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# Four leadership tactics for professional service firms

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8-10 minutes

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Professional service firms, the ‘outsiders’ who need to foster trust from within to succeed, now have new and added pressures. They must adapt to a changing, more competitive world: leaders of such firms must employ four tactics.



How do you lead in an organisation where everyone is an expert? And how do you actually get things done?

Unlike other types of organisations, professional services firms sell knowledge and expertise – not tangible, physical products. So they have different needs, and face different

challenges. If you're a leader at such a firm, it can be difficult to balance high productivity, personalised service, and information.

We believe leaders in professional services should employ four tactics for success.

**1. Information** – leaders need to understand that, yes their firms are famed for advising others of how to change, but now, their firms must change themselves

**2. Determination** – leaders in professional services must test their determination to drive change forwards

**3. Activation** – leaders must strategically identify anchors who can help their change mission

**4. Delegation** – leaders must give more responsibility to the people who believe in the change – they must let them own it.

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## **1. Information**

Understanding your firms' operating ecosystem, including its history, its opportunities, and its threats, is the first tactic.

From audit to tax and from advertising to specialised consulting, the story is similar. In order to reduce conflicts of interest, regulation has tightened on the type of work these firms can do. And with the media publicising multiple cases of negligence – like the Enron scandal – over the last decade,

professional services firms have lost some of the prestige they once enjoyed. Moreover, the economic downturn has made business leaders more cautious about spending money on outside help.

Costs also are becoming a challenge. Clients want the work done by the senior principals of the firm – the ones who sold the contract – not junior associates. But the top talent charges the highest rates. So change is needed, but making such change happen from within, is extraordinarily difficult.

In order to better understand strategic change in professional service firms, we looked at Saatchi & Saatchi and PricewaterhouseCoopers (PwC). They stand at opposite ends of the spectrum: advertising takes discretion while accounting matters are usually mandatory. Advertising focuses on the marketplace, while PwC's work centres on the internals of how clients work. Saatchi & Saatchi is a creative enterprise; PwC is tied to rules and procedures.

In Saatchi & Saatchi and PwC, the conditions for change are similar: there is an emerging threat to the core business and a sense of unease at the top. To address the uncertainty, they launched transformation programmes. Under the leadership of CEO Robert Senior and with a commitment to creative excellence, Saatchi & Saatchi's UK firm repositioned itself as a top competitor, while PwC reinvented how it serves its clients, offering a 'One Firm' strategy, in all geographical locations.

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## **2. Determination**

Though similar in the need for change, each firm, of course,

has its own unique history. A continual thread runs throughout: gritty resolve.

### **Change at Saatchi & Saatchi**

Robert Senior spearheaded Saatchi & Saatchi UK in 2008. He joined in the midst of the firm's effort to reposition itself as the main competitor in connecting the brand of the client, to the brand in the customers' eyes. Senior was not a yes man. He emphasised the creative quality of the work, and polarised opinion doing it. He was strongly supportive of people who 'get it', but was bored by bureaucrats. Senior occasionally poked fun at the corporate focus, Lovemarks , but was a defender of creative outputs.

Senior stood up to a key client at a risky time. He said: "We are not going to do what you did before; we are going to give you a novel, costlier and riskier communication process." His resolve proved right. His behaviour inspired both younger associates who took to Senior's principled approach and more senior professionals who rekindled their interest in advertising. He proved to be both a change leader and a corporate anchor for change.

### **Change at PwC**

To transform the company and make PwC 'One Firm', Ian Powell became managing partner for the UK arm in 2008. PwC was to become a powerhouse by doing the right thing for its staff, clients and the community. 'One Firm' stood in stark contrast to the company that used to be a federation of individuals.

Nigel Vooght joined PwC in 1998, he'd drawn success for his ability to win and develop valuable relationships with the

boards of major financial institutions. He was made PwC's global head of financial services in 2010, brought in to "shake the trees".

In order to focus PwC's financial services across national and specialist boundaries, Vooght asked one question: "What would it take to double revenue?" He inspired people, and enforced collaboration. He offered service growth plans financed by the territories out of each teams' own revenues and excited partners around the world by showcasing the areas that would do well in the future. His tireless determination started to bear fruit. People embraced his ideas and teams, worldwide, made them work in their own territories.

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### **3. Activation**

Leaders must identify anchors who can help their change mission. They are the individuals who thrive in uncertainty. They employ the new change ideals implicit in the new strategy. They are critical to the success of their firms' change effort.

- Who are they?

Typically experienced, but not necessarily members of the senior leadership; they are idealists in the sense that they have a strong view of what the professional service should offer, that is, the purity of creative thinking or the credibility of advice.

- What makes them anchors?

The new strategy allows them to live their ideals, and so they pursue it with a zeal that brooks no compromise. When everything around them appears to be in flux – the rules of the game, the clients' expectations, indeed the organisation itself – they are the anchors in the storm who, by their unflinching approach, give the new strategy a name, and a story.

- How do they act as anchors of the change?

In four ways, they:

1. Identify themselves personally with the new strategy and talk it out
2. Articulate the new strategy with a purity and practical vividness that speaks to the people who joined the firm
3. Show a public commitment to the new strategy, stand up to clients and internal opposition
4. Put the new strategy into action, pursuing every detail to make it right.

Both in PwC and Saatchi & Saatchi, formal change management processes were in place. Yet, both senior leaders and managers in the field stress the, often unanticipated, importance of individuals providing the impetus for real change.

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#### **4. Delegation**

Leaders must give responsibility to the people who believe in the change. A critical condition for the success of a new strategy is the placement of anchors in a dramatic event. Think of a critical meeting that proffers the chance to spread

the new reality of the firm. The story of a dramatic event is like a call to arms. If people feel an affinity with the anchor's stance at the event, they will usually seek them out and join in the pursuit of 'new'.

Astute senior leaders recognise emerging anchors and give them the freedom to live out the new strategy in their own ways. As an example, Richard Hytner, Deputy Chairman of Saatchi & Saatchi Worldwide, was troubled at times by Senior's polarising style and his tendency to mock the company's Lovemarks vision. But he could see that Senior's unswerving commitment to the quality of work, what he called "the unreasonable power of creativity", and his refusal to simply follow client dictates, was transformational.

Leaders have the choice of supporting the anchors, or mollifying their opponents. This is the real test of the determination of the leadership to seeing change through. If leaders undermine anchors, the chance for change may be lost. If, on the other hand, they support anchors and give more responsibility to people who believe in the new strategy, they tap a powerful lever for moving the professional service firm off the blocks. Ready? Get to it.