



**Cass Business School**  
CITY UNIVERSITY LONDON

## **Cass Centre for Professional Service Firms – Third Discussion Forum**

### **The rise of the professional manager: leadership and change in professional service firms**

**April 28<sup>th</sup>, 2010**



The Third Discussion Forum organised by the Centre for Professional Service Firms in the series **Leadership and Change in Professional Service Firms** reflected on the question:

#### **What makes an effective manager in an organisation of professionals?**

A distinguished panel of senior executives from Allen and Overy, Credit Suisse, and the National Health Service debated this topic. **Professor Laura Empson**, the Director of the Centre, explained that she had brought together these leaders from three very different sectors to explore the common challenges they faced when managing professionals.

Joining the debate were 110 professionals, academics, and MBA students in what was a stimulating, lively, and at times very personal and revealing discussion.

The panellists were:

#### **Ruth Carnall CBE**

*Chief Executive, NHS London*

Ruth was appointed as Chief Executive of NHS London in April 2007. Starting her career in finance, she has worked for the NHS for over 25 years, holding senior leadership positions at local, regional and national levels.

#### **Christopher Horne**

*Global Chief Operating Officer for Investment Banking Division, Credit Suisse*

Prior to assuming his current role in January 2009, Chris was COO of the European Investment Banking Department from 2005 to 2008 and before that was a Managing Director in the Global Mergers and Acquisitions Group.

## David Morley

*Worldwide Senior Partner, Allen & Overy*

Since 2003 David has been elected Managing Partner and then Senior Partner of the global firm. An Allen & Overy banking lawyer by background, David first took on a major management role in 1998 when he became Head of the Banking Practice.

### What makes an effective manager in an organisation of professionals?



Laura Empson (pictured) introduced the discussion by sharing some quotations from managers of professional service firms interviewed as part of the research being undertaken in the Centre for Professional Service Firms.

"...It's frustrating because you want to perform to the best of your ability in these roles but you're prevented from doing so in a way by the structure that says 'yes we want professional management in our firm but we want the right to veto what you suggest' – so these firms often end up employing very, very senior people who don't actually do anything, or who do things but a lot of the things they do are subtle, they're behind the scenes, they're about influencing people."  
(Director of Marketing, Law Firm)

"Proposals have to be taken forward with a fair degree of...guerrilla warfare. Literally under the terrain, sniffing and spotting and almost like a 3D chess game – 'If we do this now, in four months this will happen.' It requires stealth."  
(COO, Law Firm)

These quotes suggested, Laura argued, that "we have a group of people in professional firms who are being paid to do a job which in some kind of bizarre way they have to pretend not to be doing."

And these are the people that she calls 'professional managers'.

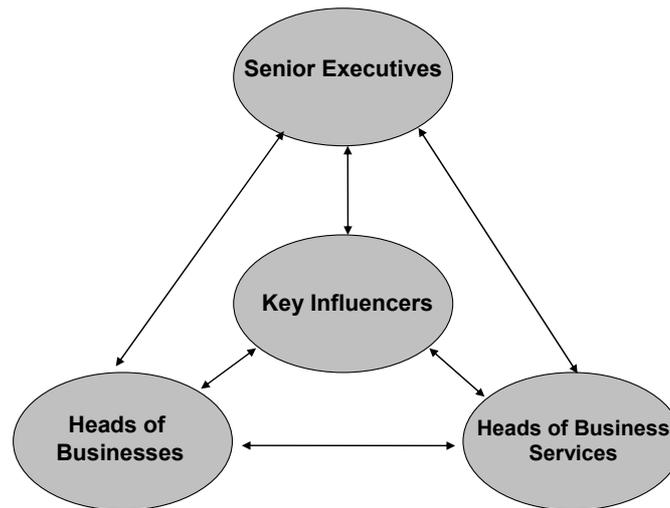
### What are professional managers?

Professional managers are people occupying senior functional roles within a professional firm, such as the Chief Operations Officer (COO), Head of Finance, or Head of Marketing. They have specialist management expertise, but it is not integral to the firm's fee-earning work. Within professional firms they are often called business services staff, admin and support staff, or even 'non-professionals'.

But Laura explained that she referred to them as professional managers, "partly to challenge the somewhat patronising attitude which fee-earners often have towards them, and partly to emphasise the fact they're sometimes the only people in the firm who are actually doing management on a full-time basis."

Professional managers form part of what Laura has called the 'Leadership Constellation', a concept at the heart of her current research project on the 'Dynamics of leadership in professional service firms' – a major two-year study funded by the Economic and Social Research Council of Great Britain.

