

# The professionals

*Strong financial results are achieved by interweaving the many different threads of performance management. Stewart Forsyth uses professional service firms as models of high performing workplaces.*



STEWART FORSYTH IS DIRECTOR OF FX CONSULTANTS, SPECIALISTS IN LIFTING PRODUCTIVITY AND PERFORMANCE THROUGH THE CREATIVE USE OF MEASUREMENT AND MOTIVATIONAL SYSTEMS. STEWART IS INTERESTED IN PERFORMANCE MANAGEMENT, STAFF RETENTION AND BOTTOM LINE ORIENTED HRM

David Maister is an authority on the professional service firm (PSF). His 1993 *Managing the Professional Service Firm* is on the bookshelf of partners and directors of businesses who advise on everything from advertising to work behaviour. His messages are quite straightforward:

- Since the PSF's clients are buying the PSF consultants' expertise, PSF managers should focus on their people – hiring those with the right qualities, developing their skills to meet present and future needs;
- Since PSFs deliver services via projects, managers should spend most of their energy getting the right people on to the project team (a 'strategic' decision), and ensuring the project is delivering results the client values;
- The best way to manage profes-

sionals is through an unrelenting emphasis on 'values' – identifying what is important and confronting behaviour that is not 'on value'.

### Mixed messages

These are perplexing messages to Maister's clients. After all, they got to be partners in PSFs because they were great consultants – because of their technical talents and their appreciative clients. Not by focusing on the needs and skills of other consultants.

And because a track record of success tends to encourage the behaviour that has worked so far, it is hard for them to let go of those behaviours and try new ones:

- It is not easy to go from personal striving to trying to work out what makes other people tick;
- It is even harder to keep your

hands off the work, and instead help create the space for others to do it.

His latest book (*Practice What You Preach*, 2001) has the same messages. This time with an interesting spin – he can demonstrate that doing the right thing delivers the financial results for the PSF. Maister can now say 'I told you so' – there is profit as well as logic in taking his advice.

### Knowledge solutions

Before we unbundle his results we need to ask – why should we worry about what works for consulting firms? After all, they are not where most people work, and in fact they do things differently. Some may view them as

modern parasites, feasting on the confusion of managers struggling to cope with a dangerous world.

An alternative view is that these firms give us our best clue to the way the world of work is evolving. Or as Tom Peters puts it, PSFs provide 'the model from which all of us can (must) learn' (p150, *The Tom Peters Seminar*, 1994):

### Key financial drivers

#### Factor

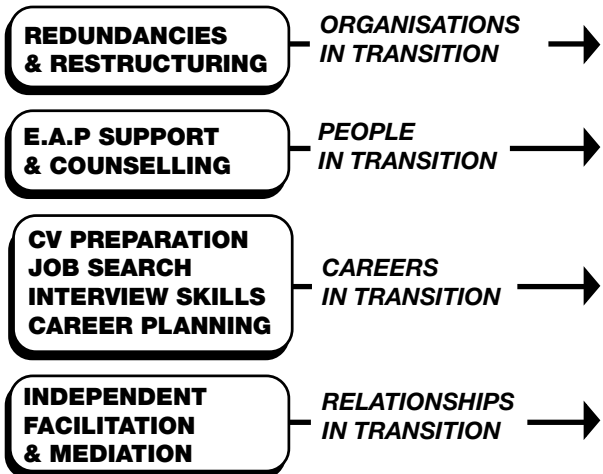
- Quality & client relations
- Empowerment
- High standards
- Coaching
- Satisfaction and commitment
- Long-term orientation
- Team morale
- Fair compensation
- Training and development

#### Sample item

- We have a real commitment to high levels of client service, and tolerate nothing else
- I have the freedom to make the necessary decisions to do my work properly
- The quality of the professionals in our office is as high as can be expected
- My immediate manager is an extremely effective coach
- I am committed to this firm as a career opportunity
- We invest a significant amount of time in things that will pay off in the future
- Enthusiasm and morale around here have never been higher
- Those who contribute most to the overall success of the office are the most highly rewarded
- This place has done a good job of providing the training I've needed to

## WHEN **CHANGE** OCCURS IN YOUR WORKPLACE WHAT PRACTICAL RESOURCES DO YOU HAVE ?

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- Why?
- Because PSFs have developed efficient ways to get knowledge based work done.

