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## CHAPTER

# 16

## Why Advertising Doesn't Work for Us

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### Leveraging Your Firm's Brand Reputation and What to Do When You Don't Have One

The secret to success in any business is to deliver a great, compelling product. No amount of marketing savvy, salesmanship, or operational excellence can overcome a weak product.

—Michael Hyatt, author, *Platform: Getting Noticed in a Noisy World*

I received a call yesterday from an exasperated CEO of a product design and engineering firm headquartered in the Midwest. The firm is 20 years old and includes many blue-chip companies among its clients.

CEO: "I'm at my wits end with advertising."

Me: "I can tell you're frustrated."

CEO: "We've tried everything I know to do. I have hired two of the best advertising firms in Chicago, and have spent hundreds of thousands on advertising. We've rebranded our company, redesigned our website, and launched a PR and promotion campaign."

- Me: “Did you see much improvement in your lead generation pipeline?”
- CEO: “Not one bit. We haven’t earned a dime on the money we’ve invested in any of our advertising.”
- Me: “Well, you’re doing something right – you’ve got some great clients and have built a successful company. Where does your business come from?”
- CEO: “Our work is practically 100% repeat business and referrals. We have great clients that have been with us since Day 1. The others have been word of mouth.”
- Me: “That’s impressive. What is your biggest challenge?”
- CEO: “I don’t want to have to rely on repeat business and referrals. I want our brand to be known. It would be great if the phone would ring because people know that we do great work. It would be very inspirational for my team to see that others recognize that we are doing great work.”
- Me: “What’s wrong with repeat business and referrals? That seems like it’s working well for you.”
- CEO: “I’d like to grow faster. Our goal is to double in the next five years. I think we need more inbound inquiries from prospective clients in order to achieve this. You would think that an advertising firm would know how to do this.”

I empathized with this CEO’s pain. I, too, once spent heavily on advertising my company’s brand. Like this frustrated CEO, I also came to realize that advertising didn’t work in growing our firm’s revenue. Unfortunately, we both learned the hard way after a significant withdrawal of our company’s cash resources.

## Recognizing the Limits of Advertising

If we’re in the market for a new smart phone and we see an ad for the new iPhone 11 – sure, we may run over to the Apple Store and try one. Unfortunately, advertising won’t accomplish this for you and me. Whether direct email, banner ads, billboards, magazine ads, TV ads – you name it – these approaches won’t sell your services in the same way it will for products.

There is some value in advertising, but the benefits are not what you might imagine. And for most of us – unless we’re Merrill Lynch or Accenture – we can’t afford it. According to research by the advertising industry, roughly \$1 billion is spent on advertising in the U.S. each business day. (That’s one billion with a B.)

If you were to spend \$1 million in advertising annually to promote your firm’s brand, that amounts to less than \$5,000 each day. Spending \$5K won’t get you much attention in a noisy world deluged with \$1B in daily advertising. Your money will disappear faster than a single drop of rain in the Sonoran Desert, with about the same impact. Besides, most of us can’t and won’t spend \$1M on advertising.

And even if we could afford it, I'd say the money would be better spent in other ways. In our world, advertising does one thing: it can bring awareness to your firm, but it's an expensive tool.

After years of advertising, a prospective client might say to you, "Yeah, I've heard of you guys before. Tell me again, what is it you do?" That's about it. Advertising won't cause a prospective client to pick up the phone and call your front desk to say, "Hey, I'd like to buy some consulting. Can you put me through to the person in charge of that department, please?"

Advertising can't earn you respect and trust. This can only be built one day at a time, one relationship at a time, in doing great work for clients and demonstrating your expertise to the world. Whatever promotional approaches you dream up won't make the cash register ring.

When was the last time you clicked on a banner ad? How many times this week have you pored through your emails, credit card in hand, cruising to find a good HR consultant or M&A advisor? It may work for selling Caribbean cruises, but for us this is pure fantasy; far better to invest the time in doing the things that work than wasting our precious time pursuing quixotic dreams.

