MARKETING OF PROFESSIONAL PROJECT SERVICES: AN EXPLORATORY STUDY OF THE ROLE OF OPERANT RESOURCES IN THE CONTEXT OF ARCHITECTURAL FIRMS

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Marketing of professional project services is a relatively unexplored area. In this article, the authors explore the marketing of professional project services in the context of architectural firms. The authors conduct in-depth interviews of nine informants, seven principals and two marketing directors of successful architectural firms. The results reveal external relational factors, internal relational factors, and operant resources (that is, the skills and capabilities that produce effects on other resources) as the influencers of successful professional project services marketing. The authors then present a conceptual framework for successful professional project services marketing and conclude by discussing implications for practitioners and academics.

INTRODUCTION

Marketing of professional project services is a significant concern to the economy and marketing scholars. During 2004, more than one trillion dollars of construction was put in place in the United States, representing 4.7 percent of the gross domestic product (U. S. Department of Commerce 2005). Construction projects range from relatively simple (roads and utilities) to very complex (long-span bridges and high rise towers). Regardless of size and complexity, these projects have a number of similar characteristics. Each is typically constructed for a client by another entity such as a contractor, and built according to a set of plans and specifications that are developed to ensure that the project satisfies the client's needs. The plans and specifications are typically developed by firms that employ several architects and engineers, which we refer to as professional project services firms. This article focuses on architectural firms.

As with other professional service professionals, such as engineers, physicians, attorneys, and public accountants, it is difficult for customers who lack the professional knowledge to judge an architect's competency (Kultgen 1988). Therefore, the state issues licenses to only those individuals who demonstrate professional competency through education, supervised experience, and successful completion of a competency examination. These license requirements have the effect of creating barriers to entry into a profession, thus limiting competition, but do not differentiate one licensed professional from another. Although each project is unique, i.e., a customized product, the client is usually unable to differentiate among the licensed professionals. Consequently, it is difficult for a potential client to discriminate among various providers (firms) that employ qualified service professionals. How then can a professional project services firm differentiate itself from others?

Surprisingly, there is relatively little research in marketing that specifically addresses how professional project services firms market themselves (Skaates, Tikkanen and Alajoutsijärvi 2003 is a notable exception). However, research on marketing of these services could greatly benefit from the contributions of project marketing researchers (e.g., Cova and Holstious, 1993; Cova and Hoskins, 1997; Cova, Mazet and Salle 1996;

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Cova and Salle, 2000; Skaates and Tikkanen, 2003; Skaates et al. 2003; Skaates et al. 2002), services marketing researchers (e.g., Kotler and Connor 1977; Grönroos 1984; Gummesson, 2004; Parasuraman et al. 1985; O'Connor, 1978; Turner, 1969), and professional services marketing (Gummesson 1978; Lapierre, Filiatrault and Chebat 1999; Stock and Zinszer 1987; Woo and Ennew 2005). This article draws theoretical support from these areas to further explore the marketing of professional project services in the context of architectural firms.

Skaates et al. (2003, p. 86) explain that successful marketers of architectural services must "sell a credible promise." That is, they must convince the client that they are capable of designing the project more effectively and efficiently than competing architects. For existing clients, this credible promise often results from trust earned through experience. New clients must rely on cues such as reputation or track record. The objective of this article is to explore factors that influence successful marketing of professional project services in highly competitive markets, specifically how these firms differentiate themselves by leveraging their capabilities. Using the extant literature and in-depth interviews, we explore operant resources (skills and capabilities that produce effects on other resources) of professional project service firms that can potentially influence clients.

The article is organized as follows: First, we provide theoretical background from the project marketing, services marketing, and professional services literatures. Second, we present the methodology for this exploratory study. Third, we present the findings of the study. Fourth, based on the findings and the literature that illustrates how firms can succeed in project marketing, we present a conceptual framework. Finally, we discuss implications for marketers of professional project services and researchers.

THEORETICAL BACKGROUND

Project Marketing Literature

The marketing of professional project services is different from the marketing of other business-to-business services in that: (1) demand for project services is discontinuous; (2) each project is unique; and (3) the projects are quite complex (Skaates et al. 2003). Although there are several definitions of projects available in the literature, in this article, following Cova and Ghauri (1996), we define a project as a "complex transaction covering a discrete package of products, services and other actions designed to create (capital) assets for the buyer over a certain period of time." Although DeCotiis and Dyer's (1977) study concerns projects internal to the organization, their study suggests (1) internal relations in the organization and (2) knowledge, competence, and experience of the firm's employees are significant factors that influence project performance.

Next, Cova and Holstius (1993) explore international project marketing in Europe and present a preliminary model for international project marketing. Furthermore, they present a project winning triad that involves personnel readiness, administrative effectiveness, and entrepreneurial culture as key success factors for creating a competitive advantage in project marketing. The results of their research suggests external relations, internal relations, culture, employees, and marketing ability as factors that potentially influence the success of project marketing. Furthermore, Skaates et al. (2002) present long-term relationship orientation (before, during, and after projects) as a factor that can influence the firm's successful project marketing. In fact, Cova and Hoskins (1997) also emphasize the importance of maintaining relations with business and non-business networks.

