

Firm Principles: Simple guidelines for Winning Professional Services Firms

Alex Shacklock

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Note to Readers

In some instances, people or companies portrayed in this book are illustrative examples based on the author's experiences, but they are not intended to represent a particular person or organisation.

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Introduction and context

A few years ago, I had the pleasure of meeting Rohit Talwar, a 'futurist' and author. We had asked Rohit to talk at a partner's conference for a medium sized Accountancy firm on the back of a research document his company, Fast Future, had been involved in for the Association of Chartered Certified Accountants (ACCA).

His keynote covered the future of the Small and Medium Enterprises (SME) marketplace, focusing on developing sectors, technological advances, new business models and life cycles and new ways of raising finance and ownership. And then Rohit gave his thoughts on how Accounting firms could provide support and value to these businesses of the future.

Those key functions of understanding clients' businesses, breaking down financial and non-financial data, analysing trends, high quality advice and providing decision making options will continue as the fundamental ways that firms add value. Additional prominence will be given to ensuring that technology advances at the required rate to support these functions.

But what really struck a chord was the difference between the words used to describe the high-performing and winning firms of the future, and the ones that we hear used to describe firms of here and now. And these don't apply just to Accountancy firms, but to all Professional Services Firms that exist to provide great client service and generate a healthy commercial return.

Rohit's vision for future firms included such descriptors as: fast, innovative, flexible, collaborative, agile, entrepreneurial and 'changeable'. He expressed the need for firms to be able to take risks, to 'fail fast and cheaply' in order to constantly innovate for valued client solutions. Which would mean developing a culture, internal structure and operations, which are fluid and capture, retain and utilise wide ranges of people talents. And creating a balanced organisation of front-line advisors, thinkers, drivers, strategists and people leaders. Rohit spoke of the need to constantly 'future-proof'.

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Introduction and context

Future proof?

In general, the term ‘future-proof’ refers to the ability of something to continue to be of value into the distant future; so that the item does not become obsolete.

The concept of future-proofing is the process of anticipating the future and developing methods of minimising the effects of shocks and stresses of future events. This term is commonly found in digital, electronics, data storage, and communications systems. It is also found in industrial design, computers, software, health care / medical, strategic sustainable development, strategic management consultancy and product design.

After a year of researching and discussing this with clients and other contacts, I couldn’t find any direct reference linking ‘future-proofing’ to Professional Services Firms. Yet this is something that has to be on the agenda at every senior board meeting in every firm.

Whilst many firms are understandably proud of their heritage and have continued to be successful over large spans of time, this has led to a past-gazing / backward looking mentality for many.

If things are proven to work, then why should we change? It’s a valid point. The danger is that dangling the anchor when the tide of change is shifting substantially means being left... well... behind. For most firms, incremental changes have retained competitiveness and relevancy, but now more needs to be done – even to keep pace.

Our work with a wide range of Professional Services Firms has revealed common issues, barriers, frustrations and challenges. It has also revealed an understanding that new approaches are needed, but there is often a lack of appetite to deal with some matters as a priority, probably because there are no clear deadlines attached to them.

The keynote I mention above was in 2012. Some elements of the future clearly painted by Rohit are already happening. The firm of the future... is now the firm of the next few years... or even right now. To be able to offer value and relevancy to the organisations of the future, firms will need to be existing in the same world as their clients, to be ‘living and breathing’ the same things. A winning firm NEEDS to adapt and change. Because...

“If you do not change direction, you may end up where you are heading” Lao Tzu

“If you do not change direction, you may end up where you are heading”

Lao Tzu

Our approach

In Stephen Covey's famous book 'The 7 Habits of Highly Effective People', Habit 2 introduced the notion of always being focused on the end point, or... 'begin with the end in mind'.

What is the end we have in mind? What do we think a winning Professional Services Firm could look like if the Firm Principles are applied?

Well, this would clearly depend on each individual firm's definition of what 'winning' means: Leader in our market? Leader in our area? Best-known brand? Coolest brand? Most profitable? Biggest? Most green? Most diverse? A wide range of possibilities indeed.

