



# Building high performing practices in challenging times

Practice management, how to spot an underperforming practice and how to turn things around are perennial challenges for professional and financial services firms. These problems which were exacerbated during the pandemic have been brought into sharp relief with recession looming, with practice leaders, firm managements and boards in crisis mode, with little time to focus on the day-to-day practice management.

Building High Performing Practices explores the nature of practice group underperformance and its causes. The report examines three key areas of focus that leaders have used to turn underperformance around and put practices onto a growth trajectory. To inform this report, we've interviewed 40 leaders across the professional services industry to capture the wisdom from their experiences in leading these changes.





## FOREWORD



HENRY MARSDEN  
MANAGING PARTNER, PSFI

We have seen that the ability to rapidly build and expand successful practices differentiates successful firms from those who have stagnated, lost ground or ceased to trade. Successful firms have the ability to identify new clients or new services that clients need that fit their strategic direction. They then work hard to rapidly build capability (or walk away from “red herrings”) and then to scale the practice across the firm’s footprint to differentiate. For the partners involved, this is stimulating, exciting, positive and satisfying – many are humble but with a little prompting will be delighted to share these success stories.

But then we noticed that many leaders were asking us about the “xx practice” in the firm and what they should do about it. They use phrases such as “lost its buzz” or being “unable to turn around financial contributions” indicating problems that are way beyond the temporary blips that all practices experience from time to time. They would equally notice that affected partners were beginning to fall out or were forming resistance groups to what they knew was not working and that attracting or retaining talent was becoming an issue.

**“Turning around performance starts with connecting as a human – I have a picture of every person. I know their birthday, their children, their wedding, when born, parents still alive. Every interaction is recorded.”**

**PARTNER, BCG**

Conversations during the pandemic shone a light on these issues and the threat of recession brings them into sharp relief. It was clear that what had been known by many, for some time, would have to be addressed by someone if the underperformance is to be addressed. We took this opportunity to talk to over 40 leaders in different PSF industries (law, accounting, consulting) to gather their insights and experiences in turning around firms or practice groups when confronting these issues.

We distilled their generous contribution and were struck by the metaphor of the three bladed propellor that can drive a firm to future success or throw it into reverse. No blade can be detached and the aim for firm is to get the blades aligned, to act in unison to drive organisations to perform at the highest level.

The three blades are:

- The practice leader(s) – the partner(s) who hold the critical leadership roles in the practice
- The firm’s Executive team – their willingness to address the issues, bring resources to the challenge or to take more radical steps
- The firm’s Board – who play a far more critical role relative to corporate organisations given that they are representing the partners as owners and so have a different duty to those who may be considered as underperforming

Given the breadth of this topic Mike, Ori and myself have written three papers examining each propellor blade for you to draw on. That said we want to make it clear that dealing with only one blade in isolation will not be sufficient to turn things around. There are many situations where a brave practice leader ready to address the issue is thwarted by an unsupportive Executive or Board. Similarly, a bold Managing Partner looking to address the issues can be casting around to find the right person to fulfil what is needed as a practice leader.

We hope that these papers provide an invaluable resource to those who are confronted with the question of “How do we turn around and rebuild an underperforming practice in challenging times?”.



# Practice turnaround and the role of the practice leader: have you got what it takes?

MIKE MISTER  
PARTNER, PSFI



## ARTICLE 1

# Practice turnaround and the role of the practice leader: have you got what it takes?



MIKE MISTER  
PARTNER, PSFI

**“Hard work and courage is the most important. It’s having the confidence to do the right things to get there.”**

PARTNER, EY

Perhaps the first critical question to address when faced with a failing practice is whether the right practice leadership is in place? If your strategic market choices are correct, and you have deployed good people – then that only leaves one other variable: leadership.

In this article we look at what attributes are needed to be a high performing practice leader; how to balance the competing priorities of going to market, making financial decisions, managing the team and how to handle under performance.

### Attributes of a high performing partner

Most partners appointed to practice leader have already established a track record in the firm and it’s fundamental that new leaders recognise that a lot of their credibility is wrapped in what they have done before. It can be a powerful weapon for a new leader to ask themselves ‘what is my reputation and how do I leverage it’ as well asking ‘what do I now need to change in what I am doing?’.

Being trusted and trustworthy with the ability to flex leadership style were often cited by the leaders we interviewed for this report. The other qualities highly valued were inclusiveness, assertiveness, being tough when needed, caring, collaborative and courageous.

