

## PROFESSIONAL SERVICE FIRMS: THE HONEY BEES OF COMMERCE

### *How Organizations Can Access & Benefit from PSF's Extensive Influence in Today's Economy*

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An “all hands on deck” call has been made. It is clear that the survival of many companies, and industries for that matter, is going to require collaboration with innovative, deeply influential partners. The corporate C-suite needs to understand what resources they have and may need in the short and long term to avoid knee-jerk reactions that may cause more harm than good. No where has this call been heard loudest than perhaps among professional service firms.

As respective partners with two different professional service firms, our client experiences have been similar in many ways with regards to this new economy. We hope this piece will inspire further discussion on how organizations of any size can—and should—take advantage of the influence and cross-pollination offered by this sector of business.

Professional service firms—or knowledge-intensive firms—are an interesting study. Their main business is the delivery of specialized, expert services, and they differentiate by depth of knowledge and innovation in their particular fields. They span industries and functions from marketing to accounting, IT to people development, legal to recruiting, and on. They have an increasingly important impact on our economy and culture that is often disproportionate to their comparative sizes. And while varied, most traditional professional service firms serve the same critical role: help companies optimize their performance.

One can argue that professional service firms have largely delivered on that objective in recent decades. This success rests primarily on the professional service firm's ability to influence others. In the past, successful firms effectively used this influence to help clients stay on the cutting edge of industry trends, manage complexity and maximize their ability to positively impact shareholder value.

Today, the need for influence is even greater, and the responsibility that accompanies it is larger in scale and scope. Professional service firms need to not only help client organizations prosper by maximizing their internal workings, but also improve their abilities to positively impact the community, industry and economy in which they operate. It is a mindset shift from maximizing shareholder value to maximizing stakeholder value. Stakeholders include all of us: investors, customers, colleagues, coworkers, families and friends. Professional service firms must make this shift through a focus on *innovation*, *collaboration* and *relationships* for the benefit of their clients and themselves.

### **Influence through Innovation and New Ideas**

Naturally, professional service firms need to stay current on trends and technology while still maintaining an eye on the future. Ideally, this puts them in a state of near constant innovation. These firms are the equivalent of honey bees in the garden of commerce. Through networking, researching, continuous learning and adaptation, they are able to glean new ideas that they and their clients need to be effective. Successful professional service firms utilize their influence to gain acceptance of new thinking within their client companies and pollinate their existing business models with new ideas, thus facilitating innovation.

This constant sharing of new thoughts and ideas adds tremendous value to organizations. Historically, this was considered more of a value-add than a responsibility. But today's business environment requires something different. Professional service firms need to intentionally pollinate as many business models and industries as possible to further the health and growth of our collective garden.

What this looks like today is the deliberate practice of sharing success stories and best practices between organizations. For example, we've been hearing that many consumer packaged goods organizations (particularly basic goods) are seeing revenues increases—but they don't know why. These companies range from packaging companies that box the goods down to the convenience stores that sell these basic items on their shelves. They are all experiencing somewhere in the neighborhood of 3-5 percent increases in revenue and are mystified as to the reason. This is where professional service firms should collaborate and discuss this trend with others and identify the "why" so they can help other organizations implement the "hows" for the benefit of the larger economy.

### **Influence through Connections and Collaboration**

Andrew Sobel, co-author of *Clients for Life*, wrote in an article titled "Who Advises the CEO?": *Today, a whole new cast of top management advisors has emerged. Many professionals, for example—management consultants, investment bankers, lawyers, publicists, university professors, executive coaches, and even pollsters—now style themselves as "counselors to management."... At the root of this enormous advice industry is a simple fact: the job of leading and managing a complex organization really is harder than ever. The half-life of information is getting shorter and shorter, and the strategic choices available to a CEO have multiplied.*

Professional service firms are at the heart of this collaborative process to advise senior business leaders. We live in a world that is increasing in its complexity and its degree of ambiguity. Consider the possibility that today is the most complex day in the history of human kind ... and tomorrow will surpass today. This is both frightening and exhilarating.

Professional service firms are accountable to helping organizations make sense of this complexity and direct them to others who can help them weather the storm. It has been our experience that the most connected people tend to work in these advisory roles. They are continually meeting new prospects, getting introduced to other professionals, attending networking events and expanding relationships within their existing client base.

The best firms stand out by utilizing their influence and contacts to make useful connections for their clients that add value and contribute to highly-effective collaboration. Clients should come to expect these connections to assist with their personal and professional development and provide needed services for their companies that not only lie outside the firm's core expertise but that introduce other thought partners as well.

### **Influence through Enhanced Relationships**

Historically, many professional service firms assume a "vendor" or "transactional" relationship posture. "Tell me what you want and I'll deliver that service." Given their unique perspective in the world of commerce, these firms are called upon to elevate relationships with clients through cooperative problem solving and a comprehensive perspective of the industry and business at large. After all, referencing the honey bee analogy, clients know their patch of flowers, we know the entire garden.

How do professional service firms create this new level of client relationship, and what should clients look for? Carl Rogers, famous psychologist and one of the founding fathers of relationship-based counseling, offers three critical elements:

1. *Accurate Empathy* – We must get curious about what it is like to walk in our clients’ shoes. This entails asking precise questions to get clear ... and help our clients get clear on what they are struggling with and needing.
2. *Congruence* – In our conversations with others, all of us, but particularly those in advisory capacities, need to elevate the quality of our conversations and more intentionally practice a level of gut-check honesty. It is our obligation as friends, colleagues and professionals to share not only the good news, but our worries and concerns, even if the result is lost business because it’s not what the other party wants to hear.
3. *Unconditional Positive Regard* – We need to care about our clients. They are people just like us who are struggling to do what needs doing.

To conclude, professional service firms have significant impact on our economy and the local community. But these firms need to continue evolving and transforming mindsets from a desire to maximize *shareholder* value to maximizing *stakeholder* value. For corporate executives, the question to ask is simple: “Do I currently engage with professional service firms that add significant value, act as collaborative partners, provide innovative ideas and put my interests above their own?” For professional service firms there is also only one question: “Am I a trusted advisor to my clients who uses influence to add value to the relationship and the greater community or am I acting like a transactional vendor?”

In our own careers, we have worked diligently to earn the right to offer the influence we have described. The value-added relationships we have forged with clients have provided the catalyst for active engagement in positively impacting their companies, employees and the greater community. It can be challenging in these difficult economic times to look beyond the monetary gains in a relationship, but our years of experience have revealed that we are in a marathon, not a sprint. Investing in collaborative relationships, providing new ideas and being good stewards is the right long-term formula for how professional service firms should do business.

We all have an opportunity to use our influence today. How will you wield yours?

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