Services Literature

In the services marketing literature, Turner (1969) notes the importance of formal and informal interactions, communication, knowledgeable employees, and the firm's flexibility with reference to projects whose scope gets refined, enlarged, or modified during the development, as factors that contribute to the success. Kotler and Connor (1977) note that firms should look toward specialization because it (1) gives firms preferred positions by automatically placing them in contention for potential clients and (2) permits firms to become more effective and/or efficient through "cutting-edge" expertise. O'Connor (1978) also makes a similar recommendation for developing a specialized capability that is complementary to the main thrust of the firm's operation. For O'Connor (1978), such a capability could act as a positive factor in the growth of the firm and could become a critical component in the firm's market offering.

Vargo and Lusch (2004) argue that marketing is evolving toward a dynamic, evolutionary process, service-centered view that is informed by resource-advantage theory, competences, knowledge, and relationship marketing. In this view, "value is defined by and co-created in concert with the consumer" (p. 6). Therefore, for Vargo and Lusch (2004), marketing should focus on specialized skills and knowledge as operant resources that provide competitive advantage. They define operand resources as "resources on which an operation or act is performed to produce an effect" (p. 2), or where neoclassical economists might classify many factors of production. Operant resources are those resources that produce effects (similar to capabilities and competences), when they are employed to act on operand resources (and/or other operant resources). They are likely to be dynamic and infinite, and are often intangible and invisible. We agree with Vargo and Lusch (2004) that knowledge is an operant resource that can be a fundamental source of competitive advantage.

Professional Services Literature

Much of the extant literature on business-to-business professional services has been viewed from the customer's perspective, that is, with reference to the customer's judgment of the professional service provider and the consumption of the service. Stock and Zinszer (1987) examine the professional service acquisition process, focusing on logistics consulting service. Lapierre et al. (1999) study quality and value of, and satisfaction with, professional service, and the effects on intention to buy professional services. Finally, Woo and Ennew (2005) measure professional service quality along six exchange dimensions of the relationship with professional service providers. What is lacking from this research is the supply side's view point, i.e., how professional service providers do and should market these services.

RESEARCH METHODOLOGY

While much has been written about services marketing, relatively little has been written from the marketer's perspective about marketing project services of the type offered by architects, specifically the leveraging of knowledge to achieve positions of competitive advantage. Therefore, in order to understand this aspect of successful professional project services marketing, it is necessary to conduct qualitative research (Gummesson 2005, 2006). As Drumwright (1994, p. 2) explains, "qualitative methods are essential to generate theory that is grounded in data in areas for which previous work is scant." The qualitative method used in this study is the in-depth field interview (Drumwright 1994; Skaates et al. 2003). These field interviews were conducted with nine informants to understand how architectural firms leverage their specialized knowledge to market their services. The informants were chosen for their extensive experience in marketing and delivery of professional project services over an extended period of time. Seven of the informants, all male, are principals with three major architectural firms located in the same, large city in the Southern United States. The other two informants, both female, are marketing directors for two of the firms. Each of the principals interviewed has been in practice for more than twenty-five years. Each of the marketing directors has more than a decade of experience marketing successful professional design firms. A descriptive list of the informants is provided in Table 1.

The informants' firms range in size from 25 to 150 employees, and collectively have designed and built projects worth tens of billions of dollars. These include many different building types such as: office buildings, churches, hospitals, restaurants, high rise apartments, schools, and sports arenas. Each firm has been in practice for at least twenty years in a highly competitive market. Although the firms work on a regional, national and even international scale, the majority of their work is in the same large city in the Southern United States where there are more than 200 architectural firms currently in practice. Since the current work is intended to identify important aspects of marketing project services, this study does not investigate variances in success among the informants' firms. Rather, each informant was selected precisely because he or she works for a firm that has a long track record of success.

The interviews were conducted in the informants' offices. Each interview began by asking the informant to describe how his or her firm markets its services. Probing questions were asked to elicit elaboration and clarifications of points of interest. The interviews were audio-taped with the informants' permission, and verbatim transcripts of the interviews were typed, resulting in 85 single-spaced pages of data. These transcripts were independently analyzed by two researchers using a developmental and iterative process of note taking and coding, in which each interview was read several times, and data compared across informants for consistency and inconsistency (Spiggle 1994). Frequent written analytical memos helped guide the analysis process (Strauss 1990).

