PAPER 2

Leading strategic change

Strategic Learning and Development in Professional Services

Contents

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Terminology and definitions

"The Professions"
Our focus is on professional service firms and partnership-based businesses, with the scope and depth of our research drawing especially on our work in the legal, accountancy and financial services sectors.

"Learning and Development" / "L&D"
For reasons of consistency and simplicity, throughout the series we use the phrase 'Learning and Development' (or 'L&D') as a defined term. This definition is intended to encompass any work carried out with the express purpose of developing the skills, capabilities, mind-sets and behaviours of those working in professional firms.

Acknowledgments

The authors would like to thank all those who generously gave their time to be interviewed as part of our research. In addition, we are grateful to the expert faculty and practitioners who have contributed to this chapter. Geoff Church, Lucy Dillon, Lucy Kimbell, Tim Morris, Marie Oliver, Alex Smith, Allyson Stewart-Allen and Jon Stokes.

Introduction

In our first paper of the series we began to explore how Learning & Development (L&D) activity can be used as a key enabler for a firm to successfully formulate its strategic goals: the learning methods which can help a senior leadership team to define their 'Firm of the future', the value of using L&D strategically with a firm's clients, and the importance of connecting the learning activities with future-focused groups within a firm, such as innovation teams.

This paper moves on to consider the phase following the definition of a future firm. We focus on the challenging topic of how one leads change towards this aspirational 'Position B', and the strategic contribution which L&D can play at every step of this journey. We consider in detail three challenges in implementing change within a firm:

1. **The challenge of creating momentum**: How can your firm create and maintain momentum for change?
2. **The 'Change Leadership' challenge**: How can you best equip your firm's leadership with the skills to implement change?
3. **The innovation challenge**: How can you maximise the opportunities to innovate at times of strategic change?

If utilised effectively in these areas, our research shows that strategic learning activities will build momentum for more effective implementation of change projects. The desired changes will also be achieved more quickly, thereby delivering tangible competitive advantage for a firm. Projects can range from the opportunity to acquire a team (or whole business unit) of a different firm, to opening a new office, realigning the firm's sector focus or facing the need to restructure geographically because of an external, regulatory change.

Our work with many professional firms has identified two key principles for successful change projects. Firstly, enabling change through the methods suggested here is best achieved when a firm's leaders see the change leadership process as an ongoing, iterative journey, where they need to continually review and adjust their approach. Secondly, change is achieved most effectively when the L&D function works closely with both senior leaders and the HR function to ensure alignment of goals, and also to minimise the possibility of derailment of the change process. We outline how to avoid such pitfalls throughout this paper.

'Our research shows that strategic learning activities will build momentum for more effective implementation of change projects.'

The challenge of creating momentum

One of the key elements of leading change effectively in any firm, highlighted by Kotter in his classic analysis of the change process,[1] is the need to establish a sense of urgency amongst the firm's senior stakeholders. It is this group whom Kotter saw as key to building momentum for change. This need is especially important in professional firms given the complex, distributed model of authority in which Partners are both owners of the business and its leaders. This situation is unlike that of a listed company, for example, where ownership and leadership are usually distinct.

With Managing Partners holding a *primus inter pares* position in relation to their fellow partners, the need to excite fellow leaders in the firm about any significant change and to create a sense of 'followership' towards the chosen direction becomes critical. The key challenge is to build Kotter's 'guiding coalition', a group of senior colleagues who have significant credibility themselves across the partnership as a whole, and who will be able to help significantly at this early stage of influencing.

Establishing this sense of movement and momentum for change in professional firms is even more important given some of the aspects we highlighted in the first paper of the series *Designing your firm of the future*: the natural risk aversion of professionals and their difficulty in adopting mindsets of 'experimentation', both of which can inhibit movement and stop momentum from being created.

The importance of planning to maintain momentum

As professional firms offer such a challenging environment to make change happen, our research indicates that one critical, pre-requisite step for creating the desired sense of pace around change initiatives is thorough planning. A Managing Partner must ask a series of fundamental and core planning questions because, even if the cliché is correct that "no plan survives contact with reality", our evidence supports General Eisenhower's comment that "the *process* of planning is vital."

To avoid momentum slowing after change projects are launched, we recommend that senior leaders reflect honestly on a number of fundamental preparatory questions which we highlight in the table on pages 6-7. Without careful consideration of these topics, the probability is significantly higher that the change project will be delayed or derailed, destroying any momentum built.

Our research across many firms indicates that a failure to build momentum in change projects often arises if the Board or Executive Committee fail to engage the broader leadership team (both fee earners and senior members of the business services teams). This lack of broader engagement can lead to the situation that the strategic planning is undertaken behind closed doors by a small group of senior people. One main challenge with this latter approach is that it usually gives rise to a major communication problem where an already-made decision then has to be sold to other senior leaders outside the project group who will have to execute it.

A planning approach that takes longer, but which will ultimately prove more effective, is to iterate a series of conversations among relevant stakeholders in order to create momentum for change. Such conversations, especially when carried out 1:1, give space for honest feedback from senior colleagues and allow the change leadership team to fully understand perspectives, and to gain ideas which can inform and enhance their approach.

Utilising L&D at the planning and momentum-building phase of change projects

L&D can usefully take on the role of being a trusted internal, and 'neutral' part of the firm to build engagement with the project whilst gathering stakeholder feedback. The coaching and facilitation skill-set which is core to the L&D team fits very well with this listening and 'perspective-gathering' role, building engagement with the ideas and ensuring that key people feel that the firm is understanding their perspective about the proposed direction of travel. In many firms the function is helpfully seen neither as part of senior management nor as strictly part of HR (even if the function often reports to the HR Director), enabling L&D to have productive, open conversations with stakeholders.

This more 'organisational development' focused role for L&D, acting as a *consiglieri* to the Managing Partner and the Board, can also be combined with core L&D methodologies to create energy around strategic change initiatives. One momentum-building L&D approach which has proven particularly successful across professional services firms – but is still under-used in the sector – is the 'Accelerated learning event'. These events (described in detail in the box-out on the next page), enable the senior leaders to consult, and then convene, a broader group of the leadership to ensure alignment of perspective and to collect ideas on themes critical to the chosen strategic plan.

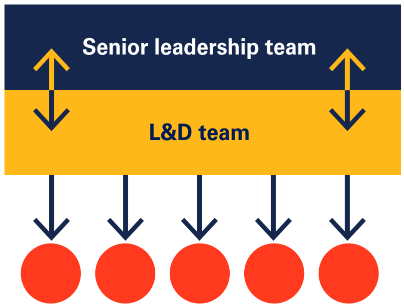
1. J. P. Kotter, *Leading Change* (Harvard 2012).

