

# **BUSINESS DEVELOPMENT IN RECESSION**

## **Part 5 – Leadership’s role**

**By James Newberry and Maeve Jackson of People Scope**

Recession presents leaders and would-be leaders with the stiffest of challenges. If you believe, as ex-New York mayor Rudi Giuliani put it, that "leaders need to be optimists: their vision is beyond the present", then leadership is in very short supply at the moment in most professional service environments. The fundamental principles that make for excellent leaders are under extreme pressure. In many firms, leadership in 2009 has consisted merely of digging a deep-enough trench in which to hide the remainder of the firm's assets (largely its employees) until the recessionary barrage subsides. Keep your head down or you might get it shot off.

And how does all this play out in the world of professional service business development and marketing? In pretty similar fashion. However, to help overcome the forces of the recessionary ‘dark side’, there are some fundamental principles that can be applied to *the process and practice of successfully influencing individuals to achieve their and the firm's goals* (which is after all what leadership is)<sup>1</sup>.

### Credibility bypassed

“Credibility is the foundation of leadership”. But what do we mean by credibility? In essence, it means that good leaders practice what they preach; they communicate frequently with their teams and are consistent in what they say and how they say it, avoiding at all costs “don’t do as I do, do as I say”. Clients too are demanding another sort of credibility that requires their professional service providers to “feel our pain” by showing that they are flexible when it comes to charging for their services.

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<sup>1</sup> We take as our primary reference point, the principles espoused in “The Leadership Challenge”. by Kouzes and Posner, John Wiley & Sons Inc., First Edition, 2002

At the firm level, these credibility issues are very difficult ones. Employees (associates, support staff) are losing their jobs yet the actions of some senior management teams do not help at all, as their bunker mentality results in the perception that 'fat cat' partners, the owners of the business, are not suffering because not enough is being said or explained. Yet we know that partners are also being 'managed out' and/or having their income expectations trimmed significantly. These days the best firms - and leaders within them - are being as **honest** (the number one leadership attribute in most surveys) and **open** as they can about the demonstrable fact that EVERYONE is taking a hit; and that the pressure is (or should be) on for the firm's leaders to deliver an example that people will follow.

Here, we listen to particular tales of those that have walked into a double whammy. They talked a good fight in the good times about employee satisfaction and well-being but now are busily sacking employees whilst leaving the partnership unscathed (a case of extremely damaging, pain-free preaching if ever there was one). Or, in the middle of recession, they present the crass prospect of asking for a fee increase, to the understandable exasperation of the client.

Firms (and their individuals) that are driven by a strong and clear set of **values that they stick to** – whatever the particular pressure to deny them - do not get drawn into such disastrous equivocation. In our opinion, they could do worse than start with the maxim that "whatever gets measured gets done (and invested in)" - a prime value for the hard times that also deserves its place in the good ones.

### It's a vision thing

As far as we can see, at the moment, there are acres of room for more Rudi Giulianis in the world of professional services. More typically, there are partnership boards that have been in full-on panic, 'slash and burn' mode; or at best, who have adopted a sort of reverse incrementalism – “we'll shrink by 5 to 10% each year” instead of the usual “we'll grow by 5 to 10% each year”.

Without a clear vision of what future success will be, these firms are in danger of mortgaging their futures again, sub-prime style; disposing now of what might be their most profitable service lines in two years' time; failing to invest seed corn money in new markets or approaches because the reverse incremental business plan won't allow it (and anyway the partners would rather have their profits today rather than tomorrow or next year).

Having and maintaining a clear vision of where the firm wants to be in five years – a vision that can be communicated in a way that excites its people – will be crucial in steering most ships through the next 18 months. In particular, firms must highlight the key areas where a breakthrough is needed to achieve the vision – a service innovation, new market, merger or whatever - and go for them. This brings us neatly to the next leadership principle.

### Challenge the orthodoxy

Understandably, part of the trench mentality that we observe is a focus on the 'hygiene' factors - primarily a message to teams that their first job is to cut costs and concentrate on lower cost client development - in essence, improving service and a very limited amount of marketing to existing clients. Yet good leadership is also about having the strength of mind and conviction to challenge the accepted way. Our fear is that too many good practice and business development ideas are not even seeing the light of day, let alone making it to appraisal, because firms (and their leaders) are not challenging but hunkering down.

It should not matter that things are so turbulent that “we can't plan/invest because we don't know what will happen”. Taking properly assessed risks is a part of good leadership: doing nothing and ducking isn't.

## Enable others to take action

There is a phenomenon observable in the world of clients when buying that applies equally to the professional firms serving them. It is often the case that, in hard times, final decision-making migrates up an organisation as senior management responds to adversity by taking tighter control of money and spend - which is just what is happening in many firms internally. Partners and partnership boards are micro managing their teams in the attempt to exert control over what is within their power to affect – the hygiene factors referred to above. This ‘command and control’ approach reinforces a trench mentality, stifles initiative, and creates disempowerment all-round.

The best firms are setting a direction based upon a compelling vision of the future **and leaving it to their teams**. Central management takes decisions on infrastructure and investment projects leaving those closest to clients, in practice or other groups, to make strategic decisions relating to clients, within the bounds of the firm’s direction, targets and professional capabilities. This is about trusting the judgement of these teams to do the right thing by the client and deliver, through their own leadership behaviours, the required results.

In this respect, marketing and business development needs to be enabled by enlightened professional leaders to play an integral role in leading the charge to create enhanced loyalty for existing clients and help drive achievement of the vision: to be tangible profit contributors and enhancers for the firm rather than being saddled with the ‘overhead’ tag that agitates so many narrow-minded senior professionals.

## Encourage and communicate

There is an old adage that "everything communicates" - even and especially silence. Some of the most powerful leadership behaviours that we have witnessed are providing encouragement through the messages - overt and otherwise - that they send to professionals and staff.

Like the conscious decision of an executive board (communicated to everyone) to address only client issues in its regular meetings – a demonstrable act of putting the client at the centre of everything they do. Financial and other internal issues are addressed in a different forum. Like investment in leadership and commercial skills programmes for senior and junior professionals at a time when the recessionary orthodoxy demands that costs are cut; supported by measurement systems that link client supportive behaviours directly to reward.

Personally, good leaders – not just senior people but at all levels within their firms – are getting involved ‘hands on’ and staying close to their people; good marketing and business development leaders are doing likewise with their internal and the firm’s external clients. Despite the economic gloom, through visible recognition of individual efforts and achievement, they find creative ways to celebrate success that are motivating but that don’t have to involve an expensive ‘bash’. This sort of positive visibility for the tough times can make all the difference to the morale of team members who may be feeling insecure or unmotivated by staff reductions or redundancy. But it must be (and seen to be) action and results-led. Empty words whispered from the bottom of the bunker will not do.

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In the final article in the series, we will investigate the recipe for making the most of the upturn when it comes.

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