This may be alarming news if you've just become the chief marketing officer of a services firm. If you're a new CMO and have a \$1M advertising budget, then go ahead and spend it like a drunken sailor and enjoy every minute of it. Just don't delude yourself – or the firm's partners – into thinking that it will grow revenue. It won't.

## A Better Way: Building Relationships

There are only two reliable things you can do as CMO to help your firm grow: help your people meet others naturally, and create opportunities for your firm's people to demonstrate their expertise. These are the only two activities I've witnessed that will consistently help you build relationships with those you wish to serve and earn respect for your team's professional capabilities.

- **Meet People:** Create or participate in events and organizations (forums, conferences, seminars, boards, charities, etc.) that give your people an opportunity to build their professional ecosystem
- **Build Content:** Assist your people in creating good content (papers, research studies, books, podcasts, seminars, speeches, etc.), which demonstrates your expertise, and share this information widely with those you wish to serve

Whether you're a chief marketing officer, an aspiring partner at a well-known firm, or a solo professional, these two topics are worthy of a closer look, because, unlike advertising, these two approaches initiate opportunities for real relationships with actual people who could use your help.

## Approach 1. Meeting People: Opportunities for Making Friends in a Natural Way

Building off of the playground analogy, we make friends more effectively when we share mutual interests. Therefore, rather than spending money on advertising campaigns, I would look for opportunities to join, attend, and host events that are related to your professional and personal interests.

Advertising is so tempting. It's so much easier to spend tens or hundreds of thousands on advertising than it is to build real relationships. There is also a touch of ego in advertising as well. When we see our firm's name spread across a huge stadium billboard, our chest swells with pride. Once again, if you've got money burning a hole in your pocket, go for it. Just don't sit back waiting for the phone to ring.

If your aim is to actually win more client business, then a better approach is to make friends with the 200 people you need to know. And making friends naturally at events, seminars, charities, and conferences is a great way to do so.

You may recall Mike McCracken, the jet aircraft broker we met earlier. For decades he sold jets to Fortune 500 private companies and to high-net-worth individuals. He spent the bulk of his successful career as a salesman for well-known aircraft brands like Beechcraft and Embraer. And he was one of the best at his job: knowledgeable and highly professional.

When I first met Mike he had recently gone out on his own as a jet aircraft consultant. His goal was to help others avoid the costly mistakes many first-time jet customers make. No longer was he working for a company with a well-known brand; it was just him and his decades of industry knowledge.

Our conversation went something like this:

"Tell me more about your approach to meeting those who could use your help," I prompted.

"Well, I've been sponsoring a golf tournament in Florida," Mike offered.

"How's that working for you?"

"I haven't gotten a call yet from the golf sponsorship. Can't say it's doing any good – near as I can tell," he responded.

"Where have your clients come from so far?" I asked.

"Well, let me think," Mike reflected. "One was a former Fortune 500 CEO I served for years at Beechcraft. Another was a referral from a client I recently helped buy a company jet. The most recent was an introduction from a charter pilot I caught up with at an industry conference."

I smiled to myself as Mike candidly shared his story with me. I'm sure you may be smiling as well in seeing the pattern in these stories.

"Supposing you took the advertising money from the golf tournament and reallocated that money to travel – attending more events and visiting with people you've worked with in the past? Perhaps that would be a better way to get more clients," I suggested.

"Yeah, I see your point. What you're proposing is just a lot more time and effort," Mike reflected. "I was hoping to dial back my travel time. I thought maybe some advertising would help me get some more business."

Mike has a great reputation with the people who have known him for years. He also has an incredible wealth of industry knowledge that is worth a lot to people interested in buying or selling a jet aircraft. But knowing what we now know about the client's buying decision journey, advertising isn't likely to help Mike build his practice.

Furthermore, advertising is an expensive use of Mike's hard-earned money. A better approach is to look for opportunities to connect and reconnect with people we can serve. And in building our ecosystems, we're reallocating our limited advertising budgets toward approaches that will actually lead to new client business.