Strategic L&D methodology tip: create an 'Accelerated learning event' for the broader leadership group and engage them in strategy creation to increase the momentum for change

Phase 1: Consultation

After selecting the leadership group to attend such an offsite event, the head of L&D can be a useful 'neutral' and trusted senior member of the firm to interview leaders in advance from across the business, asking a series of structured questions related to the strategy.

The benefits of this activity include an output comprising a small number of the core themes raised consistently, to be discussed in more detail at the subsequent offsite event (see Phase 2 below). These discussions can helpfully elicit regional or practice group differences and nuances which need to be borne in mind as the Board fine-tunes its thinking.



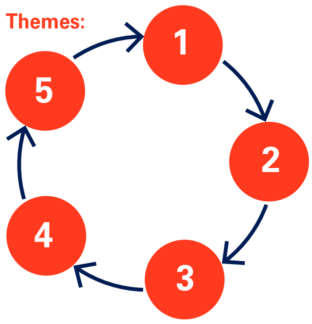
The L&D team works with the firm's Senior Leadership to interview key senior leaders across the business, grouping the findings into key themes.

Phase 2: An offsite event to crystallise the strategic direction

Following an analysis of the data from the consultation phase, an offsite learning event is then run, attended by all those who took part in the consultation.

The event is best structured as an interactive, 'hackathon'-style discussion so that all the leaders have time to input into each of the core themes identified. A second phase at the event is then for the leaders to select one of the strategic themes, now including comments and ideas from all attendees, on which they spend time creating a practical action plan.

In the final session, the senior leader group who formed each action plan to present back their ideas, and give all those present the opportunity to vote or comment before the event ends and the plans are implemented.

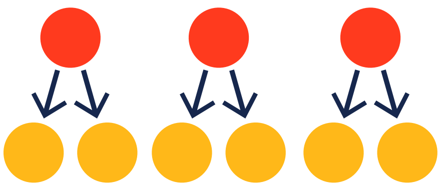


Give the broader leadership group the opportunity to input ideas into all strategic themes.

Phase 3: Follow-up and implementation

Effective follow-up from the event is critical to build on the energy created at the offsite across the broader leadership team.

Armed with the momentum of the event, the senior leadership team and Board can inject pace into their change project, taking on a broad set of views and knowing that there has been good communication of both the ideas and the related implementation plans. There is also the opportunity for leaders who attended the event to cascade down the discussions and identified priorities in all their groups/regions of the firm.



Post-offsite, the broader leadership team can cascade the agreed decisions to their own teams / offices / groups.

Key preparatory questions for senior leaders to build change momentum

Potential block for 'momentum building' in the change process	Key questions	Actions for senior leaders
Clarity on goals	• Have we made an assessment of the most feasible options, with the pros and cons of each? • Do we, as the firm's leadership group, have clarity as to strategic aims and how success is to be measured? • Have we created an implementation plan that is (objectively) achievable, credible and can be sold internally and to clients?	Conduct a detailed external analysis (e.g. a PESTLE analysis) of the business and political context in which the firm and its clients will operate over the next two-three years. Ensure that there is absolute clarity internally on the strategic aims of the firm, the factors that will drive success and where the firm's USPs will create competitive advantage.
Data quality and understanding	• Do we have insufficient data or are we concerned about gaps in the data which we feel will be needed to launch the project and build buy-in amongst the leadership group? • Are we concerned that there is a lack of understanding of the available data?	Socialise the data available amongst the leadership change group and challenge robustly to ensure that: • the data are as complete as is needed for the launch of the project; and • the messages which you want the broader firm to take from the data, to build buy-in to the desired change(s), are as simple and clear as possible.
Stakeholder management	• To mitigate the risk of a lack of buy-in, have we reviewed the different options and scenarios (perhaps some of the scenarios modelled to define the 'Firm of the Future') from the standpoint of each of the key stakeholders – considering especially the impact on the firm's clients? • Have we planned strategies to engage the typically-found 10% of people who are natural change agents and the 80% who will broadly follow the momentum, once created? • In addition, have we considered strategies for the likely 10% of our stakeholders who will be temperamentally inclined to block change of any kind?	Review the 'What if…?' scenarios outlined in Paper 1 as possible options for your 'Firm of the Future' and consider the three dimensions of stakeholder analysis: • the level of interest of the stakeholders; • the level of influence of the stakeholders; and • the level of impact on the stakeholders. Wherever possible, give the natural leaders of change explicit permission to exercise their influence. Consider strategies to convert or neutralise the influence of the 'blockers' of change so that momentum will be maintained – and so that potentially influential advocates can be created.

Potential block for 'momentum building' in the change process	**Key questions**	**Actions for senior leaders**
'Ways of working' to lead change and decision-making	Successful change leadership teams understand that change is a 'messy' process. Have we agreed at the outset that 1. we will avoid (undue) striving for perfection as a leadership group and 2. we will make adjustments in the face of constantly changing circumstances?	'Contract' as a group leading the change process how and when you will regularly stop and reflect on any changes in approach required as the change processes moves forward. Agree how to create 'psychological safety' in your senior group to enable challenge and avoid 'group think'. Critically, agree the process for making key decisions to remove ambiguity and ensure robust 'cabinet responsibility'.
Resourcing for successful change	• Critically, have we been realistic in terms of resourcing for change, together with the organisational and individual capabilities to perform key change roles? • If we currently lack the capability to execute the change plan, do we need to create a series of interim steps or sub-plans which will be implemented over time (as noted in Paper 1 when considering how to define and reach a firm's desired 'Position B')?	Consider broadly the resources needed to build momentum for change: the people, systems and infrastructure needed to enable pace of action. Identify the key internal team members who can add most to the change process: those who know most about key areas of the firm where change will impact most. Be clear on any development required for change team members to deliver their key element of the project.

The 'Change Leadership' challenge

The personal leadership challenge of change implementation

We have addressed above the importance of building momentum through engagement of the 'collective', the broad leadership group within a firm, and the critical need for planning to avoid a loss of pace in any change initiative.

Whilst not wishing to over-emphasise the importance of individual leadership at times of change – which many agree is almost constant now – we want to return to two points arising from our research which relate to the senior leaders themselves. These individuals are inevitably critical members of teams responsible for leading change and both of the following aspects are key determinants of successful change implementation.

1. Creating bandwidth for senior leaders to focus on time-critical (and complex) change projects

The issue of creating 'bandwidth' for senior leaders to effect change is being increasingly affected by the challenging market environment which we have referenced already in these papers. With clients demanding 'more for less', professional firms have needed to create leaner operating models to maintain profitability and part of this complex equation is considering how best to define leadership roles. This analysis is complicated by the fact that leadership credibility in firms is derived largely from technical expertise or client relationship success (translated into high levels of billing). In other words, it is hard for credible leaders in professional firms to ever give up an element of 'producing'.

Firms, understandably, structure the leadership roles in different ways, depending on a number of factors: the nature of the role itself (e.g. practice, industry sector or office leadership, or senior management) and also the scale of the firm. Roles might be for a fixed period, renewable for another single period, open-ended, or rotated amongst partners in a group.

