



**Excerpts from Professor Laura Empson's Speech
at the Reception to Launch the
Cass Centre for Professional Service Firms**

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Introduction

My academic interest in professional service firms is rooted in my practical experience in my two previous careers as an investment banker and a strategy consultant. I started work in the City of London in 1981, a simpler, gentler time when stockbrokers from a certain firm still wore top hats to work and no one seemed to mind if merchant bankers staggered drunkenly back to their desks in the late afternoon after languorous lunches with their clients.

Then the Big Bang came along, and Black Monday, and this comfortable world was destroyed forever. I watched as long-established and highly respected firms collapsed under the weight of financial scandals and gross mismanagement.

I decided it was time to get out of the City and, after completing my MBA at London Business School, I joined a strategy consulting partnership.

I was astonished when, within a week of my joining, the partners had sold their firm to a large corporation. Over the next two years I watched with a growing sense of dismay as this distinguished and much loved partnership fell apart. Once again, I felt alarmed by the fundamental change I was experiencing and angry with the leaders of my firm, for the damage they were doing to the organisation and to the lives of the highly talented and highly motivated professionals who worked within it.

Ultimately it was these experiences which led me to return to London Business School to do my PhD.

In the course of my doctoral research into mergers between professional service firms, and in the years that followed, I came to know some of my ex bosses from investment banking and strategy consulting a bit better. I had abused them vehemently behind their backs when I worked for them but, as I got to know them personally, I came to realise that they had been as worried and as confused as every one else in these firms.

They had very little understanding of the dramatic changes confronting them and very little guidance about how to lead their firms out of these crises.

So, in time, my anger turned to compassion as well as curiosity and I guess ultimately it is this combination of curiosity and compassion that has kept me interested in professional service

firms all these years - my desire to understand and to make a difference to these complex and fascinating organisations and the lives of the individuals who work within them.

Need for research

Why are professional service firms so complex and so fascinating? In the first draft of this speech I had written an elegant peroration on this point but I cut it because I realised I would simply be preaching to the converted. Looking out at the people in this room tonight, it is obvious you do not need me to explain what is so exciting and so challenging about leading a professional service firm.

Since professional firms present such complex management challenges it has always surprised me that they have received so little attention from management scholars. There are a few isolated pockets of research into professional service firms going on in universities in Europe and North America, but for most mainstream management researchers they are seen as an aberrant organisational form. If professional firms are considered at all they are dismissed as bastions of institutional inertia, too small or too old-fashioned to be significant or relevant to mainstream management research.

And this lack of interest among management scholars is reflected in the standard MBA curriculum, which will typically include numerous case studies on retail banking and airlines, pharmaceutical firms and oil companies, but contain very little material on professional service firms.

Professional firms are partly to blame for this. You have done such a good job of positioning yourselves as handmaidens to your clients, remaining discretely in the shadows, that it is only when things go disastrously wrong, such as the fallout from the ENRON collapse or the financial crises of recent months, that you come to the attention of the wider world.

So now is a particularly interesting time to be launching this research centre, when failures of leadership are very much at the forefront of our minds and all of us are struggling to make sense of the changing world around us.

Our vision for the Centre

At a time like this it helps to be able to retain a sense of perspective, to take time for balanced reflection amidst the chaos and noise of everyday commercial life. This is what good academic research is all about.

It is painstaking and systematic. It is founded on a deep understanding of established academic theory. It is based on rigorous and robust methodology. It requires imaginative and sometimes technically complex analysis. It is not of the moment, but it attempts to say something with value and meaning for the long-term. It is independent and sometimes it is unpopular.

But when it is done right this kind of research can change the way that people think about and work within organisations.

This is what I want us to do at the Cass Centre for Professional Service Firms. I want this to be a place where academics can make a difference, to conduct research that is both intellectually legitimate and practically relevant, where professionals can come together to think creatively about the fundamental management challenges they face - where academics and professionals can work together to help change the way that people think about and work within professional service firms.

This was my vision for the Centre when I came to Cass a year ago and I am delighted that I have persuaded some remarkable people to join me. So let me introduce you to them.

Introducing the team

First of all, Professor David Sims. David is Head of the Faculty of Management at Cass and Director of the Centre for Leadership, Learning and Change. One of the things I most respect about David is that, in the field of leadership research where so much facile trivia gets published, David's work has persistently challenged mainstream thinking. He looks at issues from unexpected angles, peering below the surface and shedding light on the darker recesses of organisational life.

Second, I would like to introduce you to Professor Veronica Hope Hailey. Veronica is Director of the Change Management Consortium at Cass. Unlike many scholars in the area of change management, Veronica doesn't simply study changing organisations but she helps organisations to change. She has done pioneering collaborative research with some very complex global organisations and has worked alongside them and helped guide them through traumatic and fundamental change processes.

And then there is me. Together the three of us have several decades of conducting substantial authoritative research into Leadership, Change, and Professional Service Firms. We believe it is vital that we apply our insights to the problems of the real world and we are very fortunate to have three very distinguished representatives of the real world working alongside us.