**“We like leaders who are like swans ‘serenity on top’ and don’t freak out at the first sight of a crisis. Calm is comforting to people.”**

JULIAN HOWARD, SENIOR ADVISOR AND  
FORMER MANAGING PARTNER, MACFARLANES

It is also a truism that most leaders don’t have the luxury of picking their team from scratch, they have to work with what they’ve got or ‘inherited’. The following principles can help in driving high performance.

### 1. Setting the direction

Being clear on the vision and setting a definite direction of travel sets high performing leaders apart. Clearly, it is helpful to involve the team in the decision making, as well as being flexible in terms of the “how” to get to the destination. If time permits, leaders should consider creating a new leadership team and working through all the “what if” scenarios with them.

### 2. Commitment

A high performing practice leader invariably uses strong communication skills to build commitment in the practice. They are open to everyone in the team and keep the channels of communication open. They focus on playing to their strengths and dealing with issues quickly. Commitment from the leader underpins how inspiring a leader they are, and the more inspiring, the better able they will be to change mindsets, attract lateral hires into the group and be compelling to clients. A committed practice leader also finds it much easier to secure senior sponsorship.

### 3. Execution

The practice leader needs to focus on how they are taking action. Are they following up with people, are they protecting the team? Good leadership also means not shying away from tackling under performance. The rest of the group will be scrutinising the action taken by the leader. In fact, a large part of the leaders’ job is knowing when to act and that can often take bravery and courage.

**“The ones good at turnaround tended to be the ones who were assertive (not aggressive) and got on with it. They were not afraid of having challenging conversations.”**

CLAIRE ROWE, PARTNER AND FORMER CEO, SHOOSMITHS

## Attributes of a high performing practice leader

### Ambitious

- Do they want to build a business?
- Do they seek partners to expand their portfolio?
- How committed are they to create opportunities?
- Are they setting a clear, ambitious direction for the practice?

### Engaged and engaging

- Do they have the right mix of clients?
- Are they doing the right type of work?
- Do they lead significant accounts?
- Is their advice valued?
- Do they engage their team?
- Do they talk and listen?

### Collaborative

- Are they creating opportunities for others?
- Are they working well with peers?

### Financial contribution

- Is their revenue generation on track?
- Is their contribution profitable?
- What are their growth projections?
- Is their market viable?

## Getting the balance of priorities right

It can be overwhelming running a practice and can feel like trying to “boil the ocean” at times. Being clear on which priorities to focus upon is a crucial element of turning around underperformance.

### 1. The go-to market strategy

There is no substitute for understanding the marketplace. Keeping close to the right clients is essential in this regard. This might mean more resources are needed, or trading on relationships established elsewhere in the firm. A leader needs to be credible and lead by example. If they are telling partners to be in the marketplace, they need to be seen in the marketplace too.

**“Have a proposition that the market wants. Target the right clients and long-term relationships.”**

PARTNER, EY

### 2. Right partners

The leader needs to make a realistic assessment of the team. Who’s in and who wants out. For those that want to leave, help them out with dignity. Those that have to be exited should be treated with respect and a watchful eye kept on the exit process. For those who are staying the question becomes how can the leader help them perform as well as they can?

### 3. Finances

There is only so much cost that can be cut and it’s a mistake to think cutting costs is the fastest route to success. Rather costs need to be controlled and instead of a kneejerk 10% ‘haircut across the board’, it is far better to reduce where needed and invest where sensible. A leader fundamentally needs to find a set of metrics that go beyond the financials alone and include client service, client satisfaction and staff engagement.

