

LEADERSHIP IN PROFESSIONAL SERVICES

***Enhancing Business Performance of
Leading Professional Service Firms***

***First in a series on Innovations in Professional Services
by Bede Boyle and Brad Shields***



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Enhancing Business Performance of Leading Professional Service Firms

This briefing clarifies leadership and management roles and responsibilities for partners in professional services firms. These roles and responsibilities are the key drivers for both professional and business success.

A key outcome of this clarification is that partners, associates and employees will be able to focus on serving both the client's best interests and those of the firm.

The benefits of this focus are significant and are measured by:

- increased knowledge and competence to win targeted client business
- sustainability of relationships with clients, colleagues and employees
- improved productivity and profitability on work supervised by partners
- higher levels of client satisfaction and repeat business

These benefits compound to enhance business performance of the firm.

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"My Mission is to be instrumental in creating professional service firms that aspire to be the best of the best."

Bede Boyle

1 Leadership and Management Roles for Partners

There are four leadership and management roles for partners that drive both personal and business success.

Knowledge Centred Leadership	Relationship Centred Leadership
Business Process Management	Teamwork & Collaborative Management

Each of these roles should be allocated as a specific partner's responsibility to ensure the firm's success and are an additional responsibility to the partner's professional service delivery role.

<p>Knowledge Centred Leadership sponsors growth and sharing of intellectual capital within the firm to position it as a market leader</p>	<p>Relationship Centred Leadership builds robust and durable relationships with clients, colleagues and employees</p>
<p>Business Process Management focuses the firm on core business processes which create revenue, and support processes designed to achieve operational efficiency and effectiveness</p>	<p>Teamwork and Collaborative Management is focused on service delivery and engagement with the client's organisation to anticipate and meet their needs</p>

The following sections focus on each of these leadership and management roles which will need to be developed simultaneously on a specific basis for each firm.

2 Knowledge Centred Leadership

Knowledge cantered leadership sponsors the growth and sharing of intellectual capital within the firm. This allows the firm to position itself as a market leader at the forefront of professional knowledge and thereby able to anticipate, meet and exceed client needs.

The partner responsible for sponsoring knowledge cantered leadership will focus partners on building an inventory of knowledge and skills to be disseminated and shared throughout the firm.

An in depth understanding of a client's industry or business sector is a necessary prerequisite for building knowledge leadership. This leadership is key to anticipating, meeting and exceeding client's specific needs.

Approaches to developing knowledge leadership include:

- Clients addressing in house workshops on emerging issues within their industry or business sector and how they impact on their business.
- Visits to client operations
- Attendance at seminars and conferences with clients.
- In house workshops are an effective forum for capture and dissemination of knowledge throughout the firm.

Creative and Innovative thinking is required to translate the firm's intellectual capital into value – defined as added services which differentiate the firm in the market place. Again in house workshops provide the forum for creative and Innovative thinking applied to the development of this value.

The development of skills to enable the effective deployment of services into the market place requires a serious commitment by the firm to invest in ongoing development of professional and support staff.

The need for knowledge leadership and innovation became apparent to a firm that had experienced considerable business success with a suite of services. However, with the passage of time these services were no longer relevant to their client's needs and the firm experienced a dramatic downturn in business.

The learning outcome was that there is considerable risk of complacency based on past success and that services must be continually innovated to be relevant to changing client needs.

3 Relationship Centred Leadership

Relationship centered leadership builds robust and durable relationships with clients, colleagues and employees.

Relationship – building with clients, colleagues and employees is one of the greatest challenges faced by professional service firms. Sustainable relationships are built on a foundation of reputation and mutual trust reinforced by effective interpersonal and communication skills.

The partner responsible for sponsoring relationship centered leadership will need to become the sponsor within the firm for this initiative and create a sense of mission in client services.

A professional services firm was experiencing difficulty in retaining young associates. The young professionals looked with cynicism at the firms Mission Statement which said in part:

“We will deliver outstanding value – added services to our clients.

We sponsor professional growth and provide fulfilling careers for our people”

Unfortunately the Rhetoric did not match the Reality of partner behaviour!

Reputation and trust is earned by both individuals and the firm in dealing with clients over time and represent the firm’s greatest asset. The degree of mutual respect and trust which exists between partners, associates and staff is expressed in their behaviour in engaging with the client organisation.

This combination of reputation and trust enhances the firm’s prospects of winning new business from existing clients and can be leveraged in the market place to win business with new clients.