Just as production lines work well for routine work processes such as claims processing or carcass dismembering, the project teams of PSFs work well for delivering unique knowledge-intensive solutions. Managing an organisation that is a constellation of stars orbited by various projects is a challenge, but that is what PSFs do. Maister gives us the chance to learn how to keep the constellations up there.

### Growth and profit

Maister bases his book on a project. He surveyed the 139 offices of an international business (not including New Zealand), which provides a range of advertising, public relations, HR communications and related services. And he measured the financial performance of the offices. These financials captured growth and profit:

- 2 year percentage growth in revenues;
- 2 year percentage growth in profit;
- Profit margin;
- Profit/employee.

Maister followed up the survey with visits to the office managers – a lot of the book summarises the thoughts of the high performing offices' managers.

### Financial performance

Using modern statistical techniques, Maister was able to construct a model

*...management is about addressing performance gaps before they become issues – visiting the manager or partner to discuss a lack of delegation or training before the vulnerable staff member up and leaves.*

that identified what drove the financial results (see table). Given the nine factors identified in the survey, which would you think was the key driver?

While 'quality and client relations' was clearly the final step to getting financial performance, the point is the factors' inter-relatedness. The model demonstrates that quality and client relations are not going anywhere without employee satisfaction and commitment.

Empowerment, coaching and insistence on high standards drive that satisfaction. To get these things happening you need a long term orientation, team morale and fair compensation. Training and development, while related to compensation and team morale, did not itself drive the financials.

### In practice

Maister's book is valuable in not only illustrating what works (demonstrated by the statistical model) but also how it works (the 'practice' of *Practice What You Preach*). Some (of the many) messages:

- Be tough about enforcing expectations – not just 'we develop our people', but 'we insist on managers completing performance reviews every six months';
- Hire for compatibility with culture;
- Effective management is more about managers' personality and behaviour than policies or practices;
- Insist that people develop new skills, with a balance of around 80% personal development and 20% technical;

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- Make managers accountable for their people's development, ensure there is constant feedback about people's progress;
- Use a balanced score card to evaluate performance and make pay decisions;
- Ensure that the best contributors are the best rewarded;
- Use across the office profit shares;
- Ensure that everyone is performing, no sleepy hollows;
- Make significant investment in things that will pay off in the future;
- Have fun, provide a range of activities in and outside work (and monitor staff involvement in these – as a guide to morale).

### Cruising

When Jack Welch took over General Electric he faced the challenge of convincing the managers of one of the world's most successful companies that they were cruising for a crash. Maister addresses the same issue: management is about addressing performance gaps before they become issues – visiting the manager or partner to discuss a lack of delegation or training before the vulnerable staff member up and leaves.

### Dream on

His final suggestion – motivate not by fear or greed, but through the glamorous dream. His results provide more reason for the pragmatists to buy into that dream. **ET**

## Tough tips

# What presses your buttons?

*Difficult situations arise in most workplaces, so it is useful to test people's reactions, even before they start work. Suzanne Couper offers regular tips for managing problems.*

Self awareness is critical to being an effective leader. In situations like recruitment interviews, performance discussions or mediation ask the other person:

- What presses your buttons?
- How would I get on the wrong side of you?

Then let the candidate know what presses your buttons. There are few of us perfect enough to say that never happens!

### Direct benefits

The benefits of asking a direct question like this include:

- Giving a clear message that you are not afraid to talk about the 'tough stuff'. You could add something like – 'around here we accept no one is perfect and at times we may rub each other the wrong way, it's just good to know in advance';
- Developing a culture of openness within your 'sphere of influence' (which may simply be within your department);
- Sharing experiences of difficult situations you have handled, which illustrates what they can expect in similar circumstances and reinforces culture;



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Diffusing a tense situation by introducing human factors. No one is being made wrong – you can demonstrate your ability to be empathetic. **ET**

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