From our research in many firms, there is no single, correct answer, because the nature of each leadership role can differ. However, the different definition and time duration of roles can lead to challenges ranging from long-term career planning (whether and how a senior leader will return to full-time practice at the end of their term) to how leaders will be able to continue with fee-earning work during their term. We will explore some of the issues of the professional career journey in the fourth paper in this series *Career pathways for senior leaders*.

With the pressure on operating models, however, a pattern visible in leaner firm structures is that senior leaders are juggling an increasing number of responsibilities, and this limits their ability to focus on complex change projects. In our experience, few senior leaders in larger professional firms are able to combine leadership roles effectively with hands-on fee earning, although they may well maintain a significant role in managing client relationships. That is not to say that everyone in a leadership role should cease to work with clients; the cost to the firm's bottom line would be too great. The key is to recognise that effective leadership and management are specialist skills requiring adequate time and mental bandwidth: these senior roles cannot be done well 'off the side of the desk'.

Research for *The CEO Report,* published by Saïd Business School, University of Oxford, with Heidrick & Struggles, highlighted the need for senior leaders to delegate effectively to create this bandwidth, creating time and space for engagement with complex issues. In other words, senior leaders will need to come to terms with 'letting go' of an operational lens to focus instead on the strategic positioning of the business; an issue which is all the more important as a leader of change. The key question is how firms can best enable this strategic level of focus.

KEY QUESTIONS TO ASK IN YOUR FIRM

- For each major change project, have we considered the key senior leaders we must involve who have both the knowledge and credibility to enable swift implementation?
- Once identified, have we then considered what we need to remove from the 'Job Description' of these individuals to enable them to focus sufficiently on the project?
- Given the constant nature of change in the market, how should we best (re-)define leadership roles of all types (for partners and senior business services teams) to ensure that a focus is possible on the most strategic, value-adding elements?

2. Building senior leaders' individual skill-sets, leveraging L&D to strategically support leaders and ensure effective change implementation

Despite the increased focus on leadership development in firms which is occurring earlier in the career path, many senior leaders feel that they lack both experience and the knowledge of how to lead in the context of organisational change. This feeling is unsurprising given that significant change projects can arise unexpectedly and be extremely complex.

Therefore, in addition to using the strategic L&D method of an 'Accelerated Learning Event' to gain collective buy-in (highlighted on page 5), firms should also focus on building senior leadership skills at an individual level to successfully lead their strategic change projects.

Our research across a large number of professional firms over more than 15 years has highlighted three areas of leadership skill which are particularly important for senior leaders to build if they are to successfully lead their firms through challenging periods of change.

a) Developing 'change leadership antennae' to evaluate emerging trends

One key behavioural 'muscle' which needs to be developed in leaders is the habit of looking outwards to consider trends and different contexts and, in particular, the skill of considering how different issues may intersect. Leaders need to focus on developing powerful 'antennae' which will enable them to sense how different trends might impact their chosen direction and the changes which they are trying to effect in the firm (see the 'Ripple Intelligence' faculty insight, on page 11).

Leaders need to develop such 'sensing' skills by regularly considering the impact of change at three different levels, in order to help them to gauge the timing and best course of action:

- The individual level;
- The group level; and
- The firm level.

At an individual level, leaders need to create sufficient, quality 'thinking space'. However, an equally important element is how broadly a leader is connected both inside and outside the firm and how many 'channels' their antennae are tuned into. Are they engaging regularly with a key practice group leader in an increasingly important geographical market of the firm? Are they talking regularly enough to key clients to hear their views on trends, upcoming changes and headwinds in the market?

Our research shows that it is only through breadth of engagement that the antennae will not only pick up the important 'signals' but, most critically, be able to piece together the 'ripples' and consider what is likely to be the impact on the firm as the change projects evolve. In other words, leadership at times of change must, above all, be a social activity where the skill and priority of time spent must be on engagement with the stakeholders and communities which one is trying to influence and draw towards the firm's 'Position B'.

b) Developing 'change leadership antennae' to sense the possible pace of change at a firm

Another important benefit of developing one's 'change leadership antennae' is that it enables leaders to sense more effectively the *pace* of change which is right for the firm. In our experience, understanding this issue is one of the most crucial abilities for leaders as it enables them to know whether or not the firm – and one's fellow senior leaders – are ready for the proposed change and committed to it; and, secondly, how to best position the communications with key stakeholder groups (an issue which we will examine in further detail).

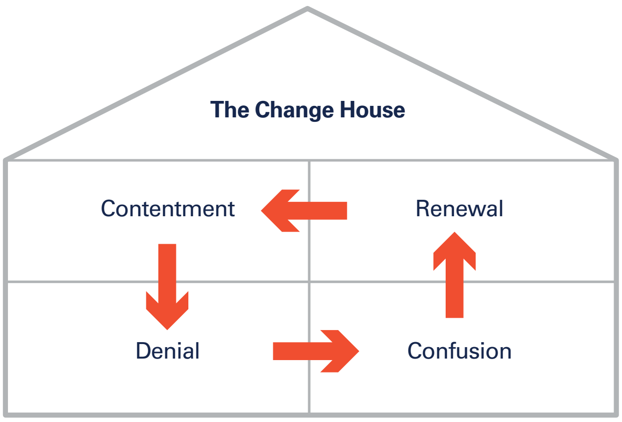
Strategic L&D methodology tip: focus Board discussion around the mind-set of the firm and its readiness for change.

L&D can play a key role in enabling a senior leadership team to 'tune in' the group's antennae to the broader firm's current mind-set. Our research has found many examples of change project / Board discussions usefully facilitated by L&D, focused around learning models which develop such skills, including the 'change curve' model originally researched in the 1960s by Elisabeth Kübler-Ross,[2] and the related 'Change House' model of Claes F. Janssen.[3]

These models help leaders of firms to assess where their various constituents (at the individual, group and firm levels referenced earlier) are in their thinking, enabling leaders of firms to ask important questions about the emotional management of change:

- Will there be denial that change is needed because the majority of the firm is still in Janssen's 'Room of Contentment'; not seeing the approaching risks and 'ripples' which the firm's leadership are seeing?
- Might the changes proposed create frustration, anger, or confusion, and a state of paralysis with the solution unclear?
- What will best lead the groups impacted towards a sense of acceptance and renewal, and build their momentum towards the desired future state?

Four rooms of change
Claes Janssen



Leaders of firms should also focus in particular on changes which require their individuals to 'unlearn' old behaviours, processes and systems before they can embrace new ones. Change projects where there is a need for 'unlearning' and, by implication, relearning of new capabilities and habits, have been found to correlate closely with dips in the performance of organisations.[4]

c) Developing the communication capability to draw colleagues towards your vision for the future

A third area of leadership skill which is critical throughout the change process is that of effective communication. Capabilities ranging from an ability to paint inspiring pictures of a successful future for the firm to the skill of easy to understand, consistent messaging, feeding back 'quick wins' and progress to stakeholders, are widely reported as being key differentiators in successful change processes. They are also all skills which can be taught and honed through strategically-timed L&D programmes and methods, as we illustrate briefly in this section.