Academic and further professional development programs primarily focus on the development and refinement of logical analytical skills. Little emphasis is placed on developing communication and interpersonal skills which are necessary to build relationships with clients, colleagues and support staff. These issues are addressed in Section 5: Teamwork and Collaborative Management.

4 Business Process Management

Business Process Management focuses the firm on core business processes which produce revenue and support processes designed to achieve operational efficiency and effectiveness.

Core business processes are the system of activities which add value in delivering the firm's services to the client to generate revenue.



Support processes are designed to maintain the efficiency and effectiveness of the core business processes and will commonly include:

Recruit & Retain Staff Professional Development Information Technology Finance & Accounting Administrative Systems

A consulting firm had achieved spectacular revenue growth. However, it was losing money because of poor – and in some cases non-existent – business processes for Project and Financial Management. Costs could not be allocated to Projects and there was no reconciliation between Quotation and Cost of Delivery.

Process management is often the Achilles heel of entrepreneurial organisations where growth has outstripped the organisation's management systems.

Professional services firms are challenged to simultaneously deliver benefits to its stakeholders:

- **Clients** need timely and effective delivery of services which meet their needs and expect value for money
- **Partners** need to not be exposed to risk and expect financial success
- **Employees** need fulfilling careers and expect to share in financial benefits

The integration and balancing of these stakeholder needs is a critical success factor in business success and sustainability.

Strategic initiatives designed to integrate and balance stakeholder needs are deployed through the firm's business processes.

5 Teamwork and Collaborative Management

Teamwork and Collaborative Management is focused on service delivery and engagement with the client's organisation to anticipate and meet their needs.

Teamwork and Collaborative Management is measured by the degree of coordinated action, mutual support and shared responsibilities demonstrated by the Partners in service delivery and engagement with the client's organisation.

Poor teamwork and collaboration is common in professional services firms and the partner whose role is to sponsor improvements in this area faces a challenging task of introducing new concepts and methodologies into the firm.

A firm's chairman was confronted by the situation that partners had built fiefdoms with inbuilt duplication of functions and cross – selling to existing clients was virtually non-existent. The root cause of the problem was poor interpersonal relationships and lack of trust between the partners.

As noted previously academic and further professional development programs primarily focus on the development and refinement of logical analytical skills. Little emphasis is placed on developing communication and interpersonal skills which are necessary to deal with clients, colleagues and support staff.

Insights from psychological type theory can help strengthen the leadership, collaborative management and teamwork culture to produce a high performance professional environment.

The Myers – Briggs Type Indicator® is a personality inventory tool which forms a valuable part of an intervention strategy to address poor teamwork and collaborative management by enhancing personal understandings and interpersonal relationships by exploring how Partners and staff:

- communicate and engage with people
- make decisions
- contribute to creativity and innovation
- contribute to leadership, management and teamwork
- plan, organise and implement

Constructive outcomes achieved from effective teamwork – supported by collaborative management – acts as a powerful catalyst to create a high performance culture where people's energy, drive and ambition is aligned with the firm's objectives.

6 The Vital Role of Practice Leader or Managing Partner

The above discussion highlights the complexities in managing professionals who are highly educated and autonomous and suggests four key leadership and management roles for Partners. Leading firms will need to simultaneously develop competencies in each of the four areas.

The role is to coordinate and balance these efforts by coaching other partners, associates and employees to maintain a common purpose.

The role of Practice Leader becomes critical in mergers, acquisitions and multi – site businesses where there is a need to promote a “one – firm” consistency of purpose and coordination of decision – making built around agreed processes and standards.

The Practice Leader or Managing Partner will generally be elected by the firm’s Board of Partners and be given a mandate to reduce personal billable time so as to devote more than 50% of time to Practice Leadership for the wellbeing of the firm.

This represents a major investment by the firm in its success and is warranted by the enormous benefits gained from alignment of partners, associates and employees with the firm’s business objectives.

About the Authors

Bede is an experienced consultant to industry and government and the former managing director and chairman of an Australian consulting firm through to successful sale to Axon Group plc, a UK public listed company. Bede enhances business performance through personal and organisational effectiveness.

Brad is an experienced Business Development Manager and Sales Management coach who specialises in developing customer focused organisations. Following extensive professional international experience in US, Canada, Japan and New Zealand, Brad established Louern in 2000. He has developed a strong base of industry knowledge in professional services and adds value in his innovative approaches to marketing, sales and business development.

Louern assists leaders of professional service firms deliver outstanding results. We specialise in personal and organisation effectiveness reinforced by strengthening the Leadership, Collaborative Management and Teamwork culture of high performance firms who aspire to be the best of the best.

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