## Leadership Constellation



Rather than looking at the qualities of individual leaders, the study is looking at the dynamic process of leadership: how individuals work together to lead a professional service firm. And so a key part of this is how professional managers interact with other members of the leadership constellation.

### Why do they have to pretend not to manage?

Laura contended that there was a naturally ambivalent attitude towards management on the part of professionals. This partly stemmed from the nature of professional work, which was based on a close relationship between individual professionals and clients. And it was partly to do with the way that professional firms typically developed and grew.

She pointed out that many professionals choose to work entirely alone or in networks of independent professionals. Even when professionals do come together to create professional firms, the vast majority of those firms remain very small indeed. However, she revealed, her research has shown that professional firms pass through a series of stages and crises as they get larger over time - and this requires the professionals within them to change their attitudes towards management.

### What is most interesting and rewarding about the job?

Turning to the senior executives on the panel, Laura Empson observed that all three seemed to be pragmatic people who enjoyed solving problems. She was therefore intrigued that they had ended up in jobs where they must be 'perpetually frustrated' in their desire to get things done. She wondered what they found most interesting and rewarding in their current roles.



David Morley (pictured) had described himself as a 'deal junkie' when he was a banking lawyer. He admitted that part of him did still miss the deals, explaining that "your ego is constantly reinforced when you're doing a deal." In the role of Senior Partner, "Nobody thanks you; nobody wants to tell you how great you are." However, he said that as a senior manager he derived great satisfaction from "untying the Gordian Knot." He acknowledged that, as a lawyer he had often had to deal with

very complex Gordian Knots but "in a management role they tend to be bigger knots, and more tangled, and you often can't find either end". He said that in addition he greatly enjoyed being in the centre of things and helping to shape events and "the destiny of the firm".

Chris Horne also said he liked being able to affect the way the firm was run: "What gets me excited? Working with people running the investment bank...As an M&A banker I had a dialogue with my clients and worked closely with people in the M&A department, but actually working with people day in and day out taking decisions which affect the direction of Credit Suisse – that wasn't something that I was party to. So I enjoy the constant contact with people at the strategic decision-making table...And it's not just having a seat at the table, it's taking part in the debate."

Laura asked Ruth Carnall how she managed to stay motivated as chief executive of a highly complex organisation, which was subject to an extraordinary level of public scrutiny, and considerable criticism. Ruth explained that the NHS has a clear purpose and she felt profoundly committed to improving the health service in London: "I cannot think of anything more important to be doing". She said that she enjoyed building an effective team and developing relationships with the chief executives and senior teams within the 74 NHS organisations in London: "And if I ever feel really lousy I just need to take a walk round Great Ormond Street...and see what fantastic things are being done there. It's not difficult to stay motivated."

However, she pointed out that the fundamental importance of the NHS's purpose meant that it was much more upsetting when "things get in the way", and when the level of public scrutiny resulted in what she called "lowest common denominator decision-making", when people are too frightened to take controversial decisions.

### **What makes them good at the job?**

The panellists have all made it to the top of their various professions and possess very different technical skills. They come from very different backgrounds, and even more different organisations. It was therefore interesting that, when pushed by Laura to examine what made them good at their jobs, their answers all boiled down to one, apparently simple, point: the ability to build and sustain relationships.



For example, Chris Horne (pictured) described how in the early phase of his managerial role, when he was building credibility, he thought it helped that he was "fairly down-to-earth and approachable" and could be a "listener, but decisive." As he grew more established, that credibility developed into "a sense of trust" with the people with whom he interacted. Chris also emphasised the importance of the team that he had built around him, and the level of trust that existed between them. A measure of Chris's

ability in this area is that, not only is staff turnover in his own team markedly low, but Chris himself has outlasted three successive bosses (the COO is often the first casualty of a regime change at the top).



Of course, relationship skills are needed by professionals in dealing with clients, and indeed it was clear that for both Chris and David it was a natural extension of the way in which they had worked within their professional firms as fee-earners. Chris said that, as an investment banker, he had developed his skills as part of the 'selling' process when originating new M&A business; David used them as a lawyer – adding that in deal negotiations "a much underrated skill is empathy: the ability to get out of your

head and into someone else's head, look at the world the way that they're looking at it, and understand and adapt to it."