A key starting point from our research is that it is hard to over-communicate, especially internally, when developing a new strategy and during the implementation phase. As we explore below, communication should occur on several levels with messages tailored to each audience.

In order to deliver strategic change effectively, leaders of professional firms must be willing and able to communicate effectively with fee earners and staff at all levels within the firm as well as with clients, intermediaries and regulators. Too often, however, internal communication is by way of sound bites or set-piece speeches and external communication is absent or an afterthought. In other words, feedback is often that communication is insufficient and also is delivered formally rather than informally. Both tend to lessen perceived credibility of the leader and hence of their ideas, including those relating to strategic change.

On pages 12 and 13, we provide practical tips and faculty insights into how senior leadership can develop their communication capability to truly connect with employees across the firm.

2. The model, originally exploring the reactions to death and grief, was published by E. Kübler-Ross, *On death and dying* (New York, 1969), and later was adopted as a model to consider the reaction to change at an individual and organisational level.
3. C. F. Janssen, *Personal Dialectics* (Liber 1975).
4. K. Leopold and S. Kaltenecker, *Kanban Change Leadership: Creating a Culture of Continuous Improvement* (New Jersey, 2015), 110-121 (cited by D. Wilkinson, '*Is the 'Change curve' a myth?*' The Oxford Review (blog): https://www.oxford-review.com/is-the-change-curve-real/ [Accessed 30 June 2018]).

FACULTY INSIGHT

'Ripple intelligence' as an early warning system for leaders of firms

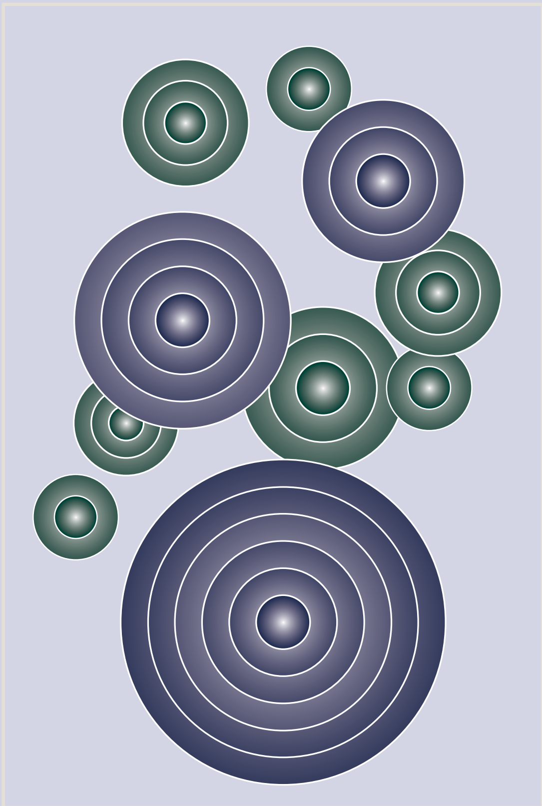
Research carried out as part of the work on *The CEO Report*, published by Saïd Business School, University of Oxford, with Heidrick & Struggles, highlighted the importance of 'ripple intelligence' as a key leadership skill which successful leaders utilised when managing change in their firms and leading their businesses into the future. Tim Morris, Professor of Management Studies at Saïd Business School, University of Oxford, explains why this is important for leaders of firms:

"When we spoke to a number of senior leaders, a consistent skill to which they attached particular importance was the ability to predict trends and to consider how apparently disparate and unconnected contexts could interact and intersect. The practical importance of this analysis was that leaders were then better able to anticipate disruption to their businesses, giving them time to plan and protect their organisations against unexpected events and lead change effectively.

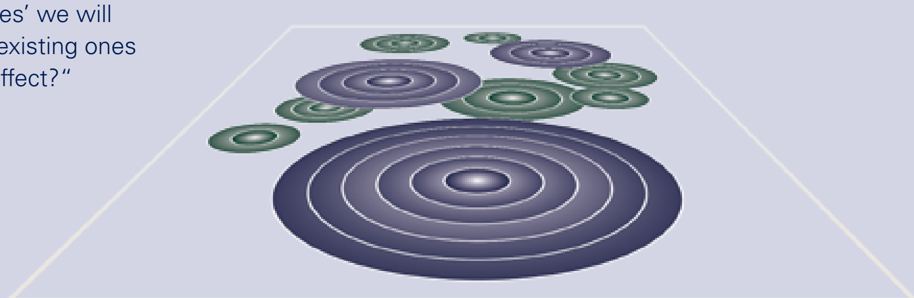
Given the increasingly disrupted and fast-moving world of professional services, I think that there are a series of questions which leaders of firms should regularly ask themselves, in particular when they are trying to lead significant change projects in their businesses:

- How much of my time am I spending at the 35,000-ft 'bird's eye' view of our business, so that I can scan the horizon and broader context of my firm without clutter?
- When I am looking from 35,000 feet, what are the 2-3 'big issues' – and how should we categorise them? Are they game-changing, transient or significant? And what is their time-frame: immediate, or slow-burn?
- As we advance the change project and we make key decisions, have I considered what new 'ripples' we will create, and how those will interact with the existing ones to aid or frustrate changes we are trying to effect?"

'In an ambiguous, rapidly changing environment, if you haven't got your antennae out... you're going to struggle to see opportunities and threats which may blindside you.'



35,000 feet



Feet on the ground

Strategic L&D methodology tip: focus a significant element of your support for change projects on building leaders' skills for the delivery of key messaging

Like most skills, communication can be learned, regardless of the chosen medium. There can be a tendency to over-complicate what should be a fairly simple process, which results in trying to impart too much information and doing so in the wrong way.

A few key practical tips for leaders at times of change include:

1. **Keep your 'leadership antennae' focused outwards to your stakeholders**. Communication is a two-way process; hence listening is at least as important as talking.
2. **Share simple, easy to understand messaging**. The human brain cannot process and act upon more than a handful of different data items simultaneously. Too much information confuses, meaning that decisions are harder.
3. **Provide information in advance in written form and use meetings to answer questions and take decisions**. Humans can take in information by reading far more rapidly than they can absorb the spoken word.
4. **In written communication, impact is maximised by following George Orwell's simple rules**:
   - Write short
   - Use plain language – consider the Anglo-Saxon word rather than the Romance equivalent (e.g. 'start' as opposed to 'commence')
   - Keep sentences to 25 words or less, with no more than one subordinate clause
5. **Be yourself**. In verbal communication, credibility is maximised by simply being yourself and being conversational in your delivery.
6. **Devote time to personal, and informal, 1:1 conversations**. Stakeholders with whom you have such conversations will feel valued and potentially become those who help you to 'sell' the change, cascading your messages to the wider firm.