To keep things simple, our definition of a winning firm is one which... 'continues to achieve or exceed its goals and objectives on the journey towards its vision'.

If this sounds a little woolly, it will become clear as we go through our suggested Principles and actions. And the initial creation of the clear vision for a firm does take considerable effort.

The Principles are aimed at helping to solve some of the common challenges, problems and issues that our work with a wide range of Professional Services Firms has revealed. Typical examples include (in no particular order...)

- No clear purpose and identity.
- A lack of clear strategy that is understood, embedded and owned by teams.
- Loss of talent at all levels.
- A lack of innovation.
- A lack of speed, flexibility, agility and proactivity.
- A lack of effective performance management.
- No clear succession plans.
- Ineffective marketing and business development activities.
- A perceived or real 'anti-change and relish the status quo' culture.
- Rigid organisational structures.
- Silo working.
- A lack of diversity of strengths, skills, ideas, viewpoints and approaches.
- A general lack of engagement, empowerment and 'ownership' within the firm.

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As mentioned earlier, we have focused on just ten Firm Principles, which have been put into a meaningful order and turned into a winning process, designed to address many of the above issues.

The winning firm process that we have developed around these principles is based crudely on a team sporting philosophy (after all, with sport it's always easy to visualise winning and success). We believe that following this process can help firms succeed and win in the competitive 'game' that is the professional services market.

The most important factor in winning is deciding that you want to do all that you can to win. That means creating the spark to change... or as we term it 'Lighting the Fire'.

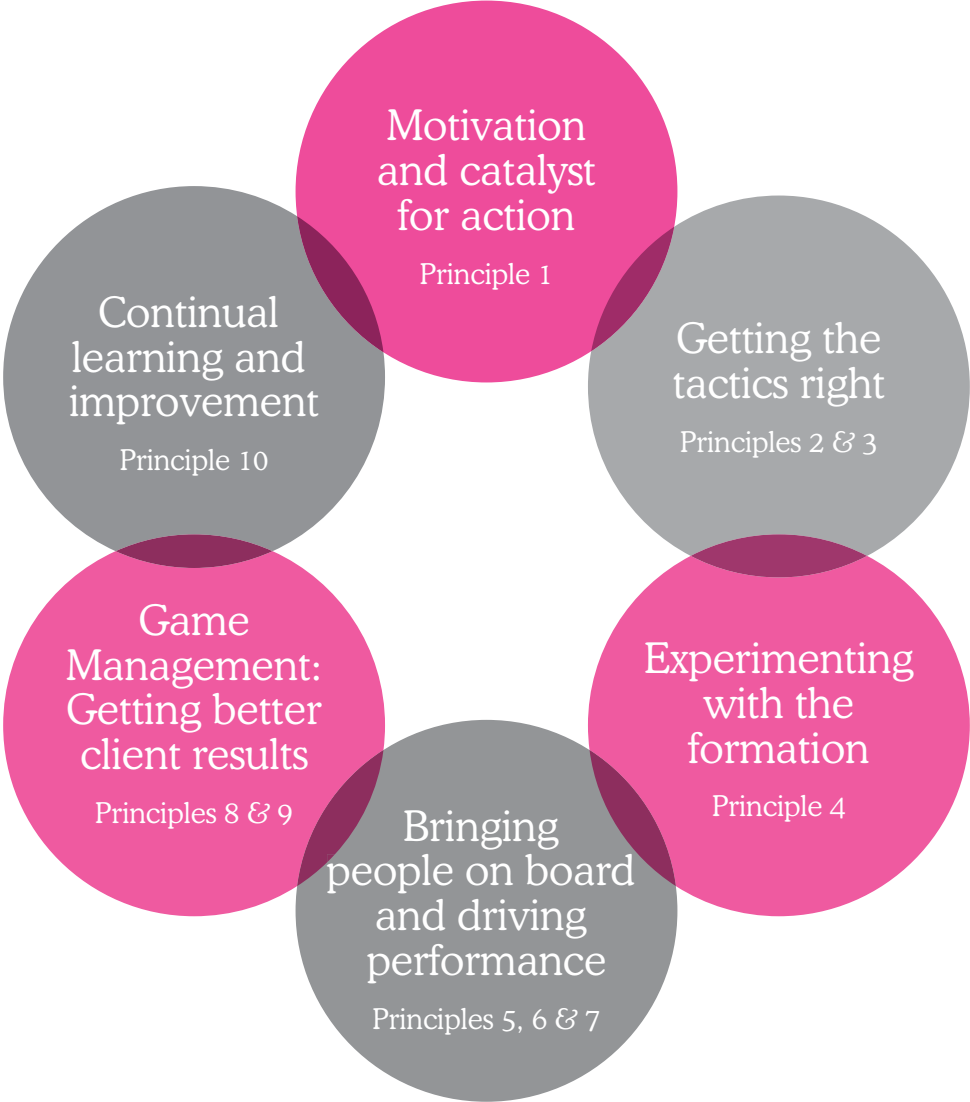
Once the motivational forces have been ignited, then it's about doing some 'hard yards' in thinking, reflecting and analysing the internal and external environments to develop the plan and tactics.

