

Making Change: Implementing Global Business Services in Professional Services Firms

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When a company's intrinsic value rests on the ability to attract, satisfy and retain very smart people whose "production" is intellect, the implementation of global business shared services presents a special change challenge.

By their very nature, professional services firms do not change easily. Unlike companies whose value proposition is to produce products or deliver rules-based processes, professional services firms—law, private equity, accountancy and consultancy-- have core assets that consist of the intellectual prowess—and earning power-- of the best and brightest.

Moving to a business model which incorporates global business services (GBS) flies in the face of many traditional professional services firms' ways of working. Historically, administrative processes have been designed to make the life of the partner easier, not manage cost. But when documentation or accounts receivable processes are consolidated, standardized and sent offsite or offshore to lower a price tag, service levels become formal. Partner or Principal X can no longer as easily cajole an accounting clerk to help him with his work in progress (WIP) report or jump the queue on research.

Fundamentally, global business services models change the process components of the professional services business model from custom support to a shared service, from individual attention to standardization and harmonization of procedures and practices. And that's not an easy change in professions that are still laser- focused on reputation and individual performance, also known as revenue generation.

Administrative processes such as finance and accounting or human resources require a modest level of change on the part of partners and staff, while other, more complex processes cut much closer to the grain of the firm and meet with more resistance. When knowledge processes, such as analytics, discovery, business research, financial analysis or proposal support, or even core components of the work-- move to a lower cost location or a third party, it's fundamental to implement rules around such elements as cost, quality, and response time, so that the teams work in a more structured manner that cannot as easily accommodate a "last minute-drop everything at all costs" solution.

Professional services firms are increasingly implementing global business services models in response to a range of factors—access to larger talent pools of expertise, client fee fatigue, increasing competition, commodization of certain solutions, and rising support costs--which put pressure on partner income. In order to sustain historical income levels, both practice leaders and administrative officers are evaluating opportunities ranging from globalizing client service delivery to back-office function functions, rules-based delivery to knowledge-based processes from information technology to finance and accounting, from human resources and training, and a host of knowledge-based processes.

Intellectually, firm partners and staff intellectually understand the imperative. But in organizations where individualism and the appreciation of intellectual prowess is high, the acceptance of business model evolution is lower than in other industries.

And whether the organization is structured as a partnership in fact or in form, the importance placed on taking into account the preferences of those who have made it to the top ranks of partnership drives the delivery architecture of the organization.

Making the dollars and cents case for GBS adoption is easy; making the case that behaviors must change is hard. Smart professionals "get" the business case but are loath to do what they see as relinquishing power. The challenge is to get professionals to stop thinking that the accommodation of personal preferences is directly proportionate to the revenue generating skills of the individual partner or director. Further, despite the recognition that "change is good," the attitude of senior staff toward the new model may be "do as I say, not as I do."

This challenge may be further exacerbated in certain types of professional services firms, such as law firms and closely held boutique consultancies. Where individualism and the appreciation of intellectual prowess is high, a corresponding understanding of the efficacy of and trends in business models and management trends may be low. As a result, the approach to business model evolution may be even more conservative.

What are some of the specific challenges professional services firms can expect to face when implementing a GBS model?

Reluctance to drive change from the top of the house down. When a long-tenured senior partner makes his way up the ranks of a partnership, aggressive change sponsorship of global services model may be seen as fraught with personal risk. Formerly "one of the boys," often the chief executive or senior managing partner perceives himself as first amongst equals; his

willingness to take a stance that emotionally runs against the sentiment of the partnership can become a personal dilemma.

Chief operating or administrative officers who do not come through the ranks, but rather were brought in to make management more professional, struggle with their own change challenges. Since their ability to lead is often subject to partnership permission, the energy with which they pursue global business services may be impacted. It is not uncommon to find professional management pushing to implement a GBS model, with resistance coming from the very partners or directors who demanded change in the first place. Only when the conviction to change is shared by both top management and key stakeholders will transition to a new model be successful.

Resistance from the ‘old dogs.’ “This too shall pass” or GBS should only be implemented after I retire describes the attitude of high-ranking professionals who have been members of their firms for many years. Often, their tepid endorsement is designed to put off implementation until they are not around to participate in the change.

Challenges from up-and-comers. Senior associates who have partnership or directorship within their sights may present a special change challenge. This tier have been pushing hard to climb up the ladder, then suddenly the nature of support changes. The model may no longer include the perks of personal executive assistants or dedicated staff. As a result, a type of guerilla warfare can breakout as a result of a perceived takings of the trappings of power.

However, these professionals are, by their age cohort, are digitally much more adept and accustomed to self-service which lends itself to global business services. And, since many of their clients have embraced the model, they likely can grasp the benefits, challenges, and the inevitability of adoption.