'Once your objective has purpose, I think if there's strong all-encompassing communication, repetitive communication and different channels of communication for that repetitiveness, that's primary step one for leading strategic change. Primary step two is what behaviour change and any other knowledge change is required to achieve this. And that's where L&D come in.'

Roger Parker
Senior Counsel and former Managing Partner of Europe, Middle East and Asia at international law firm Reed Smith LLP

FACULTY INSIGHT

Addressing the 'Communications Challenge' at times of change: focus your 'leadership antennae' on engaging humanly, personally, repeatedly

Allyson Stewart-Allen, Associate Fellow at Saïd Business School, University of Oxford, has found one of the biggest challenges facing senior professional services leaders driving organisation change is creating meaningful engagement of their clever people so they feel strongly connected to the organisation's new future.

"The leader's communications toolbox often relies on approaches which are convenient and deliver speed, forgetting the impact of the human touch.

Over my 25 years helping Managing Partners and other senior executives to get this balance right, those who engage on major change projects use three key ingredients to successfully win minds and hearts:

1. Delivering the 'what's in it for me' promise. Typically, the communications centre around how the organisation wins via the change programme. Instead, put yourself in the shoes of everyone in the firm. Why should they do things differently? How will your plans affect their career opportunities and pay? Will they need to work harder/longer to realise the new future?
2. Giving a real experience of the exciting new world. Create experiential simulations of life in the organisation post-change. What does it feel like? How is it better than today?
3. Adopting 'multilateral methods'. Be accessible and interactive, using a broad range of media in parallel. Face-to-face (e.g., Town Halls) are most effective as they invite conversation and an exchange of views. Next most effective are live webcasts and video conferences. Least engaging are static, pre-recorded broadcasts with email the least effective tool.

While I know many leaders who send email memos to tick the 'comms box', this will not get the job done and in fact, does more harm to their reputations than no communication at all.

If you want to engage people on high-impact events, you must recruit your evangelists one person at a time. There's no substitute for 'high-touch' – or at least not until technology can recreate you as a hologram!"

'Put yourself in the shoes of everyone in the firm. Why should they do things differently?'"

FACULTY AND PRACTITIONER INSIGHT

Using theatre-based techniques to build change leadership communication skills in senior leaders

Jon Stokes, Senior Fellow in Management Practice at Saïd Business School, University of Oxford, and Geoff Church, Director of Dramatic Resources, explain how using theatre-based techniques with leaders of professional firms can build core capabilities for change leadership.

"Over many years, one area we have explored in our work with senior executives is what inspires us in others with whom we have worked or interacted. From this research, a core number of leadership skills emerge which high-performing leaders exhibit, in particular when they are leading significant change projects:

- The importance of being an exemplar, someone on whom their team or firm can project their hopes and ideals – a person they would like to be in the future;
- The skill to sense the situation and to articulate persuasively a vivid picture of the future; and
- An ability to provide positive feedback whilst, at the same time, having the 'difficult conversations' which need to be had – and not avoided.

A learning methodology which we have found to be a particularly powerful tool amongst professionals to create this leadership skill-set is drawn from the theatre. After all, amongst the fundamental skills required by an actor are the ability to connect with an audience and also the capability to engage their imagination, drawing them towards possibilities through stories.

Our experience is that the majority of leaders in professional firms, who inhabit highly cognitive 'thinking' environments, do not find these skills of personal connection and persuasive communication easy. The more commonly-found personality preference amongst this group is one of marked introversion. In other words, a professional's (ideal) world is not a stage, to misquote Shakespeare, but we have nonetheless seen theatre techniques and skills add markedly to the leadership tool-kits of professional leaders.

In working with senior leaders of professional firms for many years to build these capabilities of connection and communication, key learning and practical tips relevant to leading change projects include:

- For leaders an important focus is learning the ingredients of how to inspire through personal connection.
- Practical techniques of 'storytelling' from the world of drama (e.g. the classic story structure of a hero(ine)'s quest – problem – resolution) can be taught and practised to create an engaging vision after change has been implemented.
- Much of the adaptive work in professionals is at a mindset level, and there are learning activities which can helpfully evolve their naturally risk-averse mind-sets. For example, a simple but very effective exercise is one which explores how to build energy and a sense of momentum in conversations: ask people to speak in pairs for 5 minutes, with each person being permitted only to connect sentences only using 'yes, and…' rather than 'yes, but…'.
- Ensuring that leaders practise the persuasive power of inviting an audience to 'imagine …' is especially important at times of change. Leaders often approach communication in a very cognitive (sometimes data-driven) way. However, engaging the emotions with such invitations to imagine a successful future is a helpful way of drawing the audience towards a leader's own vision of the firm.
- Professionals will only ever build confidence to use these skills by repeated opportunities to rehearse them in a safe space with trusted peers. Learning programmes need to be structured to create such experiential opportunities and environments (e.g. 'goldfish bowl' exercises with practice and immediate feedback from coaches and their peers)."

The innovation challenge

'Innovate or die' has become a fairly common mantra among professional firm leaders. Each leadership group will have a somewhat different view of what innovation means in practice for their businesses, given the range in the scale and scope of firms and the differing demands of their clients. However, in our experience, there are three core principles to consider in how innovation should be approached by leaders of firms.

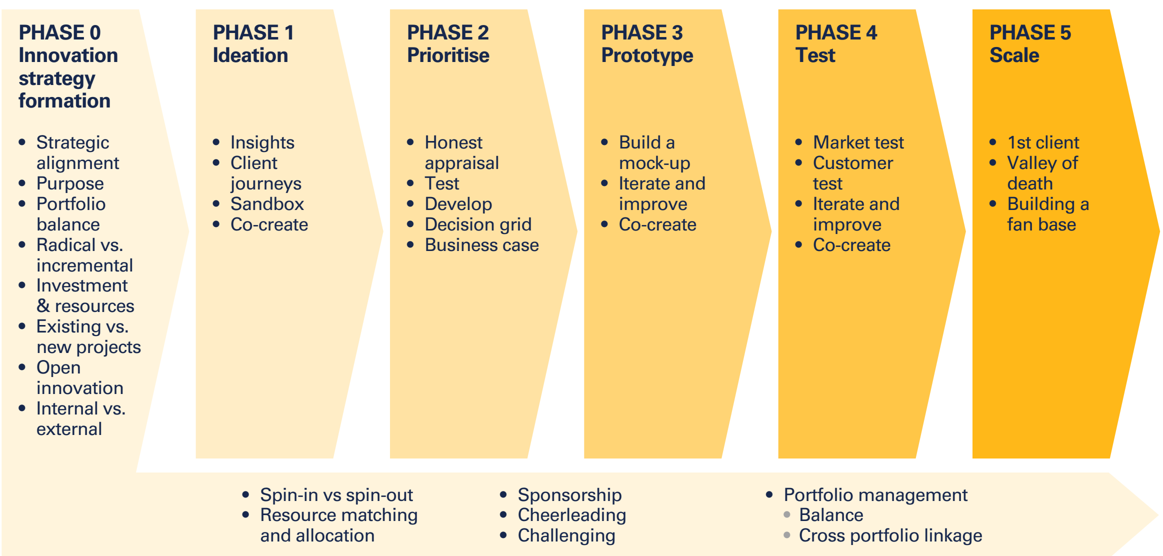
Firstly, whether the focus is to be on strategic innovation in business model, internal efficiencies, technology or client service delivery, the key is to begin always from your client's needs. What are their changing demands, and how can you work in partnership with your clients to co-create new approaches to delivering services to them?

