

# PETER SCOTT CONSULTING

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### We have to change!

The markets for professional services are changing rapidly requiring firms, if they wish to remain competitive, to respond to these changes by continuously reshaping their businesses to keep them performing and profitable as they grow. In particular, professional firms need to become better organised for their future needs, by realigning the way people work, by changing how their organisations are structured and managed, and adapting to how technology is used.

My starting point when helping a firm through a change management process is often to begin by posing a question such as

***“What needs to change in your firm if it is to achieve its goals?”***

That question can be addressed in a small strategy group, by asking it of a wider group of partners using a confidential questionnaire or at a partner retreat. Approaching matters in this way will generate responses which will clearly indicate the major and urgent changes needed.

The issues identified will then need to be prioritised and a plan for decision – making and implementation agreed. However, the first and most important step if meaningful change is to be achieved is to ***build a consensus within a partnership or other ownership group that such change is necessary.***

Consensus that change is necessary can be built in a number of ways, including for example

- Delivering unpalatable ‘truths’ evidenced by feedback from clients and employees can be a powerful change agent;
- Carrying out a *hearts and minds* campaign by a firm’s leadership is often a vital component in the process; and
- A crisis can force even the most ‘dinosaur’ partners to accept that things have to change.

If a consensus can be achieved then it will also be necessary to agree -

- the objectives of the proposed changes as part of developing a new vision for the firm that describes a better future;
- the form the changes should take; and
- an explanation of what the firm is changing from and what needs to be changed in detail.

Currently areas of professional businesses often identified as needing to change include some of the following –

- **Accountability**

One of the most frequent comments I hear is -

*“We must all become accountable”*

by which is meant that if partners agree to do something then they must do it, and if they do not then there should be consequences. Sanctions with ‘teeth’ are too often lacking in many firms.

- **Leadership and management**

Professional firms need to be led and managed as businesses and so governance and management structures need to be streamlined and fit for purpose, and there must be effective leadership in place to take a firm through its next stage of development. Partners need to become good at business and not just good lawyers or good accountants.

- **The way people work and how their performance is managed and rewarded**

Firms need to become more productive and their people need to perform in the manner and to the standards required by clients if they are to achieve a competitive edge to beat their rivals. In return for improving performance, there should be a fair matching of reward to contribution.

At the same time, firms are recognising that they need to manage their people (their human capital) more effectively so that they create a firm in which their best people *want to work*. Otherwise the ‘churn’ of good people becomes an enormous burden on a business.

- **The ability to anticipate and respond to clients’ needs**

Pro-actively understanding what it will take to *add value* to clients is increasingly a feature of how firms now recognise they must manage their client relationships far better if they are to retain clients and develop more business with them. A focus on effective client relationship management has for many of the most successful firms become a top priority.

As a result, successful firms are determined to drive out any form of second – rate client service, because it is the excellence of its people and how they perform for their clients that will ultimately build a firm’s competitive advantage.

- **Strategic positioning of a firm and each of its component parts**

Very few, if any professional firms can be all things to all men, and so identifying the right *focus* for a firm in terms of its work types / client types to build its future competitiveness is vital.

As part of such strategic planning, there is increasingly an acceptance within many firms that they must *bite the bullet* and take long overdue decisions to drop certain practice areas which are losing them money, or are a drain on cash resources or otherwise serve no useful strategic purpose. These decisions are also likely to involve making difficult decisions regarding people, but such issues need to be faced up to and resolved.

The *implementation* of changes is sometimes the most difficult task, often because of fear of change on the part of those within a firm. This is where *knowing your partners* and having strong communication skills and powers of persuasion are needed to get across the message that there is ***no alternative but to change***. To quote from one of the best books on change I have read, (*"A survival guide to the stress of organisational change"*, Price Pritchett & Ron Pound, 1997 Pritchett & Associates, Inc.) -

***"The organisation is going to change – it must – if it is to survive and prosper. Rather than banging your head against the wall of hard reality and bruising your spirit, invest your energy in making quick adjustments. Turn when the organisation turns. Practice instant alignment"***