Legal Affairs: Vive la difference - How to effectively manage professional services firms

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By Curt Harler

People who provide services - investment bankers, consultants, technology firms, investment advisers, financial planners, physicians, lawyers, journalists - are different than people who work at a product-oriented company. They need to be managed differently, too.

The biggest difference is that in a services firm you are leading leaders," says Bryan I. Schwartz, partner and chairman of Levenfeld Pearlstein LLC. "People in a medical group, a university, investment bankers, a law firm - all have roughly equivalent educations, backgrounds and opportunities. Your authority to lead them is a function of their willingness to be led.

"Most successful professionals are interdependent, not independent. Those who are independent will never be as successful as those who work with and draw from their peers."

Smart Business talked to Schwartz about
using professional services workers to guide business planning and organizational development.

How do you manage people at companies that provide services?

The top-down, do-what-I-tell-you philosophy works on an assembly line. Your need to have willing employees is less because they are following a prescribed system. Not a lot of people question authority in a top-down organization. But in a partnership-style governing body, authority is more ambiguous. Telling someone what to do is less important than getting him to buy into the program.

The skills required to lead people who are leaders in their own right is different than that required to impose authority in other settings. It's all about the talent. Talented people want to get to the next level. Everyone, wherever they work, needs to feel they have the right career path, not merely a job. The service-firm employee has more choices among employers than the line person.

Where does a manager start?

It all begins with recruiting. We look for a business-culture fit, technical ability and leadership ability. Sometimes I spend four hours on one interview. It's a big investment, but if the hire does not work out, it could cost
us hundreds of thousands of dollars and other problems that do not appear on the bottom line.

We do a lot of psychological evaluation - looking at who the person is as a human being, more than the skills they bring to the job. They need skills, of course, but chemistry is vitally important. In a service business, it's all about energy. That energy can be accelerated by hiring people who are aligned with the firm's focus ... or it can be sucked out by an energy vampire who is not attuned to the company's goals.

**How do you know who fits?**

I like to look at patterns of success, starting from childbirth. How were they raised? What is their moral code? Why did they choose a school? Did they play sports?

Sports are important. The marathon runner or golfer does not have the team approach a football or soccer player has. It is a generalization, but individually focused people will never be as successful in a service-firm setting as the more gregarious team player.

How do employees of services companies differ from employees at manufacturing companies?

A manufacturer looks first for a person who
can help the business. A services company should first look for an individual who is the right fit. The right fit is more important than the ability to bring in money. If a service firm does not have the right platform, it cannot obtain the right people and the business will not go anywhere.

Under top-down management, one's career is always subordinate to the company's goals. In a service firm, one's career and the company's goals must be aligned. Remember, most top-level employees in a services firm are looking for a career, not a job.

There are people who can bring in a lot of money, but they create a cancer in the firm. In a services firm, people are your widgets. Your brand is your people. If you hire the wrong kind of people, you send the wrong message. Just like the weakest link in a chain, the worst person in a services firm sets your company's image.

**Is there a litmus test?**

I like the old lunch-versus-sleep test. Interview a candidate. Then decide: is this person fun to lunch with? That is fine, but not vital. Then ask, If I gave this person an important task, could I go home and sleep confidently that he or she will do the job well? If the answer is
'yes,' it is that latter person you want to hire.