Secondly, the role of technology (and the often-vaunted artificial intelligence, or 'AI') needs to be understood in its true context as an enabler of innovation and change. Leaders of professional firms sometimes see innovation and technology as synonymous (and potentially as an end in itself). However, innovation needs to be viewed far more widely: in terms of business model innovation, new career pathways, organisational redesign or even simply in the seating arrangements in the firm's offices. To give just one example, one larger law firm elected to mix up the seating of staff in their new offices so that lawyers from different practice areas sat together. The resulting changes to informal communication ('coffee machine conversations') brought to light an opportunity to work with company Boards to assess aspects of risk and how these could be addressed. That is now a significant new area of business for the firm.

Thirdly, as emphasised throughout this paper, firms should take a strategic view when investing in how to evolve their businesses and innovate by design, not by accident. Whilst many innovations throughout history have happened through a serendipity of connections, experiments and conversations, there is still a clear need for firms to have clarity on the strategic purpose behind their experimentation (e.g. to create an adjacent service or to drive efficiency of client delivery).

These principles are reflected in the 'Innovation Lifecycle'[5] developed by Alastair Beddow and Ben Kent of Meridian West, together with Adrian Furner and Nigel Clark (see below). The framework provides a process for professional firms to establish their own workable innovation infrastructure that can be repeated and scaled, allowing firms to focus their time, investment and resource on the ideas that are going to generate the most value

Innovation Lifecycle



5. The innovation lifecycle from N. Clark, B. Kent, A. Beddow and A. Furner, *Professional Services Leadership Handbook: How to Lead a Professional Services Firm in a New Age of Competitive Disruption*, Kogan Page (2017).

for the business and its clients. In particular, Phase 0 highlights the importance of close alignment with the firm's strategy, and then ensuring co-creation with clients throughout the innovation process (for the building and testing phases of new products and services).

To return to a point raised earlier in the paper related to planning, the quality of data available to leaders of firms and a clear understanding of what that data might mean, are also important factors at the beginning of the innovation journey. As one leader of innovation in a firm said to us during our research: "If only we knew what only we know". The risk is that data exists in silos across firms (or their clients' businesses) and it is no coincidence that much innovation and the successful use of AI to date has been in areas where structured data is available. This underscores the point made above: technology can only ever be an enabler and the ability to use it is contextual.

What is also clear from our discussions with leaders in professional services over the last two years is that different firms are approaching innovation in very different ways. In respect of client service innovation, some have partnered with start-ups and hosted them in their offices, allowing them to interact with the firm's fee earners and clients to see whether 'gold' can be produced from a 'crucible moment' of alchemy. Others have created formal competitions where a number of start-up businesses pitch ideas to a firm with the promise of support and further investment for the most promising ideas. Another method has been to recruit teams within the firm from different technology or product-development backgrounds and to set up a formal 'innovation team', often linked to a firm's Knowledge Management function. Firms have also focused on innovation in terms of creating greater efficiencies in their firm's business model, ranging from how teams are structured and where they are located to reviews of internal processes.

Whatever the model, however, firms need to be extremely careful that the client remains central to the firm's purpose and strategy on innovation, and that firms communicate that 'client benefit' purpose clearly. The risk, otherwise, is that clients see firms investing in innovation initiatives and seeking press profile for their work where the implicit benefit is only to increase the profits for the partners at the firm. As one client said famously in a recent panel discussion: "It's great to hear all about this innovation and technology you're all investing in. So when am I going to see some benefits and my bills reduce?"

In driving change through innovation initiatives in firms, L&D has a key role to play, and we highlight three strategic L&D methodology tips in the following pages.

EXPERT INSIGHT

Embedding innovation in a firm's organisational learning strategy

"Most leaders within professional firms now recognise that innovation needs to sit near the top of their packed agenda. As a result, many firms have hired in experts to lead innovation and build internal processes to capture and evaluate innovative ideas, as illustrated in the 'Innovation Lifecycle' framework. More financial resources are also being set aside for innovation projects and technology investment than ever before.

However, in our experience, it is important that Heads of Innovation are also connected into the firm's work to develop broader organisational capability, and do not just develop innovations at arm's length from the day-to-day operations of their firm. This means working closely with L&D colleagues to connect innovation with the talent strategy by identifying and developing the particular skills necessary to foster innovation such as creativity, strategic thinking and commercial awareness.

As the shape of the firm of the future emerges, professional firm leaders will play an important role in helping to prepare their people for this future. Innovation, therefore, cannot be side-lined. It requires a joined-up management approach and visionary leaders confident in their ability to support their organisation through fundamental change processes."

Alastair Beddow
Managing Director, Meridian West

Strategic L&D methodology tip: use client-centred L&D methods such as 'Design Thinking' to iterate ideas during change initiatives

Given the need to keep the views of all stakeholders – in particular clients – front and centre of innovation initiatives at times of change, many L&D teams have used the methodology of 'Design Thinking' (see faculty insight right), which is embedded in the 'Innovation Lifecycle' developed by Alastair Beddow and Ben Kent of Meridian West, with Adrian Furner and Nigel Clark. The underlying premise of maintaining a focus on exploring possible ideas and approaches can help leaders to gain buy-in from stakeholders at times of change: being seen to listen to their ideas, consider possible approaches, iterate them together and then generate potential ways forward.

FACULTY INSIGHT

Applying 'Design Thinking' to strategic change

Professor Lucy Kimbell, Associate Fellow and former Clark Fellow in Design Leadership at Saïd Business School, University of Oxford, has worked with many different organisations to apply the principles of 'Design Thinking' to their strategic change initiatives, often focused on innovation.