Unforgiving margins for error. Since GBS represents a major change in ways of working, firm stakeholders often actively look for mistakes. Professionals who haven’t bought into the model are often unwilling to accept even the smallest error from the shared services center, even during transition. Mistakes that would get only a passing glance if made by an assistant, team member or the human resource department down the hall are suddenly magnified; being able to call out mistakes gives credence to resisters’ belief that any new models is not viable or dependable.

No firmwide standards. When the scope includes knowledge processes such as analytics, research, pitch books, proposals and presentations, it may become apparent that the firm has never standardized processes or terminology. While the firm may desire to standardize templates and content outlines, individuals may refuse to adapt. And, with a GBS model, there can be less room for originality.

No praise when praise is due. GBS success means no noise and little recognition when the model works or processes are executed well. After all, intellect is the hallmark of the professional services firm, not efficient and effective operations, those professionals that support operations may not be held in the same esteem as often relegated to second-class citizenship. And when client facing partners and staff think that way, they are not embracing the model effectively.

Structural challenges in global implementation. Few so-called “global” partnerships or services companies are more than networks in brand, but rather country partnerships with a global

umbrella organization governing intra-organizational relationships, client sharing and marketing, bowing to the requirements of local professional services bodies. Since some local firms operate in low-cost locations, the impact of global business services may adversely affect the P&L, causing a push-back.

Concerns about the protection of intellectual property. Since intellectual property and client data are key assets of professional services firms, determining up front what can be moved to a GBS model and what should be delivered by a client service team or local support group is critical to success, especially when outsourcing is part of the GBS equation. Often firms do not have crystal clear agreements about data retention with their clients, or the protocols have not been updated to reflect evolving business models.

Complications of merger and acquisition activity. Professional services firms often grow by M&A, justifying the business case for the merger, but adding to the complexity of its implementation.

Challenging for professional services firms to move to a GBS model? There's no debate.

By incorporating a strategy and plan for change concurrent with service design and business case development as opposed to after the fact, it's possible to reshape the delivery model to enhance resiliency, create scale and efficiency, and open new talent pools.

Here are a few tips:

- 1. Create a compelling rationale beyond cost.** Cost savings are table stakes only, and for professional services firms with increasingly high earnings, often not a sufficient reason to adopt the new ways of working that GBS represents. A more compelling rationale might be the certainty of delivering business cases for mergers and acquisitions. Or the ability to tap into larger talent pools on a global scale. Perhaps being able to pay more competitively in the war for top professional talent will provide a case for change. The business case should reflect much more than simple cost comparisons.
- 2. Demand full-throated sponsorship from the top table.** Too often, especially in legal firms, the GBS champion is a professional manager brought in from the outside, or a partner who's been taken off the client service track. S/he may not have the political capital or clout to impel members to change the way they work, nor might he or she want to fight the usual battle. A "drive by shooting approach" from the senior partner—proclaiming once that GBS is the way to go followed by radio silence—is not convincing. Making sure that firm's management use every platform to actively endorse GBS is imperative.
- 3. Incorporate stakeholder management into the business case from the get-go.** Most business cases assume all stakeholders will fall in line on the implementation team's timetable. That's never the case; in the case of professional services, stakeholder management can be partner-to-partner combat. The trick is to identify specific stakeholder personas, ranging from the aforesaid "old dogs" to up-and-comers to partners and staff acquired through a merger, time their ability to change, and develop a strategy to intervene up front. Rather than the traditional approach of identifying personas by user groups or

departments, meet stakeholders by where they are on their change journey. Are they learning about the change but still skeptical? A recruit but not quite a believer? A guerilla who just won't get with the program? Develop interventions up front that address their concerns, drive acceptance of the model and deliver the business case.

4. **Go for proof of concept before aggressive roll-out waves.** Rather than trying to promote the adoption of change across the firm at once, identify a unit, geography or department that is warm to GBS, preferably led by a strong firm influencer, and migrate them to a proof of concept with an eye to creating a referenceable use case.
5. **Provide short term incentives to encourage change.** Some GBS roll outs are designed to convince buyers that the sky won't fall down as a result of implementation. Try discounting overhead charges in the first year or being more generous about a parallel run (old model and new model running concurrently) for a period of time. Perhaps offer senior partners an enhanced service for a few months to ease them into the change.
6. **Market, market, market.** GBS proponents think the that the concept will sell itself. But stakeholders should be treated as prospective buyers, even though the firm enterprise decides to go forward with the model. But any change requires a marketing process that the implementation team usually gloss over in their haste to design and transition. Adopt basic tried and tested GBS marketing principles in implementation such as 'the rule of seven' (the prospective buyer should hear or see the message 7 times), making joint decisions ("co-solutioning"), or implementing industrial tourism (let buyers touch and feel the GBS experience).

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