FINDINGS

External Relational Factors

Historically, architects have attempted to maintain long-term relationships with clients. The intensity and length of the project development process foster architect/client relationships. Successful projects can demonstrate to the client the value of working with a certain architectural firm. Several informants talked about the need to communicate the value that they provide to the client, so that their services were not treated as commodities. While this strategy seems to be a universal core to every architect's marketing plan, the nature of project demand limits its effectiveness, especially for large firms. Project based markets are by nature lumpy, and the temporal gaps between projects tend to weaken the bond between architect and client (Skaates et al. 2003). Even when the architect and client have developed a strong relationship, it may be years before that client hires an architect for another major project, resulting in "sleeping relationships" (Hadjikhani 1996). As the marketing director of a medium, specialty firm expressed:

> All firms will say that they want to build relationships. All firms will say that they have repeat clients, but for larger firms, that repeat business comes once every ten years. They don't have to go after a larger base (of clients). They just have to go after the high dollars. (Informant #8)

She explained that smaller firms, like hers, focus on smaller projects, such as renovation or expansion. The demand for these smaller projects is more frequent than for the larger projects, and they can do more projects for the same clients, thus avoiding sleeping relationships. The principal of a medium size firm that designs a lot of interior, tenant office space discussed the repurchase cycle as quite lengthy, typically five to ten years. Therefore, he makes periodic contact with the clients in order to maintain those relationships over the long period of time between purchases:

TABLE 1
Interview Informants

Informant Number	Title	Firm Size*	Firm Type
1	Principal	Large	Multi-Disciplinary
2	Principal	Large	Multi-Disciplinary
3	Principal/President	Large	Multi-Disciplinary
4	Principal	Medium	Multi-Disciplinary
5	Principal	Medium	Multi-Disciplinary
6	Director of Marketing	Large	Multi-Disciplinary
7	Principal/President	Medium	Specialty
8	Principal	Medium	Specialty
9	Director of Marketing	Medium	Specialty

* We define a large firm as 100 or more employees, and a medium firm as 10 to 99.
More detailed information was withheld to maintain the informants' anonymity.

> It's going to be at least five, if not seven or ten years, so I have a database where I record when they're going to relocate and make sure we stay on top of them. I've asked the project managers to stay in constant communication with them, on a quarterly basis, so we maintain those relationships. (Informant #5)

A large client might regularly have several significant projects under development, in different markets, or even different building types. That same principal (Informant #5) described how his firm performed interior work in more than twenty markets for one client, a domestic application of what Skaates et al. (2003) calls a *client following strategy*. The president of a large architectural firm explained that their relationship with a single governmental entity has created a steady stream of different types of projects including a jail, hospital, and sports arena.

> We just continue to get work from them every year. They always have something. I can't think of a year, for at least the last probably 10 years, when we haven't been doing a project of some kind. (Informant #3)

However, the informants reported that clients with a regular demand for new projects are rare. Large architectural firms need a steady stream of large projects to maintain their operating levels. Even large clients have limited budgets and growth objectives. Informant #1, a principal with a large firm, explained that his firm could not rely solely on relationships with large clients. He explained how they had worked with two global entertainment clients for many years, and had even established two satellite offices, more than 1,000 miles away from headquarters, to service them. Eventually however, that work dried up, forcing the firm to go overseas to find new clients. So, although external relationships are an important aspect of marketing architectural services, the discipline has evolved beyond strictly maintaining relationships to a more sophisticated, yet classical approach to marketing.

Internal Relational Factors

Another important topic that emerged from the data was the role of internal relational factors in successful project marketing. These relations are among the various departments and employees within the firm, as well as those with outside entities that are brought into the project as part of the project team. Many informants discussed these relationships as vehicles for market sensing, as in the case of networking in a new market. As the president of a large firm explained, the principal in charge of church projects,

> Started going to conferences and he plugged himself into the consulting network. He plugged himself into a builder network. And he made contact

> with lenders, because financing is a big deal. (Informant # 3)

The marketing director of a large architectural firm explained that she networked with her counterparts at sub-consulting firms to keep tabs on the market. The principal of a medium size firm, who coined the term "marketect" to emphasize how important marketing was to an architectural firm's success, explained how he developed a referral network with commercial real estate brokers to help his firm find office building interior design jobs.

> Eventually, I learned that you have to develop one-on-one relationships with your partners in real estate and (once) they have confidence in you, then you begin to have real opportunity. That's what I did; I picked three or four of the largest real estate firms in our market and began to develop relationships with the individual brokers. That led to interior opportunities (design of large office spaces). (Informant # 5)

Even less formal interaction ties, like attending chambers of commerce receptions, can be equally as important in this process. Such networking is a mainstay of marketing professional project services.

Operant Resources

The central theme that emerged from the data is that successful architectural firms are market-driven (Day 1994; Weerawardena and O'Cass 2004), such that they have superior market-sensing and customer-linking capabilities (Day 1994). Additionally, these successful firms have marketing strategy making capabilities (Menon et al. 1999), market response capabilities, and project development capabilities. The capabilities approach to competition (e.g., Day 1994; Hunt 2000) argues that firms may gain positions of competitive advantage using their capabilities, or *operant* resources. Constantin and Lusch (1994, as cited by Vargo and Lusch 2004) define operant resources as those dynamic resources that produce effects such as skills and knowledge, or organizational processes and core competencies. Each of these capabilities was linked with the firms' ability to successfully market their services in an ever changing market environment.

