no better use of your time than thinking deeply about how to set your agency apart from the competition. "Differentiate or die" is a warning worth heeding. Defining what makes your organization different, then making it different, is the best leadership you could possibly provide your agency. It's also quite possibly the best way to add value to your agency, whether you plan to sell it some day or not. According to most estimates, the average market value of well-branded companies (including agencies) is about 70% greater than the value of their tangible assets.

Chances are your agency is already doing a good job of adding value to your clients' brands. How about taking the time to add some value to your own?

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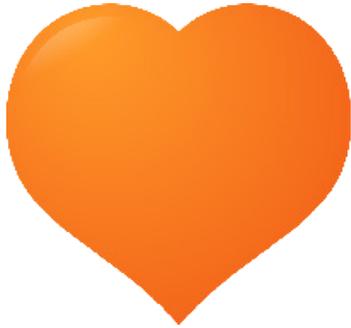
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