First of all, Janet Gaymer. Earlier this year *The Times* described her as one of the most powerful and influential lawyers in this country. I met Janet when she was still Senior Partner at Simmons and Simmons and was impressed by her intellectual curiosity and her ability to pose questions about management that neither I, nor any one else, seemed to know the answer to. I subsequently discovered that Janet keeps a box at home full of scraps of paper where she jots down interesting questions and potentially useful bits of data about many management issues so I invited Janet to bring her box to Cass and to join us in our research.

Alistair Johnston is Global Vice Chairman of KPMG and has a long-standing relationship with Cass. His involvement in our MBA programme has provided invaluable opportunities and insights for our students over the years. I first met Alistair a few years ago through some work we were both doing for the World Economic Forum. Alistair has a wonderful ability to be at the centre of debates, to bring people together, to generate ideas, to challenge thinking and to provoke discussion, to learn as well as to teach. He brings us a powerful insight into the workings of giant global professional service firms.

Both Janet and Alistair are joining the Centre as Visiting Professors of Practice.

And then there is Richard Gillingwater, Dean of Cass. Richard has many remarkable qualities but there is one particular quality I have come to value in recent months as we have been preparing to launch the Centre and as the outside world seemed to be crumbling around us. Richard represents a rare combination of mature wisdom and youthful enthusiasm in spite of the fact that he has probably seen it all before, he never seems jaded or cynical. He remains curious, questioning, eager, and energetic. He brings an extraordinary weight of insight in the workings of the City and I look forward to him energising and inspiring our research in the years to come.

A research centre is nothing without good PhD students, it is through our doctoral students that we senior faculty pass on our intellectual DNA. In a day when we are bored and

frustrated from too many committee meetings or too much exam marking, time spent with a good doctoral student can remind us of what it really means to be an academic. So let me introduce you to the next generation of leading scholars in the field of professional service firms.

Imogen Cleaver has a First Class degree in Law from Oxford University and worked for some years as a solicitor at Linklaters. Timothy So has an award winning MSc in Work Psychology and Business from Aston Business School and has worked as a consultant in both Hong Kong and London. Tim and Imogen already have the makings of remarkable scholars and I look forward with great excitement to the work they will be producing over the next few years.

And finally, and perhaps I should have begun with her, is Tara Rees-Jones our Centre Manager. Tara has many years experience of running research centres and also gets directly involved in the research process. She is the anchor for the Centre, who helps us to turn our visions into reality.

Our research – in detail

Well what research will we actually be doing? If you have a look at our website you will see details of five specific research projects we are going to be working on. Tonight I just want to give you a flavour of what we are going to be working on, by highlighting a few of the broad themes. I have already explained our reasons for studying Leadership and Change in its broadest sense but we are particularly interested in studying a few key concepts under this broad umbrella.

Governance and Globalisation, Integration and Identity, and Individual Roles and Attitudes.

Conventional research on leadership has focused on leadership styles and the qualities of leaders - sometimes it looks at the relationship between leaders and followers. But we believe this approach isn't the right way to study leadership in professional firms because hierarchies are blurred and leadership is diffuse. Rather than focus on leadership as a thing that individuals *do*, we want to examine leadership as a *process of interaction* between key groups of stakeholders. So we shall be looking at the roles and the relationships of top management teams, heads of practice areas, heads of business support areas, and senior fee earners. The dynamic interaction of all these parts of what we are calling the Leadership Constellation. We want to understand the structures of governance that underpin their roles and relationships and how they work together to bring about change. In other words, we are interested in the dynamics of power in professional service firms, how to get it, how to use it, and how to keep it.

We also reckon that, when it comes to leadership, different cultural contexts may require different kinds of leaders. In the globalising professional firm we cannot simply assume that what worked in the US and Europe will work just as well in India and China for example. Do professionals in these areas have different expectations of their leaders and their employing organisation? If so, what are the implications when trying to achieve a globally integrated professional service firm? So we will be extending our study of leadership to a multinational context and also examining factors effecting employee engagement and organisational identification in these very different cultural contexts.

We are especially interested in studying the impact of globalisation on professionals' attitudes towards their organisation and their overall sense of identity. In particular we want to study the impact of the changing role of the partner in the globalising professional firm. In recent years the partners of these firms have been required to perform fundamentally more complex roles while being asked to surrender many of their long-cherished sources of security and status. This process of change has potentially profound consequences for the individual

partner and we want to examine what can be done to help professionals respond to the changing nature of their roles and responsibilities.

And finally we want to examine the changing nature of the underlying business model of the professional service firm. We believe that professional firms are struggling to cope with increasing complexity, particularly the increasing demands of both clients and employees. We are questioning the sustainability of existing models for recruiting and retaining professionals as well as the existing approaches to structuring and charging clients for work. We will be examining the emergence of alternative economic and organisational models in these firms and will set out to identify new ways of doing business for the professional service firm of the future.

Do not expect us to come up with any quick answers to any of the questions I have raised as it is going to take time but we would like you to join us on the journey.

Conclusions

So finally, I would like to thank you for coming here tonight to help us to celebrate the creation of this unique initiative; a research centre, right in the heart of the City of London bringing together academics and professionals and dedicated to studying Leadership and Change in professional service firms. Together we will conduct rigorous and meaningful research that sets out to change the way that academics and professionals think about and work within professional service firms. We look forward to you joining us on that journey.