Market Sensing Capability

The first of the capabilities addressed is the firm's market sensing capability, the knowledge and skills associated with systematically gathering, interpreting, and using market information quicker and more effectively than competitors (Day 1994). Building on the relational factors discussed above, the most important tool for market sensing is networking. Typically, this involves the principals of the firm interacting with current and potential clients. As the marketing director of a large firm explained,

> I prefer that the key client relationships are established with the principals in the firm. It doesn't do the company all that much good if a key buyer knows me. I'd rather they know my architect. You have to be out in the community talking to people. A lot of it is networking. (Informant # 6)

Her counterpart at a medium size firm confirmed this approach.

> The partners are very, very active, and they don't give lip service to the word business development. It's just what they do. I'm very lucky to have that. These relationships are already established. They are able to pick up the phone and find out information. (Informant # 8)

Both described their responsibilities as marketing, not business development. A principal of a large firm explained how he and the other principals networked to gather market information.

> We're out there, seeing what our customers are doing. You get an indication of what they're up to. We're kind of in the food chain, up front on a lot of these things. We'll respond to

> developers and corporations. I've found that attendance at professional organizations, like for me, the Urban Land Institute, and CORNET Global which is corporate real estate executives, Urban Land Institute. You hear a lot, do actual networking. (Informant # 1)

Several informants mentioned that large institutions and public entities often published their capital improvement plan, forecasting all projects expected to be released within the next five to ten years. Once the plan is announced, the firm must maintain contact with that client until such time as each project is released.

> You just have to keep it up. Call. Ask them, "What's coming? When is it coming?" Go visit them. Try to get with them on a quarterly basis, on a weekly basis, some kind of consistency. Because if you lay back, they'll forget you, because everybody else is doing the same thing. (Informant # 2)

And the networking is not limited to clients and potential clients, but also to contractors, consultants, lenders, and anyone else who might have knowledge about an upcoming project. A principal of a medium size firm explained how they were hired for two projects at a private school in part because one of the principal's children attended the school. Another explained the pivotal role that a developer played in their expansion into the church market. They had designed several large residential projects for the developer, who was very active in his church. The developer often consulted on real estate matters for the church, and he recommended the firm to the bishop. The essence of market sensing capability is actively pursuing knowledge about upcoming projects in a systematic and consistent manner. Architects cannot afford to react to market demand. As several informants explained, if they become aware of a project through a request for proposals, it is too late. Instead, they must seek out the information long before the project is announced, often years before.

Customer Linking Capability

Client linking involves "creating and managing close customer relationships" (Day 1994, p. 44). Construction projects are effectively co-produced with the client, fostering close architect/client ties. However, the informants communicated that they were able to adjust to a shift in their market because of their ability to link with clients. In order to sell professional project services, the architect must be able "to sell a credible promise" of its capabilities (Skaates 2003, p. 86). As projects became more complex in nature, the trust that results from the relationship with the architect is no longer sufficient to maintain this credibility. The clients also demand expertise in their specific type of project. As the president of a large architectural firm explained,

> You've got to either decide that you want to be a general firm, and use relationships to get general projects. That only works for smaller practices in smaller communities, less than 500,000. They have to do a lot of different things to keep a practice going. They utilize their networks and relationships, and they tend to get work based on who they know and things they hear in the community, whether it's a bank or a church, or whatever. But for a large firm in a very competitive, large market, I think you have to have a specialized focus. (Informant # 3)

This specialization is almost demanded by the market.

> Every client wants to believe that their project is unique and special, and so there's perception that they want to hire specialists. So it's really not a good idea to come in as generalist and say "we've been in business (for a long time) and we've done hundreds of projects and I'm sure we can find something that's similar to yours." (Informant # 6)

In these large markets with sophisticated clients, architectural firms need to focus and develop expertise in a given area in order to differentiate the firm from competitors. This is consistent with Stock and Zinszer's (1987) finding that the consulting firm's reputation in a given functional area was the most cited information used during the selection of a professional service consulting firm. The president of the large firm explained how his firm reorganized along a market-based structure, with multiple studios, each focused on a single industry like health care, churches, commercial, or public works. Two informants at a smaller firm explained that their firm had adopted a similar structure for market positioning. Each studio is directed by a principal, with a core team of associate directors, project managers, and architects dedicated to one type of project. This focus leads to a deep understanding not only of the challenges of designing a particular type of project, but also of the clients' unique needs and purchase motives. The president of the large firm explained his understanding of the various drives of their different clients.

> It's much more the marketplace understanding. Certainly, health care wants you to know the latest things, but they're more worried about keeping the budgets right, not getting into huge problems with cost overruns, and all those things. In health care, it's an expertise field. Churches want to know if you understand them. Their ministry, how they function. "Can you design something that's going to be a dynamic worship experience?" Time share (condominiums) is, "Help me make money." And (the architect) understands every square foot equals money. (Informant # 3)

The marketing director of this same firm related the importance of the architects focusing on their clients' needs.