The next stage is setting the team up to win: utilising the right formation and structure for maximum performance, and enabling the 'players' to maximise their effectiveness and potential and 'play for the badge'.

Now performance matters, but results matter more to a winning team. Results are about delivering.

And winning teams don't rest on their laurels. They continually reflect, learn and identify ways to improve.

The Winning Process



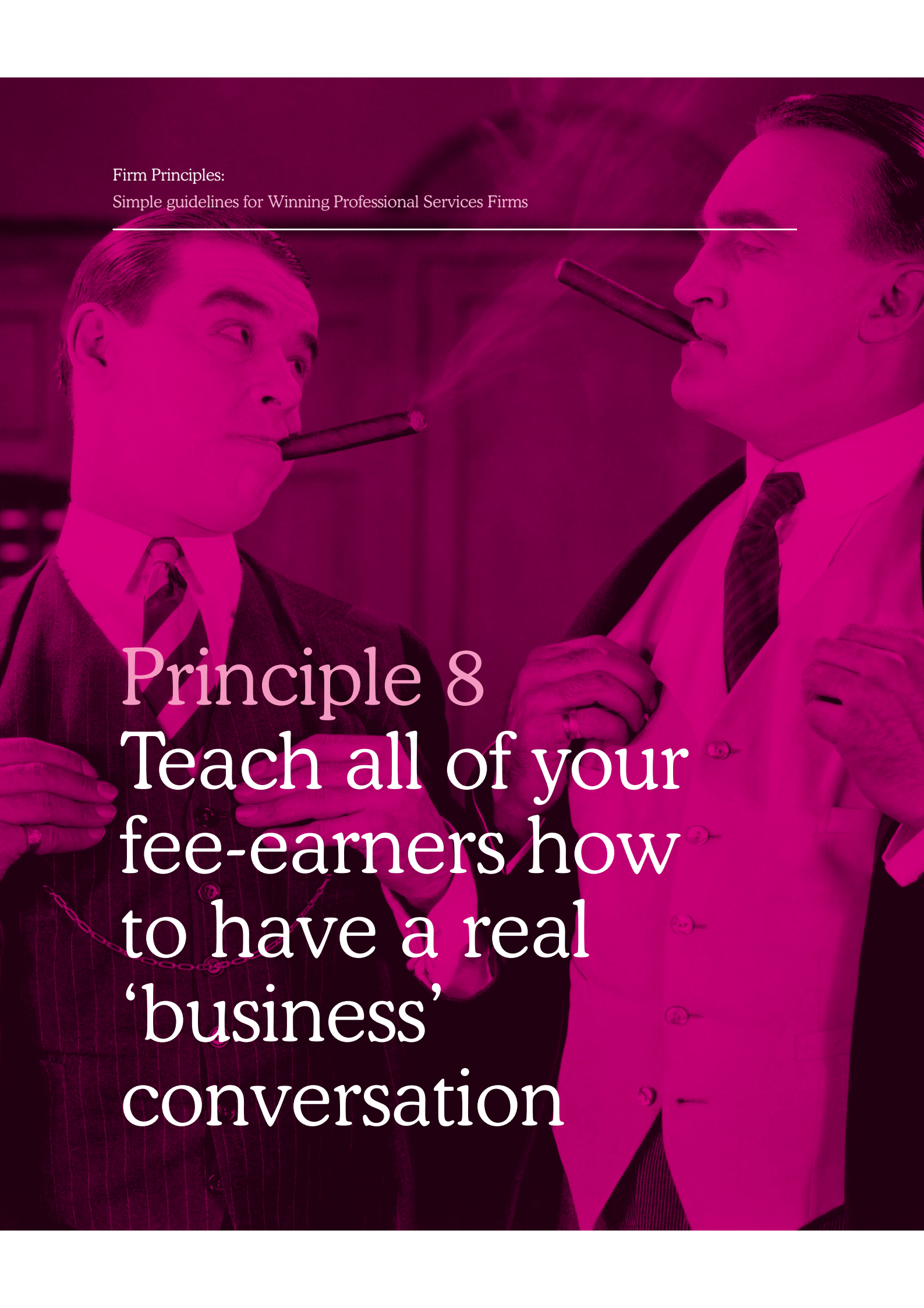


The Ten Principles

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A photograph of two men in suits and ties, each smoking a cigar. The man on the left is looking towards the man on the right. The image has a strong magenta color overlay. The text is overlaid on the lower half of the image.

Principle 8 Teach all of your fee-earners how to have a real 'business' conversation

Curiosity and a constant thirst for knowledge and understanding of client worlds is vital.

When we have raised the idea of 'business conversations' at conferences or during workshops, there is often confusion. And we understand why: because we are all 'in business'. And conversations... well, we have all been having them for years!

For some people, such business conversations come naturally. But the technological and digital revolution has led to huge changes in the way most people communicate. A lot of the 'dialogue', between professional and client is now often driven electronically, meaning that basic conversational skills can be under-practiced and therefore under-developed.

The traditional career development route for professionals can also limit the effectiveness of client conversations. Specialisms and practice area working structures ensure that professionals develop 'deep' wells of knowledge in their chosen fields, markets or sectors. This means that many of them only have the confidence to engage in conversation focused on those specific areas. The fear of being 'caught-out' or exposed (which is something very real for professionals) means that strict parameters can guide the conversation strategy.