## Approach 2. Building Content: Opportunities for Demonstrating Our Expertise

Creating good content is an effective approach to initiating conversations with people who could use our expertise. Providing insightful content serves two rainmaker purposes: it demonstrates our expertise and builds our professional ecosystem.

If fact, while advertising won't inspire a prospective client to pick up the phone and call you, good content can. Content can generate inbound inquiries in a way that advertising does for consumer products. It's the closest parallel to advertising that exists in professional services.

When you write a good article and share it, that provides a natural means for others to find you. And, unlike advertising, it establishes you as a person with valuable insight. Similarly, when you give a good talk at an industry event, it is a great way to connect with others who resonate with your message.

Content marketing has become an industry unto itself. And for good reason: it works. One of the industry's leaders, Hinge, specializes in helping those in professional services build a following through well-designed content. According to Lee Frederiksen, managing partner at Hinge:

Powerful content helps your audience understand who you are, and what your approach is to things. It is not self-serving or sales copy, but content which educates them, informs them, and helps them understand the challenges they may be facing.

If someone needs help with an important problem, they will search for answers on the internet. This may not be their only approach to finding help – they may also lean on trusted colleagues for advice – but they will enhance their search by seeking out good information on the web.

If you've written a good book on the topic or hosted a related podcast, people in search of help will find you. And if they share your point of view on the issues and are looking for help, they will often reach out to you. Building good content is an effective way for us to demonstrate our expertise and build our professional ecosystem.

Content is simply a natural starting point for a discussion. And from these early conversations, true relationships can emerge with people who need your expertise. Creating and sharing content requires a commitment of your time. I wish we could

wave a magic wand and make good content appear. Unfortunately, we know good content takes time to develop.

Content has to be created by those with expertise. Others can assist in packaging an expert's knowledge, but it's still going to take a fair bit of heavy lifting on our part to get it created. We can't outsource or delegate the knowledge in our head.

As we've discovered, cold-calling isn't fun, and it's not highly effective for most of us. Advertising can be fun, but unfortunately that isn't very effective either. The two best approaches to building your ecosystem are through rubbing elbows with your target audience and creating good content for them. All other approaches are simply not very effective. At the end of the day, the only people who will ever hire us need to come to know, respect, and trust us. And this brings us to the next rain-maker skill: *developing trust-based relationships*.

## Leveraging Your Firm's Brand

If you work for a prestigious firm that is among the most well-known and respected in your industry, then you are more likely to receive a favorable reply to a cold call or letter. If your employer is someone like Goldman Sachs, Deloitte, or McKinsey, your firm's name carries a lot of weight.

If you're a VP at Citibank and you get a call from a partner at Goldman Sachs inviting you to lunch, there's a reasonably good chance you'll accept this invitation. If you're a partner at General Financial Services (or any other unknown brand) and you try this same approach with the VP at Citibank, the odds are you'll hear nothing. This has been my experience and is supported by countless stories from others.

I recently spoke with Howard Hull, the group tax director for the Al-Futtaim Group based in Dubai. The Al-Futtaim Group is a family-owned company with 42,000 employees in 31 countries. Their wide-ranging businesses include automotive, retail, real estate, healthcare, and financial services.

Before joining Al-Futtaim, Howard was an international tax partner at EY (Ernst & Young) for ten years, with posts in Geneva, London, and Dubai. "The EY brand helped enormously," Howard said. "The brand was very important in getting in the door." Yet Howard quickly added this caveat: "But the EY name wouldn't win you the business. You had to establish your personal value and build trust. If you couldn't do that, the client's business would go to someone else."

Those who work for a prestigious firm have a leg up in getting invited into the C-suite. Strong brands built on decades of great work will open doors for you. Those fortunate to be in this position have the hard work of former partners to thank for this. A firm's reputation will only get you in the door, though. From there on, it's up to you to demonstrate your expertise and build a relationship with the prospective client; the great firm name will only carry you so far. For the rest of us – and I'm guessing this is most of us – we'll have to use different approaches in building our professional ecosystem because cold-calling will not be nearly as effective for us.

## References

CEO story: Inspired by real characters known by the author. Names and locations have been changed.

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