

Making  
the invisible, visible: a  
challenge for  
Managing Partners  
and top leadership  
in professional services  
& 'smart' organisations

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*Values and culture are fundamental strategic levers for Managing Partners and top leadership in professional services and 'smart' organisations. The challenge lies in clearly articulating the values and engaging senior leadership in the process. This article outlines some of the lessons we have learned from our work in this area.*

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# Making the invisible, visible: a challenge for Managing Partners

by Morley AS Potter MBA

## **Making the invisible, visible; a challenge for Managing Partners and top leadership in professional services & 'smart' organisations**

A marketing email from McKinsey dropped into my inbox recently with a link to an article about the impact of culture in mergers<sup>(1)</sup>. It reinforces how culture is such a critical component of organisational life and a continual priority for leadership.

The lessons outlined by the authors have applications way beyond merger situations. This article is dedicated to these wider applications, especially as they apply to professional services and other 'smart' organisations.

Why my interest? A colleague and I have been working on how best to engage senior leadership and articulate cultural values. I wanted to share some of our experiences.

## **The challenge**

Articulating cultural values - 'the way we do things around here, and why' - is an important challenge, not least for Managing Partners and senior leadership in professional services firms.

As former colleagues and now co-authors (with one other) argue<sup>(2)</sup>, the ability of Managing Partners to consistently articulate and reinforce 'partnership values' is critical, as is the ability to engage the wider partnership<sup>(3)</sup>. Yet in the face of the 'producer-manager dilemma', it can be a challenge to balance the need to invest long-term in an apparently nebulous area such as culture with the immediate pressures of professional and client matters.

For the record and for this article, I am equating 'culture' with the values that drive the ways people behave. How a person experiences an organisation's 'culture' is strongly influenced by the ways they interact and see others interacting.

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*‘...82% (of CEOs) believe that ‘culture is a potential competitive advantage’*

The unwritten ‘rules’ that influence behaviour are important. The adage that ‘nothing changes unless behaviour changes’ lies at the heart of the challenge when seeking shifts in performance, mindset – and culture.

### **Why is it important?**

It is a truism to say that the cause is lost without a strong business case.

Cultural values are one of the main pillars that underpin the business case, which makes them an important strategic lever in the leadership arsenal.

For example, a Deloitte survey of CEOs showed 82% believe that ‘culture is a potential competitive advantage’<sup>(4)</sup>. In their first paragraph the McKinsey authors state “Cultural factors ... are critical to success

(and avoiding failure) ... Yet leaders often don’t give culture the attention it warrants—an oversight that can lead to poor results.” You can see the impact of culture on the spate of consolidations and transatlantic mergers in the UK legal profession. In fact, a Director of support services in one newly merged firm now has the word ‘Culture’ added to their traditional job title.

If you want a far-reaching example of the commercial impact of culture and values, see the box and story of a global telecoms giant.

### **Articulating the values**

Once assured of the business case, the hard-pressed Managing Partner and their senior leadership team need clear statements and simple rules describing the ‘way things happen around here’.

They need to be directly involved in assembling these words. This is an investment for operational leadership, especially in professional services, and not something that can be passed to HR. HR has a vital role to play as influencer and enabler, not in leading the charge.

There are scores of theories, frameworks and methodologies developed to describe culture and values. They frequently take the form of surveys and questionnaires, and all have their place. Our concern is that many risk engaging the head rather than the full spirit of what drives and motivates. They can often help illustrate broad patterns; they are less effective at identifying the influences that underly peoples’ decisions and actions.

So we have been piloting structured techniques based on the more direct involvement of leadership. We wanted a credible system to diagnose the values that underpin culture as it is experienced ‘now’ and what these need to be in future if the institution is to evolve in an optimal way.

One of the most successful approaches we have used – and would recommend – draws on ideas adapted for brand management and manufacturing. These are rooted in powerful analytical techniques in psychology and can offer quantitative as well as qualitative results when required. An advantage in ‘smart’ organisations!

## **A global telecoms giant – culture, risk...and agility**

This case is drawn from work we did some years ago at an earlier stage in the evolution of mobile telecoms. This well-known multinational was bidding to build mobile infrastructure in developing countries. It was regularly losing out to its competitors, who seemed to be following a more agile business model.