'I think that professionals find learning sessions where we apply the principles of 'Design Thinking' to their challenges helpful for two main reasons. Firstly, it forces them to maintain breadth of perspective – in particular to see the world through their clients' eyes, connecting strategic goals with how customers and staff would experience a new idea in practice. And secondly, a key message is that you should hold back from any tendency to find a defined 'solution' to a problem. Research over many years has emphasised to me this importance of spending time exploring different ways of framing problems as well as iterating possible solutions as to what you might do, in particular at times of change. As Einstein famously said: "It's not that I'm so smart, it's just that I stay with problems longer". Professionals could do well to follow his advice!

In terms of the learning method I take people through, I emphasise the four key stages of exploring, generating, prototyping and iterating, making the point to people that this should be seen as a (virtuous) circle of activity.

Firms can also consider this approach at different levels: it might be a helpful brainstorming exercise to do with a single client and the client service team sitting together; for a practice group leader to establish the possible direction of their group and the changes they need to make to their client service delivery; or even for a Managing Partner to explore and gain buy-in to a proposed direction for the firm as a whole as they seek to lead firm-level change initiatives.'

Strategic L&D methodology tip: develop cross-disciplinary teams linking L&D and the firm's innovation teams, focusing on long-term talent development

We mentioned briefly in Paper 1 that leaders of firms should ensure that L&D works in close partnership with the 'Innovation' teams carrying out their work to evolve the way in which client service will be delivered in the future. This link between Innovation teams and L&D is important, first and foremost, to ensure that the 'time focus' of L&D's capability creation is correctly set towards the far future.

In terms of driving long-term change, our research has shown that some of the most strategic firms are now creating cross-disciplinary Innovation teams, and leveraging L&D and graduate recruitment to develop new programmes of skills development and workplace experiences. These teams are taking the long-term perspective, focusing on developing different skill-sets (and mind-sets) of early stage professionals so that, right from the beginning of their careers, a professional's perspective is based on the skills and capabilities needed for future client service needs. Enlightened firms seeking to drive these changes are going beyond merely running 'innovation courses'; they are linking innovation project work into their graduate recruitment activity and also into trainee work experience placements (areas we will explore further in Paper 3).

The L&D curriculum evolving from these collaborations may not mean that professionals need to 'learn code' (as some have debated). However, what it does mean is that professionals need to sharpen their skills of problem-solving, identifying and extracting key data (which may or may not be data of technical legal analysis), and learn to present them to a client who isn't an expert.

Case study: Driving change through client-centric innovation and talent development at international law firm Reed Smith LLP

Lucy Dillon, Chief Knowledge Officer at Reed Smith LLP, and Alex Smith, the firm's Innovation Hub Manager, give an insight into the firm's approach to driving change in its client service delivery, and integrating the innovation work into the firm's global L&D strategy.

"All firms are considering how they evolve the delivery of their client services given the increasing pace of change and disruption in the industry. For us, a key aspect as we formulated our innovation strategy was that we wanted to put the client at the heart of our thinking. Innovation had to be about improving the client journey, removing their pain points and providing a great opportunity to engage with them in this discussion.

It was for these reasons that we decided to build a physical 'Innovation Hub' in our London office, where we kicked off the initiative, because we wanted to create a space for these client conversations to take place. And we deliberatively put it right by reception in London because we wanted to say to clients very clearly: 'We know your world is changing, and we want to create a space to sit with you and discuss that, and then collaborate to change the way we work with you'.

Another key point was that our purpose in creating this client dialogue was not to fill the room – or conversations – with 'tech'. Anyone who visits the 'Hub' will see a decluttered 'thinking space' and its most popular feature when we host clients there are the 'writable walls' which allow us to explore and brainstorm with clients in a creative and informal way surrounded by all the ideas we write up from our discussion on, in effect, a giant whiteboard!

From this dialogue with clients we have co-created some new ways of working together – including some new shared uses of technologies – but above all it is the message that we are focusing on listening and engaging, which we hope has come through. With the rise of legal operations and a driver around efficiency, the Innovation Hub has become an important centre for active sessions around in-house legal innovation strategy, right-sourcing technology and change management strategies actively facilitated by Reed Smith innovation and change experts.

Another big theme of our work has been to collaborate closely with the L&D, HR and graduate recruitment teams, because we realised that we need to focus on the future skills which the firm's clients will need. And in this work, we have not just run training sessions: it is about creating opportunities for on-the-job work experience on projects with the Innovation team and also building this area of skills development into their development path, enabling them to spend a seat of their trainee period working with us."

Strategic L&D methodology tip: utilise technology as a medium for driving change

Another facet of the innovation challenge is how L&D can best leverage technology to innovate in its delivery methods and to support the firm's leaders and their strategic change agenda.

One initial observation is that our experience of working with professional service clients over the last two years aligns closely with the broader findings of the *Towards Maturity 2017-18 Learning Benchmark Report.*[6] The latter study reveals that organisations are looking to increase their spending on technology as a proportion of the L&D budget and almost a third are using technology to support learning to some extent.

The use of technology to support strategic change agendas is especially relevant given other changes in professional firms, such as the increased scale arising from consolidation in many parts of the sector. Leaders are needing to spread messages and learning curricula across broader geographies and more widely-spread populations, and are seeking to do so in the most economic and effective ways.

Technology can be a major enabler in the face of such challenges, and we have seen firms – and learning providers – experimenting with various approaches and technology solutions to achieve these goals.

Returning to a theme from earlier in the paper, one opportunity here is that technology can help to build the momentum for change, and can be an enabler not only for an initial learning session to build skills and discuss models of the future firm, but also be a way of cascading knowledge through teams. The case study from professional services firm Arcadis (next page), highlights the opportunity which exists for businesses to build such momentum.

6. L. Overton, Dr G. Dixon, and G. Ahmetaj, *Towards Maturity 2017-18 Learning Benchmark Report: L&D where are we now?*, Emerald Global Publishing Ltd, (2017).

Case study: Building momentum for change and strategy implementation with digital learning technologies

Arcadis, a leading global design and consultancy firm for natural and built assets, employs digital learning to build momentum for change and to embed their business strategy. Marie Oliver, Director of the Arcadis Academy, describes how learning technology enabled momentum to be created across the firm's global network.

"I am always conscious of aligning our L&D initiatives to the business strategy and of creating momentum for change throughout the firm – and our 2018 'Programme Management Academy' is a good example.

We focused the Programme Management Academy this year on three key areas: developing client relationships, programme management leadership and digital trends in our business. However, there were challenges from an L&D perspective. Firstly, with Programme Managers spread across the globe, how could we scale the Academy across the firm and maximise the access to the sessions? Also, how could we build ownership of the learning and see a ripple effect back in the business, embedding the changes?

For these reasons we decided to use a blended learning approach, which was really exciting and gave it a truly innovative feel. We utilised a combination of Oxford's new 'Hub for International Virtual Education' (HIVE) and their Canvas Learning Management System (LMS) to convene people from across our network for faculty-led sessions. Feedback from participants was great. They really enjoyed the interaction during the sessions, being able to 'connect across the globe' and share further after the sessions by peer reviewing each others' contributions.