> People who are responsible for hiring designers for facilities can be very sophisticated and they are looking for something that will give them the extra edge against their own competition. You don't know their business better than they do, but you have to know what their goals are and how architecture, how your particular type of professional service can help further whatever their goals happen to be. A good architect, well, let me say, a great architect is somebody who doesn't come in with an idea that they've already got, they come in trying to understand what it is that makes your company tick and how it can work better and then you build a building from the inside out. (Informant # 6)

The principals who head the various studios must have a passion for the kind of work they do. This passion manifests itself in ways that enable the firm to link with their clients. The head of the church group developed a software program that uses a database from a benchmarking study. This software enables him to program a church, size, classrooms, etc., based on the number of congregants. The principal in the time share group developed a program to optimize space and include elements valued by the end users. Actions like these help differentiate the firm, and establish the credibility demanded in project markets today.

Several informants explained that the health care market has always demanded the expertise of a specialized architect. Many of the informants made reference to two large architectural firms based in their city that worked on health care projects across the country. Their expertise in the field differentiates them from local competitors in dozens of markets around the country. The principal of a medium firm that specializes in relatively small, but often complex, regional health care projects explained,

> Health care is not for everybody. It's a complicated business. We historically, have always done complicated buildings, and equipment, like cyclotrons, and things that are not for the squeamish. (Informant # 7)

He talked about the challenge of designing one of the first lithotripsy facilities in the United

States, and a recently completed tissue digester facility. A current project involves the design of an operating room (OR) with a magnetic resonance imaging (MRI) unit in the OR. He described the challenge of stiffening the OR floor to support the MRI unit while the space below was occupied. Further complicating the task was the added restriction against using metals that could interfere with the operation of the MRI unit. So, understanding the needs of health care clients requires far more expertise than simply understanding specialized building codes.

Marketing Strategy Making Capability

To respond to the inevitable demand cycles of project markets, architects often diversify to service clients in multiple geographic or functional markets. Some firms will maintain a local or regional practice in which they design many different kinds of projects. Other firms will focus on one or two specialties, but offer their services on a regional or even national basis. In order to be successful using either strategy, it is critical that the firm follow market trends in order to anticipate changes. One principal explained how his firm changed its marketing strategy when they realized that a large firm cannot rely solely on its relationships to produce the volume of work necessary to maintain their profitability.

> We organized ourselves in market facing studios, the whole purpose of that was to develop expertise in areas that we perceive our clients are doing work in. The general idea is to constantly monitor that because markets go hot and cold. They go through the cycle. Strategically, we look once a year at either reconfirming the market, knowing that it's either a hot market, a cold market, or a neutral market, and then we appropriate the amount of marketing budget, dollars, into that specific market. (Informant #1)

He also talked about how his firm determines which markets to pursue.

> Once we think something is going to be a hot market, it has promise, we would take that to our strategic marketing person. Then she would research that through various sources. Once our marketing strategy person is in place with research, we present that to our board, which is really made up of studio directors. We give a buy off on what she presented, or note our concerns. And once we've evaluated and agree that that's an area that we believe we have expertise in and knowledge, and that we could be perceived good at, then we put a marketing plan together. (Informant #1)

Sometimes, when a strategy does not work, the firm must try to understand why, and make adjustments to the marketing plan. One informant explained how he tried unsuccessfully to get several airport projects using the same strategy that his firm had used successfully on other public projects.

> We try to get back afterwards and get a briefing from them. "Why weren't we selected? What did we do wrong? Is there something in our proposal that we should have addressed?" I've gotten good feedback. There were three jobs at the airport. The first two, I couldn't get. And the second one was a parking garage. I couldn't figure out why in the world (we didn't get the job). We've done parking garages, and we couldn't even make the short list. So I called them and set up a debrief. And I said, "help me here. I don't understand. We've parked over 25,000 cars. We've done garages. In buildings, on buildings, around buildings. The whole bit. We do garages." And the guy says, "I'll tell you why. This is at an airport." And I said, "what do you mean? It's a parking garage." He said, "no you don't understand." At the airport, they think of themselves as a specialty. And unless you somehow have an association and you can say "airport," you can't get the job. So the very next job, I teamed with

> a small firm that did people movers at airports. We got the job. Because he had done it at airports. He was known at airports. (Informant # 2)

After this initial success, his firm has been hired for several new projects at this airport. Another informant shared how his firm used the same strategy to enter the private school market. They worked with a smaller firm that had *school* experience. After successfully completing the first project, they were hired as the prime architect on a second project for the same client. Then they received a commission from another school. Many of the informants also discussed acquiring smaller firms to gain entry into specialty markets, or sub markets, especially health care.

One principal talked about how they might leverage their high-rise residential experience into the design of long-term care facilities as an initial entry into the health care market. He also described how they set parameters for clients and markets for their interior design work, and the decision to focus on and develop capabilities in only the most profitable segments.

> We started to (focus on) special groups like energy, engineering, law, management consultants, accountants, because we had so many of those types of projects that we were actually beginning to specialize. If it was a one-of-a-kind guy out here that's local, we didn't see any future business beyond one project for that client. We began to not pursue those types of projects. We also set parameters, anything under a four floor project (roughly 60,000 to 80,000 square feet), we were not going to pursue. Anything that was a single project that was not in line with our marketing focus we would not pursue. If they came to us, that would be the only reason we would make an exception. We did not go after it though. We would pursue only the seven or eight different interior sub-markets where we felt that we would be most successful and could demand higher fees. (Informant # 5)

Most of the informants described very traditional approaches to developing their marketing strategies. They discussed SWOT analysis, identifying and targeting potential clients, identifying and analyzing competitors, and forecasting market potential. The message that emerged from this study is that beyond relationships, architects must use traditional strategic marketing planning, and develop and leverage their operant resources in order to be successful.

