

Accountants and lawyers are breaking new ground

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The partner-junior model is no longer working, say *Henk Volberda* and *Martijn van de Mandele*.

Many professional services providers imagine themselves to be immune to upheaval such as that currently affecting the retail sector - think V&D and Hema, the taxi industry (Uber), hotel chains (Airbnb) and the travel industry (Booking.com.) The opposite is true. In fact, in professional services the technological revolution has only just begun, and globalisation is going *full* speed ahead. The old leadership model, based on partners leading junior teams no longer suffices. Clients and new talent are looking for new ways. New, innovative boutiques, often charging lower rates, are proving able to do high quality and attractive work.

In the consulting world, Boer & Croon and Booz have disappeared and Twynstra Gudde and Berenschot are working on a new strategy. In the legal sector, there is the turnaround of Boekel de Neree, while alternative providers of legal expertise, such as major accounting firms, internal legal departments and legal insurers, are moving in. In accountancy, work shrank 10% in the past three years even though M&A deals increased from 40 in 2008 to 114 in 2014.

'*Business model*'-thinking is taking hold in professional services too. Recognise your firm's core competencies - such as serving clients, delivering good work, generating revenues and containing costs - so that new growth occurs. This technique from industrial and commercial organisations needs to be adapted for a professional services environment. A second complication is that a business model is unique to each firm and yields interesting ideas, but not solutions. These come from continuous trial and error, from figuring out what works and accepting failures. This will lead to new activities that are successful.

Many levers can be used to innovate. Many firms are using IT to speed up routine work, mobilise knowledge, and facilitate flexible working. Large firms such as KPMG and EY, but also small firms such as Account Anders in Alblasterdam are offering a total package, with the traditional audit just a small part of the list of options to choose from. The organisation structure also needs to be adapted to the new way of working, through renewal of the partner-junior model. As did Eden McCallum, which positions itself as a virtual consultancy made up primarily of freelancers. Clients too can be involved in the development of new services and ways of working (co-creation).

What is needed is transformational leadership that can develop a vision and make it happen. And a culture that supports renewal. The traditional apprenticeship model seen in most firms is standing in the way of change. At the point when performance slips into the red, there's no time or money left to try new things. The first signs are easy to recognise: new competitors stealing clients with services the partners hadn't even thought of, upward progression that has stalled, and talent walking out the door. Leave the past for what it was, and look forwards to what is achievable and inspiring. Get to work!

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