Related to my goal of building 'ownership' and a cascading of the learning around the firm, the HIVE technology allowed us to invite the Alumni of the Programme Management Academy to the sessions and to extend the learning to a much wider group of Programme Managers in 2018 than was previously feasible. We had a number of inspiring stories of how the learning resonated and spread within the business. In other words, we reached not just the people who attended, but leaders then cascaded the learning throughout their global teams, building momentum for change and embedding the new approaches. To give just one example, in Hong Kong, one of our senior leaders used learning from our Oxford HIVE sessions around client relationship building to consider how the Asia team could accelerate the rollout of the new strategic approach to Programme Management. As a result, the learning has spread across Asia, and has now reached China, India, Malaysia, Singapore and Thailand!"

ARCADIS Design & Consultancy for natural and built assets

Conclusion

Creating your firm's end-to-end 'strategic change plan'

Throughout this paper we have considered a number of different elements which will assist leaders of firms to effect strategic change. We have also considered the leadership skill-sets which we believe are critical to success along the 'change journey' and also how a firm's leadership team can utilise L&D teams in a strategic way to ensure success at different phases of the change process.

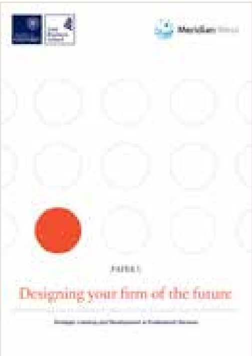
Firms often ask for summaries of how they could best consider the process from 'end to end'. Alastair Beddow and Ben Kent of Meridian West, together with Adrian Furner and Nigel Clark, have developed a practical tool, that summarises the elements which have arisen consistently during their work with professional service firm clients. This simple seven step process outlines how leaders can create, communicate and implement their firm's strategic vision, especially at times of change.

The model[7] draws on a number of elements we have emphasised in this paper, especially the element of consultation and personal connection which leaders need to make with their teams to draw them towards the 'new world' they are proposing.

If there is a single leadership capability which we would highlight from all the ideas summarised in this paper, the capability to develop strong 'leadership antennae' and to connect with one's audience(s) perhaps resonates most from all our work with firms seeking to effect strategic change. Leaders need to tune in, listen – especially to their clients – and build the personal connections which will truly enable them to create a diverse group of followers who share their vision for the future: followers who will be as passionate as the firm's leadership team about reaching the 'Ithaca' on the far horizon for which they have set sail, the destination at the end of their firm's own Odyssey.

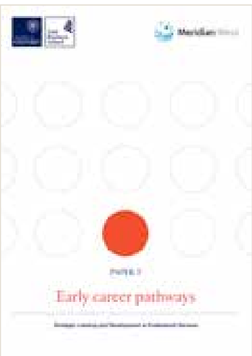
7. The 'bow tie' strategy process from N. Clark, B. Kent, A. Beddow and A. Furner, *Professional Services Leadership Handbook: How to Lead a Professional Services Firm in a New Age of Competitive Disruption*, Kogan Page (2017).

Our Strategic L&D series

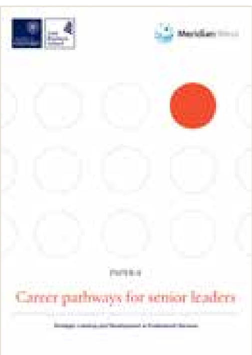


Paper 1: Designing your firm of the future
We examine how to future-proof your business, sharing examples of how L&D approaches will help firms to explore future business models. We also consider how best to align L&D's work with the firm's business strategy, maintaining a future-focused curriculum and creating capabilities to meet changing client expectations.

Paper 2: Leading strategic change
We examine the practical delivery of firm-level change projects and the value that can be delivered by the strategic involvement and application of L&D expertise at all stages.



Paper 3: Early career pathways
We explore how professionals can gain the commercial understanding of business that clients now expect at an early stage in their careers. We highlight innovative models that firms are using to smooth the transition between the world of education and the workplace.



Paper 4: Career pathways for senior leaders
We look at the contribution L&D can make to support professionals in senior leadership roles, and how best to prepare individuals with the attitudes and aptitudes to be successful leaders and managers of the future.

About us

Saïd Business School, University of Oxford

Saïd Business School blends the best of new and old. We are a vibrant and innovative business school, but yet deeply embedded in an 800 year old world-class university which aims to lead the world in research and education for the benefit of society both in the UK and globally. We create programmes and ideas that have global impact and educate people for successful business careers; as a community we seek to tackle world-scale problems.

We deliver cutting-edge programmes, including the highly regarded MBA, Executive MBA, a number of specialist MScs, a portfolio of custom solutions and open programmes, and accredited diplomas for executives. The School undertakes ground-breaking research that transforms individuals, organisations, business practice, and society.

We are an international and outward looking School with our programme participants coming from more than 50 countries.

Corporate Executive Education at Saïd Business School

Our corporate education solutions are designed to effect change by creating a critical mass of new capability within an organisation. Our clients and future clients are seeking a partner who can work with them at scale, over distributed locations around the world, and who can help them to anticipate and meet the challenges and opportunities posed by emergent "big questions" and issues such as digitisation, networked economies, global leadership, purpose, values and ethics, transparency, and adaptive leadership challenges.

To deliver to these needs requires not only the right content, but agile and responsive learning designs and processes that deliver value to our clients, and have impact at the level of the individual, team, organisation, and broader "ecosystem". Our solutions draw on an increasingly diverse set of capabilities – from research-based insight and practitioner expertise, to effective and engaging in-person, virtual and blended delivery, to learning architectures that can support transformational change.

Meridian West

Meridian West helps professional firms to design and implement client-focused strategies.

We are uniquely positioned to support professional firms to gather the insight needed to understand their client relationships better, to provide the evidence necessary to make informed strategic decisions, and to transform how their people work with each other and with their clients.

Professional firms choose to partner with Meridian West because:

We have a deep understanding of the strategic and operational challenges on their agenda. For the last two decades Meridian West has been one of the 'go-to' advisers to professional firms, ranging from boutique practices through to global giants. Our team comprises former professionals as well as coaches and consultants with a strong track record advising professional firms.

Innovation is in our DNA. Our in-depth understanding of the industry is matched only by our desire to innovate. We adopt innovative techniques that combine the voice of the client with financial data, segmentation analysis and behavioural science to uncover fresh insights. We choose to collaborate only with the most forward-thinking third parties – be they executive coaches, software providers or digital agencies – to provide a seamless service to our clients.

We support the client management journey from strategy to implementation. Our range of services and expertise enable us to support all elements of the client management experience, from collecting insight through to delivering lasting organisational change.

We work with, not against, the professional mind-set. Our team of experienced coaches and skills development practitioners are attuned to the professional's mind-set. This means we understand the most effective ways to work with professionals to create genuine, client-focused behavioural change.

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