Market Response Capability

One particular important operant resource is the firm's ability to respond to what they find in the market, such as the development of new market offerings, or a shift in the firm's positioning, or a change to the firm's market communications. The single and multiple niche structure that the informant's firms have adopted are intended to position their services based on capabilities in order to differentiate themselves from the competition. Informant # 5 and others discussed how some clients in the commercial office building market consider architectural services to be a commodity. Developing technical expertise and better understanding of the clients, helps to add value to the architects market offering. Understanding the market segments also leads to innovation and the development of new market offerings. One informant talked about how they converted plans for existing buildings to electronic media using computer aided design (CAD) systems. This generated fees and strengthened the relationships with their clients.

> I would go to developers, property managers and leasing agents, and try to get on as their architect of record. We would offer CAD documentation services which generated revenue, gave us knowledge and information about a building, and then we would set up teams to do space planning for the tenants in the building. (Informant #5)

Although the client paid for the service, because of liability issues, the architect was able to maintain ownership of the plans, creating a structural tie with the client. Two of the informants talked about how their firm had created a service to help owners of existing buildings to compete more effectively.

> We developed a service that was unique, a market driven service. We would ask the leasing agent who the competition was and we would compare their building to their competition, create a matrix, and almost identify the problem, the solution and the budget before we actually started the drawing process. It's analytical. (Informant # 5)

The various firms reported different techniques for communicating with their markets. Most spend time speaking at seminars and conferences. These public speaking engagements are great opportunities to demonstrate expertise to large groups of potential clients. One firm gains entry to potential clients by giving in-house seminars on their web based project management.

> We've developed a presentation that gets us in the door and we're able to give those presentations to project managers without actually having to give a dog and pony show about (our firm). It's about web collaboration tools. So, we offer insight into a service, rather than just telling a whole room about (us). In fact, they get CEU credits for it. (Informant # 8)

The marketing director of a large firm spoke of sponsoring a technical symposium to showcase her firm's capabilities, and their knowledge of the clients' market.

> Bring them in situations where perhaps you are sponsoring a forum or a particular type of health care, like ob/gyn, where you bring in not only that particular client that you're trying to court, but also some industry experts and your own staff in a very small setting where you kind of have a captive audience but you are answering a need they have, not with just with architecture, but with sort of more broad based understanding of what's going on in their industry. (Informant # 6)

Use of many of the other marketing communication tools is somewhat dependent on the firms' marketing budgets. One of the medium sized firms regularly mails project postcards to everyone on their mailing list. Each card showcases a single project, with a brief description and several photos. The marketing director of the firm could not explain why they work, but she believes that they are quite effective. The firm also sends very creative Christmas cards each year. Clients save the cards from year to year, some building collections. These cards not only put the company's name in front of clients, but also demonstrate the firm's creativity.

The largest firm spends a great deal of money to market themselves. When expanding into the church market, they hired a minister as a consultant. She was very helpful in the development and refinement of their marketing campaign. She offered a great deal of insight into the materials and the likelihood of the campaign resonating with potential clients. They created a newsletter and a separate web site for their church studio. They even sponsor an award for churches. All of this to communicate their passion and commitment to designing places of worship.

Project Development Capability

Project development is the heart of the architect's market offering, its raison d'être. Professional services, such as architecture, require the ability to apply scientific principles to solve a problem. Kultgen (1988, p. 60) explains that professional service involves, "a skill based on theoretical knowledge." This skill is based on training and education, and must be demonstrated by passing a competency examination (Millerson 1964). It is this skill that enables the architect to create the complex, unique, highly customized products, i.e., buildings that satisfy clients' needs and budgets. This skill is a result of an architect's education and training. When asked to explain how architects develop the knowledge necessary to deal with all of the highly technical aspects of a building project, one informant explained,

> The architectural education actually gets you started in that direction. I mean literally, the exam that we have to take, tests you on mechanical, environmental systems, structural systems, civil and those kinds of engineering systems, and a lot of contracts. It starts in the education, and then like everything else, it's experience. (Informant # 4)

As stated above, successful project marketing depends on the conceptual, technical, and human skills of the team (DeCotiis and Dyer 1979). The formal architectural education develops the skills that enable the practitioner to understand and interpret the client's vision, and transform that vision into an operational facility. The architect is able to quantify the client's needs through programming, the process by which the building's function and use is expressed. Next, working within a project budget and schedule, the architect designs a set of plans and specifications that will enable a contractor to price (bid) and build a facility that is the manifestation of the client's vision.

In order to design these plans and specifications, the architect must work with and coordinate multiple consultants such as structural and mechanical engineers. A working knowledge of contracts is also essential for architects who must manage the general contractor's contract with the owner, as well as those of the various consultants. This contract management typically includes approval of contractor payment draws, and certification of substantial completion of the contract. In addition to following the scientific principles of building design, architects must also have a working knowledge of local, state, and even federal building codes and standards.