**“Driving growth whilst controlling costs – but making investments nonetheless.”**

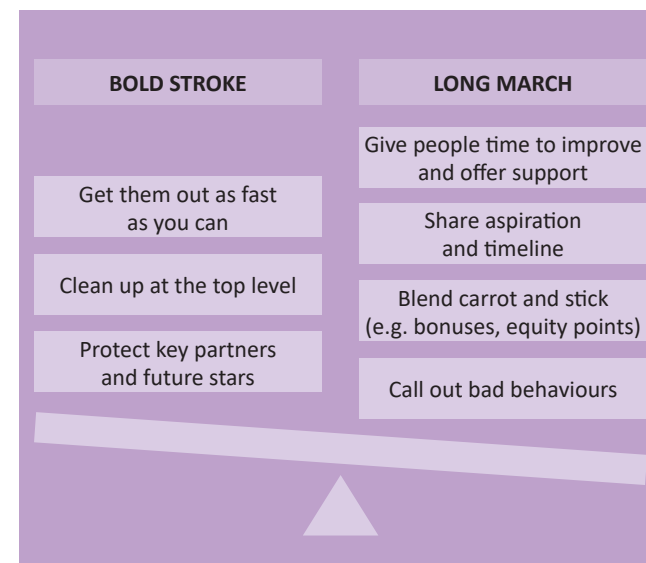
FORMER DEPUTY MANAGING PARTNER OF A GLOBAL MANAGEMENT CONSULTANCY FIRM

## Managing underperformance

The challenge for the leader is to get the balance right between acting quickly and taking the long view. The leaders we spoke to differed on how bold they felt it was necessary to be, although all our interviewees were very clear that time was a critical factor. In turn this impacts how much time they would give people to turn things around, but it was clear that all felt there was a balance to be had. Most said that they wished they had moved faster, and that the people could probably have coped with a faster pace of change. At the end of the day the leader is dealing with a set of circumstances with many parameters and the leader’s situational awareness will be key to the judgements that they make. However, what is without debate is that it is vitally important the practice leader feels empowered and able to make their own judgements.

**“Sharp knife, clear conscience.”**

JAMES GEORGE, PARTNER AND FORMER INTERNATIONAL MANAGING PARTNER, OC&C STRATEGY CONSULTANTS



**“Never start cleaning the stairwell other than from the top. 4:1 seniors to junior ratio. People think they are protected at partner level but we must prove ourselves every day.”**

PARTNER, KEARNEY

**“Identify the low energy partners (e.g. ambition, drive, intellect, confidence). If they are young then move them out of the firm as they won’t improve. If they are mature, actively manage retirement process or at least call it early.”**

JULIAN HOWARD, SENIOR ADVISOR AND FORMER MANAGING PARTNER, MACFARLANES

### Advice for new leaders

We collated the best advice from the leaders we spoke to into a top ten pieces of advice for practice leaders.

1. **Create & communicate a clear picture**

Get people to look up, beyond their daily challenges and see the future direction. Keep it positive and seek opportunities. Avoid flip flopping on decisions. Communicate client successes. Buy-in is critical. Work with your peers and the broader team.

2. **Be brave and courageous**

Don't shy away from decisions, even if the data isn't perfect (which it won't be!). Sort the people out as fast as you can. Be bold with your vision.

3. **Take a holistic view**

Look at the work, the people, the structure, the partners – all the components and indicators of where the practice is strong and weak.

4. **Drive up the energy and creativeness**

Fire up and release the enthusiasts and take out the high profile dysfunctionals. Create a meritocracy – get the young to find a new way. Have an open mind to embrace innovation. Grow talent by giving responsibility one rank higher than current role.

5. **Be tough but fair**

Be open and transparent. Personal relationships may need to be sacrificed for the good of the business. Coach those who are exiting. Don't fire people without giving them a chance.

6. **Listen to clients and get an external view**

Act on their observations as sometimes clients may give invaluable insights and can help co-create a strategy.

7. **Use expertise of others**

Make good use of external expertise, others who have experienced this sort of thing before.

8. **Get support**

Get senior sponsorship. Have good mentors. Make use of HR, BD and Finance functions.

9. **Retain your client focus**

Don't lose contact with the market.

10. **Lead by example.**

**Mike Mister, Partner, PSFI**

Mike works with professional services firms on designing, developing and supporting change agendas and building improved leadership capabilities in partners. His areas of expertise include helping organisations understand the importance of partners as leaders in building sustainable practices, the leadership and motivation of diverse, high performing teams and leadership across the partner life cycle.



Thank you to Mike Griffiths, Managing Director of Consulting Skill, who helped interview the leaders for this research project.

Understanding that professional and financial services firms are all different, we take an expertly nuanced view, underpinned by decades of experience to be able to work alongside leaders of professional and financial services organisations to bring transformational change.

Our clients, many of whom have been with us for more than 20 years, trust us to support them on their most complex issues around business & leadership strategies, senior people capabilities, and strategic decision-making.

We are building an independent, international, and diverse organisational development and leadership consultancy to help you access, navigate, understand and apply the most relevant leading edge thinking and research to help your business grow.

We offer evidence-based thinking combined with years of hands-on experience and tailor our work and advice to suit each client's needs.

Above all we care deeply about our clients, placing the highest possible value on our relationships with you, balancing warmth and support with curiosity, insight and challenge to get to the heart of the issue so we can help you make a real and lasting improvement to your business.

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