Unfortunately, the impact can be huge. The business conversation is the biggest opportunity to constantly and consistently showcase the firm. A narrow focus means narrow client service. And remember, conversations are a two-way street: there is a danger that the firm can become pigeonholed in the client's mind, for the single service (or few services) that they do provide. And perception is reality.

Contrast two law firms with whom we work. Both are mid-tier firms turning over £100m in a national practice, and each has around 7 service lines. While one was proud that 30% of its clients actually use 3 of its service lines, the other firm could boast that 45% of its clients were using 5 of its service lines. That's very impressive and shows that fee-earners were confident enough to have broad-ranging conversations with clients and refer appropriate colleagues in to solve client problems.

Opening the conversation up beyond the comfort barriers demonstrates a genuine interest in everything about the client business. It creates opportunities to proactively help clients tackle issues. And it potentially provides professionals with airtime to talk about other service line offerings and wow clients and prospects with the value proposition.

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Principle 8

Teach all of your fee-earners how to have a real ‘business’ conversation

Curiosity may well have killed the cat, but curiosity and a constant thirst for knowledge and understanding of client worlds is vital behaviour to instil in your people. It demonstrates to clients that the professional isn’t just a technical, specialist adviser, but a business adviser, which is a subtle difference in words, but a huge difference in role.

Convinced yet?

The Business Conversation

1) Quite simply, it’s focused on business.

Their business: the client’s business, the Owner / Manager’s ‘baby’, the Entrepreneur’s source of energy, the focus and passion of teams of directors and managers.

