

STRATEGY AND THE FAT SMOKER

CHAPTER

Professional businesses today are structurally complex... **CONTINUE**

BY **DAVID MAISTER**

PROFESSIONAL BUSINESSES TODAY ARE STRUCTURALLY COMPLEX organizations with many senior people overburdened by time-consuming and often conflicting roles. The organization is frequently divided into:

- Geographic markets or offices
- Product line/service offerings
- Industry (or client sector) groups
- Key account teams
- and other groupings.

Choosing the right people for leadership positions was always important, but is even more critical in complex organizations.

Each of these organizational groupings can, and does, intersect with duplicated missions, overlapping membership, and common resource pools to draw upon.

These groups now have broad responsibilities: they must be accountable for winning and serving clients, client loyalty, knowledge transfer, development of their people (junior and senior), and many other “balanced scorecard” items.

The importance of these three elements in the solution is first, people; then processes; then structure.

Choosing the right people for leadership positions was always important, but is even more critical in complex organizations. Consider just some of the (newly important?) skills that today's group leader probably must have:

- The ability (and interest) to motivate and influence people they never see in person
- The ability to delegate and trust others to manage important relationships
- The ability to play a “linking-pin” role, simultaneously thinking about the overall good of the firm while taking care of the needs of the units they are responsible for
- The ability to manage people who have core disciplines other than the one in which the leader was specifically trained

Companies must ensure that each group has a clear mission (or mandate) that is understood by those inside and outside the group.

Companies must ensure that each group has a clear mission (or mandate) that is understood by those inside and outside the group. Many firms launch new business units, various committees, or project teams with ambiguous charters and then leave it to powerful (or not-so-powerful) group leaders to determine through negotiations over time precisely how the groups will interact. However, this rarely results in optimal outcomes.

It is better to stop thinking of permanent or semipermanent “departments” and to begin to use the language of “teams.” Organizations work better when three components exist: people feel that they are volunteers, self-selected to join small, mission-oriented teams.

For teams to work, there need to be clear, explicit guidelines (even rules of engagement) that team members have agreed to observe. Clarifying team members' rights and obligations can go a long way toward becoming more efficient and effective.

For some time, there has been a general trend to make the target client industry the most important (and organizationally powerful) grouping. This has been driven by clients repeatedly telling their vendors and providers that they had better get to know and understand the client's business.

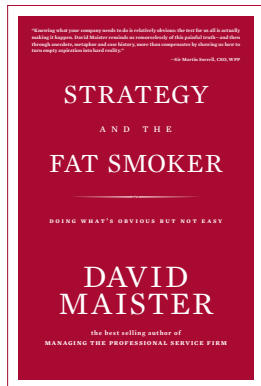
Next in authority and emphasis comes the specifically targeted client (or key account) team. Well-orchestrated client teams are the only answer to making seamless service across geography and product/service offerings a reality.

Third, and with increasingly *less* power and responsibility inside most organizations, are the traditional product or service-line groups built around a focused technical specialty or discipline. Companies need to have highly focused and skilled technical people, but few are still primarily organized that way.

Finally (and this is a huge revolution from the past), the trend has been to make geography the least important and powerful dimension of the complex matrix.

In the past, the office head (or country head in megafirms) was the source of all resources and the arbiter of last resort. Today, in many organizations, a geographic head may preside over a location whose people all belong to groups headed and "controlled" by a powerful leader located elsewhere.

INFO



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ABOUT THE AUTHOR

David Maister is widely acknowledged as one of the world's leading authorities on the management of professional service firms. For two decades he has acted as a consultant to prominent professional firms around the world, on a wide variety of strategic and managerial issues. In 2002, he was named as one of the top 40 business thinkers in the world (Business Minds, by Tom Brown, PrenticeHall/Financial Times). He is the author of the bestselling books *Managing the Professional Service Firm* (1993), *True Professionalism* (1997), *The Trusted Advisor* (2000), *Practice What You Preach* (2001) and *First Among Equals* (2002). These books have been translated into 14 languages. For seven years, he served as a professor on the faculty of the Harvard Business School (1979-85), prior to launching his consulting practice. He lives in Boston, Massachusetts.

In March of 2005, he finally took his own advice, gave up smoking and lost 30 pounds.

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