Both Chris and David benefitted from their successful track record as professionals which helped them establish credibility when taking on a management role. Laura suggested that this seems to be particularly important in law firms: "Lawyers don't seem to accept the authority of a colleague unless he or she has first proven themselves to be a highly successful lawyer."

But Ruth, who is contending with a series of different professions within one organisation, believed that not being allied too strongly with any one of them gives her an advantage: "The doctors have the highest profile but there are nurses and others too... One of the challenges is how do you hold an organisation such as the NHS to account when it has so many diverse professions within it, all of which have a high degree of autonomy. If you come from one of those professions it may be more difficult to deal with the others than if you were not a medic at all. But it doesn't take away from the fact that, to be successful, you have to develop a shared vision with those different professions and have the ability to drive that forward with them."

### How do they persuade professionals to do what they want?



Although, as Chief Executive, Ruth (pictured) has a considerable amount of formal authority to get things done, she still described her role as one involving influencing and persuading. She felt that "If you are in a strategic leadership role, you have failed if you go round telling people what to do."

"You have to be able to articulate a vision for people and get them aligned with it. And then find ways of breaking down barriers that they could not do themselves." To get doctors on-side, she said, "You need to demonstrate that you can find a solution to the development of their service that they couldn't find on their own." If you can do this, she said, it makes it easier to ask them to do things "in a much more shorthand way" because they believe that you are broadly on their side.

As David has been elected to his role, one might have thought it gave him a mandate to carry out whatever he had stated in his manifesto. But in fact he described the manifesto (limited to 500 words) as merely giving "an idea of my style". As Laura interpreted it, David's election was "broadly a vote of confidence. The partners are saying, 'we trust you...for now'." Both David and Chris talked about 'power' – indeed, David initially referred ironically to his "naked power" – but both stressed that they had no intrinsic power in their roles. As David said, "the only power you've got is to influence and persuade, to get things done through other people."



Chris and Ruth were both able to discuss the problems of accountability "upwards" and "downwards" – rather ruefully observing that a clear accountability upwards never seemed to be matched by accountability in the other direction. David said that accountability does not really travel up and down in the same way in a partnership (more "sideways", Laura suggested). As David explained: "In theory there are no reporting lines because we are all equal partners." While this made the formal structure of the

organisation seem very simple, he pointed out that the informal structure was considerably more complex.

On the subject of formal and informal structures, Chris told an anecdote which illustrated the extent of the formal expenses limits that operated within an investment bank, but also the value of his personal relationships with the investment bankers when he is required to be the arbiter of those limits. In contrast, David described how in a partnership there are fewer formal policies about those kinds of issues but you are always aware that your fellow partners would look at you askance if you transgressed an unwritten rule.

## Are professionals' attitudes to management evolving?

The Legal Services Act means that non-lawyers such as COOs, CFOs, and Heads of HR will be eligible for the first time to become law firm partners. Laura asked David if he thought this would happen quickly, or if professional managers in law firms will have to remain content to operate from the sidelines.

David argued that he could see "no intellectual reason why someone who is not a lawyer should not become a partner if they are making the right level of contribution to the firm. But...in a partnership...there is a deep-seated emotion around this issue. There is something very emotional about the bonds of partnership, which defies all logic and reason. People do feel very clannish about what they sometimes think of as the 'brotherhood' of lawyers." Yet he thought that this would change: that younger partners more readily accept the idea that a firm has to have professional managers and that they have to have some degree of authority.

In the banking sector, Chris felt that the recent economic crisis had meant that bankers had accepted that some attitudes to management would have to change.



In the NHS, Ruth said, the traditional route that doctors took into management was "very limiting": they took on management roles only towards the ends of their careers. There was now a trend towards trying to involve people in management earlier on, and open up a number of different leadership roles for doctors that don't involve abandoning their professional remit – such as through the NHS Young Leaders programme. She found this "tremendously exciting" as younger doctors tended still to be full

of idealism, confident that changes could be made, and less constrained by worrying about politics.

## Conclusion

To return to the original question – what makes an effective manager in an organisation of professionals? – both the panel discussion and observations from members of the audience suggest that the two most important characteristics for a professional manager were the ability to create and sustain relationships, and the ability to subjugate one's own ego.

That is not to say that successful managers of professionals need to be without ego, but it must not need constant validation. "You need resilience," said Ruth, "so that people feel safe with you, and you need an ability to absorb uncertainty, risk, and ambiguity for yourself, and try to provide some context."

As Laura observed, the people who thrive in these roles are those who understand that the best way to persuade a professional to agree to your proposal is to convince them it was their idea in the first place.