These people are interested in every aspect of their business. That means that a quality ‘business’ conversation is unrestrained. A great business adviser needs to be prepared to lead, or be willingly led, across the full spectrum of activities, issues, risks and opportunities involved in an organisation. A great business adviser must be curious to dive into these wonderfully complex, yet ultimately simplistic, entities that we call businesses.

When we talk about wider business areas, we mean those internal and external drivers and forces that impact on the business (these are covered in detail in Principle 3). Most notably:

Internal

- Strategy and business objectives
- Sales and marketing
- Management and people
- Business processes and systems
- Finance

External

- Trends and issues in the market place and sector.
- The main environmental (non-market related) issues that the client business is facing, i.e. political, economic, social, technological.

Just as importantly, it’s about understanding the thoughts, frustrations, challenges, ideas, emotions, motivations and fears of those key people involved in the business.

A quality ‘business’ conversation is unrestrained.

And 2) it’s a conversation

Which means that we need to be armed with three things:

- the ability to ask great questions,
- great questions to ask, and
- the ability to listen.

How to ask great questions

Most of us have been in situations where, for whatever reason, the conversation just seems to be a struggle: we just can’t seem to find the right things to ask, the right way to word the question. And then we start to think too much about this and it just seems to get worse.

Then there are the times where the conversation just flows: we are in tune with all of the angles of information, and the questions we ask just seem to form in our mind without even having to think about them. Why? Well we may just get on with the person much better, be more interested in the subject or be having a better day.

But we want our fee-earners to be able to have good quality conversations as often as they can, so we can’t leave this to chance.

Let’s start by thinking about how to **ask** great questions: a structure can help here.

Most people are aware of the power of the **open question**:

“I keep six honest serving men, they taught me all I knew; their names are What and Why and When, and How and Where and Who.” Rudyard Kipling

In our view, the best way to define an open question is ‘a question that makes the other person think’. So essentially there are no rules with this: just ask questions to get the other person thinking, articulating and providing information that is valuable.

The standard open questions do work, but there are better starting questions that are less constrained. Owner-managers and entrepreneurs just love talking about their business, so invite them to tell their stories. Ask questions that give permission to them to just ‘tell me everything’. These are ‘TED’ questions:

- (T) Tell
- (E) Explain
- (D) Describe

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Once the other person has unleashed their ‘story’, the traditional open questions can be used to probe further, to drill down into the information that is most valid, relevant and important. But... be careful with ‘why?’.

Asking questions like, “Why did you do that?”, or “Why was that decision made?” may be questions with the best intentions at the heart of them, but to the other person these may be seen as direct, judgmental and accusatory. A better approach could be:

- That’s interesting: what drove your thinking at that time? Or
- How did that decision evolve?

At this point in the business conversation we may have received a lot of information – and the vast majority may well be the backstory or just ‘noise’! So closed questions are great to guide our ‘Adviser radar’ through the mass of data and close in on the takeaway, and the client’s burning priorities.

- Can I just confirm this?
- Is your key issue that?
- Are you saying that the priority is this?

Great questions to ask

Even the best advisers find it very useful to have a list of great questions to hand when they have wider business conversations with clients and prospects (when we say to hand, the best advisers have these stored safely in their heads).

We have provided some examples of great questions at the back of this chapter, with space to add more.

Active Listening

The secret here is that it is ‘active’; that means that the listener is absolutely present and involved in the conversation, and is focused on achieving as much clarity as possible against the following questions?

1) What are they telling you?

Can you summarise concisely in 5 bullet points?

2) Why are they telling you?

How do you think the person is feeling: Excited? Frustrated? Angry? Resigned? Lost? Proud? Happy? Driven?

The main ingredient of active listening is asking great questions **to get to the core of the conversation.**

3) What do they want you to do with the information?

Are they just offloading onto you? Are you there as a sounding board? Do they need help? Guidance? Mentoring? Advice? A solution?