The architects who participated in this study described hiring the best qualified architects on the market, those with strong recommendations from contractors, former employers, and professors. They also partner with the best qualified engineers and specialty consultants to ensure the successful development of the project. They discussed the challenge of keeping their staff at the cutting edge of technology, and how the market focused strategy has supported that endeavor. They described the continual, in-house development and training that brought young architects into the organization's culture.

This training also emphasizes the firm's values. One story was recalled about the former president of one architectural firm who was displeased with the quality of the penmanship on some of their plans (before plans were electronically drawn). The president held a mandatory training session on hand lettering. Even the principals were required to attend. This shows the intensity with which some firms pursue high quality project development. The president of a medium firm related with pride that a major contractor told him that his firm produced good drawings. The contractor was not commenting on the aesthetics or the plans, but their comprehensiveness and clarity that prevented a lot of problems during construction. That saved the contractor and the client time, money, and problems. Project development capabilities such as these help the firm to differentiate themselves from the competition.

> I think the ultimate goal for clients is that we have met their expectations, or exceeded their expectations, and we're their "go to" firm. Then you can start selling them value instead of commodity price. (Informant # 1)

All licensed architects are "qualified" by way of their license, to engage in the profession of architecture. Yet, there seems to be a wide variation in the perception of their project development capabilities.

CONCEPTUAL FRAMEWORK

Based on the results from our interviews and relevant theory, we propose the following conceptual framework (see Figure 1). The results reveal internal relational factors, external relational factors, and operant resources as influencers of successful project marketing. Furthermore, our results suggest several dimensions involving each of the three factors. While we do propose relationships between the three influencers and successful project marketing, a discussion of the relationships among the dimensions of the factors is beyond the scope of this paper.

For Morgan and Hunt (1994, p.22), "relationship marketing refers to all marketing activities directed towards establishing, developing, and maintaining successful relational exchanges." This broad view is consistent with the conclusion of Aijo (1996, p. 15) that "there is a growing consensus on the definition of RM as involving the following aspects: a close long-term relationship between various (network) participants involved in exchanging something of value (total market process)." For Gummesson (1994, p. 2), "relationship marketing (RM) is marketing seen as relationships, networks, and interaction." The current, exploratory research indicates that, in addition to trust and commitment, interaction ties are likely important for both internal and external relations. It is consistent with the relationship marketing theory that highlights the importance of personal interactions not just for individuals across firms but also for employees within firms. Therefore, based on the results of this study and relationship marketing theory:

- **P_1**: There is a positive relationship between *external relational factors* and *successful project marketing.*
- **P_2**: There is a positive relationship between *internal relational factors* and *successful project marketing.*

Our findings also indicate that operant resources are likely to be positive influencers of successful project marketing. This is consistent with Vargo and Lusch (2004), who claim that marketing is evolving toward a service-dominant logic. According to this service-dominant logic, firms should focus on developing fundamental knowledge and skills that represent potential competitive advantage. That is, operant resources are the key to obtaining competitive advantage. This view is consistent with Quinn et al.'s (1990, p.69) suggestion that "a maintainable advantage usually derives from outstanding depth in selected human skills, logistics capabilities, knowledge bases, or other service strengths that competitors cannot reproduce and that lead to general demonstrable value for the customer." Therefore,

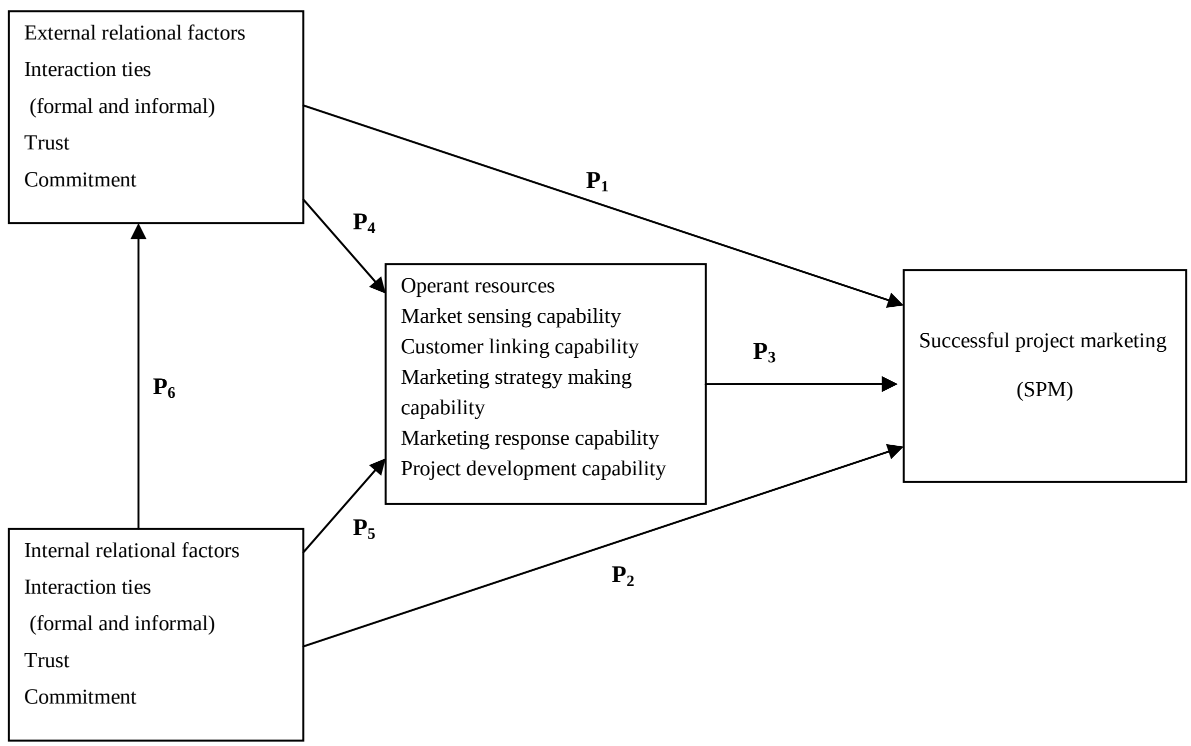
- **P_3**: There is a positive relationship between the firm's *operant resources* and *successful project marketing.*

