



Report – Leading the way?

Leadership Communication in Professional Services

There's a common mantra being bandied around professional services firms these days. *"Happy people (or employees) + satisfied clients = better bottom line returns"*. It's a mantra that has been heard for some time in the wider corporate sector so what's new?

We believe what's new is that the delivery of this simple equation depends upon a new level of engagement of your people which in turn is heavily influenced by leadership communication. By leadership communication we mean leaders at all levels from the supervisor of the Mail Room to the Managing Partner.

We are aware that the role of a manager in today's organisations is not an easy one. There's pressure to drive up income and costs down. Employee loyalty has changed too. Individuals are looking for greater satisfaction from their work and needing to feel connected to their organisation in a way they've never looked for before. No organisation can afford to see their best assets – and their greatest differentiator in today's challenging market place – walk out the door.

Internal communication plays a key role in gaining this engagement. Keeping your people focused on those key business issues, helping them to understand their role in relation to organisational goals and rewarding them for their role in success is an essential part of winning the war of retaining talent as well as achieving commercial success. Effective communication will reduce confusion and demonstrate clear leadership that your employees will identify with. Ultimately, you may well even create employee advocates.

But employee communication isn't some tangible thing that we can pick up and switch on, and neither can it be managed entirely by some central communications team. Leadership communication is a critical component in engaging employees – and from every level of management. Organisations around the globe are grappling with getting leadership communication right – to galvanise employees behind the goals of the organisation and to keep everybody marching to the corporate beat. But is this issue any different – better or worse – within the Professional Services sector?

Many Professional Services firms have a unique set of circumstances that may affect leadership communication – in that many are partnership based. That often creates a whole set of pressures as well as a feeling of 'them and us'. Added to which there is the complexity in how many Professional Services firms operate. It is quite common for people to sit in Service lines or sector lines as well as a geographic unit and have multiple bosses for different projects and clients. In all of this, what is sometimes overlooked is identifying who is the individual's manager who is charged with the employee's wider pastoral needs. Ernst & Young's, Head of Internal Communications, Lee Smith has been spearheading the introduction of PODs (small, team based structures) to provide this very link between managers and employees and help create a greater sense of belonging. These PODs operate through service lines and he believes have had a positive impact on improving internal communication across the firm. He notes, however that *"the internal communication task at Ernst & Young is made possible by the commitment of the Managing Partner and his team who are absolutely committed to our people agenda."*

Not everyone has this level of commitment however. There is a still a perception that internal communication is the 'non fee generating' part of the firm and therefore difficult to justify. Demonstrating the value of great internal communication in this environment is especially hard – as without the initial investment to demonstrate the impact of effective internal communication – it is difficult to win the support of further investment in communication – financial or otherwise. A catch 22 situation – and communicators who find themselves in this predicament would be advised to review some of the generic data now widely available to make the business case for internal communication.

A great deal of research has been undertaken to prove the link between employee understanding and 'engagement' in corporate goals and the success of an organisation, and also to demonstrate the inexorable link between 'engagement' and leadership communication. And it seems that most organisations now accept these findings, and are striving to get their leadership communication right – though most still recognise that this is an area which could be improved.

Professional Services firms have also been adopting some of these approaches to capitalise on the benefits they bring. Regulatory changes and rapid growth often driven by acquisitions have played their part in steering firms towards a more strategic approach to internal communication. Whilst Professional Services firms are now developing significantly in the area of internal communication, those seeking out best practice would be served by looking at firms outside the sector – many of whom have a good 5 years head start in this area.

Many of the challenges faced by internal communication teams within the Professional Services sector are not that dissimilar to those faced by other corporations. Inspiring and coaching leaders to be better communicators is an area that most continue to struggle with, and many commercial organisations are now adopting a business partner approach to supporting senior managers.

Secondly, firms operating in a partnership based model face a unique set of issues in that it feels very similar to working within a conglomerate of small businesses, with many sub cultures, and different leaders focusing on different areas. In this environment, even with the most sophisticated of internal communications approaches, it can be very difficult to galvanise employees behind a collective goal – as there is little common ground or unity within the organisation. The complexity of matrix structures and employees reporting to different leaders for different clients and tasks often makes the communication task harder. It is interesting that many of the Professional Services firms who are leading the way in this area are focusing on embedding communication professionals within the business and Service lines as well as in the central, national teams.

On the flip side of this, the owner managed approach to leadership can be hugely influential on employees – with leaders having a real and tangible stake in the future and success of the organisation. Skilled internal communicators who can convey the passion of the owner/manager can create real cohesion amongst senior leaders as to the messages employees need to hear.

Professional Services firms who are more established in the area of internal communication, are beginning to tackle many of the same issues as their counterparts in other sectors. Employee engagement is an area that lots of firms are keen to get to grips with. But many recognise too that it's not just about something that is bolted on or a centrally driven programme. Lisa Baitup, previously Director of Communication at Deloitte says: *"Most important is to make things that really matter to employees part of business as usual – things like development, reward and recognition as well as making sure employees understand the strategic goals and their role in delivering them. Employee engagement shouldn't be just another initiative – the tools for engaging employees need to be there in everything they do every day."*

In recent times some Professional Services firms have made the transition from a partnership model to a more conventional, corporate one. Reasons cited for this include that whilst the decentralised management style of the partnership model worked when firms had a single office and a small number of partners, it becomes much less functional in organisations where there may be several hundred partners spread over multiple locations, who need to be able to respond quickly, efficiently and cohesively to changes in market conditions. There are also regulatory factors behind the changes too.

One example of an organisation that has managed to create a thriving atmosphere of effective management communication whilst retaining its partnership model of leadership is INVESCO Continental Europe (CE). Four years ago they started on a journey to create a pan-European business, aiming to offer clients a more integrated service and also to build on its reputation for success and strength in its local markets. Dramatic changes in the markets since have convinced the company that its direction was the right one, and more recently its ambitions have been focused into a vision of working as 'one company'. The cultural implications of this within a Partnership based model should not be underestimated. Led by the CEO, Jean-Baptiste de Franssu, INVESCO CE put in place a matrix organisation and embarked upon a change programme that would ultimately give their people across Europe an active role in taking the changes forward.

Significantly, huge emphasis was placed in the initial stages in consulting with all leaders to establish perceptions, goals and roles. Workshops were run with the Partners so they could debate changes and embed them within their work teams. This initial stage of communication – across the leadership layer was critical. Subsequent all staff events maintained the involvement approach. This very practical example illustrates the importance of providing appropriate consultation opportunities with the leadership group which paid dividends when it came to the Partner and managers engaging their own teams.

In summary, one of the lessons communication professionals have learnt in recent years from their marketing colleagues is the importance of segmentation. And just as any self respecting Marketing Director would market to different audiences in a variety of ways communication professionals need to understand the levers and drivers for communicating to a multitude of internal audiences. Taking time to do this and to plan how best to communicate to the leadership communication groups in your firm will pay dividends when it comes to the overall engagement of your people.

Harkness Kennett
01483 222730