Having your attention on the three questions above enables concentration and focus on the conversation. It's the best way you can 'hear' the meaning behind the conversation and be able to provide meaningful answers. Which brings us back to questions again. The main ingredient of active listening is asking great questions to get to the core of the conversation.

Following up

Do this always. An email or letter back to the client (or prospect) summarising your understanding of question 1 above, shows that you have been listening, that you care and that you understand. And you may find that even if you assumed that there was no real 'action' for you (from question 3), you may well be asked to help, either immediately or somewhere down the line.

If there is action? This Principle and Principle 6 address several key barriers to **cross selling** within firms, specifically:

- Don't know how to approach the conversation? **This has been covered above: go in open-minded...**
- Don't know exactly how your other practice areas help solve potential issues? **Well if everyone completes the exercises in Principle 6, then: problem solved!**
- Don't know who to introduce to the client or take the possible lead to? **Well...**

If your people 'Get talking' (Principle 6) regularly, then they will develop a broad and deep understanding of other practice areas and their proposition, and will also develop closer working relationships with colleagues across the business. This means there will be a clear cross-flow of opportunities to help clients across the firm.

And a simple, easy to navigate intranet (or corporate social network facility) will enable all staff members to identify relevant colleagues across the firm.

Principle 8

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Great business questions toolkit

Questions on Strategy and Business Objectives

1. Tell me about your vision. Where are you going? Where do you want to be? So what do you need to do now?
2. Describe your Strategy. What are your business objectives?
3. What is it you are trying to achieve and what will it give you?
4. What needs to change in order for the business to achieve its objectives?
5. How well is the business aligned with the strategy? How are you ensuring that all functions / teams / individuals understand the plan? Are performance systems and reward underpinned by the strategic objectives? Is there a succession plan linked to the business plan milestones?
6. How does the vision match the personal objectives of management / owners?
7. How well is the business performing relative to the plan?
8. Are you spending enough time working on the business as opposed to in the business?
9. Where are you in your marketplace? Where do you want to be in x years' time?
10. What issues keep you awake at night?

Questions on Management & People

1. What is your structure in terms of people? Is it a right fit for your strategy?
2. How do you communicate with your people and how do they communicate with each other?
3. Who do you have working on the business as opposed to in the business?
4. Describe the 'employee experience' in your business. How are you measuring engagement across the organisation?
5. How are you ensuring that you are getting the very best out of your people?
6. What appraisal systems do you have in place? How do you deal with under-performance and over-performance?
7. How well-equipped are your people to take on change and the challenge of growth?
8. What are the key strengths and skills required to deliver success? How confident are you that your people are of sufficient quality to drive growth?
9. What developmental opportunities are available for your people?
10. How do you motivate & reward your staff?

Great business questions can open up a clear cross-flow of opportunities to help clients across the firm

Questions on Marketing & Sales

1. Explain the needs and expectations of your chosen market. What makes customers buy your products and services?
2. What value do you provide to your customers? What is different about your product/service?
3. What would make you a winner in your market?
4. How do your marketing and sales messages communicate your value and qualities to the market?
5. How do you ensure that you deliver great service to your customers?
6. Who / what is your competition?
7. What are the strengths and weaknesses of your competitors - what can you exploit?
8. Where are the high growth opportunities?
9. How would you measure the effectiveness of your marketing and business development (sales) activity?
10. How good are your supplier and customer relationships; are they a barrier to the competition?

Questions on Business Processes & Systems

1. Describe your information needs for monitoring departmental/ sector performance and profitability?
2. How efficient and effective are your current processes and systems?
3. How do you check the profitability of each individual product line and customer?
4. How satisfied are you that your costing systems incorporate all relevant costs?
5. What are your key performance indicators and what are they telling you?
6. How timely is the production of information?
7. Which areas of your business could suffer as a consequence of weak controls?
8. What financial software system do you use? Is it fit for purpose?
9. Do you feel that you have the right level of relevant, accurate and timely information to help with management decision making?
10. What would you change about your current systems if you could?