Nahapiet and Ghoshal (1998) suggest that both internal and external relational factors influence the firm's operant resources. Furthermore, this exploratory study implies that relational factors contribute to firm's operant resources. For example, the firm's relationships with consultants and specialists help them in developing operant resources or knowledge that can be used to develop projects. Similarly, the relationships among employees internal to the firm can facilitate the firm in developing knowledge that is the result of combinations of different knowledge stocks of the employees and the firm. In addition, other external relationships that the firm has can prompt the firm to develop specialized skill sets. Therefore,

- **P_4**: There is a positive relationship between the firm's *external relationship factors* and the firm's *operant resources*.
- **P_5**: There is a positive relationship between the firm's *internal relationship factors* and the firm's *operant resources*.

The "Nordic School" approach to service marketing emphasizes the importance of developing employees who view themselves as part of the overall marketing process (Grönroos 2000; Gummesson 1991, 1997). However, as Gummesson (1991) points out, many of the employees who work for the firm are not "full-

FIGURE 1
A Conceptual Framework of Influencers of Successful Project Marketing



time marketers." That is, many firms bring in experts/consultants from time to time to contribute specialized knowledge to developing projects. However, it is crucial for firms to focus on relationships among the full-time as well as part-time employees. The nature of complex projects necessitates the development of good relationships among employees in the organization. As Grönroos (2000, p. 330) stresses, "Without good and well-functioning internal relationships, external customer relationships will not develop successfully." Therefore,

P_6: There is a positive relationship between the firm's *internal relational factors* and *external relational factors*.

CONCLUSION

The marketing of professional project services is an important area that needs further exploration. Project services are different from other market offerings because: (1) compared to all other kinds of market offerings, projects require more co-production activities between professional firms and clients, (2) projects often have emergent properties, that is, the requirements change even during the development stage, (3) project requirements are often unique to the clients, and (4) projects often require very specialized kinds of knowledge from the suppliers. Also, in general, as Vargo and Lusch (2004, p.15) note, the focus of marketing "is shifting away from tangibles and toward intangibles, such as skills, information, and knowledge, and toward interactivity and connectivity and ongoing relationships." Specifically, it seems that focusing on specific types of projects, i.e., targeting particular market segments, professional project services firms can develop internal and external relationships, and operant resources such as knowledge that could potentially give firms the ability to better compete in the marketplace. We present this article as a preliminary exploratory study that provides opportunities for future research on capabilities-based marketing of professional project services.

This exploratory study reveals internal relational factors, external relational factors, and operant resources as influencers of successful marketing of professional project services. Furthermore, the study provides dimensions within each of the factors that contribute to this success. However, the factors and dimensions that have been found in the current work are by no means comprehensive. The context of this study (architectural firms) and the fact that it is limited to firms with long track records of success located in one geographic area may limit the generalizability of the findings. Yet, this work can act as a catalyst for more exploratory and confirmatory research in the area of project marketing. For example, the inter-relationships among the dimensions of the three influencers of successful project marketing provide potential research opportunities. In addition, more exploratory research could reveal new factors that can supplement or complement the current findings. More research is also required to explore how firms can improve each of the factors that were found to influence successful project marketing. That is, how can firms become better at developing operant resources? What should firms do to be better on internal relational factors, external relational factors, or both?

This study also has several implications for practitioners. It provides a list of factors with multiple dimensions that contribute to successful marketing of professional project services. The specific dimensions provided in this article provide opportunities for practitioners to be better able than competitors to successfully market their project capabilities. Firms can strengthen their internal and/or external relationships, emphasizing their technical capabilities. Similarly, firms can also focus on one or more of the operant resources that emerged from the study. In conclusion, this preliminary exploratory study provides several avenues for academics and practitioners.

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