The Sales Department was adept at capitalising on the brand and were invariably invited to tender. It was only when they were well round the sales cycle that they started to be challenged to provide financing support.

So Sales would urgently contact the Finance Department demanding solutions. Finance understandably took time to respond. They had come late to the sales process and needed to get up-to-speed with the specific demands of potential customers. They had to assess country risk, seek insurance and approach international banking and finance institutions such as the World Bank, International Finance Corporation (IFC), European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB). Our job was

to help build closer links between the Sales and Finance Departments.

In the time it took Finance to respond, the competition had frequently come in with a more attractive and less complicated offer. How had they done it?

Quite simply, they were prepared to take a proportion of the financing risk onto their own balance sheet. In doing so, they could act and respond quickly.

By contrast, the prevailing culture in the telecom giant was to minimise risk at almost any cost. Internal decisions revolved around laying-off the risk as far as possible, in this case through an array of banks, insurers and export-credit-guarantee services.

The culture of risk aversion ran right up to the Board. It was strongly held, almost an article of faith and governed many important decisions. There is no doubt that it contributed to the considerable success the company had enjoyed.

Yet it was also a ‘limiting belief’. It stood in the way of the company achieving an important foothold in a fast-emerging market.

*The method itself is rigorous, transparent and deceptively simple*

The method itself is rigorous, transparent and deceptively simple. We find that this approach gets nearer than many to the root of the challenges. The results can be profound, not least because they represent the genuine voices of the people concerned.

To be successful it needs the people involved to interact directly so investment is needed to bring the right people together. This could be in a conference setting (good but not ideal when it comes to encouraging commitment and follow-through) or at leadership/ departmental team level (better for obvious reasons).

### Technical innovation in a multi-national pharma – inconvenient truths.

This highly regarded multi-national is renowned for its strong, organisation-wide culture. Senior leadership place a strong emphasis on company values and seize every opportunity to exhort and reinforce them.

We met them shortly after the appointment of a new department leader and when the business wanted to develop a more devolved culture in one of its global technical areas. It was facing covert resistance.

It convened two conferences – in the US and in Europe – where senior management explored what actions to take and what rules and structures should govern them. The business aim was to speed up the devolution of decision making.

The challenge facing the conferences was to surface the real values that underlay current behaviour. They could then contrast these with the values needed to drive future actions.

Over a period of hours, groups examined existing patterns of behaviour and what lay behind them, and contrasted these with how things needed to be for the proposed changes to work.

What emerged was an inconvenient truth.

The organisation's values talked about excellence in leadership and delivery. But conference members spoke of 'fear' and a 'lack of empowerment'.

The process we followed was transparent and the output was in the words of this global group of senior leaders. They articulated the values that drove the current culture, its prevailing behaviours and the sources of resistance.

The result was that 'the people had spoken' and the issues were now 'on the table'. They could not be retracted or dismissed even though they seemed to run counter to the values being espoused by the new leadership.

This increased awareness provoked momentum and resulted in action by the new leadership. It also led to a thorough reappraisal of the type of leadership needed to make the new governance plans work in practice.

The outcome was positive and moved things forward, even if the journey was uncomfortable at times.

To see how the ideas work in practice, view the box and the pharma case study.

The case also illustrates how deciphering culture is important and powerful yet carries risks. As the influential organisational thinker Edgar Schein points out<sup>(5)</sup> "...members of the organization may not want to know or may not be able to handle the insights into their own culture...". Yet the route to change only truly starts with an honest appraisal of 'where we are now'.

### Costs and benefits

However much you trust the experience and practical research that underpins these ideas, persuading and committing top leadership to invest time to share and articulate the values that bind them – and their firm-wide colleagues – is an act of faith. This has always been the case.

In our experience, an approach that is transparent, that starts from the real-time experience of the top leadership rather than management theory and that allows the 'voice of the people' to emerge has many advantages.

We have found that it creates a sense of community and momentum.

It reduces the distance between ideas and action.

It generates energy.

Harnessing this energy is a challenge... but it is the best kind of challenge and a good place to start!

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**Morley Potter** is an experienced consultant with a career-long interest in organisation development and finding innovative solutions to the challenges of personal and institutional growth. He specialises in the work of professional and 'smart' organisations.

The ideas described in this article were developed with longstanding colleague Herman Prakke of OneCG in The Netherlands.

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