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Questions on Finance

1. Tell me how the business is performing financially?
2. How does performance compare with your industry’s norms?
3. What do you need to do to improve your performance/ return on investment?
4. How much is your business worth now and what is the value you want to realise?
5. Does your strategy maximise the projected value?
6. How strong is the business’ cashflow? Is it strong enough to drive your plans?
7. How would any funding requirement be met and how clear are you on all of the available options?
8. How clear are the financial prospects for the next 2 years?
9. If the business trades in foreign currencies, how do you mitigate exchange risks?
10. What financial information is shared with the management team and the rest of the business? How are all your people made accountable for financial performance?

Other great questions:

What is the best way to get your people to have better business conversations?

Practise.

Top Tip:

What is the best way to get your people to have better business conversations? Practise.

We worked with one Professional Services Firm, which wanted to drive more effective client-focused behaviours, and create what we termed, a 'client curiosity' culture.

Over a period of three months, fee-earners were asked to complete a 'headline sheet' for each client where they had a working relationship.

A series of questions and ratings assessed their knowledge of the client's business and environment (covering the headings of Strategy, Marketing, Management and People etc.), and another section asked them to evaluate how strongly the client was performing in each area and make notes of any key client issues, concerns and opportunities. The purpose was to challenge all fee-earners to gain and maintain an absolute understanding of all things client.

And by uploading all the information to the CRM system, it meant that the clients really were at the centre of everything.

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About theGrogrouop:

theGrogrouop is a specialist consultancy that helps Professional Services Firms win in a competitive marketplace. Our bespoke solutions are designed to align people with an effective strategy. This ensures key areas such as business development, client advisory, commerciality, leadership and practice succession effectively support business goals in an environment where people are empowered to drive results and create a winning firm.

The company operates from offices in Nottingham and East Sussex and has a team of over 20 facilitators employed on a fulltime and contract basis.

About Alex Shacklock

Alex has been working for, and with, Professional Services Firms for more than 20 years. He is a qualified Accountant who has been employed by some well-known national firms in a variety of roles, across several practice areas and disciplines. A move into internal Talent Management and People Development roles followed, with the

primary objective being to align teams and individuals to the business strategy of a mid-tier firm. This involved working closely with (and learning from) literally thousands of people across every level of the business. Alex's key achievement was developing an award winning Academy, focusing on developing Commercial and Leadership skills and behaviours.

Alongside a small team of like-minded people, Alex helped to set up theGrogrouop where he balances consulting and delivery responsibilities for clients with leading on marketing and innovation for the business.

Firm Principles: Simple guidelines for Winning Professional Services Firms

Whilst many Professional Services Firms have continued to be successful over large spans of time this has led to a past-gazing mentality for many. Yet the needs of clients and employees is changing... and the pace of change is increasing.

A winning firm NEEDS to be a few steps ahead. It needs to be willing to raise the anchor and break with the past, and identify and execute change to be more successful in competitive market places.

This book is based on our extensive experience of working in, and with, a wide range of Professional Services Firms.

The Firm Principles address the issues, barriers, frustrations and challenges that are common across the sector. And because we understand just how valuable your time is, it's 'short and snappy'.

We believe it is more than a book. It's a change programme, a practical guide, underpinned by Principles and a process, with exercises, tools and frameworks to encourage thought, to challenge and to provide focus and discipline to help you create a more successful business.

Or a **Winning Professional Services Firm.**

Let's get cracking...

"An ability to deploy a constantly shifting blend of management, leadership and service delivery skills in a team-based environment is essential for most advisers. The ten principles championed in this excellent book make it all sound straight forward, but putting them into effect is no easy task.

Whatever your firm and the stage that you have reached in your career, the book's engaging style with its short paragraphs, frequent quotes, fun images and multiple worksheets should help you to join the dots and plan for an uncertain future in a way that is both practical and results oriented."

Richard Chaplin,
Founder & Chief Executive,
The Managing Partners' Forum

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Marshall Walter "Major" Taylor an American cyclist who won the world 1 mile (1.6 km) track cycling championship in 1899

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PHOTO.
SPRINGFIELD. MAJOR TAYLOR